

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:

QVC GROUP, INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 26-90447 (ARP)

(Jointly Administered)

**REPLY OF THE QVC NOTEHOLDER GROUP
(I) TO THE PREFERRED SHAREHOLDERS' OBJECTION AND
(II) IN SUPPORT OF CONFIRMATION OF THE DEBTORS
JOINT PREPACKAGED CHAPTER 11 PLAN OF REORGANIZATION**

The QVC Noteholder Group,² by and through its undersigned counsel, submits this reply (this “**Reply**”) to the *Preferred Shareholders’ Objection to Confirmation of the Debtors’ Joint Prepackaged Chapter 11 Plan of Reorganization* [Docket No. 318] (the “**Preferred Shareholders’ Objection**”). The QVC Noteholder Group joins in and adopts the arguments set forth in the *Debtors’ Memorandum of Law in Support of an Order (I) Approving the Debtors’ Disclosure Statement for the Joint Prepackaged Plan of Reorganization of QVC Group, Inc. and Its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code, (II) Confirming the Joint Prepackaged Plan of Reorganization of QVC Group, Inc. and Its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code, and (III) Granting Related Relief* [Docket No. 359] (the “**Debtors’ Confirmation Brief**”), submits this Reply to address the Preferred Shareholders’ Objection, and respectfully asks the Court to confirm the *First Amended Joint Prepackaged Plan*

¹ A complete list of each of the Debtors in these chapter 11 cases may be obtained on the website of the Debtors’ claims and noticing agent at <https://restructuring.ra.kroll.com/QVC>. The location of Debtor QVC Group, Inc.’s corporate headquarters and the Debtors’ service address in these chapter 11 cases is 1200 Wilson Drive, West Chester, Pennsylvania 19380.

² Members of the “QVC Noteholder Group” are identified in the *First Supplemental Joint Verified Statement of Davis Polk & Wardwell LLP and Porter Hedges LLP Pursuant to Federal Rule of Bankruptcy Procedure 2019* [Docket No. 337], as may be supplemented from time to time in accordance with Federal Rule of Bankruptcy Procedure 2019.

of Reorganization of QVC Group, Inc. and Its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code [Docket No. 289] (as amended, modified, or supplemented from time to time, the “**Plan**”).³ The QVC Noteholder Group further states as follows:

PRELIMINARY STATEMENT

1. The Preferred Shareholders’ Objection rests on two flawed premises: *first*, that value can and should continue to be siphoned away from QVC’s operating entities to pay parent (QVCG) shareholders, while creditors of the operating entities are deeply impaired, and *second*, that the Preferred Shareholders should be permitted to torpedo valid, arm’s-length settlements in order to pursue moonshot litigation to the detriment of all other stakeholders.

2. These arguments should be rejected. In reality, QVCG has for years stripped assets from QVC and its creditors for the benefit of QVCG equity. The \$400 million QVC-QVCG Settlement Claim represents but a fraction of the claims that QVC would have against QVCG absent the Intercompany Settlement. The Intercompany Settlement serves as the cornerstone of the Plan, which satisfies all applicable confirmation requirements set forth in section 1129 of the Bankruptcy Code.

3. While the QVC Noteholder Group was not a participant in the negotiations between the Disinterested Directors of QVC and QVCG which led to the \$400 million QVC-QVCG Settlement Claim, it respects the process by which that result was reached and believes that the Intercompany Settlement is a substantively fair resolution of a series of complex intercompany claims and issues. As a result, the members of the QVC Noteholder Group support confirmation of the Plan and have agreed to the compromises embodied in the Plan. Namely, they have agreed

³ Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Plan, the *Disclosure Statement for the Joint Prepackaged Plan of Reorganization of QVC Group, Inc. and Its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 14] (the “**Disclosure Statement**”), or the Debtors’ Confirmation Brief, as applicable.

to the payment in full of General Unsecured Claims against QVC, despite their own severe impairment. They have agreed to the distributions to creditors of LINTA. And they have agreed to the unimpairment of General Unsecured Claims against QVCG, ahead of QVC's intercompany claim. The Preferred Shareholders seek to devalue these compromises and derail confirmation. But for the reasons set forth herein and in the Debtors' Confirmation Brief, the Court should overrule the Preferred Shareholders' Objection and confirm the Plan.

ARGUMENT

4. The Preferred Shareholders emphasize that QVCG has "zero funded debt." *See* Preferred S'holders' Obj. at 2. Crucially, however, the Preferred Shareholders have always been structurally subordinated to over \$6.5 billion in funded debt at QVC and LINTA, of which at least \$2.8 billion will go unpaid under the Plan.⁴ Indeed, the LINTA debenture holders are receiving no more than a 7.5% recovery.⁵ *See* Disclosure Statement Art. III.M.

5. The structural subordination of QVCG's Preferred Shareholders has consistently been highlighted in QVCG's SEC filings, including those attached as exhibits to the Preferred

⁴ Illustrative calculations support the notion that QVC creditors (Holders of RCF Claims and QVC Notes Claims) will receive approximately 63.5% to 71.4% of their Allowed Claims, consisting of: (i) approximately 26.3 cents of Takeback Debt (calculated as \$1,325 million in Takeback Debt *divided by* a \$5,046 million funded debt denominator); (ii) approximately 17.5 cents of Cash (calculated as the Debtors' estimated \$882 million in QVC Distributable Cash *divided by* a \$5,046 million funded debt denominator); and (iii) approximately 19.8 cents to 27.7 cents in QVC New Equity Interests (calculated as the Debtors' estimated \$998 million to \$1,398 equity valuation *divided by* a \$5,046 million funded debt denominator). *See generally* Plan; Disclosure Statement; *Notice of Filing of Valuation Analysis as an Exhibit to the Disclosure Statement* [Docket No. 196, Ex. E]. (The foregoing calculation conservatively assumes that the Takeback Debt recovers at par.) Using the upper end of this recovery range (71.4%, i.e., a 28.6% impairment) implies an aggregate impairment of \$1.44 billion in principal amount of RCF Claims and QVC Notes Claims, collectively. The estimated 7.5% recovery for Holders of LINTA Notes Claims implies an aggregate impairment of \$1.37 billion in principal amount of LINTA Notes Claims. *See* Disclosure Statement Art. III.M.

⁵ The Preferred Shareholders notably fail to grapple with the \$1.48 billion of debt claims at LINTA, another omission that significantly undermines their objection. The nearly \$1.5 billion of LINTA debt is yet another significant hurdle between the Preferred Shareholders and a recovery, but it conspicuously receives *no* mention in the Preferred Shareholders' Objection. As a matter of corporate and economic substance, all value extracted from QVC in the form of equity distributions necessarily moved through LINTA on its way to QVCG (even where payment mechanics bypassed LINTA). As a result, it is likely that, without the holistic Intercompany Settlement, LINTA (in addition to QVC) would have potentially significant causes of action it could assert against QVCG.

Shareholders' Objection. The risk factors in QVCG's 10-K filings have long stated that "[o]ur subsidiary QVC has significant indebtedness If QVC experiences adverse effects on its financial condition as a result of their indebtedness, [QVCG's] financial performance could be adversely affected as well." *See, e.g.*, QVC Group, Inc., Annual Report (Form 10-K) (Feb. 27, 2025); Qurate Retail, Inc., Annual Report (Form 10-K) (Feb. 28, 2024); Qurate Retail, Inc., Annual Report (Form 10-K) (Mar. 1, 2023); Qurate Retail, Inc., Annual Report (Form 10-K) (Feb. 25, 2022); Qurate Retail, Inc., Annual Report (Form 10-K) (Feb. 26, 2021).

6. The Preferred Shareholders' Objection rests on the notion that QVCG has assets of its own, separate and apart from its woefully indebted subsidiaries. In reality, nearly every dollar of cash at QVCG originated with QVC. In the immediate years leading up to these Chapter 11 Cases, QVCG (with no check from independent QVC directors) systematically stripped cash from QVC through a combination of (a) equity distributions, including approximately \$500 million retained by QVCG from the 2022 Cash Management Plan and approximately \$343 million in dividends issued after the 2022 Cash Management Plan, and (b) payments for phantom taxes that were not in fact owed, including at least approximately \$390 million in tax sharing payments paid by QVC from 2022 through 2024. *See* Disclosure Statement Art. VII.B.3. The Preferred Shareholders have put forth no argument that QVC received any value for these payments from QVC to QVCG. Nor do they dispute that the Preferred Shareholders, who received in excess of \$450 million of cash dividends from 2021 to present, received significant value on account of the cash that was generated at QVC. *See id.* The \$400 million QVC-QVCG Settlement Claim is amply justified by these facts alone, without even taking into account the substantial claims assertable under the QVC TSA and with respect to the Cornerstone Removal.

7. The Preferred Shareholders' Objection does not, and cannot, refute the key foundational premises underlying the Intercompany Settlement. The Preferred Shareholders do not dispute that:

- a. the Preferred Shareholders are subordinate to all claims at QVCG, including intercompany claims, and are only entitled to recovery once every claim at QVCG has been paid in full;
- b. the independent directors of QVC and LINTA, on behalf of their own independent estates, have identified such claims and would have asserted such claims against QVCG in these Chapter 11 Cases; and
- c. independent directors at each of QVCG, LINTA, CBI, and QVC were separately advised by counsel, considered the potential claims and the proposed global resolution through the lens of the fiduciary duties they owe to their respective entities, and ultimately determined that support for the Intercompany Settlement was consistent with those fiduciary duties.

8. Instead, the Preferred Shareholders ask this Court to disregard the Intercompany Settlement negotiated by independent fiduciaries of each QVC entity to allow Preferred Shareholders to force a costly, uncertain litigation to the detriment of every other stakeholder.

9. Bankruptcy Rule 9019(a) provides that “[o]n the trustee’s motion and after notice and a hearing, the court may approve a compromise or settlement.” Fed. R. Bankr. P. 9019(a). A bankruptcy court may approve such compromise or settlement so long as it is fair, reasonable, and in the best interests of the estate. *See Off. Comm. of Unsecured Creditors v. Moeller (In re Age Refin. Inc.)*, 801 F.3d 530, 540 (5th Cir. 2015).

10. The Intercompany Settlement easily satisfies the standard of reasonableness applicable to settlements under Rule 9019. The RSA and the Plan, underpinned by the holistic Intercompany Settlement, represent a remarkable degree of consensus across the Debtors’ businesses and capital structure, and are supported by the Disinterested Directors, the Creditors’ Committee, and overwhelming majorities of QVC and LINTA creditors. The Preferred Shareholders argue that this Court should discard this value-maximizing Plan in favor of their

illusory “alternative,” i.e., value-destructive litigation of unknown length and expense. Doing so would be to the detriment of all other creditors and stakeholders at each of the Debtors.

CONCLUSION

11. For the reasons above and those set forth in the Debtors’ Confirmation Brief, which the QVC Noteholder Group hereby joins in and incorporates by reference, the QVC Noteholder Group requests the Court overrule the Preferred Shareholders’ Objection and other objections to confirmation of the Plan, enter the Confirmation Order, and grant such other relief as the Court deems just and proper.

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Dated: June 1, 2026

Respectfully submitted,

By: /s/ John F. Higgins

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing pleading was served by electronic mail via the Court's ECF system to all parties authorized to receive electronic notice in this case on June 1, 2026.

By: /s/ John F. Higgins
John F. Higgins