qurate RETAIL, INC.

2018 ANNUAL REPORT & PROXY STATEMENT

Q | QVC | HSN | zulily | BALLARD DESIGNS | FRONTGATE | Garnet Hill | grandinroad qurate RETAIL, INC.

2018 ANNUAL REPORT & PROXY STATEMENT

TABLE OF CONTENTS

LETTER TO SHAREHOLDERS

STOCK PERFORMANCE

INVESTMENT SUMMARY

PROXY STATEMENT

FINANCIAL INFORMATION

CORPORATE DATA

ENVIRONMENTAL STATEMENT

Certain statements in this Annual Report constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding our business, product and marketing strategies; initiatives at the Qurate Retail Group to better position its HSN and QVC U.S. businesses; remediation of material weaknesses; new service offerings; revenue growth at QVC, Inc.; synergies; the recoverability of our goodwill and other long-lived assets; our projected sources and uses of cash; and the anticipated impact of certain contingent liabilities related to legal and tax proceedings and other matters arising in the ordinary course of business. In particular, statements in our "Letter to Shareholders" and under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Quantitative and Qualitative Disclosures About Market Risk" contain forward-looking statements. Where, in any forward-looking statement, we express an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished. The following include some but not all of the factors that could cause actual results or events to differ materially from those anticipated:

- customer demand for our products and services and our ability to anticipate customer demand and to adapt to changes in demand;
- competitor responses to our products and services;
- increased digital TV penetration and the impact on channel positioning of our programs;
- the levels of online traffic to our businesses' websites and our ability to convert visitors into consumers or contributors;
- uncertainties inherent in the development and integration of new business lines and business strategies;
- our future financial performance, including availability, terms and deployment of capital;
- our ability to successfully integrate and recognize anticipated efficiencies and benefits from the businesses we acquire;
- the cost and ability of shipping companies, suppliers and vendors to deliver products, equipment, software and services;
- the outcome of any pending or threatened litigation;
- availability of qualified personnel;
- changes in, or failure or inability to comply with, government regulations, including, without limitation, regulations of the Federal Communications Commission, and adverse outcomes from regulatory proceedings;
- changes in the nature of key strategic relationships with partners, distributors, suppliers and vendors;
- domestic and international economic and business conditions and industry trends;
- changes in tariffs, trade policy and trade relations following the 2016 U.S. presidential election and the vote by the U.K. to exit from the European Union;
- consumer spending levels, including the availability and amount of individual consumer debt;
- advertising spending levels;
- changes in distribution and viewing of television programming, including the expanded deployment of personal video recorders, video on demand, streaming and Internet protocol television and their impact on home shopping programming;
- rapid technological changes;
- failure to protect the security of personal information about our customers, subjecting us to potentially costly government enforcement actions or private litigation and reputational damage;
- the regulatory and competitive environment of the industries in which we operate;
- threatened terrorist attacks, political unrest in international markets and ongoing military action around the world; and
- fluctuations in foreign currency exchange rates.

These forward-looking statements and such risks, uncertainties and other factors speak only as of the date of this Annual Report, and we expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein, to reflect any change in our expectations with regard thereto, or any other change in events, conditions or circumstances on which any such statement is based. When considering such forward-looking statements, you should keep in mind any risk factors identified and other cautionary statements contained in this Annual Report and in our publicly filed documents, including our most recent Forms 10-K and 10-Q. Such risk factors and statements describe circumstances which could cause actual results to differ materially from those contained in any forward-looking statement. This Annual Report includes information concerning public companies in which we have controlling and non-controlling interests that file reports and other information with the Securities and Exchange Commission (the "SEC") in accordance with the Securities Exchange Act of 1934, as amended. Information contained in this Annual Report concerning those companies has been derived from the reports and other information filed by them with the SEC. If you would like further information about these companies, the reports and other information they file with the SEC can be accessed on the Internet website maintained by the SEC at www.sec.gov. Those reports and other information are not incorporated by reference in this Annual Report.

LETTER TO SHAREHOLDERS

Dear Fellow Shareholders,

In 2018 we created Qurate Retail, an asset-backed stock that stands at the intersection of retail, media and social, poised to drive innovation in retail. The new name reflects our unmatched experience in curation, which goes far beyond product. Our businesses – QVC US, QVC International, HSN, Zulily and the Cornerstone Brands – create experiences, conversations, and communities for millions of highly discerning shoppers – bringing joy, inspiration and humanity to shopping. We curate large audiences, across multiple platforms, for our thousands of brand vendors. These strengths set Qurate Retail apart from other retailers.

A NEW NORMAL

The retail and ecommerce spaces are always changing, and we recognize we must be as well. With our expertise in creation and curation of video content that informs and inspires our shoppers, we feel well-positioned in the advancement of the retail landscape. QVC and HSN, founded in 1986 and 1977, respectively, have enjoyed the stability of a pretty reliable model, especially at QVC. We've adapted to the moves from analog to digital broadcast television, the emergence of the web and ecommerce and the ubiquity of mobile devices. We will continue to evolve and as we do, we believe our financial model will also evolve from what it was 10 years ago, or even five years ago.

We're focused on being proactive and investing for the long term. We've spoken about re-architecting the P&L, particularly at the new QxH unit, which is the combination of QVC US and HSN. These changes will not happen overnight and there may be timing mismatches between investment and return. We understand that this can cause short-term volatility in our results, but we are making the best decisions for the long-term health of the business and will prudently invest a portion of our cost synergies to fund these investments. We think about this in four buckets:

THE WAY WE BUY

With the creation of QxH, we merged the buying organizations of QVC US and HSN to form one merchandising team delivering freshness and value to our customer. This new team will work with our vendor partners to leverage our enormous scale and identify strategic opportunities across all of the QxH brands and platforms. We want to make sure we have a balanced assortment across multiple categories at great values for her to buy. Our unique and authentic storytelling ability continues to attract vendors, and they find the combined strength of QxH, with the added bonus of Zulily, a great way to showcase their products. In addition, the new Qurate D3 – discovery, development and design – organization provides our customers with exciting new private label brands and product lines that they cannot find anywhere else. Our customers choose us as their destination for product discovery; leaning into product is our first priority.

THE WAY WE SELL

The live broadcast continues to be the primary revenue driver at QxH, albeit through numerous platforms to view and purchase. With that in mind, we are improving the carriage and channel positioning for HSN, while also conforming the contracts to the QVC model. This includes both a lower variable rate commission structure overall and the reconfiguration of how the contract payments flow through our financial statements.

That being said, we believe the growth and continuous innovation of the QxH digital-only assortment is an important avenue for customer attraction and retention. Digital-only items usually have lower product margins and are typically drop-shipped, carrying greater fulfillment costs than aired items shipped en masse through our fulfillment network. While digital-only items carry greater variable costs per unit, this is partially offset by zero TV commissions, capital avoidance, improved cash flow and elimination of inventory obsolescence risk. Thus, the growing popularity of the digital-only assortment can be a slight headwind to margins, but is important for the future health of the business. To attract a multi-generational customer base, we need to reach her on all channels, and the digital-only assortment is a vital part of that strategy. The new customers that come to us organically on digital platforms are actually the largest and highest quality group within new customers.

THE WAY WE ATTRACT CUSTOMERS

75% of QxH's new customer growth is organic (not driven by performance marketing), a testament to the power of our television and digital presence. Performance marketing is relatively new for us, but we are committed to pursuing it as an additional avenue for bringing in new customers and increasing spend of existing customers. We have built a best-in-class performance marketing team with the capabilities to optimize our marketing strategy across social networks, with affiliates and influencers, and on search and comparison shopping engines. We frequently monitor and adjust our performance marketing strategy with the goal of seeing a positive return on investment within a year. Recall that the QVC US marketing expense was 1.1% of revenue in 2018, small compared to most other retailers.

QxH new customers remain as healthy as previous classes. The retention rate remains stable, and customers are engaging with the video content. Our goal is to convert these new customers into core customers, at which point they become a bigger driver of financial results.

THE WAY WE OPERATE

In October, we announced the first phase of a series of initiatives to better position QxH for long-term growth, while increasing synergies. The integration of the HSN and QVC US fulfillment networks will both enhance delivery speed and lower costs to serve our customers. Once fully implemented, we will cut two days from our shipping times, consolidate multiple packages going to the same customer, and save money doing it.

Today, we operate four HSN and five QVC US fulfillment centers, with most dedicated to specific categories. Over the next three to four years, we anticipate combining, integrating, upgrading and relocating fulfillment centers in order to carry the full product assortments of both brands and improve the speed and efficiency of serving customers. In the long term, we will also evolve toward a leased vs. owned model for our fulfillment facilities. This will help us increase flexibility, while reducing capital spend.

This network optimization plan is just one of many initiatives we are taking in order to achieve substantial cost efficiencies from the HSN acquisition, still expected to total $370 million to $400 million annually by the end of 2022.

METRICS MATTER

We believe Qurate Retail is a unique and differentiated player in the retail space. Sometimes being this distinctive creates challenges since we're not a simple company to compare. However, the numbers speak for themselves:

- Third largest eCommerce player in the US[1]
- QVC US existing customer retention rate of 89%
- QVC US existing customers purchase an average of 26 times per year, for total spend of $1,400 annually
- Sector-leading adjusted OIBDA margins at QVC US
- Qurate Retail historical free cash flow conversion of over 50%

With the previously mentioned re-architecting of the P&L, some of these numbers will change. However, we start from a position of strength and will strive to continue to have industry leading metrics.

(1) Source: Internet Retailer.

LOOKING AHEAD

In closing, we reflect back on the many different structures we've had throughout the years and the major acquisitions we've completed. Now, as Qurate Retail, we believe we are in our clearest structure ever. We revel in our unique business model and offering and continue to focus on our strengths and advantages as we go forward and grow with our customers.

As many of you have pointed out, our selling strategy is catching on. Others, including Amazon, are experimenting with video, and that's fine with us. We expect more retailers to add video elements to their shopping platform over time. It's a big retail pond. A majority of our customers are already active Prime customers, shopping on both platforms for different reasons. Vendors, including Amazon, continue to look to us to help differentiate them with video. We know how to do high quality video well, and we'll use that to our advantage as we evolve.

We look forward to seeing many of you at the 2019 annual investor meeting, which will take place on November 21st at the TimesCenter at 242 West 41st Street in New York City.

We appreciate your ongoing support of Qurate Retail.

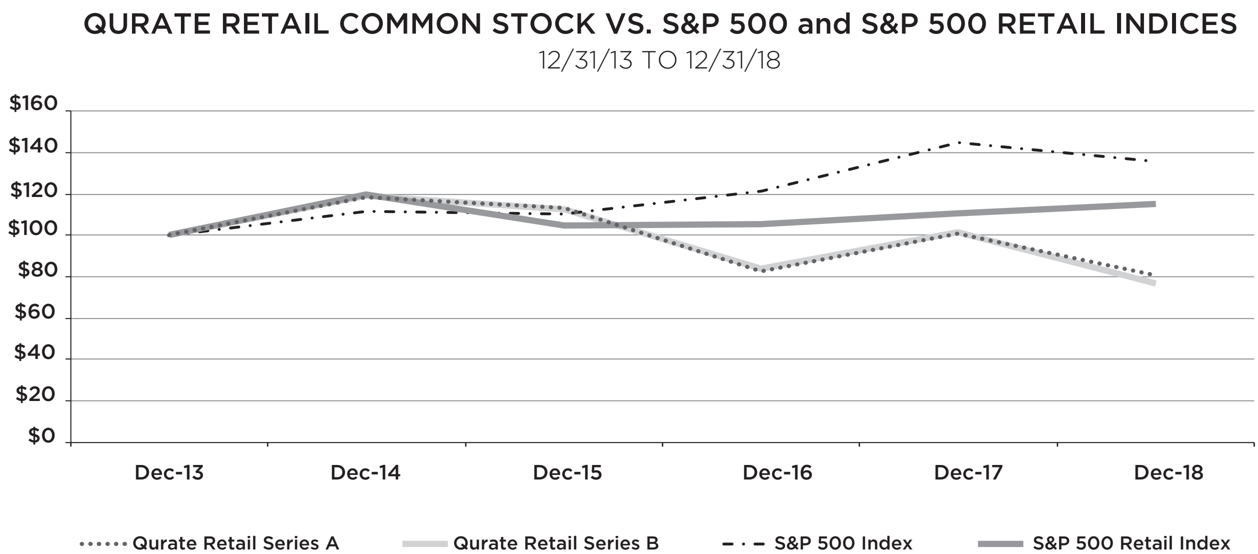
Very truly yours,

Michael A. George
President & Chief Executive Officer

Gregory B. Maffei
Executive Chairman of the Board

STOCK PERFORMANCE

The following graph compares the percentage change in the cumulative total stockholder return on Qurate Retail Series A and Series B common stock (formerly referred to as the Series A and Series B QVC Group common stock and Liberty Interactive common stock) from December 31, 2013 through December 31, 2018 to the percentage change in the cumulative total return on the S&P 500 Index and the S&P 500 Retail Index. The performance of Qurate Retail common stock includes the distribution of Series A and Series B Liberty Ventures shares to Qurate Retail shareholders as part of the 2014 reattribution transaction (ex-dividend date of October 15, 2014), assuming a sale of the resulting Liberty Ventures shares on the one-year anniversary of the reattribution and reinvestment of the proceeds in Qurate Retail common stock.



	12/31/2013	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018
Qurate Retail Series A	$100.00	$118.51	$113.02	$82.65	$101.02	$80.75
Qurate Retail Series B	$100.00	$119.26	$112.32	$83.75	$101.53	$76.38
S&P 500 Index	$100.00	$111.39	$110.58	$121.13	$144.65	$135.63
S&P 500 Retail Index	$100.00	$120.04	$104.47	$105.15	$110.90	$114.93

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

INVESTMENT SUMMARY

Based on publicly available information as of January 31, 2019 – Qurateretail.com/overview/asset-list.html

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

QURATE RETAIL, INC.			
ENTITY	DESCRIPTION OF OPERATING BUSINESS	ATTRIBUTED SHARE COUNT(1) (in millions)	ATTRIBUTED OWNERSHIP(2)
Brit Media, Inc. (Brit + Co)	Online lifestyle platform offering content, e-classes and eCommerce to millennial women.	N/A	5%
Cornerstone Brands	Cornerstone is comprised of interactive, aspirational home and apparel lifestyle brands including Frontgate, Ballard Designs, Garnet Hill and Grandin Road.	N/A	100%
FTD Companies, Inc. (NASDAQ: FTD)	A premier floral and gifting company that provides floral, specialty foods, gift and related products and services to consumers, retail florists, and other retail locations and companies in need of floral and gifting solutions.	10.2	36%
Liberty Technology Venture Capital II, LLC	Investment fund focused on Israeli technology companies.	N/A	80%
Quid, Inc.	Software company that combines natural language processing and visualization techniques to make it easy to analyze very large amounts of data in a relatively short amount of time.	N/A	9%
QVC, Inc.	QVC combines the best of retail, media and social to create an engaging shopping experience. QVC engages millions of shoppers in a journey of discovery through an ever-changing collection of familiar brands and fresh new products, from home and fashion to beauty, electronics and jewelry. QVC, Inc. includes QVC US, QVC International and HSN.	N/A	100%
Zulily, LLC	A leading pure-play online retailer focused on delivering a boutique experience every day—thousands of unique up-and-coming brands alongside top brands every day, all at incredible prices. Zulily offers a highly personalized experience through its innovative technology and always-fresh curated collection of products for the whole family, including clothing, home décor, toys, gifts and more.	N/A	100%

1) Applicable only for publicly-traded entities.
2) Represents undiluted ownership interest.

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QURATE RETAIL, INC.

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

April 24, 2019

Dear Stockholder:

You are cordially invited to attend the 2019 annual meeting of stockholders of Qurate Retail, Inc. (formerly named Liberty Interactive Corporation, **Qurate Retail**) to be held at 8:15 a.m., local time, on May 30, 2019, at the corporate offices of Qurate Retail, 12300 Liberty Boulevard, Englewood, Colorado 80112, telephone (720) 875-5300.

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

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

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

Very truly yours,

Michael A. George
President and Chief Executive Officer

The proxy materials relating to the annual meeting will first be made available on or about April 29, 2019.

QURATE RETAIL, INC.

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

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

to be Held on May 30, 2019

NOTICE IS HEREBY GIVEN of the annual meeting of stockholders of Qurate Retail, Inc. (formerly named Liberty Interactive Corporation, **Qurate Retail**) to be held at 8:15 a.m., local time, on May 30, 2019, at the corporate offices of Qurate Retail, 12300 Liberty Boulevard, Englewood, Colorado 80112, telephone (720) 875-5300, to consider and vote on the following proposals:

1. A proposal (which we refer to as the **election of directors proposal**) to elect John C. Malone, M. Ian G. Gilchrist, Mark C. Vadon and Andrea L. Wong to continue serving as Class III members of our board until the 2022 annual meeting of stockholders or their earlier resignation or removal; and
2. A proposal (which we refer to as the **auditors ratification proposal**) to ratify the selection of KPMG LLP as our independent auditors for the fiscal year ending December 31, 2019.

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

Holders of record of our Series A common stock, par value $0.01 per share, and Series B common stock, par value $0.01 per share, in each case, outstanding as of 5:00 p.m., New York City time, on April 8, 2019, the **record date** for the annual meeting, will be entitled to notice of the annual meeting and to vote at the annual meeting or any adjournment or postponement thereof. These holders will vote together as a single class on each proposal. A list of stockholders entitled to vote at the annual meeting will be available at our offices at 12300 Liberty Boulevard, Englewood, Colorado 80112 for review by our stockholders for any purpose germane to the annual meeting for at least ten days prior to the annual meeting.

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

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

Votes may be cast in person at the annual meeting or by proxy prior to the meeting by telephone, via the Internet, or by mail.

Important Notice Regarding the Availability of Proxy Materials For the Annual Meeting of Stockholders to be Held on May 30, 2019: our Notice of Annual Meeting of Stockholders, Proxy Statement, and 2018 Annual Report to Stockholders are available at www.proxyvote.com.

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

By order of the board of directors,

Pamela L. Coe

Pamela L. Coe
Senior Vice President and Secretary

Englewood, Colorado
April 24, 2019

WHETHER OR NOT YOU INTEND TO BE PRESENT AT THE ANNUAL MEETING, PLEASE VOTE PROMPTLY VIA TELEPHONE OR ELECTRONICALLY VIA THE INTERNET. ALTERNATIVELY, PLEASE COMPLETE, SIGN AND RETURN BY MAIL THE ENCLOSED PAPER PROXY CARD.

TABLE OF CONTENTS

PROXY STATEMENT SUMMARY

THE ANNUAL MEETING 1
- Electronic Delivery 1
- Time, Place and Date 1
- Purpose 1
- Quorum 1
- Who May Vote 2
- Votes Required 2
- Votes You Have 2
- Recommendation of Our Board of Directors 2
- Shares Outstanding 2
- Number of Holders 2
- Voting Procedures for Record Holders 2
- Voting Procedures for Shares Held in Street Name 3
- Revoking a Proxy 3
- Solicitation of Proxies 3
- Other Matters to Be Voted on at the Annual Meeting 3

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT 4
- Security Ownership of Certain Beneficial Owners. . 4
- Security Ownership of Management 5
- Changes in Control 7

PROPOSALS OF OUR BOARD 8

PROPOSAL 1—THE ELECTION OF DIRECTORS PROPOSAL 8
- Board of Directors 8
- Vote and Recommendation 13

PROPOSAL 2—THE AUDITORS RATIFICATION PROPOSAL 14
- Audit Fees and All Other Fees 14
- Policy on Pre-Approval of Audit and Permissible Non-Audit Services of Independent Auditor 14
- Vote and Recommendation 15

MANAGEMENT AND GOVERNANCE MATTERS . . 16
- Executive Officers 16
- Section 16(a) Beneficial Ownership Reporting Compliance 17
- Code of Ethics 17
- Director Independence 17
- Board Composition 17
- Board Leadership Structure 17
- Board Role in Risk Oversight 17
- Committees of the Board of Directors 18
- Board Meetings 22
- Director Attendance at Annual Meetings 22
- Stockholder Communication with Directors 22
- Executive Sessions 22

EXECUTIVE COMPENSATION 23
- Compensation Discussion and Analysis 23
- Summary Compensation Table 36
- Grants of Plan-Based Awards 46
- Outstanding Equity Awards at Fiscal Year-End . . . 48
- Option Exercises and Stock Vested 50
- Nonqualified Deferred Compensation Plans 51
- Potential Payments Upon Termination or Change-in-Control 51

DIRECTOR COMPENSATION 57
- Nonemployee Directors 57
- John C. Malone 58
- Director Compensation Table 59

EQUITY COMPENSATION PLAN INFORMATION . . 61

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS 63

STOCKHOLDER PROPOSALS 63

ADDITIONAL INFORMATION 63

PROXY STATEMENT SUMMARY

2019 ANNUAL MEETING OF STOCKHOLDERS

WHEN

8:15 a.m., local time, on May 30, 2019

WHERE

The Corporate Offices of
Qurate Retail
12300 Liberty Boulevard
Englewood, Colorado 80112

RECORD DATE

5:00 p.m., New York City time, on April 8, 2019

ITEMS OF BUSINESS

1. Election of directors proposal—To elect John C. Malone, M. Ian G. Gilchrist, Mark C. Vadon and Andrea L. Wong to continue serving as Class III members of our board until the 2022 annual meeting of stockholders or their earlier resignation or removal.
2. Auditors ratification proposal—To ratify the selection of KPMG LLP as our independent auditors for the fiscal year ending December 31, 2019.

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

WHO MAY VOTE

Holders of shares of QRTEA and QRTEB

PROXY VOTING

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

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

Online at www.proxyvote.com

By returning a properly completed, signed and dated proxy card

ANNUAL MEETING AGENDA AND VOTING RECOMMENDATIONS

Proposal	Voting Recommendation	Page Reference (for more detail)
Election of directors proposal	✓ **FOR** EACH NOMINEE	8
Auditors ratification proposal	✓ **FOR**	14

QURATE RETAIL, INC.

a Delaware corporation

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

PROXY STATEMENT FOR ANNUAL MEETING OF STOCKHOLDERS

We are furnishing this proxy statement in connection with the board of directors' solicitation of proxies for use at our 2019 Annual Meeting of Stockholders to be held at 8:15 a.m., local time, at the corporate offices of Qurate Retail, 12300 Liberty Boulevard, Englewood, Colorado 80112, on May 30, 2019, or at any adjournment or postponement of the annual meeting. At the annual meeting, we will ask you to consider and vote on the proposals described in the accompanying Notice of Annual Meeting of Stockholders. The proposals are described in more detail in this proxy statement. We are soliciting proxies from holders of our Series A common stock, par value $0.01 per share (**QRTEA**), and Series B common stock, par value $0.01 per share (**QRTEB**). We refer to QRTEA and QRTEB together as our **common stock**.

THE ANNUAL MEETING

ELECTRONIC DELIVERY

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

TIME, PLACE AND DATE

The annual meeting of stockholders is to be held at 8:15 a.m., local time, on May 30, 2019, at the corporate offices of Qurate Retail, 12300 Liberty Boulevard, Englewood, Colorado 80112, telephone (720) 875-5300.

PURPOSE

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

- the election of directors proposal, to elect John C. Malone, M. Ian G. Gilchrist, Mark C. Vadon and Andrea L. Wong to continue serving as Class III members of our board until the 2022 annual meeting of stockholders or their earlier resignation or removal; and
- the auditors ratification proposal, to ratify the selection of KPMG LLP as our independent auditors for the fiscal year ending December 31, 2019.

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

QUORUM

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

WHO MAY VOTE

Holders of shares of our common stock, as recorded in our stock register as of 5:00 p.m., New York City time, on April 8, 2019 (such date and time, the **record date** for the annual meeting), will be entitled to notice of the annual meeting and to vote at the annual meeting or any adjournment or postponement thereof.

VOTES REQUIRED

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

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

VOTES YOU HAVE

At the annual meeting, holders of shares of QRTEA will have one vote per share and holders of shares of QRTEB will have ten votes per share, in each case, that our records show are owned as of the record date.

RECOMMENDATION OF OUR BOARD OF DIRECTORS

Our board of directors has unanimously approved each of the proposals and recommends that you vote "**FOR**" the election of each director nominee and "**FOR**" the auditors ratification proposal.

SHARES OUTSTANDING

As of the record date, an aggregate of approximately 400,256,000 shares of QRTEA and 29,386,000 shares of QRTEB were issued and outstanding and entitled to vote at the annual meeting.

NUMBER OF HOLDERS

There were, as of the record date, 2,522 and 77 record holders of QRTEA and QRTEB, respectively (which amounts do not include the number of stockholders whose shares are held of record by banks, brokers or other nominees, but include each such institution as one holder).

VOTING PROCEDURES FOR RECORD HOLDERS

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

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

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

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

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

VOTING PROCEDURES FOR SHARES HELD IN STREET NAME

General

If you hold your shares in the name of a broker, bank or other nominee, you should follow the instructions provided by your broker, bank or other nominee when voting your shares or to grant or revoke a proxy. The rules and regulations of the New York Stock Exchange and The Nasdaq Stock Market LLC (**Nasdaq**) prohibit brokers, banks and other nominees from voting shares on behalf of their clients with respect to numerous matters, including, in our case, the election of directors proposal. Accordingly, to ensure your shares held in street name are voted on these matters, we encourage you to provide promptly specific voting instructions to your broker, bank or other nominee.

Effect of Broker Non-Votes

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

REVOKING A PROXY

If you submitted a proxy prior to the start of the annual meeting, you may change your vote by voting in person at the annual meeting or by delivering a signed proxy revocation or a new signed proxy with a later date to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717. Any signed proxy revocation or later-dated proxy must be received before the start of the annual meeting. In addition, you may change your vote through the Internet or by telephone (if you originally voted by the corresponding method) not later than 11:59 p.m., New York City time, on May 29, 2019 for shares held directly and 11:59 p.m., New York City time, on May 27, 2019 for shares held in the Liberty Media 401(k) Savings Plan.

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

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

SOLICITATION OF PROXIES

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

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

OTHER MATTERS TO BE VOTED ON AT THE ANNUAL MEETING

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

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

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

The security ownership information is given as of February 28, 2019 and, in the case of percentage ownership information, is based upon (1) 402,269,579 QRTEA shares and (2) 29,244,243 QRTEB shares, in each case, outstanding on that date. The percentage voting power is presented on an aggregate basis for both series of our common stock.

Name and Address of Beneficial Owner	Title of Series	Amount and Nature of Beneficial Ownership	Percent of Series (%)	Voting Power (%)
John C. Malone c/o Qurate Retail, Inc. 12300 Liberty Boulevard Englewood, CO 80112	QRTEA QRTEB	394,698(1) 27,655,931(1)	* 94.6	39.9
Gregory B. Maffei c/o Qurate Retail, Inc. 12300 Liberty Boulevard Englewood, CO 80112	QRTEA QRTEB	10,284,870(2) 2,072,364(2)	2.5 6.7	4.3
Dodge & Cox 555 California Street, 40th Floor San Francisco, CA 94104	QRTEA QRTEB	54,022,174(3) —	13.4 —	7.8
The Vanguard Group 100 Vanguard Blvd. Malvern, PA 19355	QRTEA QRTEB	37,021,873(4) —	9.2 —	5.3
Harris Associates Inc. 111 S. Wacker Drive, Suite 4600 Chicago, IL 60606	QRTEA QRTEB	27,610,598(5) —	6.9 —	4.0

* Less than one percent

(1) Information with respect to shares of our common stock beneficially owned by Mr. Malone, a director of our board, is also set forth in "—Security Ownership of Management."

(2) Information with respect to shares of our common stock beneficially owned by Mr. Maffei, our Chairman of the Board, is also set forth in "—Security Ownership of Management."

(3) Based on Amendment No. 2 to Schedule 13G, filed February 14, 2019, by Dodge & Cox, which states that, with respect to QRTEA, Dodge & Cox has sole voting power over 51,677,072 shares and sole dispositive power over 54,022,174 shares.

(4) Based on Amendment No. 2 to Schedule 13G, filed February 12, 2019, by The Vanguard Group (**Vanguard**), which states that, with respect to QRTEA, Vanguard has sole voting power over 294,811 shares, shared voting power over 104,365 shares, sole dispositive power over 36,639,808 shares and shared dispositive power over 382,065 shares.

(5) Based on Amendment No. 4 to Schedule 13G, filed February 14, 2019, jointly by Harris Associates L.P. (**Harris L.P.**) and Harris Associates Inc. (**Harris Inc.**), which states that, with respect to QRTEA, each of Harris L.P. and Harris Inc. has sole voting power over 25,825,518 shares and sole dispositive power over 27,610,598 shares.

SECURITY OWNERSHIP OF MANAGEMENT

The following table sets forth information with respect to the ownership by each of our directors and named executive officers (as defined herein) and by all of our directors and executive officers as a group of shares of each series of our common stock (QRTEA and QRTEB). The security ownership information with respect to our common stock is given as of February 28, 2019 and, in the case of percentage ownership information, is based upon (1) 402,269,579 QRTEA shares and (2) 29,244,243 QRTEB shares, in each case, outstanding on that date. The percentage voting power is presented in the table below on an aggregate basis for both series of common stock.

The table also includes performance-based restricted stock units that had been certified as earned by our compensation committee on or before February 28, 2019 that will be settled in shares of our common stock within 60 days of such date. Shares of common stock issuable upon exercise or conversion of options, warrants and convertible securities that were exercisable or convertible on or within 60 days after February 28, 2019 are deemed to be outstanding and to be beneficially owned by the person holding the options, warrants or convertible securities for the purpose of computing the percentage ownership of that person and for the aggregate percentage owned by the directors and named executive officers as a group, but are not treated as outstanding for the purpose of computing the percentage ownership of any other individual person. For purposes of the following presentation, beneficial ownership of shares of QRTEB, though convertible on a one-for-one basis into shares of QRTEA, are reported as beneficial ownership of QRTEB only, and not as beneficial ownership of QRTEA. So far as is known to us, the persons indicated below have sole voting and dispositive power with respect to the shares indicated as owned by them, except as otherwise stated in the notes to the table.

The number of shares indicated as owned by the persons in the table includes interests in shares held by the Liberty Media 401(k) Savings Plan as of February 28, 2019. The shares held by the trustee of the Liberty Media 401(k) Savings Plan for the benefit of these persons are voted as directed by such persons.

Name	Title of Series	Amount and Nature of Beneficial Ownership (In thousands)	Percent of Series (%)	Voting Power (%)
Gregory B. Maffei Chairman of the Board and Director and Former President and Chief Executive Officer	QRTEA	10,285(1)(2)(3)	2.5	4.3
	QRTEB	2,072(2)(4)	6.7	
Michael A. George President, Chief Executive Officer and Director; President and Chief Executive Officer, QVC, Inc.	QRTEA	1,743(4)	*	*
	QRTEB	—	—	
John C. Malone Director and Former Chairman of the Board	QRTEA	395(1)(5)(6)	*	39.9
	QRTEB	27,656(5)(7)(8)	94.6	
Richard N. Barton Director	QRTEA	25(2)(9)	*	*
	QRTEB	—	—	
Fiona P. Dias Director	QRTEA	3(10)	*	*
	QRTEB	—	—	
M. Ian G. Gilchrist Director	QRTEA	18(2)	*	*
	QRTEB	—	—	
Evan D. Malone Director	QRTEA	51	*	*
	QRTEB	—	—	
David E. Rapley Director	QRTEA	26(2)	*	*
	QRTEB	—	—	
Larry E. Romrell Director	QRTEA	72(2)	*	*
	QRTEB	**	*	
Mark C. Vadon Director	QRTEA	224(2)	*	*
	QRTEB	—	—	

Name	Title of Series	Amount and Nature of Beneficial Ownership (In thousands)	Percent of Series (%)	Voting Power (%)
Andrea L. Wong Director	QRTEA	30	*	*
	QRTEB	—	—	
Richard N. Baer Chief Legal Officer	QRTEA	321(2)(4)	*	*
	QRTEB	—	—	
Mark D. Carleton Chief Financial Officer	QRTEA	222(2)(4)	*	*
	QRTEB	—	—	
Albert E. Rosenthaler Chief Corporate Development Officer	QRTEA	515(1)(2)(4)	*	*
	QRTEB	—	—	
All directors and executive officers as a group (14 persons)	QRTEA	13,931(1)(2)(3)(4)(5)(6)(9)(10)	3.4	43.1
	QRTEB	29,728(2)(4)(5)(7)(8)	96.2	

* Less than one percent

** Less than 1,000 shares

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

	QRTEA
Gregory B. Maffei	8,083
John C. Malone	1,968
Albert E. Rosenthaler	15,909
Total	25,960

(2) Includes beneficial ownership of shares that may be acquired upon exercise of, or which relate to, stock options exercisable within 60 days after February 28, 2019.

	QRTEA	QRTEB
Gregory B. Maffei	5,670,630	1,521,264
Richard N. Barton	24,288	—
M. Ian G. Gilchrist	18,027	—
David E. Rapley	16,475	—
Larry E. Romrell	32,949	—
Mark C. Vadon	216,186	—
Richard N. Baer	246,288	—
Mark D. Carleton	174,428	—
Albert E. Rosenthaler	281,836	—
Total	6,681,107	1,521,264

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

(4) Includes performance-based restricted stock units that had been certified as earned by our compensation committee that will be settled in shares of our common stock within 60 days of February 28, 2019, as follows:

	QRTEA	QRTEB
Gregory B. Maffei	—	142,147
Michael A. George	130,880	—
Richard N. Baer	17,426	—
Mark D. Carleton	13,011	—
Albert E. Rosenthaler	13,011	—
Total	174,328	142,147

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

(6) Includes (i) 16,470 QRTEA shares pledged to Fidelity Brokerage Services, LLC (**Fidelity**) in connection with a margin loan facility extended by Fidelity and (ii) 376,260 QRTEA shares pledged to Merrill Lynch, Pierce, Fenner & Smith Incorporated (**Merrill Lynch**) in connection with a margin loan facility extended by Merrill Lynch.

(7) Includes 458,946 QRTEB shares held by two trusts which are managed by an independent trustee, of which the beneficiaries are Mr. Malone's adult children and in which Mr. Malone has no pecuniary interest. Mr. Malone retains the right to substitute assets held by the trusts and has disclaimed beneficial ownership of the shares held by the trusts.

(8) In February 1998, in connection with the settlement of certain legal proceedings relative to the Estate of Bob Magness, the late founder and former Chairman of the Board of Tele-Communications, Inc. (**TCI**), TCI entered into a call agreement with Mr. Malone and Mr. Malone's wife. In connection with the acquisition by AT&T of TCI, TCI assigned Qurate Retail's predecessor its rights under this call agreement. We have since succeeded to these rights. As a result, we have the right, under certain circumstances, to acquire QRTEB shares owned by the Malones. The call agreement also prohibits the Malones from disposing of their QRTEB shares, except for certain exempt transfers (such as transfers to related parties or public sales of up to an aggregate of 5% of their shares of QRTEB after conversion to shares of QRTEA) and except for transfers made in compliance with our call rights.

(9) Includes 66 QRTEA shares held by the Barton Descendants' Trust 12/30/2004 over which Mr. Barton has investment power but not voting power.

(10) Upon the completion of our acquisition of HSN, Inc., Qurate Retail assumed Ms. Dias's outstanding deferred stock units with respect to HSN, Inc. common stock and converted such deferred stock units into 9,045 restricted stock units with respect to QRTEA shares. Ms. Dias's restricted stock units will vest upon her termination of service from the board of directors.

CHANGES IN CONTROL

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

PROPOSALS OF OUR BOARD

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

PROPOSAL 1—THE ELECTION OF DIRECTORS PROPOSAL

BOARD OF DIRECTORS

Our board of directors currently consists of eleven directors, divided among three classes. Our Class III directors, whose term will expire at the 2019 annual meeting, are John C. Malone, M. Ian G. Gilchrist, Mark C. Vadon and Andrea L. Wong. These directors are nominated for election to our board to continue serving as Class III directors, and we have been informed that Messrs. Malone, Gilchrist and Vadon and Ms. Wong are each willing to continue serving as a director of our company. The term of the Class III directors who are elected at the annual meeting will expire at the annual meeting of our stockholders in the year 2022. Our Class I directors, whose term will expire at the annual meeting of stockholders in the year 2020, are Fiona P. Dias, Evan D. Malone, David E. Rapley and Larry E. Romrell. Our Class II directors, whose term will expire at the annual meeting of our stockholders in the year 2021, are Richard N. Barton, Michael A. George and Gregory B. Maffei.

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

The following lists the four nominees for election as directors at the annual meeting and the seven directors of our company whose term of office will continue after the annual meeting, and includes as to each person how long such person has been a director of our company, such person's professional background, other public company directorships and other factors considered in the determination that such person possesses the requisite qualifications and skills to serve as a member of our board of directors. All positions referenced in the biographical information below with our company include, where applicable, positions with our predecessors. The number of shares of our common stock beneficially owned by each director is set forth in this proxy statement under the caption "Security Ownership of Certain Beneficial Owners and Management."

Nominees for Election as Directors

John C. Malone

- *Age*: 78
- A director of our company.
- *Professional Background*: Mr. Malone has served as a director of our company, including its predecessors, since its inception in 1994, and served as our company's Chairman of the Board from its inception in 1994 to March 2018 and Chief Executive Officer from August 2005 to February 2006. Mr. Malone served as Chairman of the Board of TCI from November 1996 until March 1999, when it was acquired by AT&T Corp. (**AT&T**), and as Chief Executive Officer of TCI from January 1994 to March 1997.

  Other Public Company Directorships: Mr. Malone has served as (i) Chairman of the Board of Liberty Media Corporation (including its predecessor) since August 2011 and as a director since December 2010, (ii) the Chairman of the Board of Liberty Broadband Corporation (**Liberty Broadband**) since November 2014, (iii) the Chairman of the Board of Liberty Global plc (**LGP**) since June 2013, having previously served as Chairman of the Board of Liberty Global, Inc. (**LGI**), LGP's predecessor, from June 2005 to June 2013, Chairman of the Board of LGI's predecessor, Liberty Media International, Inc. (**LMI**) from March 2004 to June 2005 and a director of UnitedGlobalCom, Inc., now a subsidiary of LGP, from January 2002 to June 2005, (iv) a director of Discovery Inc., which was formerly known as Discovery Communications, Inc. (**Discovery Communications**), since September 2008 and a director of Discovery Communications' predecessor, Discovery Holding Company, from May 2005 to September 2008 and as Chairman of the Board from March 2005 to September 2008, (v) Chairman of the Board of Liberty Expedia Holdings, Inc. (**Liberty Expedia**) since November 2016, (vi) a director of Liberty Latin America Ltd. since December 2017 and (vii) Chairman of the Board of GCI Liberty, Inc. (**GCI Liberty**) since March 2018. Previously, he served as (i) a director of Lions Gate Entertainment Corp. from March 2015 to September 2018, (ii) a director of Charter Communications, Inc. (**Charter**) from May 2013 to July 2018, (iii) a director of Expedia, Inc. from December 2012 to December 2017, having previously served as a director from August 2005 to November 2012, (iv) the Chairman of the Board of Liberty TripAdvisor Holdings, Inc. (**Liberty TripAdvisor**) from August 2014 to June 2015, (v) a director of Sirius XM Holdings Inc. (**Sirius XM**) from April 2009 to May 2013, (vi) a director of Ascent Capital Group, Inc. from January 2010 to September 2012, (vii) a director of Live Nation Entertainment, Inc. (**Live Nation**) from January 2010 to February 2011, (viii) Chairman of the Board of DIRECTV and its predecessors from February 2008 to June 2010 and (ix) a director of IAC/InterActiveCorp from May 2006 to June 2010.

- *Board Membership Qualifications*: Mr. Malone, as President of TCI, co-founded our former parent company and is considered one of the preeminent figures in the media and telecommunications industry. He is well known for his sophisticated problem solving and risk assessment skills.

M. Ian G. Gilchrist

- *Age*: 69
- A director of our company.
- *Professional Background*: Mr. Gilchrist has served as a director of our company since July 2009 and as a director and the President of Trine Acquisition Corp. since March 2019. Mr. Gilchrist held various officer positions including Managing Director at Citigroup/Salomon Brothers from 1995 to 2008, CS First Boston Corporation from 1988 to 1995, and Blyth Eastman Paine Webber from 1982 to 1988 and served as a Vice President of Warburg Paribas Becker Incorporated from 1976 to 1982. Previously, he worked in the venture capital field and as an investment analyst.
- *Other Public Company Directorships*: Mr. Gilchrist has served as a director of Liberty Media Corporation (including its predecessor) since September 2011 and as a director of Trine Acquisition Corp. since March 2019.
- *Board Membership Qualifications*: Mr. Gilchrist's field of expertise is in the media and telecommunications sector, having been involved with companies in this industry during much of his 32 years as an investment banker. Mr. Gilchrist brings to our board significant financial expertise and a unique perspective on the company and the media and telecommunications sector. He is also an important resource with respect to the financial services firms that our company engages from time to time.

Mark C. Vadon

- *Age*: 49
- A director of our company.
- *Professional Background*: Mr. Vadon has served as a director of our company since October 2015. Mr. Vadon co-founded zulily, inc. (**zulily**) and previously served as Chairman of zulily's board of directors from October 2009 until October 2015 when we completed the acquisition of zulily. In addition, Mr. Vadon served as Chairman of the Board of chewy.com, an internet retailer of pet food, from August 2014 to May 2017. Since 2013, Mr. Vadon also has served as a board member of the Vadon Foundation.
- *Other Public Company Directorships*: Mr. Vadon has served on the board of directors of The Home Depot, Inc. since August 2012. From May 1999 to February 2008, Mr. Vadon was Chief Executive Officer of Blue Nile, Inc., which he founded in 1999 and also served as its Chairman of the board of directors from May 1999 to December 2013.
- *Board Membership Qualifications*: Mr. Vadon brings extensive experience and in-depth knowledge of commerce, retail and technology businesses to our board based on his prior public company experience in senior policy-making positions at zulily and at Blue Nile, Inc. as its Chief Executive Officer. His background and executive experience assist the board in evaluating strategic opportunities in the e-commerce and retail industries.

Andrea L. Wong

- *Age*: 52
- A director of our company.
- *Professional Background*: Ms. Wong has served as a director of our company since April 2010. Ms. Wong served as President, International Production for Sony Pictures Television and President, International for Sony Pictures Entertainment from September 2011 to March 2017. She previously served as President and Chief Executive Officer of Lifetime Entertainment Services from 2007 to April 2010. Ms. Wong also served as an Executive Vice President with ABC, Inc., a subsidiary of The Walt Disney Company, from 2003 to 2007.
- *Other Public Company Directorships*: Ms. Wong has served as a director of Liberty Media Corporation (including its predecessor) since September 2011, as a director of Hudson's Bay Company since September 2014, as a director of Hudson Pacific Properties, Inc. since August 2017 and as a director of Social Capital Hedosophia Holdings Corp. since September 2017.
- *Board Membership Qualifications*: Ms. Wong brings to our board significant experience in the media and entertainment industry, having an extensive background in media programming across a variety of platforms, as well as executive leadership experience with the management and operation of companies in the entertainment sector. Her experience with programming development and production, brand enhancement and marketing brings a pragmatic and unique perspective to our board. Her professional expertise, combined with her continued involvement in the media and entertainment industry, makes her a valuable member of our board.

Directors Whose Term Expires in 2020

Fiona P. Dias

- *Age*: 53
- A director of our company.
- *Professional Background*: Ms. Dias has served as a director of our company since December 2017. She has served as Principal Digital Partner at Ryan Retail Consulting, LLC, a global consulting firm, since January 2015. She also served as Chief Strategy Officer of ShopRunner, an online shopping service, from August 2011 to October 2014 and as Executive Vice President, Strategy & Marketing, of GSI Commerce, Inc., a provider of digital commerce solutions, from February 2007 to June 2011. Prior thereto, she was Executive Vice President and Chief Marketing Officer of Circuit City Stores, Inc., a specialty retailer of consumer electronics, and also held senior marketing positions with PepsiCo, Pennzoil-Quaker State Company and The Procter & Gamble Company.
- *Other Public Company Directorships*: Ms. Dias has served on the boards of directors of Advance Auto Parts, Inc., a specialty retailer, since September 2009 and Realogy Holdings Corp., a real estate brokerage company, since June 2013. She previously served on the board of directors of HSN, Inc. from July 2016 to December 2017 and as a director for Choice Hotels from November 2004 to April 2012.
- *Board Membership Qualifications*: In connection with the closing of the HSN, Inc. acquisition and pursuant to the terms of the merger agreement for the transaction, Ms. Dias was appointed to our board. Ms. Dias brings to our board significant experience in senior policy-making roles both as a member of other public company boards and as a senior marketing executive. She also brings extensive experience in digital commerce, marketing and managing consumer and retail brands.

Evan D. Malone

- *Age*: 48
- A director of our company.
- *Professional Background*: Dr. Malone has served as a director of our company since August 2008. Since June 2009, he has served as President of NextFab Studio, LLC, which provides manufacturing-related technical training, product development, and business acceleration services. Since January 2008, Dr. Malone has served as the owner and manager of a real estate property and management company, 1525 South Street LLC. Dr. Malone has served as co-owner and director of Drive Passion PC Services, CC, an Internet café,

telecommunications and document services company, in South Africa since 2007 and served as an applied physics technician for Fermi National Accelerator Laboratory, part of the national laboratory system of the Office of Science, U.S. Department of Energy, from 1999 until 2001. He also is a founding member of Jet Wine Bar, a wine bar, and Rex 1516, a restaurant, both in Philadelphia. Since November 2016, he has served as director and president of the NextFab Foundation, an IRS 501(c)(3) private operating foundation, which provides manufacturing-related technology and education to communities affected by economic or humanitarian distress.

- *Other Public Company Directorships*: Dr. Malone has served as a director of Liberty Media Corporation (including its predecessor) since September 2011 and Sirius XM since May 2013.
- *Board Membership Qualifications*: Dr. Malone brings an applied science and engineering perspective to the board. Dr. Malone's perspectives assist the board in developing business strategies and adapting to technological changes facing the industries in which our company competes. In addition, his entrepreneurial experience assists the board in evaluating strategic opportunities.

David E. Rapley

- *Age*: 77
- A director of our company.
- *Professional Background*: Mr. Rapley has served as a director of our company since July 2002, having previously served as a director during 1994. Mr. Rapley founded Rapley Engineering Services, Inc. (**RESI**) and served as its Chief Executive Officer and President from 1985 to 1998. Mr. Rapley also served as Executive Vice President of Engineering of VECO Corp. Alaska (a company that acquired RESI in 1998) from January 1998 to December 2001. Mr. Rapley served as the President and Chief Executive Officer of Rapley Consulting, Inc. from January 2000 to December 2014. From 2003 to 2013, Mr. Rapley was a director of Merrick & Co., a private firm providing engineering and other services to domestic and international clients. From 2008 to 2011, Mr. Rapley was chairman of the board of Merrick Canada ULC.
- *Other Public Company Directorships*: Mr. Rapley has served as a director of Liberty Media Corporation (including its predecessor) since September 2011. He has served as a director of LGP since June 2013, having previously served as a director of LGI, LGP's predecessor, from June 2005 to June 2013 and as a director of LGI's predecessor, LMI from May 2004 to June 2005.
- *Board Membership Qualifications*: Mr. Rapley brings to our board the unique perspective of his lifelong career as an engineer. The industries in which our company competes are heavily dependent on technology, which continues to change and advance. Mr. Rapley's perspectives assist the board in adapting to these changes and developing strategies for our businesses.

Larry E. Romrell

- *Age*: 79
- A director of our company.
- *Professional Background*: Mr. Romrell has served as a director of our company since December 2011, having previously served as a director from March 1999 to September 2011. Mr. Romrell held numerous executive positions with TCI from 1991 to 1999. Previously, Mr. Romrell held various executive positions with Westmarc Communications, Inc.
- *Other Public Company Directorships*: Mr. Romrell has served as a director of Liberty Media Corporation (including its predecessor) since September 2011 and as a director of Liberty TripAdvisor since August 2014. He has served as a director of LGP since June 2013, having previously served as a director of LGI, LGP's predecessor, from June 2005 to June 2013 and as a director of LMI, LGI's predecessor, from May 2004 to June 2005.
- *Board Membership Qualifications*: Mr. Romrell brings extensive experience, including venture capital experience, in the telecommunications industry to our board and is an important resource with respect to the management and operations of companies in the media and telecommunications sector.

Directors Whose Term Expires in 2021

Richard N. Barton

- *Age*: 51
- A director of our company.
- *Professional Background*: Mr. Barton has served as a director of our company since December 2016. Mr. Barton is a co-founder and Executive Chairman of Zillow Group, Inc. (**Zillow Group**) and was Chief Executive Officer from December 2004 to September 2010. He also is a co-founder of Glassdoor.com and Trover. Mr. Barton has served as a venture partner at Benchmark Capital, a venture capital firm, since February 2005. Mr. Barton founded Expedia as a group within Microsoft Corporation (**Microsoft**) in 1994, which was spun out as Expedia, Inc. in 1999. Mr. Barton served as Expedia, Inc.'s Chief Executive Officer and President from 1999 to 2003.
- *Other Public Company Directorships*: Mr. Barton has served as Executive Chairman of Zillow Group since September 2010 and has been a member of its board of directors since its founding in December of 2004. Mr. Barton has served on the board of directors of Netflix, Inc. since 2002 and has served as Non-Executive Chairman of Glassdoor.com since January 2008 and Trover since March 2010. Mr. Barton also served on the board of directors of Expedia, Inc. from 1999 to 2003. Mr. Barton served on the board of directors of Ticketmaster from December 2001 to August 2002.
- *Board Membership Qualifications*: Mr. Barton brings to our board a broad range of relevant leadership and technical skills resulting from his roles as a founder and former chief executive officer of companies in the mobile and Internet industries. Mr. Barton also provides experience in launching and promoting new technologies and marketing internet-based products to consumers.

Michael A. George

- *Age*: 57
- Chief Executive Officer, President and a director of our company.
- *Professional Background*: Mr. George has served as Chief Executive Officer and President of our company since March 2018 and as a director of our company since September 2011. He has served as the President of QVC, Inc. (**QVC**), a subsidiary of our company, since November 2005 and as its Chief Executive Officer since April 2006. Mr. George also serves on the board of directors of several non-profit organizations. Mr. George previously held various positions with Dell, Inc. (**Dell**) from March 2001 to November 2005, most notably as the chief marketing officer and general manager of Dell's U.S. consumer business.
- *Other Public Company Directorships*: Mr. George has served as a director of Brinker International, Inc. since March 2013 and a director of Ralph Lauren Corporation since May 2018.
- *Board Membership Qualifications*: Mr. George brings to our board significant experience with commerce, retail and technology businesses based on his current executive position with QVC and his prior experience with Dell, as well as in his capacity as a senior partner at McKinsey & Company, Inc. His background and executive experience assist the board in evaluating strategic opportunities in the e-commerce and retail industries.

Gregory B. Maffei

- *Age*: 58
- Chairman of the Board and a director of our company.
- *Professional Background*: Mr. Maffei has served as Chairman of the Board of our company since March 2018 and as a director of our company since November 2005. He has also served as our company's President and Chief Executive Officer from February 2006 to March 2018 and CEO-Elect from November 2005 through February 2006. Mr. Maffei has served as the President and Chief Executive Officer of Liberty Media Corporation (including its predecessor) since May 2007, Liberty TripAdvisor since July 2013, Liberty Broadband since June 2014 and GCI Liberty since March 2018. Prior thereto, Mr. Maffei served as President and Chief Financial Officer of Oracle Corporation, Chairman, President and Chief Executive Officer of 360networks Corporation (**360networks**), and Chief Financial Officer of Microsoft.

- *Other Public Company Directorships*: Mr. Maffei has served as (i) a director of Liberty Media Corporation (including its predecessor) since May 2007, (ii) a director of Liberty TripAdvisor since July 2013 and as its Chairman of the Board since June 2015, (iii) a director of Liberty Broadband since June 2014 and (iv) a director of GCI Liberty since March 2018. He has served as (i) the Chairman of the Board of Sirius XM since April 2013 and as a director since March 2009, (ii) the Chairman of the Board of Live Nation since March 2013 and as a director since February 2011, (iii) the Chairman of the Board of TripAdvisor, Inc. since February 2013, (iv) a director of Charter since May 2013 and (v) a director of Zillow Group since February 2015, having previously served as a director of its predecessor, Zillow, Inc., from May 2005 to February 2015. Mr. Maffei served as (i) Chairman of the Board of Starz from January 2013 until its acquisition by Lions Gate Entertainment Corp. in December 2016, (ii) a director of Barnes & Noble, Inc. from September 2011 to April 2014, (iii) a director of Electronic Arts, Inc. from June 2003 to July 2013, (iv) a director of DIRECTV and its predecessors from February 2008 to June 2010 and (v) the Chairman of the Board of Pandora Media, Inc. from September 2017 to February 2019.
- *Board Membership Qualifications*: Mr. Maffei brings to our board significant financial and operational experience based on his current senior policy making positions at our company, Liberty Media Corporation, GCI Liberty, Liberty TripAdvisor, and Liberty Broadband and his previous executive positions at Oracle Corporation, 360networks and Microsoft. In addition, Mr. Maffei has extensive public company board experience. He provides our board with an executive leadership perspective on the strategic planning for, and operations and management of, large public companies and risk management principles.

VOTE AND RECOMMENDATION

A plurality of the combined voting power of the outstanding shares of our common stock present in person or represented by proxy at the annual meeting and entitled to vote on the election of directors at the annual meeting, voting together as a single class, is required to elect each of Messrs. Malone, Gilchrist and Vadon and Ms. Wong as a Class III member of our board of directors.

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

PROPOSAL 2—THE AUDITORS RATIFICATION PROPOSAL

We are asking our stockholders to ratify the selection of KPMG LLP as our independent auditors for the fiscal year ending December 31, 2019.

Even if the selection of KPMG LLP is ratified, the audit committee of our board of directors in its discretion may direct the appointment of a different independent accounting firm at any time during the year if our audit committee determines that such a change would be advisable. In the event our stockholders fail to ratify the selection of KPMG LLP, our audit committee will consider it as a direction to select other auditors for the year ending December 31, 2019.

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

AUDIT FEES AND ALL OTHER FEES

The following table presents fees for professional audit services rendered by KPMG LLP for the audit of our consolidated financial statements for 2018 and 2017 and fees billed for other services rendered by KPMG LLP:

	2018	2017
Audit fees	$8,571,000	7,334,000
Audit related fees(1)	—	1,456,000
Audit and audit related fees	8,571,000	8,790,000
Tax fees(2)	1,260,000	1,489,000
Total fees	$9,831,000	10,279,000

(1) Audit related fees consist of professional consultations and audits in connection with acquisitions, carve-out audits in connection with divestitures, due diligence related to potential business combinations and audits of financial statements of certain employee benefit plans.

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

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

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

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

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

Notwithstanding the foregoing general pre-approval, if, in the reasonable judgment of Qurate Retail's Chief Financial Officer or Senior Vice President and Controller, an individual project involving the provision of pre-approved services is likely to result in fees in excess of $100,000, or if individual projects under $100,000 are likely to equal or exceed $500,000 during the period between the regularly scheduled meetings of the audit committee, then such projects will require the specific pre-approval of our audit committee. Our audit committee has delegated the authority for the foregoing approvals to the chairman of the audit committee, subject to his subsequent disclosure to the entire audit committee of the granting of any such approval. M. Ian G. Gilchrist currently serves as the chairman of our audit committee. In addition, the independent auditor is required to provide a report at each regularly scheduled audit committee meeting on all pre-approved services incurred during the preceding quarter. Any engagement of our independent auditors for services other than the pre-approved services requires the specific approval of our audit committee.

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

All services provided by our independent auditor during 2018 were approved in accordance with the terms of the policy in place.

VOTE AND RECOMMENDATION

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

Our board of directors unanimously recommends a vote "FOR" the auditors ratification proposal.

MANAGEMENT AND GOVERNANCE MATTERS

EXECUTIVE OFFICERS

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

Name	Positions
Richard N. Baer Age: 62	Mr. Baer has served as Chief Legal Officer of our company, Liberty Media Corporation, Liberty TripAdvisor and Liberty Broadband since January 2016, Liberty Expedia since March 2016 and of GCI Liberty since March 2018. He previously served as Senior Vice President and General Counsel of our company and Liberty Media Corporation from January 2013 to December 2015, Liberty TripAdvisor from July 2013 to December 2015 and Liberty Broadband from June 2014 to December 2015. Previously, Mr. Baer served as Executive Vice President and Chief Legal Officer of UnitedHealth Group Incorporated from May 2011 to December 2012. He served as Executive Vice President and General Counsel of Qwest Communications International Inc. from December 2002 to April 2011 and Chief Administrative Officer from August 2008 to April 2011.
Albert E. Rosenthaler Age: 59	Mr. Rosenthaler has served as Chief Corporate Development Officer of our company, Liberty Media Corporation, Liberty TripAdvisor, Liberty Broadband and Liberty Expedia since October 2016 and of GCI Liberty since March 2018. He previously served as Chief Tax Officer of our company, Liberty Media Corporation, Liberty TripAdvisor and Liberty Broadband from January 2016 to September 2016 and Liberty Expedia from March 2016 to September 2016. He previously served as a Senior Vice President of our company from April 2002 to December 2015, Liberty Media Corporation (including its predecessor) from May 2007 to December 2015, Liberty TripAdvisor from July 2013 to December 2015 and Liberty Broadband from June 2014 to December 2015.
Mark D. Carleton Age: 58	Mr. Carleton has served as Chief Financial Officer of our company, Liberty Media Corporation and Liberty Broadband since October 2016. He has also served as Chief Financial Officer of GCI Liberty since March 2018 and served as Treasurer from March 2018 to May 2018. He previously served as Chief Development Officer of our company, Liberty Media Corporation, Liberty Broadband and Liberty TripAdvisor from January 2016 to September 2016, as a Senior Vice President of our company from November 2014 to December 2015, of Liberty Media Corporation from January 2013 to December 2015, of Liberty Broadband from October 2014 to December 2015, and as a Senior Vice President of predecessors of Liberty Media Corporation from December 2003 to January 2013. Prior to that time, Mr. Carleton served as a partner at KPMG LLP.

Our executive officers will serve in such capacities until their respective successors have been duly elected and have been qualified, or until their earlier death, resignation, disqualification or removal from office. There is no family relationship between any of our executive officers or directors, by blood, marriage or adoption other than Evan D. Malone, who is the son of John C. Malone.

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

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended (the **Exchange Act**) requires our executive officers and directors, and persons who own more than ten percent of a registered class of our equity securities, to file reports of ownership and changes in ownership with the SEC. Officers, directors and greater than ten-percent stockholders are required by SEC regulation to furnish us with copies of all Section 16 forms they file.

Based solely on a review of the copies of the Forms 3, 4 and 5 and amendments to those forms furnished to us during our most recent fiscal year and written representations made to us by our executive officers and directors, we believe that, during the year ended December 31, 2018, all Section 16(a) filing requirements applicable to our officers, directors and greater than ten-percent beneficial owners were met.

CODE OF ETHICS

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

DIRECTOR INDEPENDENCE

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

Our board of directors has determined that each of Richard N. Barton, Fiona P. Dias, M. Ian G. Gilchrist, David E. Rapley, Larry E. Romrell, Mark C. Vadon and Andrea L. Wong qualifies as an independent director of our company. Our board of directors also determined that M. LaVoy Robison, who retired from our board of directors in May 2018, qualified as an independent director of our company during his service on our board.

BOARD COMPOSITION

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

BOARD LEADERSHIP STRUCTURE

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

BOARD ROLE IN RISK OVERSIGHT

The board as a whole has responsibility for risk oversight, with reviews of certain areas being conducted by the relevant board committees. Our audit committee oversees management of financial risks and risks relating to potential conflicts of interest. Our compensation committee oversees the management of risks relating to our compensation arrangements with senior officers. Our nominating and corporate governance committee oversees risks associated with the independence of the board. These committees then provide reports periodically to the full board. The oversight responsibility of the board and its committees is enabled by management reporting processes that are designed to provide visibility to the board about the identification, assessment, and management of critical risks. These areas of focus include strategic, operational, financial and reporting, succession and compensation, legal and compliance, and other risks. Our management reporting processes include regular reports from our Chief Executive Officer, which are prepared with input from our senior management team, and also include input from our Internal Audit group.

COMMITTEES OF THE BOARD OF DIRECTORS

Executive Committee

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

Compensation Committee

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

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

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

Compensation Committee Report

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

Submitted by the Members of the Compensation Committee

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

Compensation Committee Interlocks and Insider Participation

No member of our compensation committee during 2018 is or has been an officer or employee of our company, or has engaged in any related party transaction during 2018 in which our company was a participant.

Nominating and Corporate Governance Committee

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

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

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

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

- a representation as to whether and the extent to which any hedging, derivative or other transaction has been entered into with respect to our company within the last six months by, or is in effect with respect to, the Proposing Person, any person to be nominated by the proposing stockholder or any Stockholder Associated Person, the effect or intent of which transaction is to mitigate loss to or manage risk or benefit of share price changes for, or increase or decrease the voting power of, the Proposing Person, its nominee, or any such Stockholder Associated Person.

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

To be nominated to serve as a director, a nominee need not meet any specific minimum criteria. However, the nominating and corporate governance committee believes that nominees for director should possess the highest personal and professional ethics, integrity, values and judgment and should be committed to the long-term interests of our stockholders. When evaluating a potential director nominee, including one recommended by a stockholder, the nominating and corporate governance committee will take into account a number of factors, including, but not limited to, the following:

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

The nominating and corporate governance committee does not assign specific weights to particular criteria and no particular criterion is necessarily applicable to all prospective nominees. The nominating and corporate governance committee does not have a formal policy with respect to diversity; however, our board and the nominating and corporate governance committee believe that it is important that our board members represent diverse viewpoints.

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

Prior to nominating an incumbent director for re-election at an annual meeting of stockholders, the nominating and corporate governance committee will consider the director's past attendance at, and participation in, meetings of the board of directors and its committees and the director's formal and informal contributions to the various activities conducted by the board and the board committees of which such individual is a member.

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

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

Audit Committee

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

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

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

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

Audit Committee Report

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

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

Our audit committee has reviewed and discussed with management and KPMG LLP our most recent audited consolidated financial statements, as well as management's assessment of the effectiveness of our internal control over financial reporting and KPMG LLP's evaluation of the effectiveness of our internal control over financial reporting. Our audit committee has also discussed with KPMG LLP the matters required to be discussed by the Public Company Accounting Oversight Board Auditing Standard No. 1301, Communications with Audit Committees, including that firm's judgment about the quality of our accounting principles, as applied in its financial reporting.

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

Based on the reviews, discussions and other considerations referred to above, our audit committee recommended to our board of directors that the audited financial statements be included in our Annual Report on Form 10-K for the year ended December 31, 2018 (the **2018 Form 10-K**), which was filed on February 28, 2019 with the SEC.

Submitted by the Members of the Audit Committee

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

Other

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

BOARD MEETINGS

During 2018, there were seven meetings of our full board of directors, no meetings of our executive committee, six meetings of our compensation committee, one meeting of our nominating and corporate governance committee and seven meetings of our audit committee.

DIRECTOR ATTENDANCE AT ANNUAL MEETINGS

Our board of directors encourages all members of the board to attend each annual meeting of our stockholders. Ten of the twelve directors then serving attended our 2018 annual meeting of stockholders.

STOCKHOLDER COMMUNICATION WITH DIRECTORS

Our stockholders may send communications to our board of directors or to individual directors by mail addressed to the Board of Directors or to an individual director c/o Qurate Retail, Inc., 12300 Liberty Boulevard, Englewood, Colorado 80112. All such communications from stockholders will be forwarded to our directors on a timely basis.

EXECUTIVE SESSIONS

In 2018, the independent directors of our company, then serving, met at two executive sessions without management participation.

Any interested party who has a concern regarding any matter that it wishes to have addressed by our independent directors, as a group, at an upcoming executive session may send its concern in writing addressed to Independent Directors of Qurate Retail, Inc., c/o Qurate Retail, Inc., 12300 Liberty Boulevard, Englewood, Colorado 80112. The current independent directors of our company are Richard N. Barton, Fiona P. Dias, M. Ian G. Gilchrist, David E. Rapley, Larry E. Romrell, Mark C. Vadon and Andrea L. Wong.

EXECUTIVE COMPENSATION

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

- Gregory B. Maffei, our Chairman of the Board;
- Michael A. George, our Chief Executive Officer and President;
- Mark D. Carleton, our Chief Financial Officer; and
- Richard N. Baer and Albert E. Rosenthaler, our other two most highly compensated executive officers at the end of 2018.

Mr. Maffei served as Chief Executive Officer and President until March 9, 2018, on which date he became Chairman of the Board, and Mr. George was appointed Chief Executive Officer and President of our company as of the same date.

COMPENSATION DISCUSSION AND ANALYSIS

Compensation Overview

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

Our compensation committee seeks to approve a compensation package for each named executive officer that is commensurate with the responsibilities and proven performance of that executive and that is competitive relative to the compensation packages paid to similarly situated executives in other companies. Our compensation committee does not engage in any regular benchmarking analysis; rather, it is familiar with the range of total compensation paid by other companies and periodically reviews survey information provided by Mercer (US) Inc. (**Mercer**) and others. Our compensation committee uses this range and survey data as a guide to ensure that the named executive officers receive attractive compensation packages. Our compensation committee believes that our compensation packages should assist our company in attracting and retaining key executives critical to our long-term success.

Our feedback from stockholders on this pay philosophy has been positive. At our 2017 annual stockholder meeting, stockholders representing 88.8% of the aggregate voting power of Qurate Retail present and entitled to vote on our say-on-pay proposal voted in favor of, on an advisory basis, our executive compensation disclosed in our proxy statement for the 2017 annual meeting of stockholders. No material changes were implemented to our executive compensation program as a result of this vote. At our 2017 annual stockholder meeting, stockholders elected to hold a say-on-pay vote every three years and our board of directors adopted this as the frequency at which future say-on-pay votes would be held.

Services Agreement

In September 2011, we entered into a services agreement with our former subsidiary (the **services agreement**), which agreement was assumed in January 2013 by its former subsidiary, then-known as Liberty Spinco, Inc. (currently known as **Liberty Media**). Pursuant to the services agreement, in 2018, we reimbursed Liberty Media for the portion of the base salary and certain other compensation Liberty Media paid to our employees that was allocable to us for time spent by each such employee related to our company. We do not reimburse Liberty Media for time spent by Mr. Maffei on Qurate Retail matters. Rather, we pay Mr. Maffei directly pursuant to his employment agreement with our company. All of Mr. George's compensation was paid by QVC, and none of his time was allocated to Liberty Media because Mr. George did not provide any services to Liberty Media in 2018. The 2018 performance-based bonuses earned by the named executive officers of our company were paid directly by our company. During 2018, the estimate of the allocable percentages of time spent performing services for Liberty Media, on the one hand, and our company, on the other hand, were reviewed quarterly by our audit committee for appropriateness. The salaries and certain perquisite information included in the "Summary Compensation Table" below (other than with respect to Mr. George, whose cash compensation is paid directly by QVC) include the portion of the compensation allocable to our company and for which we reimbursed Liberty Media and do not include the portion of the compensation allocable to Liberty Media. During the year ended December 31, 2018, the weighted average percentage of each such named executive officer's time that was allocated to our company was: Mr. Baer – 30%; Mr. Carleton – 25%; and Mr. Rosenthaler – 27%.

Setting Executive Compensation

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

- each element of the named executive officer's compensation, including salary, bonus, equity compensation, perquisites and other personal benefits, and weights equity compensation most heavily;
- the financial performance of our company compared to internal forecasts and budgets;
- the scope of the named executive officer's responsibilities;
- the competitive nature of the compensation packages offered based on general industry knowledge of the media, telecommunications and entertainment industries and periodic use of survey information provided by Mercer and others; and
- the performance of the group reporting to the named executive officer.

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

In December 2014, our compensation committee approved a five-year employment agreement with Mr. Maffei (as amended, the **Maffei Employment Agreement**), which establishes his compensation for the term of the agreement. See "—Executive Compensation Arrangements—Gregory B. Maffei" below. Prior to entering into the Maffei Employment Agreement, our compensation committee reviewed information from Mercer with respect to chief executive officer compensation packages at e-commerce and brick and mortar retailers, television shopping networks, and entertainment, media, communications and travel companies and discussed this comparative information and alternative equity award structures with Mercer.

In connection with the closing on March 9, 2018 of a series of transactions that effected (i) the acquisition and split-off of GCI Liberty and (ii) the redemption of Qurate Retail's Liberty Ventures common stock in exchange for shares of GCI Liberty common stock (leaving QRTEA and QRTEB the only outstanding stock of Qurate Retail) (the **Transactions**), Mr. Maffei was appointed as the Chairman of the Board of our company. At the same time, Mr. George was appointed as Chief Executive Officer and President of our company. In connection with Mr. Maffei's change in role, our company and Mr. Maffei executed an amendment to the Maffei Employment Agreement to reflect the change in role from Chief Executive Officer and President to Chairman of the Board and to reflect the changes in our equity securities after the Transactions. Pursuant to the amendment, Mr. Maffei agreed that the change in role would not constitute a good reason termination under the Maffei Employment Agreement.

In September 2015, our compensation committee approved a new five-year employment agreement with Mr. George (the **George Employment Agreement**) and granted equity awards in connection with the execution of the George Employment Agreement. See "—Executive Compensation Arrangements—Michael A. George—2015 Term Options" and "—Elements of 2018 Executive Compensation—Equity Incentive Compensation—Annual Performance Awards—QVC CEO RSUs" below. Prior to entering into the George Employment Agreement, our compensation committee considered the recommendation of Mr. Maffei with respect to Mr. George's compensation package. When considering Mr. Maffei's recommendations concerning Mr. George's compensation, our compensation committee reviewed compensation data from companies similar to QVC, which was compiled by Mercer, as a reference point for the proposed new compensation arrangement. Based on this review, our compensation committee determined to confirm and approve the proposed arrangement. In addition, in connection with granting the New CEO Term Options and New CEO Performance RSUs (each as defined below) to Mr. George, the compensation committee and Mr. Maffei reviewed a compensation study prepared by Mercer that reviewed the compensation paid to CEOs of comparable retailers and e-Commerce companies. See "—Elements of 2018 Executive Compensation—Equity Incentive Compensation—Annual Performance Awards—New Qurate Retail CEO Awards" below.

In May 2016, our compensation committee approved a new four-year compensation arrangement with Mr. Baer (the **2016 Baer Employment Agreement**), which establishes his compensation for the term of the agreement. See "—Executive Compensation Arrangements—Richard N. Baer" below. Prior to entering into the 2016 Baer Employment Agreement, our compensation committee considered the recommendation of Mr. Maffei with respect to Mr. Baer's compensation package. When considering Mr. Maffei's recommendations concerning Mr. Baer's compensation, our compensation committee reviewed compensation data with respect to chief legal officer compensation packages at media, telecommunications, e-commerce, and entertainment and travel companies.

Elements of 2018 Executive Compensation

For 2018, the principal components of compensation for the named executive officers were:

- base salary;
- a performance-based bonus, payable in cash;
- time-vested and performance-based stock option awards and restricted stock units (**RSUs**);
- additional grants of options and performance-based RSUs in the case of Mr. George in connection with his appointment to Chief Executive Officer and President; and
- perquisites and other limited personal benefits.

Base Salary

Our compensation committee believes base salary should be a relatively smaller portion of each named executive officer's overall compensation package, thereby aligning the interests of our executives more closely with those of our stockholders. The base salaries of the named executive officers are reviewed on an annual basis (other than Mr. Maffei's base salary, the increases of which are governed by his employment agreement), as well as at the time of any change in responsibilities. Typically, after establishing a named executive officer's base salary, salary increases are limited to cost-of-living adjustments, adjustments based on changes in the scope of the named executive officer's responsibilities, and adjustments to align the named executive officer's salary level with those of our other named executive officers. After completion of the annual review in December 2017, the 2018 base salaries of Messrs. Baer, Carleton and Rosenthaler were increased by 2%, reflecting a cost-of-living adjustment. In 2018, Mr. Maffei received the 5% base salary increase prescribed by the Maffei Employment Agreement. Mr. George's base salary has remained at the initial amount fixed in the George Employment Agreement.

2018 Performance-based Bonuses

Qurate Retail Awards—Overview. For 2018, our compensation committee adopted an annual, performance-based bonus program for each of the named executive officers (other than Mr. George, who participated in a separate performance-based bonus program, described under "—QVC Bonus Award" below). The 2018 bonus program was comprised of two components: a bonus amount payable based on each participant's individual performance (the **Individual Performance Bonus**) and a bonus amount payable based on the corporate performance of our company (the **Corporate Performance Bonus**). No amounts would be payable under our 2018 bonus program unless a minimum corporate performance was achieved: the combined Adjusted OIBDA of QVC, HSN, Inc. (**HSN**), Cornerstone Brands, Inc. and zulily (collectively, the **Operating Companies**) for the year ended December 31, 2018 was required to exceed $750 million (the **Bonus Threshold**). If the Bonus Threshold was met, the notional bonus pool for our company would be funded with 0.58% of the amount by which such combined Adjusted OIBDA exceeded $750 million (the **Cash Bonus Pool**). If the Cash Bonus Pool was insufficient to cover the aggregate maximum bonus amounts of all participants (as described in more detail below), each participant's maximum bonus amount would be reduced pro rata, for all purposes under the program, based upon his respective maximum bonus amount. For purposes of the bonus program, Adjusted OIBDA is defined as revenue less cost of sales, operating expense and selling, general and administrative expense (excluding stock compensation).

Each participant was assigned a maximum bonus under the performance-based bonus program for each of Qurate Retail and Liberty Media. The maximum bonuses for the Qurate Retail program were as follows: Mr. Maffei – $5,560,943; Mr. Baer – $937,921; Mr. Carleton – $910,870; and Mr. Rosenthaler – $910,870 (each participant's **Qurate Retail Maximum Performance Bonus**). Liberty Media also established maximum performance-based bonuses for our participants as follows: Mr. Maffei – $8,341,414; Mr. Baer – $1,406,882; Mr. Carleton – $1,366,305; and Mr. Rosenthaler – $1,366,305.

To determine the Qurate Retail Maximum Performance Bonus for each of Messrs. Baer, Carleton and Rosenthaler, our compensation committee divided the aggregate base salary paid by Liberty Media to the named executive officers in half, recognizing that the other half would be subject to Liberty Media's bonus program. Our compensation committee then set the Qurate Retail Maximum Performance Bonus at two times the quotient above for Mr. Baer, Mr. Carleton and Mr. Rosenthaler. Mr. Maffei's Qurate Retail Maximum Performance Bonus was set at five times the base salary paid by our company, which is consistent with the terms of the Maffei Employment Agreement.

Assuming the Bonus Threshold was met (and after taking into account any reductions associated with a shortfall in the Cash Bonus Pool), each participant was entitled to receive from our company an amount (the **Qurate Maximum Individual Bonus**) equal to 60% of the Qurate Retail Maximum Performance Bonus for that participant. The Qurate Retail Maximum Individual Bonus was subject to reduction based on a determination of the participant's achievement of qualitative criteria established with respect to the services to be performed by the participant on behalf of our company. Under Liberty Media's corollary program, each participant was entitled to receive from Liberty Media a maximum individual bonus, equal to 60% of his Liberty Media maximum performance bonus, subject to reduction based on a determination of the participant's achievement of qualitative criteria established with respect to the services to be performed by the participant on behalf of Liberty Media. Our compensation committee believes this construct was appropriate in light of the services agreement and the fact that each participant splits his professional time and duties.

Also, assuming the Bonus Threshold was met (and after taking into account any reductions associated with a shortfall in the Cash Bonus Pool), each participant was entitled to receive from our company an amount (the **Qurate Retail Maximum Corporate Bonus**) equal to 40% of his Qurate Retail Maximum Performance Bonus, subject to reduction based on a determination of the corporate performance of our company. Liberty Media has a corollary program pursuant to which each participant was entitled to receive from Liberty Media a bonus that is 40% of the Liberty Media maximum bonus, which was subject to reduction based on a determination of the corporate performance of Liberty Media.

In December 2018, our compensation committee and the Liberty Media compensation committee reviewed contemporaneously our respective named executive officers' performance under each company's program. Notwithstanding this joint effort, our compensation committee retained sole and exclusive discretion with respect to the approval of award terms and amounts payable under our bonus program.

Also, in December 2018, our compensation committee determined that the combined Adjusted OIBDA for the Operating Companies was approximately $2,198.9 million using the formula described above, exceeding the Bonus Threshold by approximately $1,448.9 million, thereby creating a notional Cash Bonus Pool of approximately $8.404 million, which exceeded the amount necessary to cover the aggregate maximum bonus amounts of all the participants and enabling each participant to receive a bonus under the performance-based bonus program up to his maximum bonus amount. Our company's Adjusted OIBDA was determined after the end of 2018 to be $2,174.1 million, which determination did not affect the amounts payable or amounts actually paid under the program. These calculations were done on a constant currency basis.

Individual Performance Bonus. Our compensation committee then reviewed the individual performance of each participant to determine the reductions that would apply to each participant's Qurate Retail Maximum Individual Bonus. Our compensation committee took into account a variety of factors, without assigning a numerical weight to any single performance measure. This determination was based on reports of our board, the observations of committee members throughout the year, executive self-evaluations and, with respect to the participants other than Mr. Maffei, the observations and input of Mr. Maffei. In evaluating the performance of each of the participants for determining the reduction that would apply to each named executive officer's Qurate Retail Maximum Individual Bonus, our compensation committee considered the various performance objectives related to our company which had been assigned to each participant for 2018, including:

Individual	Performance Objectives
Gregory B. Maffei	• Provide leadership to new Qurate Retail Group to drive strategies, improve brand and increase shareholder value • Pursue corporate development initiatives; consider strategic acquisitions • Assess capital allocation strategies and capital structure • Complete GCI transaction and oversee post-closing integration of GCI • Assist with hiring of senior officers at QVC • Pursue additional capital funding strategies, particularly permanent capital alternatives • Support development and goals of management team; conduct succession planning at all levels
Richard N. Baer	• Oversee legal advice and representation of our company in connection with GCI transaction, including closing the transaction • Oversee integration of GCI's legal department and compliance functions • Assist subsidiaries with compliance programs and compliance issues • Provide legal support in connection with mergers, acquisitions, investments and other transactional matters • Evaluate cybersecurity approach at portfolio companies • Provide legal support to, and assess and appropriately manage significant legal matters of subsidiaries, controlled companies, and spin-off companies • Implement company-wide talent identification and development strategy; facilitate continued professional development and engagement of legal department staff
Mark D. Carleton	• Actively manage Qurate Retail's interest in QVC, including assisting with corporate development opportunities and assisting with integration of Qurate Retail subsidiaries • Support the accounting department to maintain timely and accurate internal and external financial reports • Participate in rationalization efforts pertaining to equity affiliate investments
Albert E. Rosenthaler	• Complete acquisition of GCI and split-off of former Liberty Ventures tracking stock group • Obtain IRS issue resolution agreement in connection with Liberty Ventures tracking group split-off • Evaluate potential merger and acquisition opportunities • Continue oversight of tax department • Increase resources in corporate development department

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

Name	Qurate Retail Maximum Individual Bonus	Percentage Payable	Aggregate Dollar Amount
Gregory B. Maffei	$934,238	62.5%	$583,899
Richard N. Baer	$337,652	87.5%	$295,445
Mark D. Carleton	$273,261	75.0%	$204,946
Albert E. Rosenthaler	$295,122	81.25%	$239,786

Corporate Performance Bonus. Our compensation committee then made a determination as to the reductions that would apply to each participant's Qurate Retail Maximum Corporate Bonus. In making this determination, our compensation committee reviewed forecasts of 2018 Adjusted OIBDA, revenue and free cash flow (as defined below) for the Operating Companies, all of which forecasts were prepared in December 2018 and are set forth in the table below. Also set forth in the table below are the corresponding actual financial measures achieved for 2018, which were within one percent of our forecasts except that actual free cash flow was 11% below the forecast. Although forecasted free cash flow deviated from the actual result, neither that deviation nor the Adjusted OIBDA deviation would have materially affected the amounts paid under the corporate performance bonus portion of the program.

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

	(dollar amounts in millions)		
	2018 Forecast	**2018 Actual**	**Actual/ Forecast**
Revenue(1)	$13,994.9	$13,993.8	0%
Adjusted OIBDA(1)	$ 2,198.9	$ 2,174.1	(1.1)%
Free Cash Flow(1)(2)	$ 1,094.8	$ 973.0	(11.1)%

(1) Revenue, Adjusted OIBDA and Free Cash Flow information represent the summation for QVC and Operating Companies. All calculations were done on a constant currency basis.

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

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

Growth Factor	Qurate Retail
Revenue	7.5% of a possible 25%
Adjusted OIBDA	0% of a possible 50%
Free Cash Flow	0% of a possible 25%

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

Name	Qurate Retail Maximum Corporate Bonus	Percentage Payable	Aggregate Dollar Amount
Gregory B. Maffei	$1,436,826	7.5%	$107,762
Richard N. Baer	$ 242,338	7.5%	$ 18,175
Mark D. Carleton	$ 235,349	7.5%	$ 17,651
Albert E. Rosenthaler	$ 235,349	7.5%	$ 17,651

Aggregate Results. The following table presents information concerning the aggregate 2018 performance-based bonus amounts payable to each named executive officer by our company (other than Mr. George), after giving effect to the determinations described above.

Name	Individual Performance Bonus	Corporate Performance Bonus	Total Bonus
Gregory B. Maffei	$583,899	$107,762	$691,661
Richard N. Baer	$295,445	$ 18,175	$313,620
Mark D. Carleton	$204,946	$ 17,651	$222,597

Name	Individual Performance Bonus	Corporate Performance Bonus	Total Bonus
Albert E. Rosenthaler	$239,786	$ 17,651	$257,438

Our compensation committee then noted that, when combined with the total 2018 performance-based bonus amounts paid by Liberty Media to the overlapping named executive officers, each of our named executive officers received the following payments:

Name	Combined Performance Bonus
Gregory B. Maffei	$7,064,502
Richard N. Baer	$1,472,891
Mark D. Carleton	$1,293,780
Albert E. Rosenthaler	$1,362,095

For more information regarding these bonus awards, please see the "Grants of Plan-Based Awards" table below.

QVC Bonus Award. Mr. George's 2018 performance-based bonus was structured to align with the 2018 performance-based bonus program established at QVC for QVC senior global officers. Pursuant to the program, Mr. George would be paid a cash bonus based upon 2018 Adjusted OIBDA performance on a constant currency basis. His target bonus amount would be 100% of his base salary as required by the terms of his employment agreement and his maximum bonus amount would be 240% of his base salary.

For any bonus to be paid, 2018 Adjusted OIBDA would need to equal or exceed $2,129.6 million. If 2018 Adjusted OIBDA equaled or exceeded $2,129.6 million, then Mr. George would be eligible to receive a maximum bonus of 240% of his base salary, subject to reduction in the discretion of our compensation committee based on 2018 Adjusted OIBDA performance and individual performance, among other things. 2018 Adjusted OIBDA was $2,175.3 million, which exceeded the threshold for receiving a bonus payment. Our compensation committee then reviewed Mr. George's individual performance and the 2018 Adjusted OIBDA performance and awarded Mr. George a bonus of $412,500.

Equity Incentive Compensation

The Qurate Retail, Inc. 2016 Omnibus Incentive Plan, as amended (the **2016 incentive plan**) provides, and prior to their expiration, the Liberty Interactive Corporation 2012 Incentive Plan and the Liberty Interactive Corporation 2010 Incentive Plan (As Amended and Restated Effective November 7, 2011) (each as amended) provided, for the grant of a variety of incentive awards, including stock options, restricted shares, RSUs, stock appreciation rights and performance awards. Our compensation committee has a preference for grants of stock-based incentive awards (RSUs, restricted stock and options) as compared with cash incentive awards based on the belief that they better promote retention of key employees through the continuing, long-term nature of an equity investment. It is the policy of our compensation committee that stock options be awarded with an exercise price equal to fair market value on the date of grant, typically measured by reference to the closing price on the grant date.

As in prior years, our named executive officers received equity grants in 2018 with respect to QRTEB and LVNTB shares in Mr. Maffei's case and QRTEA and LVNTA shares in the case of Messrs. Baer, Carleton and Rosenthaler prior to the completion of the Transactions, which are described above. Upon completion of the Transactions, all option awards and RSU awards held by the named executive officers with respect to LVNTA and LVNTB shares were adjusted pursuant to the anti-dilution provisions of the incentive plan under which the awards were granted, such that each option award and RSU award was exchanged for an option award and an RSU award, respectively, with respect to an equivalent number of shares of the corresponding series of GCI Liberty common stock.

Maffei Performance-based Equity Awards. In December 2014, we entered into the Maffei Employment Agreement which provides Mr. Maffei with the opportunity to earn annual equity incentive awards during the employment term. See "—Executive Compensation Arrangements—Gregory B. Maffei" for additional information about the annual awards to be provided under the Maffei Employment Agreement.

The Maffei Employment Agreement provides that Mr. Maffei was entitled to receive from our company and Liberty Media in 2018 a combined target value equity award of $19 million and contemplates that the equity awards would be structured to qualify as performance-based compensation under Section 162(m) of the Code. The Maffei Employment Agreement contemplated that the $19 million equity award would be divided between our company and Liberty Media according to relative market capitalization. Mr. Maffei is also eligible to receive above-target equity awards from our company and Liberty Media equaling in the aggregate $9.5 million (split by relative market capitalization) that would be granted at the end of the performance period in each compensation committee's sole discretion. The Maffei Employment Agreement also sets forth provisions for determining and establishing any performance criteria for equity awards.

In 2018, our compensation committee, with the consent of Mr. Maffei, decided to grant a combination of time-vested stock options and performance-based RSUs that the parties agreed were in satisfaction of our obligations under the Maffei Employment Agreement. Our compensation committee believes that time-vested stock options are consistent with its philosophy of aligning the interests of the named executive officers with those of our stockholders, with the ultimate goal of appropriately motivating our executives to increase long-term stockholder value. In addition, our compensation committee believed that Mr. Maffei's RSU grants should be subject to performance metrics that incentivize and reward Mr. Maffei for successful completion of our company's strategic initiatives. Our compensation committee determined to grant 25% of the total award value of $19 million in QRTEB awards and 13% of the total award value of $19 million in LVNTB awards in accordance with the relative market capitalization of our two tracking stocks groups and Liberty Media's three tracking stock groups. The parties did not amend the Maffei Employment Agreement and made no decision as to whether to formalize the above process for future grants.

As a result, our compensation committee granted to Mr. Maffei 175,281 QRTEB time-vested options, 143,044 LVNTB time-vested options and 123,606 QRTEB performance-based RSUs (the **2018 Maffei RSUs**). The stock options had a grant date of March 5, 2018 and had a term of seven years. The QRTEB stock options had a base price of $27.77, and the LVNTB stock options had a base price of $54.01. Pursuant to our policy of determining fair market value in the absence of sufficient trading volume on the day in question, these base prices were set at 1.0075 times the closing price of the corresponding Series A tracking stock group stock. In addition, the stock options vested in full on December 31, 2018, and were subject to other applicable terms and conditions for option grants as set forth in the Maffei Employment Agreement. Our compensation committee also granted to Mr. Maffei the 2018 Maffei RSUs on March 5, 2018. The 2018 Maffei RSUs would vest only upon attainment of the performance objectives described below.

Our compensation committee adopted an annual, performance-based program for payment of the 2018 Maffei RSUs. None of the 2018 Maffei RSUs would vest unless a minimum corporate performance was achieved: the combined Adjusted OIBDA of the Operating Companies for the year ended December 31, 2018 was required to exceed $750 million (the **Maffei RSU Threshold**). If the Maffei RSU Threshold was met, the notional pool for payment of the 2018 Maffei RSUs would be funded with 0.50% of the amount by which such combined Adjusted OIBDA exceeded $750 million (the **Maffei RSU pool**). A maximum payout equal to 1.5 times the target number of 2018 Maffei RSUs or $6.935 million of grant value was established.

For purposes of the Maffei RSU pool, Adjusted OIBDA was defined in the same manner as the cash performance bonus program. See "—2018 Performance-based Bonuses—Liberty Awards—Overview" above. Assuming the Maffei RSU Threshold of $750 million was met and the Maffei RSU pool was funded, the amount earned would be subject to reduction from the maximum amount payable by our compensation committee based on performance criteria. After review of our company's 2018 Adjusted OIBDA results, our compensation committee determined and certified that the maximum Maffei RSU awards could be paid to Mr. Maffei.

Our compensation committee then determined to review Mr. Maffei's performance to determine what portion of the maximum award would be paid. Our compensation committee considered Mr. Maffei's 2018 performance, including his efforts in assisting management of our company. After considering Mr. Maffei's performance in these areas, our compensation committee determined to vest 100% of the previously issued 2018 Maffei RSUs.

In addition, for the same reasons, and after consultation with the Liberty Media compensation committee, our compensation committee awarded Mr. Maffei above-target awards for his performance in 2018. As a result of the discussions with the Liberty Media compensation committee, the Liberty Media compensation committee, the GCI Liberty compensation committee and our compensation committee awarded Mr. Maffei above-target awards with a grant value aggregating $2.7 million. The compensation committees split the grant value by each granting an additional 15% of the target number of restricted stock units and stock options granted to Mr. Maffei in March 2018. In the case of GCI Liberty, such grant related to awards of LVNTB on an as-converted basis as a result of the Transactions. Accordingly, our compensation committee granted 26,292 QRTEB stock options and 18,541 QRTEB RSUs. For more information regarding the target equity and above-target equity awards, see the "Grants of Plan-Based Awards" table below and "—Executive Compensation—Compensation Discussion and Analysis—

Elements of 2018 Executive Compensation—Equity Incentive Compensation—Maffei Performance-based Equity Awards" in Liberty Media's Definitive Proxy Statement on Schedule 14A filed April 24, 2019.

Multiyear Stock Options. Consistent with its previous practices, our compensation committee has made larger stock option grants (equaling approximately four to five years' value of the named executive officer's annual grants) that vest between four and five years after grant, rather than making annual grants over the same period. These multiyear grants provide for back-end weighted vesting and generally expire seven to ten years after grant to encourage executives to remain with the company over the long-term and to better align their interests with those of the stockholders. Our compensation committee made such an award to Mr. Maffei in connection with the execution of the Maffei Employment Agreement. See "—Executive Compensation Arrangements—Gregory B. Maffei" below. Also, in March 2015, our compensation committee granted to each of Messrs. Carleton and Rosenthaler multiyear stock options that equaled the value of the named executive officer's annual grants that were expected to be granted to them for the period from January 1, 2016 through December 31, 2020. See "Summary Compensation Table" below. Also, Mr. Baer received a multi-year stock option award in June 2016 in connection with entering into the 2016 Baer Employment Agreement. See "—Executive Compensation Arrangements—Richard N. Baer—2016 Baer Employment Agreement—2016 Term Options" below. Mr. Baer's grant equaled the value of his annual grants that were expected to be granted to him for the period from January 1, 2017 through December 31, 2020. In September 2015, Mr. George received a multiyear stock option grant that equaled the value of his annual grants that were expected to be granted to him for the period from January 1, 2016 through December 31, 2020.

Annual Performance Awards

Chief RSU Awards. Consistent with our practice since December 2014 of granting a combination of multiyear stock options and annual performance awards to senior officers, our compensation committee granted annual performance RSUs to Messrs. Baer, Carleton and Rosenthaler in March 2018. Our compensation committee granted to each of Messrs. Baer, Carleton and Rosenthaler 17,426, 13,011, and 13,011 QRTEA performance-based RSUs and 4,171, 3,114 and 3,114 LVNTA performance-based RSUs, respectively, on March 5, 2018 (the **2018 Chief RSUs**). The 2018 Chief RSUs would vest only upon attainment of the performance objectives described below.

Our compensation committee adopted an annual, performance-based program for payment of the 2018 Chief RSUs. None of the 2018 Chief RSUs would vest unless a minimum corporate performance was achieved: the combined Adjusted OIBDA of the Operating Companies for the year ended December 31, 2018 was required to exceed $750 million (the **Chief Threshold**). If the Chief Threshold was met, the notional pool for payment of the 2018 Chief RSUs would be funded with 0.36% of the amount by which such combined Adjusted OIBDA exceeded $750 million (the **Chief RSU pool**). If the Chief RSU pool was not funded so that the maximum awards could be paid to all participants, each participant's maximum award would be reduced pro rata. The maximum payout set for each of Messrs. Baer, Carleton and Rosenthaler was $1.875 million, $1.4 million and $1.4 million, respectively.

For purposes of the Chief RSU pool, Adjusted OIBDA was defined in the same manner as the performance cash bonus program. See "—2018 Performance-based Bonuses—Liberty Awards—Overview" above. Assuming the Chief Threshold of $750 million was met and the Chief RSU pool was fully funded, the amount earned would be subject to reduction from the maximum amount payable by our compensation committee based on performance criteria. After review of our company's 2018 Adjusted OIBDA results, our compensation committee determined and certified that the maximum Chief RSU awards could be paid to Messrs. Baer, Carleton and Rosenthaler. Our compensation committee then determined to review each named executive officer's performance to determine what portion of the maximum award would be paid. Our compensation committee reviewed Messrs. Baer, Carleton and Rosenthaler's performance and also considered the recommendations from Mr. Maffei. Mr. Maffei recommended that our committee vest 100% of the 2018 Chief RSUs previously granted to each of Messrs. Baer, Carleton and Rosenthaler based on his assessment of their individual performance against the goals established in connection with the performance cash bonus program and his general observation of their leadership and executive performance. Accordingly, our compensation committee determined to reduce the payouts down to the target award levels and then approved vesting of all of the 2018 Chief RSUs previously granted to Messrs. Baer, Carleton and Rosenthaler.

QVC CEO RSUs. Pursuant to the George Employment Agreement, Mr. George is eligible for an annual $4.125 million target grant of performance-based RSUs with respect to QRTEA stock. Accordingly, our compensation committee granted to Mr. George 150,164 QRTEA performance-based RSUs (the **2018 George RSUs**) on March 5, 2018. The 2018 George RSUs would vest only upon attainment of the performance objectives described below.

Our compensation committee adopted an annual, performance-based program for payment of the 2018 George RSUs, which was structured to qualify as performance-based compensation under Section 162(m) of the Code. None of the 2018 George RSUs would vest unless a minimum corporate performance was achieved: the 2018 Adjusted OIBDA was required to exceed $750 million (the **George Threshold**). If the George Threshold was met, the notional pool for payment of the 2018 George RSUs would be funded with 0.55% of the amount by which such 2018 Adjusted OIBDA exceeded $750 million (the **George RSU pool**). A maximum payout equal to 1.5 times the target number of 2018 George RSUs or $6,187,500 of grant value was established.

For purposes of the George RSU pool, 2018 Adjusted OIBDA was defined in the same manner as the cash performance bonus program for Mr. George. See "—2018 Performance-based Bonuses—QVC Bonus Award" above. Assuming the George Threshold of $750 million was met and the George RSU pool was funded, the amount earned would be subject to reduction from the maximum amount payable under the program based 60% on subjective performance criteria and 40% on objective performance criteria.

After review of our company's 2018 Adjusted OIBDA results, our compensation committee determined and certified that the maximum George RSU awards could be paid to Mr. George. Our compensation committee then determined to review Mr. George's performance on the objective criteria discussed below to determine what portion of the maximum award would be paid. In addition, our compensation committee adopted the recommendation of Mr. Maffei as to the payout of the subjective portion of the 2018 George RSUs. Mr. Maffei recommending 100% payout of the 60% of the 2018 George RSUs.

In addition, our compensation committee established objective criteria for determining the payout of 40% of any award. For any payout to be made, 2018 Adjusted OIBDA would need to exceed $2,128 million. Assuming that the threshold was achieved, Mr. George would be eligible for higher payouts based on 2018 Adjusted OIBDA performance. Based on these subjective and objective metrics, our compensation committee reduced down to the target award level represented by the 2018 George RSUs and then determined to vest 87.2% of the 2018 George RSUs.

New Qurate Retail CEO Awards. On August 13, 2018, the compensation committee approved a one-time grant of stock options (the **New CEO Term Options**) and performance-based restricted stock units (the **New CEO Performance RSUs**) to Mr. George in recognition of his appointment as Chief Executive Officer and President of our company. The New CEO Term Options consist of 577,358 options to purchase shares of QRTEA with an exercise price of $22.18 per share, which was the closing price on August 15, 2018, the grant date for the New CEO Term Options. One-half of the options will vest on December 15, 2019, with the remaining options vesting on December 15, 2020. The New CEO Term Options have a term of seven years. The New CEO Performance RSUs consist of 182,983 performance-based RSUs with respect to QRTEA. The grant date for the New CEO Performance RSUs was August 15, 2018. The New CEO Performance RSUs will vest on December 21, 2020 in the discretion of the compensation committee based on its determination with respect to the performance of our company and Mr. George.

Perquisites and Other Personal Benefits.

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

- limited personal use of Liberty Media's corporate aircraft (pursuant to aircraft time sharing agreements between our company and Liberty Media);
- in the case of Mr. Carleton, reimbursement for use of private housing while on New York City business trips;
- occasional, personal use of Liberty Media's apartment in New York City (pursuant to a sharing arrangement between our company and Liberty Media), which is primarily used for business purposes, and occasional, personal use of a company car and driver; and
- in the case of Mr. George, a tax gross-up relating to certain out of state income taxes to which Mr. George was subject in connection with the performance of his duties outside of QVC's headquarters.

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

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

Pursuant to a February 5, 2013 letter agreement between Liberty Media and Mr. Maffei, Mr. Maffei was entitled to 120 hours per year of personal flight time through the first to occur of (i) the termination of his employment, subject to any continued right to use the corporate aircraft as described below or pursuant to the terms of his employment arrangement in effect at the time of the termination or (ii) the cessation of ownership or lease of corporate aircraft. Effective November 11, 2015, pursuant to a letter agreement between Liberty Media and Mr. Maffei of the same date, Mr. Maffei is entitled to 30 additional hours per year of personal flight time if he reimburses Liberty Media for such usage through the first to occur of (i) the termination of his employment or (ii) the cessation of ownership or lease of corporate aircraft. Under the Maffei Employment Agreement, if Mr. Maffei's employment had been terminated due to disability, for good reason or without cause, Mr. Maffei would have been entitled to continued use of the corporate aircraft under the terms of the February 5, 2013 letter agreement for 12 months after termination of his employment under the Maffei Employment Agreement. Mr. Maffei incurs taxable income, calculated in accordance with the Standard Industry Fare Level (**SIFL**) rates, for all personal use of the corporate aircraft under the February 5, 2013 letter agreement. Mr. Maffei incurs taxable income at the SIFL rates minus amounts paid under time sharing agreements with Liberty Media for travel pursuant to the November 11, 2015 letter agreement. Flights where there are no passengers on company-owned aircraft were not charged against the 120 hours of personal flight time per year allotted to Mr. Maffei if the flight department determines that the use of a NetJets, Inc. supplied aircraft for a proposed personal flight would be disadvantageous to our company due to (i) use of budgeted hours under the then current Liberty Media fractional ownership contract with NetJets, Inc. or (ii) higher flight cost as compared to the cost of using company owned aircraft.

For disclosure purposes, we determine incremental cost using a method that takes into account:

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

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

Pursuant to our aircraft time sharing agreements with Liberty Media, we pay Liberty Media for any costs, calculated in accordance with Part 91 of the Federal Aviation Regulations, associated with Mr. Maffei using Liberty Media's corporate aircraft that are allocable to our company. Pursuant to aircraft time sharing agreements between Liberty Media and Mr. Maffei, Mr. Maffei reimburses Liberty Media for costs associated with his up to 30 hours of personal use of its corporate aircraft under the November 11, 2015 letter agreement, and such costs include the expenses listed above, insurance obtained for the specific flight and an additional charge equal to 100% of the aircraft fuel and oil expenses for the specific flight.

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

Gross-Up. In 2018, Mr. George received a tax gross-up from QVC relating to certain out of state income taxes to which he was subject in connection with the performance of his duties outside of QVC's headquarters.

Changes for 2019

Maffei Employment Agreement Grant Process. In March 2019, our compensation committee determined, with the consent of Mr. Maffei, to set performance criteria for Mr. Maffei's 2019 annual performance awards in a manner similar to those set in 2018, which the parties agreed was in satisfaction of the obligations under the Maffei Employment Agreement. Our compensation committee determined to implement the same general process as used since 2016.

Equity from Spin-off and Split-off Companies. In the past, except for the 2014 stock option grants from Liberty Broadband and Liberty TripAdvisor to Mr. Maffei, our company has not allocated any portion of the costs of the named executive officers' (other than Mr. George) equity awards to Liberty Broadband, Liberty TripAdvisor, GCI Liberty, or Liberty Expedia. After the closing of the Transactions, our compensation committee reviewed this practice and determined that it would be appropriate to request each of these entities (other than Liberty Expedia due to its pending merger with a wholly owned subsidiary of Expedia Group, Inc.) to grant a portion of the equity awards granted to our named executive officers other than Mr. George, who receives equity awards from our company only. Our compensation committee determined to allocate to each of Liberty Media, Liberty Broadband, Liberty TripAdvisor and GCI Liberty, a proportionate share of the aggregate equity grant value given to each named executive officer other than Mr. George based 50% on relative market capitalization and 50% on relative time spent by our company's employees working for such issuer.

Deductibility of Executive Compensation

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

Policy on Restatements

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

Stock Ownership Guidelines

Our board of directors adopted stock ownership guidelines that require each named executive officer to own shares of our company's stock equal to (i) at least three times the base salary paid by our company to Mr. Maffei, with respect to Mr. Maffei's requirement, (ii) at least three times 50% of the base salary paid by our company to Messrs. Baer, Carleton and Rosenthaler, in the case of Messrs. Baer, Carleton and Rosenthaler, and (iii) at least three times the base salary paid to Mr. George by Qurate Retail, in the case of Mr. George. The named executive officers other than Mr. George have a similar stock ownership requirement at Liberty Media with respect to the base salary paid by Liberty Media, in the case of Mr. Maffei, or allocated to Liberty Media per our company's stock ownership guidelines, in the case of Messrs. Baer, Carleton and Rosenthaler. The named executive officers will have until March 2021 to comply with these guidelines.

SUMMARY COMPENSATION TABLE

Name and Principal Position (as of 12/31/18)	Year	Salary ($)(1)	Bonus ($)	Stock Awards ($)(2)	Option Awards ($)(3)(4)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)(5)	All Other Compensation ($)(6)(7)(8)	Total ($)
Gregory B. Maffei Chairman of the Board	2018	1,112,188	—	3,406,581	3,917,379	691,661	—	164,431(9)(10)	9,292,240
	2017	1,059,227	—	2,292,619	41,792,609	2,500,933	—	164,368(9)(10)	47,809,756
	2016	1,045,739	—	1,969,633	8,064,242	2,006,909	—	186,194(9)(10)	13,272,717
Michael A. George President and Chief Executive Officer	2018	1,250,000	—	8,197,083	4,096,072	412,500	—	37,406(11)(12)	13,993,061
	2017	1,250,000	—	4,262,063	—	2,000,000	—	171,432(11)	7,683,495
	2016	1,254,788	—	4,075,940	—	—	—	97,707(11)(12)(13)	5,428,435
Richard N. Baer Chief Legal Officer	2018	281,376	—	703,868	—	313,620	—	10,507	1,309,371
	2017	432,179	—	706,695	1,462,847	619,045	—	16,226	3,236,992
	2016	327,307	—	—	4,415,468	372,379	—	11,057	5,126,211
Mark D. Carleton Chief Financial Officer	2018	227,718	—	525,525	—	222,597	5,262	11,226(10)	992,328
	2017	223,253	—	527,625	779,982	361,418	7,285	11,076(10)	1,910,639
	2016	127,147	—	1,630,734	—	145,058	4,434	5,655(10)	1,913,028
Albert E. Rosenthaler Chief Corporate Development Officer	2018	245,935	—	525,525	—	257,438	—	14,059(10)(12)	1,042,957
	2017	339,344	—	527,625	1,313,221	491,351	—	12,058	2,683,599
	2016	336,031	—	1,630,734	—	380,024	—	16,689(12)	2,363,478

(1) The amounts set forth in the table reflect compensation paid to our named executive officers by Liberty Media but allocable to our company under the services agreement (except with respect to Mr. Maffei's 2018, 2017 and 2016 base salary, which we paid directly pursuant to the Maffei Employment Agreement, and Mr. George, whose compensation reported above was paid directly by QVC with respect to the entire year, neither of which is covered by the services agreement). See "—Compensation Discussion and Analysis—Services Agreement."

(2) Reflects the grant date fair value of restricted stock and RSUs granted to our named executive officers during 2018, 2017 and 2016. The table reflects the grant date fair value of the 2016 performance-based RSUs granted to Messrs. Maffei, Carleton, George and Rosenthaler, the performance-based RSUs granted to each of Messrs. Maffei, George, Baer, Carleton and Rosenthaler during 2017 and the 2018 Maffei RSUs, the 2018 George RSUs, Mr. George's New CEO Performance RSUs and the 2018 Chief RSUs as described in "—Compensation Discussion and Analysis—Elements of 2018 Executive Compensation—Equity Incentive Compensation." A maximum payout equal to 1.5 times the target number of 2018 Maffei RSUs, or $6.935 million of grant value was established. The maximum payout set for Mr. Baer was $1.875 million of grant value, and the maximum payout set for each of Messrs. Carleton and Rosenthaler was $1.4 million of grant value of the 2018 Chief RSUs. A maximum payout equal to 1.5 times the target number of 2018 George RSUs or $6.188 million of grant value was also established. The grant date fair value of these awards has been computed in accordance with FASB ASC Topic 718, but (pursuant to SEC regulations) without reduction for estimated forfeitures. For a description of the assumptions applied in these calculations, see Note 12 to our consolidated financial statements for the year ended December 31, 2018 (which are included in the 2018 Form 10-K).

(3) The option awards set forth in this column with respect to the year ended December 31, 2017 include options received by our named executive officers (other than Mr. George) in connection with our 2017 option modification program (the **Option Modification Program**). Included in the Option Awards column is the grant date fair value of supplemental stock options awarded to the named executive officers during 2017 for incremental tax liability to be incurred by them in connection with the Option Modification Program. See footnote 2, "—Options Exercised and Stock Vested" below for additional information regarding the Option Modification Program.

(4) The grant date fair value of Mr. Maffei's 2018, 2017 and 2016 stock option awards, Mr. Baer's 2016 Term Options and Mr. George's New CEO Term Options (or, in the case of awards granted pursuant to the Option Modification Program, the incremental fair value) has been computed in accordance with FASB ASC Topic 718, but (pursuant to SEC regulations) without reduction for estimated forfeitures. For a description of the assumptions applied in these calculations, see Note 12 to our consolidated financial statements for the year ended December 31, 2018 (which are included in the 2018 Form 10-K).

(5) Reflects the above-market earnings credited to Mr. Carleton's deferred compensation accounts. See "—Executive Compensation Arrangements— 2006 Deferred Compensation Plan" and "—Nonqualified Deferred Compensation Plans" below.

(6) The Liberty Media 401(k) Savings Plan provides employees with an opportunity to save for retirement. The Liberty Media 401(k) Savings Plan participants may contribute up to 75% of their eligible compensation on a pre-tax basis to the plan and an additional 10% of their eligible compensation on an after-tax basis (subject to specified maximums and IRS limits), and Liberty Media contributed a matching contribution based on the participants' own contributions up to the maximum matching contribution set forth in the plan. Our company reimburses Liberty Media under the services agreement for our allocable portion of the matching contribution. Participant contributions to the Liberty Media 401(k) Savings Plan are fully vested upon contribution.

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

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

Included in this column, with respect to each named executive officer (except with respect to Mr. George, to whom matching contributions of $12,375, $12,150 and $16,411 were made by QVC under its 401(k) savings plan in 2018, 2017 and 2016, respectively), are the following matching contributions made by Liberty Media to the Liberty Media 401(k) Savings Plan and allocated to our company under the services agreement in each of 2018, 2017 and 2016 respectively:

	Amounts ($)		
Name	2018	2017	2016
Gregory B. Maffei	3,850	8,100	8,480
Richard N. Baer	8,250	12,690	9,275
Mark D. Carleton	6,875	6,750	3,710
Albert E. Rosenthaler	7,425	10,195	9,805

With respect to these matching contributions, all of our named executive officers are fully vested.

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

	Amounts ($)		
Name	2018	2017	2016
Gregory B. Maffei	686	1,471	1,629
Michael A. George	2,322	2,322	2,709
Richard N. Baer	2,257	3,536	1,782
Mark D. Carleton	1,226	1,226	713
Albert E. Rosenthaler	1,324	1,863	1,884

(8) Liberty Media makes available to our personnel, including our named executive officers, tickets to various sporting events with no aggregate incremental cost attributable to any single person.

(9) Includes the following:

	Amounts ($)		
	2018	2017	2016
Compensation related to personal use of corporate aircraft[(a)]	157,406	152,900	174,853

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

(10) Liberty Media owns an apartment in New York City which is primarily used for business purposes. Messrs. Maffei, Carleton and Rosenthaler occasionally used this apartment for personal reasons. From time to time, we reimburse Mr. Carleton for his use of private housing while on New York City business trips, and we also pay the cost of miscellaneous shipping and catering expenses for Mr. Maffei.

(11) Includes tax gross-ups in the following amounts relating to certain out of state income taxes to which Mr. George was subject as a result of the performance of his duties outside of QVC's headquarters:

Amounts ($)		
2018	2017	2016
12,709	156,960	64,333

(12) Includes $10,000 in each of 2018 and 2016 in charitable contributions made on behalf of Mr. George and $5,000 in each of 2018 and 2016 in charitable contributions made on behalf of Mr. Rosenthaler pursuant to our political action committee matching contribution program.

(13) Includes a reimbursement for legal services in 2016.

EXECUTIVE COMPENSATION ARRANGEMENTS

Gregory B. Maffei

December 2014 Employment Arrangement

On December 24, 2014, our compensation committee approved a new compensation arrangement with Mr. Maffei. The arrangement provides for a five year employment term beginning January 1, 2015 and ending December 31, 2019, with an annual base salary of $960,750, increasing annually by 5% of the prior year's base salary, and an annual target cash bonus equal to 250% of the applicable year's base salary. The arrangement also provides Mr. Maffei with the opportunity to earn annual performance-based equity incentive awards during the employment term, as described in more detail below. In connection with the approval of his compensation arrangement, Mr. Maffei was granted options with respect to shares of QRTEB and LVNTB, also as described in more detail below. Mr. Maffei's compensation arrangement was memorialized in the Maffei Employment Agreement executed on December 29, 2014, which, unlike his previous employment arrangement, is directly with our company (while Mr. Maffei has a substantially similar employment agreement with Liberty Media). However, we are still obligated to reimburse Liberty Media for our allocable portion of certain perquisite payments made to Mr. Maffei under his employment agreement with Liberty Media.

The arrangement provides that, in the event Mr. Maffei is terminated for cause (as defined in the Maffei Employment Agreement), he will be entitled to only his accrued base salary and any amounts due under applicable law. If Mr. Maffei is terminated by our company without cause or if Mr. Maffei terminates his employment for good reason (as defined in the Maffei Employment Agreement), he is entitled to his accrued base salary, his accrued but unpaid bonus and any amounts due under applicable law (the **Standard Entitlements**), a severance payment of 1.5 times his base salary during the year of his termination to be paid in equal installments over 18 months, a payment equal to $11,750,000 pro rated based upon the elapsed number of days in the calendar year of termination (including the date of termination), with (subject to certain exceptions) up to 25% of such amount payable in shares of QRTEB and LVNTB, at the discretion of our company and with the remainder of such amount paid in cash (the **Pro Rated Amount**), a payment equal to $17,500,000, with (subject to certain exceptions) up to 25% of such amount payable in shares of QRTEB and LVNTB at the discretion of our company and with the remainder of such amount paid in cash (the **Un-Pro Rated Amount**), and continued use of certain services and perquisites provided by our company, including continued aircraft benefits consistent with those provided to him during the period of his employment (the **Services**). If Mr. Maffei terminates his employment without good reason, he will be entitled to the Standard Entitlements and a payment of the Pro Rated Amount. Lastly, in the case of Mr. Maffei's death or disability, he is entitled to the Standard Entitlements, a payment of 1.5 times his base salary during the year of his termination, payments of the Pro Rated Amount and the Un-Pro Rated Amount, and, only in the case of his termination for disability, the Services. The Maffei Employment Agreement also contains other customary terms and conditions.

Term Options

Also on December 24, 2014, in connection with the approval of his compensation arrangement, Mr. Maffei received a one-time grant of 646,352 options to purchase shares of QRTEB at an exercise price of $29.87 per share (the **QRTEB Term Options**), and a one-time grant of 1,406,463 options to purchase shares of LVNTB at an exercise price of $37.63 (the **LVNTB Term Options** and together with the QRTEB Term Options, the **Term Options**). Mr. Maffei's LVNTB Term Options were adjusted in connection with the Liberty Expedia split-off transaction (the **Expedia Holdings Split-Off**) that was completed in November 2016 and the CommerceHub spin-off transaction that was completed in July 2016 (the **CommerceHub Spin-Off)**. In connection with the completion of the Transactions, all option awards held by Mr. Maffei with respect to our former Liberty Ventures common stock, including the LVNTB Term Options, were adjusted pursuant to the anti-dilution provisions of the incentive plan under which the option awards were granted, such that each option award with respect to our former Liberty Ventures common stock was exchanged for an option to purchase an equivalent number of shares of the corresponding class of GCI Liberty common stock.

One-half of the QRTEB Term Options vested on the fourth anniversary of the grant date with the remaining QRTEB Term Options vesting on the fifth anniversary of the grant date, subject to Mr. Maffei being employed on such date. The QRTEB Term Options have a term of seven years.

Upon a change in control (as defined in the Maffei Employment Agreement) prior to Mr. Maffei's termination or in the event of Mr. Maffei's termination for death or disability, all of his unvested Term Options will become exercisable. If Mr. Maffei is terminated for cause, all of his unvested Term Options will terminate immediately. If Mr. Maffei is terminated by our company without cause or if he terminates his employment for good reason, then each unvested tranche of each type of Term Options will vest pro rata based on the number of days elapsed in the vesting period for such tranche since the grant date plus 548 calendar days; however, in the event (i) all members of the Malone Group (as defined in the Maffei Employment Agreement) cease to beneficially own securities of our company representing at least 20% of our company's voting power, (ii) within 90 to 210 days of clause (i) Mr. Maffei's employment is terminated by our company without cause or by Mr. Maffei for good reason and (iii) at the time of clause (i) Mr. Maffei does not beneficially own securities of our company representing at least 20% of our company's voting power, then all unvested Term Options will vest in full as of the date of Mr. Maffei's termination. If Mr. Maffei terminates his employment without good reason, then a portion of each unvested tranche of each type of Term Options will vest pro rata based on the number of days elapsed in the vesting period for such tranche since the grant date. In the event of a change in control prior to Mr. Maffei's termination, all of the Term Options will remain exercisable until the end of the term. If Mr. Maffei is terminated for cause prior to December 31, 2019 (without a prior change in control occurring), then all vested Term Options will expire on the 90th day following such termination. In all other events of termination or if Mr. Maffei has not been terminated prior to December 31, 2019, all vested Term Options will expire at the end of the term.

Annual Awards

Pursuant to the Maffei Employment Agreement, Mr. Maffei receives annual grants of options to purchase shares of QRTEB and LVNTB with a term of seven years (the **Annual Options**) and RSUs with respect to QRTEB and LVNTB (the **Annual RSUs** and together with the Annual Options, the **Annual Awards**), and Mr. Maffei may elect the portions of his Annual Award that he desires to be issued in the form of Annual RSUs and Annual Options. For a description of Mr. Maffei's target Annual Awards, see "—Compensation Discussion and Analysis—Elements of 2018 Compensation—Equity Incentive Compensation—Maffei Performance-based Equity Awards." Pursuant to the Maffei Employment Agreement, Mr. Maffei receives upfront grants of the Annual Awards and awards from Liberty Media in the following combined target amounts: $16 million for 2015, $17 million for calendar year 2016, $18 million for calendar year 2017, $19 million for calendar year 2018 and $20 million for calendar year 2019. The combined target amounts for 2015 to 2018 were allocated between Liberty Media and our company based on relative market capitalization, and, for 2019, will be based among Liberty Media, GCI Liberty, Liberty Broadband, Liberty TripAdvisor and our company based 50% on relative market capitalization and 50% on time allocation. In our compensation committee's sole discretion, Mr. Maffei is also eligible to receive additional awards each year from Qurate Retail up to a maximum of 50% of the Qurate Retail target award grant amount for such year as an above-target award. Subject to certain exceptions, the grants of Annual Awards made by our company before March 9, 2018 were further allocated under the Maffei Employment Agreement between Annual Awards with respect to QRTEB and Annual Awards with respect to LVNTB based on the relative market capitalization of all series of our QVC Group common stock on the one hand, and all series of our Liberty Ventures common stock, on the other hand. For a discussion of the allocation between QRTEB and LVNTB for 2018, see "—Compensation Discussion and Analysis—Elements of 2018 Executive Compensation—Equity Incentive Compensation—Maffei Performance-based Equity Awards" above. Pursuant to the amendment to the Maffei Employment Agreement, dated effective as of March 9, 2018, all equity awards to be granted pursuant to the Maffei Employment Agreement after March 9, 2018 will be QRTEB awards.

Upon Mr. Maffei's termination for any reason, his unvested Annual Awards (including any "dividend equivalents" related to any unvested Annual RSUs) will terminate at the close of business on the day of the separation, except that, in the case of performance-based Annual RSUs, if Mr. Maffei remains employed through the end of the relevant grant year but his termination occurs prior to the date as of which any performance criteria has been determined to have been met or not with respect to the Annual RSUs relating to such grant year, such Annual RSUs will remain outstanding until such determination date and would vest to the extent determined by the compensation committee. Upon a change in control prior to Mr. Maffei's termination, all vested Annual Options (and any Annual Options that vest after such change in control) will terminate at the expiration of the original term. If Mr. Maffei is terminated by our company for cause (without a prior change in control) prior to December 31, 2019, all vested Annual Options will terminate at the close of business on the 90th day following the termination. In all other events of termination or if Mr. Maffei has not been terminated prior to December 31, 2019, all vested Annual Options will terminate at the expiration of the original term.

Aircraft Usage

Pursuant to a February 5, 2013 letter agreement between Mr. Maffei and Liberty Media, Mr. Maffei is entitled to 120 hours per year of personal flight time through the first to occur of (i) the termination of his employment, subject to any continued right to use the corporate aircraft as described below or pursuant to the terms of his employment arrangement in effect at the time of the termination or (ii) the cessation of ownership or lease of corporate aircraft. Effective November 11, 2015, pursuant to a letter agreement between Liberty Media and Mr. Maffei of the same date, Mr. Maffei is entitled to 30 additional hours per year of personal flight time if he reimburses Liberty Media for such usage through the first to occur of (i) the termination of his employment or (ii) the cessation of ownership or lease of corporate aircraft. Mr. Maffei will continue to incur taxable income, calculated in accordance with SIFL, for all personal use of Liberty Media's corporate aircraft under the February 5, 2013 letter agreement. Mr. Maffei incurs taxable income at the SIFL rates minus amounts paid under time sharing agreements with Liberty Media for travel pursuant to the November 11, 2015 letter agreement. Pursuant to aircraft time sharing agreements with Liberty Media, we pay Liberty Media for any costs, calculated in accordance with Part 91 of the Federal Aviation Regulations, associated with Mr. Maffei using its corporate aircraft that are allocable to our company. Pursuant to Liberty Media's aircraft time sharing agreements with Mr. Maffei, Mr. Maffei reimburses Liberty Media for costs associated with his up to 30 hours of personal use of its corporate aircraft under the November 11, 2015 letter agreement. Flights where there are no passengers on company-owned aircraft are not charged against the 120 hours of personal flight time per year allotted to Mr. Maffei if the flight department determines that the use of a NetJets, Inc. supplied aircraft for a proposed personal flight would be disadvantageous to our company due to (i) use of budgeted hours under the then current Liberty Media fractional ownership contract with NetJets, Inc. or (ii) higher flight cost as compared to the cost of using company owned aircraft.

In connection with Mr. Maffei's appointment as the Chairman of the Board of our company, our company and Mr. Maffei executed an amendment to the Maffei Employment Agreement. See "—Compensation Discussion and Analysis—Setting Executive Compensation."

Michael A. George

September 2015 Employment Arrangement

On September 27, 2015, the compensation committee approved a new compensation arrangement with Michael A. George, then President and Chief Executive Officer of QVC. The arrangement provides for a five year employment term beginning December 16, 2015 and ending December 31, 2020, with an annual base salary of $1.25 million and an annual target cash bonus equal to 100% of Mr. George's annual base salary. The arrangement also provides Mr. George with the opportunity to earn annual performance-based equity incentive awards during the employment term, as described in more detail below. In connection with the approval of his compensation arrangement, Mr. George was granted the 2015 Term Options with respect to shares of QRTEA, also as described in more detail below. Mr. George's compensation arrangement was memorialized in the George Employment Agreement executed on December 16, 2015.

The arrangement also provides that, in the event Mr. George is terminated for cause (as defined in the George Employment Agreement) or he terminates his employment without good reason (as defined in the George Employment Agreement), he will be entitled only to his accrued base salary and any amounts due under applicable law, and he will forfeit all rights to his unvested performance-based equity incentive awards and unvested 2015 Term Options. Upon a termination for cause, his vested options remain exercisable for 90 days. In addition, if Mr. George terminates his employment without good reason, he will be entitled to any awarded but unpaid annual bonus. If, however, Mr. George is terminated by QVC without cause or if he terminates his employment for good reason, the arrangement provides (i) for him to receive one year of base salary, a $1.5 million lump sum payment, and any awarded but unpaid annual bonus, (ii) for his unvested 2015 Term Options to vest pro rata on a tranche-by-tranche basis based on the portion of the term that has elapsed through the termination date plus 12 months and for all vested and accelerated options to remain exercisable until the earlier of (x) their original expiration date or (y) two years from the termination (except if Mr. George dies during such two-year period, the later of (a) the end of such two-year period and (b) the end of the one-year period that began on his date of death) and (iii) for any performance-based equity awards that are issued and outstanding but unvested as of the date of termination to remain outstanding until the end of the applicable performance period, for the compensation committee to then determine whether the performance criteria for such performance period were met, and to the extent such criteria were met, for payment of a pro rata portion of such performance-based equity incentive awards based on the number of days he was employed during the applicable performance period. If Mr. George's employment is terminated by QVC without cause or if he terminates his employment for good reason within six months after a change in control of QVC then he will receive the same payments as if his termination had occurred absent the change in control, except that Mr. George will also be entitled to full vesting of (i) any unvested 2015 Term Options as of his termination date, which will remain exercisable through the original expiration date, and (ii) any unvested performance-based equity incentive awards that are issued and outstanding as of his termination date. Lastly, in the case of Mr. George's death or disability, the arrangement provides for (i) a payment of one year of base salary and any awarded but unpaid annual bonus, (ii) full vesting of unvested 2015 Term Options, with such options remaining exercisable through the original expiration date and (iii) full vesting of any then issued and outstanding but unvested performance-based equity incentive awards.

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

2015 Term Options

Also, on September 27, 2015, in connection with the approval of his compensation arrangement, the compensation committee approved a one-time grant of 1,680,065 stock options to Mr. George to purchase shares of QRTEA with an exercise price of $26.00 per share (the **2015 Term Options**), which was the closing price of QRTEA on September 28, 2015, the grant date for these options. The 2015 Term Options expire on December 31, 2022. One-half of the options will vest on December 31, 2019, with the remaining options vesting on December 31, 2020, in each case, subject to Mr. George being employed by QVC on the applicable vesting date.

Annual Performance-Based Awards

Since 2016, Mr. George has received an annual $4.125 million grant of performance-based RSUs with respect to QRTEA. The compensation committee will establish performance metrics with respect to each grant of performance-based RSUs that will determine, in the compensation committee's sole discretion, the extent to which such grant will vest. For a description of Mr. George's 2018 performance-based RSU award, see "—Compensation Discussion and Analysis—Elements of 2018 Executive Compensation—Equity Incentive Compensation—Annual Performance Awards—QVC CEO RSUs."

New Qurate Retail CEO Awards

On August 13, 2018, the compensation committee approved a one-time grant of New CEO Term Options and New CEO Performance RSUs to Mr. George in recognition of his appointment as Chief Executive Officer and President of our company. The New CEO Term Options consist of 577,358 options to purchase shares of QRTEA with an exercise price of $22.18 per share, which was the closing price on August 15, 2018, the grant date for the New CEO Term Options. One-half of the options will vest on December 15, 2019, with the remaining options vesting on December 15, 2020. The New CEO Term Options have a term of seven years. The New CEO Performance RSUs consist of 182,983 performance-based RSUs with respect to QRTEA. The grant date for the New CEO Performance RSUs was August 15, 2018. The New CEO Performance RSUs will vest on December 21, 2020 in the discretion of the compensation committee based on the compensation committee's determination with respect to the performance of our company and Mr. George.

Upon a change in control (as described under "—Potential Payments Upon Termination or Change-in-Control—Change-in-Control") or in the event of Mr. George's termination for death or disability, the New CEO Term Options and New CEO Performance RSUs will vest in full (except as otherwise described below in "—Potential Payments Upon Termination or Change-in-Control"). If Mr. George is terminated without cause (as defined in the George Employment Agreement) or if he terminates his employment for good reason (as defined in the George Employment Agreement), then (i) the new CEO Performance RSUs will be forfeited and (ii) the New CEO Term Options will vest pro rata on a tranche-by-tranche basis based on the number of days elapsed in the vesting period for such tranche since the grant date. If Mr. George's employment is terminated for cause or if he voluntarily terminates his employment without good reason, any unvested New CEO Term Options and New CEO Performance RSUs will be forfeited.

Richard N. Baer

2016 Baer Employment Agreement

On May 24, 2016, the compensation committee of each of our company and Liberty Media approved a new compensation arrangement with Mr. Baer, which was memorialized in the 2016 Baer Employment Agreement, dated effective as of August 18, 2016. The 2016 Baer Employment Agreement provides for a four year employment term beginning January 1, 2017 and ending December 31, 2020 during which Mr. Baer will continue to serve as Chief Legal Officer of our company, Liberty Media, GCI Liberty, Liberty Broadband, Liberty Expedia and Liberty TripAdvisor. The 2016 Baer Employment Agreement memorialized Mr. Baer's 2016 annual base salary of $901,500 and provides for its adjustment from time to time. Mr. Baer's annual target cash bonus of 100% of base salary remains unchanged from prior years. The arrangement also provides Mr. Baer with the opportunity to earn annual performance-based equity incentive awards from our company and Liberty Media during the employment term, as described in more detail below. In connection with the approval of his compensation arrangement with Liberty Media, the compensation committee of our company granted options to Mr. Baer with respect to QRTEA and LVNTA (together, the **2016 Term Options**), each as described in more detail below.

The 2016 Baer Employment Agreement governs any termination of Mr. Baer's employment that occurs on or after January 1, 2017 during the term of such agreement. The 2016 Baer Employment Agreement provides that, in the event Mr. Baer is terminated for cause (as defined in the 2016 Baer Employment Agreement), he will be entitled to his accrued but unpaid base salary through the date of termination, any unpaid expenses and other amounts required to be paid by law. In addition, all unexercised 2016 Term Options, whether vested or unvested, will be forfeited.

If, however, Mr. Baer terminates his employment for good reason (as defined in the 2016 Baer Employment Agreement) or if his employment is terminated without cause (as defined in the 2016 Baer Employment Agreement), then he is entitled to receive his (i) accrued but unpaid base salary, (ii) any unpaid expenses and other amounts required to be paid by law, (iii) a lump sum payment of any declared but unpaid bonus from the prior year and (iv) if such termination occurs (x) between January 1, 2017 and March 31, 2018, a lump sum cash payment of $5.3 million, (y) between April 1, 2018 and March 31, 2019, a lump sum cash payment of $3.5 million or (z) between April 1, 2019 and the close of business on December 31, 2020, a lump sum cash payment of $1.9 million. In addition, if his employment is terminated by us without cause or by Mr. Baer for good reason (a **protected termination**), (a) between January 1, 2017 and December 31, 2019, he will vest in 75% of the original number of 2016 Term Options (less any options that have previously vested) or (b) during 2020, the unvested portion of his 2016 Term Options will vest in full, in each case on the date of his termination, and such options will remain exercisable for the period specified in the applicable award agreement. The award agreements for Mr. Baer's annual grants of Performance RSUs (as defined below) will provide that if a protected termination occurs during the employment period, any Performance RSUs that are outstanding and unvested on the termination date will remain outstanding until the date that our compensation committee determines whether the performance criteria applicable to such Performance RSUs were met and will vest to the extent determined by the committee on the date of such determination.

If Mr. Baer terminates his employment without good reason (as defined in the 2016 Baer Employment Agreement), he is entitled to receive any accrued but unpaid base salary, any declared but unpaid bonus from the prior year and any unpaid expenses and other amounts required to be paid by law. In addition, Mr. Baer will forfeit any 2016 Term Options and Performance RSUs that are unvested on the date of such termination. Any vested 2016 Term Options will remain exercisable for 90 days after Mr. Baer's termination without good reason, or, if such termination occurs after December 31, 2020, for the remainder of the term of such options.

In the case of Mr. Baer's death or disability (as defined in the 2016 Baer Employment Agreement), such employment agreement provides for the right for his estate or him, as applicable, to receive any accrued but unpaid base salary, any unpaid expenses and other amounts required to be paid by law, any declared but unpaid bonus from the prior year and a lump sum cash payment of $1.9 million. In addition, the 2016 Term Options will vest in full and remain exercisable for a one year period following his death or, if such termination occurs after December 31, 2020, for the remainder of the term of such options. Any outstanding but unvested Performance RSUs will vest immediately in the event of Mr. Baer's death or disability to the extent not already vested as of the date of his termination due to death or disability.

As a condition to Mr. Baer's receipt of any severance payments as a result of his termination, as well as any acceleration of vesting or extension of exercise periods described in the grant agreements for the equity grants, Mr. Baer must execute a severance agreement and release in favor of Liberty Media in accordance with the procedures set forth in the 2016 Baer Employment Agreement.

Although we are not a party to the 2016 Baer Employment Agreement, we are obligated to reimburse Liberty Media for our allocable portion of the above payments (other than payments relating to performance bonuses and payments relating to equity awards which are directly settled with the applicable issuer) pursuant to the services agreement.

2016 Term Options. On May 24, 2016, in connection with the approval of his compensation arrangement, the compensation committee approved a one-time grant to Mr. Baer of (i) 386,434 options to purchase shares of QRTEA with an exercise price of $27.05 per share and (ii) 103,832 options to purchase shares of LVNTA with an exercise price of $37.69 per share. The exercise prices are equal to the closing price of QRTEA and LVNTA on June 1, 2016, the grant date for these options. Mr. Baer's options to purchase LVNTA shares have been adjusted in connection with the CommerceHub Spin-Off and the Expedia Holdings Split-Off. In connection with the completion of the Transactions, all option awards held by Mr. Baer with respect to our former Liberty Ventures common stock, including options to purchase LVNTA shares, were adjusted pursuant to the anti-dilution provisions of the incentive plan under which the option awards were granted, such that each option award with respect to our former Liberty Ventures common stock was exchanged for an option to purchase an equivalent number of shares of the corresponding class of GCI Liberty common stock.

One-half of the 2016 Term Options will vest on December 31, 2019 with the remaining 2016 Term Options vesting on December 31, 2020, in each case, subject to Mr. Baer being employed on the applicable vesting date, and subject to any accelerated vesting upon a termination event. The 2016 Term Options expire on December 31, 2023.

Annual Performance-Based Awards. Pursuant to the 2016 Baer Employment Agreement, beginning in 2017, Mr. Baer became eligible to receive annual grants of performance-based RSUs with respect to QRTEA and LVNTA (the **Performance RSUs**). The combined annual target value of the Performance RSUs and the performance-based RSUs issued by Liberty Media has been $1.875 million. The compensation committee establishes performance metrics with respect to each grant of Performance RSUs that determine, in the compensation committee's sole discretion, the extent to which such grant will vest.

Equity Incentive Plans

The 2016 incentive plan is administered by the compensation committee of our board of directors with regard to all awards granted under the 2016 incentive plan (other than awards granted to the nonemployee directors), and the compensation committee has full power and authority to determine the terms and conditions of such awards. The 2016 incentive plan is administered by the full board of directors with regard to all awards granted under the 2016 incentive plan to nonemployee directors, and the full board of directors has full power and authority to determine the terms and conditions of such awards. The 2016 incentive plan is designed to provide additional remuneration to officers, employees, nonemployee directors and independent contractors for service to our company and to encourage those persons' investment in our company. Non-qualified stock options, SARs, restricted shares, restricted stock units, cash awards, performance awards or any combination of the foregoing may be granted under the 2016 incentive plan (collectively, **incentive plan awards**).

As of December 31, 2018, (i) the maximum number of shares of our common stock with respect to which incentive plan awards may be issued under the 2016 incentive plan is 39,873,000, subject to anti-dilution and other adjustment provisions of the 2016 incentive plan (which gives effect to certain anti-dilution adjustments resulting from the CommerceHub Spin-Off in July 2016 and the Expedia Holdings Split-Off in November 2016), and (ii) with limited exceptions, no person may be granted in any calendar year incentive plan awards covering more than 8,699,000 shares of our common stock under the 2016 incentive plan (subject to anti-dilution and other adjustment provisions of the 2016 incentive plan) nor may any person receive under the 2016 incentive plan payment for cash incentive plan awards during any calendar year in excess of $10 million, and no nonemployee director may be granted during any calendar year incentive plan awards having a value (as determined on the grant date of such award) in excess of $3 million. Shares of our common stock issuable pursuant to incentive plan awards made under the existing incentive plans are made available from either authorized but unissued shares or shares that have been issued but reacquired by our company. The 2016 incentive plan has a five year term.

2006 Deferred Compensation Plan

Effective for the year beginning January 1, 2007 and until September 2011, officers of our company at the level of Senior Vice President and above were eligible to participate in the Liberty Media Corporation 2006 Deferred Compensation Plan (as amended, the **2006 deferred compensation plan**). In September 2011 Liberty Media's predecessor assumed this plan and all obligations outstanding thereunder. In January 2013, Liberty Media assumed this plan and all obligations outstanding thereunder. Prior to the assumption of this plan by Liberty Media's predecessor, each eligible officer of our company could elect to defer up to 50% of his annual base salary and the cash portion of his performance bonus under the 2006 deferred compensation plan. Elections were required to be made in advance of certain deadlines and could include (1) the selection of a payment date, which generally could not be later than 30 years from the end of the year in which the applicable compensation is initially deferred, and (2) the form of distribution, such as a lump-sum payment or substantially equal annual installments over two to five years. Compensation deferred under the 2006 deferred compensation plan that otherwise would have been received prior to 2015 would earn interest income at the rate of 9% per annum, compounded quarterly, for the period of the deferral. Compensation deferred under the 2006 deferred compensation plan that otherwise would have been received on or after January 1, 2015 will earn interest income at a rate that is intended to approximate Liberty Media's general cost of 10-year debt. For 2016, 2017 and 2018, the rate was 6.25%, 6.5% and 6.25%, respectively.

Since September 2011, our officers are no longer permitted to elect the deferral of a portion of their base salary and performance bonus allocable to our company. Mr. Carleton took advantage of a one-time deferral opportunity in 2011 with respect to a portion of his 2011 performance-bonus that was allocable to and paid by our company, and we will be responsible for the payment of such deferred amount and all interest thereon going forward.

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

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

Pay Ratio Information

We are providing the following information about the relationship of the median annual total compensation of our employees and the total compensation of Mr. George, our chief executive officer on December 31, 2018 pursuant to the SEC's pay ratio disclosure rules set forth in Item 402(u) of Regulation S-K. We believe our pay ratio is a reasonable estimate calculated in a manner consistent with the SEC's pay ratio disclosure rules. However, because these rules provide flexibility in determining the methodology, assumptions and estimates used to determine pay ratios and the fact that workforce composition issues differ significantly between companies, our pay ratio may not be comparable to the pay ratios reported by other companies.

Because we had excluded 7,238 HSN employees from our employee population when we identified our median employee last year, as permitted by the SEC's pay ratio disclosure rules, we have identified a new median employee for purposes of our 2019 disclosure. To identify our median employee, we first determined our employee population as of December 31, 2018, which consisted of employees located in the U.S., China, France, Germany, Italy, Japan, Poland and the United Kingdom, representing all full-time, part-time, seasonal and temporary employees employed by our company and our consolidated subsidiaries, QVC, HSN, Cornerstone Brands, Inc. and zulily, llc, on that date. As is typical for a retail company, a significant portion of our employee population works in call centers, warehouses and distribution centers operated by our subsidiaries. Using information from our payroll records and Form W-2s (or its equivalent for non-U.S. employees), we then measured each employee's gross wages for calendar year 2018, consisting of base salary, commissions, actual bonus payments, long-term incentive cash payments, if any, realized equity award value and taxable fringe benefits. We did not annualize the compensation of employees who were new hires or took a leave of absence in 2018. Also, we did not annualize the compensation of our temporary or seasonal employees. In addition, we did not make any cost-of-living adjustments to the gross wages information.

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

Chief Executive Officer Total Annual Compensation(1)	$13,993,061
Median Employee Total Annual Compensation	$ 28,779
Ratio of Chief Executive Officer to Median Employee Total Annual Compensation	486:1

(1) Includes a one-time grant of stock options and performance-based restricted stock units that each represent three years of grant value and were granted in connection with our chief executive officer's appointment to this position on March 9, 2018. Excluding this one-time cost, the ratio of our chief executive officer's total compensation to the annual total compensation of the median employee for fiscal year 2018 would have been 203:1.

GRANTS OF PLAN-BASED AWARDS

The following table contains information regarding plan-based incentive awards granted during the year ended December 31, 2018 to the named executive officers. Upon completion of the Transactions, the LVNTA and LVNTB awards reflected in the table below are no longer outstanding as they were adjusted pursuant to the anti-dilution provisions of the incentive plan under which the awards were granted, such that each option award and RSU award was exchanged for an option award and an RSU award, respectively, with respect to an equivalent number of shares of the corresponding series of GCI Liberty common stock.

			Estimated Future Payouts under Non-Equity Incentive Plan Awards			Estimated Future Payouts under Equity Incentive Plan Awards						
Name	Grant Date	Committee Action Date	Threshold ($)(1)	Target ($)(1)	Maximum ($)(2)	Threshold (#)(3)	Target (#)(3)	Maximum (#)(4)	All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Options Awards ($)
Gregory B. Maffei												
	3/14/2018	(5)	—	—	5,838,990	—	—	—	—	—	—	—
QRTEB	03/05/2018		—	—	—	—	—	—	—	175,281(6)	27.77	1,549,344
QRTEB	03/05/2018	(7)	—	—	—	—	123,606	—	—	—	—	3,406,581
LVNTB	03/05/2018		—	—	—	—	—	—	—	143,044(6)	54.01	2,368,035
Michael A. George												
	2/23/2018	(5)	—	—	3,000,000	—	—	—	—	—	—	—
QRTEA	03/05/2018	(7)	—	—	—	—	150,164	—	—	—	—	4,138,520
QRTEA	08/15/2018	8/13/2018	—	—	—	—	—	—	—	577,358(8)	22.18	4,096,072
QRTEA	08/15/2018	8/13/2018(7)	—	—	—	—	182,983	—	—	—	—	4,058,563
Richard N. Baer												
	3/14/2018	(5)	—	—	956,679	—	—	—	—	—	—	—
QRTEA	03/05/2018	(7)	—	—	—	—	17,426	—	—	—	—	480,261
LVNTA	03/05/2018	(7)	—	—	—	—	4,171	—	—	—	—	223,607
Mark D. Carleton												
	3/14/2018	(5)	—	—	929,087	—	—	—	—	—	—	—
QRTEA	03/05/2018	(7)	—	—	—	—	13,011	—	—	—	—	358,583
LVNTA	03/05/2018	(7)	—	—	—	—	3,114	—	—	—	—	166,942
Albert E. Rosenthaler												
	3/14/2018	(5)	—	—	929,087	—	—	—	—	—	—	—
QRTEA	03/05/2018	(7)	—	—	—	—	13,011	—	—	—	—	358,583
LVNTA	03/05/2018	(7)	—	—	—	—	3,114	—	—	—	—	166,942

(1) Our 2018 performance-based bonus program does not provide for a threshold bonus amount. The program also does not provide for a target payout amount for any named executive officer that would be payable upon satisfaction of the performance criteria under the 2018 performance-based bonus program. For the actual bonuses paid by our company and QVC, as applicable, see the amounts included for 2018 in the column entitled Non-Equity Incentive Plan Compensation in the "Summary Compensation Table" above.

(2) With respect to Messrs. Maffei, Baer, Carleton and Rosenthaler, represents the maximum amount that would have been payable to each named executive officer assuming (x) the Bonus Threshold was met in order to permit the maximum bonus amounts to have been payable, (y) the full 60% of the participant's maximum bonus amount attributable to individual performance was attained and (z) the full 40% of the participant's maximum bonus amount attributable to corporate performance of our company was attained. For more information on this performance bonus program, see "—Compensation Discussion and Analysis—Elements of 2018 Executive Compensation—2018 Performance-based Bonuses—Liberty Awards—Overview." With respect to Mr. George, represents the maximum amount that would have been payable to Mr. George assuming (x) the 2018 Adjusted OIBDA target of $2,364 million was achieved and (y) Mr. George's individual performance warranted the maximum additional increase of his bonus determined based on Adjusted OIBDA growth. For more information on this performance bonus program, see "—Compensation Discussion and Analysis—Elements of 2018 Executive Compensation—2018 Performance-based Bonuses—QVC Bonus Award."

(3) The terms of each of the 2018 Maffei RSUs, the 2018 Chief RSUs and the 2018 George RSUs do not provide for a threshold amount that would be payable upon satisfaction of the performance criteria established by the compensation committee. The amounts in the Target column represent the target amount that would have been payable to the award holder assuming (x) maximum achievement of the Maffei RSU Threshold, the Chief Threshold and the George Threshold was attained and (y) our compensation committee determined not to reduce such payout after considering the criteria established by our compensation committee in March 2018. For the actual 2018 Maffei RSUs, 2018 Chief RSUs and 2018 George RSUs that vested, see "—Compensation Discussion and Analysis—Elements of 2018 Executive Compensation—Equity Incentive Compensation—Maffei Performance-based Equity Awards" and "—Compensation Discussion and Analysis—Elements of 2018 Executive Compensation—Equity Incentive Compensation—Annual Performance Awards."

The terms of the 2018 New CEO Performance RSUs also do not provide for a threshold amount that would be payable upon satisfaction of the performance criteria established by the compensation committee. The amount in the Target column represents the target amount that would have been payable to Mr. George assuming (x) maximum achievement of the performance criteria established by the compensation committee was attained and (y) our compensation committee determines not to reduce such payout after considering such criteria.

(4) Our compensation committee also set a maximum grant value payout with respect to (i) the 2018 Maffei RSUs - equal to 1.5 times the target number of 2018 Maffei RSUs or $6.935 million of grant value, (ii) the 2018 Chief RSUs - equal to $1.875 million for Mr. Baer and $1.4 million for each of Messrs. Carleton and Rosenthaler of grant value of the 2018 Chief RSUs and (iii) the 2018 George RSUs - equal to 1.5 times the target number of 2018 George RSUs or $6.188 million of grant value. Any payout of an equity award by our company above the target equity award would be in our compensation committee's sole discretion, would be issued in the first quarter of 2019, and would vest immediately after grant. For more information on the named executive officers' performance-based RSU awards, see "—Compensation Discussion and Analysis—Elements of 2018 Executive Compensation—Equity Incentive Compensation—Maffei Performance-based Equity Awards" and "—Compensation Discussion and Analysis—Elements of 2018 Executive Compensation—Equity Incentive Compensation—Annual Performance Awards."

(5) Reflects the date on which our compensation committee established the terms of the 2018 performance-based bonus program, as described under "—Compensation Discussion and Analysis—Elements of 2018 Executive Compensation—2018 Performance-based Bonuses—Liberty Awards—Overview" and "—Compensation Discussion and Analysis—Elements of 2018 Executive Compensation—2018 Performance-based Bonuses—QVC Bonus Award."

(6) Vested in full on December 31, 2018.

(7) Reflects the date on which our compensation committee established the terms of the 2018 Maffei RSUs, the 2018 Chief RSUs, the 2018 George RSUs and the 2018 New CEO Performance RSUs, as described under "—Compensation Discussion and Analysis—Elements of 2018 Executive Compensation—Equity Incentive Compensation—Maffei Performance-based Equity Awards" and "—Compensation Discussion and Analysis—Elements of 2018 Executive Compensation—Equity Incentive Compensation—Annual Performance Awards."

(8) Vests 50% on December 15, 2019 and 50% on December 15, 2020.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

The following table contains information regarding unexercised options and unvested awards of RSUs which were outstanding as of December 31, 2018 and held by the named executive officers.

	Option awards					Stock awards			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)
Gregory B. Maffei									
Option Awards									
QRTEA	5,470,228	—	—	25.74	12/17/2019	—	—	—	—
QRTEA	200,402	—	—	25.74	12/26/2024	—	—	—	—
QRTEB	323,176	323,176(1)	—	29.87	12/24/2021	—	—	—	—
QRTEB	112,436	—	—	29.41	03/31/2022	—	—	—	—
QRTEB	730,273	—	—	25.11	03/29/2023	—	—	—	—
QRTEB	153,806	—	—	23.87	05/11/2024	—	—	—	—
QRTEB	175,281	—	—	27.77	03/05/2025	—	—	—	—
RSU Award									
QRTEB	—	—	—	—	—	—	—	123,606(2)	2,283,003
Michael A. George									
Option Award									
QRTEA	—	1,680,065(3)	—	26.00	12/31/2022	—	—	—	—
QRTEA	—	577,358(4)	—	22.18	08/15/2025	—	—	—	—
RSU Awards									
QRTEA	—	—	—	—	—	—	—	150,164(2)	2,931,201
QRTEA	—	—	—	—	—	—	—	182,983(2)	3,571,828
Richard N. Baer									
Option Awards									
QRTEA	—	386,434(3)	—	27.05	12/31/2023	—	—	—	—
QRTEA	238,109	—	—	25.74	11/08/2022	—	—	—	—
QRTEA	8,179	—	—	25.74	12/26/2024	—	—	—	—
RSU Award									
QRTEA	—	—	—	—	—	—	—	17,426(2)	340,156
Mark D. Carleton									
Option Awards									
QRTEA	112,875	—	—	29.59	03/04/2022	—	—	—	—
QRTEA	—	255,199(3)	—	29.59	03/04/2023	—	—	—	—
QRTEA	59,378	—	—	25.74	03/19/2020	—	—	—	—
QRTEA	2,175	—	—	25.74	12/26/2024	—	—	—	—
RSU Award									
QRTEA	—	—	—	—	—	—	—	13,011(2)	253,975

	Option awards					Stock awards			
Name	**Number of Securities Underlying Unexercised Options (#) Exercisable**	**Number of Securities Underlying Unexercised Options (#) Unexercisable**	**Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)**	**Option Exercise Price ($)**	**Option Expiration Date**	**Number of Shares or Units of Stock That Have Not Vested (#)**	**Market Value of Shares or Units of Stock That Have Not Vested ($)**	**Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)**	**Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)**
Albert E. Rosenthaler									
Option Awards									
QRTEA	112,875	—	—	29.59	03/04/2022	—	—	—	—
QRTEA	—	255,199(3)	—	29.59	03/04/2023	—	—	—	—
QRTEA	162,990	—	—	25.74	03/19/2020	—	—	—	—
QRTEA	5,971	—	—	25.74	12/26/2024	—	—	—	—
RSU Award									
QRTEA	—	—	—	—	—	—	—	13,011(2)	253,975

(1) Vests on December 24, 2019.

(2) Represents the target number of Maffei RSUs that Mr. Maffei could earn and the target number of Chief RSUs that each of Messrs. Baer, Carleton and Rosenthaler could earn based on our performance in 2018, as well as the target number of George RSUs that Mr. George could earn based on QVC's performance during 2018 and the target number of New CEO Performance RSUs that Mr. George could earn in December 2020 based on the performance of our company and Mr. George.

(3) Vests 50% on December 31, 2019 and 50% on December 31, 2020.

(4) Vests 50% on December 15, 2019 and 50% on December 15, 2020.

OPTION EXERCISES AND STOCK VESTED

The following table sets forth information concerning the exercise of vested options and the vesting of RSUs held by our named executive officers, in each case, during the year ended December 31, 2018.

	Option Awards		Stock Awards	
Name	Number of shares acquired on exercise (#)	Value realized on exercise ($)	Number of shares acquired on vesting (#)(1)(2)	Value realized on vesting ($)(2)
Gregory B. Maffei				
QRTEA	—	—	—	—
QRTEB	—	—	115,207	3,073,723
LVNTA	—	—	—	—
LVNTB	—	—	—	—
Michael A. George				
QRTEA	—	—	214,174	5,716,304
LVNTA	—	—	—	—
Richard N. Baer				
QRTEA	—	—	24,962	666,236
LVNTA	—	—	4,718	246,846
Mark D. Carleton				
QRTEA	—	—	18,638	497,448
LVNTA	—	—	4,637	184,271
Albert E. Rosenthaler				
QRTEA	—	—	18,638	497,448
LVNTA	—	—	4,637	184,271

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

(2) On December 21, 2017 (the **Grant Date**), to effect our 2017 Option Modification Program, our compensation committee approved the acceleration on December 26, 2017 of (i) each unvested in-the-money option to acquire shares of LVNTA and (ii) each unvested in-the-money option to acquire shares of LVNTB, in each case, held by four of our named executive officers (the **Eligible Optionholders**). Following this acceleration, also on the Grant Date, each Eligible Optionholder exercised, on a net settled basis, all of his outstanding in-the-money vested and unvested options to acquire QRTEA shares, LVNTA shares and LVNTB shares (the **Eligible Options**) and with respect to each unvested Eligible Option, the company granted the Eligible Optionholder a number of restricted LVNTA or LVNTB shares (the **Restricted Shares**) with a vesting schedule identical to that of the unvested Eligible Option so exercised.

The Value column below represents the value related to Messrs. Carleton and Rosenthaler's awards that were subject to continued vesting requirements as of the Grant Date, but which vested during the twelve months ended December 31, 2018. Such value was realized by the applicable named executive officer in 2017 and therefore included in our proxy statement relating to our 2018 annual meeting of stockholders under "Executive Compensation—Option Exercises and Stock Vested."

Name	Number of shares acquired on exercise (#)	Value realized on exercise ($)
Mark D. Carleton		
QRTEA	—	—
LVNTA	1,115	62,395
Albert E. Rosenthaler		
QRTEA	—	—
LVNTA	1,115	62,395

NONQUALIFIED DEFERRED COMPENSATION PLANS

The following table sets forth certain information regarding the Pension Restoration Plan in which Mr. George participated and the 2006 deferred compensation plan in which Mr. Carleton participated, in each case during the year ended December 31, 2018. During 2018, no other named executive officers participated in the Pension Restoration Plan or the 2006 deferred compensation plan.

Name	Executive contributions in 2018 ($)	Registrant contributions in 2018 ($)	Aggregate earnings in 2018 ($)	Aggregate withdrawals/ distributions ($)	Aggregate balance at 12/31/18 ($)
Mark D. Carleton(1)	—	—	7,963	—	93,507(2)
Michael A. George	—	—	978	—	16,629

(1) As described above in "—Executive Compensation Arrangements—2006 Deferred Compensation Plan," Mr. Carleton was permitted a one-time deferral election under the 2006 deferred compensation plan in 2011 with respect to $50,002, which represented 50% of a portion of Mr. Carleton's 2011 performance-based bonus that was allocable to and paid by our company (the **2011 deferral**). Although such amount was transferred to Liberty Media's predecessor upon its assumption of the plan and obligations thereunder in 2011 (and later by Liberty Media in January 2013), Qurate Retail will be responsible for the payment of the 2011 deferral and for the payment of interest income at the rate of 9% per annum, compounded quarterly, thereon. Mr. Carleton has not received any payments with respect to his 2011 deferral election, and at December 31, 2018, the outstanding balance was $93,507. In 2018, the amount of interest with respect to Mr. Carleton's 2011 deferral for which Qurate Retail is responsible was $7,963. Of this amount, $5,262 was reported in the "Summary Compensation Table" as above-market earnings that were credited to Mr. Carleton's deferred compensation account during 2018.

(2) In our 2018 proxy statement, we reported above-market earnings of $5,318 that were credited as interest to Mr. Carleton's deferred compensation accounts during 2017.

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE-IN-CONTROL

The following table sets forth the potential payments to our named executive officers if their employment had terminated or a change in control had occurred, in each case, as of December 31, 2018, which was the last business day of our last completed fiscal year. In the event of such a termination or change in control, the actual amounts may be different due to various factors. In addition, we may enter into new arrangements or modify these arrangements from time to time.

The amounts provided in the tables are based on the closing market prices on December 31, 2018 for our QRTEA common stock and QRTEB common stock, which were $19.52 and $18.47, respectively. Because the exercise price of each of the named executive officers' option awards, including Mr. Maffei's Term Options, was more than the closing market price of QRTEA and QRTEB shares on December 31, 2018, these option awards have been excluded from the table below. The value of the RSUs shown in the table is based on the applicable closing market price and the number of RSUs unvested.

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

As described above in "—Executive Compensation Arrangements—2006 Deferred Compensation Plan," Mr. Carleton had deferred a portion of his 2011 performance-based bonus under the 2006 deferred compensation plan, a portion of which is allocable to and paid by our company in accordance with his deferral election. Under the 2006 deferred compensation plan, we do not have an acceleration right to pay out account balances to Mr. Carleton upon a separation from service. However, Mr. Carleton was permitted to file at the time of the deferral an election to receive distributions under the 2006 deferred compensation plan upon his separation from service, including a voluntary termination, termination for cause, a termination without cause or for good reason and a termination due to death or disability. For purposes of the tabular presentation below, we have assumed that Mr. Carleton has elected to receive a payout of all deferred compensation upon his separation from service, including interest. In addition, the 2006 deferred compensation plan provides Liberty Media's compensation committee with the option of terminating the plan 30 days preceding or within 12 months after a change of control and distributing the account balances (which option is assumed to have been exercised for purposes of the tabular presentation below).

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

Voluntary Termination

Each of the named executive officers holds equity awards that were issued under our existing incentive plans. Under these plans and the related award agreements, in the event of a voluntary termination of his employment with our company for any reason, each named executive officer would only have a right to the equity grants that vested prior to his termination date. Mr. Maffei also has certain acceleration rights upon a voluntary termination without good reason pursuant to the award agreement relating to the Term Options that were granted in connection with the approval of his current compensation arrangement. Also, if Mr. Maffei voluntarily terminated his employment as of December 31, 2018, his 2018 Annual RSUs would remain outstanding until any performance criteria had been determined to have been met or not and would vest to the extent determined by the compensation committee. Mr. Baer would have forfeited his 2016 Term Options and his 2018 Chief RSUs if he had voluntarily terminated his employment as of December 31, 2018. Mr. George would have forfeited all rights to his unvested 2018 George RSUs, his 2015 Term Options, his unvested New CEO Term Options and his New CEO Performance RSUs, in each case upon a voluntary termination without good reason as of December 31, 2018 (the impact on such awards of a voluntary termination with good reason is described below). Each of Messrs. Maffei, Baer and George would have been entitled to certain other benefits upon a voluntary termination of his employment with our company as of December 31, 2018 for good reason. See "—Executive Compensation Arrangements—Gregory B. Maffei," "—Executive Compensation Arrangements—Michael A. George" and "—Executive Compensation Arrangements—Richard N. Baer" above. Mr. Carleton and Mr. Rosenthaler are not entitled to any severance payments or other benefits upon a voluntary termination of his employment. The foregoing discussion assumes that the named executive officers voluntarily terminated his respective employment without good reason. See "—Termination Without Cause or for Good Reason" below for a discussion of potential payments and benefits upon a named executive officer's voluntary termination of his employment for good reason.

Termination for Cause

All outstanding equity grants constituting options, whether unvested or vested but not yet exercised, and all equity grants constituting unvested RSUs under the existing incentive plans would be forfeited by any named executive officer (other than Mr. Maffei and Mr. George in the case of equity grants constituting vested options or similar rights) who is terminated for "cause." However, if Mr. Maffei's employment was terminated for cause as of December 31, 2018, his 2018 Annual RSUs would remain outstanding until any performance criteria had been determined to have been met or not and would vest to the extent determined by the compensation committee. The existing incentive plans, which govern the awards unless there is a different definition in the applicable award agreement, define "cause" as insubordination, dishonesty, incompetence, moral turpitude, other misconduct of any kind and the refusal to perform his duties and responsibilities for any reason other than illness or incapacity; provided that, if such termination is within 12 months after a change in control (as described below), "cause" means a felony conviction for fraud, misappropriation or embezzlement. Each of Mr. Maffei and Mr. George has certain rights to exercise vested options or similar rights following a termination for cause under his employment agreement, as cause is defined in such employment agreement. See "—Executive Compensation Arrangements" above.

Termination Without Cause or for Good Reason

As of December 31, 2018, Mr. Maffei's unvested equity awards consisted of the Term Options (as modified or replaced pursuant to the Option Modification Program) and the 2018 Annual Awards. The Term Options are subject to partial acceleration upon a termination of his employment without cause or for good reason. If Mr. Maffei's employment was terminated without cause or he terminated it for good reason as of December 31, 2018, his 2018 Annual RSUs would remain outstanding until any performance criteria had been determined to have been met or not and would vest to the extent determined by the compensation committee. See "—Executive Compensation Arrangements—Gregory B. Maffei" above.

As of December 31, 2018, Mr. George's unvested equity awards consisted of his 2015 Term Options, his 2018 George RSUs, his New CEO Term Options and New CEO Performance RSUs. The 2015 Term Options are subject to acceleration upon a termination of his employment without cause or for good reason. If Mr. George had been terminated without cause or for good reason as of December 31, 2018, his 2018 George RSUs would have stayed outstanding until the date the compensation committee acted to determine the extent to which the performance criteria were met and the number of 2018 George RSUs that would have been earned and vested had he remained employed through December 31, 2018. A pro rata portion of such number of 2018 George RSUs (based on the number of days Mr. George was employed during calendar year 2018) would then have vested on the date action was taken by the compensation committee. If Mr. George had been terminated without cause or he terminated his employment for good reason as of December 31, 2018, a pro rata portion of each tranche of the New CEO Term Options would have vested based on the number of days Mr. George was employed during the vesting period for each tranche. Mr. George would have forfeited his New CEO Performance RSUs upon a termination without cause or for good reason as of December 31, 2018. See "—Executive Compensation Arrangements—Michael A. George" above including for a description of the conditions to his receipt of such benefits.

As of December 31, 2018, Mr. Baer's unvested equity awards consisted of his 2016 Term Options (as modified or replaced pursuant to the Option Modification Program) and his 2018 Chief RSUs. Subject to his execution of a severance agreement and release in favor of our company, Mr. Baer would have vested in 75% of the original number of his 2016 Term Options (less any options that have previously vested) if his employment had been terminated without cause or for good reason as of December 31, 2018, and his 2018 Chief RSUs would have stayed outstanding until the date the compensation committee acted to determine the extent to which the performance criteria were met and the number of Mr. Baer's 2018 Chief RSUs that would have been earned and vested had he remained employed through December 31, 2018. See "—Executive Compensation Arrangements—Richard N. Baer" above.

Each of Messrs. Maffei, Baer and George is also entitled under certain circumstances to severance payments and other benefits upon a termination of his employment without cause or for good reason. See "—Executive Compensation Arrangements—Gregory B. Maffei," "—Executive Compensation Arrangements—Richard N. Baer" and "—Executive Compensation Arrangements—Michael A. George" above including for a description of the conditions to Mr. Baer's and Mr. George's receipt of such payments and other benefits.

As of December 31, 2018, Mr. Carleton's and Mr. Rosenthaler's only unvested equity awards were the multi-year stock option awards originally granted to them on March 4, 2015 (as modified or replaced pursuant to the Option Modification Program) and the 2018 Chief RSUs granted to them on March 5, 2018. The multi-year option awards granted to them on March 4, 2015 provide for vesting upon a termination of employment without cause of those options that would have vested during the 12-month period following the termination date if such person had remained an employee, plus a pro rata portion of the remaining unvested options based on the portion of the vesting period elapsed through the termination date. The 2018 Chief RSUs held by these officers would have remained outstanding until any performance criteria had been determined to have been met or not and would vest to the extent determined by the compensation committee if these officers had been terminated without cause as of December 31, 2018. None of these officers is entitled to any severance pay or other benefits upon a termination without cause.

Death

In the event of death of any of the named executive officers, the existing incentive plans and applicable award agreements provide for vesting in full of any outstanding options and the lapse of restrictions on any RSU awards, except that if Mr. Maffei's employment terminated due to death as of December 31, 2018, his 2018 Annual RSUs would remain outstanding until any performance criteria had been determined to have been met or not and would vest to the extent determined by the compensation committee. Each of Mr. Maffei, Mr. George and Mr. Baer is also entitled to certain payments and other benefits if he dies while employed by our company.

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

Disability

If the employment of any of the named executive officers is terminated due to disability, which is defined in the existing incentive plans or applicable award agreements, such plans or agreements provide for vesting in full of any outstanding options and the lapse of restrictions on any RSU awards, except that if Mr. Maffei's employment terminated due to disability as of December 31, 2018, his 2018 Annual RSUs would remain outstanding until any performance criteria had been determined to have been met or not and would vest to the extent determined by the compensation committee. Each of Mr. Maffei, Mr. George and Mr. Baer is also entitled to certain payments and other benefits upon a termination of his employment due to disability. See "—Executive Compensation Arrangements" above.

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

Change in Control

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

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

In the case of a change in control described in the last bullet point, our compensation committee may determine not to accelerate the existing equity awards of the named executive officers if equivalent awards will be substituted for the existing awards, except that Mr. Maffei's Term Options may also be subject to acceleration upon a change in control, including of the type described in the last bullet point, pursuant to the terms of his employment agreement. See "—Executive Compensation Arrangements—Gregory B. Maffei" above. For purposes of the tabular presentation below, we have assumed that our named executive officers' existing unvested equity awards would vest in full in the case of a change in control described in the last bullet.

Benefits Payable Upon Termination or Change-in-Control

Name	Voluntary Termination Without Good Reason ($)	Termination for Cause ($)	Termination Without Cause or for Good Reason ($)	Death ($)	Disability ($)	After a Change in Control ($)
Gregory B. Maffei						
Severance	11,750,000(1)	—	30,918,283(2)	30,918,283(2)	30,918,283(2)	—
Options	—(3)	—(3)	—(4)	—(5)	—(5)	—(5)
RSUs	2,283,003(3)	2,283,003(3)	2,283,003(4)	2,283,003(5)	2,283,003(5)	2,283,003(5)
Perquisites(6)	—	—	53,329	—	53,329	—
Total	14,033,003	2,283,003	33,254,615	33,201,286	33,254,615	2,283,003
Richard N. Baer						
Severance(7)	—	—	1,050,000	570,000	570,000	—
Options	—(3)	—(3)	—(8)	—(5)	—(5)	—(5)
RSUs	—(3)	—(3)	340,156(8)	340,156(5)	340,156(5)	340,156(5)
Total	—	—	1,390,156	910,156	910,156	340,156
Mark D. Carleton						
Deferred Compensation(9)	93,507(10)	93,507(10)	93,507(10)	93,507(10)	93,507(10)	93,507(11)
Options	—(3)	—(3)	—(8)	—(5)	—(5)	—(5)
RSUs	—(3)	—(3)	253,975(8)	253,975(5)	253,975(5)	253,975(5)
Total	93,507	93,507	347,482	347,482	347,482	347,482
Michael A. George						
Severance(12)	—	—	1,500,000	—	—	1,500,000
Base Compensation Continuing Payment(13)	—	—	1,250,000	1,250,000	1,250,000	1,250,000
Pension Restoration Plan Payout(14)	16,629	16,629	16,629	16,629	16,629	16,629
Options	—(3)	—(3)	—(8)	—(5)	—(5)	—(5)
RSUs	—(3)	—(3)	2,931,201(8)	6,503,029(5)	6,503,029(5)	6,503,029(5)
Total	16,629	16,629	5,697,830	7,769,658	7,769,658	9,269,658
Albert E. Rosenthaler						
Options	—(3)	—(3)	—(8)	—(5)	—(5)	—(5)
RSUs	—(3)	—(3)	253,975(8)	253,975(5)	253,975(5)	253,975(5)
Total	—	—	253,975	253,975	253,975	253,975

(1) If Mr. Maffei had voluntarily terminated his employment without good reason (as defined in the Maffei Employment Agreement) as of December 31, 2018, he would have been entitled to receive in a lump sum the Pro-Rated Amount of $11,750,000, with up to 25% of such amount payable in shares of QRTEB. See "—Executive Compensation Arrangements—Gregory B. Maffei" above.

(2) If Mr. Maffei's employment had been terminated by Qurate Retail without cause or by Mr. Maffei for good reason (as defined in the Maffei Employment Agreement) (whether before or within a specified period following a change in control) or due to Mr. Maffei's death or disability, as of December 31, 2018, he would have been entitled to receive a payment of 1.5 times his 2018 base salary payable in 18 equal monthly installments. Mr. Maffei would also be entitled to receive in lump sums the Pro Rated Amount of $11,750,000, and a separate Un-Pro Rated Amount of $17,500,000 and, in each case, up to 25% of such amounts would be payable in shares of QRTEB. See "—Executive Compensation Arrangements—Gregory B. Maffei" above.

(3) Mr. Maffei's Term Options and other option awards held by the named executive officers have been excluded because the exercise price of each of these options was more than the closing market price of QRTEA and QRTEB shares on December 31, 2018. If Mr. Maffei's employment had been terminated without good reason or for cause as of December 31, 2018, his 2018 Annual RSUs would remain outstanding until any performance criteria had been determined to have been met or not and would vest to the extent determined by the compensation committee. If Mr. Baer's employment had been terminated without good reason or for cause as of December 31, 2018, he would have forfeited the 2016 Term Options and his Chief RSUs. If Mr. George's employment with QVC had been terminated for cause or by Mr. George without good reason as of December 31, 2018, he would have forfeited the unvested 2015 Term Options, his 2018 George RSUs, his unvested New CEO Options and New CEO Performance RSUs. Each of Messrs. Carleton and Rosenthaler would have forfeited his Chief RSUs if his employment had been terminated without good

reason or for cause as of December 31, 2018. For more information, see the “Outstanding Equity Awards at Fiscal Year-End” table, “—Executive Compensation Arrangements—Gregory B. Maffei,” “—Executive Compensation Arrangements—Michael A. George” and “—Executive Compensation Arrangements—Richard N. Baer” above.

(4) Mr. Maffei’s Term Options and other option awards have been excluded because the exercise price of each of these options was more than the closing market price of QRTEA and QRTEB shares on December 31, 2018. If Mr. Maffei’s employment had been terminated without cause or for good reason as of December 31, 2018, his 2018 Annual RSUs would remain outstanding until any performance criteria had been determined to have been met or not and would vest to the extent determined by the compensation committee. See “—Executive Compensation Arrangements—Gregory B. Maffei” above and the “Outstanding Equity Awards at Fiscal Year-End” table above.

(5) Based on (i) the number of unvested 2018 Annual RSUs held by Mr. Maffei, (ii) the number of unvested Chief RSUs held by Messrs. Baer, Carleton and Rosenthaler and (iii) the number of unvested 2018 George RSUs and New CEO Performance RSUs held by Mr. George. The named executive officers’ options, including Mr. Maffei’s Term Options, have been excluded because the exercise price of each of these options was more than the closing market price of QRTEA and QRTEB shares on December 31, 2018. If Mr. Maffei’s employment terminated due to death or disability as of December 31, 2018, his 2018 Annual RSUs would remain outstanding until any performance criteria had been determined to have been met or not and would vest to the extent determined by the compensation committee. Upon a change in control, we have assumed for purposes of the tabular presentation above that Mr. Maffei’s 2018 Annual RSUs and the other named executive officers’ Chief RSUs would vest in full. For more information, see the “Outstanding Equity Awards at Fiscal Year-End” table above.

(6) If Mr. Maffei’s employment had been terminated at our company’s election for any reason (other than cause) or by Mr. Maffei for good reason (as defined in his employment agreement) or by reason of disability, as of December 31, 2018, he would have been entitled to receive personal use of the corporate aircraft for 120 hours per year over a 12-month period. Based on an hourly average of the incremental cost of use of the corporate aircraft, perquisite amount of $53,329 represents the maximum potential incremental cost attributable to our company for Mr. Maffei’s use of the corporate aircraft for 120 hours based on an hourly average of the incremental cost of use of the corporate aircraft. The remainder of such perquisite expense that would have been allocable to Liberty Media pursuant to the services agreement is not reflected in the table.

(7) If Mr. Baer’s employment had been terminated by Qurate Retail without cause or by Mr. Baer for good reason (as defined in his 2016 Employment Agreement), as of December 31, 2018, he would have been entitled to receive a $3.5 million lump sum payment. If Mr. Baer’s employment had been terminated due to his disability or death, as of December 31, 2018, he or his estate would have been entitled to receive a lump sum payment of $1.9 million. See “—Executive Compensation Arrangements—Richard N. Baer” above. The 70% of such lump sum severance payment that would have been allocable to Liberty Media pursuant to the services agreement is not reflected in the table.

(8) Based on (i) the number of unvested Chief RSUs held by Mr. Baer, Carleton and Rosenthaler and (ii) the number of unvested 2018 George RSUs held by Mr. George at December 31, 2018. Messrs. Baer, Carleton, Rosenthaler and George’s options have been excluded because the exercise price of each of these options was more than the closing market price of QRTEA shares on December 31, 2018. Mr. George would have forfeited his New CEO Performance RSUs if his employment had been terminated by the company without cause or by him for good reason as of December 31, 2018. See “—Executive Compensation Arrangements—Richard N. Baer,” “—Executive Compensation Arrangements—Michael A. George,” the “Outstanding Equity Awards at Fiscal Year-End” table and “—Termination Without Cause or for Good Reason” above.

(9) Represents deferred compensation payable to Mr. Carleton based on a one-time deferral election of a portion of his annual cash bonus that was allocable to and paid by Qurate Retail. See “—Executive Compensation Arrangements—2006 Deferred Compensation Plan” and “—Nonqualified Deferred Compensation Plans” above for more information.

(10) Under the 2006 deferred compensation plan, we do not and Liberty Media does not have an acceleration right to pay out account balances to Mr. Carleton upon this type of termination. However, Mr. Carleton had the right to file an election at the time of his initial deferral to receive distributions under the 2006 deferred compensation plan upon his separation from service, including under these circumstances. For purposes of the tabular presentation above, we have assumed that Mr. Carleton has elected to receive payout upon a separation from service of all deferred compensation, including interest.

(11) The 2006 deferred compensation plan provides Liberty Media’s compensation committee with the option of terminating the plan 30 days preceding or within 12 months after a change of control and distributing the account balances (which option is assumed to have been exercised for purposes of the tabular presentation above).

(12) If Mr. George’s employment had been terminated at QVC’s election without cause or by Mr. George for good reason (as defined in the George Employment Agreement) (whether before or within a specified period following a change in control), as of December 31, 2018, he would have been entitled to receive a lump sum payment of $1,500,000. See “—Executive Compensation Arrangements—Michael A. George” above.

(13) If Mr. George’s employment had been terminated at QVC’s election without cause or by Mr. George for good reason (whether before or within a specified period following a change in control) or in the event of his death or disability, he would have been entitled to receive a base compensation continuing payment for one year equal to his base salary upon termination.

(14) Under the Pension Restoration Plan, upon separation from service, a participant would receive a lump sum payment of the vested percentage of such participant’s account on the first day of the month following such separation, in this case, January 1, 2019.

DIRECTOR COMPENSATION

NONEMPLOYEE DIRECTORS

Director Fees. Each of our directors who is not an employee of our company is paid an annual fee for 2019 of $222,500 (which, in 2018, was $218,000) (which we refer to as the **director fee**), of which $106,000 ($104,000 in 2018) is payable in cash and the balance is payable in RSUs or options to purchase shares of QRTEA. For service on our board in 2019 and 2018, each director was permitted to elect to receive $116,500 and $114,000, respectively, of his or her director fee in RSUs or options to purchase QRTEA shares. The awards issued to our directors with respect to their service on our board in 2019 were issued in December 2018. See "—Director RSU Grants" and "—Director Option Grants" below for information on the incentive awards granted in 2018 to the nonemployee directors.

Fees for service on our audit committee, compensation committee and nominating and corporate governance committee are the same for 2018 and 2019, with each member thereof receiving an additional annual fee of $30,000, $10,000 and $10,000, respectively, for his or her participation on each such committee, except that the chairman of each such committee instead receives an additional annual fee of $40,000, $20,000 and $20,000, respectively, for his or her participation on that committee. The cash portion of the director fees and the fees for participation on committees are payable quarterly in arrears.

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

Equity Incentive Plans. Awards granted to our nonemployee directors under the 2016 incentive plan are administered by our board of directors or our compensation committee. Our board of directors has full power and authority to grant nonemployee directors the awards described below and to determine the terms and conditions under which any awards are made. The 2016 incentive plan is designed to provide our nonemployee directors with additional remuneration for services rendered, to encourage their investment in our common stock and to aid in attracting persons of exceptional ability to become nonemployee directors of our company. Our board of directors may grant non-qualified stock options, SARs, restricted shares, restricted stock units and cash awards or any combination of the foregoing under the 2016 incentive plan.

The maximum number of shares of our common stock with respect to which awards may be issued under the 2016 incentive plan is 39,873,000, subject to anti-dilution and other adjustment provisions of the respective plans. Under the 2016 incentive plan, no nonemployee director may be granted during any calendar year awards having a value determined on the date of grant in excess of $3 million. Shares of our common stock issuable pursuant to awards made under the 2016 incentive plan are made available from either authorized but unissued shares or shares that have been issued but reacquired by our company.

Director RSU Grants. Pursuant to our director compensation policy described above and the 2016 incentive plan, we granted the following RSU awards in December 2018:

Name	# of QRTEA RSUs
Fiona P. Dias	4,914
Evan D. Malone	4,914
David E. Rapley	2,457
Mark C. Vadon	4,914

The RSUs granted in December 2018 will vest on the first anniversary of the grant date, or on such earlier date that the grantee ceases to be a director because of death or disability and, unless our board of directors determines otherwise, will be forfeited if the grantee resigns or is removed from the board before the vesting date.

Director Option Grants. Pursuant to our director compensation policy described above and the 2016 incentive plan, we granted the following stock option awards in December 2018 with respect to service on our board in 2019:

Name	# of QRTEA Options	Exercise Price ($)
Richard N. Barton	15,820	22.24
M. Ian G. Gilchrist	15,820	22.24
David E. Rapley	7,910	22.24
Larry E. Romrell	15,820	22.24
Andrea L. Wong	15,820	22.24

The options granted in December 2018 will become exercisable on the first anniversary of the grant date, or on such earlier date that the grantee ceases to be a director because of death or disability, and, unless our board of directors determines otherwise, will be terminated without becoming exercisable if the grantee resigns or is removed from the board before the vesting date. Once vested, the options will remain exercisable until the seventh anniversary of the grant date or, if earlier, until the first business day following the first anniversary of the date the grantee ceases to be a director.

Stock Ownership Guidelines. In March 2016, our board of directors adopted stock ownership guidelines that require each nonemployee director to own shares of our company's stock equal to at least three times the value of their annual cash retainer fees. Nonemployee directors will have five years from the later of (i) the effective date of the guidelines and (ii) the director's initial appointment to our board to comply with these guidelines.

Director Deferred Compensation Plan. Effective beginning in the fourth quarter of 2013, directors of our company are eligible to participate in the Qurate Retail, Inc. Nonemployee Director Deferred Compensation Plan (the **director deferred compensation plan**), pursuant to which eligible directors of our company can elect to defer all or any portion of their annual cash fees that they would otherwise be entitled to receive. The deferral of such annual cash fees shall be effected by a reduction in the quarterly payment of such annual cash fees by the percentage specified in the director's election. Elections are required to be made in advance of certain deadlines, which generally must be on or before the close of business on December 31 of the year prior to the year to which the director's election will apply, and elections must include the form of distribution, such as a lump-sum payment or substantially equal installments over a period not to exceed ten years. Compensation deferred under the director deferred compensation plan that otherwise would have been received prior to 2015 would earn interest income at the rate of 9% per annum, compounded quarterly, for the period of the deferral. Compensation deferred under the director deferred compensation plan that otherwise would have been received on or after January 1, 2015 will earn interest income at a rate that is intended to approximate our company's general cost of 10-year debt. For 2016, 2017 and 2018, the rate was 6.25%, 6.5% and 6.25%, respectively.

JOHN C. MALONE

Mr. Malone's employment agreement (as amended) and his deferred compensation arrangements with us, as described below, were assumed by Liberty Media's predecessor and later Liberty Media. The term of Mr. Malone's employment agreement is extended daily so that the remainder of the employment term is five years. The employment agreement was amended in June 1999 to provide for, among other things, an annual salary of $2,600 (which was increased to $3,900 in 2014), subject to increase with board approval. The employment agreement was amended in 2003 to provide for payment or reimbursement of personal expenses, including professional fees and other expenses incurred by Mr. Malone for estate, tax planning and other services, and for personal use of corporate aircraft and flight crew. The aggregate amount of such payments or reimbursements and the value of his personal use of corporate aircraft was originally limited to $500,000 per year but increased to $1 million effective January 1, 2007 by our compensation committee. Although the "Director Compensation Table" below reflects the portion of the aggregate incremental cost of Mr. Malone's personal use of our corporate aircraft attributable to our company, the value of his aircraft use for purposes of his employment agreement is determined in accordance with SIFL, which aggregated $70,712 for use of the aircraft by our company and Liberty Media during the year ended December 31, 2018. A portion of the costs, calculated in accordance with Part 91 of the Federal Aviation Regulations, incurred with respect to Mr. Malone were allocated to our company and reimbursed to Liberty Media under the services agreement.

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

Under the terms of Mr. Malone's employment agreement, he is entitled to receive upon the termination of his employment for any reason (other than for death or "cause"), a lump sum equal to his salary for a period of five full years following termination (calculated on the basis of $3,900 per annum, the **lump sum severance payment**). As described above, Liberty Media assumed Mr. Malone's employment agreement and all outstanding obligations thereunder, and we will reimburse Liberty Media for our allocated portion of any such lump sum severance payments made thereunder.

DIRECTOR COMPENSATION TABLE

Name(1)	Fees Earned or Paid in Cash ($)	Stock Awards ($)(2)(3)	Option Awards ($)(2)(3)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)(4)	All other compensation ($)(5)	Total ($)
John C. Malone	—	—	—	—	262,000(6)(7)(8)	262,000
Richard N. Barton	114,000	—	115,664	—	5,000(9)	234,664
Fiona P. Dias	104,000	109,287	—	—	1,000(9)	214,287
M. Ian G. Gilchrist	144,000	—	115,664	—	2,500(9)	262,164
Evan D. Malone	104,000	109,287	—	—	—	213,287
David E. Rapley	154,000(4)	54,644	57,832	30,186	—	296,662
M. LaVoy Robison(10)	105,000(4)	—	—	12,343	—	117,343
Larry E. Romrell	154,000	—	115,664	—	—	269,664
Mark C. Vadon	124,000(4)	109,287	—	1,488	—	234,775
Andrea L. Wong	114,000(4)	—	115,664	20,499	1,000(9)	251,163

(1) Gregory B. Maffei and Michael A. George, who are directors of our company and named executive officers, and John C. Malone, who is a director of our company, received no compensation for serving as directors of our company during 2018. However, we are allocated a portion of the compensation paid to Mr. Malone by Liberty Media. See footnotes (5), (6) and (7) below.

(2) As of December 31, 2018, our directors (other than Messrs. Maffei and George, whose equity awards are listed in "Executive Compensation—Outstanding Equity Awards at Fiscal Year-End" above) held the following equity awards:

	John C. Malone	Richard N. Barton	Fiona P. Dias	M. Ian G. Gilchrist	Evan D. Malone	David E. Rapley	M. LaVoy Robison	Larry E. Romrell	Mark C. Vadon	Andrea L. Wong
Options (#)										
QRTEA	—	40,108	—	33,847	—	24,385	52,611	48,769	216,186	15,820
RSUs (#)										
QRTEA	—	—	13,959	—	4,914	2,457	—	—	4,914	—

(3) The aggregate grant date fair value of the stock options and RSU awards has been computed in accordance with FASB ASC Topic 718, but (pursuant to SEC regulations) without reduction for estimated forfeitures. For a description of the assumptions applied in these calculations, see Note 12 to our consolidated financial statements for the year ended December 31, 2018 (which are included in the 2018 Form 10-K).

(4) Includes 2018 compensation that was earned but not paid in cash because it was deferred under the director deferred compensation plan. Amounts deferred are reflected below:

Name	2018 Deferred Compensation ($)	2018 Above Market Earnings on Accrued Interest ($)	2017 Above Market Earnings on Accrued Interest ($)
David E. Rapley	154,000	30,186	27,992
M. LaVoy Robison	33,500	12,343	11,481
Mark C. Vadon	124,000	1,488	—
Andrea L. Wong	114,000	20,499	18,096

(5) Liberty Media makes available to our directors tickets to various sporting events with no aggregate incremental cost attributable to any single person.

(6) Includes the amount of Mr. Malone's base salary of $975 and the following amounts, in each case, which were allocated to our company under the services agreement:

	Amounts ($)
Reimbursement for personal accounting services	15,000
Compensation related to personal use of corporate aircraft[(a)]	22,420
Tax payments made on behalf of Mr. Malone	214,199

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

Also includes miscellaneous personal expenses, such as courier charges.

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

(7) Also includes $6,875 in matching contributions allocated to our company with respect to the Liberty Media 401(k) Savings Plan.

(8) Also includes $1,545 in life insurance premiums allocated to our company for the benefit of Mr. Malone.

(9) Includes charitable contributions made on behalf of Mr. Barton, Ms. Dias, Mr. Gilchrist and Ms. Wong pursuant to our political action committee matching contribution program.

Name	Amount ($)
Richard N. Barton	5,000
Fiona P. Dias	1,000
M. Ian G. Gilchrist	2,500
Andrea L. Wong	1,000

(10) Retired from the board on May 23, 2018.

EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth information as of December 31, 2018, with respect to shares of our common stock authorized for issuance under our equity compensation plans.

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted average exercise price of outstanding options, warrants and rights	(c) Number of securities available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders:			
Qurate Retail, Inc. 2007 Incentive Plan (As Amended and Restated Effective November 7, 2011), as amended			—(1)
QRTEA	282,752	$15.58	
QRTEB	—	—	
Qurate Retail, Inc. 2010 Incentive Plan (As Amended and Restated Effective November 7, 2011), as amended			—(2)
QRTEA	3,185,886	$21.00	
QRTEB	646,352	$29.87	
Qurate Retail, Inc. 2011 Nonemployee Director Incentive Plan (As Amended and Restated as of December 17, 2015), as amended			—(3)
QRTEA	50,591	$24.83	
QRTEB	—	—	
Qurate Retail, Inc. 2012 Incentive Plan (As Amended and Restated as of March 31, 2015), as amended			—(4)
QRTEA	7,758,697	$27.28	
QRTEB	842,709	$25.68	
Qurate Retail, Inc. 2016 Omnibus Incentive Plan, as amended			19,660,408(5)
QRTEA	13,006,900	$25.56	
QRTEB	329,087	$25.95	
Equity compensation plans not approved by security holders: None(6)			
Total			
QRTEA	24,284,826		
QRTEB	1,818,148		19,660,408

(1) The Qurate Retail, Inc. 2007 Incentive Plan (As Amended and Restated Effective November 7, 2011), as amended, expired on June 30, 2012 and, as a result, no further grants are permitted under this plan.

(2) The Qurate Retail, Inc. 2010 Incentive Plan (As Amended and Restated Effective November 7, 2011), as amended, expired on February 23, 2015 and, as a result, no further grants are permitted under this plan.

(3) The Qurate Retail, Inc. 2011 Nonemployee Director Incentive Plan (As Amended and Restated as of December 17, 2015), as amended, expired on September 7, 2016 and, as a result, no further grants are permitted under this plan.

(4) The Qurate Retail, Inc. 2012 Incentive Plan (As Amended and Restated as of March 31, 2015), as amended, expired on November 26, 2017 and, as a result, no further grants are permitted under this plan.

(5) The Qurate Retail, Inc. 2016 Omnibus Incentive Plan permits grants of, or with respect to, shares of any series of our common stock, subject to a single aggregate limit.

(6) On October 1, 2015, in connection with our acquisition of zulily, we assumed each outstanding award issued pursuant to the zulily, inc. 2009 Equity Incentive Plan and the zulily, inc. 2013 Equity Plan (together, the **zulily Plans** and such awards collectively, the **Assumed zulily Awards**). The Assumed zulily Awards were converted into a corresponding award with respect to shares of QRTEA. We do not intend to issue any new grants under the zulily Plans in the future. As of December 31, 2018, the number of securities to be issued upon exercise of outstanding options, warrants and rights under the zulily, inc. 2009 Equity Incentive Plan was 2,697,095 QRTEA shares, which have a weighted average exercise price of $12.67. With respect to the zulily, inc. 2013 Equity Plan, the number of securities to be issued upon exercise of outstanding options, warrants and rights was 379,101 QRTEA shares, which have a weighted average exercise price of $39.15.

On December 29, 2017, in connection with our acquisition of HSN, Inc., we assumed each outstanding award issued pursuant to the HSN, Inc. Second Amended and Restated 2008 Stock and Annual Incentive Plan and the HSN, Inc. 2017 Omnibus Incentive Plan (together, the **HSN Plans** and such awards collectively, the **Assumed HSN Awards**). The Assumed HSN Awards were converted into a corresponding award with respect to shares of QRTEA. We do not intend to issue any new grants under the HSN Plans in the future. As of December 31, 2018, the number of securities to be issued upon exercise of outstanding options, warrants and rights under the HSN, Inc. Second Amended and Restated 2008 Stock and Annual Incentive Plan was 1,077,149 QRTEA shares, which have a weighted average exercise price of $28.11.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

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

STOCKHOLDER PROPOSALS

This proxy statement relates to our annual meeting of stockholders for the calendar year 2019 which will take place on May 30, 2019. Based solely on the date of our 2019 annual meeting and the date of this proxy statement, (i) a stockholder proposal must be submitted in writing to our Corporate Secretary and received at our executive offices at 12300 Liberty Boulevard, Englewood, Colorado 80112, by the close of business on December 31, 2019 in order to be eligible for inclusion in our proxy materials for the annual meeting of stockholders for the calendar year 2020 (the **2020 annual meeting**), and (ii) a stockholder proposal, or any nomination by stockholders of a person or persons for election to the board of directors, must be received at our executive offices at the foregoing address not earlier than February 28, 2020 and not later than March 31, 2020 to be considered for presentation at the 2020 annual meeting. We currently anticipate that the 2020 annual meeting will be held during the second quarter of 2020. If the 2020 annual meeting takes place more than 30 days before or 30 days after May 30, 2020 (the anniversary of the 2019 annual meeting), a stockholder proposal, or any nomination by stockholders of a person or persons for election to the board of directors, will instead be required to be received at our executive offices at the foregoing address not later than the close of business on the tenth day following the first day on which notice of the date of the 2020 annual meeting is communicated to stockholders or public disclosure of the date of the 2020 annual meeting is made, whichever occurs first, in order to be considered for presentation at the 2020 annual meeting.

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

ADDITIONAL INFORMATION

We file periodic reports, proxy materials and other information with the SEC. You may read and copy any document that we file at the Public Reference Room of the SEC at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at (800) SEC-0330. You may also inspect such filings on the Internet website maintained by the SEC at *www.sec.gov*. Additional information can also be found on our website at *www.qurateretail.com*. (Information contained on any website referenced in this proxy statement is not incorporated by reference in this proxy statement.) **If you would like to receive a copy of the 2018 Form 10-K, or any of the exhibits listed therein, please call or submit a request in writing to Investor Relations, Qurate Retail, Inc., 12300 Liberty Boulevard, Englewood, Colorado 80112, Tel. No. (866) 876-0461, and we will provide you with the 2018 Form 10-K without charge, or any of the exhibits listed therein upon the payment of a nominal fee (which fee will be limited to the expenses we incur in providing you with the requested exhibits).**

FINANCIAL INFORMATION

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

Market Information

Each series of the common stock of Qurate Retail, Inc. (formerly named Liberty Interactive Corporation, "Qurate Retail," the "Company," "we," "us" and "our") trades on the Nasdaq Global Select Market. Our Series A and Series B QVC Group common stock traded on the Nasdaq Global Select Market under the symbols "QVCA" and "QVCB," respectively. On May 23, 2018, the Company filed its restated certificate of incorporation, which (i) eliminated the tracking stock capitalization structure of the Company and (ii) reclassified each outstanding share of our Series A and Series B QVC Group common stock into one share of our Series A and Series B common stock, respectively. Following the reclassification, our Series A and Series B common stock continued trading on the Nasdaq Global Select Market, but under the symbols "QRTEA" and "QRTEB." Stock price information for securities traded on the Nasdaq Global Select Market can be found on the Nasdaq's website at www.nasdaq.com. Although the reclassification resulted in stock name and related ticker symbol changes, historical information for our Series B QVC Group common stock refers to such stock herein as our Series B common stock. The following table sets forth the range of high and low sales prices of shares of our Series B common stock for the years ended December 31, 2018 and 2017. Although our Series B common stock is traded on the Nasdaq Global Select Market, an established public trading market does not exist for the stock, as it is not actively traded.

	Qurate Retail Series B (QRTEB)	
	High	**Low**
2017		
First quarter	$ 22.05	17.62
Second quarter	$ 24.93	19.40
Third quarter	$ 25.10	21.14
Fourth quarter	$ 26.79	20.93
2018		
First quarter	$ 28.90	24.49
Second quarter	$ 25.46	20.32
Third quarter	$ 23.09	19.62
Fourth quarter	$ 24.24	18.47

Holders

As of January 31, 2019, there were 2,685 and 77 record holders of our Series A and Series B Qurate Retail common stock, respectively. The foregoing numbers of record holders do not include the number of stockholders whose shares are held nominally by banks, brokerage houses or other institutions, but include each such institution as one shareholder.

Dividends

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

Securities Authorized for Issuance Under Equity Compensation Plans

Information required by this item is incorporated by reference to our definitive proxy statement for our 2019 Annual Meeting of Stockholders that will be filed with the Securities and Exchange Commission on or before April 30, 2019.

Purchases of Equity Securities by the Issuer

Share Repurchase Programs

On several occasions our board of directors has authorized a share repurchase program for our Series A and Series B QVC Group common stock. On each of May 5, 2006, November 3, 2006 and October 30, 2007 our board authorized the repurchase of $1 billion of Series A and Series B Liberty Interactive common stock for a total of $3 billion. These previous authorizations remained effective following the LMC Split-Off, notwithstanding the fact that the Qurate Retail common stock ceased to be a tracking stock during the period following the LMC Split-Off and prior to the creation of our Liberty Ventures common stock in August 2012. On February 22, 2012 the board authorized the repurchase of an additional $700 million of Series A and Series B Qurate Retail common stock. Additionally, on each of October 30, 2012 and February 27, 2014, the board authorized the repurchase of an additional $1 billion of Series A and Series B Qurate Retail common stock. In connection with the TripAdvisor Holdings Spin-Off during August 2014, the board authorized $350 million for the repurchase of either the Qurate Retail or Liberty Ventures tracking stocks. In October 2014, the board authorized the repurchase of an additional $650 million of Series A and Series B Liberty Ventures common stock. In August 2015, the board authorized the repurchase of an additional $1 billion of Series A or Series B QVC Group common stock. In addition, on October 26, 2016, the board authorized the repurchase of an additional $300 million of either the QVC Group common stock or the Liberty Ventures common stock. On September 19, 2017, the board authorized the repurchase of an additional $1 billion of Series A QVC Group common stock. In March 2018, the board authorized the repurchase of an additional $693 million of Series A QVC Group common stock. Previous authorizations with respect to QVC Group common stock remain effective and now apply to Qurate Retail common stock.

A summary of the repurchase activity for the three months ended December 31, 2018 is as follows:

	Series A Qurate Retail Common Stock (QRTEA)			
Period	**Total Number of Shares Purchased**	**Average Price Paid per Share**	**Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs**	**Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be purchased Under the Plans or Programs**
October 1 - 31, 2018	6,228,812	$ 21.70	6,228,812	$ 620 million
November 1 - 30, 2018	4,890,275	$ 22.82	4,890,275	$ 508 million
December 1 - 31, 2018	5,800,744	$ 20.51	5,800,744	$ 389 million
Total	16,919,831		16,919,831	

3,220 shares of Series A Qurate Retail common stock were surrendered by certain of our officers and employees to pay withholding taxes and other deductions in connection with the vesting of their restricted stock during the three months ended December 31, 2018.

Selected Financial Data.

The following tables present selected historical information relating to our financial condition and results of operations for the past five years. Certain prior period amounts have been reclassified for comparability with the current year presentation. The following data should be read in conjunction with our consolidated financial statements.

	December 31,				
	2018	2017	2016	2015	2014
	amounts in millions				
Summary Balance Sheet Data:					
Cash and cash equivalents	$ 653	903	825	2,449	2,306
Investments in available-for-sale securities and other cost investments	$ 96	2,363	1,922	1,353	1,224
Intangible assets not subject to amortization (1)	$ 10,912	11,011	9,354	9,485	7,893
Noncurrent assets of discontinued operations (2) (3) (4)	$ —	3,635	3,161	927	514
Total assets	$ 17,841	24,122	20,355	21,180	18,598
Long-term debt	$ 5,963	7,553	7,166	7,481	7,062
Deferred income tax liabilities	$ 1,925	2,500	3,354	3,217	2,681
Noncurrent liabilities of discontinued operations (2) (3) (4)	$ —	303	282	285	140
Total equity (1)	$ 5,744	10,083	6,861	6,875	5,780
Noncontrolling interest in equity of subsidiaries (2)	$ 120	99	89	88	107

	Years ended December 31,				
	2018	2017	2016	2015	2014
	amounts in millions, except per share amounts				
Summary Statement of Operations Data:					
Revenue	$ 14,070	10,404	10,647	9,989	10,499
Operating income (loss)	$ 1,324	1,043	968	1,116	1,188
Interest expense	$ (381)	(355)	(363)	(360)	(387)
Share of earnings (losses) of affiliates, net	$ (162)	(200)	(68)	(178)	(19)
Realized and unrealized gains (losses) on financial instruments, net	$ 76	145	414	114	(57)
Gains (losses) on transactions, net (1)	$ 1	410	9	110	74
Earnings (loss) from continuing operations (4) (5):					
Qurate Retail common stock	$ 722	1,254	511	674	574
Liberty Ventures common stock	101	781	264	(43)	(36)
	$ 823	2,035	775	631	538
Basic earnings (loss) from continuing operations attributable to Qurate Retail, Inc. stockholders per common share:					
Series A and Series B Qurate Retail common stock	$ 1.46	2.71	0.99	1.35	1.10
Series A and Series B Liberty Ventures common stock (3) (4)	$ 1.17	14.34	5.54	(0.36)	(0.43)
Diluted earnings (loss) from continuing operations attributable to Qurate Retail, Inc. stockholders per common share:					
Series A and Series B Qurate Retail common stock	$ 1.45	2.70	0.98	1.33	1.09
Series A and Series B Liberty Ventures common stock (3) (4)	$ 1.16	14.17	5.49	(0.36)	(0.43)

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

(2) On August 27, 2014, the Company completed the TripAdvisor Holdings Spin-Off. The consolidated financial statements of Qurate Retail have been prepared to reflect TripAdvisor Holdings as discontinued operations. However, the noncontrolling interest attributable to our former ownership interest in TripAdvisor is included in the noncontrolling interest line item in the consolidated balance sheet from the date of acquisition until the date of completion of the TripAdvisor Holdings Spin-Off.

(3) The Expedia Holdings Split-Off was effected on November 4, 2016 as a split-off through the redemption of a portion of Qurate Retail's Series A and Series B Liberty Ventures common stock for shares of Expedia Holdings (as defined below). The consolidated financial statements of Qurate Retail have been prepared to reflect the Company's interest in Expedia (as defined below) as a discontinued operation for the years ended December 31, 2016, 2015 and 2014.

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

(5) Includes earnings (losses) from continuing operations attributable to the noncontrolling interests of $48 million, $46 million, $39 million, $42 million and $40 million for the years ended December 31, 2018, 2017, 2016, 2015, and 2014, respectively.

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

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

Overview

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

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

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

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

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

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

On October 17, 2018, Qurate Retail announced a series of initiatives designed to better position its HSN and QVC U.S. businesses ("QRG Initiatives"). As part of the QRG Initiatives, QVC will close its fulfillment center in Lancaster, Pennsylvania and has entered into an agreement to lease a new fulfillment center in Bethlehem, Pennsylvania, commencing in 2019 (see note 15 to the accompanying consolidated financial statements). Expenditures related to the QRG Initiatives are recorded as part of transaction related costs.

Disposals

On July 22, 2016, Qurate Retail completed its previously announced spin-off (the "CommerceHub Spin-Off") of its former wholly-owned subsidiary CommerceHub. CommerceHub is included in the Corporate and other segment through July 22, 2016 and is not presented as a discontinued operation as the CommerceHub Spin-Off did not have a major effect on Qurate Retail's operations and financial results.

On November 4, 2016, Qurate Retail completed its previously announced split-off (the "Expedia Holdings Split-Off") of its former wholly-owned subsidiary Liberty Expedia Holdings, Inc. ("Expedia Holdings"). At the time of the Expedia Holdings Split-Off, Expedia Holdings was comprised of, among other things, Qurate Retail's former interest in Expedia Group, Inc., formerly known as Expedia, Inc. ("Expedia") and Qurate Retail's former wholly-owned subsidiary Bodybuilding. On November 2, 2016, Expedia Holdings borrowed $350 million under a new margin loan and distributed $299 million, net of certain debt related costs, to Qurate Retail on November 4, 2016.

Qurate Retail viewed Expedia and Bodybuilding as separate components and evaluated them separately for discontinued operations presentation. Based on a quantitative analysis, the split-off of Qurate Retail's interest in Expedia had a major effect on Qurate Retail's operations, primarily due to one-time gains on transactions recognized by Expedia. Accordingly, the consolidated financial statements of Qurate Retail have been prepared to reflect Qurate Retail's interest in Expedia as a discontinued operation. The disposition of Bodybuilding as part of the Expedia Holdings Split-Off did not have a major effect on Qurate Retail's historical results nor is it expected to have a major effect on Qurate Retail's future operations. Accordingly, Bodybuilding is not presented as a discontinued operation in the consolidated financial statements of Qurate Retail. Bodybuilding is included in the Corporate and other segment through November 4, 2016.

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

Strategies and Challenges

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

QVC intends to employ several strategies to achieve these objectives. Among these strategies are to (i) extend the breadth, relevance and exposure of the QVC brand; (ii) source products that represent unique quality and value; (iii) create engaging, video-rich shopping experiences across its broadcast networks, websites, mobile applications and social pages (iv) leverage customer loyalty and continue multi-platform expansion; and (v) create a compelling and differentiated customer service experience. In addition, QVC expects to expand globally by leveraging its existing systems, infrastructure and skills in other countries around the world.

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

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

On June 23, 2016, the United Kingdom ("U.K.") held a referendum in which British citizens approved an exit from the European Union (the "EU"), commonly referred to as "Brexit." As a result of the referendum, the global markets and currencies have been adversely impacted, including a sharp decline in the value of the U.K. Pound Sterling as compared to the U.S. Dollar. Volatility in exchange rates is expected to continue in the short term as the U.K. negotiates its exit from the EU. In the longer term, any impact from Brexit on QVC will depend, in part, on the outcome of tariff, trade, regulatory and other negotiations. Although it is unknown what the result of those negotiations will be, or whether the U.K. will leave the European Union with an agreement as to the terms of its withdrawal, it is possible that new terms may adversely affect QVC's operations and financial results in a number of ways, not all of which are currently readily apparent. On March 29, 2017, the U.K. invoked Article 50 of the Treaty of Lisbon, which is the first step of the U.K.'s formal exit from the EU. This started the two year window in which the U.K. and the European Commission can negotiate future terms for imports, exports, taxes, employment, immigration and other areas, ending in the exit of the U.K. from the EU. Failing the implementation of an agreed extension, the U.K. is scheduled to withdraw from the E.U. on March 29, 2019. The U.K. government's draft agreement on the withdrawal of the U.K. from the E.U. was defeated in the House of Commons on January 15, 2019. As a result, the final terms of the U.K.'s exit from the E.U. are, and will remain for the immediate future, unclear. The U.K. may leave the E.U. without any agreement as to the terms of its withdrawal or the future economic relationship between the U.K. and the E.U. It is also possible that the U.K. will withdraw its notification to leave the E.U. or that there will be a second referendum on Brexit.

During his campaign in the 2016 U.S. presidential election, the current President of the U.S. expressed apprehension towards existing trade agreements, such as the Trans-Pacific Partnership, and suggested that the U.S. would renegotiate or withdraw from certain trade agreements. He has advocated for and imposed tariffs on goods imported into the United States, particularly from China. On January 23, 2017, the President of the United States signed a presidential memorandum to withdraw the U.S. from the Trans-Pacific Partnership. On November 30, 2018 the U.S., Mexico and Canada signed the United States-Mexico-Canada Agreement, a successor to the North American Free Trade Agreement, which will impact imports and exports among those countries. These and other proposed actions, if implemented, could adversely affect our business because we sell imported products.

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

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

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

Results of Operations—Consolidated

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

Operating Results

	Years ended December 31,		
	2018	2017	2016
	amounts in millions		
Revenue			
QVC U.S.	$ 6,349	6,140	6,120
QVC International	2,738	2,631	2,562
HSN	2,202	NA	NA
zulily	1,817	1,613	1,547
Corporate and other	973	23	428
Inter-segment eliminations	(9)	(3)	(10)
Consolidated Qurate Retail	$ 14,070	10,404	10,647
Former QVC Group	(a)	10,381	10,219
Former Ventures Group	(a)	23	428
Operating Income (Loss)			
QVC U.S.	$ 1,112	994	915
QVC International	351	353	288
HSN	49	(38)	NA
zulily	(95)	(129)	(152)
Corporate and other	(93)	(137)	(83)
Consolidated Qurate Retail	$ 1,324	1,043	968
Former QVC Group	(a)	1,100	1,011
Former Ventures Group	(a)	(57)	(43)
Adjusted OIBDA			
QVC U.S.	$ 1,417	1,455	1,435
QVC International	429	451	405
HSN	213	NA	NA
zulily	108	91	112
Corporate and other	(13)	(47)	(13)
Consolidated Qurate Retail	$ 2,154	1,950	1,939
Former QVC Group	(a)	1,977	1,936
Former Ventures Group	(a)	(27)	3

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

Revenue. Our consolidated revenue increased 35.2% and decreased 2.3% for the years ended December 31, 2018 and 2017, respectively, as compared to the corresponding prior year periods. The increase was primarily related to the acquisition of HSN, as no HSN revenue was included in 2017 results due to the timing of the acquisition. Corporate and other revenue increased $950 million for the year ended December 31, 2018, as compared to the corresponding period in the prior year due to the purchase of Cornerstone which had revenue of $970 million for the year ended December 31, 2018, partially offset by a decrease in revenue due to the disposition of Evite in the GCI Liberty Split-Off ($21 million). Corporate and other revenue decreased $405 million for the year ended December 31, 2017, as compared to the corresponding prior year period due to the disposition of Bodybuilding in November 2016 as part of the Expedia Holdings Split-Off ($355 million) and the CommerceHub Spin-Off in July 2016 ($51 million). QVC U.S. revenue increased $209 million and increased $20 million for the years ended December 31, 2018 and 2017, respectively, as compared to the corresponding prior year periods. QVC International revenue increased $107 million and increased $69 million for the years ended December 31, 2018 and 2017, respectively, as compared to the corresponding prior year periods. zulily's revenue increased $204 million and $66 million during the years ended December 31, 2018 and 2017, respectively, as compared to the corresponding prior year period. See "Results of Operations - Businesses" below for a more complete discussion of the results of operations of QVC U.S. and QVC International, HSN and zulily.

Operating income (loss). Our consolidated operating income increased $281 million and increased $75 million for the years ended December 31, 2018 and 2017, respectively, as compared to the corresponding prior year periods. QVC U.S. operating income increased $118 million and increased $79 million for the years ended December 31, 2018 and 2017, respectively as compared to the corresponding prior year periods. QVC International operating income decreased $2 million and increased $65 million for the years ended December 31, 2018 and 2017, respectively as compared to the corresponding prior year periods. zulily's operating losses improved $34 million and $23 million for the years ended December 31, 2018 and 2017, respectively, as compared to the corresponding prior year periods. HSN had operating income of $49 million for the year ended December 31, 2018. HSN's operating loss in 2017 was the result of $38 million of severance-related expenses, including salaries and wages and stock-based compensation expense, recorded in the period ended December 31, 2017. Operating losses for Corporate and other improved $44 million for the year ended December 31, 2018, as compared to the corresponding period in the period year, due to fewer corporate costs at the Liberty Ventures Group due to the GCI Liberty Split-Off in the first quarter of 2018 and a decrease in stock compensation expense, partially offset by an increase in purchase accounting amortization at Cornerstone in 2018. Operating losses for Corporate and other increased $54 million for the year ended December 31, 2017, as compared to the corresponding prior year period, primarily due to an increase in stock compensation expense as a result of the stock option exchange (see note 12 to the accompanying consolidated financial statements), and transaction costs associated with the acquisition of HSN, partially offset by the disposition of Bodybuilding in November 2016 as part of the Expedia Holdings Split-Off, and the CommerceHub Spin-Off. See "Results of Operations - Businesses" below for a more complete discussion of the results of operations of QVC U.S. and QVC International, HSN and zulily.

Adjusted OIBDA. We define Adjusted OIBDA as revenue less cost of sales, operating expenses and selling, general and administrative ("SG&A") expenses (excluding stock compensation). 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, including each business's ability to service debt and fund capital expenditures. In addition, this measure allows us to view operating results, perform analytical comparisons and benchmarking between businesses and identify strategies to improve performance. This measure of performance excludes depreciation and amortization, stock-based compensation, certain purchase accounting adjustments, separately reported litigation settlements, transaction related costs (including restructuring, integration, and advisory fees), and impairment charges that are included in the measurement of operating income pursuant to generally accepted accounting policies ("GAAP"). Accordingly, Adjusted OIBDA should be considered in addition to, but not as a substitute for, operating income, net income, cash flow provided by operating activities and other measures of financial performance prepared in accordance with GAAP. See note 16 to the accompanying consolidated financial statements for a reconciliation of Adjusted OIBDA to operating income and earnings (loss) from continuing operations before income taxes.

Consolidated Adjusted OIBDA increased $204 million and $11 million for the years ended December 31, 2018 and 2017, respectively, as compared to the corresponding prior year periods. The increase was primarily related to HSN which had Adjusted OIBDA of $213 million for the year ended December 31, 2018, and no Adjusted OIBDA for the year ended December 31, 2017 due to the timing of the acquisition. QVC U.S. Adjusted OIBDA decreased $38 million and increased $20 million for the years ended December 31, 2018 and 2017, respectively, as compared to the corresponding prior year periods. QVC International Adjusted OIBDA decreased $22 million and increased $46 million for the years ended December 31, 2018 and 2017, respectively, as compared to the corresponding prior year periods. zulily's Adjusted OIBDA increased $17 million and decreased $21 million for the years ended December 31, 2018 and 2017, respectively, as compared to the corresponding prior year periods. Corporate and other Adjusted OIBDA increased $34 million for the year ended December 31, 2018, as compared to the corresponding period in the prior year due to the acquisition of Cornerstone as well as fewer corporate costs compared to the prior year. Corporate and other Adjusted OIBDA decreased $34 million for the year ended December 31, 2017, as compared to the corresponding period in the prior year, primarily due to the disposition of Bodybuilding in November 2016 as part of the Expedia Holdings Split-Off ($24 million), and the CommerceHub Spin-Off in July 2016 ($16 million). See "Results of Operations - Businesses" below for a more complete discussion of the results of operations of QVC U.S. and QVC International, HSN and zulily.

Other Income and Expense

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

	Years ended December 31,		
	2018	2017	2016
	amounts in millions		
Interest expense	$ (381)	(355)	(363)
Share of earnings (losses) of affiliate, net	(162)	(200)	(68)
Realized and unrealized gains (losses) on financial instruments, net	76	145	414
Gains (losses) on transactions, net	1	410	9
Tax sharing income (expense) with GCI Liberty, Inc.	32	—	—
Other, net	(7)	7	131
Other income (expense)	$ (441)	7	123
Former QVC Group	(a)	151	(203)
Former Ventures Group	(a)	(144)	326

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

Interest expense. Interest expense increased $26 million and decreased $8 million for the years ended December 31, 2018 and 2017, respectively, as compared to the corresponding prior year periods. The increase in interest expense for the year ended December 31, 2018 is due to the HSN Bank Credit Facility that was not included during the year ended December 31, 2017, and higher amounts outstanding and higher average interest rates on variable rate debt at QVC. The decrease in interest expense for the year ended December 31, 2017 is due to higher average debt balances at the corporate level in 2016, and the redemption of the majority of our 0.75% Exchangeable Senior Debentures due 2043 during the second and third quarter of 2016.

Share of earnings (losses) of affiliates. The following table presents our share of earnings (losses) of affiliates:

	Years ended December 31,		
	2018	2017	2016
	amounts in millions		
HSN (1)	$ NA	40	48
FTD Companies, Inc. ("FTD") (2)	(70)	(146)	(41)
LendingTree (3)	—	7	12
Other (4)	(92)	(101)	(87)
	$ (162)	(200)	(68)

(1) On December 29, 2017, the Company acquired the approximately 62% of HSN it did not already own in an all-stock transaction making HSN a wholly-owned subsidiary of the Company. As HSN is no longer an equity affiliate as of this date, the Company has not recorded share of earnings (losses) related to HSN for the year ended December 31, 2018.

(2) FTD recorded an impairment during the second quarter of 2018, and Qurate Retail recorded its portion of FTD's impairment. The Company recorded an additional impairment on its investment in FTD during the fourth quarter of 2018. During the year ended December 31, 2017, the carrying value of Qurate's investment in FTD was written down to its fair value.

(3) As a result of the GCI Liberty Split-Off, LendingTree is no longer an equity affiliate of the Company as of March 9, 2018, and the Company's share of LendingTree's losses for the year ended December 31, 2018 are recorded through March 9, 2018.

(4) The share of losses in the "Other" category is primarily related to our investments in alternative energy solution entities. These entities typically operate at a loss and we record our share of such losses. We note these entities typically have favorable tax attributes and credits, which are recorded in our tax accounts.

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

	Years ended December 31,		
	2018	2017	2016
	amounts in millions		
Equity securities	$ 155	434	723
Exchangeable senior debentures	(3)	(193)	(308)
Indemnification asset	(70)	—	—
Other financial instruments	(6)	(96)	(1)
	$ 76	145	414

The changes in these accounts are due primarily to market factors and changes in the fair value of the underlying stocks or financial instruments to which these relate. The decrease for the year ended December 31, 2018 as compared to the corresponding prior year period was primarily driven by a decrease in the unrealized gain on the investment in Charter and the contribution of Charter to GCI Liberty in the GCI Liberty Split-Off, a decrease in unrealized gains on the investment in ILG, and an unrealized loss on the indemnification asset as a result of the GCI Liberty Split-Off, partially offset by an increase in unrealized gains on exchangeable debt and derivative instruments. The decrease for the year ended December 31, 2017 as compared to the corresponding prior year period was primarily driven by the investments in Liberty Broadband and Charter experiencing higher gains during 2016 compared to 2017, as well as the exchange of a majority of our 0.75% Exchangeable Senior Debentures due 2043 during 2016 (see note 6 to the accompanying consolidated financial statements for additional discussion).

Gains on transactions, net. Gain on transactions, net, decreased $409 million and increased $401 million for the years ended December 31, 2018 and 2017, respectively, as compared to the corresponding prior year periods. The decrease in gain on transactions, net for the year ended December 31, 2018 is due to the acquisition of HSN in 2017. In conjunction with the application of acquisition accounting, we recorded a full step up in basis of HSN along with a gain between our historical basis and the fair value of our interest in HSN in 2017. The gain on transactions, net, for the year ended December 31, 2016 is primarily the result of the sale of Right Start in January 2016.

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

Other, net. The primary components of other, net are gains (losses) on dilution of investments in affiliates, foreign exchange gains (losses) and interest income. Other, net decreased $14 million for the year ended December 31, 2018 when compared to the corresponding prior year period primarily due to a loss on extinguishment related to the exchange of the 1.75% Exchangeable Debentures due 2046 (the "1.75% Exchangeable Debentures") in June 2018 (see note 6 of the accompanying consolidated financial statements), partially offset by an increase in foreign exchange gains and interest income. Other, net decreased $124 million for the year ended December 31, 2017 when compared to the corresponding prior year period primarily due to a change in gain (loss) on dilution of investments of $80 million and a change in foreign exchange gains (losses) of $44 million.

Income taxes. The Company had an income tax expense of $60 million, income tax benefit of $985 million and income tax expense of $316 million for the years ended December 31, 2018, 2017 and 2016, respectively. Our effective tax rate for the years ended December 31, 2018, 2017 and 2016 was 6.8%, 93.8% and 29.0% respectively. In 2018 the effective tax rate was lower than the U.S. federal tax of 21% primarily due to tax benefits from tax credits and incentives generated by our alternative energy investments, a reduction in the Company's state effective tax rate used to measure deferred taxes resulting from the GCI Liberty Split-Off in March 2018, and a reduction in the Company's state effective tax rate used to measure deferred taxes resulting from a state law change during the second quarter. In connection with the analysis of the impact of the Tax Cuts and Jobs Act (the "Tax Act"), as discussed in note 9 in the accompanying consolidated financial statements, the Company has recorded a discrete net tax benefit in the period ending December 31, 2017. This net benefit primarily consisted of a net benefit for the corporate rate reduction. In addition our tax rate was impacted by the consolidation of our equity method investment in HSN during the year ended December 31, 2017. The effective tax rate in 2016 was less than the U.S. federal tax rate of 35% primarily due to tax credits and incentives derived from our alternative energy investments.

Net earnings. We had net earnings of $964 million, $2,487 million and $1,274 million for the years ended December 31, 2018, 2017 and 2016, respectively. The change in net earnings was the result of the above-described fluctuations in our revenue, expenses and other gains and losses.

Liquidity and Capital Resources

As of December 31, 2018 substantially all of our cash and cash equivalents are invested in U.S. Treasury securities, other government securities or government guaranteed funds, AAA rated money market funds and other highly rated financial and corporate debt instruments.

The following are potential sources of liquidity: available cash balances, equity issuances, dividend and interest receipts, proceeds from asset sales, monetization of our public investment portfolio, debt (including availability under QVC's Bank Credit Facilities, (the "Fourth Amended and Restated Credit Facility"), as discussed in note 8 of the accompanying consolidated financial statements) and cash generated by the operating activities of our wholly-owned subsidiaries. Cash generated by the operating activities of our subsidiaries is only a source of liquidity to the extent such cash exceeds the working capital needs of the subsidiaries and is not otherwise restricted such as, in the case of QVC and zulily, due to a requirement that a leverage ratio (defined as the ratio of subsidiaries' consolidated total debt to Adjusted OIBDA for the most recent four fiscal quarter period) of less than 3.5 to 1.0 must be maintained.

During the year, there were no changes to our corporate debt credit ratings or our consolidated subsidiaries' debt credit ratings, except for LI, LLC's issue-level rating which was downgraded to BB- from BB by S&P Global Ratings in March 2018. All other ratings remained unchanged. Qurate Retail and its subsidiaries are in compliance with their debt covenants as of December 31, 2018.

As of December 31, 2018, Qurate Retail's liquidity position consisted of the following:

	Cash and cash equivalents	Equity securities
	amounts in millions	
QVC U.S. and QVC International	$ 503	—
HSN	40	—
zulily	47	—
Corporate and other	63	96
Total Qurate Retail	$ 653	96

To the extent that the Company recognizes any taxable gains from the sale of assets, we may incur tax expense and be required to make tax payments, thereby reducing any cash proceeds. Additionally, we have $2.3 billion available for borrowing under the QVC Bank Credit Facility at December 31, 2018. As of December 31, 2018, QVC had approximately $216 million of cash and cash equivalents held in foreign subsidiaries that is available for domestic purposes with no significant tax consequences upon repatriation to the U.S. QVC accrues taxes on the unremitted earnings of its international subsidiaries. Approximately 70% of this foreign cash balance was that of QVC Japan. QVC owns 60% of QVC Japan and shares all profits and losses with the 40% minority interest holder, Mitsui & Co, LTD. QVC believes that it currently has appropriate legal structures in place to repatriate foreign cash as tax efficiently as possible and meet the business needs of QVC.

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

	Years ended December 31,		
	2018	2017	2016
Cash Flow Information	amounts in millions		
Net cash provided (used) by operating activities	$ 1,273	1,490	1,443
Net cash provided (used) by investing activities	$ 47	(391)	908
Net cash provided (used) by financing activities	$ (1,574)	(1,036)	(1,572)

During the year ended December 31, 2018, Qurate Retail's primary uses of cash were the GCI Liberty Split-Off of $475 million, repurchases of Series A Qurate Retail common stock of $988 million, and net repayments of certain debt obligations of approximately $174 million (including the repurchase of a portion of the 1.75% Exchangeable Debentures), partially offset by proceeds from the sale of certain cost investments of $562 million.

The projected uses of Qurate Retail’s cash, outside of normal operating expenses (inclusive of tax payments), are the costs to service outstanding debt, approximately $340 million for interest payments on outstanding debt, corporate level and other subsidiary debt, anticipated capital improvement spending of approximately $290 million, the repayment of certain debt obligations and the potential buyback of common stock under the approved share buyback program and additional investments in existing or new businesses. We also may be required to make net payments of income tax liabilities to settle items under discussion with tax authorities. We expect that cash on hand and cash provided by operating activities in future periods and outstanding borrowing capacity will be sufficient to fund projected uses of cash.

Off-Balance Sheet Arrangements and Aggregate Contractual Obligations

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

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

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

	Payments due by period				
	Total	Less than 1 year	2 - 3 years	4 - 5 years	After 5 years
	amounts in millions				
Consolidated contractual obligations					
Long-term debt (1)	$ 7,591	433	64	2,630	4,464
Interest payments (2)	3,776	343	673	647	2,113
Operating lease obligations	378	72	113	78	115
Purchase orders and other obligations (3)	1,940	1,892	42	5	1
Total	$ 13,685	2,740	892	3,360	6,693

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

(2) Amounts (i) are based on our outstanding debt at December 31, 2018, (ii) assume the interest rates on our variable rate debt remain constant at the December 31, 2018 rates and (iii) assume that our existing debt is repaid at maturity.

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

Critical Accounting Estimates

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

Fair Value Measurements

Financial Instruments. We record a number of assets and liabilities in our consolidated balance sheets at fair value on a recurring basis, including equity securities, financial instruments and our exchangeable senior debentures.

GAAP provides a hierarchy that prioritizes inputs to valuation techniques used to measure fair value into three broad levels. Level 1 inputs are quoted market prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. We use quoted market prices, or Level 1 inputs, to value our Fair Value Option (as defined below) securities. As of December 31, 2018 and 2017, the carrying value of our Fair Value Option securities was zero and $2,275 million, respectively.

Level 2 inputs, other than quoted market prices included within Level 1, are observable for the asset or liability, either directly or indirectly. We use quoted market prices to determine the fair value of our exchangeable senior debentures. However, these debentures are not traded on active markets as defined in GAAP, so these liabilities fall in Level 2. As of December 31, 2018, the principal amount and carrying value of our exchangeable debentures were $1,517 million and $1,334 million, respectively.

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

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

As of December 31, 2018, the intangible assets not subject to amortization for each of our significant reportable segments were as follows:

	Goodwill	Trademarks	Total
	amounts in millions		
QVC U.S.	$ 4,305	2,428	6,733
QVC International	860	—	860
HSN	923	597	1,520
zulily	917	870	1,787
Corporate and other	12	—	12
	$ 7,017	3,895	10,912

We perform our annual assessment of the recoverability of our goodwill and other non-amortizable intangible assets during the fourth quarter of each year. We utilize a qualitative assessment for determining whether a quantitative goodwill impairment analysis is necessary. The accounting guidance permits entities to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the quantitative goodwill impairment test. In evaluating goodwill on a qualitative basis the Company reviews the business performance of each reporting unit and evaluates other relevant factors as identified in the relevant accounting guidance to determine whether it is more likely than not that an indicated impairment exists for any of our reporting units. The Company considers whether there are any negative macroeconomic conditions, industry specific conditions, market changes, increased competition, increased costs in doing business, management challenges, the legal environments and how these factors might impact company specific performance in future periods. As part of the analysis the Company also considers fair value determinations for certain reporting units that have been made at various points throughout the current and prior years for other purposes. There were no goodwill impairments in 2018, 2017 and 2016. In 2018, an impairment of $30 million to HSN's tradenames was recorded. There were no impairments of other intangible assets in 2017 and 2016.

Retail Related Adjustments and Allowances. QVC records adjustments and allowances for sales returns, inventory obsolescence and uncollectible receivables. Each of these adjustments is estimated based on historical experience. Sales returns are calculated as a percent of sales and are netted against revenue in our consolidated statements of operations. For the years ended December 31, 2018, 2017 and 2016, sales returns represented 17.4%, 18.1% and 18.3% of QVC's gross product revenue, respectively. The inventory obsolescence reserve is calculated as a percent of QVC's inventory at the end of a reporting period based on, among other factors, the average inventory balance for the preceding 12 months and historical experience with liquidated inventory. The change in the reserve is included in cost of retail sales in our consolidated statements of operations. At December 31, 2018, QVC's inventory was $1,280 million, which was net of the obsolescence adjustment of $143 million. At December 31, 2017, inventory was $1,204 million, which was net of the obsolescence adjustment of $92 million. QVC's allowance for doubtful accounts is calculated as a percent of accounts receivable at the end of a reporting period, and the change in such allowance is recorded as a provision for doubtful accounts in Selling, general, and administrative expenses in our consolidated statements of operations. At December 31, 2018, QVC's trade accounts receivable were $1,787 million, net of the allowance for doubtful accounts of $112 million. At December 31, 2017, trade accounts receivable were $1,680 million, net of the allowance for doubtful accounts of $91 million. Each of these estimates requires management judgment and may not reflect actual results.

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

Results of Operations—Businesses

QVC U.S. and QVC International

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

QVC U.S.'s televised shopping programs, including live and recorded content, are broadcast across multiple channels nationally on a full-time basis, including QVC, QVC2, and Beauty iQ. QVC U.S.'s programming is also available on QVC.com, QVC's U.S. website; mobile applications via streaming video; over-the-air broadcasters; and over-the-top content platforms (Roku, Apple TV, Amazon Fire, Facebook, etc.). QVC International's 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, Italy and France. In some of the countries where QVC International operates, its televised shopping programs are broadcast across multiple QVC channels: QVC Style and QVC2 in Germany and QVC Beauty, QVC Extra, QVC Style in the U.K. Similar to the U.S., QVC International's businesses also engage customers via websites, mobile applications and social pages. QVC International employs product sourcing teams who select products tailored to the interests of each local market.

QVC U.S. and QVC International's operating results were as follows:

	Years ended December 31,		
	2018	2017	2016
	amounts in millions		
Net revenue	$ 9,087	8,771	8,682
Cost of sales	(5,789)	(5,598)	(5,540)
Operating expenses	(612)	(601)	(606)
SG&A expenses (excluding stock-based compensation and transaction related costs)	(840)	(666)	(696)
Adjusted OIBDA	1,846	1,906	1,840
Stock-based compensation	(39)	(31)	(32)
Depreciation and amortization	(303)	(519)	(605)
Transaction related costs	(41)	(9)	—
Operating income	$ 1,463	1,347	1,203

Net revenue was generated from the following geographical areas:

	Years ended December 31,		
	2018	2017	2016
	amounts in millions		
QVC U.S.	$ 6,349	6,140	6,120
QVC International	2,738	2,631	2,562
	$ 9,087	8,771	8,682

QVC U.S. and QVC International's consolidated net revenue increased 3.6% and 1.0% for the years ended December 31, 2018 and 2017, respectively, as compared to the corresponding prior years. The 2018 increase of $316 million in net revenue was primarily comprised of an increase of $269 million due to a 2.7% increase in units sold, $102 million due to the inclusion of Private Label Credit Card (“PLCC”) income in the U.S. as a result of the adoption of ASC 606, $83 million in favorable foreign currency exchange rates and a $10 million increase in shipping and handling revenue. This was primarily offset by a 1.1% decrease in average selling price per unit ("ASP") attributing $111 million, and an increase of $35 million in estimated product returns. The changes in units sold, foreign exchange rates, ASP and estimated product returns are partially impacted by the change in the timing of revenue recognition as part of the adoption of ASC 606. The impact of this change was $21 million for the year ended December 31, 2018 in comparison to the year ended December 31, 2018 without the adoption of ASC 606. The 2017 increase of $89 million in net revenue was primarily comprised of an increase of $405 million due to a 4.2% increase in units sold. This was primarily offset by a 2.3% decrease in ASP attributing $237 million, $33 million due to unfavorable foreign currency rates, a decrease of $27 million in shipping and handling revenue, a $15 million decrease in miscellaneous income and an increase of $4 million in estimated product returns.

During the years ended December 31, 2018 and 2017, 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. QVC’s product margins may continue to be under pressure due to the devaluation of foreign currencies, and it will attempt to reduce its exposure through pricing and vendor negotiations as Brexit negotiations progress.

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

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

	Year ended December 31, 2018			Year ended December 31, 2017		
	U.S. dollars	Foreign Currency Exchange Impact	Constant currency	U.S. dollars	Foreign Currency Exchange Impact	Constant currency
QVC U.S.	3.4 %	— %	3.4 %	0.3 %	— %	0.3 %
QVC International . .	4.1 %	3.2 %	0.9 %	2.7 %	(1.3)%	4.0 %

In 2018, the QVC U.S. net revenue increase was primarily due to a 3.8% increase in units shipped, $102 million due to the inclusion of PLCC income and a $14 million increase in shipping and handling revenue. This increase was offset by a 1.7% decrease in ASP and a $41 million increase in estimated product returns. QVC U.S. experienced shipped sales growth in all categories except jewelry and home. QVC International net revenue growth in constant currency was primarily due to a 0.9% increase in units shipped, driven by increases in the U.K. and Japan and a $6 million decrease in estimated product returns driven by Japan. This was offset by a $4 million decrease in shipping and handling revenue and a slight decrease in ASP. QVC International experienced shipped sales growth in constant currency in electronics, beauty and home.

In 2017, the QVC U.S. net revenue increase was primarily due to a 3.7% increase in units shipped and a decrease in estimated product returns. This increase was offset by a 2.9% decrease in ASP, a $32 million decrease in shipping and handling revenue and a $14 million decrease in miscellaneous income. QVC U.S. experienced shipped sales growth in all categories except jewelry. The decreases in net shipping and handling revenue was a result of a decrease in shipping and handling revenue per unit from promotional offers. The decrease in estimated product returns was primarily due to an overall lower return rate across all product categories except jewelry. The decrease in net shipping and handling revenue was a result of a decrease in shipping and handling revenue per unit from promotional offers. QVC International net revenue growth in constant currency was primarily due to a 5.0% increase in units shipped, driven by increases in Japan, Germany, France and the U.K. offset by a decrease in units shipped in Italy. There was a $5 million increase in shipping and handling revenue, primarily driven by Japan. This was offset by a decrease of 1.0% in ASP, primarily driven in Japan and Germany offset by increases in Italy and the U.K. and a $20 million increase in estimated product returns, driven by all markets except Japan. QVC International experienced shipped sales growth in constant currency in all categories except electronics and jewelry.

QVC U.S. and QVC International's cost of sales as a percentage of net revenue was 63.7%, 63.8% and 63.8% for the years ended December 31, 2018, 2017 and 2016, respectively. The slight decrease in cost of goods sold as a percentage of revenue in 2018 is primarily due to the inclusion of PLCC income within net revenue, which was previously recorded as an offset to selling, general and administrative expenses, offset somewhat by higher warehouse and freight costs.

Operating expenses are principally comprised of commissions, order processing and customer service expenses, credit card processing fees, and telecommunications expenses. Operating expenses increased $11.0 million or 1.8% and decreased $5.0 million or 0.8% for the years ended December 31, 2018 and 2017, respectively. The increase in 2018 was primarily due to a $10 million increase in credit card fees primarily in the U.S. and $6 million due to unfavorable exchange rates, which was partially offset by a $2 million decrease in commissions primarily in the U.S., offset by increases in the U.K. and Japan and a $2 million decrease of telephone expenses primarily in the U.S. The decrease in 2017 was primarily due to favorable exchange rates.

SG&A expenses (excluding stock compensation) include personnel, information technology, provision for doubtful accounts, production costs and marketing and advertising expense and during 2017, credit card income. Such expenses increased $174 million, and were 9% of net revenue for the year ended December 31, 2018 as compared to the prior year and decreased $30 million and were 8% of net revenue for the year ended December 31, 2017 as compared to the prior year, as a result of a variety of factors.

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

The decrease in 2017 was primarily due to a decrease in bad debt expense of $35 million, a decrease in severance expense of $13 million, $4 million from favorable foreign currency rates and a $6 million increase in credit card income offset by an increase in bonus expense of $33 million and a $4 million increase in marketing expenses. The decrease in bad debt expense was primarily related to lower default rates associated with the Easy-Pay program in the U.S. The increase in credit card income was due to the favorable economics of the PLCC portfolio in the U.S. The increase in marketing expenses was primarily due to an increase in the investment made to eMarketing partially offset by discontinuing the naming rights to the Chiba Marine Stadium in Japan.

QVC U.S. recorded $41 million and $9 million of transaction related costs for the years ended December 31, 2018 and 2017, respectively. There were no transaction related costs for the year ended December 31, 2016. The increase in transaction related costs in 2018 is primarily related to severance payments related to the future closure of QVC's Lancaster, PA fulfillment center and other initiatives to deliver long term growth.

Stock-based compensation includes compensation related to options and restricted stock granted to certain officers and employees. QVC U.S. and QVC International recorded $39 million, $31 million and $32 million of stock-based compensation expense for the years ended December 31, 2018, 2017 and 2016, respectively. The increase in 2018 is primarily due to transfers of certain zulily employees to QVC.

Depreciation and amortization consisted of the following:

	Years ended December 31,		
	2018	2017	2016
	amounts in millions		
Affiliate agreements	$ 2	97	146
Customer relationships	3	113	169
Acquisition related amortization	5	210	315
Property and equipment	146	155	142
Software amortization	87	93	100
Channel placement amortization and related expenses	65	61	48
Total depreciation and amortization	$ 303	519	605

For the year ended December 31, 2018, acquisition related amortization expense decreased primarily due to the end of the useful lives of certain affiliate agreements and customer relationships established at the time of Qurate Retail's acquisition of QVC in 2003. This was offset by an increase in channel placement amortization related to the addition of Beauty iQ in the U.S. and the increase in depreciation related to the additions at the California distribution center.

HSN

On December 29, 2017, Liberty acquired the approximately 62% of HSN it did not already own in an all-stock transaction making HSN a wholly-owned subsidiary. On December 31, 2018, Qurate Retail transferred our 100% ownership interest in HSN to QVC, Inc. through a transaction among entities under common control. HSN's former subsidiary, Cornerstone, remains a subsidiary of Qurate Retail and is included in the "Corporate and other" reportable segment (see note 16 in the accompanying consolidated financial statements). The information presented in this section relates to the HSN reportable segment. With the exception of $38 million of severance-related costs incurred on December 30, 2017, HSN's results of operations are not included in our consolidated operating results for the year ended December 31, 2017, as the final two days of the period were considered immaterial. However, we believe a discussion of HSN's stand alone results promotes a better understanding of the overall results of its business.

HSN's stand-alone operating results for the last three years were as follows:

	Years ended		
	December 31, 2018	December 31, 2017 (2)	December 31, 2016 (2)
		amounts in millions	
Net revenue	$ 2,202	2,343	2,479
Cost of sales	(1,466)	(1,560)	(1,663)
SG&A expenses (excluding stock-based compensation and acquisition related expenses)	(523)	(563)	(557)
Adjusted OIBDA	213	220	259
Impairment of intangible assets	(30)	—	—
Stock-based compensation	(7)	(17)	(15)
Depreciation and amortization	(108)	(31)	(29)
Transaction related costs (1)	(19)	(69)	—
Operating income (loss)	$ 49	103	215

(1) For the year ended December 31, 2017, Transaction related costs includes $69 million of transaction related costs related to the acquisition of HSN by the Company.

(2) HSN has reclassified certain costs between financial statement line items to conform with Qurate Retail's reporting structure for ease of comparability for the periods presented.

HSN's net sales primarily relate to the sale of merchandise, including shipping and handling fees, and are reduced by incentive discounts and actual and estimated sales returns. Sales taxes collected are not included in net sales. Digital sales include sales placed through our websites and our mobile applications, including tablets and smart phones. Revenue is recorded when delivery to the customer has occurred. Delivery is considered to have occurred when the customer takes title and assumes the risks and rewards of ownership, which is on the date of shipment. HSN's sales policy allows customers to return virtually all merchandise for a full refund or exchange, subject to pre-established time restrictions.

HSN's net revenue decreased 6.0% and 5.5% for the years ended December 31, 2018 and December 31, 2017, respectively, as compared to the corresponding prior years. The $141 million decrease in net revenue for the year ended December 31, 2018 was primarily attributable to a 9.3% decrease in units shipped, partially offset by a 0.7% increase in ASP, a $35 million decrease in estimated product returns and an increase in shipping revenue. The sales mix shifted from apparel, jewelry and electronics to home, beauty and accessories.

The decrease in net revenue for the year ended December 31, 2017 was primarily attributed to a 3.8% decrease in ASP, a 3.0% decrease in units shipped and a 21.7% decrease in shipping and handling revenue. The decline was partially offset by a 1.4% improvement in the sales return rate. HSN experienced sales declines in all categories.

HSN's cost of sales as a percentage of net revenue was 66.6%, 66.6% and 67.1% for the years ended December 31, 2018, 2017 and 2016, respectively. For the year ended December 31, 2018, cost of sales as a percentage of net revenue was consistent as compared to the corresponding prior year. The decrease for the year ended December 31, 2017, as compared to the prior year, was primarily attributed to increased product margins and a favorable inventory obsolescence provision, partially offset by higher freight costs driven largely by annual rate increases with HSN's outbound shipping carriers.

HSN’s SG&A expenses (excluding stock-based compensation and transaction related costs) include personnel, commissions, information technology, order processing and customer service expenses, credit card processing fees, provision for doubtful accounts, productions costs, marketing and advertising expense, and prior to 2018, PLCC income. These expenses decreased $40 million, and as a percentage of net revenue, decreased from 24.0% to 23.8% for the year ended December 31, 2018, as compared to the prior year. The decrease in SG&A expense for the year ended December 31, 2018 was primarily due to decreases in commissions of $14 million, personnel costs of $12 million, bad debt expense of $10 million, customer service costs of $10 million and lower credit card costs of $5 million, which were partially offset by the reclassification of PLCC income, attributing a $16 million increase as a result of the adoption of ASC 606. PLCC income was previously recorded as an offset to SG&A. The decrease in commissions is due to the renegotiation of certain long-term contracts with cable providers which resulted in the payment and capitalization of certain payments for television distribution during 2018, which had an impact of $10 million of amortization as compared to the previous agreements under which payments were expensed over the period and recorded in SG&A. The decrease in personnel costs was primarily due to synergies realized from the QVC integration and lower bonus expense. The decrease in bad debt expense is due to lower usage and improved loss rates of HSN’s Flexpay program. The decrease in customer service is driven by the decrease in sales and integration synergies.

HSN’s SG&A expenses increased $6 million, and as a percentage of revenue increased from 22.5% to 24.0% for the year ended December 31, 2017, as compared to 2016. The increase in SG&A expense was primarily due to higher personnel costs of $8 million and an increase in bad debt expense of $5 million related to HSN’s Flexpay program, partially offset by lower marketing expense of $8 million. The increase in personnel costs was primarily due to higher bonus expense and higher wages driven by annual merit increases.

HSN recorded an impairment loss of $30 million for the year ended December 31, 2018 related to the change in the fair value of its trademarks. There were no impairment losses recorded by HSN for the years ended December 31, 2017 and 2016.

Stock-based compensation includes compensation related to stock appreciation rights and restricted stock units granted to certain employees. HSN recorded $7 million, $17 million and $15 million of stock-based compensation expense for the years ended December 31, 2018, 2017 and 2016, respectively. The decrease in 2018 is due to the integration-related synergies. The increase in 2017 is due to the acceleration of vesting of certain awards for employees terminated in connection with the acquisition of HSN by Qurate Retail, partially offset by the reversal of expense for unvested awards upon the resignation of HSN’s former Chief Executive Officer in 2017. Of the $17 million of stock-based compensation included in the year ended December 31, 2017, $8 million of these costs were recorded by HSN during the two-day period after the acquisition and are included in the accompanying consolidated statement of operations.

HSN’s depreciation and amortization expense increased $77 million and $2 million for the years ended December 31, 2018 and 2017, respectively, as compared to the corresponding prior years. The increase in 2018 is primarily attributed to amortization of intangible assets recognized in purchase accounting related to the Company’s acquisition of HSN. The increase in 2017 is primarily attributed to additions related to HSN’s warehouse automation initiative.

HSN recorded $19 million and $69 million of transaction related costs for the years ended December 31, 2018 and 2017, respectively. There were no transaction related costs for the year ended December 31, 2016. Of the $69 million of transaction related costs recorded by the Company in 2017 for the two day period after the acquisition, $30 million related to severance and bonus payments is included in the amount reported by HSN.

zulily

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

	Years ended		
	December 31, 2018	December 31, 2017	December 31, 2016
		amounts in millions	
Net revenue	$ 1,817	1,613	1,547
Cost of sales	(1,346)	(1,195)	(1,108)
Operating expenses	(50)	(47)	(47)
SG&A expenses (excluding stock-based compensation and transaction related costs)	(313)	(280)	(280)
Adjusted OIBDA	108	91	112
Stock-based compensation	(17)	(18)	(19)
Depreciation and amortization	(186)	(202)	(245)
Operating income (loss)	$ (95)	(129)	(152)

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

zulily's consolidated net revenue increased 12.6% and 4.3% for the years ended December 31, 2018 and December 31, 2017, respectively, as compared to the corresponding prior years. The increase in net revenue for the year ended December 31, 2018 was primarily attributed to a 14.4% increase in orders placed partially offset by a 1.5% decrease in average order value year over year. The increase in orders placed was driven by a 13.8% increase in active customers. The increase in net revenue for the year ended December 31, 2017 was primarily attributed to a 5.1% increase in orders placed driven by a 15.9% increase in active customers year over year, coming from accelerated growth in the fourth quarter. Along with the increase in orders placed, units per order also increased but was offset by lower average sales price per unit. An active customer is defined as an individual who had purchased at least once in the last twelve months, measured from the last day of the period.

zulily's cost of sales as a percentage of net revenue was 74.1%, 74.1% and 71.6% for the years ended December 31, 2018, 2017 and 2016, respectively. Cost of sales as a percentage of net revenue remained flat for the year ended December 31, 2018 as compared to the year ended December 31, 2017. The increase for the year ended December 31, 2017 was primarily attributed to higher free shipping and promotional offers, as well as higher supply chain expenses resulting from an increase in international shipping, a shift in product mix, ramping up of zulily’s Pennsylvania fulfillment center and growth of its third-party fulfillment services and higher unit volume at a lower average sales price per unit.

zulily’s operating expenses are principally comprised of credit card processing fees and customer service expenses. Operating expenses increased for the year ended December 31, 2018, as compared to the same period in the prior year due to an increase in net sales. Operating expenses remained flat for the years ended December 31, 2017 and 2016.

zulily’s SG&A expenses include personnel related costs for general corporate functions, marketing and advertising expenses and information technology. As a percentage of net revenue, SG&A decreased from 17.4% to 17.2% for the year ended December 31, 2018 primarily due to leveraging in fixed costs. SG&A expenses remained flat, and as a percentage of net revenue decreased from 18.1% to 17.4% for the year ended December 31, 2017, primarily due to a shift in marketing and advertising spend to promotional offers.

zulily's stock-based compensation expense decreased slightly for the year ended December 31, 2018 as compared to the corresponding period in the prior year primarily due to the transfer of certain senior leadership to QVC. zulily's stock-based compensation expense decreased slightly for the year ended December 31, 2017, compared to the corresponding period in the prior year, also due to the transfer of certain senior leadership to QVC.

zulily's depreciation and amortization expense decreased $16 million and decreased $43 million for the years ended December 31, 2018 and 2017, respectively, as compared to the corresponding prior years. The decrease for the year ended December 31, 2018, compared to the same period in the prior year, was primarily attributable to fully amortized intangible assets recognized in purchase accounting. The decrease for the year ended December 31, 2017, compared to the same period in the prior year, was primarily attributable to decelerating amortization as a result of certain intangible assets recognized in purchase accounting becoming fully amortized.

Quantitative and Qualitative Disclosures about Market Risk.

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

We are exposed to changes in interest rates primarily as a result of our borrowing and investment activities, which include investments in fixed and floating rate debt instruments and borrowings used to maintain liquidity and to fund business operations. The nature and amount of our long-term and short-term debt are expected to vary as a result of future requirements, market conditions and other factors. We manage our exposure to interest rates by maintaining what we believe is an appropriate mix of fixed and variable rate debt. We believe this best protects us from interest rate risk. We have achieved this mix by (i) issuing fixed rate debt that we believe has a low stated interest rate and significant term to maturity, (ii) issuing variable rate debt with appropriate maturities and interest rates and (iii) entering into interest rate swap arrangements when we deem appropriate. As of December 31, 2018, our debt is comprised of the following amounts:

	Variable rate debt		Fixed rate debt	
	Principal amount	Weighted avg interest rate	Principal amount	Weighted avg interest rate
	dollar amounts in millions			
QVC U.S. and QVC International	$ 810	3.9 %	$ 4,331	4.5 %
HSN	$ —	— %	$ 7	1.8 %
zulily	$ 135	3.9 %	$ —	— %
Corporate and other	$ —	— %	$ 2,308	5.0 %

Qurate Retail is exposed to foreign exchange rate fluctuations related primarily to the monetary assets and liabilities and the financial results of QVC's foreign subsidiaries. Assets and liabilities of foreign subsidiaries for which the functional currency is the local currency are translated into U.S. dollars at period-end exchange rates, and the statements of operations are generally translated at the average exchange rate for the period. Exchange rate fluctuations on translating foreign currency financial statements into U.S. dollars that result in unrealized gains or losses are referred to as translation adjustments. Cumulative translation adjustments are recorded in accumulated other comprehensive earnings (loss) as a separate component of stockholders' equity. Transactions denominated in currencies other than the functional currency are recorded based on exchange rates at the time such transactions arise. Subsequent changes in exchange rates result in transaction gains and losses, which are reflected in income as unrealized (based on period-end translations) or realized upon settlement of the transactions. Cash flows from our operations in foreign countries are translated at the average rate for the period. Accordingly, Qurate Retail may experience economic loss and a negative impact on earnings and equity with respect to our holdings solely as a result of foreign currency exchange rate fluctuations. QVC's reported Adjusted OIBDA for the year ended December 31, 2018 would have been impacted by approximately $4 million for every 1% change in foreign currency exchange rates relative to the U.S. Dollar.

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

Financial Statements and Supplementary Data.

The consolidated financial statements of Qurate Retail are included herein, beginning on page F-31.

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

None.

Controls and Procedures.

Disclosure Controls and Procedures

In accordance with Exchange Act Rules 13a-15 and 15d-15, the Company carried out an evaluation, under the supervision and with the participation of management, including its chief executive officer and its principal accounting and financial officer (the “Executives”), of the effectiveness of its disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, the Executives concluded that the Company's disclosure controls and procedures were not effective as of December 31, 2018 because of the material weaknesses in its internal control over financial reporting that are described below in “Management’s Report on Internal Control Over Financial Reporting.”

However, giving full consideration to the material weaknesses, the Company’s management has concluded that the consolidated financial statements included in this Annual Report present fairly, in all material respects, the Company’s financial position, results of operations and cash flows for the periods disclosed in conformity with U.S. generally accepted accounting principles (“GAAP”). KPMG LLP has issued its report dated February 28, 2019, which expressed an unqualified opinion on those consolidated financial statements.

Changes in Internal Control Over Financial Reporting

The Company acquired HSN in December 2017. As a result of the acquisition, the Company reviewed the internal controls of the HSN business and made appropriate changes as deemed necessary. Except for the changes in internal control at the HSN business and certain of the remediation activities described below, there was no change in the Company’s internal control over financial reporting that occurred during the Company’s quarter ended December 31, 2018, that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

Remediation Plan for Material Weaknesses in Internal Control over Financial Reporting

In response to the material weaknesses identified in “Management’s Report on Internal Control Over Financial Reporting,” the Company has developed a plan with oversight from the Audit Committee of the Board of Directors to remediate the material weaknesses. The remediation efforts include the following:

- Improvement of the design and operation of control activities and procedures associated with user and administrator access to the affected IT systems, including removing all inappropriate IT system access associated with the information technology general control (“ITGC”) material weakness;
- Improvement of change management and computer operation control activities that contributed to the ITGC material weakness;
- Implement user activity monitoring for control activities contributing to the ITGC material weakness;

- Deliver a training program to control owners addressing control operating protocols including ITGCs and policies; and
- Enhancement of the design and operation of control activities meant to validate the completeness and accuracy of revenue recorded in the UK.

The Company believes the foregoing efforts will remediate the material weaknesses described in "Management's Report on Internal Control Over Financial Reporting." Because the reliability of the internal control process requires repeatable execution, the successful on-going remediation of the material weaknesses will require on-going review and evidence of effectiveness prior to concluding that the controls are effective. Our remediation efforts are underway, and we expect that the remediation of these material weaknesses will be completed prior to the end of 2019.

Additionally, the Company will continue to enhance the ITGC and UK revenue risk assessment process, evaluate talent and address identified gaps, deliver training on internal control over financial reporting, and monitor information system access and program changes to determine whether additional adjustments should be made to reduce or eliminate the occurrence of access and program change management issues.

Management's Report on Internal Control Over Financial Reporting

See page F-27 for Management's Report on Internal Control Over Financial Reporting.

See page F-28 for KPMG LLP's attestation report regarding the effectiveness of our internal control over financial reporting.

Other Information.

None.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

The Company’s management assessed the effectiveness of internal control over financial reporting as of December 31, 2018, using the criteria in Internal Control-Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management has concluded that, as of December 31, 2018, the Company’s internal control over financial reporting is not effective due to the material weaknesses described below.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company’s annual or interim financial statements will not be prevented or detected on a timely basis. We have identified material weaknesses related to ITGCs as well as certain business process controls designed to compensate for UK revenue system ITGC failures. Based on its evaluation of internal control over financial reporting as described above, management concluded that it did not design and maintain effective internal controls with respect to ITGCs. Specifically, the ITGCs were not designed and operating effectively to ensure (i) that access to applications and data, and the ability to make program and job changes, were adequately restricted to appropriate personnel and (ii) that the activities of individuals with access to modify data and make program and job changes were appropriately monitored. Our business process controls (automated and manual) that are dependent on the affected ITGCs were also deemed ineffective because they could have been adversely impacted. Further, certain review controls intended to ensure revenue is recorded completely and accurately in the UK were not deemed effective.

We believe these control deficiencies are due to:

- Failure to select and apply appropriate ITGCs and UK revenue related controls with accountability enforced through formal policies and procedures.
- Insufficient training of IT personnel on the importance of ITGCs.
- Insufficient staffing in the UK.
- Inadequate risk assessment to fully understand the nature and extent of risk introduced into the production environment and other control areas.

The control deficiencies did not result in any identified misstatements.

The Company's independent registered public accounting firm that audited the consolidated financial statements included in this Annual Report has issued an adverse report on the effectiveness of the Company's internal control over financial reporting. This attestation report appears on page F-28 of this Annual Report.

Report of Independent Registered Public Accounting Firm

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

Opinion on Internal Control Over Financial Reporting

We have audited Qurate Retail, Inc. and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, because of the effect of the material weaknesses, described below, on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2018 and 2017, the related consolidated statements of operations, comprehensive earnings (loss), cash flows, and equity for each of the years in the three-year period ended December 31, 2018, and the related notes (collectively, the consolidated financial statements), and our report dated February 28, 2019 expressed an unqualified opinion on those consolidated financial statements.

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

> Information technology general controls (ITGCs) were not designed and operating effectively to ensure (i) that access to applications and data, and the ability to make program and job changes, were adequately restricted to appropriate personnel and (ii) that the activities of individuals with access to modify data and make program and job changes were appropriately monitored. Our business process controls (automated and manual) that are dependent on the affected ITGCs were also deemed ineffective because they could have been adversely impacted. Further, certain review controls intended to ensure revenue is recorded completely and accurately in the UK were not deemed effective.

The material weaknesses were considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2018 consolidated financial statements, and this report does not affect our report on those consolidated financial statements.

Basis for Opinion

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

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

Definition and Limitations of Internal Control Over Financial Reporting

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

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

/s/ KPMG LLP

Denver, Colorado
February 28, 2019

Report of Independent Registered Public Accounting Firm

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

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Qurate Retail, Inc. and subsidiaries (the Company) as of December 31, 2018 and 2017, the related consolidated statements of operations, comprehensive earnings (loss), cash flows, and equity for each of the years in the three-year period ended December 31, 2018, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2018, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 28, 2019 expressed an adverse opinion on the effectiveness of the Company's internal control over financial reporting.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, the Company has changed its method of accounting for revenue recognition in 2018 due to the adoption of Accounting Standard Codification Topic 606, *Revenue from Contracts with Customers*.

Basis for Opinion

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

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

/s/ KPMG LLP

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

Denver, Colorado
February 28, 2019

QURATE RETAIL, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2018 and 2017

	2018	2017
Assets	amounts in millions	
Current assets:		
Cash and cash equivalents	$ 653	903
Trade and other receivables, net	1,835	1,726
Inventory, net	1,474	1,411
Other current assets	224	125
Total current assets	4,186	4,165
Investments in equity securities	96	2,363
Property and equipment, at cost	2,685	2,564
Accumulated depreciation	(1,363)	(1,223)
	1,322	1,341
Intangible assets not subject to amortization (note 7):		
Goodwill	7,017	7,082
Trademarks	3,895	3,929
	10,912	11,011
Intangible assets subject to amortization, net (note 7)	1,058	1,248
Other assets, at cost, net of accumulated amortization	267	359
Assets of discontinued operations (note 5)	—	3,635
Total assets	$ 17,841	24,122

(continued)

QURATE RETAIL, INC. AND SUBSIDIARIES

Consolidated Balance Sheets (Continued)

December 31, 2018 and 2017

	2018	2017
	amounts in millions	
Liabilities and Equity		
Current liabilities:		
Accounts payable	$ 1,204	1,151
Accrued liabilities	1,182	1,125
Current portion of debt, including $990 million and $978 million measured at fair value (note 8)	1,410	996
Other current liabilities	155	169
Total current liabilities	3,951	3,441
Long-term debt, including $344 million and $868 million measured at fair value (note 8)	5,963	7,553
Deferred income tax liabilities (note 9)	1,925	2,500
Other liabilities	258	242
Liabilities of discontinued operations (note 5)	—	303
Total liabilities	12,097	14,039
Equity		
Stockholders' equity (note 10):		
Preferred stock, $.01 par value. Authorized 50,000,000 shares; no shares issued	—	—
Series A Qurate Retail common stock, $.01 par value. Authorized 4,000,000,000 shares; issued and outstanding 409,901,058 shares at December 31, 2018 and 449,335,940 shares at December 31, 2017	4	5
Series B Qurate Retail common stock, $.01 par value. Authorized 150,000,000 shares; issued and outstanding 29,248,343 shares at December 31, 2018 and 29,203,895 shares at December 31, 2017	—	—
Series A Liberty Ventures common stock, $.01 par value. Authorized 400,000,000 shares at December 31, 2017; issued and outstanding 81,686,659 shares at December 31, 2017	—	1
Series B Liberty Ventures common stock, $.01 par value. Authorized 15,000,000 shares at December 31, 2017; issued and outstanding 4,455,311 shares at December 31, 2017	—	—
Additional paid-in capital	—	1,043
Accumulated other comprehensive earnings (loss), net of taxes	(55)	(133)
Retained earnings	5,675	9,068
Total stockholders' equity	5,624	9,984
Noncontrolling interests in equity of subsidiaries	120	99
Total equity	5,744	10,083
Commitments and contingencies (note 15)		
Total liabilities and equity	$ 17,841	24,122

See accompanying notes to consolidated financial statements.

QURATE RETAIL, INC. AND SUBSIDIARIES

Consolidated Statements Of Operations

Years ended December 31, 2018, 2017 and 2016

	2018	2017	2016
	amounts in millions, except per share amounts		
Total revenue, net	$ 14,070	10,404	10,647
Operating costs and expenses:			
Cost of retail sales (exclusive of depreciation shown separately below)	9,209	6,789	6,908
Operating expense	970	659	707
Selling, general and administrative, including stock-based compensation and transaction related costs	1,897	1,188	1,190
Impairment of intangible assets and long lived assets	33	—	—
Depreciation and amortization	637	725	874
	12,746	9,361	9,679
Operating income	1,324	1,043	968
Other income (expense):			
Interest expense	(381)	(355)	(363)
Share of earnings (losses) of affiliates, net	(162)	(200)	(68)
Realized and unrealized gains (losses) on financial instruments, net (note 6)	76	145	414
Gains (losses) on transactions, net	1	410	9
Tax sharing income (expense) with GCI Liberty, Inc.	32	—	—
Other, net	(7)	7	131
	(441)	7	123
Earnings (loss) from continuing operations before income taxes	883	1,050	1,091
Income tax (expense) benefit (note 9)	(60)	985	(316)
Earnings (loss) from continuing operations	823	2,035	775
Earnings (loss) from discontinued operations, net of taxes (note 5)	141	452	499
Net earnings (loss)	964	2,487	1,274
Less net earnings (loss) attributable to the noncontrolling interests	48	46	39
Net earnings (loss) attributable to Qurate Retail, Inc. shareholders	$ 916	2,441	1,235
Net earnings (loss) attributable to Qurate Retail, Inc. shareholders:			
Qurate Retail common stock	674	1,208	473
Liberty Ventures common stock	242	1,233	762
	$ 916	2,441	1,235
Basic net earnings (loss) from continuing operations attributable to Qurate Retail, Inc. shareholders per common share (note 2):			
Series A and Series B Qurate Retail common stock	$ 1.46	2.71	0.99
Series A and Series B Liberty Ventures common stock	$ 1.17	14.34	5.54
Diluted net earnings (loss) from continuing operations attributable to Qurate Retail, Inc. shareholders per common share (note 2):			
Series A and Series B Qurate Retail common stock	$ 1.45	2.70	0.98
Series A and Series B Liberty Ventures common stock	$ 1.16	14.17	5.49
Basic net earnings (loss) attributable to Qurate Retail, Inc. shareholders per common share (note 2):			
Series A and Series B Qurate Retail common stock	$ 1.46	2.71	0.99
Series A and Series B Liberty Ventures common stock	$ 2.81	14.34	5.69
Diluted net earnings (loss) attributable to Qurate Retail, Inc. shareholders per common share (note 2):			
Series A and Series B Qurate Retail common stock	$ 1.45	2.70	0.98
Series A and Series B Liberty Ventures common stock	$ 2.78	14.17	5.64

See accompanying notes to consolidated financial statements.

QURATE RETAIL, INC. AND SUBSIDIARIES

Consolidated Statements Of Comprehensive Earnings (Loss)

Years ended December 31, 2018, 2017 and 2016

	2018	2017	2016
	amounts in millions		
Net earnings (loss)	$ 964	2,487	1,274
Other comprehensive earnings (loss), net of taxes:			
Foreign currency translation adjustments	(48)	134	(84)
Recognition of previously unrealized losses (gains) on debt, net	16	—	—
Share of other comprehensive earnings (loss) of equity affiliates	(2)	3	(5)
Comprehensive earnings (loss) attributable to debt credit risk adjustments (note 8)	38	—	—
Other	—	—	4
Other comprehensive earnings (loss)	4	137	(85)
Comprehensive earnings (loss)	968	2,624	1,189
Less comprehensive earnings (loss) attributable to the noncontrolling interests	50	50	40
Comprehensive earnings (loss) attributable to Qurate Retail, Inc. shareholders	$ 918	2,574	1,149

See accompanying notes to consolidated financial statements.

QURATE RETAIL, INC. AND SUBSIDIARIES

Consolidated Statements Of Cash Flows

Years ended December 31, 2018, 2017 and 2016

	2018	2017	2016
	amounts in millions (See note 3)		
Cash flows from operating activities:			
Net earnings (loss)	$ 964	2,487	1,274
Adjustments to reconcile net earnings to net cash provided by operating activities:			
(Earnings) loss from discontinued operations	(141)	(452)	(499)
Depreciation and amortization	637	725	874
Stock-based compensation	88	123	97
Cash payments for stock-based compensation	—	—	(92)
Noncash interest expense	6	—	12
Share of (earnings) losses of affiliates, net	162	200	68
Cash receipts from returns on equity investments	—	29	31
Realized and unrealized (gains) losses on financial instruments, net	(76)	(145)	(414)
(Gains) losses on transactions, net	(1)	(410)	(9)
(Gains) losses on extinguishment of debt	24	—	6
Deferred income tax expense (benefit)	(185)	(1,157)	191
Other noncash charges (credits), net	36	10	(115)
Changes in operating assets and liabilities			
Current and other assets	(27)	(145)	136
Payables and other liabilities	(214)	225	(117)
Net cash provided (used) by operating activities	1,273	1,490	1,443
Cash flows from investing activities:			
Cash (paid) for acquisitions, net of cash acquired	—	22	—
Cash proceeds from dispositions of investments	562	3	353
Investment in and loans to cost and equity investees	(100)	(159)	(86)
Capital expended for property and equipment	(275)	(204)	(233)
Purchases of short term investments and other marketable securities	—	—	(264)
Sales of short term investments and other marketable securities	—	—	1,174
Other investing activities, net	(140)	(53)	(36)
Net cash provided (used) by investing activities	47	(391)	908
Cash flows from financing activities:			
Borrowings of debt	4,221	2,469	3,427
Repayments of debt	(4,395)	(2,631)	(4,498)
Repurchases of Qurate Retail common stock	(988)	(765)	(799)
GCI Liberty Split-Off	(475)	—	—
Withholding taxes on net share settlements of stock-based compensation	(29)	(70)	(16)
Indemnification payment from GCI Liberty, Inc.	133	—	—
Distribution from Liberty Expedia Holdings	—	—	299
Other financing activities, net	(41)	(39)	15
Net cash provided (used) by financing activities	(1,574)	(1,036)	(1,572)
Effect of foreign currency exchange rates on cash, cash equivalents and restricted cash	2	13	(20)
Net cash provided (used) by discontinued operations:			
Cash provided (used) by operating activities	—	—	17
Cash provided (used) by investing activities	—	—	(2,400)
Cash provided (used) by financing activities	—	—	—
Change in available cash held by discontinued operations	—	—	—
Net cash provided (used) by discontinued operations	—	—	(2,383)
Net increase (decrease) in cash, cash equivalents and restricted cash	(252)	76	(1,624)
Cash, cash equivalents and restricted cash at beginning of period	912	836	2,460
Cash, cash equivalents and restricted cash at end of period	$ 660	912	836

See accompanying notes to consolidated financial statements.

QURATE RETAIL, INC. AND SUBSIDIARIES

Consolidated Statements Of Equity

Years ended December 31, 2018, 2017 and 2016

	Stockholders' Equity								Noncontrolling interest in equity of subsidiaries	Total equity
	Preferred Stock	QVC Group Series A	QVC Group Series B	Liberty Ventures Series A	Liberty Ventures Series B	Additional paid-in capital	Accumulated other comprehensive earnings (loss), net of taxes	Retained Earnings		
	amounts in millions									
Balance at January 1, 2016	$ —	5	—	1	—	370	(215)	6,626	88	6,875
Net earnings (loss)	—	—	—	—	—	—	—	1,235	39	1,274
Other comprehensive earnings (loss)	—	—	—	—	—	—	(86)	—	1	(85)
Cumulative effect of accounting change	—	—	—	—	—	—	—	5	—	5
Stock-based compensation	—	—	—	—	—	89	—	—	—	89
Withholding taxes on net share settlements of stock-based compensation	—	—	—	—	—	(16)	—	—	—	(16)
Stock issued upon exercise of stock options	—	—	—	—	—	24	—	—	—	24
Series A Qurate Retail stock repurchases	—	—	—	—	—	(799)	—	—	—	(799)
Distribution to noncontrolling interest	—	—	—	—	—	—	—	—	(39)	(39)
Distribution of Liberty Expedia Holdings	—	—	—	—	—	—	35	(493)	—	(458)
Reclassification	—	—	—	—	—	341	—	(341)	—	—
Other	—	—	—	—	—	(9)	—	—	—	(9)
Balance at December 31, 2016	$ —	5	—	1	—	—	(266)	7,032	89	6,861
Net earnings (loss)	—	—	—	—	—	—	—	2,441	46	2,487
Other comprehensive earnings (loss)	—	—	—	—	—	—	133	—	4	137
Stock-based compensation	—	—	—	—	—	123	—	—	—	123
Series A Qurate Retail stock repurchases	—	—	—	—	—	(765)	—	—	—	(765)
Distribution to noncontrolling interest	—	—	—	—	—	—	—	—	(40)	(40)
Stock issued upon exercise of stock options	—	—	—	—	—	5	—	—	—	5
Withholding taxes on net share settlements of stock-based compensation	—	—	—	—	—	(70)	—	—	—	(70)
Issuance of Series A Qurate Retail stock in connection HSN acquisition (note 4)	—	—	—	—	—	1,343	—	—	—	1,343
Reclassification	—	—	—	—	—	405	—	(405)	—	—
Other	—	—	—	—	—	2	—	—	—	2
Balance at December 31, 2017	$ —	5	—	1	—	1,043	(133)	9,068	99	10,083
Net earnings (loss)	—	—	—	—	—	—	—	916	48	964
Other comprehensive earnings (loss)	—	—	—	—	—	—	2	—	2	4
Stock-based compensation	—	—	—	—	—	88	—	—	—	88
Series A Qurate Retail stock repurchases	—	(1)	—	—	—	(987)	—	—	—	(988)
Distribution to noncontrolling interest	—	—	—	—	—	—	—	—	(40)	(40)
Stock issued upon exercise of stock options	—	—	—	—	—	5	—	—	—	5
Withholding taxes on net share settlements of stock-based compensation	—	—	—	—	—	(29)	—	—	—	(29)
Cumulative effect of accounting change (note 2)	—	—	—	—	—	—	76	(70)	—	6
Reattribution of the Ventures Group to Qurate Retail	—	—	—	(1)	—	1	—	—	—	—
GCI Liberty Split-Off	—	—	—	—	—	(4,358)	—	—	11	(4,347)
Other	—	—	—	—	—	(2)	—	—	—	(2)
Reclassification	—	—	—	—	—	4,239	—	(4,239)	—	—
Balance at December 31, 2018	$ —	4	—	—	—	—	(55)	5,675	120	5,744

See accompanying notes to consolidated financial statements.

(1) Basis of Presentation

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

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

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

On November 4, 2016, Qurate Retail completed the split-off (the "Expedia Holdings Split-Off") of its former wholly-owned subsidiary Liberty Expedia Holdings, Inc. ("Expedia Holdings") to holders of its Liberty Ventures common stock. At the time of the Expedia Holdings Split-Off, Expedia Holdings was comprised of, among other things, Qurate Retail's former interest in Expedia Group, Inc., formerly known as Expedia, Inc. ("Expedia") and Qurate Retail's former wholly-owned subsidiary Bodybuilding. On November 2, 2016, Expedia Holdings borrowed $350 million under a new margin loan and distributed $299 million, net of certain debt related costs, to Qurate Retail on November 4, 2016. The Expedia Holdings Split-Off was accomplished by the redemption of (i) 0.4 of each outstanding share of Qurate Retail's Series A Liberty Ventures common stock for 0.4 of a share of Expedia Holdings Series A common stock at 5:00 p.m., New York City time, on November 4, 2016 (such date and time, the "Redemption Date") and (ii) 0.4 of each outstanding share of Qurate Retail's Series B Liberty Ventures common stock for 0.4 of a share of Expedia Holdings Series B common stock on the Redemption Date, in each case, with cash paid in lieu of any fractional shares of Liberty Ventures common stock or Expedia Holdings common stock (after taking into account all of the shares owned of record by each holder thereof, as applicable). In February 2017, the IRS completed its review of the Expedia Holdings Split-Off and informed Qurate Retail that it agreed with the nontaxable characterization of the transaction. Qurate Retail received an Issue Resolution Agreement from the IRS documenting this conclusion.

Qurate Retail viewed Expedia and Bodybuilding as separate components and evaluated them separately for discontinued operations presentation. Based on a quantitative analysis, the split-off of Qurate Retail's interest in Expedia had a major effect on Qurate Retail's operations, primarily due to one-time gains on transactions recognized by Expedia in 2015. Accordingly, the consolidated financial statements of Qurate Retail have been prepared to reflect Qurate Retail's interest in Expedia as a discontinued operation. The disposition of Bodybuilding as part of the Expedia Holdings Split-Off does not have a major effect on Qurate Retail's historical results nor is it expected to have a major effect on Qurate Retail's future operations. Accordingly, Bodybuilding is not presented as a discontinued operation in the consolidated financial statements of Qurate Retail. Bodybuilding is included in the Corporate and other segment through November 4, 2016.

Pursuant to a reimbursement agreement entered into in connection with the Expedia Holdings Split-Off, Qurate Retail reimbursed Expedia, a related party prior to the Expedia Holdings Split-Off, $4 million during October 2016, thereby settling the reimbursement agreement.

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

On December 29, 2017, Qurate Retail acquired the approximately 62% of HSN, Inc. it did not already own in an all-stock transaction making HSN, Inc. a wholly-owned subsidiary. HSN, Inc. stockholders (other than Qurate Retail) received fixed consideration of 1.65 shares of Series A QVC Group common stock ("QVCA") for each share of HSN, Inc. common stock. Qurate Retail issued 53.6 million shares QVCA common stock to HSN, Inc. stockholders. On December 31, 2018, Qurate Retail transferred our 100% ownership interest in HSN to QVC, Inc. through a transaction among entities under common control. References throughout this annual report to "QVC" refer to QVC, Inc., which includes HSN, QVC U.S. and QVC International. Cornerstone remains a subsidiary of Qurate Retail.

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

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

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

On October 17, 2018, Qurate Retail announced a series of initiatives designed to better position its HSN and QVC U.S. businesses (“QRG Initiatives”). As part of the QRG Initiatives, QVC will close its fulfillment center in Lancaster, Pennsylvania and has entered into an agreement to lease a new fulfillment center in Bethlehem, Pennsylvania, commencing in 2019 (see note 15). Qurate Retail recorded transaction related costs of $41 million during the year ended December 31, 2018 related to the QRG Initiatives, which primarily related to severance costs.

Qurate Retail and Liberty Media Corporation (“LMC”) (for accounting purposes a related party of Qurate Retail) entered into certain agreements in order to govern certain of the ongoing relationships between the two companies. These agreements include a reorganization agreement, a services agreement (the “Services Agreement”), a facilities sharing agreement (the “Facilities Sharing Agreement”) and a tax sharing agreement (the “Tax Sharing Agreement”). Qurate Retail and GCI Liberty (for accounting purposes a related party of Qurate Retail) entered into a tax sharing agreement.

The Tax Sharing Agreement provides for the allocation and indemnification of tax liabilities and benefits between Qurate Retail and LMC and other agreements related to tax matters. Qurate Retail is party to on-going discussions with the IRS under the Compliance Assurance Process audit program. The IRS may propose adjustments that relate to tax attributes allocated to and income allocable to LMC. Any potential outcome associated with any proposed adjustments would be covered by the Tax Sharing Agreement and are not expected to have any impact on Qurate Retail's financial position. Pursuant to the Services Agreement, LMC will provide Qurate Retail with general and administrative services including legal, tax, accounting, treasury and investor relations support. Qurate Retail will reimburse LMC for direct, out-of-pocket expenses incurred by LMC in providing these services and for Qurate Retail's allocable portion of costs associated with any shared services or personnel based on an estimated percentage of time spent providing services to Qurate Retail. Under the Facilities Sharing Agreement, Qurate Retail will share office space with LMC and related amenities at LMC's corporate headquarters. Under these various agreements approximately $8 million, $11 million and $10 million of these allocated expenses were reimbursed from Qurate Retail to LMC for the years ended December 31, 2018, 2017 and 2016, respectively. Qurate Retail has a tax sharing payable to GCI Liberty in the amount of approximately $103 million as of December 31, 2018, the majority of which is included in Other liabilities in the consolidated balances sheets, with the exception of $37 million, which is included in Other current liabilities on the consolidated balance sheets.

(2) Summary of Significant Accounting Policies

Cash and Cash Equivalents

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

Receivables

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

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

	Balance beginning of year	Additions: Charged to expense	Additions: Other	Deductions-write-offs	Balance end of year
	amounts in millions				
2018	$ 92	123	3	(101)	117
2017	$ 99	73	(1)	(79)	92
2016	$ 87	109	(1)	(96)	99

Inventory

Inventory, consisting primarily of products held for sale, is stated at the lower of cost or market. Cost is determined by the average cost method, which approximates the first-in, first-out method. Assessments about the realizability of inventory require the Company to make judgments based on currently available information about the likely method of disposition including sales to individual customers, returns to product vendors, liquidations and the estimated recoverable values of each disposition category. Inventory is stated net of inventory obsolescence reserves of $151 million and $93 million for the years ended December 31, 2018 and 2017, respectively.

Investments

All marketable equity and debt securities held by the Company are carried at fair value, generally based on quoted market prices and changes in the fair value of such securities are reported in realized and unrealized gain (losses) on financial instruments in the accompanying consolidated statements of operations. The Company elected the measurement alternative (defined as the cost of the security, adjusted for changes in fair value when there are observable prices, less impairments) for its equity securities without readily determinable fair values. The total value of equity securities for which the Company has elected the fair value option aggregated zero and $2,275 million as of December 31, 2018 and 2017, respectively.

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

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

Derivative Instruments and Hedging Activities

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

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

Property and Equipment

Property and equipment consisted of the following:

	December 31, 2018	December 31, 2017
	amounts in millions	
Land	$ 128	108
Buildings and improvements	1,194	1,165
Support equipment	1,302	1,240
Projects in progress	61	51
Total property and equipment	$ 2,685	2,564

Property and equipment, including significant improvements, is stated at amortized cost, less impairment losses, if any. Depreciation is computed using the straight-line method using estimated useful lives of 2 to 15 years for support equipment and 8 to 20 years for buildings and improvements. Depreciation expense for the years ended December 31, 2018, 2017 and 2016 was $211 million, $176 million and $171 million, respectively.

Intangible Assets

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

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

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

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

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

Impairment of Long-lived Assets

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

Noncontrolling Interests

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

Foreign Currency Translation

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

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

Revenue Recognition

In May 2014, the FASB issued new accounting guidance on revenue from contracts with customers (“ASU 2014-09” or “ASC 606”). The new guidance requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. This new guidance also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. In March 2016, the FASB issued additional guidance which clarifies principal versus agent considerations, and in April 2016, the FASB issued further guidance which clarifies the identification of performance obligations and the implementation guidance for licensing. On January 1, 2018, the Company adopted the revenue accounting standard using the modified retrospective method. The Company recognized the cumulative effect of initially applying the new revenue standard as an adjustment to the opening balance of retained earnings. The comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods. The Company does not expect the adoption of the new revenue standard to have a material impact to our net income on an ongoing basis. Refer to the table below for the adoption of this guidance.

	Balance at December 31, 2017	Adjustments Due to ASU 2014-09	Balance at January 1, 2018
		in millions	
Assets:			
Inventory, net	$ 1,411	(27)	1,384
Other current assets	$ 125	(11)	114
Liabilities:			
Other current liabilities	$ 169	(46)	123
Deferred income tax liabilities	$ 2,500	2	2,502
Equity:			
Retained earnings	$ 9,068	6	9,074

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

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

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

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

	Year ended December 31, 2018					
	QVC U.S.	QVC Int'l	HSN	zulily	Corp and other	Total
	in millions					
Home	$ 2,265	1,023	910	511	791	5,500
Apparel	1,140	453	183	684	180	2,640
Beauty	1,040	640	286	50	—	2,016
Accessories	772	273	161	472	—	1,678
Electronics	674	119	455	18	—	1,266
Jewelry	324	213	149	53	—	739
Other revenue	134	17	58	29	(7)	231
Total Revenue	$ 6,349	2,738	2,202	1,817	964	14,070

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

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

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

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

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

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

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

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

An allowance for returned merchandise is provided as a percentage of sales based on historical experience. The total reduction in sales due to returns for the years ended December 31, 2018, 2017 and 2016 aggregated $2,434 million, $1,861 million and $1,865 million, respectively. Sales tax collected from customers on retail sales is recorded on a net basis and is not included in revenue.

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

	Balance beginning of year	Additions - charged to earnings	Deductions	Acquisition of HSN	Balance end of year
			in millions		
2018 (1)	$ 267	2,281	(2,282)	—	266
2017	$ 98	1,027	(1,023)	35	137
2016	$ 106	1,051	(1,060)	—	98

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

Cost of Sales

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

Stock-Based Compensation

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

Stock compensation expense was $88 million, $123 million and $97 million for the years ended December 31, 2018, 2017 and 2016, respectively, included in selling, general and administrative expense in the accompanying consolidated statements of operations.

In March 2016, the FASB issued new guidance which simplifies several aspects of the accounting for share-based payment award transactions, including the income tax consequences, forfeitures, classification of awards as either equity or liabilities, and classification on the statement of cash flows. The Company adopted this guidance in the third quarter of 2016. In accordance with the new guidance, excess tax benefits and tax deficiencies are recognized as income tax benefit or expense rather than as additional paid-in capital. The Company has elected to recognize forfeitures as they occur rather than continue to estimate expected forfeitures. In addition, pursuant to the new guidance, excess tax benefits are classified as an operating activity on the consolidated statements of cash flows. The recognition of excess tax benefits and deficiencies are applied prospectively from January 1, 2016. For tax benefits that were not previously recognized and for adjustments to compensation cost based on actual forfeitures, the Company has recorded a cumulative-effect adjustment in retained earnings as of January 1, 2016.

Income Taxes

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

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

In October 2016, the FASB issued new guidance amending the accounting for income taxes associated with intra-entity transfers of assets other than inventory. This accounting update, which is part of the FASB's simplification initiative, is intended to reduce diversity in practice and the complexity of tax accounting, particularly for those transfers involving intellectual property. This new guidance requires an entity to recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. The new standard is effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2017 with early adoption permitted. The Company adopted this guidance during the first quarter of 2018, and there was no significant effect of the standard on its consolidated financial statements.

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

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

		Years ended December 31,		
		2018	2017	2016
Qurate Retail				
Net earnings (loss) from continuing operations	$	674	1,208	473
Net earnings (loss) from discontinued operations	$	NA	NA	NA
Liberty Ventures				
Net earnings (loss) from continuing operations	$	101	781	263
Net earnings (loss) from discontinued operations	$	141	452	499

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

Series A and Series B Qurate Retail Common Stock

EPS for all periods through December 31, 2018, is based on the following weighted average shares outstanding. Excluded from diluted EPS for the years ended December 31, 2018, 2017 and 2016 are approximately 25 million, 20 million and 13 million potential common shares, respectively, because their inclusion would be antidilutive.

	Years ended December 31,		
	2018	2017	2016
	number of shares in millions		
Basic WASO	462	445	476
Potentially dilutive shares	3	3	5
Diluted WASO	465	448	481

Series A and Series B Liberty Ventures Common Stock

EPS for all periods through December 31, 2018, is based on the following weighted average shares outstanding. Excluded from diluted EPS for the years ended December 31, 2018, 2017, and 2016 are less than a million potential common shares because their inclusion would be antidilutive.

	Years ended December 31,		
	2018 (1)	2017	2016
	number of shares in millions		
Basic WASO	86	86	134
Potentially dilutive shares	1	1	1
Diluted WASO	87	87	135

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

Reclasses and adjustments

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

As a result of repurchases of Series A Qurate Retail common stock, the Company's additional paid-in capital balance was in a deficit position in certain quarterly periods during the year ended December 31, 2018. In order to maintain a zero balance in the additional paid-in capital account, we reclassified the amount of the deficit ($4,239 million) at December 31, 2018 to retained earnings.

Estimates

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

New Accounting Pronouncements Not Yet Adopted

Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income. In February 2018, the FASB issued new guidance which addresses the effect of the change in the U.S. federal corporate tax rate due to the enactment of the Tax Cuts and Jobs Act (the "Tax Act") on items within accumulated other comprehensive income (loss). The guidance is effective for annual and interim reporting periods beginning after December 15, 2018, with early adoption permitted. The Company is currently assessing the impact that adopting this new accounting standard will have on its consolidated financial statements.

Leases. In February 2016, the FASB issued new guidance which revises the accounting for leases. Under the new guidance, lessees will be required to recognize a lease liability and a right-of-use asset for all leases. The new guidance also simplifies the accounting for sale and leaseback transactions. The new standard is effective for the Company for fiscal years and interim periods beginning after December 15, 2018, with early adoption permitted. We plan to adopt this guidance on January 1, 2019 utilizing the modified retrospective transition approach and will not restate comparative periods. We will elect the package of practical expedients permitted under the transition guidance, which allows us to carryforward our historical lease classification, our determination regarding whether a contract contains a lease and any initial indirect costs that had existed prior to the adoption of this new standard. The Company will also elect to combine both lease and non-lease components and elect to expense all short-term leases with a term of less than 12 months and not record a related right of use asset and lease liability on the consolidated balance sheet. The Company expects that the discounted amount of operating leases in note 15 to the accompanying consolidated financial statements will be recognized as right-of-use assets and operating lease liabilities on the consolidated balance sheet upon adoption of the new standard. The Company does not expect the adoption of the new standard to have a material impact on the remaining consolidated financial statements.

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

(3) Supplemental Disclosures to Consolidated Statements of Cash Flows

	Years ended December 31,		
	2018	2017	2016
	amounts in millions		
Cash paid for acquisitions:			
Fair value of assets acquired	$ (11)	956	—
Intangible assets not subject to amortization	—	1,577	7
Intangible assets subject to amortization	(4)	651	(40)
Net liabilities assumed	10	(977)	—
Deferred tax assets (liabilities)	5	(281)	33
Fair value of equity consideration	—	(1,948)	—
Cash paid (received) for acquisitions, net of cash acquired	$ —	(22)	—
Cash paid for interest	$ 362	343	354
Cash paid for income taxes	$ 226	158	204

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

	December 31, 2018	December 31, 2017
	in millions	
Cash and cash equivalents	$ 653	903
Restricted cash included in other current assets	7	9
Total cash, cash equivalents and restricted cash in the consolidated statement of cash flows	$ 660	912

(4) Acquisitions

On December 29, 2017, Qurate Retail acquired the approximately 62% of HSN it did not already own in an all-stock transaction making HSN a wholly-owned subsidiary, attributed to the QVC Group. HSN shareholders (other than Qurate Retail) received fixed consideration of 1.65 shares of Series A QVC Group common stock ("QVCA") for each share of HSN common stock. Qurate Retail issued 53.6 million shares QVCA common stock to HSN shareholders. In conjunction with application of acquisition accounting, we recorded a full step up in basis of HSN which resulted in a $409 million gain. The fair market value of our ownership interest previously held in HSN ($605 million) was determined based on the trading price of QVCA common stock on the date of the acquisition (Level 1) less a control premium. The market value of the shares of QVCA common stock issued to HSN shareholders ($1.3 billion) was determined based on the trading price of QVCA common stock on the date of the acquisition. The total equity value of the transaction was $1.9 billion. With the exception of $43 million of severance-related costs incurred on December 30, 2017, HSN's results of operations are not included in our consolidated operating results for the year ended December 31, 2017, as the final two days of the period were considered immaterial.

The purchase price allocation for HSN is as follows (amounts in millions):

Cash and cash equivalents	$ 22
Property and equipment	220
Other assets	772
Goodwill	936
Trademarks	676
Intangible assets subject to amortization	598
Accounts payable & accrued liabilities	(519)
Debt	(467)
Other liabilities assumed	(13)
Deferred tax liabilities	(277)
	$ 1,948

Goodwill is calculated as the excess of the consideration transferred over the identifiable net assets acquired and represents the future economic benefits expected to arise from other intangible assets acquired that do not qualify for separate recognition, including assembled workforce, value associated with future customers, continued innovation and noncontractual relationships. Intangible assets acquired during 2017 were comprised of customer relationships of $421 million with a weighted average life of approximately 9 years, capitalized software of $16 million with a weighted average life of approximately 1 year, and technology of $161 million with a weighted average life of approximately 7 years. None of the acquired goodwill is expected to be deductible for tax purposes. Subsequent to December 31, 2017, the preliminary purchase price allocation was adjusted, resulting in an increase of $6 million to property and equipment, $20 million to other assets, $4 million to accounts payable and accrued liabilities, $7 million to debt, $1 million to other liabilities assumed, and corresponding decreases of $14 million to goodwill, $4 million to deferred tax liabilities and $4 million to intangible assets subject to amortization. As of December 31, 2018, the valuation related to the acquisition of HSN and the acquisition price allocation are final.

Included in net earnings (loss) from continuing operations for the year ended December 31, 2017 is $43 million related to HSN's operations since the date of acquisition, which is primarily related to severance cost post acquisition. Of the $43 million, $38 million related to HSN ($8 million of which related to stock-based compensation expense and is included in Selling, general and administrative, including stock-based compensation expense in the consolidated statements of operations) and $5 million related to Cornerstone.

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

		Years Ended December 31,	
		2017	2016
		amounts in millions (unaudited)	
Revenue	$	13,791	14,220
Net earnings (loss) from continuing operations	$	2,200	1,258

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

(5) Disposals

Disposals - Presented as Discontinued Operations

On November 4, 2016, Qurate Retail completed the Expedia Holdings Split-Off. Expedia Holdings is comprised of, among other things, Qurate Retail's former interest in Expedia and Qurate Retail's former wholly-owned subsidiary Bodybuilding. Qurate Retail views Expedia and Bodybuilding as separate components and evaluated them separately for discontinued operations presentation. Based on a quantitative analysis, the split-off of Qurate Retail's interest in Expedia had a major effect on Qurate Retail's operations, primarily due to prior year one-time gains on transactions recognized by Expedia. Accordingly, the consolidated financial statements of Qurate Retail have been prepared to reflect Qurate Retail's interest in Expedia as a discontinued operation. The disposition of Bodybuilding as part of the Expedia Holdings Split-Off does not have a major effect on Qurate Retail's historical results nor is it expected to have a major effect on Qurate Retail's future operations. Accordingly, Bodybuilding is not presented as a discontinued operation in the consolidated financial statements of Qurate Retail. See “Disposals – Not Presented as Discontinued Operations” below for additional information regarding Bodybuilding.

On March 9, 2018, Qurate Retail completed the GCI Liberty Split-Off. At the time of the GCI Liberty Split-Off, GCI Liberty was comprised of, among other things, GCI Liberty’s legacy business, Qurate Retail’s former interest in Liberty Broadband, Charter and LendingTree, and Qurate Retail’s former wholly-owned subsidiary Evite. Qurate Retail viewed Liberty Broadband, LendingTree and Evite as separate components and evaluated them separately for discontinued operations presentation. As Qurate Retail’s former interest in Charter was accounted for as an available for sale investment it did not meet the definition of a component for discontinued operation presentation. The disposition of Liberty Broadband was considered significant to the overall financial statements. Accordingly, the accompanying consolidated financial statements of Qurate Retail have been prepared to reflect Qurate Retail’s interest in Liberty Broadband as a discontinued operation for the years ended December 31, 2018, 2017 and 2016. The disposition of LendingTree and Evite as part of the GCI Liberty Split-Off does not have a major effect on Qurate Retail’s historical or future results. Accordingly, LendingTree and Evite are not presented as discontinued operations in the accompanying consolidated financial statements of Qurate Retail. LendingTree and Evite are included in the Corporate and other segment through March 8, 2018. See “Disposals – Not Presented as Discontinued Operations” below for additional information regarding Evite and LendingTree.

Certain financial information for the Company’s investment in Liberty Broadband, which is included in the discontinued operations line items of the consolidated Qurate Retail balance sheets as of December 31, 2017, is as follows (amounts in millions):

	December 31, 2017
Investment in Liberty Broadband measured at fair value	$ 3,635
Deferred income tax liabilities	$ 303

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

	Year ended December 31, 2016
Earnings (loss) before income taxes	$ 24
Income tax (expense) benefit	$ (4)

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

	Years ended December 31,		
	2018	2017	2016
Earnings (loss) before income taxes	$ 187	473	761
Income tax (expense) benefit	$ (46)	(21)	(282)

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

		Years ended December 31, 2018	2017	2016
Basic earnings (loss) from discontinued operations attributable to Qurate Retail shareholders per common share (note 2):				
Series A and Series B Qurate Retail common stock	$	NA	NA	NA
Series A and Series B Liberty Ventures common stock	$	1.64	5.26	3.73
Diluted earnings (loss) from discontinued operations attributable to Qurate Retail shareholders per common share (note 2):				
Series A and Series B Qurate Retail common stock	$	NA	NA	NA
Series A and Series B Liberty Ventures common stock	$	1.62	5.20	3.69

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

		December 31, 2017
		amounts in millions
Current assets	$	84
Total assets	$	11,932
Current liabilities	$	11
Total liabilities	$	1,445
Equity	$	10,487

		Year ended December 31, 2017	2016
		amounts in millions	
Operating income	$	(25)	(21)
Share of earnings (loss) of affiliate	$	2,509	642
Gain (loss) on dilution of investment in affiliate	$	(18)	771
Income tax (expense) benefit	$	(417)	(558)
Net earnings (loss) attributable to Liberty Broadband shareholders	$	2,034	917

Disposals – Not Presented as Discontinued Operations

On July 22, 2016, Qurate Retail completed the CommerceHub Spin-Off. CommerceHub is included in the Corporate and other segment through July 22, 2016 and is not presented as a discontinued operation as the CommerceHub Spin-Off did not have a major effect on Qurate Retail's operations and financial results. Included in Total revenue, net in the accompanying consolidated statements of operations is $51 million for the year ended December 31, 2016, related to

CommerceHub. Included in Net earnings (loss) in the accompanying consolidated statements of operations are earnings of $5 million for the year ended December 31, 2016, related to CommerceHub.

As discussed above, on November 4, 2016, Qurate Retail completed the Expedia Holdings Split-Off. Although Qurate Retail's interest in Expedia has been presented as a discontinued operation, Bodybuilding is not presented as a discontinued operation in the consolidated financial statements of Qurate Retail. Bodybuilding is included in the Corporate and other segment through November 4, 2016. Included in Total revenue, net in the accompanying consolidated statements of operations is $355 million for the year ended December 31, 2016, related to Bodybuilding. Included in Net earnings (loss) in the accompanying consolidated statements of operations are earnings of $6 million for the years ended December 31, 2016, related to Bodybuilding.

As discussed above, on March 9, 2018, Qurate Retail completed the GCI Liberty Split-Off. Although Liberty Broadband has been presented as a discontinued operation, Evite and LendingTree are not presented as discontinued operations. Included in revenue in the accompanying consolidated statements of operations is $3 million, $24 million and $23 million for the years ended December 31, 2018, 2017 and 2016, respectively, related to Evite. Included in net earnings (loss) in the accompanying consolidated statements of operations are losses of $2 million, $3 million and $1 million, for the years ended December 31, 2018, 2017 and 2016, respectively, related to Evite. Included in total assets in the accompanying consolidated balance sheets as of December 31, 2017 is $43 million related to Evite. Included in net earnings (loss) in the accompanying consolidated statements of operations are earnings of less than a million, $6 million and $31 million for the years ended December 31, 2018, 2017, and 2016, respectively, related to LendingTree. Included in total assets in the accompanying consolidated balance sheets as of December 31, 2017 is $115 million related to LendingTree.

(6) Assets and Liabilities Measured at Fair Value

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

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

	December 31, 2018			December 31, 2017		
Description	**Total**	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Total**	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**
			amounts in millions			
Cash equivalents	$ 310	310	—	655	655	—
Equity securities	$ —	—	—	2,275	2,275	—
Indemnification asset (1)	$ 79	—	79	—	—	—
Debt	$ 1,334	—	1,334	1,846	—	1,846

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

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

Pursuant to an indemnification agreement, GCI Liberty has agreed to indemnify LI LLC for certain payments made to a holder of LI LLC's 1.75% Exchangeable Debentures due 2046 (the "1.75% Exchangeable Debentures"). An indemnity asset in the amount of $281 million was recorded upon completion of the GCI Liberty Split-Off. In June 2018, Qurate Retail repurchased 417,759 of the 1.75% Exchangeable Debentures for approximately $457 million, including accrued interest, and GCI Liberty made a payment under the indemnification agreement to Qurate Retail in the amount of $133 million.

The remaining indemnification asset due to LI LLC pertains to the holder's ability to exercise its exchange right according to the terms of the 1.75% Exchangeable Debentures on or before October 5, 2023. Such amount will equal the difference between the exchange value and par value of the 1.75% Exchangeable Debentures at the time the exchange occurs. The indemnification asset recorded in the consolidated balance sheets as of December 31, 2018 represents the fair value of the estimated exchange feature included in the 1.75% Exchangeable Debentures primarily based on market observable inputs (Level 2). As of December 31, 2018, a holder of the 1.75% Exchangeable Debentures does not have the ability to exchange and, accordingly, such indemnification asset is included as a long-term asset in our consolidated balance sheets. Additionally, as of December 31, 2018, 332,241 of the 1.75% Exchangeable Debentures remain outstanding.

Realized and Unrealized Gains (Losses) on Financial Instruments

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

	Years ended December 31,		
	2018	2017	2016
	amounts in millions		
Equity securities	$ 155	434	723
Exchangeable senior debentures	(3)	(193)	(308)
Indemnification asset	(70)	—	—
Other financial instruments	(6)	(96)	(1)
	$ 76	145	414

(7) Goodwill and Other Intangible Assets

Goodwill

Changes in the carrying amount of goodwill are as follows:

	QVC U.S.	QVC International	zulily	HSN	Corporate and Other	Total
			amounts in millions			
Balance at January 1, 2017	$ 4,305	805	917	—	25	6,052
Acquisition (1)	—	—	—	933	17	950
Foreign currency translation adjustments	—	80	—	—	—	80
Balance at December 31, 2017	4,305	885	917	933	42	7,082
Foreign currency translation adjustments	—	(25)	—	—	—	(25)
Disposition (2)	—	—	—	—	(26)	(26)
Other (3)	—	—	—	(10)	(4)	(14)
Balance at December 31, 2018	$ 4,305	860	917	923	12	7,017

(1) As discussed in note 4, on December 29, 2017, the Company acquired the approximately 62% of HSN it did not already own in an all-stock transaction making HSN a wholly-owned subsidiary. The acquisition resulted in an increase to goodwill of $950 million.

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

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

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

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

Intangible Assets Subject to Amortization

Intangible assets subject to amortization are comprised of the following:

	December 31, 2018			December 31, 2017		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
	amounts in millions					
Television distribution rights	$ 723	(583)	140	730	(652)	78
Customer relationships	3,320	(2,768)	552	3,356	(2,626)	730
Other	1,329	(963)	366	1,268	(828)	440
Total	$ 5,372	(4,314)	1,058	5,354	(4,106)	1,248

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

Amortization expense for intangible assets with finite useful lives was $426 million, $549 million and $703 million for the years ended December 31, 2018, 2017 and 2016, respectively. Based on its amortizable intangible assets as of December 31, 2018, Qurate Retail expects that amortization expense will be as follows for the next five years (amounts in millions):

2019	$ 318
2020	$ 240
2021	$ 166
2022	$ 78
2023	$ 76

Impairments

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

As of December 31, 2018 the Company had no accumulated goodwill impairment losses.

(8) Debt

Debt is summarized as follows:

	Outstanding principal December 31, 2018	Carrying value December 31, 2018	Carrying value December 31, 2017
	amounts in millions		
Corporate level debentures			
8.5% Senior Debentures due 2029	$ 287	286	285
8.25% Senior Debentures due 2030	504	502	502
4% Exchangeable Senior Debentures due 2029	433	304	316
3.75% Exchangeable Senior Debentures due 2030	434	307	318
3.5% Exchangeable Senior Debentures due 2031	318	377	342
0.75% Exchangeable Senior Debentures due 2043	—	2	2
1.75% Exchangeable Senior Debentures due 2046	332	344	868
Subsidiary level notes and facilities			
QVC 3.125% Senior Secured Notes due 2019	400	399	399
QVC 5.125% Senior Secured Notes due 2022	500	500	500
QVC 4.375% Senior Secured Notes due 2023	750	750	750
QVC 4.85% Senior Secured Notes due 2024	600	600	600
QVC 4.45% Senior Secured Notes due 2025	600	599	599
QVC 5.45% Senior Secured Notes due 2034	400	399	399
QVC 5.95% Senior Secured Notes due 2043	300	300	300
QVC 6.375% Senior Secured Notes due 2067	225	225	—
QVC Bank Credit Facilities	1,320	1,320	1,763
HSN Bank Credit Facility	—	—	460
Other subsidiary debt	188	188	170
Deferred loan costs	—	(29)	(24)
Total consolidated Qurate Retail debt	$ 7,591	7,373	8,549
Less debt classified as current		(1,410)	(996)
Total long-term debt		$ 5,963	7,553

Exchangeable Senior Debentures

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

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

Each $1,000 debenture of LI LLC's 3.5% Exchangeable Senior Debentures (the "Motorola Exchangeables") is exchangeable at the holder's option for the value of 5.2598 shares of Motorola Solutions, Inc. The remaining exchange value is payable, at Qurate Retail's option, in cash or MSI stock or a combination thereof. LI LLC, at its option, may redeem the debentures, in whole or in part, for cash generally equal to the adjusted principal amount of the debentures plus accrued interest. As a result of various principal payments made to holders of the Motorola Exchangeables, the adjusted principal amount of each $1,000 debenture is $531 as of December 31, 2018.

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

During the year ended December 31, 2016, holders exchanged, under the terms of the debentures, approximately $523 million principal of the 0.75% Exchangeable Senior Debentures due 2043 and Qurate Retail made cash payments of approximately $1,181 million to settle the obligations. In addition, an extraordinary distribution of approximately $325 million was paid to holders of the 0.75% Exchangeable Senior Debentures due 2043.

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

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

Qurate Retail has sold, split-off or otherwise disposed of all of its shares of MSI, Sprint and CenturyLink common stock which underlie the respective Exchangeable Senior Debentures. Because such exchangeable debentures are exchangeable at the option of the holder at any time and Qurate Retail can no longer use owned shares to redeem the debentures, Qurate Retail has classified for financial reporting purposes the portion due 2043 of the debentures that could be redeemed for cash as a current liability. Exchangeable Senior Debentures classified as current totaled $990 million at

December 31, 2018. Although such amount has been classified as a current liability for financial reporting purposes, the Company believes the probability that the holders of such instruments will exchange a significant principal amount of the debentures prior to maturity is unlikely.

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

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

Senior Debentures

Interest on the 8.5% Senior Debentures due 2029 and the 8.25% Senior Debentures due 2030 (the “Senior Debentures”) is payable semi-annually based on the date of issuance. The Senior Debentures are stated net of an aggregate unamortized discount of $3 million at December 31, 2018 and $4 million at December 31, 2017. Such discount is being amortized to interest expense in the accompanying consolidated statements of operations.

QVC Senior Secured Notes

On March 18, 2014, QVC issued $400 million principal amount of 3.125% Senior Secured Notes due 2019 at an issue price of 99.828% and $600 million principal amount of 4.85% Senior Secured Notes due 2024 at an issue price of 99.927% (collectively, the “March Notes”). The March Notes are secured by the capital stock of QVC and certain of QVC’s subsidiaries and have equal priority to QVC’s senior secured credit facility. On August 21, 2014, QVC issued $600 million principal amount of 4.45% Senior Secured Notes due 2025 at an issue price of 99.860% and $400 million principal amount 5.45% Senior Secured Notes due 2034 at an issue price of 99.784% (collectively, the “August Notes”). The August Notes are secured by the capital stock of QVC and certain of QVC’s subsidiaries and have equal priority to QVC’s senior secured credit facility. During prior years, QVC issued $500 million principal amount of 5.125% Senior Secured Notes due 2022 at par, $750 million principal amount of 4.375% Senior Secured Notes due 2023 at par and $300 million principal amount of 5.95% Senior Secured Notes due 2043 at par.

In September 2018, QVC completed a registered debt offering for $225 million of 6.375% Senior Notes due 2067 (the “2067 Notes”). The proceeds were used to partially prepay existing indebtedness under QVC’s senior secured credit facility and for general corporate purposes. The costs to complete the financing were deferred and are being amortized to interest expense over the term of the 2067 Notes. Interest on the 2067 Notes will be paid quarterly in March, June, September and December, commencing on December 15, 2018. QVC has the option to call the 2067 Notes after 5 years at par value.

QVC Bank Credit Facilities

On December 31, 2018, QVC entered into the Fourth Amended and Restated Credit Agreement with zulily as co-borrower (collectively, the “Borrowers”) which is a multi-currency facility that provides for a $3.65 billion revolving credit facility, with a $450 million sub-limit for standby letters of credit and up to $1.8 billion of uncommitted incremental revolving loan commitments or incremental term loans. The Fourth Amended and Restated Credit Agreement includes a $400 million tranche that may be borrowed by the Company or zulily, with a $50 million sub-limit for standby letters of credit. The remaining $3.25 billion and any incremental loans may be borrowed only by the Company. Borrowings that are alternate base rate loans will bear interest at a per annum rate equal to the base rate plus a margin that varies between 0.25% and 0.75% depending on the Borrowers' combined ratio of consolidated total debt to consolidated EBITDA (the "consolidated leverage ratio"). Borrowings that are LIBOR loans will bear interest at a per annum rate equal to the applicable LIBOR plus a margin that varies between 1.25% and 1.75% depending on the Borrowers' combined consolidated leverage ratio. Each loan may be prepaid at any time and from time to time without penalty other than customary breakage costs. No mandatory prepayments will be required other than when borrowings and letter of credit usage exceed availability; provided that, if zulily ceases to be controlled by Qurate Retail, all of its loans must be repaid and its letters of credit cash collateralized. The facility matures on December 31, 2023. Payment of loans may be accelerated following certain customary events of default.

The purpose of the amendment was to, among other things, repay certain fees and expenses, finance working capital needs and general corporate purposes of the Company and their respective subsidiaries and make certain restricted payments and loans to the Company's respective parents and affiliates. The payment and performance of the borrowers' obligations (including zulily's obligations) under the Fourth Amended and Restated Credit Agreement are guaranteed by each of QVC's Material Domestic Subsidiaries (as defined in the Fourth Amended and Restated Credit Agreement). Further, the borrowings under the Fourth Amended and Restated Credit Agreement are secured, *pari passu* with QVC's existing notes, by a pledge of all of QVC's equity interests. In addition, the payment and performance of the borrowers' obligations with respect to the $400 million tranche available to both QVC and zulily are also guaranteed by zulily and secured by a pledge of all of zulily's equity interests.

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

The interest rate on borrowings outstanding under the Fourth Amended and Restated Credit Agreement was 3.9% at December 31, 2018. Availability under the Fourth Amended and Restated Credit Agreement at December 31, 2018 was $2.3 billion, net of $20 million of outstanding standby letters of credit.

HSN Bank Credit Facility

On January 27, 2015, HSN entered into a $1.25 billion five-year syndicated credit agreement ("Credit Agreement") which was secured by 100% of the voting equity securities of HSN's U.S. subsidiaries and 65% of HSN's first-tier foreign subsidiaries. Certain HSN subsidiaries have unconditionally guaranteed HSN's obligations under the Credit Agreement. The Credit Agreement, which included a $750 million revolving credit facility and a $500 million term loan, could be increased up to $1.75 billion subject to certain conditions and was set to expire on January 27, 2020. On December 29, 2017, the Credit Agreement was amended, the outstanding balance on the term loan was repaid, and the revolving credit facility was increased to $1 billion. The maturity of the revolving credit facility was extended to December 29, 2022. Loans under the amended Credit Agreement bore interest at a per annum rate equal to LIBOR plus a predetermined margin that ranges from 1.25% to 1.75% or the Base Rate (as defined in the Credit Agreement) plus a predetermined margin that ranges from 0.25% to 0.75%. HSN paid a commitment fee ranging from 0.20% to 0.30% (based on the leverage ratio) on the unused portion of the revolving credit facility. On December 31, 2018, the HSN Credit Agreement was terminated and the outstanding balance on the term loan was repaid. As a result of the termination of the

HSN Credit Agreement, the Company recorded a loss on debt extinguishment of $2 million within Other, net in the consolidated statements of operation.

Interest Rate Swap Arrangements

During the year ended December 31, 2016, QVC entered into a three-year interest rate swap arrangement with a notional amount of $125 million to mitigate the interest rate risk associated with interest payments related to its variable rate debt. The swap arrangement does not qualify as a cash flow hedge under GAAP. Accordingly, changes in the fair value of the swap are reflected in Realized and unrealized gains (losses) on financial instruments, net in the accompanying consolidated statements of operations.

As of December 31, 2017, HSN had an outstanding interest rate swap that effectively converted $250 million of its variable rate bank credit facility to a fixed rate of 1.05% with a maturity date in January 2020 (the swapped fixed rate is exclusive of the credit spread under the Credit Agreement). Based on HSN's leverage ratio as of December 31, 2017, the all-in fixed rate was 2.3525%. The Company accounts for the interest rate swaps at fair value with changes recorded through other (expense) income in the consolidated statements of operations. On December 31, 2018, the interest rate swap was terminated as a result of the termination of the HSN Credit Agreement. Subsequently, QVC entered into a thirteen month interest rate swap arrangement with the same terms.

Other Subsidiary Debt

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

Debt Covenants

Qurate Retail and its subsidiaries were in compliance with all debt covenants at December 31, 2018.

Five Year Maturities

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

2019	$	433
2020	$	32
2021	$	32
2022	$	530
2023	$	2,101

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. The fair value, based on quoted prices of instruments not considered to be active markets (Level 2), of Qurate Retail's publicly traded debt securities that are not reported at fair value in the accompanying consolidated balance sheets is as follows (amounts in millions):

	December 31,	
	2018	2017
Senior debentures	$ 786	866
QVC senior secured notes	$ 3,573	3,636

Due to the variable rate nature, Qurate Retail believes that the carrying amount of its subsidiary debt not discussed above approximated fair value at December 31, 2018.

(9) Income Taxes

On December 22, 2017, the U.S. government enacted the Tax Act. The Tax Act makes broad and complex changes to the U.S. tax code, including, but not limited to, (1) reducing the U.S. federal corporate tax rate from 35 percent to 21 percent; (2) providing bonus depreciation that will allow for full expensing of qualified property; (3) creating a new limitation on deductible interest expense; (4) eliminating the corporate alternative minimum tax ("AMT") and changing how existing AMT credits can be realized; (5) changing rules related to uses and limitations of net operating loss carryforwards created in tax years beginning after December 31, 2017; (6) adding limitations on the deductibility of certain executive compensation; and (7) requiring a one-time transition tax on certain unrepatriated earnings of foreign subsidiaries that is payable over eight years. The SEC issued guidance on accounting for the tax effects of the Tax Act. The Company reflected the income tax effects of those aspects of the Tax Act for which the accounting is known as of December 31, 2017 and made immaterial revisions to such amounts during the allowed one year measurement period. As of December 31, 2018, the Company has completed its analysis of the tax effects of the Tax Act.

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

Income tax benefit (expense) consists of:

	Years ended December 31,		
	2018	2017	2016
	amounts in millions		
Current:			
Federal	$ (126)	(61)	(40)
State and local	(35)	(23)	(12)
Foreign	(84)	(88)	(73)
	$ (245)	(172)	(125)
Deferred:			
Federal	$ 131	1,252	(186)
State and local	57	(95)	(9)
Foreign	(3)	—	4
	185	1,157	(191)
Income tax benefit (expense)	$ (60)	985	(316)

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

	Years ended December 31,		
	2018	2017	2016
	amounts in millions		
Domestic	$ 683	841	923
Foreign	200	209	168
Total	$ 883	1,050	1,091

Income tax benefit (expense) differs from the amounts computed by applying the U.S. federal income tax rate of 21% in 2018 and 35% in 2017 and 2016 as a result of the following:

	Years ended December 31,		
	2018	2017	2016
	amounts in millions		
Computed expected tax benefit (expense)	$ (186)	(367)	(382)
State and local income taxes, net of federal income taxes	(13)	(16)	(11)
Foreign taxes, net of foreign tax credits	(5)	(32)	(9)
Dividends received deductions	—	10	9
Alternative energy tax credits and incentives	92	85	94
Change in valuation allowance affecting tax expense	9	(100)	(16)
Change in tax rate due to Tax Act	—	1,317	—
Change in state tax rate	61	(71)	1
Consolidation of equity investment	—	138	—
Other, net	(18)	21	(2)
Income tax benefit (expense)	$ (60)	985	(316)

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

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

The Company has also evaluated the impact of the one-time mandatory repatriation provision of the Tax Act. Under that provision, earnings and profits of certain of the Company's foreign subsidiaries not previously subjected to US tax could be subjected to US tax in 2017 at reduced rates. The Tax Act allows that earnings and profits deficits of certain subsidiaries may be used to offset the surpluses in others in computing the amount subject to the tax under the mandatory repatriation provision. The Company has performed an evaluation of its earnings and profits of its foreign subsidiaries and concluded that deficits in some of the subsidiaries offset the surpluses in others so that no amount is subject to the mandatory repatriation provision of the Tax Act.

Income tax expense was lower than the U.S. statutory tax rate of 35% in 2016 due to tax benefits derived from Qurate Retail's alternative energy tax credits and incentives.

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

	December 31, 2018	December 31, 2017
	amounts in millions	
Deferred tax assets:		
Tax losses and capital loss carryforwards	$ 177	160
Foreign tax credit carryforwards	121	98
Accrued stock compensation	30	51
Other accrued liabilities	65	19
Other future deductible amounts	110	190
Deferred tax assets	503	518
Valuation allowance	(154)	(165)
Net deferred tax assets	349	353
Deferred tax liabilities:		
Investments	55	600
Intangible assets	1,123	1,188
Discount on exchangeable debentures	1,067	981
Deferred gain on debt retirements	—	43
Other	29	41
Deferred tax liabilities	2,274	2,853
Net deferred tax liabilities	$ 1,925	2,500

The Company's valuation allowance decreased $11 million in 2018, and $9 million of the change in valuation allowance affected tax expense and is primarily the result of new provisions in the Tax Act that changed the Company's judgment with respect to the future utilization of its foreign tax credit carryforward. The remaining $2 million affected equity.

At December 31, 2018, the Company has a deferred tax asset of $177 million for net operating losses and interest expense carryforwards, and a deferred tax asset of $121 million for foreign tax credit carryforwards. The net operating losses are expected to be utilized prior to expiration, except for $107 million. As a result of the international provisions in the Tax Act, the Company estimates that $47 million of its foreign tax credit carryforward will expire without utilization.

A reconciliation of unrecognized tax benefits is as follows:

	Years ended December 31,		
	2018	2017	2016
	amounts in millions		
Balance at beginning of year	$ 71	72	104
Additions based on tax positions related to the current year	9	10	16
Additions for tax positions of prior years	2	4	—
Reductions for tax positions of prior years	—	—	(26)
Lapse of statute and settlements	(12)	(15)	(22)
Balance at end of year	$ 70	71	72

As of December 31, 2018, 2017 and 2016, the Company had recorded tax reserves of $70 million, $71 million and $72 million, respectively, related to unrecognized tax benefits for uncertain tax positions. If such tax benefits were to be recognized for financial statement purposes, $56 million, $60 million and $50 million for the years ended December 31, 2018, 2017 and 2016, respectively, would be reflected in the Company's tax expense and affect its effective tax rate. Qurate Retail's estimate of its unrecognized tax benefits related to uncertain tax positions requires a high degree of judgment. The Company has tax positions for which the amount of related unrecognized tax benefits could change during 2018. The amount of unrecognized tax benefits related to these issues could change as a result of potential settlements, lapsing of statute of limitations and revisions of estimates. It is reasonably possible that the amount of the Company's gross unrecognized tax benefits may decrease within the next twelve months by up to $0.6 million.

As of December 31, 2018, the Company's tax years prior to 2015 are closed for federal income tax purposes, and the IRS has completed its examination of the Company's 2015 and 2016 tax years. The Company's 2017 and 2018 tax years are being examined currently as part of the IRS's Compliance Assurance Process ("CAP") program. Various states are currently examining the Company's prior years' state income tax returns. The Company is not under audit in any foreign tax jurisdictions, and no QVC subsidiaries are currently under audit in any foreign jurisdiction.

The Company recorded $20 million of accrued interest and penalties related to uncertain tax positions as of December 31, 2018, and $17 million as of each of December 31, 2017 and 2016.

(10) Stockholders' Equity

Preferred Stock

Qurate Retail's preferred stock is issuable, from time to time, with such designations, preferences and relative participating, optional or other rights, qualifications, limitations or restrictions thereof, as shall be stated and expressed in a resolution or resolutions providing for the issue of such preferred stock adopted by Qurate Retail's Board of Directors. As of December 31, 2018, no shares of preferred stock were issued.

Common Stock

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

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

As of December 31, 2018, Qurate Retail reserved for issuance upon exercise of outstanding stock options approximately 28.4 million shares of Series A Qurate Retail common stock and approximately 1.8 million shares of Series B Qurate Retail common stock.

In addition to the Series A and Series B Qurate Retail common stock, there are 4 billion shares of Series C Qurate Retail common stock authorized for issuance, respectively. As of December 31, 2018, no shares of any Series C Qurate Retail common stock were issued or outstanding.

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

Additionally, as discussed in note 1, on November 4, 2016, Qurate Retail completed the Expedia Holdings Split-Off. The Expedia Holdings Split-Off was accomplished by the redemption of (i) 0.4 of each outstanding share of Qurate Retail's Series A Liberty Ventures common stock for 0.4 of a share of Expedia Holdings Series A common stock and (ii) 0.4 of each outstanding share of Qurate Retail's Series B Liberty Ventures common stock for 0.4 of a share of Expedia Holdings Series B common stock, in each case, with cash paid in lieu of any fractional shares of Liberty Ventures common stock or Expedia Holdings common stock (after taking into account all of the shares owned of record by each holder thereof, as applicable).

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

Purchases of Common Stock

During the year ended December 31, 2016, the Company repurchased 34,836,196 shares of Series A Qurate Retail common stock for aggregate cash consideration of $799 million.

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

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

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

(11) Related Party Transactions with Officers and Directors

Chairman Compensation Arrangement

In December 2014, the Compensation Committee of Qurate Retail approved a compensation arrangement, including term options discussed in note 12, for its current Chairman of the Board (the "Chairman"). The arrangement provides for a five year employment term beginning January 1, 2015 and ending December 31, 2019, with an annual base salary of $960,750, increasing annually by 5% of the prior year's base salary, and an annual target cash bonus equal to 250% of the applicable year's annual base salary. The arrangement also provides that, in the event the Chairman is terminated for "cause," he will be entitled only to his accrued base salary and any amounts due under applicable law and he will forfeit all rights to his unvested term options. If, however, the Chairman is terminated by Qurate Retail without cause or if he terminates his employment for “good reason,” the arrangement provides for him to receive his accrued base salary, his accrued but unpaid bonus and any amounts due under applicable law, a severance payment of 1.5 times his base salary during the year of his termination, a payment equal to $11.75 million pro rated based upon the elapsed number of days in the calendar year of termination, a payment equal to $17.5 million, and for his unvested term options to generally vest pro rata based on the portion of the term elapsed through the termination date plus 18 months and for all vested and accelerated options to remain exercisable until their respective expiration dates. If the Chairman terminates his employment without “good reason,” he will be entitled to his accrued base salary, his accrued but unpaid bonus and any amounts due under applicable law, a payment equal to $11.75 million pro rated based upon the elapsed number of days in the calendar year of termination, and for his unvested term options to generally vest pro rata based on the portion of the term elapsed through the termination date and all vested and accelerated options to remain exercisable until their respective expiration dates. Lastly, in the case of the Chairman's death or his disability, the arrangement provides that he will be entitled only to his accrued base salary and any amounts due under applicable law, a payment of 1.5 times his base salary during that year, a payment equal to $11.75 million pro rated based upon the elapsed number of days in the calendar year of termination, a payment equal to $17.5 million and for his unvested term options to fully vest and for his vested and accelerated term options to remain exercisable until their respective expiration dates.

Pursuant to the Chairman’s compensation arrangement, he receives aggregate target equity awards allocated between Qurate Retail and Liberty Media in the amounts of $16 million with respect to calendar year 2015, $17 million with respect to calendar year 2016, $18 million with respect to calendar year 2017, $19 million with respect to calendar year 2018 and $20 million with respect to calendar year 2019. In addition, Qurate Retail and Liberty Media’s compensation committees may grant additional equity awards each year up to a maximum of 50% of the target amount allocated to Qurate Retail for the relevant year.

CEO Compensation Agreement

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

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

(12) Stock-Based Compensation

Qurate Retail - Incentive Plans

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

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

In connection with the Expedia Holdings Split-Off in November 2016, the holder of an outstanding award to purchase shares of Liberty Ventures Series A and Series B common stock (a "Liberty Ventures Award") received an Award to purchase shares of the corresponding series of Expedia Holdings common stock and an adjustment to the exercise price and number of shares subject to the Liberty Ventures Award (as so adjusted, an "Adjusted Liberty Ventures Award"). Following the Expedia Holdings Split-Off, employees of Qurate Retail hold Awards in both Liberty Ventures common stock and Expedia Holdings common stock. The compensation expense relating to employees of Qurate Retail is recorded at Qurate Retail.

In connection with the CommerceHub Spin-Off in July 2016, the holder of an outstanding award to purchase shares of Liberty Ventures Series A and Series B common stock (an "Original Liberty Ventures Award") received an adjustment to the exercise price and number of shares subject to the Original Liberty Ventures Award (as so adjusted, an "Adjusted Liberty Ventures Award"). A holder of an Original Liberty Ventures Award who was a member of the board of directors or an officer of Qurate Retail holding the position of Vice President or above also received an Award to purchase shares of the corresponding series of CommerceHub common stock as well as Series C CommerceHub common stock (in each case, a "CommerceHub Award"). Following the CommerceHub Spin-Off, employees of Qurate Retail may hold Awards in both Liberty Ventures common stock and CommerceHub common stock. The compensation expense relating to employees of Qurate Retail is recorded at Qurate Retail.

Qurate Retail – Grants

The following table presents the number and weighted average grant-date fair value ("GDFV") of options granted by Qurate Retail during the years ended December 31, 2018, 2017 and 2016:

	For the Years ended December 31,					
	2018		2017		2016	
	Options Granted (000's)	Weighted Average GDFV	Options Granted (000's)	Weighted Average GDFV	Options Granted (000's)	Weighted Average GDFV
Series A Qurate Retail common stock, QVC employees (1)	2,924	$ 8.76	3,115	$ 7.86	2,860	$ 7.84
Series A Qurate Retail common stock, zulily employees (1)	336	$ 8.65	483	$ 7.86	433	$ 7.57
Series A Qurate Retail common stock, HSN employees (1)	859	$ 8.77	NA	NA	NA	NA
Series A Qurate Retail common stock, Liberty employees and directors (2)	72	$ 7.31	518	$ 7.81	421	$ 8.02
Series A Qurate Retail common stock, Qurate Retail President and CEO (3)	577	$ 7.09	NA	NA	NA	NA
Series B Qurate Retail common stock, Qurate Retail Chairman of the Board (4)	175	$ 8.84	154	$ 7.92	730	$ 7.47
Series A Ventures Group common stock, Qurate Retail employees and directors (2)	NA	$ NA	188	$ 16.52	114	$ 12.25
Series B Ventures Group common stock, Qurate Retail Chairman of the Board (4)	143	$ 16.55	269	$ 15.41	209	$ 12.48

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

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

(3) Vests 50% on each of December 15, 2019 and 2020.

(4) Grants in 2018, 2017 and 2016 cliff vested at the end of their respective grant year. Grants were made in connection with his employment agreement (see note 11).

In connection with the Option Exchange in 2017 (see below), Qurate Retail granted 5.9 million, 946 thousand and 1.1 million options to purchase shares of Series A Qurate Retail common stock, Series A Liberty Ventures common stock and Series B Liberty Ventures common stock, respectively. Such options had an incremental weighted average GDFV of $3.49, $8.53 and $6.94, respectively.

In addition to the stock option grants to the Qurate Retail Chairman of the Board, Qurate Retail granted performance-based restricted stock units ("RSUs") of Series B Qurate Retail common stock in 2018, 2017 and 2016 of 124 thousand, 115 thousand and 53 thousand, respectively. The RSUs had a fair value of $27.56, $19.90 and $25.11 per share, respectively, at the time they were granted. Qurate Retail also granted performance-based RSUs of Series B Liberty Ventures common stock in 2016 of 16 thousand. The RSUs had a fair value of $38.79 per share at the time they were granted. The 2018, 2017 and 2016 performance-based RSUs cliff vested in one year, subject to the satisfaction of certain performance objectives and based on an amount determined by the compensation committee.

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

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

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

The Company has calculated the GDFV for all of its equity classified awards using the Black-Scholes-Merton Model. The Company estimates the expected term of the Awards based on historical exercise and forfeiture data. For grants made in 2018, 2017 and 2016, the range of expected terms was 2.0 to 6.4 years. The volatility used in the calculation for Awards is based on the historical volatility of Liberty's stocks and the implied volatility of publicly traded Liberty options. The Company uses a zero dividend rate and the risk-free rate for Treasury Bonds with a term similar to that of the subject options.

The following table presents the range of volatilities used by Qurate Retail in the Black-Scholes-Merton Model for the 2018, 2017 and 2016 Qurate Retail and Liberty Ventures grants.

	Volatility		
2018 grants			
Qurate Retail options	29.7 %	-	30.5 %
Liberty Ventures options	27.9 %	-	27.9 %
2017 grants			
Qurate Retail options	26.9 %	-	32.7 %
Liberty Ventures options	25.9 %	-	28.9 %
2016 grants			
Qurate Retail options	27.4 %	-	27.4 %
Liberty Ventures options	30.6 %	-	30.6 %

Qurate Retail - Outstanding Awards

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

	Qurate Retail							
	Series A				Series B			
	Awards (000's)	WAEP	Weighted average remaining life	Aggregate intrinsic value (in millions)	Awards (000's)	WAEP	Weighted average remaining life	Aggregate intrinsic value (in millions)
Outstanding at January 1, 2018	32,361	$ 23.48			1,643	$ 27.16		
Granted	4,768	$ 26.78			175	$ 27.77		
Exercised	(4,269)	$ 16.47			—	$ —		
Forfeited/Cancelled	(4,422)	$ 27.43			—	$ —		
Outstanding at December 31, 2018	28,438	$ 24.47	3.6 years	$ 23	1,818	$ 27.22	4.0 years	$ —
Exercisable at December 31, 2018	17,371	$ 23.80	2.6 years	$ 20	1,495	$ 26.65	4.2 years	$ —

	Liberty Ventures							
	Series A				Series B			
	Awards (000's)	WAEP	Weighted average remaining life	Aggregate intrinsic value (in millions)	Awards (000's)	WAEP	Weighted average remaining life	Aggregate intrinsic value (in millions)
Outstanding at January 1, 2018	1,670	$ 47.12			1,080	$ 56.38		
Granted	—	$ —			143	$ 54.01		
Exercised	(2)	$ 18.41			—	$ —		
Forfeited/Cancelled	—	$ —			—	$ —		
GCI Liberty Split-Off	(1,668)	$ 47.15			(1,223)	$ 56.10		
Outstanding at December 31, 2018	—	$ —	— years	$ —	—	$ —	— years	$ —

As of December 31, 2018, the total unrecognized compensation cost related to unvested Qurate Retail Awards was approximately $71 million. Such amount will be recognized in the Company's consolidated statements of operations over a weighted average period of approximately 1.7 years.

As of December 31, 2018, Qurate Retail reserved 30.3 million shares of Series A and Series B common stock for issuance under exercise privileges of outstanding stock Awards.

Qurate Retail - Exercises

The aggregate intrinsic value of all options exercised during the years ended December 31, 2018, 2017 and 2016 was $28 million, $145 million and $44 million, respectively. The aggregate intrinsic value of options exercised for the year ended December 31, 2017 includes approximately $104 million related to the intrinsic value of options exercised as a result of the Option Exchange.

Qurate Retail - Restricted Stock

The Company had approximately 4.2 million unvested restricted shares of Qurate Retail common stock, held by certain directors, officers and employees of the Company as of December 31, 2018. These Series A and Series B unvested restricted shares of Qurate Retail had a weighted average GDFV of $24.28 per share.

The aggregate fair value of all restricted shares of Qurate Retail common stock that vested during the years ended December 31, 2018, 2017 and 2016 was $64 million, $23 million and $26 million, respectively.

Other

Certain of the Company's other subsidiaries have stock-based compensation plans under which employees and non-employees are granted options or similar stock-based awards. Awards made under these plans vest and become exercisable over various terms and are typically cash settled and recorded as liability awards. During the year ended December 31, 2016, approximately $90 million of cash payments were made to settle CommerceHub stock based awards. The awards and compensation recorded, if any, under the plans at the other subsidiaries are not significant to Qurate Retail.

(13) Employee Benefit Plans

Subsidiaries of Qurate Retail sponsor 401(k) plans, which provide their employees an opportunity to make contributions to a trust for investment in Qurate Retail common stock, as well as other mutual funds. The Company's subsidiaries make matching contributions to their plans based on a percentage of the amount contributed by employees. Employer cash contributions to all plans aggregated $26 million, $20 million and $25 million, respectively, for the years ended December 31, 2018, 2017 and 2016, respectively.

(14) Other Comprehensive Earnings (Loss)

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

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

	Foreign currency translation adjustments	Share of AOCI of equity affiliates	Comprehensive Earnings (loss) Attributable to Debt Credit Risk Adjustments	Other	AOCI
	amounts in millions				
Balance at January 1, 2016	$ (175)	(40)	—	—	(215)
Other comprehensive earnings (loss) attributable to Qurate Retail, Inc. stockholders	(85)	(1)	—	—	(86)
Distribution of Liberty Expedia Holdings	—	35	—	—	35
Balance at December 31, 2016	(260)	(6)	—	—	(266)
Other comprehensive earnings (loss) attributable to Qurate Retail, Inc. stockholders	130	3	—	—	133
Balance at December 31, 2017	$ (130)	(3)	—	—	(133)
Other comprehensive earnings (loss) attributable to Qurate Retail, Inc. stockholders	(50)	(2)	38	16	2
Cumulative effect of accounting change	—	—	—	76	76
Balance at December 31, 2018	$ (180)	(5)	38	92	(55)

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

	Before-tax amount	Tax (expense) benefit	Net-of-tax amount
	amounts in millions		
Year ended December 31, 2018:			
Foreign currency translation adjustments	$ (49)	1	(48)
Recognition of previously unrealized losses (gains) on debt, net	21	(5)	16
Share of other comprehensive earnings (loss) of equity affiliates	(3)	1	(2)
Comprehensive earnings (loss) attributable to debt credit risk adjustments	50	(12)	38
Other comprehensive earnings (loss)	$ 19	(15)	4
Year ended December 31, 2017:			
Foreign currency translation adjustments	$ 155	(21)	134
Share of other comprehensive earnings (loss) of equity affiliates	5	(2)	3
Other comprehensive earnings (loss)	$ 160	(23)	137
Year ended December 31, 2016:			
Foreign currency translation adjustments	$ (97)	13	(84)
Share of other comprehensive earnings (loss) of equity affiliates	(8)	3	(5)
Other comprehensive earnings (loss) from discontinued operations	(3)	1	(2)
Other	10	(4)	6
Other comprehensive earnings (loss)	$ (98)	13	(85)

(15) Commitments and Contingencies

Operating Leases

Qurate Retail leases business offices, has entered into satellite transponder lease agreements and uses certain equipment under lease arrangements. Rental expense under such arrangements amounted to $80 million, $45 million and $46 million for the years ended December 31, 2018, 2017 and 2016, respectively.

A summary of future minimum lease payments under noncancelable operating leases as of December 31, 2018 follows (amounts in millions):

Years ending December 31:	
2019	$ 72
2020	$ 61
2021	$ 52
2022	$ 42
2023	$ 36
Thereafter	$ 115

It is expected that in the normal course of business, leases that expire generally will be renewed or replaced by leases on other properties; thus, it is anticipated that future lease commitments will not be less than the amount shown for 2018.

Distribution Center Lease

On July 2, 2015, QVC entered into a lease (the "Lease") for a west coast distribution center. Pursuant to the Lease, the landlord built an approximately one million square foot rental building in Ontario, California (the "Premises"), and thereafter leased the Premises to QVC as its new west coast distribution center for an initial term of 15 years. Under the Lease, QVC was required to pay an initial base rent of approximately $6 million per year, increasing to approximately $8 million per year by the final year of the initial term, as well as all real estate taxes and other building operating costs. QVC also had an option to extend the term of the Lease for up to two consecutive terms of 10 years each.

In August 2018, QVC exercised the right to purchase the Premises and related land from the landlord by entering into an amended and restated agreement ("New Lease"). QVC made an initial payment of $10 million and will make annual payments of $12 million over a term of 13 years. QVC treats the New Lease within capital lease obligations and lease payments are attributed to: (1) a reduction of the principal obligation and (2) imputed interest expense. In connection with the New Lease, QVC capitalized the related land at fair market value while the building asset is currently being depreciated over its estimated useful life of 20 years.

On October 5, 2018, QVC entered into a lease ("ECDC Lease") for an East Coast distribution center as part of the QRG Initiatives. The 1.7 million square foot rental building is located in Bethlehem, Pennsylvania and will be leased to QVC for an initial term of 15 years. QVC expects the ECDC Lease to commence in the third quarter of 2019, at which point the discounted value of the ECDC Lease will be recorded as an asset and a liability in the consolidated balance sheets in accordance with ASU 2016-02, which the Company will adopt on January 1, 2019. Under the ECDC Lease, QVC will be required to pay an initial base rent of approximately $10 million per year, increasing to approximately $14 million per year, as well as all real estate taxes and other building operating costs. QVC also has the option to extend the term of the ECDC Lease for up to two consecutive terms of 5 years each and one final term of 4 years.

Litigation

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

(16) Information About Qurate Retail's Operating Segments

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

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

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

During the second quarter of 2018 the Company changed its reportable segments to include QVC U.S. and QVC International, and presented prior period information to conform with this change. Previously, QVC was considered one reportable segment. As a result of the GCI Liberty Split-Off, and the related management transitions, a new Chief Operating Decision Maker (“CODM”) was identified, and the information that the new CODM reviews is aggregated differently than it was prior to the Transactions.

For the year ended December 31, 2018, Qurate Retail has identified the following consolidated subsidiaries as its reportable segments:

- QVC U.S. and QVC International – QVC markets and sells a wide variety of consumer products in the United States and several foreign countries, primarily by means of its televised shopping programs and via the Internet through its domestic and international websites and mobile applications.
- HSN – consolidated subsidiary that markets and sells a wide variety of consumer products primarily in the U.S. by means of its televised shopping programs and via the Internet and mobile transactions through its domestic websites.
- zulily – consolidated subsidiary that markets and sells unique products in the U.S. and several foreign countries through flash sales events, primarily through its desktop and mobile websites and mobile applications.

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

Performance Measures

	Years ended December 31,					
	2018		2017		2016	
	Revenue	Adjusted OIBDA	Revenue	Adjusted OIBDA	Revenue	Adjusted OIBDA
	amounts in millions					
QVC U.S.	$ 6,349	1,417	6,140	1,455	6,120	1,435
QVC International	2,738	429	2,631	451	2,562	405
HSN	2,202	213	NA	NA	NA	NA
zulily	1,817	108	1,613	91	1,547	112
Corporate and other	973	(13)	23	(47)	428	(13)
Inter-segment eliminations	(9)	—	(3)	—	(10)	—
Consolidated Qurate Retail	$ 14,070	2,154	10,404	1,950	10,647	1,939

Other Information

	December 31, 2018			December 31, 2017		
	Total assets	Investments in affiliates	Capital expenditures	Total assets	Investments in affiliates	Capital expenditures
	amounts in millions					
QVC U.S..	$ 9,900	38	143	9,544	40	116
QVC International	2,154	—	67	2,121	—	36
HSN	2,917	—	18	2,798	—	—
zulily	2,199	—	24	2,323	—	49
Corporate and other	671	97	23	7,336	269	3
Inter-group eliminations	—	—	—	—	—	—
Consolidated Qurate Retail	$ 17,841	135	275	24,122	309	204

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

	Years ended December 31,		
	2018	2017	2016
	amounts in millions		
Consolidated segment Adjusted OIBDA	$ 2,154	1,950	1,939
Stock-based compensation	(88)	(123)	(97)
Depreciation and amortization	(637)	(725)	(874)
Transaction related costs	(72)	(59)	—
Impairment of intangible assets and long lived assets	(33)	—	—
Operating income	1,324	1,043	968
Interest expense	(381)	(355)	(363)
Share of earnings (loss) of affiliates, net	(162)	(200)	(68)
Realized and unrealized gains (losses) on financial instruments, net.	76	145	414
Gains (losses) on transactions, net	1	410	9
Tax sharing income (expense) with GCI Liberty, Inc.	32	—	—
Other, net	(7)	7	131
Earnings (loss) from continuing operations before income taxes	$ 883	1,050	1,091

Revenue by Geographic Area

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

	Years ended December 31,		
	2018	2017	2016
	amounts in millions		
United States	$ 11,233	7,684	7,979
Japan	947	934	900
Germany	943	899	866
Other foreign countries	947	887	902
	$ 14,070	10,404	10,647

Long-lived Assets by Geographic Area

	December 31,	
	2018	2017
	amounts in millions	
United States	$ 869	895
Japan	165	143
Germany	161	164
Other foreign countries	127	139
	$ 1,322	1,341

(17) Quarterly Financial Information (Unaudited)

As discussed in note 5, on March 9, 2018, Qurate Retail completed the GCI Liberty Split-Off. The unaudited quarterly information below for 2018 and 2017 reflect Qurate Retail's interest in Liberty Broadband as a discontinued operation for all periods presented.

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

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	amounts in millions, except per share amounts			
2017:				
Revenue	$ 2,327	2,352	2,381	3,344
Operating income	$ 213	254	208	368
Net earnings (loss)	$ 519	184	308	1,476
Net earnings (loss) attributable to Qurate Retail, Inc. stockholders:				
Series A and Series B Qurate Retail common stock	$ 91	111	119	887
Series A and Series B Liberty Ventures common stock	$ 416	64	177	576
Basic net earnings (loss) from continuing operations attributable to Qurate Retail, Inc. stockholders per common share:				
Series A and Series B Qurate Retail common stock	$ 0.20	0.25	0.27	2.07
Series A and Series B Liberty Ventures common stock	$ 4.89	0.75	2.06	6.70
Diluted net earnings (loss) from continuing operations attributable to Qurate Retail, Inc. stockholders per common share:				
Series A and Series B Qurate Retail common stock	$ 0.20	0.24	0.26	2.05
Series A and Series B Liberty Ventures common stock	$ 4.84	0.74	2.03	6.70
Basic net earnings (loss) attributable to Qurate Retail, Inc. stockholders per common share:				
Series A and Series B Qurate Retail common stock	$ 0.20	0.25	0.27	2.07
Series A and Series B Liberty Ventures common stock	$ 4.89	0.75	2.06	6.70
Diluted net earnings (loss) attributable to Qurate Retail, Inc. stockholders per common share:				
Series A and Series B Qurate Retail common stock	$ 0.20	0.24	0.26	2.05
Series A and Series B Liberty Ventures common stock	$ 4.84	0.74	2.03	6.70

CORPORATE DATA

BOARD OF DIRECTORS

Gregory B. Maffei
Chairman of the Board
Qurate Retail, Inc.

Richard N. Barton
Co-Founder and Chief Executive Officer
Zillow Group, Inc.

Fiona P. Dias
Principal Digital Partner
Ryan Retail Consulting

Michael A. George
President and Chief Executive Officer
Qurate Retail, Inc.

M. Ian G. Gilchrist
Director and President
Trine Acquisition Corp.

Evan D. Malone, Ph.D.
President
NextFab Studio, LLC

John C. Malone
Chairman of the Board
Liberty Media Corporation

David E. Rapley
Retired
President and Chief Executive Officer
Rapley Consulting, Inc.

Larry E. Romrell
Retired Executive Vice President
Tele-Communications, Inc.

Mark C. Vadon
Co-Founder and Former
Chairman of the Board
Zulily

Andrea L. Wong
Former President, International Production
Sony Pictures Television
Former President, International
Sony Pictures Entertainment

EXECUTIVE COMMITTEE

Michael A. George

Gregory B. Maffei

John C. Malone

COMPENSATION COMMITTEE

Larry E. Romrell (Chairman)

Mark C. Vadon

Andrea L. Wong

AUDIT COMMITTEE

M. Ian G. Gilchrist (Chairman)

David E. Rapley

Larry E. Romrell

NOMINATING & CORPORATE GOVERNANCE COMMITTEE

David E. Rapley (Chairman)

Richard N. Barton

Mark C. Vadon

SENIOR OFFICERS

Gregory B. Maffei
Chairman of the Board

Michael A. George
President and Chief Executive Officer

Richard N. Baer
Chief Legal Officer

Mark D. Carleton
Chief Financial Officer

Albert E. Rosenthaler
Chief Corporate Development Officer

CORPORATE SECRETARY

Pamela L. Coe

CORPORATE HEADQUARTERS

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

STOCK INFORMATION

Series A and B Common Stock (QRTEA/B) trade on the NASDAQ Global Select Market.

CUSIP NUMBERS

QRTEA – 74915M 100
QRTEB – 74915M 209

TRANSFER AGENT

Qurate Retail, Inc.
Shareholder Services
c/o Broadridge Corporate Issuer Solutions
P.O. Box 1342
Brentwood, NY 11717
Phone: (888) 789-8461
Toll Free: (626) 427-6421
https://shareholder.broadridge.com/qri

INVESTOR RELATIONS

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(866) 876-0461

ON THE INTERNET

Visit the Qurate Retail, Inc. website at www.qurateretail.com

FINANCIAL STATEMENTS

Qurate Retail, Inc. financial statements are filed with the Securities and Exchange Commission. Copies of these financial statements can be obtained from the Transfer Agent or through the Qurate Retail, Inc. website.

ELECTRONIC DELIVERY

We encourage Qurate Retail stockholders to voluntarily elect to receive future proxy and annual report materials electronically.

- If you are a registered stockholder, please visit www.proxyvote.com for simple instructions.
- Beneficial shareowners can elect to receive future proxy and annual report materials electronically as well as vote their shares online at www.proxyvote.com.

> Faster > Economical > Cleaner > Convenient

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to vote using your mobile device, sign up for e-delivery or download annual meeting materials.

2019 ANNUAL MEETING OF STOCKHOLDERS

Thursday, May 30, 2019

8:15 a.m. Local Time

Corporate Offices of Qurate Retail, Inc.
12300 Liberty Boulevard
Englewood, Colorado 80112

OUR ENVIRONMENT

Qurate Retail believes in working to keep our environment cleaner and healthier. We are proud to have our headquarters overlooking the Colorado Rockies. Every day, Qurate Retail takes steps to preserve the natural beauty of the surroundings that we are privileged to enjoy.

Qurate Retail's initiative in reducing its carbon footprint by promoting electronic delivery of shareholder materials has had a positive effect on the environment. Based upon 2018 statistics, voluntary receipt of e-delivery resulted in the following environmental savings:

- Using approximately 50.1 fewer tons of wood, or 300.4 fewer trees
- Using approximately 351.5 million fewer BTUs, or the equivalent of the amount of energy used by 419.2 refrigerators
- Using approximately 248,000 fewer pounds of greenhouse gases, including carbon dioxide, or the equivalent of 22.6 automobiles running for 1 calendar year
- Saving approximately 312,700 gallons of water, or the equivalent of approximately 225.5 clothes washers operated/year
- Saving approximately 17,020 pounds of solid waste
- Reducing hazardous air pollutants by approximately 21.6 pounds

Environmental impact estimates calculated using the Environmental Paper Network Paper Calculator. For more information visit www.papercalculator.org.

qurate RETAIL, INC.

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