

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:

QVC GROUP, INC., *et al.*,¹

Debtors.

)
) Chapter 11
)
) Case No. 26-90447 (ARP)
)
)
) (Jointly Administered)
)

**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**

¹ A complete list of each of the Debtors in these Chapter 11 Cases may be obtained on the website of the Debtors' Solicitation 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.

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The above-captioned debtors and debtors in possession (collectively, the “Debtors”) submit this memorandum of law (the “Memorandum”) in support of (a) the approval of 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] (as modified, amended, or supplemented from time to time, the “Disclosure Statement”) and (b) confirmation of the *Second Amended Joint Prepackaged Plan of Reorganization of QVC Group, Inc. and Its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code*, filed contemporaneously herewith (as further modified, amended, or supplemented from time to time, the “Plan”)² pursuant to sections 1123, 1125, 1126, and 1129 of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the “Bankruptcy Code”). In further support of Confirmation of the Plan, the Debtors will file contemporaneously herewith the *Declaration of Craig E. Johnson of Kroll Restructuring Administration, LLC Regarding the Solicitation of Votes and Tabulation of Ballots Cast on the Joint Prepackaged Plan of Reorganization of QVC Group, Inc. and Its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code* (the “Voting Report”).³ In support of approval of the Disclosure Statement and Confirmation of the Plan, and in response to the Objections (as defined herein) below, the Debtors state as follows:

² Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Disclosure Statement, the Plan, the Plan Supplement, or the Debtors’ *Emergency Motion for Entry of an Order (I) Scheduling a Combined Disclosure Statement and Plan Confirmation Hearing, (II) Approving the Solicitation Procedures, (III) Approving the Deadlines and Notices Related Thereto; (IV) Waiving Certain Requirements in Connection Therewith; and (V) Granting Related Relief* [Docket No. 41] (the “Scheduling Motion”), as applicable, unless otherwise specified.

³ Pursuant to the *Stipulation and Order Establishing Certain Confirmation-Related Dates* [Docket No. 327], declarations submitted in lieu of live testimony are due no later than forty-eight hours prior to a witness being called at trial.

PRELIMINARY STATEMENT

1. The Bankruptcy Court should confirm the Plan. Standing in the way are certain preferred equity holders at QVCG. But as will be demonstrated at confirmation, neither the facts nor the law support—in any way—their objections.

2. Central to the Plan is a global settlement of all actual and potential intercompany claims among the four Debtor groups—QVCG, the QVC Debtors, the LINTA Debtors, and the CBI Debtors (as defined in the Plan, the “Intercompany Settlement”). The evidence will unequivocally demonstrate that the Intercompany Settlement satisfies Bankruptcy Rule 9019 per Fifth Circuit precedent that comprehensively considers the following four-part analysis: (a) the process that led to the settlement; (b) the complexity, duration, expense, delay, and inconvenience of litigation as opposed to settlement; (c) the probability of success in litigating the underlying claims; and (d) all other factors bearing on the wisdom of the compromise.⁴

3. The following summarizes the evidence to support approval of the Intercompany Settlement under Bankruptcy Rule 9019 (as applied in the Fifth Circuit), all of which will be presented at Confirmation.

- ***Product of An Arm’s-Length Process.***
 - Given the absence of meaningfully secured debt and the prospect of general unsecured intercompany claims arising from historical transactions, actual cash transfers, and complex tax sharing agreements, the Debtors took a fresh look at their existing governance structure in the summer of 2025.
 - The Debtors promptly implemented corporate governance changes to ensure independent fiduciaries were appointed at each “key” Debtor.⁵ This resulted in the

⁴ *In re Robertshaw US Holding Corp.*, 662 B.R. 300, 314 (Bankr. S.D. Tex. 2024) (citing *Off. Comm. of Unsecured Creditors v. Moeller (In re Age Ref., Inc.)*, 801 F.3d 530, 540 (5th Cir. 2015)).

⁵ A “key” Debtor refers to a Debtor where preliminary diligence suggested an actual or potential intercompany conflict may arise as a result of historic transactions, specifically: (i) QVCG, (ii) LINTA, (iii) QVC, and (iv) CBI. In the case of QVCG, LINTA, and QVC because each had one or more distinct third-party constituencies,

appointment of four separate groups of fiduciaries with a broad range of restructuring experience, exclusive authority to address conflict matters (including all intercompany claims issues), independent counsel (and with respect to QVCG, separate independent tax counsel), unfettered access to a vast amount of data regarding intercompany transactions, and current and historical management to understand such transactions.

- Following months of independent work, the independent fiduciaries of each of QVCG, LINTA, and QVC prepared and exchanged claims presentations, designed to lay the groundwork for an arm's-length negotiation to determine if it made sense to settle such claims or otherwise litigate.⁶ The Intercompany Settlement was borne from these negotiations. Nothing was predetermined or otherwise preordained. Independent fiduciaries with separate counsel had free will in *all* of these negotiations and any ultimate determination.
- Each of the Disinterested Directors serve as a fiduciary at only one “key” Debtor.⁷ None of the Disinterested Directors had pre-existing or historical appointments or compensation from any of the Debtors or Related Parties. Each benefited from D&O coverage and standard indemnification protections. And each “key” Debtors’ Disinterested Directors retained independent advisors in their sole discretion.
- ***Duration and Complexity of Litigation.***
 - QVCG has an intractable problem. QVC is its single, largest creditor and QVCG does not have a path out of chapter 11 without resolving at least three separate litigations with QVC: (a) litigation regarding potential avoidance action and fraudulent transfer claims arising from cash transfers (totaling over \$1.5 billion) that went from QVC up to QVCG in recent years; (b) litigation as to the allocation of shared administrative costs (all of which QVC will bear under the Intercompany Settlement);⁸ and (c) litigation as to the tax indemnity provision in the tax sharing

including public equity and public debt, and in the case of CBI because its ownership was split between Debtors and its assets—operating businesses—were unencumbered.

⁶ CBI conducted its independent investigation in parallel with these efforts but did not participate in this initial exchange of claims presentations. Any resolution of potential claims asserted against or by CBI was in large part dependent on whether CBI would be a going-concern or a liquidation and the resulting treatment of claims asserted against CBI.

⁷ The LINTA Disinterested Directors also served as a fiduciary for an additional LINTA Debtor.

⁸ Before the Petition Date, QVCG primarily paid the fees and expenses accrued by Shared Professionals (as defined in the Plan). Absent the Intercompany Settlement, the Bankruptcy Court would ultimately enter an order on the allocation of such Shared Professionals’ fees following an evidentiary trial, after which there would be a “true up” to comply with the Bankruptcy Court’s order. In March, LINTA and QVC each made a payment to QVCG to cover a share of the professional fees incurred to date. Ultimately, the Intercompany Settlement provided for QVC to (1) bear all Shared Professional fees (including what would otherwise be allocable to LINTA) and (2) receive all of QVCG’s distributable cash after satisfying QVG’s other administrative, priority, and general unsecured claims. As a result, the Intercompany Settlement does not contemplate any allocation of prepetition or postpetition fees incurred by such Shared Professionals, and there is no need for a true up for prior payments

agreement between QVCG and QVC, which may allow QVC to look to QVCG to satisfy future, uncertain, and potentially very significant tax obligations.

- Moreover, while QVC can emerge from chapter 11 without resolution of intercompany issues (as it has significant cash to prosecute any litigation and is overwhelmingly in an offensive claim posture), the same cannot be said for QVCG. QVCG must either settle with its single largest creditor, or obtain a final, non-appealable order fully and finally resolving the issues set forth above. During the pendency of litigation, its existing cash will either deplete, or QVC will ask the Bankruptcy Court to escrow QVCG's cash, pending a final outcome.
- ***Probability of Success in Litigating Underlying Claims.***
 - The underlying claims are (a) expansive (primarily arising from the 2022 Cash Management Plan, post 2022 dividends, the 2024 Capital Contribution, multiple types of claims arising under the QVC TSA (as defined herein), and CBI's removal from the Revolving Credit Facility), (b) massive in quantum (dwarfing QVCG's cash by several multiples); and (c) subject to fact-intensive defenses (*i.e.*, solvency and/or the receipt of reasonably equivalent value).
 - Importantly, solvency is a defense to some, but not all the potential claims.⁹

(QVC will make a one-time cash settlement payment to LINTA, cover all Shared Professionals' fees, and receive the QVCG Distributable Cash).

⁹ The Preferred Shareholders cite *In re Mirant Corp.*, 334 B.R. 832 n.113, 833 (Bankr. N.D. Tex. 2005) for the proposition that "bond trading prices cannot support a solvency analysis." Pref. Obj. ¶ 28. As an initial matter, this argument misses the point—the evidence will show that the Disinterested Directors used the bond trading prices (together with other information regarding performance and sales metrics) to determine that solvency was, at minimum, a litigable issue that begged for settlement as opposed to dueling solvency experts. That being said, *Mirant* is inapplicable here. *Mirant* clarifies, in the exact same footnote cited by the objectors, that "[t]he market may serve as guidance in valuing an asset if there is a ready market for the asset." *Mirant Corp.*, 334 B.R. at 832 n.113. The court further noted that market analyses were inapplicable there, as "[t]here is [] no ready, 'efficient' market in which merchant energy companies are bought and sold." *Id.* Here, there certainly was a market for QVC's bonds, as evidenced simply by the ongoing public trading of said bonds.

Similar distortions of the case law appear in the Preferred Shareholders' usage of *In re Spansion, Inc.*, 426 B.R. 114. The Pref. Objection quotes the following excerpt from that case: "[a]t least one court has determined that preconfirmation claims trading is not an accurate measure." *Spansion*, 426 B.R. at 130. That "one court" was the United States Bankruptcy Court for the Northern District of Texas when it considered *Mirant*. *Id.* *Mirant* is distinguishable for the reasons outlined above, and *Spansion* too presents facts that are distinct from the instant case. In *Spansion*, the court found that "there is no evidence beyond the mere statement of certain trading prices. There is no record on the number of trades, over what period of time such trades occurred, how open the market is to participants or other factors that may be relevant." *Id.* Here, the Disinterested Directors reviewed the exact kind of information that was not available in *Spansion*. Finally, the Pref. Objection cites *In re Genco Shipping & Trading Ltd.*, 509 B.R. 455 for the proposition that "trading prices are not necessarily a reliable measure of intrinsic value for a variety of reasons." *Id.* at 469. That is certainly true. Certainly there can be circumstances where trading prices are not dispositive as regards value, as in the circumstances outlined above, but here, where efficient markets exist, evidence exists on the number of trades and the period of time in which such trades occurs,

- Given the magnitude of (a) asserted claims (approximately \$1.5 billion) **plus** (b) prejudgment interest that accrues on such claims, **plus** (c) the separate, potential claims that may arise under the tax indemnity provision of the QVC TSA based on future, uncertain events (in an additional amount of out-of-pocket exposure of \$500-800 million, which could increase to over \$1 billion, depending on whether an “ownership change” occurred for tax purposes as a result of the flurry of activity in purchasing preferred equity before and after the Petition Date, among other factors) **plus** (d) the costs of litigating all of the foregoing, QVCG need only suffer from a single-digit percent risk of loss on one or more claims before facing a judgment in excess of all of its cash. The exclusivity objection is severely misguided when the facts are actually taken into account.
- ***Other Factors Bearing on the Wisdom of the Settlement.***
 - ***First***, the Intercompany Settlement further provides certainty to the holders of preferred equity who received, between Q4 2020 and Q1 2025, over \$450 million in dividends funded by QVC. The Preferred Shareholders—representing a minority of the overall preferred shareholder base—do not value this release, but as the evidence will demonstrate, QVCG valued this release. The preferred equity was originally distributed as a dividend on the common equity, and historically has been held very broadly, primarily by retail holders.
 - ***Second***, the Intercompany Settlement provides for a going-concern emergence for Cornerstone—which was not always a guaranteed outcome. CBI has historically operated as a low-margin business, suffering in recent years from declining revenues, declining OIBDA margins, uneven cash needs, and extreme tariff sensitivity. Over eight months of public speculation on a potential chapter 11 filing, no other third-party has emerged with any actionable interest either.
 - From the perspective of CBI, achieving a going-concern in which jobs are preserved and all claims are unimpaired was an incredible result. From the perspective of QVC, the willingness to absorb CBI into the QVC enterprise was to facilitate global peace. From the perspective of LINTA, LINTA did not want to continue owning CBI and sophisticated creditors at LINTA unequivocally expressed their views on this matter. From the perspective of QVCG, agreeing to contribute its interest in CBI in connection with the Plan was part of its overall “gives and gets”—in exchange for giving up its interest in an uneven subsidiary that would potentially require a capital infusion, QVCG obtained global peace with its largest creditor, unimpaired general unsecured claims, achieved certainty for primarily retail holders who had received nearly half a

and there is an open market, the case law clearly shows that bond trading prices can, at minimum, create a litigable question regarding solvency.

billion in dividends in recent years, and achieved a path to an organized, value-maximizing exit.

- **Third**, there is no alternative for QVCG. There is no serious dispute that QVC is QVCG's single, largest creditor. There is no dispute that QVCG is a non-operating holding company with a finite pool of cash and limited potential sources to supplement it. There can be no dispute that the magnitude of claims QVC would pursue against QVCG significantly dwarfs the aggregate of any claims that QVCG could bring against QVC. There is no dispute that QVC can emerge without resolution of the intercompany claims, stranding QVCG in a protracted chapter 11 dispute with its largest creditor.¹⁰

4. The Bankruptcy Court will hear from disinterested directors at each of QVCG, LINTA, QVC, and CBI, as well as representatives from the Debtors' management team, investment banker, financial advisor, and forensic accountant as to all the foregoing. The evidence will demonstrate that the Intercompany Settlement satisfies Bankruptcy Rule 9019. To be clear, simply excising QVCG (and its 62% interest in CBI) from the Intercompany Settlement—as the preferred equity holders propose in their motion to terminate QVCG's exclusivity—is not possible without reopening the entirety of the Intercompany Settlement, together with a prolonged standalone QVCG chapter 11 case that the Debtors will demonstrate only benefits professionals.

5. The Plan delevers the Debtors' balance sheet by approximately \$5 billion, ensures that the Reorganized Debtors are well capitalized upon emergence, pays all third-party general

¹⁰ The Objecting Preferred Shareholders have indicated their willingness to fund a nominal \$3 million funding commitment in connection with the creation of a "litigation trust" at QVCG in lieu of the Intercompany Settlement. They assert that the funding commitment comes at "no cost" to QVCG and its creditors. This is a fiction, given this purported alternative (i) traps QVCG in chapter 11 until it has full and final certainty with its largest creditor, QVC, to the detriment of all of its stakeholders and (ii) carries a 15% interest rate, which is reduced by a backstop fee of 20% payable in kind by the liquidation trust, and is secured by the equity of CBI. *See Preferred Shareholder Objection*, ¶ 55 [CYGNUS 73]. The (expensive) proposed funding is unlikely to be sufficient to fund the defense of multiple litigations through to a final, non-appealable order. Additionally, any potential recoveries to QVCG stakeholders would be diminished by litigation costs, and if QVCG never recovers anything in litigation, the fronting lender will either (i) be paid in full (with interest / a MOIC) or (ii) receive what is left of CBI for less than \$3 million. There is no creditor willing to bankroll QVCG's litigation at its own cost because doing so would be economically irrational.

unsecured claims in full, preserves over 15,800 jobs, across both operating businesses, and resolves a range of complex, fact-intensive, legally complex intercompany claims encompassing both actual cash transfers of billions of dollars and uncertain future tax claims of similar size. All voting Classes have overwhelmingly accepted the Plan.¹¹ The Plan is value maximizing and reflects the only viable path to confirming a chapter 11 plan for QVCG.

6. The Objecting Parties' remaining objections to the Plan under section 1129 all flow from various objections to the Intercompany Settlement and will be addressed more extensively below. The Plan otherwise satisfies each of the requirements of the Bankruptcy Code, as laid out more fully below. Accordingly, for the reasons set forth in this Memorandum, the declarations and expert reports submitted or that will be submitted by the Debtors, and the record that the Debtors will establish at the hearing to consider confirmation of the Plan, the Debtors respectfully submit that the Bankruptcy Court overrule the objections and confirm the Plan.

BACKGROUND

I. General Background and Events Leading to the Chapter 11 Filing.

7. For nearly 50 years, the Debtors have been at the forefront of novel and evolving methods for consumers to shop and enjoy the shopping experience. Having started with radio broadcasts in 1977, the Debtors have grown into a world-wide enterprise on virtually all social media and remote commerce platforms. And while the Debtors have the experience, vision, market-command, and infrastructure to remain a leader in this space, those efforts take time to realize cash flows and, more importantly, require a lighter, leaner, capital structure to support such

¹¹ As contemplated by the RSA, the Debtors began soliciting votes on the prepackaged Plan prior to filing these Chapter 11 Cases. As of the Voting Deadline, Holders of 100% in principal amount and 100% in number of the Class B3 Claims, 99.88% in principal amount and 85.56% in number of the Class B4 Claims, and 97.85% in principal amount and 81.91% in number of the Class C3 Claims have voted to accept the Plan.

efforts. The Debtors' debt burden (premised on now-declining cash flows from linear TV) has hampered the Debtors' ability to fully reach their growth potential.

8. Efforts to recapitalize the business and reduce funded debt and borrowing costs, administrative costs, and tax costs included the 2020 Restructuring, the 2022 Cash Management Plan, the 2024 Capital Contribution & Exchange (each as defined and further described below), as well as Project Athens and the WIN Growth Strategy (each as described in the First Day Declaration).¹² While these efforts collectively saved costs and infused capital throughout different parts of the Debtors' capital structure, ultimately, they were not enough to put the Debtors on a long-term path to success. These chapter 11 cases represent the last step in the process.

II. The Debtors' Prepetition Capital Structure.

9. The Debtors' capital structure is enormously complex. Within one capital structure, four interconnected capital structures exist with various interwoven intercompany relationships existing amongst them. As detailed below, these intercompany relationships arose from historical liability management transactions, historical M&A transactions, complex internal and external reorganizations, dividends, intercompany notes, and shared service and tax sharing agreements. In many of these transactions, actual cash moved between the entities (as opposed to mere accounting "book" entries for receivables and payables).

10. In evaluating restructuring paths, it quickly became clear that any comprehensive restructuring would, in turn, require a comprehensive resolution of these potential intercompany claims for at least two reasons. **First**, while some of these transactions may give rise to avoidance action claims, a litigated outcome on such claims would only be a partial solution and would not

¹² As used herein, "First Day Declaration" shall mean the *Declaration of Bill Wafford in Support of Debtors' Chapter 11 Petitions and First Day Motions* [Docket No. 4].

shield all of the Debtors from future potential consolidated tax liabilities or administrative insolvency: global administrative solvency demanded global peace. ***Second***, these intercompany relationships existed within a broader capital structure that consisted overwhelmingly of unsecured or functionally unsecured debt (indeed, there is no funded debt at QVCG or the CBI Debtors, only unsecured funded debt at the LINTA Debtors, and the RCF Claims and Notes Claims at the QVC Debtors are only secured by an equity pledge of QVC's equity). All of the potential intercompany claims were effectively *pari passu* with the funded debt and, as a result, would directly affect value allocation under any chapter 11 plan.

11. Recognizing this, beginning in the summer of 2025, the Debtors amended their governance documents to facilitate the appointment of independent fiduciaries at each of QVCG, LINTA, QVC, and CBI. Following this process, the Disinterested Directors, with exclusive authority over conflicts matters (including all intercompany claims issues), were appointed at these entities. Each, in turn, retained independent counsel—and the Disinterested Directors at QVCG additionally retained separate tax counsel—and commenced the Independent Investigations (described and discussed below).

III. Prepetition Efforts Culminating in the RSA and Plan.

12. In parallel with the Independent Investigations, the Debtors' management team and advisors worked to develop consensus with key creditor constituencies on the terms of a global Plan. Every creditor constituency that organized had a seat at the table and participated in the formation, negotiation, and ultimate execution of the RSA. Notably, prior to the Petition Date, no law firm, investment bank, or advisory firm approached the Debtors or their advisors that purported to represent more than 1–2% of the QVCG preferred equity holders.

13. Ultimately, after nearly eight months of efforts and hard-fought negotiations, the Debtors filed these prepackaged chapter 11 cases to effectuate a balance sheet restructuring that will achieve the following if the Plan is confirmed:

- ***Resolves Complex Intercompany Claims.*** The Plan resolves the Debtors' Intercompany Claims through the Intercompany Settlement set forth in the Plan. The Intercompany Settlement allocates value in a manner consistent with the Bankruptcy Code, ensures all of the Debtors have a swift, administratively solvent resolution of their Chapter 11 Cases, and provides certainty to all Holders of Claims and Interests on not only their recoveries under the Plan but also on recoveries received in the lead-up to these chapter 11 cases (*i.e.*, risk of clawback litigation).
- ***Unimpairment of Trade and Other Unsecured Creditors.*** The Plan provides that all allowed third-party General Unsecured Claims, including all employee and vendor Claims, will be unimpaired. Again, this is a classic, balance sheet restructuring.
- ***Strong Financial Creditor Support.*** The Plan is supported by all creditor groups (including the recently appointed statutory Unsecured Creditors Committee). Only equity holders object to the economic compromises reflected in the Plan.¹³
- ***Preserving Going Concern Value.*** The Debtors have negotiated commitments that will ensure that QVC, Inc. (the primary operating subsidiary) will emerge as a going concern, and so will Cornerstone (as a QVC, Inc. subsidiary). By preserving these going concerns, the Debtors are saving thousands of skilled jobs and minimizing disruption to the Debtors' vendor networks.
- ***Substantial Deleveraging.*** Through the restructuring transactions, the Debtors will eliminate more than \$5 billion in funded debt obligations. That deleveraging will free up capital and opportunities for the Reorganized Debtors to continue to reinvent themselves in the ever-changing marketplace in which they operate.
- ***Committed Exit Financing.*** The Debtors have obtained commitments for an asset-based financing facility in the amount of \$600 million (the "Exit ABL Facility"), which will bolster liquidity upon emergence. The Exit ABL Facility reflects the confidence of sophisticated lenders in the Debtors' post-emergence business plan and positions the Company for long-term, sustainable growth.

¹³ The U.S. Trustee objects to the Plan's Third Party Release, in line with its institutional opposition to opt-out releases.

IV. The Development of the Intercompany Settlement and the Independent Investigations.

14. The Disinterested Directors at each respective entity, with the assistance of independent counsel, conducted parallel independent investigations (the “Independent Investigations”) into potential claims and related defenses (each, a “Potential Claim” and collectively, the “Potential Claims”) that might be asserted with respect to historical intercompany transactions by and between the Debtor entities, on the one hand, and any related party.¹⁴ The Independent Investigations were designed to—and ultimately did—accomplish the following goals:

- reviewed and analyzed the factual and legal bases for Potential Claims (*see* “Overview of Settlement and Potential Claims” below);
- assessed the strengths and weaknesses of the Potential Claims to determine the effects of such Potential Claims on value distributions at the various legal entities; and
- evaluate any proposed release, settlement, retention, or prosecution of claims or causes of action.¹⁵

15. After months of fact gathering, analysis, and arm’s length negotiation, the Disinterested Directors reached agreement on the Intercompany Settlement.¹⁶ The Intercompany Settlement is the result of extensive negotiations after an investigation that spanned five months, including collection and review of thousands of documents, interviews with current and former executives across key functions, and discussions with Debtor advisors, including forensic accountants at AlixPartners.¹⁷

¹⁴ Disclosure Statement at 50.

¹⁵ Disclosure Statement at 50-51.

¹⁶ Disclosure Statement at 51.

¹⁷ *Id.*

A. Overview of the Intercompany Settlement.

16. Among other things, the Intercompany Settlement resolves:

- Potential Claims relating to billions of dollars in cash transfers, primarily originating from QVC, which could otherwise be the subject of fact-intensive and time-consuming litigation theories, including fraudulent transfer and illegal dividend theories;
- Potential Claims against historical recipients of over \$450 million in preferred equity dividends (the vast majority of whom were retail holders before the Petition Date);
- Potential Claims concerning consolidated tax liabilities for historic positions as well as for the current tax year;
- the allocation of shared administrative expenses across the Debtor entities;
- Cornerstone's future: allowing Cornerstone to emerge as a going-concern business, despite a historically uneven performance, a highly uncertain tariff environment, and no third-party financing source of its own following its recent removal from the RCF Credit Agreement (and related Potential Claims);
- the treatment and recovery on account of the LINTA Promissory Note; and
- QVCG's path to confirming a chapter 11 plan (which does not exist absent a settlement with its single, largest creditor: QVC).

B. The Disinterested Directors' Investigations: Process.

17. The scope of the Independent Investigations and assessment of Potential Claims during the prepetition period was broad and detailed.¹⁸ As advisors to the Debtors, Kirkland, AlixPartners, and Evercore (the "Joint Debtor Advisors") supported the investigation by serving as intermediaries between the four sets of Disinterested Directors and management. At the direction of the Debtors' management team, the Joint Debtor Advisors provided facts to all groups to aid efficiency and at their request.¹⁹

¹⁸ *Id.*

¹⁹ *Id.*

1. Document and Information Sharing.

18. In furtherance of the Independent Investigations, the Disinterested Directors issued numerous formal document and information requests to the Debtor entities, seeking, among other things, board materials and minutes, corporate governance documents, relevant transaction documents, financial and accounting information, and related correspondence.²⁰ The Disinterested Directors also delivered *ad hoc* document and information requests on various dates.²¹

19. Kirkland facilitated the collection of documents and information by management to respond to the requests of the Disinterested Directors. Early in the process, on November 11, 2025, Kirkland provided each Disinterested Director and their counsel with a presentation on key historical intercompany transactions that took place between 2019 and 2025.²² The presentation summarized the facts of certain intercompany transactions but did not analyze Potential Claims or limit the scope of the Independent Investigations.²³ Kirkland provided the Disinterested Directors with all underlying source material for this presentation.²⁴ Each disinterested Governing Body performed its own analysis of historical intercompany transactions and Potential Claims and related defenses for its respective legal entity.²⁵

²⁰ *Id.*

²¹ *Id.*

²² *Id.*

²³ *Id.*

²⁴ *Id.*

²⁵ *Id.*

20. After management provided initial responses to diligence requests from the Disinterested Directors, the Joint Debtor Advisors began facilitating the direct collection of documents on behalf of, and as requested by, each of the Disinterested Directors.²⁶ To facilitate each Disinterested Directors' investigation, the Debtors retained AlixPartners to serve as their e-discovery vendor.²⁷ Each Disinterested Director, each of their counsels, and Kirkland used AlixPartners to facilitate information flow.

21. In December 2025 and January 2026, Kirkland conducted custodial interviews and collected certain shared drive documents and emails.²⁸ The Disinterested Directors and their counsel received access to, and the ability to search, these collected documents.²⁹ In aggregate, the Disinterested Directors received thousands of corporate documents, emails, and other electronic material from several Debtor custodians in response to diligence requests.³⁰ The Disinterested Directors also received thousands of documents from Liberty Media Corporation ("LMC"), in its capacity as a provider of certain services to QVCG (as further detailed in the First Day Declaration) pursuant to a services agreement, in response to diligence requests related to specific Independent Investigations.³¹

²⁶ *Id.*

²⁷ *Id.*

²⁸ *Id.*

²⁹ *Id.*

³⁰ *Id.*

³¹ *Id.* at 52.

2. Access to Senior Management.

22. The Disinterested Directors' counsel also conducted interviews of current and former executives of the Debtors regarding the historical intercompany transactions subject to the Independent Investigations.³² Each interview was scheduled for ninety minutes, during which each Disinterested Directors' counsel posed questions to and discussed the historical intercompany transactions with executives who had first-hand knowledge.³³ The interviews gave the Disinterested Directors further insight into the rationale for execution of these transactions.³⁴

3. Forensic Assessment.

23. To respond to key diligence requests related to flows of funds to/from QVCG and LINTA, the Debtors retained an AlixPartners forensic accounting team to analyze QVCG and LINTA bank records and general ledgers for the years 2019 through 2025.³⁵ The Disinterested Directors' counsel met with the AlixPartners forensic team on January 22, 2026, on February 6, 2026, and again on March 6, 2026.³⁶ During each of these sessions, AlixPartners walked through their findings and answered questions from counsel.³⁷ The Disinterested Directors received detailed excels showing AlixPartners' work.³⁸ On February 11, 2026, AlixPartners also provided a granular analysis on the cash costs to retire the MSI Exchangeables in 2021 to the Disinterested

³² *Id.*

³³ *Id.*

³⁴ *Id.*

³⁵ *Id.*

³⁶ *Id.*

³⁷ *Id.*

³⁸ *Id.*

Directors of LINTA and QVC (the parties most directly implicated by the 2020 Restructuring (defined and described below)).³⁹

24. To support the Disinterested Directors' assessments of Potential Claims, Evercore provided all of the Disinterested Directors with data from 2020 through 2025 regarding QVC's business performance and regarding the trading prices of the Debtors' equity and various issuances of unsecured debt.⁴⁰ This data included information regarding QVC's sales, OIBDA, and liquidity; the trading prices of QVC's debt during the period; the trading prices of the QVCG preferred equity shares and common shares during the period; graphs showing the trading value and yields on QVC and LINTA notes; and data on trading value and yield of QVC Notes during this same time period. All of the Disinterested Directors (via their respective separate counsel) received the same data.⁴¹

C. Negotiation of the Intercompany Settlement.

25. The Disinterested Directors each concluded that the Potential Claims would result in complex and value-destructive litigation in a chapter 11 context. QVCG faced a limited pool of cash, claims from QVC in connection with billions of dollars in cash transfers made by QVC to QVCG, potential claims from the IRS and disputes with QVC regarding historic consolidated tax liability positions as well as consolidated taxes for the current tax year, and a broad group of retail Preferred Holders who had received nearly half a billion dollars in dividends, sourced almost exclusively from QVC. LINTA faced a depleting pool of cash and both offensive and defensive claims (all of which would be fact-intensive and time-consuming to prosecute or defend).

³⁹ *Id.*

⁴⁰ *Id.*

⁴¹ *Id.*

The operating businesses—QVC and Cornerstone—were focused on limiting business disruption that could result from a protracted stay in chapter 11 (as well as an uncertain long-term cash position for Cornerstone), incentivizing them to also seek a holistic resolution.

26. Armed with robust diligence and independent legal counsel, the Disinterested Directors resolved to attempt to negotiate a settlement of Potential Claims ahead of any bankruptcy filing. The Disinterested Directors bargained at arm's length to maximize value for their respective entities and such entity's stakeholders.

27. Discussions among the Disinterested Directors and their counsel regarding the Potential Claims began in late 2025. By February 2026, as the negotiations gained speed, the Disinterested Directors of QVCG, LINTA, and QVC engaged through numerous conference calls and exchanges of correspondence, including, but not limited to the following:

- On February 13, 2026, counsel for the Disinterested Directors of QVC, QVCG, and LINTA met virtually and presented the Potential Claims held by their respective entities to each other.⁴²
- On February 23, 2026, the Disinterested Directors of QVC made an initial settlement proposal to the Disinterested Directors of each of QVCG and LINTA to resolve Potential Claims.⁴³
- On February 23 and 24, 2026, the Disinterested Directors of QVC, QVCG, and LINTA met virtually and in-person to discuss resolution of the Potential Claims.⁴⁴

⁴² QVCINCDD_001839 – QVC - Claims Presentation to DD Counsel at 11, LINTA_DD_0004482 - Intercompany Claims Positions, Dated February 13, 2026, QVCG_SC_0001522 - Intercompany Settlement Position, Dated February 13, 2026 (Kearns Deposition Ex. 12).

⁴³ QVCINCDD_001098 - Settlement Proposal Letters from Independent Directors to Kobre & Kim LLP, Dated February 22, 2026.

⁴⁴ *Statement of Disinterested Directors of QVC, Inc. in Support of Joint Prepackaged Chapter 11 Plan of Reorganization of QVC Group, Inc. and Its Debtor Affiliates* [Docket No. 147] at 6; *Statement of the Special Committee of Debtor QVC Group, Inc. in Support of Intercompany Settlement in Joint Prepackaged Chapter 11 Plan of Reorganization of QVC Group, Inc. and Its Debtor Affiliates* [Docket No. 149] at 6; *Statement of LINTA Independent Managers in Support of the Proposed Intercompany Settlement* [Docket No. 148] at 7.

- On February 24, 2026, the Disinterested Directors of QVC provided an updated term sheet to the Disinterested Directors of LINTA.⁴⁵
- On February 26, 2026, the Disinterested Directors of QVCG provided a markup of the QVC term sheet to the Disinterested Directors of QVC.⁴⁶
- On February 26, 2026, the Disinterested Directors of LINTA provided a markup of the QVC term sheet to the Disinterested Directors of QVC.⁴⁷ On February 27, 2026, the Disinterested Directors of QVC returned revisions to that term sheet markup.⁴⁸ On February 28, 2026, the Disinterested Directors of LINTA again returned comments to the QVC term sheet.⁴⁹
- On March 1, 2026, the Disinterested Directors of QVC agreed on the framework for a settlement with LINTA.⁵⁰
- On April 4, 2026, the Disinterested Directors of QVC provided a revised term sheet to the Disinterested Directors of QVCG.⁵¹
- On April 14, 2026, the Disinterested Directors of QVCG provided a further markup of the term sheet from the Disinterested Directors of QVC.⁵²
- On April 16, 2026, after a five-month process, the Disinterested Directors resolved that the RSA and Plan, including the Intercompany Settlement, were in the best interests of each of the Debtors.⁵³

⁴⁵ QVCINCDD_001140 - Settlement Term Sheet, Dated February 24, 2026.

⁴⁶ QVCINCDD_001160 - Revised Settlement Term Sheet, Dated February 24, 2026].

⁴⁷ QVCINCDD_001190 - Milbank Email to Katten Attaching Proposed Settlement Framework, Dated February 27, 2026.

⁴⁸ QVCINCDD_001192 - Katten Email to Milbank Attaching Revised Proposed Settlement Framework and Redline, Dated February 27, 2026].

⁴⁹ *Id.*; QVCINCDD_001200 - Katten Email to Milbank Attaching Revised Proposed Settlement Framework, Dated February 28, 2026.

⁵⁰ QVCINCDD_001214 - Katten Email to Milbank Approving Revised Proposed Settlement Framework, Dated March 1, 2026.

⁵¹ QVCG_SC_0000932 - Settlement Term Sheet, Dated April 7, 2026.

⁵² QVCG_SC_0000973 - Revised Settlement Term Sheet, Dated April 7, 2026.

⁵³ QVC_0063084 - QVC Group, Inc. Board of Directors and Governance Committee Written Consent, Dated April 21, 2026.

14. The CBI Disinterested Directors participated in the factual investigation concerning Potential Claims and related restructuring issues. Unlike the Disinterested Directors of QVC, QVCG, and LINTA, however, the Disinterested Directors of CBI were not principally focused on the resolution of Potential Claims, but, rather, on whether Cornerstone would continue to exist within the Debtors' corporate family or separate from the Debtors, and related funding needs and separation issues (*e.g.*, considerations regarding shared services and pricing). Because CBI's Potential Claims would likely be informed by the resolution of Potential Claims among the other Debtors, the CBI Disinterested Directors were not in a position to negotiate the resolution of CBI's Potential Claims in parallel with the Disinterested Directors of QVCG, LINTA, and QVC. Ultimately, although the CBI Disinterested Directors conducted an Independent Investigation, the Intercompany Settlement and the Plan provide for the CBI Debtors to pass through the Chapter 11 Cases with all of their creditors unimpaired and with all Potential Claims against the CBI Debtors released, thus resolving the need for CBI to separately pursue such Potential Claims.

D. Economic Benefits of the Intercompany Settlement.

15. The Intercompany Settlement is a cornerstone to the creditor consensus supporting the Plan. It is the result of arm's-length negotiations by disinterested fiduciaries obliged to maximize the value of their respective Estates. That value is reflected in the Intercompany Settlement's allocation of funds and the releases under the Plan—which inure to the benefit of the Debtors' stakeholders, including common and preferred equity holders.

16. Without the Intercompany Settlement, value destructive litigation and an extended and uncertain stay in chapter 11 ensues. QVC (with its virtually unlimited war chest) will prosecute its claims against LINTA, QVCG, CBI, and, potentially, QVCG equity holders on account of historical dividends. LINTA, with its depleting pool of cash, will defend claims brought

by QVC (including seeking to disallow the LINTA Promissory Note), assert its own claims against QVC on account of its capital contributions, and potentially pursue claims against QVCG regarding historical cash transfers. If Reorganized QVC does not absorb Cornerstone, Cornerstone will face an existential crisis concerning its ability to operate as a going-concern on a long-term basis in the face of increased administrative expenses, business disruption, and trade contraction while it remains in chapter 11. QVCG will simply have no path to confirm a chapter 11 plan barring a litigated outcome (by final non-appealable order) or a settlement with QVC. All of the Debtors will be mired in litigation regarding the allocation of shared administrative expenses.

17. The Intercompany Settlement avoids this outcome, preserving value for all interested parties. Indeed, this is why the Plan is premised on the Intercompany Settlement.

V. The Noticing Process, Solicitation Process, and Voting Results.

28. The Debtors carefully tailored their notice and due process procedures in these Chapter 11 Cases. On April 16, 2026, prior to commencing these Chapter 11 Cases, as described in the Scheduling Motion, the Debtors instructed their Solicitation Agent, Kroll Restructuring Administration, LLC (“Kroll”), to distribute, via electronic mail or mail, as applicable, Solicitation Packages containing the Disclosure Statement (including all exhibits attached thereto), the Plan, and the applicable Ballot to all Holders of Class B3 RCF Claims against the QVC Debtors, Class B4 QVC Notes Claims against the QVC Debtors, and Class C3 LINTA Notes Claims against the LINTA Debtors (each, a “Voting Class” and collectively, the “Voting Classes”) entitled to vote on the Plan as of April 13, 2026 (the “Voting Record Date”) in accordance with sections 1125 and 1126 of the Bankruptcy Code.⁵⁴

⁵⁴ See Voting Report ¶ 7.

29. Each Holder of a Claim to whom a Solicitation Package was transmitted was directed in the Disclosure Statement and applicable Ballot to follow the instructions contained in the Ballot (as described in the Disclosure Statement) to complete and submit its respective Ballot to cast a vote to accept or reject the Plan. Each Holder of a Claim was informed in the Disclosure Statement and applicable Ballot that such Holder needed to submit its Ballot such that it was actually received by Kroll by May 19, 2026, at 11:59 p.m. (prevailing Central Time) (the “Voting Deadline”), to be counted.

30. On the Petition Date, each Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. That same day, the Debtors also filed the Plan, the Disclosure Statement, and the Scheduling Motion, pursuant to which the Debtors sought to schedule a Combined Hearing on approval of the Disclosure Statement and Confirmation of the Plan and related objection deadlines. On April 17, 2026, the Bankruptcy Court entered the *Order (I) Scheduling a Combined Disclosure Statement and Plan Confirmation Hearing, (II) Approving the Solicitation Procedures, (III) Approving the Deadlines and Notices Related Thereto, (IV) Waiving Certain Requirements in Connection Therewith, and (V) Granting Related Relief* [Docket No. 70] (the “Scheduling Order”), which (1) established May 19, 2026, at 11:59 p.m. (prevailing Central Time) as the deadline to object to the adequacy of the Disclosure Statement and confirmation of the Plan (the “Objection Deadline”) and (2) approved the form and manner of the Combined Hearing Notice (as defined below) and the Publication Notice.

31. Starting on April 17, 2026, the Debtors mailed, or caused to be delivered, the Combined Hearing Notice.⁵⁵ The Combined Hearing Notice informed recipients of: (1) the commencement of these Chapter 11 Cases on April 16, 2026; (2) the scheduling of the Combined

⁵⁵ A copy of the Combined Hearing Notice is attached as Exhibit 1 to the Scheduling Order [Docket No. 70].

Hearing to consider approval of the Disclosure Statement and Confirmation of the Plan on May 26, 2026 at 9:00 a.m. (prevailing Central Time); (3) the key terms of the Plan, including classification and treatment of Claims and Interests; (4) key dates and information regarding approval of the Disclosure Statement, Confirmation of the Plan, and the Objection Deadline; (5) the methods by which parties may request copies of the Plan and the Disclosure Statement; and (6) the full text of the release, exculpation, and injunction provisions set forth in the Plan.⁵⁶ In addition, the Debtors caused the Publication Notice to be published in the *New York Times* (national edition) on April 23, 2026,⁵⁷ and in the *New York Times* (international edition) on April 27, 2026.⁵⁸ The Combined Hearing Notice was also made available at no charge on the public website maintained by Kroll at: <https://restructuring.ra.kroll.com/QVC>.

32. Certain Holders of Claims and Interests were not provided a Solicitation Package because such Holders are either (1) Unimpaired under the Plan and therefore conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code or (2) Impaired and not entitled to receive a distribution under the Plan and therefore conclusively deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Accordingly, such Holders of Claims and Interests (collectively, the “Non-Voting Classes” and the parties in such classes, the “Non-Voting Parties”) were not solicited:

Class	Claims or Interests	Voting/Non-Voting Status
A1	Other Secured Claims against QVCG	Not Entitled to Vote (Presumed to Accept)

⁵⁶ See Certificate of Service, Exhibit 3 [Docket No. 80] (Combined Hearing Notice that was sent to recipients).

⁵⁷ See *Proof of Publication* [Docket No. 127] (publishing the Publication Notice in *The New York Times* (national edition) on April 23, 2026).

⁵⁸ See *Proof of Publication* [Docket No. 146] (publishing the Publication Notice in *The New York Times* (international edition) on April 29, 2026).

Class	Claims or Interests	Voting/Non-Voting Status
A2	Other Priority Claims against QVCG	Not Entitled to Vote (Presumed to Accept)
A3	General Unsecured Claims against QVCG	Not Entitled to Vote (Presumed to Accept)
A4	QVC-QVCG Settlement Claim	Not Entitled to Vote (Presumed to Accept)
A5	Other Intercompany Claims against QVCG	Not Entitled to Vote (Presumed to Accept / Deemed to Reject)
A6	QVCG Preferred Equity Interests	Not Entitled to Vote (Deemed to Reject)
A7	QVCG Common Equity Interests	Not Entitled to Vote (Deemed to Reject)
A8	Section 510(b) Claims against QVCG	Not Entitled to Vote (Deemed to Reject)
B1	Other Secured Claims against the QVC Debtors	Not Entitled to Vote (Presumed to Accept)
B2	Other Priority Claims against the QVC Debtors	Not Entitled to Vote (Presumed to Accept)
B5	General Unsecured Claims against the QVC Debtors	Not Entitled to Vote (Presumed to Accept)
B6	Intercompany Claims against the QVC Debtors	Not Entitled to Vote (Presumed to Accept / Deemed to Reject)
B7	Intercompany Interests in the QVC Debtors	Not Entitled to Vote (Presumed to Accept / Deemed to Reject)
B8	Section 510(b) Claims against the QVC Debtors	Not Entitled to Vote (Deemed to Reject)
C1	Other Secured Claims against the LINTA Debtors	Not Entitled to Vote (Presumed to Accept)

Class	Claims or Interests	Voting/Non-Voting Status
C2	Other Priority Claims against the LINTA Debtors	Not Entitled to Vote (Presumed to Accept)
C4	General Unsecured Claims against the LINTA Debtors	Not Entitled to Vote (Presumed to Accept)
C5	Intercompany Claims against the LINTA Debtors	Not Entitled to Vote (Presumed to Accept / Deemed to Reject)
C6	Intercompany Interests in the LINTA Debtors	Not Entitled to Vote (Presumed to Accept / Deemed to Reject)
C7	Section 510(b) Claims against the LINTA Debtors	Not Entitled to Vote (Deemed to Reject)
D1	Other Secured Claims against the CBI Debtors	Not Entitled to Vote (Presumed to Accept)
D2	Other Priority Claims against the CBI Debtors	Not Entitled to Vote (Presumed to Accept)
D3	General Unsecured Claims against the CBI Debtors	Not Entitled to Vote (Presumed to Accept)
D4	Intercompany Claims against the CBI Debtors	Not Entitled to Vote (Presumed to Accept / Deemed to Reject)
D5	Intercompany Interests in the CBI Debtors	Not Entitled to Vote (Presumed to Accept / Deemed to Reject)
D6	Section 510(b) Claims against the CBI Debtors	Not Entitled to Vote (Deemed to Reject)

33. Instead, shortly after the Petition Date, the Debtors mailed, or caused to be delivered, to all Holders or potential Holders of Claims and Interests in the Non-Voting Classes, the Notice of Non-Voting Status, which informed recipients of their status as ineligible to vote (either as presumed to accept the Plan or deemed to reject the Plan) and, as applicable, gave the

Non-Voting Classes that are presumed to accept the Plan an opportunity to opt out of the Third-Party Release in the Plan or gave the Non-Voting Classes that are deemed to reject the Plan an opportunity to opt into the Third-Party Release in the Plan.⁵⁹ All notices prominently noted the various methods by which the Non-Voting Parties could obtain, at no cost, copies of the Plan and Disclosure Statement in paper or electronic form, at their election.

34. On May 12, 2026, the Debtors filed and served the *Notice of Filing of Plan Supplement* [Docket No. 212], which included the then-current drafts of the following exhibits: (1) the Schedule of Retained Causes of Action; (2) the Rejected Executory Contracts and Unexpired Leases List (reflecting no rejections); and (3) the Restructuring Steps Plan. On May 19, 2026, the Debtors filed and served the *Second Notice of Filing of Plan Supplement* [Docket No. 293], which included certain of the ABL Facility Documents (including the executed commitment letter).

35. The Debtors completed their solicitation on the Voting Deadline. The Debtors completed their tabulation of the Ballots shortly thereafter, following a complete review and audit of all received Ballots.⁶⁰ Each of the Voting Classes voted to accept the Plan by a wide margin. The voting results, as reflected in the Voting Report, are summarized as follows:⁶¹

⁵⁹ The Debtors were not required to mail Notices of Non-Voting Status to classes of intercompany claims, Classes A4, A5, B6, B7, C5, C6, D4, and D5.

⁶⁰ For additional discussion about, and certification of, the solicitation and vote tabulation processes, see the Voting Report.

⁶¹ See Voting Report, Exhibit A.

CLASSES	ACCEPT		REJECT	
	NUMBER (% of Number Voting)	AMOUNT (% of Amount Voting)	NUMBER (% of Number Voting)	AMOUNT (% of Amount Voting)
Class B3 RCF Claims against the QVC Debtors	17 (100%)	\$3,034,444,444.40 (100%)	0 (0%)	\$0.00 (0%)
Class B4 QVC Notes Claims against the QVC Debtors	1,096 (85.56%)	\$1,111,733,174.46 (99.88%)	185 (14.44%)	\$1,359,558.42 (0.12%)
Class C3 LINTA Notes Claims against the LINTA Debtors	865 (81.91%)	\$904,963,513.00 (98.95%)	191 (18.09%)	\$9,971,200.00 (1.05%)

VI. Objections.

36. The Debtors received six formal objections and one reservation of rights from: (1) the U.S. Trustee, (2) certain preferred shareholders of QVCG (the “Objecting Preferred Holders,” and together with all preferred shareholders of QVCG, the “Preferred Shareholders”), (3) Mr. Zhang, (4) Mr. Rajadhyaksha, (5) Mr. Shah, and (6) certain arbitration claimants, as well as certain informal objections.⁶² The Debtors have since resolved the drafting issues raised by the arbitration claimants and have resolved all informal objections through modifications to the Plan

⁶² See *United States Trustee’s Objection to Confirmation of the First Amended Joint Prepackaged Plan of Reorganization of QVC Group, Inc. and Its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 291] (the “U.S. Trustee Objection”); *Preferred Shareholders’ Objection to Confirmation of the Debtors’ Joint Prepackaged Chapter 11 Plan of Reorganization* [Docket No. 318] (the “Preferred Shareholder Objection”); *Objection of Guowei Zhang to Confirmation of the Debtors’ Chapter 11 Plan and Request for Continuance, Additional Disclosure, and Preservation of Rights* [Docket No. 295] (the “Zhang Objection”); *Objection of Salil Rajadhyaksha, Individually and as Attorney-in-Fact for the Additional Class A7 (QVCG Common Equity Interests) and Class A6 (QVCGP Preferred Equity Interests) Holders Listed on Schedule A Hereto, to Confirmation of the Debtors’ Joint Prepackaged Chapter 11 Plan of Reorganization* [Docket No. 299] (the “Initial Rajadhyaksha Objection”); *Supplemental Objection of Salil Rajadhyaksha, Class A7 (QVCG Common Equity Interests) Holder, to Confirmation of the Debtors’ Joint Prepackaged Chapter 11 Plan of Reorganization* [Docket No. 300]; *Objection of Bhavin Shah, QVCGA Shareholder, to Confirmation of the Debtors’ Joint Prepackaged Chapter 11 Plan of Reorganization* [Docket No. 338] (the “Shah Objection”); *Arbitration Claimants’ Reservation of Rights Regarding the First Amended Joint Prepackaged Plan of Reorganization of QVC Group, Inc. and Its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 322] (the “Arbitration Reservation of Rights”).

and agreed language for the Confirmation Order. In addition to the Debtors' affirmative case for Confirmation, the remaining five objections are addressed below.

ARGUMENT

I. The Intercompany Settlement Should Be Approved.

A. The Intercompany Settlement Satisfies the Applicable Legal Standards.

1. Entry into the Intercompany Settlement is in the Best Interest of Each Debtor's Estate, and the Settlement is Fair and Equitable.

a. Bankruptcy Rule 9019.

37. Bankruptcy Rule 9019 provides, in relevant part:

On . . . motion [by the debtor in possession] and after notice and a hearing, the court may approve a compromise or settlement. Notice must be given to all creditors; the United States trustee, . . . [and] all indenture trustees as provided in Rule 2002; and to any other entity the court designates.⁶³

38. Under section 1123(b)(3)(A) of the Bankruptcy Code, a chapter 11 plan may provide for the "settlement or adjustment of any claim or interest belonging to the debtor or to the estate."⁶⁴ "The legal test [under 1123(b)(3)(A)] is the same one used to consider settlements under Bankruptcy Rule 9019. That is whether the settlement is fair, equitable, and in the best interest of the estate."⁶⁵ Courts in the Fifth Circuit evaluate settlements considering a "three-part test":

“(1) the probability of success in litigating the claim subject to settlement, with due consideration for the uncertainty in fact and law; (2) the complexity and likely duration of litigation and any attendant

⁶³ Fed. R. Bankr. P. 9019(a).

⁶⁴ 11 U.S.C. § 1123(b)(3)(A).

⁶⁵ *In re Robertshaw US Holding Corp.*, 662 B.R. 300, 314 (Bankr. S.D. Tex. 2024) (citing *Off. Comm. of Unsecured Creditors v. Moeller (In re Age Ref., Inc.)*, 801 F.3d 530, 540 (5th Cir. 2015)); *see also In re Beach*, 731 F. App'x 322, 325 (5th Cir. 2018) (holding that a settlement may be approved, so long as it is “fair and equitable and in the best interest of the estate”) (quoting *Conn. Gen. Life Ins. Co. v. United Cos. Fin. Corp. (In re Foster Mortg. Corp.)*, 68 F.3d 914, 917 (5th Cir. 1995)).

expense, inconvenience, and delay; and (3) all other factors bearing on the wisdom of the compromise, including (i) the best interests of creditors, with proper deference to their reasonable views and (ii) the extent to which the settlement is truly the product of arm's-length bargaining, and not of fraud or collusion.”⁶⁶

39. “Compromises are favored in bankruptcy because they minimize litigation costs and further the parties’ interest in expediting the administration of a bankruptcy case.”⁶⁷ Settlements are considered a “normal part of the process of reorganization” and a “desirable and wise method[] of bringing to a close proceedings otherwise lengthy, complicated[,] and costly.”⁶⁸ With these considerations in mind, the court’s role is not to decide the merits of the issues in dispute when evaluating a settlement.⁶⁹ For example, when evaluating the first factor of the three part test—the probability of success of litigation—courts should avoid conducting a “mini trial” to “determine the probable outcome of any claims waived in the settlement. Instead, a court must apprise itself of the relevant facts and law so that it can make an informed and intelligent decision.”⁷⁰ When considering risk of “expense, inconvenience, and delay” and protracted

⁶⁶ *Robertshaw*, 662 B.R. at 314. See also *Beach*, 731 F. App’x at 325 (reciting factors); *Watts v. Williams*, 154 B.R. 56, 59 (S.D. Tex. 1993) (same). Courts often consider as either an additional factor, or as subsumed in the second factor, “the difficulties, if any, to be encountered in the matter of collection.” See, e.g., *In re Moore*, 608 F.3d 253, 263 (5th Cir. 2010); see also *In re MCorp Financial, Inc.*, 160 B.R. 941, 950 (citing three factor test, but noting also consideration of “difficulties in collecting judgments...” in the context of collection efforts against the FDIC as a “political agency,” and holding that “factors must be tailored to the factual context and complexities of the particular settlement”).

⁶⁷ *In re Idearc Inc.*, 423 B.R. 138, 182 (Bankr. N.D. Tex. 2009) (internal quotations and citations omitted); *In re Highland Capital Mgmt., L.P.*, No. 19-34054-SGJ11, 2025 WL 2047279, at *6 (Bankr. N.D. Tex. July 21, 2025)

⁶⁸ *In re Jackson Brewing Co.*, 624 F.2d 599, 602 (5th Cir. 1980) (citations omitted).

⁶⁹ *Watts*, 154 B.R. at 59.

⁷⁰ *Robertshaw*, 662 B.R. at 314 (internal quotations and citations omitted).

litigation, courts examine whether potential litigation will be “fact intensive” (particularly in the context of settlements of fraudulent transfer claims).⁷¹

40. “Other factors” weighing on the court’s evaluation are the “best interests and wishes of the creditors” with “proper deference to their reasonable views” and assessment of whether the settlement was the product of “arms-length negotiations” without “fraud or collusion.”⁷² For the first “other factor,” courts have examined, for example, the relative value and priority of objecting parties’ claims, and whether, notwithstanding an objection to a settlement, the settlement has “salutary effects . . . on the prospects for reorganization. . . ,” as well as the consideration offered by settling parties in the settlement.⁷³ Evaluation of “arms-length” process focuses on factors such as the degree to which parties were represented by their own independent counsel and the degree to which parties to the settlement had time and opportunity to evaluate successive settlement proposals.⁷⁴

⁷¹ See, e.g., *Robertshaw*, 662 B.R. at 317 (evaluating unsecured creditors committee settlement including settlement of potential fraudulent transfer claims, notwithstanding extensive disinterested director and committee investigations, where litigation would involve “many fact intensive issue[s] related to solvency, intent to hinder, delay or defraud creditors, and reasonably equivalent value” and where facts involved entities that “no longer exist[ed]”). In *Robertshaw*, the Committee’s witness testified that “litigation would be time consuming, would involve considerable risk, and the outcome would be uncertain” and that a “settlement could pave the way toward a quicker exit from chapter 11.” Decl. of Andrew Scruton of FTI Consulting, Inc. Financial Advisor to the Official Committee of Unsecured Creditors, in Support of Plan Confirmation, ¶ 13, [Docket No. 855], *In re Robertshaw US Holding Corp., et al.*, Case No. 24-90052 (CML) (Bankr. S.D. Tex. July 31, 2024).

⁷² See, e.g., *In re Cajun Elec. Power Co-op, Inc.*, 119 F.3d 349, 356–58 (5th Cir. 1997).

⁷³ *Id.* at 358; see also *In re Allied Properties, LLC*, Case No. 06-33754, 2007 WL 1849017, at *4 (Bankr. S.D. Tex. June 25, 2007) (“When applying this factor, courts generally consider the consideration offered by the settling creditor and the degree to which creditors object.”).

⁷⁴ *In re With Purpose, Inc.*, Case No. 23-30246-MVL7, 2025 WL271469, at *33 (Bankr. N.D. Tex. Jan. 22, 2025) (describing settlement negotiation process including independently represented parties and multiple negotiation rounds); see also *In re Wright*, 545 B.R. 541, 547, 564 (Bankr. S.D. Tex. 2016) (finding an “arms-length bargain” under 9019 standard, where “[a]ll parties...were represented by counsel”).

41. A debtor’s burden to establish satisfaction of the legal standards in support of a settlement “is not high” and they “need only show that [their] decision falls within the ‘range of reasonable litigation alternatives.’”⁷⁵ The Debtors easily satisfy this burden.

42. The Objecting Preferred Holders—acknowledging that the Debtors do not seek approval of the Intercompany Settlement under section 363 of the Bankruptcy Code—attempt to move the goal posts and argue for application of the “entire fairness” or “heightened scrutiny” standard of review, alleging that “the [QVCG] [Disinterested D]irectors were not adequately informed,” “effectively deferred to the other Debtors and their shared advisors,” and the process was “fundamentally flawed.”⁷⁶ An “entire fairness” standard is inapplicable, and even if it were applicable, the Intercompany Settlement would comfortably satisfy the standard.

43. As a threshold matter, there is no *per se* rule in the Fifth Circuit requiring an “entire fairness” review of settlements between affiliated debtors, and the cases the Objecting Preferred Holders cite for such a proposition are inapposite or articulate the standard in a manner satisfied

⁷⁵ *In re Allied Properties, LLC*, Case No. 06-33754, 2007 WL 1849017, at *4 (Bankr. S.D. Tex. June 25, 2007); see also *In re Heritage Organization, L.L.C.*, 375 B.R. 230, 281–83 (Bankr. N.D. Tex. 2007) (quoting *Allied Properties*); *In re Mirant Corp.*, 348 B.R. 725, 741 n. 36 (Bankr. N.D. Tex. 2006) (“For a settlement to meet the best interests test, the amount being paid or received by the estate ... need only be within the extremes of the range.”) (citing *Newman v. Stein*, 464 F.2d 689, 693 (2d Cir.1972)), *aff’d sub nom. Objecting Class 3 Claimholders v. New Mirant Entities*, No. 4:06-CV-744-A, 2006 WL 3780884 (N.D. Tex. Dec. 26, 2006).

⁷⁶ See, e.g., Preferred Shareholder Objection ¶¶ 40–41 (“In the context of settlements approved outside of bankruptcy plans pursuant to Section 363 of the Bankruptcy Code, courts have observed that the business judgment of the trustee can be a relevant factor. . . . Where, as here, the directors were not adequately informed—through a fundamentally flawed process—and effectively deferred to the other Debtors and their shared advisors, the applicable standard is entire fairness, requiring the proponents to demonstrate both the fairness of the process and the fairness of the price.” (citing *In re Vanderbilt Minerals, LLC*, No. 24-22446, 2026 WL 1138767, at *6 (Bankr. N.D.N.Y. Apr. 27, 2026); *In re LATAM Airlines Grp. S.A.*, 620 B.R. 722, 769 (Bankr. S.D.N.Y. 2020); *In re Ionosphere Clubs, Inc.*, 156 B.R. 414, 426 (S.D.N.Y. 1993); *In re Energy Coop. Inc.*, 886 F.2d 921, 924 (7th Cir. 1989); *In re Soundview Elite Ltd.*, 594 B.R. 108, 129 (Bankr. S.D.N.Y. 2018))); Preferred Shareholder Objection, ¶ 21, ¶ 56 (“[T]he court’s scrutiny must be great when the settlement is between insiders and an overwhelming majority of creditors in interest oppose such settlement of claims.” (quoting *In re Foster Mortg. Corp.*, 68 F.3d 914, 919 (5th Cir. 1995))); Preferred Shareholder Objection, ¶ 59 (“Moreover, the fact that the releases primarily benefit insiders triggers the heightened scrutiny required under the Fifth Circuit law for settlements between insiders.” (citing *Foster*, 68 F.3d at 919)); Preferred Shareholder Objection, ¶61 (“Under these circumstances, the Court’s scrutiny must be at its highest.” (citing *Foster*, 68 F.3d at 919)).

here. For instance, in *Vanderbilt Minerals*, a case from the Bankruptcy Court for the Northern District of New York, the parties stipulated to “heightened scrutiny” review, and the settlement under consideration was approved, including on the basis of a finding of arm’s length discussions where the settling parties retained independent counsel who conducted comprehensive investigations into claims and the settling parties engaged in a robust negotiation process.⁷⁷ *Ionosphere Clubs* and *Energy Coop* speak merely to the requirement that a court “may not simply accept a trustee’s word that the settlement is reasonable, nor . . . rubber stamp” a settlement.⁷⁸ *Soundview Elite* is completely inapplicable: the transactions under review were criticized as “procedurally and substantively deficient” in part because they lacked disinterested director approval, and, besides, the case says nothing about standards applicable to review of bankruptcy settlements.⁷⁹ And while the court in *Latam Airlines* applied an “entire fairness” standard of review to its consideration of whether to approve proposed DIP financing provided in part by the debtors’ largest shareholders, “entire fairness” was satisfied in part by a strong showing of a “fair process” that included disinterested directors, represented by independent counsel, and “by the book” consideration and negotiation processes.⁸⁰

44. The Objecting Preferred Holders also cite the Fifth Circuit’s *In re Foster Mortgage Corp.* in support of “heightened scrutiny,” making frequent reference to the court’s remark that

⁷⁷ *Vanderbilt Minerals*, 2026 WL 1138767, at *10-11.

⁷⁸ *Ionosphere Clubs*, 156 B.R. at 426 (reciting factors relevant to settlement approval, including avoiding “rubber stamp,” not considering heightened scrutiny or fairness standards); *Energy Coop.*, 886 F.2d at 924, 926 (finding, for example, no “rubber stamp” where bankruptcy court conducted an extensive trial process, including “four days of testimony” and affirming district court’s finding of “studied effort” by the bankruptcy judge).

⁷⁹ *Soundview Elite*, 594 B.R. at 129 (“When conflict exists, it is incumbent on managers to pursue approval from disinterested directors in order to determine whether a conflicted transaction is proper.”). In *Soundview Elite*, the court was considering a motion for summary judgment in favor of a chapter 11 trustee against a third party fiduciary on avoidance actions, breach of fiduciary duty, and pre-judgment interest claims.

⁸⁰ *Latam Airlines*, 620 B.R. at 774-776

“scrutiny must be great when the settlement is between insiders and an overwhelming majority of creditors in interest oppose such settlement of claims.”⁸¹ In *Foster*, the debtor, Foster Mortgage Corporation (“Foster”), settled claims against its parent arising from an intercompany tax agreement whereby Foster’s parent was to compensate Foster for use of nearly \$80 million of tax attributes. The bankruptcy court approved a settlement between Foster and the parent whereby the parent instead provided, through a chapter 11 plan, a mere \$1.65 million of settlement consideration to Foster. The Fifth Circuit vacated the settlement, finding that the court did not “consider[] all factors bearing on the wisdom of the compromise,” specifically, the “paramount interest of the creditors”: “Our concern is that the courts below gave no consideration to issues we find dispositive: that nearly all creditors in interest opposed this settlement and that the settlement was reached between insiders without the participation of the creditors.”⁸² Even then, the Fifth Circuit was “careful to add that [they were] creating no per se rule allowing a majority of creditors in interest to veto a settlement.”⁸³ Rather, the *Foster* court found an abuse of discretion because the bankruptcy court ***did not consider*** the “overwhelming” opposition to the settlement and the relationship between Foster and United.⁸⁴

45. *Foster* is similarly distinguishable from these chapter 11 cases. Critically (and perhaps dispositively), in *Foster*, the “familial” relationship sparking the court’s demand for a closer look at settlement terms was apparently unmitigated by the presence of disinterested fiduciaries of the sort retained by each of the key Debtor entities in these chapter 11 cases.

⁸¹ Preferred Shareholder Objection, ¶ 21 (quoting *Foster*, 68 F.3d at 919).

⁸² *Foster*, 68 F.3d at 918.

⁸³ *Id.* (citing *In re Drexel Burnham Lambert Group, Inc.*, 134 B.R. 493, 498 (S.D.N.Y. 1991)) (emphasis added).

⁸⁴ *Id.* at 919.

Here, the Intercompany Settlement was negotiated by Disinterested Directors with decades of restructuring experience, each of which had its own counsel, and after a five-month investigation involving detailed legal and financial analyses of thousands of documents by the Disinterested Directors and their respective advisors. Additionally, in *Foster*, the court took particular issue with the lack of support for the settlement from “nearly all creditors in interest.” Here, the Intercompany Settlement is supported by significant portions of the Debtors’ broader creditor base, and with respect to QVCG, the Official Committee supports the Plan and the Intercompany Settlement, and all *creditors* are Unimpaired and thus deemed to have accepted the Plan and the Intercompany Settlement set forth in the Plan. The Objecting Preferred Holders, in contrast hold approximately 37% of QVCG’s under water preferred *equity*. Following *Foster*, the Bankruptcy Court will surely consider the views of all stakeholders, assigning them appropriate weight in its deliberations.

46. The presence of releases for the Disinterested Directors in the Intercompany Settlement also does not call for the importation of a non-bankruptcy law “entire fairness” standard into the Bankruptcy Court’s evaluation process. Again, there is no authority providing for *per se* “entire fairness” evaluation of inter-debtor settlements that include director and officer releases: how could there be? Director and officer releases are routinely included in sophisticated chapter 11 cases that follow the same attentive, disinterested governance approach present here.⁸⁵ And on the facts of these cases, there is no basis to believe that the Disinterested Directors’ decision-making was motivated by the inclusion in the Intercompany Settlement of such releases. The Disinterested Directors that negotiated the Intercompany Settlement were not involved or

⁸⁵ See, e.g., *In re Nine Energy Serv., Inc.*, No. 26-90295 (CML) (Bankr. S.D. Tex. Feb. 3, 2026); *In re Kleopatra Finco S.à R.L.*, No. 25-90642 (CML) (Bankr. S.D. Tex. Nov. 5, 2025); *In re Avaya Inc.*, No. 23-90088 (DRJ) (Bankr. S.D. Tex. Mar. 22, 2023).

implicated in any of the transactions giving rise to the Potential Claims. All of the Disinterested Directors benefitted from customary and broad exculpation and indemnification protection in connection with their engagements,⁸⁶ and as an incremental layer of protection, all of the Disinterested Directors benefit from the existence of robust D&O insurance coverage.⁸⁷ In other words, the Disinterested Directors already had a backstop of protection, with or without a release.

47. References to “entire fairness” confuse bankruptcy settlements with safeguards against conflicted transactions outside of bankruptcy. Bankruptcy courts have steadfastly resisted importing such non-bankruptcy standards like the “entire fairness” doctrine into bankruptcy settlements⁸⁸—and with good reason. Under Rule 9019, the bankruptcy court oversees the proposed transaction as an independent factfinder to determine whether a compromise is “fair and equitable” and in the “best interests of the estate,” as discussed in detail above, providing sufficient

⁸⁶ See QVCG Restated Certificate of Incorporation, §§ V.E.1 and V.E.2; QVC, Inc. Amended and Restated Certificate of Incorporation, Art. SEVENTH; QVC, Inc. Amended and Restated By-Laws, Art. VII, § 7.1; QVCG Amended and Restated Bylaws, Art. II, §§ 2.9–2.13; QRI Cornerstone, Inc. By-Laws, Art. VIII.1; QRI Cornerstone, Inc. Certificate of Incorporation, Art. X. Each of the foregoing governance documents contains anti-amendment or survival provisions that preserve indemnification rights for pre-amendment acts. See QVC, Inc. Amended and Restated By-Laws, § 7.4; QVCG Restated Certificate of Incorporation, § V.E.3; QVCG Amended and Restated Bylaws, § 2.13.

⁸⁷ See *Debtors’ Emergency Motion for Entry of an Order (I) Authorizing the Debtors to (A) Maintain Insurance Coverage Entered Into Prepetition and Satisfy Prepetition Obligations Related Thereto, (B) Renew, Amend, Supplement, Extend, Purchase, Cancel, and Enter Into New Insurance Coverage, and (D) Maintain the Surety Bond Program; and (II) Granting Related Relief, Exhibit 1* [Docket No. 11].

⁸⁸ See, e.g., *In re Chassix Holdings, Inc.*, No. 15–10578 (MEW) (Bankr. S.D.N.Y. July 21, 2015) [Docket No. 654] (“I’m not at all convinced that it’s the entire fairness test that would apply outside bankruptcy.”); *In re Dewey & LeBoeuf LLP*, 478 B.R. 627, 641 (Bankr. S.D.N.Y. 2012) (“The FPC argues that in conducting its Rule 9019 analysis the Court should apply the heightened scrutiny of the “entire fairness” doctrine—as opposed to the business judgment standard—because, it alleges, the Debtor is settling claims with insiders. . . . But . . . under Rule 9019 a debtor’s business judgment is only one factor in a bankruptcy court’s determination. The bankruptcy court must exercise its own independent judgment in analyzing the *Iridium* factors.”); *Beacon Investments LLC v. MainePCS, LLC*, 468 B.R. 1, *20–21 (D. Maine 2012) (declining to apply entire fairness to settlement approval because the record did not establish “a conflict that would call into play” that rule and providing that a party’s failure to raise entire fairness at the bankruptcy court level would constitute waiver of the issue on appeal); *In re Exaeris, Inc.*, 380 B.R. 741, 746 (Bankr. D. Del. 2008) (“Whether courts are required to apply a stricter standard when evaluating settlements negotiated by insiders of a debtor is not necessary to decide now.”).

substitute protection and oversight. And regardless, even non-bankruptcy law recognizes the mitigating effect of disinterested directors and governance processes such as those instituted here.⁸⁹

b. The Intercompany Settlement is Reasonable and in the Best Interests of Each of the Debtors' Estates.

48. When viewed through the lens of each of QVCG, LINTA, QVC, and CBI, the Intercompany Settlement is in the best interests of each respective estate and, as a result, all of the Debtors' Estates holistically:

	<i>With Intercompany Settlement</i>	<i>Without Intercompany Settlement</i>
QVCG	• Full resolution on potential claims (in excess of \$1 billion) from QVC • Full release from QVC under certain tax indemnity provisions in the QVC TSA and a full go-forward indemnification <i>from</i> QVC for <i>all</i> tax issues, regardless of whether they have anything to do with QVC • No obligation to bear shared administrative costs • Guaranteed unimpairment of all third-party general unsecured claims • Releases for Holders of QVCG Preferred Equity Interests who received \$450 million in dividends in recent years	• Extended and expensive litigation with QVC regarding fact-intensive claims (necessitating expert opinions on matters relating to tax and solvency, among others) • Extended stay in chapter 11 due to litigation with QVC regarding Potential Claims and allocation of potential consolidated tax liabilities under the QVC TSA (and the potential need for an indefinitely timed escrow of QVCG's cash or holdback from Plan distributions while such liabilities are sorted through, which could take many years) • Uncertain recovery or timing of recovery for third-party general unsecured claims • Litigation regarding allocation of shared administrative costs • Shrinking pool of cash to fund its defense in those litigations in comparison to its adversary • Individual equity holders may face clawback litigation regarding receipt of dividends and/or

⁸⁹ See, e.g., D.G.C.L. § 144 (providing liability safe harbor for certain insider and affiliate transactions, where decision-making process includes approval of transaction by majority of "disinterested directors," defined as "a director who is not a party to the act or transaction and does not have a material interest in the act or transaction or a material relationship with a person that has a material interest in the act or transaction").

		protracted and individual litigation as to the applicability of section 546(e) defenses
LINTA	• No obligation to bear shared administrative costs • Complete disallowance of LINTA Promissory Note and additional cash contribution from QVC	• Litigation regarding allocation of shared administrative costs • Litigation regarding allowance of LINTA Promissory Note and both offensive and defensive litigation with QVC and QVCG regarding Potential Claims • Challenges in making emergence distributions absent a resolution on the Potential Claims
QVC	• Receives excess cash at QVCG following satisfaction of all QVCG administrative, priority, and general unsecured claims in full • Full resolution with LINTA on any potential avoidance action claims LINTA may bring • Shorter stay in chapter 11 and, hopefully, minimal business disruption • Go-forward control of tax return compliance, including the ability to make certain relevant tax elections	• QVC can emerge absent resolution of the intercompany claims, but: • doing so would require rebuilding consensus (failure of Plan confirmation is an RSA termination event) in the face of uncertainty regarding resolution of such claims • will expend time and money prosecuting the Potential Claims against QVCG • will expend time and money on litigation regarding allowance of the LINTA Promissory Note and both offensive and defensive litigation with LINTA regarding Potential Claims • May experience business disruption as a result of public litigation • May not absorb Cornerstone for the benefit of Cornerstone's stakeholders (would lose the potential upside in Cornerstone)
CBI	• Going-concern guarantee, including the ability to continue operating, at least in the near-term, with a favorable setup for administrative costs • Unimpairment of all claims	• Uncertain path forward: may be a going concern, may be a sale, may be a liquidation • Treatment and recovery of claims uncertain • May have claims to assert against Debtors

c. The Complex Factual and Legal Issues Raised by the Potential Intercompany Claims Support the Intercompany Settlement.

49. The Intercompany Settlement provides a practical resolution of complex issues of fact and law introduced by the Potential Claims. As an initial matter, complete prosecution of the avoidance action and fraudulent transfer Potential Claims to a final, non-appealable order does not provide the same level of closure and certainty as the Intercompany Settlement because such litigation does not—and cannot—provide certainty regarding the Debtors’ consolidated tax liabilities. Only the Intercompany Settlement (which provides for QVC to indemnify QVCG on all such consolidated tax liabilities) can provide that certainty.

d. The Intercompany Settlement Does Not Require Evaluation for Reasonableness and Probability of Success on an Issue-by-Issue Basis.

50. Even as to the avoidance action and fraudulent transfer Potential Claims, the probability of success for any of the Debtors (including QVC and QVCG) on any of the Potential Claims between them is highly uncertain, and this uncertainty cuts in favor of court approval of the holistic Intercompany Settlement. The Debtors are not, as the Objecting Preferred Holders suggest, required to “demonstrate a meaningful probability of success” on any of the Potential Claims.⁹⁰ Indeed, the court must afford “due consideration” to this uncertainty and the resolution of this uncertainty that the Intercompany Settlement provides.

⁹⁰ Compare Preferred Shareholder Objection ¶ 23 (“[T]he Debtors cannot demonstrate a meaningful probability of success on the Alleged Intercompany Claims”) and (“The Alleged Intercompany Claims Lack Merit”) with *Watts*, 154 B.R. at 59 (“In considering these factors [relevant to review of approval of a settlement], the bankruptcy court must review the facts supporting a compromise, yet not decide the merits of individual issues. Rather the bankruptcy court determines whether the settlement is fair and equitable as a whole. ... In fact, in complex controversies, courts may conduct less exacting factual inquiries before approving a settlement which appears to substantially benefit the estate.”) (internal citations omitted); see also *In re Age Refining, Inc.*, 801 F.3d 530, 540–42 (5th Cir. 2015) (affirming bankruptcy court approval of settlement between chapter 11 trustee and secured creditor over the latter’s entitlement to postpetition interest, over the objection of the unsecured creditors’ committee, where bankruptcy court found that success of estate in advancing committee’s position in underlying dispute was uncertain, would “rest on an appeal” that would be “costly, and would seriously delay the resolution”

51. A survey of other large, complex chapter 11 cases (many of which are in this district) confirms that intercompany settlements are not ordinarily evaluated on an issue-by-issue basis for reasonableness, fairness, or equity—all such analyses are conducted with respect to the settlement as a whole.⁹¹ This makes sense. A key benefit of a settlement is to save the costs, resources, and litigation that would be necessary to liquidate individual claims or issues when parties have widely divergent views on their merits. Even in the most detailed pleadings of the surveyed cases, the debtors provided only high-level descriptions of the category or categories of claims involved in the settlement, an aggregated valuation of the claims involved (but not an issue-by-issue valuation), and a term sheet separately detailing the mechanics of the settlement as a whole.⁹² This finding is not surprising, given the volume of intercompany claims that may be involved in complex chapter 11 cases and potential prejudice to the respective debtors if the proposed settlement is not approved. An issue-by-issue review of the myriad claims proposed to be settled would “defeat the purpose of compromising.”⁹³

of the case, and there was “*some probability* of failure” facing the estate in litigating postpetition interest claim) (emphasis added).

⁹¹ [See, e.g., *In re Gulfport Energy Corporation*, No. 20-35562 (DRJ) (Bankr. S.D. Tex. 2021); *In re iHeartMedia*, No. 18-31274 (MI) (Bankr. S.D. Tex. 2019); *In re First Energy Solutions Corp.*, No. 18-50757 (AMK) (Bankr. N.D. Ohio 2019); *In re Toys “R” Us TAJ and TRU Debtors*, No. 17-34665 (KLP) (Bankr. E.D. Va. 2018); *In re Westmoreland Coal Company*, No. 18-35672 (DRJ) (Bankr. S.D. Tex. 2018); *In re VER Technologies HoldCo LLC*, No. 18-10834 (KG) (Bankr. D. Del. 2018); *In re Linn Energy, LLC*, No. 16-60040 (DRJ) (Bankr. S.D. Tex. 2016); *In re Energy Future Holdings Corp.*, No. 14-10979 (CSS) (Bankr. D. Del. 2015); *In re Lehman Brothers Holdings Inc.*, No. 08-13555 (JMP) (Bankr. S.D.N.Y. 2011); *In re Washington Mutual, Inc.*, No. 08-12229 (MFW) (Bankr. D. Del. 2011)].

⁹² See, e.g., *In re Linn Energy, LLC*, No. 16-60040-DRJ, [Docket No. 1581] (Bankr. S.D. Tex. Jan. 21, 2017) (presenting the discussion of the settlement of intercompany claims within a separate term sheet); *In re FirstEnergy Solutions Corp.*, No. 18-50757-AMK, [Docket No. 3064-1] (Bankr. N.D. Ohio Aug. 16, 2019) (discussing the settlement of intercompany claims in a bullet-point-list format within the debtor’s pleading).

⁹³ *In re Penn Central Transportation Co.*, 596 F.2d 1102, 1114 (3d Cir. 1979). See also *Fla. Trailer & Equip. Co. v. Deal*, 284 F.2d 567, 571 (5th Cir. 1960) (“the policy of the law generally to encourage settlements . . . could hardly be achieved if the test on hearing for approval meant establishing success or failure to a certainty.”); *Nelson v. Waring*, 602 F. Supp. 410, 413 (N.D. Miss. 1983) (“Nor could [the policy of encouraging settlement] be achieved if the range of possible recovery had to be chartered with precision.”); *Cotton v. Hinton*, 559 F.2d 1326, 1330 (5th Cir. 1977) (“compromise is the essence of settlement. The trial court should not make the proponents

52. The Objecting Preferred Shareholders’ offensive and defensive reliance on formal solvency analyses—including their assertion that the Disinterested Directors’ consideration of bond trading prices should be disregarded because trading prices “cannot support a solvency analysis” in the “analogous situation” of litigation—is but one example of how they miss the point.⁹⁴ Putting aside that courts can and do look to contemporaneous market trading prices “for purposes of valuing a public company for fraudulent conveyance purposes,” the Disinterested Directors considered other information relevant to solvency and did not rely entirely on the trading price information that Evercore supplied regarding QVC bonds.⁹⁵ Further, the situation facing the Disinterested Directors is decidedly *not* analogous to the cases the Objecting Preferred Shareholders cite.⁹⁶ Given the overwhelming volume and direction of the Potential Claims at issue, the Disinterested Directors each determined that to conduct multiple, full solvency analyses

of a proposed settlement justify each term of settlement against a hypothetical or speculative measure of what concessions might have been gained; inherent in compromise is a yielding of absolutes and an abandoning of highest hopes.”) (internal quotations omitted).

⁹⁴ See Preferred Shareholder Objection, ¶ 28 (citing *In re Mirant Corp., Inc.*, 334 B.R. 832, 833 n. 113 (Bankr. N.D. Tex. 2005); *In re Spansion, Inc.*, 426 B.R. 114, 130 (Bankr. D. Del. 2010), and *In re Genco Shipping & Trading Ltd.*, 509 B.R. 455, 469 (Bankr. S.D.N.Y. 2014)).

⁹⁵ See, e.g., *In re Iridium Operating LLC*, 373 B.R. 283, 291 (Bankr. S.D.N.Y. 2007) (finding “market data” can be used “for purposes of valuing a public company for fraudulent conveyance purposes and makes clear that the public markets constitute a better guide to fair value than the opinions of hired litigation experts whose valuation work is performed after the fact and from an advocate’s point of view” and refusing to “set aside the verdict of solvency...given to [the debtor] by the public markets” (citing *VFB LLC v. Campbell Soup Co.*, 482 F.3d 624 (3d Cir. 2007))).

⁹⁶ *Mirant*, *Spansion*, and *Genco* are easily distinguishable. In *Mirant*, the court was conducting a trial around go-forward enterprise valuation for purposes of analyzing plan recoveries and cram down under section 1129(b). *Mirant*, 334 B.R. at 832. Parties attempted to use contemporaneous market value of the debtors to make conclusions about expected value post-confirmation. *Id.*; see also *Spansion*, 426 B.R. at 130 (citing *Mirant*, analyzing go-forward plan value); *Genco*, 509 B.R. at 469 (declining to use trading prices in evaluation of argument that there “there is more value [in proposed prepack transaction] than equity is not getting”). It makes eminent sense that “preconfirmation prices of debt cannot be an accurate measure” of value *for those purposes*. *Mirant*, 334 B.R. at 832.

and have a battle of the experts outside of actual litigation was value destructive and unnecessary where the existence of a reasonable dispute is itself sufficient.

e. The Probability of Success of Any Debtor on the Potential Claims is Highly Uncertain.

53. With respect to the Potential Claims as between QVC and QVCG, as the evidence at trial will show, there are live factual and legal disputes over (a) the solvency of QVC during the relevant periods for the 2022 Cash Management Plan distributions, the distribution of dividends to QVCG going back to at least 2019, the distribution of dividends to QVCG after the 2022 Cash Management Plan and before the Petition Date, and distributions made pursuant to the QVC TSA; (b) whether QVC received reasonably equivalent value for distributions in connection with the QVC TSA; (c) legal and factual elements of potential indemnification claims under the QVC TSA; and (d) legal and factual elements of QVCG claims against QVC in connection with historical capital contributions. To be sure, the extensive discovery and fees spent just previewing positions around these substantive issues over the three contested matters in these cases speak to the uncertainty of their factual and legal disposition. The Potential Claims resolved by the Intercompany Settlement as between other Debtors raise equally complex and uncertain issues of fact and law, including, as discussed below, claims as between LINTA and QVC in connection with the LINTA Promissory Note and the 2020 Restructuring.

54. Further, a Claim is only as valuable as it is collectible, and here, significant barriers to collection independently support the reasonableness of the settlement. First, the Intercompany Settlement resolves contingent Claims which would otherwise rely on the occurrence of some future event, such as a judgment giving rise to an indemnification claim under the intercompany tax sharing agreements. Second, if any one of the Debtors were to recover on the Potential Claims, it would face considerable difficulty collecting on such judgment. Recovery on account of certain

Potential Claims could significantly increase the Claims pool at the relevant Debtor entities with limited assets to recover against—particularly at QVCG and LINTA, which have decreasing cash balances and growing administrative expenses. Finally, in the case of QVCG and LINTA, which are both holding companies with finite resources, such resources would be further diminished by the costs of extensively litigating the Potential Claims, further diminishing the likelihood of collection and the ultimate value available for distribution to creditors. In addition, any attempt to pursue avoidance action claims against Preferred Shareholders would require litigation against a historically diffuse and broad base of holders, potentially making QVC’s cost of litigation disproportionate to its realistic prospect of recovery on a per holder basis. As such, even if the resolution of the Potential Claims were simple (which it is not), the uncertainty of collectability supports the reasonableness of the settlement.

f. The Intercompany Settlement Avoids Protracted Litigation of Several Complex Issues and Value-Destructive Administrative Costs.

55. With the uncertainty surrounding the Potential Claims comes the prospect of extensive litigation and attendant administrative costs to the Estates of all the Debtors, absent the Intercompany Settlement. For example, QVC’s Potential Claims against QVCG alone relate to transactions that go back years and potentially involve numerous personnel and decision-makers across several different corporate entities. Without the Intercompany Settlement, the applicable Debtors would attempt to prosecute their Potential Claims, which would require additional discovery and analysis, including complex tax modeling. Without the Intercompany Settlement, in a worst-case scenario for QVCG with respect to QVC’s Potential Claims, QVCG would find itself bearing the brunt of millions of dollars of additional professional fees, likely following a

professional fee allocation fight which would be significantly litigated in its own right.⁹⁷ With a limited pool of assets, QVCG is ill suited to shoulder a material risk of administrative insolvency, and the Intercompany Settlement reflects this dynamic.

g. “All Other Factors” Bear on the Wisdom of the Compromise Embodied by the Intercompany Settlement.

56. *The Intercompany Settlement is in the Best Interests of Creditors.* When analyzing a potential settlement, courts in the Fifth Circuit consider “the paramount interest of creditors with proper deference to their reasonable views.”⁹⁸ As set forth in great detail herein (see *supra* paragraph 48), the Intercompany Settlement provides minimal business disruption to the operating businesses and guarantees a going-concern for Cornerstone (where no guarantee otherwise exists). With respect to the holding companies (LINTA and QVCG), the Intercompany Settlement avoids protracted litigation (overwhelmingly in a defensive posture for QVCG), rapid depletion of funds, and a protracted stay in chapter 11.

57. Importantly—and critically—there is no path to confirming a chapter 11 plan for QVCG absent a resolution with its largest creditor, QVC. Parties can disagree about the size and validity of QVC’s claims against QVCG but the uncontroverted facts are that QVC has billions in disputed, contingent general unsecured claims at QVCG that would need to be liquidated for QVCG to be able to show feasibility for any chapter 11 plan. Moreover, under the Bankruptcy Code, there is no possibility of recovery for equity at QVCG unless all general unsecured claims at QVCG are unimpaired (whether that is by payment in full or settlement) or reduced by final, non-appealable order, to zero. Given the magnitude of QVC’s Claims against QVCG and the risk

⁹⁷ Meltzer Deposition Tr. 118: 7–13.

⁹⁸ *In re Foster Mortg. Corp.*, 68 F.3d 914, 917 (5th Cir. 1995) (citing *Drexel v. Loomis*, 35 F.2d 800, 806 (8th Cir.1929)) (emphasis added).

of additional claims arising during QVCG's prolonged chapter 11 case, absent the Intercompany Settlement, QVC may very well ask the Bankruptcy Court to escrow all of QVCG's cash pending entry of a final, non-appealable order in QVCG's favor. Even a final non-appealable order on intercompany issues may not be the end of the story of any financial reserve or escrow because the substantive issues being addressed by the allocation of and responsibility for consolidated tax issues may take *years* after the Effective Date to bring to closure.

58. The Objecting Preferred Holders do not provide an actionable alternative. The Objecting Preferred Holders have argued that because they “have offered to fund the entirety of any litigation at no cost to the estates,” the “‘expense, inconvenience, and delay’ factor cannot support approval of the settlement” and their proposal is plainly better than the Plan for QVCG's stakeholders.⁹⁹ But the Objecting Preferred Holders' litigation funding offer is facially insufficient.¹⁰⁰ First, the Commitment Letter provides for merely a \$3 million funding commitment, to be used “solely for the purpose of funding the reasonable and documented cost and expenses *to pursue* the litigation claims and any claims objections transferred to and vested in the Liquidation Trust.”¹⁰¹ This demonstrates how the Objecting Preferred Holders completely miss the point: any Potential Claims QVCG can bring pursuant to what has been transferred to a hypothetical liquidation trust will be vastly dwarfed by the claims brought *against* QVCG. QVCG

⁹⁹ Preferred Shareholder Objection, ¶ 55.

¹⁰⁰ The funding proposal is described in detail in the Commitment Letter from Cygnus Opportunity Fund, LLC addressed to counsel for the Objecting Preferred Holders (the “Commitment Letter”) [CYGNUS00000073 (REPROD)].

¹⁰¹ *Commitment Letter*, p. 1 (emphasis supplied). The Commitment Letter facility further contemplates a 20% backstop fee, paid upfront in kind; a SOFR+ 15% annual interest rate; and onerous prepayment terms, including prepayment multiple, ranging from 2x to 3x principal amount, payable in the event of mandatory prepayments including in the event the litigation trust contemplated by the facility recovers any settlement money or other litigation proceeds. See *Commitment Letter* at, 5-6.

would be defending Potential Claims regarding highly complex transactions, the defense of which would likely include solvency analyses at multiple points in time across years, expert witness retention, document-intensive discovery, and other factual and legal argument development efforts that will demand heightened and protracted professional fees eclipsing the \$3 million commitment amount many times over.

59. Additionally, the claim that the funding commitment comes at “no cost” to QVCG and its creditors is a fiction, given this purported alternative (i) strands QVCG in chapter 11, to the detriment of all of its stakeholders and (ii) carries a SOFR+ 15% interest rate, is reduced by a backstop fee of 20% payable in kind by the Liquidation Trust, and is secured by the equity of CBI.¹⁰² The (very expensive) proposed funding is only *maybe* sufficient if QVCG is able to identify and successfully prosecute an affirmative claim prior to expending the entirety of its funding commitment defending claims asserted by the other Debtors. Beyond that, any potential recoveries to QVCG stakeholders would be diminished by litigation costs, and if QVCG never recovers anything in litigation, the fronting lender will either (i) be paid in full (with interest / a MOIC to ensure a return on their investment) or (ii) get whatever is left of QVCG’s interest in CBI for less than \$3 million. In sum, there is no creditor truly willing to bankroll QVCG’s litigation at its own cost because doing so would be economically irrational.

60. In light of the Potential Claims described herein, the attendant cost of litigating the same, the severe deficiencies in the Commitment Letter, and the fact that, absent the Intercompany Settlement, there is no viable path to exit for QVCG, the Objecting Preferred Holders’ views can

¹⁰² See Preferred Shareholder Objection, ¶ 55 [CYGNUS 73]. On its face, the Commitment Letter does not limit this security interest to only QVCG’s stake in CBI. See *Commitment Letter*, p. 5.

hardly be described as reasonable. By contrast, settlement of these otherwise costly and fact-intensive Potential Claims is not only reasonable but in the best interests of all creditors.

61. ***The Intercompany Settlement is the Product of Arm’s-Length Bargaining.***

The story of the Intercompany Settlement does not begin with such settlement but rather ends with it. Instead, the story begins with the appointment of the Disinterested Directors between June and October 2025, each of which retained independent counsel to assist them in their own independent investigations of Potential Claims and Causes of Action at their respective entities.

62. Starting in the fall of 2025, the Disinterested Directors began obtaining information from the Joint Debtor Advisors, including funding analyses, separation analyses, and facts regarding cash transfers and key historical intercompany transactions. After receiving these facts and analyses (in the case of the funding analysis and separation analysis) from Management and the Joint Debtor Advisors, each Disinterested Directors’ independent counsel advised the applicable Disinterested Director regarding the analysis of those facts, potential Claims based on those facts that may be brought offensively and defensively, the potential strengths and weaknesses of those claims, the overall goals of each respective entity (*e.g.*, limiting business disruption, protecting retail holders, preserving depleting pools of cash, maximizing going-concern prospects), and the relative benefits and drawbacks of settlement vs. litigation:

- Kobre and Kim LLP (“Kobre”), counsel to the Disinterested Directors of QVCG, conducted interviews of five individuals, including executives that currently or formerly held various roles at the Debtors, and had discussions with AlixPartners and PwC US Tax LLP, the Debtors’ tax advisor concerning financial and tax analyses relevant to their investigation.¹⁰³ The Disinterested Directors of QVCG also retained

¹⁰³ *Statement of the Special Committee of Debtor QVC Group, Inc. in Support of Intercompany Settlement in Joint Prepackaged Chapter 11 Plan of Reorganization of QVC Group, Inc. and Its Debtor Affiliates* [Docket No. 149] (“Statement of QVCG Disinterested Directors”) ¶ 8.

special tax counsel, Holtz, Slavett, Drabkin & Warner, APLC to provide tax-related legal analysis in regards to the Disinterested Directors of QVCG's investigation.¹⁰⁴

- Katten Muchin Rosenman LLP ("Katten"), counsel to the Disinterested Directors of QVC, also conducted an independent investigation, interviewing seven current and former executives of the Debtors, submitting more than 60 categories of document and information requests to the Debtors, and receiving summaries and forensic analyses from AlixPartners and Evercore.¹⁰⁵
- Milbank LLP ("Milbank"), counsel to the Disinterested Directors of LINTA, conducted interviews with five current and former executives of the Debtors regarding their first-hand knowledge of the relevant intercompany transactions,¹⁰⁶ and participated in discussions with AlixPartners and Evercore concerning financial information relevant to their investigation.¹⁰⁷
- Seward & Kissel ("S&K"), counsel to the Disinterested Directors at CBI, conducted interviews of five current and former executives of the Debtors, and participated in multiple written and telephone and video conferences and discussions with AlixPartners to discuss financial information relevant to their investigation.¹⁰⁸

63. Following months of independent investigation, counsel for the QVCG, LINTA, and QVC Disinterested Directors met virtually on February 13, 2026.¹⁰⁹ Beginning with such February 13 meeting, such Disinterested Directors engaged in arm's-length negotiations in person and virtually over the course of several weeks.¹¹⁰ On February 24, 2026, following a day-long settlement conference with in-person Disinterested Director representatives from each of QVCG,

¹⁰⁴ *Id.*

¹⁰⁵ *See Statement of Disinterested Directors of QVC, Inc. in Support of Joint Prepackaged Chapter 11 Plan of Reorganization of QVC Group, Inc. and Its Debtor Affiliates* [Docket No. 147] ("Statement of QVC Disinterested Directors") ¶¶ 11–13.

¹⁰⁶ *Statement of LINTA Independent Managers in Support of the Proposed Intercompany Settlement* [Docket No. 148] ("Statement of LINTA Disinterested Directors") ¶ 12.

¹⁰⁷ *Id.* ¶¶ 6–9.

¹⁰⁸ *Statement of Special Committee of the Board of Directors of Debtor QRI Cornerstone, Inc. in Support of Proposed Intercompany Settlement in the Joint Prepackaged Plan of Reorganization of QVC Group, Inc. and Its Debtor Affiliates* [Docket No. 150] ("Statement of CBI Disinterested Directors") ¶ 10 n.7.

¹⁰⁹ *Statement of QVCG Disinterested Directors* ¶ 13.

¹¹⁰ *Statement of QVC Disinterested Directors* ¶ 20.

LINTA, and QVC, such Disinterested Directors reached an agreement in principle on the framework of a potential settlement of the intercompany claims. Over the next several weeks, the QVCG, LINTA, and QVC Disinterested Directors, their respective counsel, and specific creditor constituencies negotiated the final terms of the settlement of the intercompany claims, ultimately resulting in the Intercompany Settlement.¹¹¹ Thus, the Intercompany Settlement was not “predetermined before any analysis was complete.”¹¹² Rather, it was the result of approximately *six months* of investigation—including months of laborious forensic accounting—and *several weeks* of arm’s-length negotiation among the Disinterested Directors and, later, certain stakeholders. There is simply no credible evidence to the contrary.

B. Overview of the Intercompany Settlement and Potential Claims

64. To avoid repetitive discussion of the transactions underlying the Potential Claims, the Debtors, in consultation with the Disinterested Directors, have summarized the key factual and legal issues for each transaction below, and where appropriate, included arguments and factors considered by the Disinterested Directors and their advisors in reaching the Intercompany Settlement and evaluating Potential Claims.¹¹³

¹¹¹ Statement of QVCG Disinterested Directors ¶¶ 19–20; Statement of QVC Disinterested Directors ¶ 21; *Statement of LINTA Independent Managers in Support of the Proposed Intercompany Settlement* [Docket No. 148] ¶¶ 24–31.

¹¹² Preferred Shareholder Objection ¶ 22.

¹¹³ The Debtors do not endorse the strengths of any of the potential arguments against them, or any of their directors or offices, with respect to these various potential claims, but merely acknowledge the existence of issues that would require litigation. *See In re Wash. Mut. Inc.*, 442 B.R. 314, 330 (Bankr. D. Del. 2011) (“[I]t is sufficient to present the Court with the legal positions asserted by each side and the facts relevant to those issues. The Court itself can then evaluate the likelihood of the parties’ prevailing in that litigation to determine whether the settlement is reasonable.”).

1. 2020 Restructuring.

65. In December 2020, the Debtors executed a multi-jurisdiction, 15-step restructuring to increase tax efficiency, optimize capital deployment, and reduce administrative costs (the “2020 Restructuring”).

66. The 2020 Restructuring achieved several objectives that each reduced cost and risk throughout the Debtors’ structure. The Debtors retired certain intercompany notes, reducing currency exchange risk, and eliminated defunct subsidiaries, reducing governance and compliance costs. The new structure mitigated tax risk from legislation coming into effect in the E.U. as well as tax initiatives in the U.K., Germany, Italy, and Australia. The 2020 Restructuring also facilitated future tax savings for the consolidated tax group on the retirement of certain 3.5% participating hybrid option note securities due in 2031 issued by LINTA (the “MSI Exchangeables”), which had accrued a substantial deferred tax liability.

67. The 2020 Restructuring reduced the impending tax expense of retiring the MSI Exchangeables significantly. The Tax Cuts and Jobs Act (“TCJA”), enacted in 2017, offered a favorable tax rate for repatriating income from international operations, and the Debtors had foreign tax credits. To leverage these circumstances, as part of the 2020 Restructuring, the Debtors created a new subsidiary, QVC Global Corporate Holdings, LLC (“QVC Global”) to retire the MSI Exchangeables using cash from the Debtors’ foreign operations.

68. To accomplish this tax efficiency for the consolidated tax group, LINTA and QVC Global entered into a series of agreements, including (1) the Nineteenth Supplemental Indenture, which made QVC Global co-obligor on the MSI Exchangeables, (2) a payment reimbursement agreement, whereby QVC Global agreed to reimburse LINTA for any payments LINTA made on the MSI Exchangeables, and (3) a promissory note from LINTA to QVC Global, reflecting a face amount of \$1.825 billion (the “LINTA Promissory Note”), which face amount approximately

matched the “adjusted issue price”—or outstanding amount, as determined for tax purposes—of the MSI Exchangeables at the time of the transaction.¹¹⁴

69. When LINTA issued the LINTA Promissory Note in 2020, there was \$218 million¹¹⁵ in principal amount outstanding of the MSI Exchangeables. At the time of the 2020 Restructuring, the MSI Exchangeables had a market value of approximately \$397 million.¹¹⁶ The market value of the MSI Exchangeables was subject to ongoing fluctuations in Motorola Solutions, Inc. common stock—the underlying reference security—which impacted the potential obligation due in connection with the MSI Exchangeables if holders elected to exchange their notes for the underlying Motorola Solutions, Inc. reference shares. To reduce the variance of the obligations under the MSI Exchangeables, LINTA transferred the related Total Return Swaps to QVC Global,¹¹⁷ which hedged against fluctuations in Motorola, Inc. common stock. In December 2021, QVC Global retired the MSI Exchangeables, which then had a market value of \$573 million. According to the Debtors’ management, the net cash cost for QVC Global to retire the MSI Exchangeables was approximately \$315 million, as well as an additional \$105 million in tax liabilities.¹¹⁸

70. On December 31, 2021, LINTA repaid \$85 million of the initial \$1.825 billion face amount of the LINTA Promissory Note. There were no additional payments to reduce the principal

¹¹⁴ The substantial disconnect between the “adjusted issue price” on the MSI Exchangeables and the amount actually owed on them (and their fair market value) is what drove the deferred tax liability associated with this instrument, and is fundamentally the same issue that exists with respect to certain of LINTA’s outstanding debt today.

¹¹⁵ QVC_0022077 – QVC, Inc. Form 10-K (FY 2020), at QVC_0022147.

¹¹⁶ QVC_0022077 – QVC, Inc. Form 10-K (FY 2020), at QVC_0022142, QVC_0022147.

¹¹⁷ QVC_0049649 – QRI Memorandum re Qurate MSI Bond Restructure – Common Control Transaction, at QVC_0049651.

¹¹⁸ QVC_0005436 – December 6, 2021, Board Meeting, at QVC_0005444.

amount of the Promissory Note. In addition, the LINTA Promissory Note accrues interest at 0.48% annually and LINTA has made the following approximate interest payments: \$8.8 million on December 29, 2021; \$8.5 million on December 29, 2022; \$8.5 million on December 29, 2023, \$8.5 million on December 29, 2024, and \$8.4 million on January 8, 2026. As of the Petition Date, the balance of the LINTA Promissory Note was \$1.74 billion.

a. Potential Claims.

71. As a result of the 2020 Restructuring, a QVC Debtor holds the \$1.825 billion LINTA Promissory Note (of which \$1.74 billion still is outstanding) resulting in a \$1.74 billion unsecured Claim against LINTA. Absent the Intercompany Settlement, LINTA may bring actual or constructive fraudulent transfer claims to avoid the LINTA Promissory Note.

72. Claimants could assert an actual fraudulent intent argument on behalf of LINTA regarding LINTA's entry into the LINTA Promissory Note by alleging four statutory badges of fraud under the applicable version of the Uniform Fraudulent Transfer Act ("UFTA"): (1) the transfer was to an insider (QVC); (2) LINTA did not receive consideration in exchange; (3) LINTA transferred the value (in the form of the contractual obligations) away from its creditors; and (4) LINTA was, or was rendered, insolvent.

73. Alternatively, claimants could bring constructive fraudulent transfer Claims on behalf of LINTA. Claimants would argue that LINTA was or was rendered insolvent by entering into the LINTA Promissory Note and did not receive reasonably equivalent value in exchange. QVC would argue that the benefits of the 2020 Restructuring inured to the consolidated taxpayer group. Claimants would argue that as a disregarded entity, LINTA did not receive the tax benefits of the 2020 Restructuring and that the size of the LINTA Promissory Note far outweighed the benefit from QVC Global becoming primary payor of the MSI Exchangeables.

74. Claimants may also bring fraudulent transfer Claims on behalf of LINTA to recover the \$85 million principal payment and \$42.7 million paid in interest since LINTA executed the LINTA Promissory Note. Claimants would argue that since the LINTA Promissory Note should be avoided, these payments pursuant to the invalid contract lacked reasonably equivalent value. Claimants have potential arguments that these payments were made within the applicable limitations period.

75. QVC would argue that the parties entered the LINTA Promissory Note outside the applicable statute of limitations period, but the claim may survive such a defense through tolling doctrines or application of the Golden Creditor rule. QVC may also argue that the LINTA Promissory Note itself and related payments are exempt from challenge under section 546(e) of the Bankruptcy Code. QVC would argue that the 2020 Restructuring and payments of principal and interest constitute transactions made in connection with securities contracts. Finally, QVC would argue that at least some significant value was imparted to LINTA because LINTA was relieved from its primary obligations under the MSI Exchangeables. To pursue this defense, QVC would also need to argue that one of the parties involved constitutes a protected party under section 546(e).

2. 2022 Cash Management Plan and Subsequent Intercompany Transfers.

76. At the end of 2022, the Debtors executed a series of transactions to optimize cash allocation across its structure and increase its balance sheet flexibility (the “2022 Cash Management Plan”).¹¹⁹

¹¹⁹ See QVC_0007805 - 12-8-22 Qurate Retail Board Meeting Binder at 126-130; QVC_0082792 - Schedule 2A – 2022 Cash Management Plan, Dated December 2022; QVC_0099530 - Schedule 2B – 2022 Cash Management Plan, Dated December 2022.

77. First, the Debtors prepared Zulily—an increasingly non-core business acquired in 2015—for potential sale.¹²⁰ On December 14, 2022, the Debtors accomplished this in several steps: (1) CBI, another Borrower at that time, drew \$300 million under the Revolving Credit Facility;¹²¹ (2) CBI distributed that amount to QVCG in exchange for a promissory note for the same amount;¹²² (3) QVCG contributed the \$300 million to Zulily;¹²³ and (4) Zulily used \$277 million of that amount to pay down its borrowings—retaining the remaining \$27 million on its balance sheet.¹²⁴ QVC then drew \$300 million from the RCF and distributed it to QVCG, which in turn used that amount to pay off the CBI promissory note. CBI then repaid its borrowings under the RCF Credit Facility. (collectively, the “December 14 Transfers”).¹²⁵

78. Second, the Debtors executed a series of transactions from December 21 through December 29, 2022, to allocate cash across the structure where it could be needed ahead of potentially tripping certain restrictions under QVC’s credit documents.¹²⁶ Although the covenants under such credit documents contained carve-outs for distributions for debt service and tax payments, QVCG and LINTA had ongoing cash needs beyond what the carve outs allowed.¹²⁷ On

¹²⁰ QVC_0020104 - QVC Group, Inc. 10K (FY 2022) at 2115; QVC_0017785 - 2.2.6.9_QVC - Fifth Amendment and Restatement Agreement at Section 9.19; QVC_0099827 - Zulily Purchase Agreement.

¹²¹ QVC_0019103 - CBI Notice of Borrowing; QVC_0099530 - Schedule 2B – 2022 Cash Management Plan, Dated December 2022.

¹²² QVC_0099530 - Schedule 2B – 2022 Cash Management Plan, Dated December 2022.

¹²³ *Id.*

¹²⁴ *Id.*

¹²⁵ *Id.*

¹²⁶ *See* QVC_0007805 - 12-8-22 Qurate Retail Board Meeting Binder at 128.

¹²⁷ *See* QVC_0007805 - 12-8-22 Qurate Retail Board Meeting Binder at 128; QVC_0017785 - 2.2.6.9_QVC - Fifth Amendment and Restatement Agreement at § 6.05.

December 21, 2022, QVC borrowed an additional \$600 million under the Revolving Credit Facility and then distributed \$800 million to QVCG.¹²⁸ After a series of subsequent transactions between QVCG and LINTA, a QVCG bank account ultimately held \$499 million and a LINTA bank account held \$301 million (as of December 29, 2022) (collectively, the “December 21 Transfers”).¹²⁹

79. On December 19, 2022 (prior to the December 21 Transfers but following the December 14 Transfers), Kroll presented a solvency presentation and a solvency opinion to the board of QVCG (the “2022 Kroll Solvency Opinion”).¹³⁰ Kroll concluded that after the \$600 million draw on the Revolving Credit Facility and giving effect to the distribution of \$800 million through the December 21 Transfers: (1) the fair value of QVC’s assets would exceed QVC’s debt; (2) QVC should be able to pay its debts as they became due; and (3) QVC would not have an unreasonably small amount of capital for its businesses.¹³¹ Kroll also concluded that after LINTA received a \$300 million distribution and QVCG received a \$500 million distribution (the intended allocation between QVCG and LINTA): (1) the fair value of LINTA’s assets would exceed LINTA’s debt; (2) LINTA should have been able to pay its debts as they became due; (3) LINTA would not have an unreasonably small amount of capital for its businesses; and (4) the fair value of LINTA’s assets would exceed LINTA’s liabilities as calculated pursuant to section 18-607 of the Delaware Limited Liability Company Act.¹³²

¹²⁸ QVC_0019104 - QVC Notice of Borrowing; QVC_0082792 - Schedule 2A – 2022 Cash Management Plan, Dated December 2022.

¹²⁹ QVC_0082792 - Schedule 2A – 2022 Cash Management Plan, Dated December 2022.

¹³⁰ See QVC_0023590 - Duff & Phelps (Kroll) - Solvency Opinion and Presentation.

¹³¹ *Id.* at 5-6.

¹³² *Id.* at 5.

a. Potential Claims.

80. QVC may bring actual or constructive fraudulent transfer claims under section 544 of the Bankruptcy Code against QVCG to unwind the December 14 Transfers and the December 21 Transfers. QVC may bring these claims against QVCG, LINTA, and CBI as initial or subsequent transferees. Claimants could attempt to support an actual fraudulent intent argument by alleging five statutory badges of fraud under the applicable version of the UFTA: (1) the December 14 Transfers and the December 21 Transfers were to insiders (QVCG, LINTA, and CBI); (2) QVC did not receive consideration in exchange; (3) QVC transferred hundreds of millions of dollars away from its creditors; (4) the transfers occurred shortly after QVC incurred \$1.1 billion of new borrowings under the Revolving Credit Facility to enable the dividends; and (5) QVC was, or was rendered, insolvent. Alternatively, claimants could argue that the December 14 Transfers and the December 21 Transfers constitute constructive fraudulent transfers because QVC was, or was rendered, insolvent and did not receive reasonably equivalent value in exchange.

81. ***December 14 Transfers.*** QVCG would argue that QVC received reasonably equivalent consideration in exchange. Although QVC borrowed \$300 million on the Revolving Credit Facility, it was jointly and severally liable under the Revolving Credit Facility for Zulily's borrowings, and in recent years, had been recording Zulily's borrowings on its books. By drawing \$300 million from the Revolving Credit Facility and priming Zulily for sale, QVC would benefit by reducing Zulily's drag on the RCF Credit Group's leverage ratio. QVCG and CBI would argue that since QVC was jointly and severally liable and had already been recording Zulily's debt on its balance sheet, the use of new borrowings to repay Zulily's debt did not impact QVC's debt obligations—it just formalized the bookkeeping. QVC would argue that the transfer at issue is the QVC dividend to QVCG for \$300 million. QVC would also argue that Zulily only repaid

\$277 million of borrowings and the remaining \$27 million increased Zulily's equity, benefitting its parent QVCG at QVC's expense. QVC would also argue that—notwithstanding the \$277 million pay down of Zulily borrowings—QVC was left with more borrowings under the Revolving Credit Facility than it had before the transaction, on which it paid weekly interest. Once QVCG sold Zulily on May 24, 2023, QVC and CBI would have to bear the full \$300 million in any downside scenario.

82. **December 21 Transfers.** QVCG and LINTA would argue that QVC was solvent at the time of the December 21 Transfers, relying on the 2022 Kroll Solvency Opinion. But QVC would argue that the 2022 Kroll Solvency Opinion is unreliable because it included in its surplus calculation newly borrowed funds from the Revolving Credit Facility, assumed overly optimistic projections as well as continuity in credit market conditions, and understated the relevant WACC given the yield on the bonds.¹³³ QVC would further argue that the distressed trading values of QVC debt suggest potential insolvency.¹³⁴

83. Potential Claims would likely survive a motion to dismiss—especially given the fact-intensive nature of solvency—and result in protracted discovery-heavy and expert-intensive litigation.

3. Post-2022 Cash Management Plan Intercompany Dividends.

84. Since the 2022 Cash Management Plan, QVC has distributed additional cash to pay for debt service and tax obligations under the QVC TSA. During this period, the QVC Notes

¹³³ QVCINCDD_001839 – QVC - Claims Presentation to DD Counsel at 11.

¹³⁴ *Id.* at 10. *See generally Youngman v. Yucaipa Am. Alliance Fund I, L.P. (In re ASHINC Corp.)*, 640 B.R. 1, 51 (Bankr. D. Del. 2022) (finding that distressed pricing for a company's bonds indicated that company's enterprise value did not exceed the par value of the bonds); *VFB LLC*, 482 F.3d at 632-33 (quoting *In re Prince*, 85 F.3d 314, 320 (7th Cir.1996)) (“[T]he market price is a more reliable measure of the stock's value than the subjective estimates of one or two expert witnesses.”); *Peltz v. Hatten*, 279 B.R. 710, 738 (D. Del. 2002)) (“[I]n determining whether a value is objectively ‘reasonable’ the court gives significant deference to marketplace values.”).

Indenture Credit Group had a Consolidated Leverage Ratio exceeding 3.50x, which means that the QVC Notes Indentures prohibited dividends other than dividends to make debt principal and interest payments or payments under the QVC TSA.¹³⁵ Between January 2023 and February 2025, QVC issued an aggregate of approximately \$586.7 million in dividends (the “Post-2022 QVC Dividends”) comprised of \$343.8 million transferred to QVCG and \$242.8 million transferred to LINTA.¹³⁶ Although the Debtors have a series of written consents that show QVC issuing these dividends to its direct parent QRGI, bank account statements and other documents provided by the Debtors shows that QVC made these transfers directly from its bank account to QVCG’s and LINTA’s bank accounts, respectively.¹³⁷ QVCG held the amounts it received for one to two days before transferring the dividend to the BNY Mellon corporate trust account, which is associated with the LINTA Notes.¹³⁸

a. Potential Fraudulent Transfer Claims.

85. QVC may bring actual or constructive fraudulent transfer claims against LINTA and QVCG as initial transferees to recover some or all of the dividends issued after the execution of the 2022 Cash Management Plan. QVCG could argue that the transfers to its bank account constituted transfers for LINTA’s benefit since they were used to pay LINTA’s debt. QVC would counter that LINTA is QVCG’s wholly owned subsidiary, so transfers to QVCG’s bank account

¹³⁵ QVC_0017785 – Fifth Amendment Restatement Credit Agreement, DX-177 QVC_009941762 – QVC, Inc. 2025 10-K; DX-155 QVC_0022521 -76 QVC, Inc. 2024 10-K, DX-154 - QVC_0022403-41 QVC, Inc. 2023 10-K, DX-153 QVC_0022291-327 QVC, Inc. 2022 10-K.

¹³⁶ QVCINCDD_001847; QVC_0082727 – DPW/STB Sheet.

¹³⁷ QVC_0082799 – Stafford Schedule 3.

¹³⁸ *Id.*

used to reduce LINTA's debt burden increased QVCG's equity value, notwithstanding that LINTA ultimately received the transfers.

86. Claimants could attempt to support an actual fraudulent intent argument with four alleged statutory badges of fraud under the applicable version of the UFTA: (1) the transfers were to an insider (LINTA or QVCG); (2) QVC transferred the funds away from its creditors; (3) QVC did not receive consideration in exchange; and (4) QVC was, or was rendered, insolvent. Alternatively, claimants may argue the Post-2022 Dividends constitute constructive fraudulent transfers because QVC was, or was rendered, insolvent and did not receive reasonably equivalent value in exchange.

87. In response to actual fraudulent transfer arguments, QVCG and LINTA may respond that “the general chronology of the payments is more consistent with a debtor attempting to comply with its contractual obligations than attempting to delay, hinder, or defraud creditors.”¹³⁹ Notwithstanding such arguments, the court will weigh all relevant facts to determine whether any of the dividends involved “the intent to hinder, delay or defraud a creditor by putting assets beyond that creditor's reach.”¹⁴⁰

88. Constructive fraudulent transfer litigation would turn on QVC's solvency when each transfer was made. The same analysis that applies to constructive fraudulent transfer claims arising from the 2022 Cash Management Plan applies here—QVC would point to distressed trading values of QVC's debt as an initial indication and a more comprehensive, fact-intensive and expert-driven solvency analysis would ensue.

¹³⁹ *In re Gulf Fleet Holdings, Inc.*, 491 B.R. 747, 768 (Bankr. W.D. La. 2013).

¹⁴⁰ *In re SMTC Mfg. of Texas*, 421 B.R. 251, 299 (Bankr. W.D. Tex. 2009); *ASARCO LLC v. Americas Mining Corp.*, 396 B.R. 278, 370 (S.D. Tex. 2008) (“[C]ourts take into account ‘the particular facts surrounding the conveyance,’ and avoid determining in a vacuum the presence or absence of a debtor's actual fraudulent intent to hinder or delay a creditor.”).

89. QVCG may argue that QVCG-specific solvency opinions obtained for QVCG dividends during this period prove that QVC was solvent when it issued the Post-2022 QVC Dividends.¹⁴¹ But QVCG’s “balance sheet solvency does not necessarily determine the solvency of its subsidiaries.”¹⁴² QVC would argue that “the financial condition of [the parent] is irrelevant because it is a separate legal entity from [QVC].”¹⁴³ In fact, the QVCG solvency opinions consider a wider array of factors than the 2022 Kroll Solvency Opinion did for QVC. For example, Kroll considered the revenue and debt balance from Zulily and Cornerstone to determine QVCG’s projected EBITDA.¹⁴⁴ For QVC, it did not.¹⁴⁵ Potential Claims would likely survive a motion to dismiss, and costly expert discovery would ensue.

4. 2024 Capital Contribution & Exchange.

90. In September 2024, QVC exchanged 89% of its 2027 and 2028 Notes (\$959 million) for \$605 million of newly issued 2029 Notes and \$352 million of cash (the “2024 Capital Contribution & Exchange”) in order to facilitate a potential Revolving Credit Facility extension.¹⁴⁶ The \$352 million of cash was comprised of \$75 million of cash on hand at

¹⁴¹ *Preferred Shareholders’ Objection to Confirmation of the Debtors’ Joint Prepackaged Chapter 11 Plan of Reorganization* [Docket No. 318] at ¶29.

¹⁴² *Askanase v. Fatjo (In re Livingwell (North), Inc.)*, 130 F.3d 657, 670 (5th Cir. 1997) (“As the Appellees point out, the Trustee cites no legal or accounting authority for his argument that LivingWell’s solvency necessarily determines the solvency of its subsidiaries . . . Additionally, it could be that LivingWell’s subsidiaries were solvent but that LivingWell’s debts were so great that LivingWell on a consolidated basis is insolvent. Thus, LivingWell’s balance sheet solvency does not necessarily determine the solvency of its subsidiaries[.]”).

¹⁴³ *In re AIG Financial Products Corp.*, 651 B.R. 463, 471 (Bankr. D. Del. 2023).

¹⁴⁴ *See, e.g.*, QVC_0013356 – 2-12-25 QRI Dividend Committee Written Consent Binder.pdf at QVC_0013366.

¹⁴⁵ QVC_0023590 – 06. Duff & Phelps (Kroll) – Solvency Opinion and Presentation (QVC-LILLC).PDF at QVC_0023608.

¹⁴⁶ *See* QVC_0061894 – Offering Memorandum; QVC_0057030 – QVC September 2024 Bond Offering Cap Table; QVC_0023451 – QVC, Inc. Form 10-Q.

QVC and \$277 million from a LINTA capital contribution to QVC.¹⁴⁷ The injection of cash from LINTA helped persuade noteholders to agree to the exchange and sent a positive signal to the capital markets. The 2024 Capital Contribution & Exchange also positioned the Debtors to engage with Revolving Credit Facility lenders to discuss amendment and extension of the Revolving Credit Facility, maturing in 2026.

a. Potential Fraudulent Transfer Claims.

91. Claimants could argue that the \$277 million transfer from LINTA to QVC was an actual or constructive fraudulent transfer. To support an actual fraudulent transfer argument, LINTA may argue (1) the transfers were to an insider (QVC—a wholly-owned subsidiary); (2) the transaction transferred the funds away from LINTA creditors (3) LINTA did not receive reasonably equivalent value in exchange; and (4) LINTA was, or was rendered, insolvent. Alternatively, claimants may argue that the capital contribution constitutes a constructive fraudulent transfer.

92. QVC would argue that “a transfer to a wholly-owned solvent subsidiary is often for reasonably equivalent value, because the value of the parent’s stock interest in the subsidiary may be correspondingly increased.”¹⁴⁸

93. LINTA could also argue that the \$277 million should be credited against outstanding Potential Claims from QVC against LINTA. In the Fifth Circuit, courts favor the

¹⁴⁷ *Id.*

¹⁴⁸ *In re First City Bancorporation of Texas, Inc.*, 1995 WL 710912, at *11 n.9 (Bankr. N.D. Tex. May 15, 1995). QVC would argue that LINTA would need to establish that when it made the contribution QVC was “hopelessly insolvent, because the value of [its] shares [was] zero both before and after the transfer.” *Id.*

application of capital contributions to offset fraudulent transfer liability based on the single recovery requirement under section 550(d) of the Bankruptcy Code.¹⁴⁹

94. Although there are material hurdles to these potential Claims, there is enough uncertainty that parties would likely litigate them—and accrue additional costs—absent a global resolution. Accordingly, resolution of potential fraudulent transfer Claims on account of the 2024 Capital Contribution & Exchange is intertwined with resolution of potential Claims arising from the 2022 Cash Management Plan and the Post-2022 QVC Dividends.

5. Intercompany Tax Sharing Agreement.

95. QVCG is the parent of an affiliated group of entities that files a consolidated U.S. federal income tax return (and corresponding relevant state and local tax returns) (the “Q Consolidated Group”). QVCG is the successor, for tax purposes, to Liberty Interactive, Corp., n/k/a LINTA, which, prior to a reorganization in 2006 pursuant to Section 368(a)(1)(F) of the IRC,¹⁵⁰ was the common parent of the Q Consolidated Group.

96. QVCG’s wholly owned direct and indirect subsidiaries that are treated as corporations for income tax purposes, such as QVC and CBI, are “members” of the Q Consolidated Group. As such, each of QVC and CBI (along with the other “members” of the group) has joint and several liability for the income tax liability of the entire Q Consolidated Group.¹⁵¹ By contrast,

¹⁴⁹ *In re Arabella Petroleum Co., LLC*, 647 B.R. 851, 880 (Bankr. W.D. Tex. 2022) (citing *In re DeBerry*, 945 F.3d 943, 948 (5th Cir. 2019)).

¹⁵⁰ References to the Code and the Treasury Regulations refer to the Internal Revenue Code of 1986, as amended (the “IRC”), and the Treasury Regulations promulgated thereunder.

¹⁵¹ The terms of Treasury Regulations Section 1.1502-6 appear to only impose several liability and not joint and several liability, but the Internal Revenue Service and the majority of the courts apply a full joint and several liability standard. Writers in the space have posited that this apparent disconnect in terminology and verbiage is an effort to avoid a situation where the regulations themselves create “contribution” claims, but, in any case, it is fundamentally undisputed in the tax bar that the liability under the consolidated tax rules is joint and several liability. Andrew J. Dubroff et al., *Federal Income Taxation of Corporations Filing Consolidated Returns* § 14.05 (2d ed. 2026).

LINTA is an entity that is disregarded from QVCG for applicable income tax purposes. That means that LINTA is generally not treated as a separate “member” of the Q Consolidated Group and that LINTA’s activities and tax attributes are reported on QVCG’s tax return as if LINTA did not exist.¹⁵² The Internal Revenue Service has, at least historically, taken the position that a disregarded entity is *not* jointly or severally liable for the taxes of the consolidated income tax group of which its regarded tax owner is a member, at least absent the application of state-law veil piercing or similar arguments.¹⁵³

97. In order to provide for the payment and sharing of tax liabilities among consolidated tax group members, the members of the Q Consolidated Group entered into two different tax sharing agreements. The primary tax sharing agreement, which has been the focus of the Disinterested Directors’ negotiations and the Objecting Preferred Holders arguments, allocates liability as between QVCG and LINTA on the one hand, and QVC and its subsidiaries on the other hand (the “QVC TSA”).¹⁵⁴ The QVC TSA generally provides that QVC will pay to the parent entity an amount equal to QVC’s and its subsidiaries’ separately calculated tax liability without regard to any amount of available tax attributes that might be available at the Q Consolidated Group level and generated by entities other than QVC and its subsidiaries.¹⁵⁵ Additionally, as further detailed below, the QVC TSA includes reciprocal indemnification obligations for the “[QVCG] Group” (defined as all entities owned by QVCG other than the “QVC Group”) and the

¹⁵² Treasury Regulations Section 301.7701-3(b)(2).

¹⁵³ I.R.S. C.A. 201552025 (Aug.19, 2015).

¹⁵⁴ On June 8, 2023, LINTA assigned, and QVCG assumed, all of LINTA’s rights, interests, duties, liabilities and obligations under the QVC TSA in the Assignment and Assumption Agreement, dated June 8, 2023 (such agreement, the “Assignment Agreement”).

¹⁵⁵ *See, e.g.*, QVC TSA, Preamble.

“QVC Group” (defined as QVC and its subsidiaries).¹⁵⁶ The QVC TSA is generally favorable to QVCG.

98. As an example of a QVCG-favorable provision in the QVC TSA, the QVC TSA generally required that QVC make payments to QVCG that exceeded even QVC’s own “standalone” tax liability if that “standalone” tax liability would have been reduced by the use of certain kinds of tax credits that could not be utilized by the consolidated tax group in any given year because of QVCG’s tax attributes.¹⁵⁷ In the case of this tax credit situation, QVCG’s liability under the QVC TSA is reduced in future years if the consolidated tax group is ultimately able to utilize the relevant tax credits.¹⁵⁸ By contrast with QVC’s current cash tax obligation if its “standalone” results exceed the consolidated tax group’s tax liability, and in line with the treatment of certain tax credits noted above, if QVCG generates taxable income that is offset by *QVC* tax attributes, under the QVC TSA, QVC does *not* receive a cash payment from QVCG. Instead, QVC merely receives a potential future credit against future payments under the QVC TSA.¹⁵⁹ Cornerstone entered into a substantially similar tax sharing agreement with QVCG on June 12, 2023 (the “Cornerstone TSA,” and together with the QVC TSA, the “TSAs”).

¹⁵⁶ The Assignment Agreement dictates that all references to “Liberty” refer to QVCG.

¹⁵⁷ QVC TSA, § 2, §3.

¹⁵⁸ The timing difference created by this foreign tax credit utilization issue drives a meaningful difference between the timing of cash payments made under the QVC TSA and certain elements of how obligations under the QVC TSA are recorded on the Debtors’ financial statements, because GAAP “credits” QVCG for the use of such tax credits in the year QVCG could have used them on a standalone basis, regardless of the fact that the QVC TSA defers the ability to utilize those credits. The objectors have attempted to focus on the difference between the Debtors’ data regarding cash flows under the QVC TSA and the related financial statement reporting to show some kind of flaw in the rationale of the settlement when, in fact, the difference simply highlights the QVCG-favorable nature of the QVC TSA contractual provisions.

¹⁵⁹ QVC TSA, § 4.

99. Consistent with these contractual requirements, QVC made substantial payments to LINTA or QVCG, as applicable, under the QVC TSA. Such payments were in excess of the amounts that ultimately needed to be paid to the Internal Revenue Service (“IRS”), *both* because QVCG had tax attributes available to reduce the overall amount payable *and* because those same attributes precluded, in certain years, the consolidated tax group from utilizing certain tax credits QVC could have utilized on a standalone basis. On a cash basis, QVC paid QVCG \$953.7 million under the QVC TSA between November 2019 and November 2025. Over the same period, QVCG paid tax of \$440.8 million to tax authorities—retaining the remaining \$512.9 million of QVC TSA payments.¹⁶⁰ Although QVC transferred greater amounts, CBI also made tax payments to QVCG between 2020 and 2025, totaling \$80.8 million.¹⁶¹

100. Additionally, all of those considerations regarding historical “overpayments” and other practice under the QVC TSA are *entirely separate* from the question of whether QVCG would have an affirmative obligation to indemnify QVC in the event the Debtors were ultimately unsuccessful in defending their position regarding income arising from the settlement of the applicable LINTA Notes in connection with the Plan, which is colloquially referred to as the “deferred tax liability.” In this regard, the objectors somewhat bizarrely seem to completely misunderstand and misread the QVC TSA.

¹⁶⁰ QVC_0082835 - Schedule 4 – Tax Sharing Agreement Summary, Dated November 30, 2025.

¹⁶¹ Payments made from 2020 to 2022 predate the Cornerstone TSA. The Objecting Preferred Holders put significant emphasis on the fact that these contractual “overpayments,” which are entirely distinct from overpayments that are then subject to adjustments because of actual tax refunds that are separately addressed by the QVC TSA, were required by, and consistent with, the QVC TSA. The Debtors do not disagree, and the Disinterested Directors were fully aware of that fact in their deliberations. However, as discussed in further detail in Section I.B.5.a, and in light of the multiple QVCG-favorable provisions in the QVC TSA, the fact that those contractual “overpayments” were required by the terms of the QVC TSA does *not* fully inoculate such payments from fraudulent transfer claims.

101. The QVC TSA¹⁶² includes standard indemnification provisions that protect QVC from bearing tax liability in respect of taxable income and tax liabilities generated by persons in the Q Consolidated Group other than QVC and its subsidiaries.¹⁶³ In particular, under section 10(a) of the QVC TSA, the members of the “[QVCG] Group” (defined for this purpose to include QVCG and any legal entity that is or was owned by QVCG *other* than QVC and its subsidiaries), agreed to indemnify and hold QVC harmless from and against, among other things, “any Taxes for which such member of the [QVCG] Group is required to pay any Governmental Authority (except for Taxes which [QVCG] has a right of reimbursement from QVC)” Any tax liability that arises as a result of activities or items arising at QVCG, LINTA, Cornerstone, or indeed any entity that is not a member of the “QVC Group” as defined in the QVC TSA would be covered by this indemnity. This would include any tax liability associated with the discharge of the implicated LINTA Notes¹⁶⁴ as that liability would be Taxes (as defined in the QVC TSA) of the “[QVCG] Group” that are neither Taxes of the QVC Group nor reimbursable by QVC under the QVC TSA.

a. Potential Fraudulent Transfer Claims.

102. QVC may bring actual or constructive fraudulent transfer and preference Claims to unwind tax sharing payments within the applicable limitations period. Claimants may argue that badges of fraud support an actual fraudulent transfer Claim including (1) the transfers were to an insider (QVCG); (2) the transaction transferred the funds away from creditors; (3) QVC and CBI

¹⁶² Although not relevant here, the Cornerstone TSA is substantially similar vis a vis Cornerstone and QVCG.

¹⁶³ These provisions are reciprocal.

¹⁶⁴ Assuming a 24% effective tax rate, the out-of-pocket exposure, taking into account the tax insurance acquired by the Debtors, increases from \$566.8M to \$843M for the 3-year statutory period and from \$814.9M to \$1.145B for the 6-year statutory period if the interest carryforwards under section 163(j) of the IRC are limited due to an ownership change. These numbers remain subject to change and are only approximations of the exposure.

did not receive value in exchange; and (4) QVC and CBI were, or were rendered, insolvent at the time of the respective contractual tax sharing payments during the period. Alternatively, claimants may argue that the transfers were constructive fraudulent transfers, alleging insolvency and lack of reasonably equivalent value exchanged. For either type of fraudulent transfer Claim, QVC and CBI could argue that discrepancies between the amount of taxes the Q Consolidated Group ultimately paid and the amounts each entity contributed show a lack of reasonably equivalent value.

103. QVCG would dispute that the transfers lacked reasonably equivalent value and the paying entities' alleged insolvency at the time of the transfers. QVCG would argue that the transfers "were made to satisfy antecedent debt[s]—the contractual obligations imposed by the [TSAs]," and therefore were in exchange for "reasonably equivalent value."¹⁶⁵ QVCG would also argue it had large interest deduction carryforwards and certain other tax credits generated by activities at LINTA that QVC and CBI utilized to reduce tax they would have paid if they had filed separate tax returns. Therefore, the payments were made in respect of the value received in respect of such tax attributes. In support of this, QVCG would argue that the QVC Group calculations of QVC (and CBI equivalent for CBI tax sharing payments) were rigorously vetted and subject to KPMG audits.

104. QVC would counter that contracts do not ensure that the transferor received "reasonably equivalent value."¹⁶⁶ "[A] court must base its [reasonably equivalent value]

¹⁶⁵ *In re Gulf Fleet Holdings, Inc.*, 491 B.R. 747, 766 (Bankr. W.D. La. 2013); *In re Trace Int'l Holdings, Inc.*, 301 B.R. 801, 805 (Bankr. S.D.N.Y. 2003) ("An 'antecedent debt' satisfies the requirement of fair consideration and reasonably equivalent value, and putting aside transfers to insiders, the payment of an existing liability is not fraudulent.").

¹⁶⁶ *See, e.g., In re TransTexas Gas Corp.*, 597 F.3d 298, 306 (5th Cir. 2010) (affirming a Southern District of Texas Bankruptcy Court ruling that found a separation and employment agreement did not constitute reasonably

determination upon subsidiary fact findings regarding the value of the property transferred and the ‘value’ received in exchange.”¹⁶⁷

105. QVC and CBI could argue the TSAs do not constitute reasonably equivalent value due to their overly QVCG-favorable terms and the statutory basis for the Q Consolidated Group. The TSAs prevent QVC and CBI from using tax credits until QVCG can benefit from them and then only credit QVC and CBI for the use of such credits on their future TSA payments. Finally, claimants could dispute that they received any value from entering into the TSAs because QVCG’s status as the consolidated filer arises from statute and the actual provisions of the TSAs were fundamentally designed to draw value away from QVCG’s subsidiaries to QVCG, never the other way around. The TSAs were not needed to file a consolidated return, so there is no “service” that QVCG is providing under the TSAs which serve as one-way payment mechanisms for amounts the taxing authorities never required the Q Consolidated Group to pay.¹⁶⁸

106. Claimants could also raise timing issues with the TSAs. Prior to June 8, 2023, QVC was not party to a TSA with QVCG but made payments to QVCG without contractual obligation. LINTA’s assignment of the QVC TSA to QVCG on June 8, 2023, shows that prior to that date the payments were not in exchange for reasonably equivalent value in the form of a contract. Similarly, the Debtors’ records reflect tax payments from CBI to QVCG in 2020 prior to the

equivalent value); *In re EBC I, Inc.*, 356 B.R. 631, 640 (Bankr. D. Del. 2006) (“A transfer may be fraudulent even if it is made in accordance with the terms of a contract between the parties.”).

¹⁶⁷ *In re WRT Energy Corp.*, 282 B.R. 343, 405 (Bankr. W.D. La. 2001).

¹⁶⁸ It is worth noting that the history of the Q Consolidated Group is *extremely* lengthy and complex. Moreover, once there is a consolidated tax group, it is not simply up to the whim of a taxpayer to cease filing in a consolidated way. Finally, the administrative burdens of *not* filing a consolidated return for a group of the size and scope of the Q Consolidated Group would be immense—and somewhat unheard of—for all entities involved.

execution of the Cornerstone TSA on June 12, 2023. In both circumstances, arguments concerning REV based on contract would be more difficult to assert.

107. Recovery on these potential claims would be uncertain and could require costly fact-intensive expert analysis of quarterly tax calculations, ultimate tax filings, true-ups, credits, and deductions; and solvency at many points in time.

b. Potential Preference Claims.

108. QVC and CBI may also challenge certain tax sharing payments within the one-year lookback for insiders as avoidable preferences under section 547(b) of the Bankruptcy Code. QVCG would argue that the payments were made in the ordinary course of the Debtors' business, as evidenced by the prior course of dealing between the parties, the amount of the payment, the timing of the payment, the circumstances of the payment and the means of the payment, each of which reflects the consistency with which tax payments historically were made between and among the company entities.¹⁶⁹

c. Indemnity Claim.

109. As noted above, QVCG is the common parent of the Q Consolidated Group of which, today, QVC is the primary operational member. But QVC is unquestionably *not* the entity responsible (as determined under the TSAs) for certain potential exposures of the Q Consolidated Group, including the so-called "deferred tax liability." After the implementation of the Plan, QVC will continue on—and continue to have exposure for any historic tax issues of the Q Consolidated Group, including exposure for any consolidated income tax generated by the implementation of the Plan itself. This includes, among other things, any residual risk associated with the so-called

¹⁶⁹ See 11 U.S.C. § 547(c)(2).

“deferred tax liability” that has been the focus of many parties throughout the case and in general media outlets.

110. The “deferred tax liability” exposure relates to certain of the LINTA debentures that are treated as “contingent payment debt instruments” for U.S. federal income tax purposes. As QVCG disclosed in its 10-K filed on April 15, 2026, and has also disclosed in the Disclosure Statement for the Plan, QVCG is strongly of the view that the “deferred tax liability” will not become payable because of the application of certain tax rules applicable to companies under the protection of a bankruptcy court. The Debtors fully acknowledge that they have obtained a “should”-level tax opinion regarding the exposure, and have acquired a tax insurance policy that covers a significant part of, but not all of, the associated risk.

111. While the Debtors’ tax position regarding the deferred tax liability is strongly supported, it is not certain. A “should”-level opinion is not a “will,” or a guarantee—it reflects a real chance of loss.¹⁷⁰ Of course, one firm’s opinion does not mean all tax advisors agree on the level of risk around a position, and no tax opinion is binding on the government. As discussed above, under section 10 of the QVC TSA, if the deferred tax liability were ever successfully assessed against QVC, QVCG would be jointly and severally liable to the IRS and, absent the Intercompany Settlement, QVC would very likely have a claim against QVCG for such amounts under the QVC TSA.

112. The Debtors obtained tax insurance to mitigate against these risks.¹⁷¹ Even with insurance, the Debtors in the Q Consolidated Group could face an additional, aggregate amount of

¹⁷⁰ *Expert Report of Scott M. Drago* at 19.

¹⁷¹ The Objecting Preferred Holders attempt to assert that “the market” believes the risk of this occurring is **exceedingly** low based on the blended premium rate that was charged for the Debtors’ partial-coverage tax insurance policy, but that simply reflects a misunderstanding of how the tax insurance market works. Preferred Shareholder Objection ¶ 37. Tax insurance pricing is, fundamentally, a market-driven construct, and the Debtors paid the going rate for the insurance. Many considerations beyond fundamental risk assessment drive pricing in

out-of-pocket exposure of \$500-800 million, which could increase to over \$1 billion, based on whether an “ownership change” occurred for tax purposes as a result of the flurry of activity in distressed investors purchasing preferred equity before and after the Petition Date. The potential out-of-pocket exposure stems from: (a) the fact that the receipt of tax insurance proceeds is itself taxable—necessitating the need for a so-called “tax gross-up,” which is substantial; (b) the fact that significant interest may accrue on the exposure; (c) the fact that there is some risk—although the Debtors agree it is relatively low—that penalties could be successfully asserted notwithstanding the tax opinion they have obtained; (d) contest costs associated with audit and potential litigation, which could be substantial; and (e) potentially, as described above, the fact that the Debtors may have undergone an “ownership change” under section 382 as a result of, among other things, the Objecting Preferred Holders’ acquisition of the preferred equity. When all of those factors are taken into account, QVC is providing *hundreds of millions* of “self-insurance” for a level of exposure that was *uninsurable* in the “normal” tax insurance market. Importantly, the Debtors evaluated potential sources for incremental tax insurance and ultimately concluded it would have been far more expensive to obtain that incremental coverage because, based on the Debtors’ information at the time, there was only one potential provider for such “excess” insurance (which would have come at double-digit premiums).

6. Intercompany Services.

113. In November 2018, QVC, HSN, Inc. (“HSN”) and Zulily entered into the Affiliate Company Shared Services Agreement, dated November 14, 2018 (as amended by the Joinder and

this market, including, but not limited to, the time value of money associated with receiving a premium today and only potentially making a payment many years in the future. Ultimately, neither the Objecting Preferred Holders nor the Debtors are in a position to know, for certain, how the market priced the tax insurance policy here, but the Objecting Preferred Holders’ attempt to extrapolate an insurance premium rate to a fundamental risk determination falls flat.

Amendment, dated October 8, 2019, the “Intercompany SSA”).¹⁷² At the time, HSN was a QVCG subsidiary and parent to CBI.¹⁷³ On December 31, 2018, QVCG transferred its ownership interest in HSN, excluding HSN subsidiary CBI, to QVC through a transaction among entities under common control.¹⁷⁴ As a result, HSN became a subsidiary of QVC while CBI remained a subsidiary of QVCG.¹⁷⁵ In October 2019, CBI was joined as a party to the Intercompany SSA with QVC, HSN, and Zulily.¹⁷⁶ On May 24, 2023, the Intercompany SSA terminated as to Zulily upon its divestiture by the Debtors. Current parties to the Intercompany SSA include QVC, HSN, and CBI, and the agreement is set to automatically renew on November 14, 2026.¹⁷⁷

114. Under the Intercompany SSA, participating parties may act as a service provider or service recipient of certain business operations and administrative services set forth in the agreement or any other services mutually agreed upon with three exceptions.¹⁷⁸ Shared services may not include control over day-to-day operational decisions concerning the operations of a service recipient; control over service recipient’s marketing and strategic decision-making; or any other services that a service provider has been instructed in writing by the relevant service provider not to provide under the Intercompany SSA.¹⁷⁹ The cost of services provided under the Intercompany SSA is determined as the proportionate part of the compensation and benefits paid

¹⁷² QVC_0018107 (Intercompany SSA, dated Nov. 14, 2018)

¹⁷³ QVC, Inc. FY24 10-K at I-3.

¹⁷⁴ *Id.*

¹⁷⁵ *Id.*

¹⁷⁶ QVC_0018119 (Joinder and Amendment to the Intercompany SSA, dated Oct. 8, 2019).

¹⁷⁷ QVC_0018107 at -8109 (Intercompany SSA § 9(a)).

¹⁷⁸ *Id.* at -8108, -8114 (Intercompany SSA § 4, Schedule A).

¹⁷⁹ *Id.*

to service provider personnel, plus an allocation of related overhead costs, and is paid on a monthly basis.¹⁸⁰ For services provided by third-party vendors, service recipients pay fees and expenses at cost, without markup, which are due within 45 days of the service recipient's receipt of a monthly detailed and itemized invoice from the service provider.

115. All parties to the Intercompany SSA have historically paid costs incurred in-full on a monthly basis. Among other services, QVC and CBI exchange invoices for expenses relating to personnel and business advisory services.¹⁸¹

a. Potential Fraudulent Transfer Claims.

116. Claimants could bring actual or constructive fraudulent transfer claims to unwind payments made for intercompany services. QVC would dispute insolvency and argue that transfers on account of the Intercompany SSA constitute reasonably equivalent value since they were made on account of antecedent debts.¹⁸² Claimants would contest that the Intercompany SSA constitutes reasonably equivalent value. CBI may challenge the calculation of fees owed, which would require fact-intensive analysis. The litigation would be fact intensive and the outcome is uncertain.

b. Potential Preference Claims.

117. Parties receiving services under the Intercompany SSA could bring preference claims under section 547(b) of the Bankruptcy Code for transfers that occurred within the one-year look back for insiders. Defendant could argue the regularity and frequency of the payments shows they were made in the ordinary course of the business.

¹⁸⁰ *Id.*

¹⁸¹ *See, e.g.*, QVC, Inc. 10-K FY25 at II-25.

¹⁸² *In re Gulf Fleet Holdings, Inc.*, 491 B.R. 747, 766 (Bankr. W.D. La. 2013).

7. CBI Removal from the Revolving Credit Facility.

118. On April 1, 2025, QVC notified the RCF Lender Group of its election to remove CBI as a borrower under the Revolving Credit Facility. Pursuant to section 9.19(a) of the RCF Credit Agreement, QVC elected to remove CBI as a borrower under the Revolving Credit Facility (the “Cornerstone Removal”).¹⁸³ For QVC to elect CBI’s removal, CBI was required to pay off all of its outstanding RCF Loans and terminate, or cash collateralize all outstanding letters of credit issued on its account.¹⁸⁴ QVC and CBI were jointly and severally liable for all borrowings under the Revolving Credit Facility when QVC elected CBI’s removal.¹⁸⁵

a. Potential Fraudulent Transfer Claims.

119. QVC may bring actual and constructive fraudulent transfer claims against QVCG and Cornerstone on account of the Cornerstone Removal. Claimants may argue that certain badges of fraud support actual fraudulent intent including: (1) the transfer was to an insider (QVCG, LINTA, or CBI); (2) QVC transferred Cornerstone away from its creditors (i.e., removing CBI from the Revolving Credit Facility had the effect of transferring value away from the lenders under the RCF Credit Agreement to Cornerstone’s ultimate equity holders – QVCG and LINTA) (3) QVC did not receive reasonably equivalent value in exchange; and (4) QVC was, or was rendered, insolvent. Alternatively, QVC could argue the Cornerstone Removal constituted a constructive fraudulent transfer, alleging insolvency and a lack of reasonably equivalent value in exchange.

¹⁸³ QVC_0079670 – CBI Removal From RCF.

¹⁸⁴ QVC_0017785-948 – Fifth Amendment Restatement Credit Agreement § 9.19.

¹⁸⁵ QVC_0017785-880 – Fifth Amendment Restatement Credit Agreement.

120. Defendants would dispute intent and insolvency and argue that the Cornerstone Removal did not constitute a transfer of value or that if it did, CBI received reasonably equivalent value. Defendants would argue that the evidence does not support fraudulent intent as the Debtors executed the Cornerstone Removal in clear view of QVC creditors and in compliance with the terms of the Revolving Credit Facility. Further, the fact that CBI had no borrowings shows that the Cornerstone Removal does not constitute a transfer of value or if it did, that removal was on account of an antecedent debt since it was in satisfaction of contractual rights under the Revolving Credit Facility. Absent the global peace in the Intercompany Settlement, Potential Claims on account of the Cornerstone Removal would likely generate additional uncertainty and costs.

8. QVCG Dividends.

121. The Preferred Shareholders' rights are governed by that certain Certificate of Designations adopted by the board of QVCG on August 20, 2020 in advance of the preferred equity issuance (the "COD").¹⁸⁶ Pursuant to the COD, Preferred Shareholders are "entitled to receive, when, as and if declared by the Board of Directors, out of funds legally available therefore, preferential dividends that shall accrue and cumulate" at a rate of 8.0% daily (unless a triggering event escalates the applicable rate).¹⁸⁷ QVCG's failure to pay results in an increased interest rate and roll of the accrued interest into the preferred equity liquidation price.¹⁸⁸ Upon liquidation, Preferred Shareholders "receive from the assets of" QVCG "[s]ubject to the prior payment in full of any Debt Instrument and other liabilities owed to the Corporation's creditors" and any senior

¹⁸⁶ QVC_0099382 - QvcGroupInc_20200826_8-K_EX-31_CertificateofDesignations (1).pdf.

¹⁸⁷ COD § 3(a).

¹⁸⁸ *Id.* § 3(b), (c).

class of equity.¹⁸⁹ QVCG issued quarterly dividends to the Preferred Shareholders until May 23, 2025 (such dividends, the “Preferred Dividends”), when it suspended the Preferred Dividends.¹⁹⁰

122. Since 2020, QVCG distributed \$456 million in Preferred Dividends.¹⁹¹ Additionally, between November 2019 and May 2025, QVCG issued \$1.738 billion in cash dividends to its common shareholders.¹⁹²

¹⁸⁹ *Id.* § 4.

¹⁹⁰ QVC_0020104 – 2023-03-01 QVC Group, Inc. 10K (FY 2022).pdf at II-61; QVC_0020241 – 2024-02-28 QVC Group, Inc. 10K (FY 2023).pdf at II-56 (“During the years ended December 31, 2023, 2022 and 2021, the Company declared and paid four quarterly cash dividends, each for \$2.00 per share to stockholders of record of the Preferred Stock.”); QVC_0020376 – 2025-02-27 QVC Group, Inc. 10K (FY 2024).pdf at II-55 (“During the years ended December 31, 2024, 2023, and 2022, the Company declared and paid four quarterly cash dividends, each for \$2.00 per share to stockholders of record of the Preferred Stock. On February 14, 2025, the Company declared a quarterly cash dividend of \$2.00 per share, which will be payable in cash on March 17, 2025 to stockholders of record of the Preferred Stock at the close of business on February 28, 2025.”); QVC_0032785 – 2025-08-07 QVC Group, Inc. 10-Q (Q2 2025).pdf at I-20 (“On May 23, 2025, the Board of Directors announced its decision to suspend payment of the quarterly cash dividend on the Preferred Stock, beginning with the quarterly cash dividend payable on June 16, 2025.”). .

¹⁹¹ QVC_0082839 – Summary of Bank Records_Schedule5A_PrefSummary.pdf.

¹⁹² QVC_0082841 – Summary of Bank Records_Schedule 5B_CommonSummary.pdf.

Schedule 5A - QVCG Outflows To QVCG Preferred Shareholders for the period November 2019 - November 2025

Year	Date	Total
2020	12/15/2020	\$ (25,205,789.21)
2021	3/12/2021	(25,025,694.00)
2021	6/14/2021	(25,234,612.00)
2021	9/14/2021	(25,245,366.00)
2021	12/14/2021	(25,246,438.00)
2022	3/14/2022	(25,255,158.00)
2022	6/14/2022	(25,337,258.00)
2022	9/14/2022	(25,342,684.00)
2022	12/14/2022	(25,342,950.00)
2023	3/14/2023	(25,345,248.00) [1]
2023	6/14/2023	(25,410,446.00) [1]
2023	9/14/2023	(25,412,714.00)
2023	12/14/2023	(25,412,714.00)
2024	3/14/2024	(25,412,844.00)
2024	6/14/2024	(25,445,766.00)
2024	9/13/2024	(25,445,904.00)
2024	12/13/2024	(25,445,904.00)
2025	3/14/2025	(25,445,950.00)
Total		\$ (456,013,439.21)

Notes

[1] Two outflows included above (combined \$50,755,694) were sent by the LINTA account (ending 3410). On the same date(s) funds totalling \$50,520,400 were transferred to the LINTA account (ending 3410) from the QVCG investment account (ending 73111).

DX-296.

Schedule 5B - QVCG Outflows To QVCG Common Stock for the period November 2019 - November 2025				
Year	Date	Series A	Series B	Total
Q 3 2020	9/11/2020	\$ (581,658,361.50)		\$ (581,658,361.50)
Q 3 2020	9/11/2020		(44,064,928.50)	(44,064,928.50)
Q 3 2020 Subtotal				(625,723,290.00) A
Q 4 2020	12/4/2020	(580,512,841.50)		(580,512,841.50)
Q 4 2020	12/4/2020		(44,056,848.00)	(44,056,848.00)
Q 4 2020 Subtotal				(624,569,689.50) B
2020 Subtotal				\$ (1,250,292,979.50) C = A + B
Q 4 2021	11/19/2021	(477,824,303.75)		(477,824,303.75)
Q 4 2021	11/19/2021		(10,203,987.50)	(10,203,987.50)
2021 Subtotal				\$ (488,028,291.25) D
Total				\$ (1,738,321,270.75) E = C + D

Notes

There is one payment on 9/14/2020, in the amount of \$1,538,620, to Broadridge, described as a Cash in Lieu payment for Series A & B, which has been excluded from the above totals.

There are four payments in May and June of 2025, totaling \$19,714 to Broadridge, which are described as Cash in Lieu of reverse stock splits, which have been excluded from the above totals.

DX-297.

123. Beginning in Q4 2022, QVCG's Board obtained a solvency opinion from Kroll prior to issuing each Preferred Dividend.¹⁹³ In each opinion, Kroll concluded that after the dividend: (1) immediately prior to giving effect to the proposed dividend, the surplus exceeded the amount of the proposed dividend; and (2) after giving effect to the consummation of the proposed dividend, (a) the assets of QVCG exceed its debts, (b) QVCG should be able to pay its debts, and (c) QVCG would not have an unreasonably small amount of assets (or capital) for the business in which it is engaged.¹⁹⁴

¹⁹³ QVC_0015738 – 11.14.22 QRI Dividend Mins.pdf.

¹⁹⁴ See, e.g., QVC_0016033 – 5-17-23 QRI Dividend Committee WC – Final.pdf at QVC_0016044.

124. Absent the Intercompany Settlement, QVCG may require it to pursue illegal dividend Claims against the directors and officers that approved the dividends and clawback actions against Preferred Shareholders. If QVCG chose not to pursue the actions, the Committee or QVC itself would likely seek to pursue Potential Claims held by QVCG. If the Committee pursued these Potential Claims, QVCG's estate would bear the administrative expense of the litigation.

a. Potential Fraudulent Transfer Claims.

125. QVCG may bring actual or constructive fraudulent transfer Claims against Preferred Shareholders as initial transferees to recover some or all of the Preferred Dividends. QVCG could attempt to support an actual fraudulent intent argument with three alleged statutory badges of fraud under the applicable version of the UFTA: (1) QVCG transferred the funds away from its creditors; (2) QVCG did not receive consideration in exchange; and (3) QVCG was, or was rendered, insolvent. Alternatively, QVCG may argue the Preferred Dividends constitute constructive fraudulent transfers because QVCG was, or was rendered, insolvent and did not receive reasonably equivalent value in exchange.

126. Constructive fraudulent transfer litigation would turn on QVCG's solvency when each transfer was made. The Preferred Shareholders would also argue that QVCG was solvent at the time of each Preferred Dividend, relying on the Kroll solvency opinions (where available). But QVCG would argue that the Kroll solvency opinions are unreliable because it assumed overly optimistic projections as well as continuity in credit market conditions.¹⁹⁵ Resolutions of disputes over solvency would require fact intensive analyses across time.

¹⁹⁵ QVC_0009006 - QVC Board of Directors Materials with Kroll Solvency Analysis, Dated November 13, 2023.

127. Preferred Shareholders may also argue that dividend payments for Preferred Shareholders are protected by the safe harbor provisions under section 546 of the Bankruptcy Code.¹⁹⁶ QVC would argue that defense carries little weight here. The Preferred Shareholders would bear the burden to establish the safe harbor applies.¹⁹⁷ QVC would argue that the dividends do not fall under the safe harbor, which was designed to reduce systemic risk by protecting intermediaries and not to shield investors from viable claims.¹⁹⁸ QVCG would likely have difficulty carrying its burden to show that the dividend transfers fit the requirements for section 546(e). The payment of dividends to Preferred Shareholders is not a “margin payment.”¹⁹⁹ Multiple cases have rejected arguments that the payment of a dividend to a shareholder is covered

¹⁹⁶ See *Emergency Motion of Certain Preferred Equity Holders for Entry of an Order Directing the Appointment of an Official Committee of Preferred Equity Security Holders* [Docket No. 133] at 11 n.6 (“First, dividend payments for public shareholders are clearly protected by the safe harbor provisions under section 546 of the Bankruptcy Code.”).

¹⁹⁷ See *In re Loyalty Ventures, Inc., et al.*, No. 23-90111, 2026 WL 801210, at *5 (Bankr. S.D. Tex. 2026) (“When a defendant moves for summary judgment on an affirmative defense, the defendant must establish each element of the defense as a matter of law. . . . Section 546(e) of the Bankruptcy Code provides an affirmative defense to certain avoidance actions.”); *In re Bankr. Estate of Norske Skogindustrier ASA*, 629 B.R. 717, 759-60 (Bankr. S.D.N.Y. 2021) (“The section 546(e) safe harbor is an affirmative defense as to which the Defendants bear the burden of proof.”) (quoting *Fairfield Sentry Ltd v. Theodoor GGC Amsterdam*, 596 B.R. 275, 307 (Bankr. S.D.N.Y. 2018) (internal quotation marks omitted))).

¹⁹⁸ See *In re Global Crossing, Ltd.*, 385 B.R. 52, 56 n.1 (Bankr. S.D.N.Y. 2008) (emphasis added):

The purpose of the section 546(e) safe harbor . . . is to prevent the insolvency of one commodity or security firm from spreading to other firms and possibly threaten the collapse of the affected market. . . . **Recovery of an improper dividend from the ultimate recipient**—as contrasted to a clearing agent or broker that might have been a conduit or counterparty to dealings with others in the securities industry—**raises no risks to the stability of the securities markets**. While the Court is sensitive to the importance of protecting the securities trading markets and counterparties to securities trading transactions, protection of neither interest requires an immunity for recipients of dividends on the stock of insolvent debtors.

¹⁹⁹ *In re Derivium Capital LLC*, 716 F.3d 355, 366 (4th Cir. 2013) (“The bankruptcy court determined that because accrued interest increases the total debt owed, margin payments reduce the deficiency in a margin account, and thereby qualify as “margin payments” under Section 546(e). Nothing in the record or the bankruptcy court’s reasoning suggests this was an error, particularly in light of the parties consensus on the term’s meaning.”); *In re David*, 193 B.R. 935, 940 (Bankr. C.D. Cal. 1996) (“The term ‘margin payment’ also is interpreted very broadly and includes any payment by the debtor to reduce a deficiency in her margin account.”) (citing *Kaiser Steel Corp. v. Charles Schwab & Co., Inc.*, 913 F.2d 846, 848 (10th Cir. 1991), *reh’g denied* (Oct. 24, 1990)).

by the 546(e) safe harbor as “settlement payments.”²⁰⁰ Additionally, it is unlikely that the QVCG dividends were made “in connection” with a “securities contract.” For example, courts have generally found that this requirement is met in connection with transfers pursuant to securities trading, purchase, sale, repurchase, redemption, clearing, or credit enhancement *contracts*.²⁰¹ But the preferred equity was issued pursuant to the COD to the common equity holders. While a preferred share may be a security, there is no “contract” that required the transfers. Finally, each Preferred Shareholder seeking safe harbor would need to show they qualify as a section 546(e) protected participant

b. Potential Illegal Dividend Claims.

128. Creditors of Delaware corporations may hold the corporation’s directors jointly and severally liable for willful or negligent approval of dividends that fail to comply with the Delaware General Corporation Law (“DGCL”).²⁰² Subject to any additional restrictions in its certificate of incorporation, a corporation may declare and pay dividends either (1) out of its surplus or (2) out of its net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal

²⁰⁰ See, e.g., *In re Tops Holding II Corp.*, 646 B.R. 617, 681 (Bankr. S.D.N.Y. 2022) (quoting *Enron Creditors Recovery Corp. v. Alfa, S.A.B. de C.V.*, 651 F.3d 329, 337 (2d Cir. 2011)) (rejecting application of safe harbor; concluding dividends were not settlement payments under § 546(e) because a “dividend is a one-way payment . . . whereas a ‘settlement’ in the context of the securities industry ‘refers to the completion of a securities transaction’ and a ‘settlement payment’ is ‘an exchange of money or securities that completes a securities transaction’”); *Global Crossing*, 385 B.R. at 56 n.1 (“The issuance of a dividend on stock previously purchased is not a payment for the purchase, sale or loan of securities,” i.e. a settlement payment.).

²⁰¹ *In re Bernard L. Madoff Inv. Sec. LLC*, 773 F.3d 411, 418 (2d Cir. 2014) (involving account documents authorizing a registered broker to buy, sell, and trade securities for customers); *In re Lehman Bros. Holdings Inc.*, 469 B.R. 415, 440 (Bankr. S.D.N.Y. 2012) (involving clearance agreements, extensions of credit for settlement of securities transactions, guarantees, security agreements, and collateral transfers connected to securities clearance and derivative transactions); *Crescent Res. Litig. Tr. v. Duke Energy Corp.*, 500 B.R. 464, 475-77 (W.D. Tex. 2013) (involving a formation-and-sale agreement that provided for an equity sale and made the challenged distribution part of the closing mechanics.).

²⁰² DEL. CODE ANN. tit. 8, § 174.

year.²⁰³ The DGCL defines surplus as the excess of net assets²⁰⁴ over the amount of capital received through share issuance.²⁰⁵

129. Such Claims would turn on surplus calculations at various points across time, which are similar to solvency arguments (*i.e.*, fact dependent analyses across time). Such Claims would also involve an examination of the QVCG directors' duty of care. The directors would point to the existence of the Kroll solvency opinions and argue that they are entitled to rely "upon the records of the corporation and upon such information, opinions, reports or statements presented to the corporation by any of its officers or employees, or committees of the board of directors, or by any other person as to matters the director reasonably believes are within such other person's professional or expert competence . . . , as to the value and amount of the assets, liabilities and/or net profits of the corporation or any other facts pertinent to the existence and amount of surplus or other funds from which dividends might properly be declared."²⁰⁶

II. Approval of the Disclosure Statement Is Warranted.

A. The Disclosure Statement Satisfies the Requirements of the Bankruptcy Code.

130. To determine whether a prepetition solicitation of votes to accept or reject a plan should be approved, the Bankruptcy Court must determine whether the solicitation complied with sections 1125 and 1126(b) of the Bankruptcy Code and Bankruptcy Rules 3017(d), 3017(e), 3018(b), and 3018(c).²⁰⁷

²⁰³ *Id.* § 170.

²⁰⁴ Assets minus liabilities.

²⁰⁵ DEL. CODE ANN. tit. 8, § 154.

²⁰⁶ DEL. CODE ANN. tit. 8, § 172.

²⁰⁷ *See In re Southland Corp.*, 124 B.R. 211, 223–27 (Bankr. N.D. Tex. 1991) (analyzing sections 1125 and 1126 of the Bankruptcy Code and Bankruptcy Rules 3017 and 3018 when determining whether prepetition solicitation was proper).

131. Section 1125(g) of the Bankruptcy Code provides that:

[A]n acceptance or rejection of the plan may be solicited from a holder of a claim or interest if such solicitation complies with applicable nonbankruptcy law and if such holder was solicited before the commencement of the case in a manner complying with applicable nonbankruptcy law.²⁰⁸

132. Section 1126(b) of the Bankruptcy Code provides that:

[A] holder of a claim or interest that has accepted or rejected the plan before the commencement of the case under this title is deemed to have accepted or rejected such plan, as the case may be, if— (1) the solicitation of such acceptance or rejection was in compliance with any applicable nonbankruptcy law, rule, or regulation governing the adequacy of disclosure in connection with such solicitation; or (2) if there is not any such law, rule, or regulation, such acceptance or rejection was solicited after disclosure to such holder of adequate information, as defined in section 1125(a) of this title.²⁰⁹

133. Prepetition solicitations must therefore either comply with applicable federal or state securities laws and regulations (including the registration and disclosure requirements thereof) or, if such laws and regulations do not apply, the solicited holders must receive “adequate information” as defined in section 1125(a) of the Bankruptcy Code.²¹⁰ As discussed herein, the Debtors satisfied sections 1125(g) and 1126(b), as applicable, of the Bankruptcy Code.

²⁰⁸ 11 U.S.C. § 1125(g).

²⁰⁹ 11 U.S.C. § 1126(b).

²¹⁰ *See Southland*, 124 B.R. at 223 (“Prior to the filing of the case, holders of claims . . . are deemed to have accepted or rejected the plan if (1) the solicitation thereof was in compliance with *any* applicable nonbankruptcy law, rule, or regulation governing adequacy of disclosure in connection with such solicitation, or (2) if no such law, rule, or regulation exists the solicitation was after disclosure to such holder of adequate information as defined in § 1125(a) [of the Code].” (quotations omitted)); 7 Collier on Bankruptcy ¶ 1126.03[2] (“The adequacy of the disclosure is evaluated under ‘applicable nonbankruptcy law, rule or regulation’ or, if there is none, under the ‘adequate information’ standard set forth in section 1125(a)(1).” (footnotes omitted)).

1. The Disclosure Statement Demonstrates That the Debtors Complied with Applicable Nonbankruptcy Law.

134. The Debtors' solicitation of Holders of Claims receiving Securities under the Plan prior to the Petition Date was subject to the Securities Act of 1933, as amended (together with the rules and regulations promulgated thereunder, the "Securities Act") and the regulatory authority of various states under state securities laws ("Blue Sky Laws"). The offering of QVC New Equity Interests and Takeback Notes²¹¹ before the Petition Date to Holders of RCF Claims and QVC Notes Claims against the QVC Debtors was not a general public offering and was therefore exempt from the registration requirements of the Securities Act in reliance upon section 4(a)(2) of the Securities Act, Rule 144A under the Securities Act, Regulation D promulgated thereunder, Regulation S under the Securities Act, and/or other available exemptions from registration.

135. The Debtors believe that the QVC New Equity Interests and the Takeback Notes are "securities," as defined in section 2(a)(1) of the Securities Act,²¹² section 101 of the Bankruptcy Code,²¹³ and any applicable Blue Sky Laws. The Debtors further believe that the issuance of the QVC New Equity Interests and the Takeback Notes pursuant to the Plan is and will be exempt from, among other things, the registration requirements of section 5 of the Securities Act and any other applicable U.S., state, or local law requiring registration prior to the offering, issuance, distribution, or sale of Securities in accordance with, and pursuant to, section 1145 of the Bankruptcy Code²¹⁴ or, to the extent that such exemption under section 1145 of the Bankruptcy

²¹¹ Takeback Notes means any Takeback Debt issued as notes rather than loans.

²¹² See 15 U.S.C. § 77b(a)(1) (defining "security" under the Securities Act).

²¹³ See 11 U.S.C. § 101(49) (defining "security" under the Bankruptcy Code).

²¹⁴ See 11 U.S.C. § 1145(a) (exempts certain securities sold under a chapter 11 plan from the registration requirements of the Securities Act).

Code is not available (including with respect to an entity that is an “underwriter” as defined in subsection (b) of Section 1145 of the Bankruptcy Code) pursuant to section 4(a)(2) under the Securities Act, Rule 144A under the Securities Act, Regulation D thereunder, Regulation S under the Securities Act and/or other available exemptions from registration,²¹⁵ in each case as further described below.

136. The QVC New Equity Interests, to the extent offered, issued, and distributed pursuant to section 1145 of the Bankruptcy Code, (1) will not be “restricted securities” as defined in Rule 144(a)(3) under the Securities Act²¹⁶ and (2) will be freely tradable and transferable in the United States by the recipients thereof that (a) are not at the time of transfer, and have not been within 90 days of such transfer, an “affiliate” of the Reorganized Debtors as defined in Rule 144(a)(1) under the Securities Act²¹⁷ and (b) are not an entity that is an “underwriter,” subject to the provisions of section 1145(b)(1) of the Bankruptcy Code relating to the definition of an underwriter in section 1145(b) of the Bankruptcy Code,²¹⁸ and compliance with applicable securities laws and any rules and regulations of the SEC, or state or local securities laws, if any, applicable at the time of any future transfer of such Securities or instruments. To the extent any QVC New Equity Interests are issued in reliance on section 4(a)(2) of the Securities Act, Regulation D thereunder, Regulation S thereunder or other available exemptions from registration, such QVC New Equity Interests will be “restricted securities” subject to resale restrictions and may be resold, exchanged, assigned, or otherwise transferred only pursuant to registration, or an

²¹⁵ See 15 U.S.C. § 77d (outlining exempted transactions under the Securities Act).

²¹⁶ See 17 C.F.R. § 230.144(a)(3) (defining “restricted securities” under the Securities Act).

²¹⁷ See 17 C.F.R. § 230.144(a)(1) (defining “affiliate” under the Securities Act).

²¹⁸ See 11 U.S.C. § 1145(b) (defining “underwriter” and listing requirements for securities issued by an “underwriter”).

applicable exemption from registration under the Securities Act and other applicable law. The Takeback Notes will be issued in reliance on Rule 144A under the Securities Act, Regulation D thereunder, Regulation S thereunder and/or other available exemptions from registration, and accordingly will be “restricted securities” subject to resale restrictions and may be resold, exchanged, assigned, or otherwise transferred only pursuant to registration, or an applicable exemption from registration under the Securities Act and other applicable law.

137. The Debtors have advised recipients of the QVC New Equity Interests and the Takeback Notes to consult with their own legal advisors as to the availability of any exemption from registration under the Securities Act and any applicable Blue Sky Laws for resales of QVC New Equity Interests. Further, to the extent the Reorganized Debtors elect on or after the Effective Date to reflect any ownership of QVC New Equity Interests or the Takeback Notes to be issued under the Plan through the facilities of DTC, such nominee thereof and any transfer agent shall be required to accept and conclusively rely upon the Plan and the Confirmation Order in lieu of a legal opinion regarding the exemption(s) from registration under the Securities Act pursuant to which the QVC New Equity Interests, the Takeback Notes, and the Other Securities will be issued under the Plan and/or eligible for DTC. Notwithstanding anything to the contrary in the Plan, no Entity (including, for the avoidance of doubt any transfer agent for the QVC New Equity Interests or the Takeback Notes) may require a legal opinion regarding the validity of any transaction contemplated by the Plan, including, for the avoidance of doubt, whether the QVC New Equity Interests or the Takeback Notes to be issued under the Plan are exempt from registration and/or eligible for DTC.

2. The Disclosure Statement Contains Adequate Information.

138. The primary purpose of a disclosure statement is to provide “adequate information” that allows the parties entitled to vote on a proposed plan to make an informed decision about

whether to vote to accept or reject the plan.²¹⁹ “Adequate information” is a flexible standard, based on the facts and circumstances of each case.²²⁰ Courts within the Fifth Circuit and elsewhere acknowledge that determining what constitutes “adequate information” for the purpose of satisfying section 1125 of the Bankruptcy Code resides within the broad discretion of the court.²²¹

139. Courts look for certain information when evaluating the adequacy of the disclosures in a proposed disclosure statement, including:

- i. the events which led to the filing of a bankruptcy petition;
- ii. a description of the available assets and their value;

²¹⁹ See, e.g., *In re Divine Ripe, L.L.C.*, 554 B.R. 395, 400 (Bankr. S.D. Tex. 2016) (“A disclosure statement must contain ‘adequate information’ about the debtor”); *In re J.D. Mfg., Inc.*, No. 07-36751, 2008 WL 4533690, at *2 (Bankr. S.D. Tex. Oct. 2, 2008) (“‘Adequacy’ of information is a determination that is relative both to the entity (e.g., assets/business being reorganized or liquidated) and to the sophistication of the creditors to whom the disclosure statement is addressed.”); *In re U.S. Brass Corp.*, 194 B.R. 420, 423 (Bankr. E.D. Tex. 1996) (“The purpose of the disclosure statement is . . . to provide enough information to interested persons so they may make an informed choice”); *In re Applegate Prop., Ltd.*, 133 B.R. 827, 831 (Bankr. W.D. Tex. 1991) (“A court’s legitimate concern under Section 1125 is assuring that hypothetical reasonable investors receive such information as will enable them to evaluate for *themselves* what impact the information might have on their claims and on the outcome of the case”); accord *Krystal Cadillac-Oldsmobile GMC Truck, Inc. v. Gen. Motors Corp.*, 337 F.3d 314, 321 (3d Cir. 2003) (“Under 11 U.S.C. § 1125(b), a party seeking chapter 11 bankruptcy protection has an affirmative duty to provide creditors with a disclosure statement containing adequate information to enable a creditor to make an informed judgment about the Plan.”) (quotations omitted); *Century Glove, Inc. v. First Am. Bank of N.Y.*, 860 F.2d 94, 100 (3d Cir. 1988) (“§ 1125 seeks to guarantee a minimum amount of information to the creditor asked for its vote.”).

²²⁰ 11 U.S.C. § 1125(a)(1) (“‘[A]dequate information’ means information of a kind, and in sufficient detail, as far as is reasonably practicable in light of the nature and history of the debtor and the condition of the debtor’s books and records[.]”); *Matter of Cajun Elec. Power Co-op*, 150 F.3d 503, 518 (5th Cir. 1998) (“The legislative history of § 1125 indicates that, in determining what constitutes ‘adequate information’ with respect to a particular disclosure statement, ‘[b]oth the kind and form of information are left essentially to the judicial discretion of the court’ and that ‘[t]he information required will necessarily be governed by the circumstances of the case.’”) (alterations in the original) (citing S. Rep. No. 95-989, at 121 (1978)), *cert. denied*, 526 U.S. 1144 (1999); *Floyd v. Hefner*, No. H-03-5693, 2006 WL 2844245, at *30 (S.D. Tex. Sept. 29, 2006) *on reconsideration in part*, 556 F. Supp. 2d 617 (S.D. Tex. 2008) (noting that what constitutes “adequate information” is a flexible standard); *In re Applegate Prop., Ltd.*, 133 B.R. at 829 (“The issue of adequate information is usually decided on a case by case basis and is left largely to the discretion of the bankruptcy court.”) (citing *In re A.H. Robins Co.*, 880 F.2d 694 (4th Cir. 1989), *cert. denied*, 493 U.S. 959 (1989)).

²²¹ See, e.g., *Tex. Extrusion Corp. v. Lockheed Corp. (In re Tex. Extrusion Corp.)*, 844 F.2d 1142, 1157 (5th Cir. 1988) (“The determination of what is adequate information is subjective and made on a case by case basis. This determination is largely within the discretion of the bankruptcy court.”) (citing *In re Brandon Mill Farms, Ltd.*, 37 B.R. 190 (Bankr. N.D. Ga.1984)); *Kirk v. Texaco, Inc.*, 82 B.R. 678, 682 (S.D.N.Y. 1988) (“The legislative history could hardly be more clear in granting broad discretion to bankruptcy judges under § 1125(a)[.]” (citing H.R. Rep. No. 595, at 408–409 (1977)).

- iii. the anticipated future of the company;
- iv. the source of information stated in the disclosure statement;
- v. a disclaimer;
- vi. the present condition of the debtor while in chapter 11;
- vii. the scheduled claims;
- viii. the estimated return to creditors under a chapter 7 liquidation;
- ix. the accounting method utilized to produce financial information and the name of the accountants responsible for such information;
- x. the future management of the debtor;
- xi. the chapter 11 plan or a summary thereof;
- xii. the estimated administrative expenses, including attorneys' and accountants' fees;
- xiii. the collectability of accounts receivable;
- xiv. financial information, data, valuations or projections relevant to the creditors' decision to accept or reject the chapter 11 plan;
- xv. information relevant to the risks posed to creditors under the plan;
- xvi. the actual or projected realizable value from recovery of preferential or otherwise voidable transfers;
- xvii. litigation likely to arise in a nonbankruptcy context;
- xviii. tax attributes of a debtor; and
- xix. the relationship of the debtor with the affiliates.²²²

²²² *In re Divine Ripe, L.L.C.*, 554 B.R. at 401–02 (citing *In re Metrocraft Publ'g Servs., Inc.*, 39 B.R. 567, 568 (Bankr. N.D. Ga. 1984)); *see also U.S. Brass Corp.*, 194 B.R. at 424–25 (listing similar factors); *In re Scioto Valley Mortg. Co.*, 88 B.R. 168, 170–71 (Bankr. S.D. Ohio 1988) (same). *See In re Divine Ripe, L.L.C.*, 554 B.R. at 401 (holding that disclosure regarding all topics is not necessary in every case: “This Court adopts the *Metrocraft* factors, non-exhaustively, as factors to consider for the purposes of determining the sufficiency of ‘adequate information’ in a disclosure statement.”); *U.S. Brass Corp.*, 194 B.R. at 425 (“Disclosure of all factors is not necessary in every case” (citing *In re Metrocraft Publ'g Servs.*, 39 B.R. at 568)); *accord In re Phx. Petrol. Co.*, 278 B.R. 385, 393 (Bankr. E.D. Pa. 2001) (“[I]t is also well understood that certain categories of information which may be necessary in one case may be omitted in another; no one list of categories will apply in every case.”) (citations omitted).

140. The Disclosure Statement contains adequate information. The Disclosure Statement contains descriptions and summaries of, among other things: (a) both the Plan and the Debtors' related reorganization efforts; (b) certain events and relevant negotiations preceding the commencement of these Chapter 11 Cases; (c) the key terms of the restructuring, including copies of the Plan and the RSA; (d) risk factors affecting the Plan, including risks related to the Restructuring Transactions, risks related to the Debtors' businesses, and risks related to recoveries under the Plan; (e) Financial Projections that would be relevant to a creditor's determinations of whether to accept or reject the Plan; (f) a Liquidation Analysis setting forth the estimated return that Holders of Claims and Interests would receive in a hypothetical chapter 7 case; (g) a Valuation Analysis to estimate the enterprise value of the Reorganized Debtors; (h) federal income tax law consequences of the Plan, and (i) a multi-page overview of the Intercompany Settlement and the key facts underlying it.²²³ In addition, the Plan and Disclosure Statement were the product of extensive good faith, arm's-length negotiation among the Debtors and the parties to the RSA.

141. The Objecting Preferred Holders argue that the Disclosure Statement does not provide adequate information to stakeholders and the Bankruptcy Court because the Intercompany Settlement is not sufficiently described. Specifically, while the Objecting Preferred Holders acknowledge that the Debtors devote nearly seven pages to the Intercompany Settlement, they argue that the disclosure is not sufficient because it does not assign value to individual claims, analyze the strength and weakness of the claims, or specifically explain how the Disinterested Directors derived the \$400 million figure for the QVC-QVCG Settlement Claim.²²⁴ The objection further faults the Debtors for not including disclosures regarding the Potential Claims in their SEC

²²³ See generally Disclosure Statement (providing various disclosures by the Debtors).

²²⁴ Preferred Shareholder Objection ¶ 80.

filings.²²⁵ In essence, the Objecting Preferred Holders would require that the Debtors include a greater level of detail in the Disclosure Statement than they are required to demonstrate at the Combined Hearing. All of these objections should be overruled.

142. As an initial matter, the Preferred Shareholders are not entitled to vote on the Plan, so their argument that they did not have adequate information to determine whether to accept or reject the Plan should be disregarded.²²⁶ No voting party objected to the adequacy of the Disclosure Statement. In any event, the Disclosure Statement provides “adequate information.”²²⁷

²²⁵ *Id.* To be sure, whether the Debtors disclosed certain information in an SEC filing has no bearing on the adequacy of the Disclosure Statement. *In re Seneca Oil Co.*, 65 B.R. 902, 907 (Bankr. W.D. Okla. 1986) (“The disclosure statement need not meet the requirements of federal or state securities legislation.”) (citing *In re Stanley Hotel, Inc.*, 13 B.R. 926, 930 (Bankr. D. Colo. 1981)); *see supra*, Section II.A.2 (describing the proper standard to evaluate the adequacy of a disclosure statement). To that end, the Potential Claims are creatures of the bankruptcy process, which is to say that the initiation of these Chapter 11 Cases is what converts the Potential Claims into causes of action. As such, until the Petition Date, the Potential Claims were property of the Debtors’ creditors and did not vest in the bankruptcy estate until one was created. Regardless, under applicable SEC disclosure standards, the Company was not obligated to disclose the Potential Claims before the commencement of these Chapter 11 Cases. Item 103 of Regulation S-K mandates disclosure only of material legal proceedings that are either currently pending or known to be under contemplation by governmental authorities. 17 CFR § 229.103. By its terms, Item 103 does not require disclosure of claims that have neither been formally asserted nor threatened against the registrant.

²²⁶ *See In re U.S. Brass Corp.*, 194 B.R. at 423 (“The purpose of the disclosure statement is . . . to provide enough information to interested persons so they may make an informed choice . . .”) (citing *In re Stanley Hotel, Inc.*, 13 B.R. at 930); *In re ISC Bldg. Materials, Inc.*, No. 10-35732, 2011 Bankr. LEXIS 2036, at *12 (Bankr. S.D. Tex. Feb. 10, 2011) (“The primary purpose of a disclosure statement is to give the creditors [and interest holders] the information they need to decide whether to accept the plan.”) (citing *In re Monnier Brothers*, 755 F.2d 1336, 1341 n.4 (8th Cir. 1985)).

²²⁷ *See also Matter of Cajun Elec. Power Coop.*, 150 F.3d at 518 (“The legislative history of § 1125 indicates that, in determining what constitutes ‘adequate information’ with respect to a particular disclosure statement, ‘both the kind and form of information are left essentially to the judicial discretion of the court’ and that ‘the information required will necessarily be governed by the circumstances of the case.’”) (alterations in the original) (citing S. Rep. No. 95-989, at 121 (1978)), *cert. denied*, 526 U.S. 1144 (1999); *In re Tex. Extrusion Corp.*, 844 F.2d at 1157 (“The determination of what is adequate information is subjective and made on a case by case basis. This determination is largely within the discretion of the bankruptcy court.”); *In re PC Liquidation Corp.*, 383 B.R. 856, 865 (E.D.N.Y. 2008) (“The standard for disclosure is, thus, flexible and what constitutes ‘adequate disclosure’ in any particular situation is determined on a case by case basis, with the determination being largely within the discretion of the bankruptcy court.”) (alterations in the original) (citations omitted); *In re Lisanti Foods, Inc.*, 329 B.R. 491, 507 (Bankr. D.N.J. 2005) (“The information required will necessarily be governed by the circumstances of the case.”) (citations omitted).

143. Unsurprisingly, the Objecting Preferred Holders do not cite to any caselaw with analogous facts that would suggest that the Debtors’ disclosure was not sufficient when compared with similarly situated debtors. Instead, they rely on *In re Divine Ripe, L.L.C.*, a case in which a court found that the debtor did not sufficiently disclose information about the financial health of a man on whom the success of the case hinged.²²⁸ There, the disclosure statement did not delve into financial information about the man in question and instead only made one, brief, substantive reference to him.²²⁹ Without such information, the court determined that there was not adequate information in the disclosure statement because knowledge about the man’s financial information was “paramount to make an informed decision” when ***voting on—that is, deciding “to accept or reject”—the plan.***²³⁰

144. The facts of *Divine Ripe* are completely inapposite. There, the plan would have undoubtedly failed if the key individual was not sufficiently capitalized, making thorough disclosure of his financial information necessary. Here, the Debtors provided multiple pages of disclosure regarding the potential Claims at issue and included the key critical information for stakeholders to understand—that the litigation in connection with Potential Claims would be fact-intensive, contested, and uncertain. As the evidence will show, this is why the Disinterested Directors each independently determined that a settled result on the Potential Claims was the right answer for each of their respective Estates, ultimately resulting in the Intercompany Settlement.

145. Knowing this, the Objecting Preferred Holders simply discount the Debtors’ disclosures and list various pieces of information that were *not* included in the Disclosure

²²⁸ See *In re Divine Ripe, L.L.C.*, 554 B.R. 395, 405 (Bankr. S.D. Tex. 2016).

²²⁹ *Id.* at 405.

²³⁰ *Id.*

Statement without arguing why including such information would be essential to their (non-voting) evaluation of the Plan.²³¹ In fact, the information they seek—relative values of Claims as well as a summary of their merits or flaws—are items commonly not disclosed in seeking approval of settlements because preparation of such extensive information would undermine the administrative efficiency of settling and disclosure would prejudice the litigants if the settlement is not approved.

146. Therein lies the true goal of the of the Objecting Preferred Holders—litigating the merits of the Potential Claims underlying the Intercompany Settlement at the Combined Hearing. Courts routinely caution that “care must be taken to ensure that the hearing on the disclosure statement does not turn into a confirmation hearing.”²³² Here, of course, the Combined Hearing concerns both confirmation of the Plan and approval of the Disclosure Statement, but the Combined Hearing is *not* supposed to be a “mini trial” on the Potential Claims.²³³ In any event, the Preferred Shareholders’ voluminous filings regarding their objections to the Plan demonstrate that they had more than adequate information to form their views regarding the Intercompany Settlement, the process that led to it, the Potential Claims, and the respective “gives and gets” to each of the Debtors’ Estates in the Intercompany Settlement.

²³¹ See Preferred Shareholder Objection ¶¶ 80–81; Disclosure Statement Art. VII.B.

²³² *In re U.S. Brass Corp.*, 194 B.R. at 422 (holding that “[D]isapproval of the adequacy of a disclosure statement may sometimes be appropriate where it describes a plan of reorganization which is so fatally flawed that confirmation is impossible. . . [but] such action is discretionary and must be used carefully so as not to convert the disclosure statement hearing into a confirmation hearing.” (citations omitted)); *In re Copy Crafters Quickprint*, 92 B.R. 973, 980 (Bankr. N.D.N.Y. 1988) (providing further that “due process considerations are protected and objections are restricted to those defects that could not be cured by voting”); *In re Ellipso, Inc.*, No. 09-00148, 2012 WL 368281, at *2 (Bankr. D.D.C. Feb. 3, 2012) (holding certain disclosure objections, including with respect to classification, good-faith, and claims-allowance, were confirmation issues “more appropriately dealt with at a confirmation hearing”); *In re Quigley Co., Inc.*, 377 B.R. 110, 112 (Bankr. S.D.N.Y. 2007) (approving disclosure statement while acknowledging settlements and third-party releases “implicate[d] several confirmation issues”).

²³³ *Cajun Elec. Power Coop.*, 150 F.3d at 356; see also *supra* Section I.A.1.a, describing the applicable standard for review of a 9019 settlement;

147. Two of the *pro se* objectors, Mr. Zhang and Mr. Rajadhyaksha, also argue that the Disclosure Statement contains inadequate information regarding the expected tax treatment of the deferred tax liability under the Plan and the expected use of QVCG's tax attributes.²³⁴ Regardless that, like the Objecting Preferred Holders, Messrs. Zhang and Rajadhyaksha are not entitled to vote on the Plan, the Disclosure Statement contains adequate information under section 1125 of the Bankruptcy Code on this point as well. The Disclosure Statement provides as follows in its "Risk Factors" section:

It is the Company's position that certain deferred tax liabilities recorded on its financial statements as of December 31, 2025, will not materialize into a current tax liability because of the application of certain tax rules applicable to companies under the protection of a Bankruptcy Court. While the Company believes its tax position is the correct interpretation of applicable law, there can be no guarantees, and there are no cases or other guidance beyond the applicable Treasury Regulations that directly address similar situations. Taxing authorities (including the IRS) therefore may disagree with this tax position. If a taxing authority were to successfully challenge this tax position, Reorganized QVC could incur a material current tax liability and significant costs in contesting or resolving any such challenge, which could adversely affect its liquidity and results from operations.²³⁵

148. The above disclosure clearly states the Debtors' position regarding the deferred tax liability and that there is risk to the Debtors' position. Beyond the foregoing, Article XIII of the Disclosure Statement contains more than a dozen pages of additional disclosures regarding the tax consequences of the Plan, including subsections regarding consequences affecting tax attributes.²³⁶ Messrs. Zhang and Rajadhyaksha evidently have a unique interest in tax law and policy, but their demands for disclosure go too far (including in that they would require the Debtors to publicly disclose privileged advice and indeed in such a manner that is antithetical to their own interests as

²³⁴ *Zhang Objection* ¶ 15; *Supplemental Rajadhyaksha Objection* ¶¶ 25, 30. *See supra* ¶ 110 for a description of the deferred tax liability.

²³⁵ Disclosure Statement, Art. IX.A.22.

²³⁶ Disclosure Statement, Art. XIII.B.2.

Preferred Shareholders). Section 1125 of the Bankruptcy Code does not require such onerous disclosures.

149. Accordingly, the Disclosure Statement contains adequate information within the meaning of section 1125(a) of the Bankruptcy Code in satisfaction of section 1126(b)(2) of the Bankruptcy Code, the Bankruptcy Court should overrule the objection of the Objecting Preferred Holders, Mr. Rajadhyaksha, and Mr. Zhang and the Disclosure Statement should be approved.

B. The Solicitation Procedures Complied with the Bankruptcy Code and Bankruptcy Rules.

150. Prior to commencing the Chapter 11 Cases, the Debtors distributed the Solicitation Packages and solicited votes to accept or reject the Plan in accordance with the requirements of sections 1125 and 1126 of the Bankruptcy Code.²³⁷ Bankruptcy Rule 3017(d) sets forth the materials that must be provided to Holders of Claims and Interests for the purpose of soliciting their votes to accept or reject a plan of reorganization.²³⁸ As set forth in more detail below, the Solicitation Procedures complied with the Bankruptcy Code and the Bankruptcy Rules.

1. The Ballots Used to Solicit Holders of Claims Entitled to Vote on the Plan Complied with Bankruptcy Rules.

151. Bankruptcy Rule 3017(d) requires the Debtors to transmit a form of ballot, which substantially conforms to Official Form No. 314, only to “creditors and equity security holders who are entitled to vote on the plan.”²³⁹ Bankruptcy Rule 3018(c) provides that “[a]n acceptance or rejection of a plan must: (1) be in writing; (2) identify the plan or plans; (3) be signed by the

²³⁷ See 11 U.S.C. § 1125(g) (debtors may commence solicitation prior to filing chapter 11 petitions); 11 U.S.C. § 1126(b)(2) (holders of claims or interests that accepted or rejected a plan before the commencement of a chapter 11 case are deemed to accept or reject the plan so long as the solicitation provided adequate information).

²³⁸ See Fed. R. Bankr. P. 3017(d) (listing materials that must be provided in advance of confirmation).

²³⁹ Fed. R. Bankr. P. 3017(d)(1)(A).

creditor or equity security holder—or an authorized agent; and (4) conform to the form 314.”²⁴⁰ As set forth in the Voting Report, only Holders of Claims in the Voting Classes entitled to vote on the Plan were transmitted Ballots.²⁴¹ The form of Ballots used here complied with the Bankruptcy Rules and is consistent with Official Form No. 314.²⁴² Further, the form of Ballots used was approved by the Bankruptcy Court pursuant to the Scheduling Order.²⁴³ Based on the foregoing, the Debtors have satisfied the requirements of Bankruptcy Rules 3017(d) and 3018(c).

1. The Voting Record Date Complied with Bankruptcy Rule 3018(b) and the Scheduling Order.

152. In a prepetition solicitation, the holders of record of the applicable claims against and interests in a debtor entitled to receive ballots and related solicitation materials are to be determined “on the date specified in the solicitation.”²⁴⁴ The Disclosure Statement and the Ballots clearly identified the Voting Record Date, April 13, 2026, as the date for determining which Holders were entitled to vote to accept or reject the Plan.²⁴⁵ Further, the Bankruptcy Court approved the Voting Record Date in the Scheduling Order.²⁴⁶ Accordingly, the Debtors have complied with the Scheduling Order and satisfied the applicable requirements of the Bankruptcy Code.

²⁴⁰ Fed. R. Bankr. P. 3018(c).

²⁴¹ See Voting Report ¶ 7.

²⁴² See Fed. R. Bankr. P. 3018(c)(1)(D) (requiring that a form of acceptance or rejection of a plan “conform to Form 314”).

²⁴³ See Scheduling Order ¶ 14 (“The Ballots, substantially in the forms attached hereto . . . are approved.”).

²⁴⁴ Fed. R. Bankr. P. 3018(b)(1)(B).

²⁴⁵ See Disclosure Statement Art. VI.B (listing proposed confirmation schedule).

²⁴⁶ See Scheduling Order ¶ 10 (approving Voting Record Date).

2. The Debtors' Solicitation Period Complied with Bankruptcy Rule 3018(b) and the Scheduling Order.

153. Under Bankruptcy Rule 3017(b), a hearing on the adequacy of the disclosure statement generally requires 28 days' notice.²⁴⁷ Similarly, Bankruptcy Rule 2002(b) provides that parties in interest should receive 28 days' notice of the objection deadline and the hearing to consider approval of the disclosure statement.²⁴⁸ As set forth above, and in the Scheduling Motion, the Plan and Disclosure Statement were transmitted to the Voting Classes on or about April 16, 2026,²⁴⁹ which was 40 days prior to the scheduled Combined Hearing, and provided parties in interest with 33 days' notice of the Objection Deadline.²⁵⁰ In addition, the solicitation period, which lasted from April 16, 2026, through May 19, 2026, complied with statutory notice periods, and thus was not "unreasonably short" as described in Bankruptcy Rule 3018(b)(2)(B).²⁵¹ Accordingly, the Debtors complied with the Scheduling Order and satisfied the requirements of Bankruptcy Rule 3018(b).

²⁴⁷ See Fed. R. Bankr. P. 3017(a)(1)(A) ("[T]he court must hold a hearing on a disclosure statement filed under Rule 3016(b) and any modification to it. The hearing must be held on at least 28 days' notice under Rule 2002(b) to: the debtor; creditors; equity security holders; and other parties in interest.").

²⁴⁸ See Fed. R. Bankr. P. 2002(b) (all creditors shall receive 28 days' of notice to the objection deadline for the approval of a disclosure statement).

²⁴⁹ See Scheduling Motion ¶ 11.

²⁵⁰ See *id.* ¶ 9; see also the *Stipulation and Order Establishing Certain Confirmation-Related Dates* [Docket No. 327], which extended the Preferred Shareholders' objection filing deadline to May 25, 2026, at 11:59 p.m. EDT.

²⁵¹ Fed. R. Bankr. P. 3018(b)(2)(B).

3. The Debtors' Vote Tabulation Was Appropriate and Complied with the Scheduling Order.

154. As described in the Scheduling Motion, the Debtors used standard tabulation procedures in tabulating the votes of Holders of Claims.²⁵² Specifically, Kroll reviewed all Ballots in accordance with the procedures described and established in the Scheduling Order and the Disclosure Statement.²⁵³ The Bankruptcy Court should approve the Debtors' tabulation of votes confirming that, with respect to the Voting Classes, the requisite majorities in amount and number voted to accept the Plan pursuant to section 1126(c) of the Bankruptcy Code.²⁵⁴

4. Waiver of Certain Solicitation Package Mailings Was Reasonable and Appropriate and Complied with the Scheduling Order.

155. Certain Holders of Claims and Interests were not provided a Solicitation Package because such Holders are (1) Unimpaired under the Plan and therefore conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code²⁵⁵ or (2) Impaired and entitled to receive no distribution under the Plan and therefore conclusively deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code,²⁵⁶ each as of the Voting Record Date. Bankruptcy Rule 3017(d) requires transmission of a court-approved disclosure

²⁵² See Scheduling Motion ¶ 43 (“The Debtors are using standard and well-established tabulation procedures in tabulating votes.”); *see also id.* ¶ 22 (summarizing the Debtors tabulation procedures).

²⁵³ See Voting Report ¶ 17.

²⁵⁴ See 11 U.S.C. § 1126(c) (“A class of claims has accepted a plan if such plan has been accepted by creditors . . . that hold at least two-thirds in amount and more than one-half in number of the allowed claims of such class[.]”).

²⁵⁵ See 11 U.S.C. § 1126(f) (“Notwithstanding any other provision of this section, a class that is not impaired under a plan, and each holder of a claim or interest of such class, are conclusively presumed to have accepted the plan, and solicitation of acceptances with respect to such class from the holders of claims or interests of such class is not required.”).

²⁵⁶ See 11 U.S.C. § 1126(g) (“Notwithstanding any other provision of this section, a class is deemed not to have accepted a plan if such plan provides that the claims or interests of such class do not entitle the holders of such claims or interests to receive or retain any property under the plan on account of such claims or interests.”).

statement to, among other parties, classes of unimpaired creditors and equity security holders unless the court orders otherwise.²⁵⁷ Because Bankruptcy Rule 3017(d) depends, in relevant part, upon approval of a disclosure statement, such provision may not apply here given the facts and circumstances of the prepetition solicitation process employed.²⁵⁸ Further, the Debtors transmitted the Combined Hearing Notice and the Notice of Non-Voting Status (including the Opt-Out Form or Opt-In Form, as applicable) to all Non-Voting Classes.²⁵⁹ The Combined Hearing Notice directed the Non-Voting Parties to Kroll's public website where they could obtain a copy of the Disclosure Statement free of charge.²⁶⁰ Distributing the Solicitation Package to the Non-Voting Classes is an unnecessary imposition and expense that would only diminish recoveries for Impaired stakeholders entitled to a recovery under the Plan. Moreover, the Bankruptcy Court approved the Notice of Non-Voting Status (including the Opt-Out Form or Opt-In Form, as applicable) sent to Non-Voting Classes in the Scheduling Order.²⁶¹ Accordingly, the waiver of such mailing is reasonable and appropriate and complied with the Scheduling Order.

5. Solicitation of the Plan Complied with the Bankruptcy Code and Was in Good Faith.

156. Section 1125(e) of the Bankruptcy Code provides that “[a] person that solicits acceptance or rejection of a plan, in good faith and in compliance with the applicable provisions

²⁵⁷ See Fed. R. Bankr. P. 3017(d)(1)(B) (“The court may vary the requirements for an unimpaired class of creditors or equity security holders.”).

²⁵⁸ See *id.* (“After the disclosure statement has been approved . . .”).

²⁵⁹ See Voting Report ¶¶ 6–12.

²⁶⁰ See Scheduling Motion ¶ 24 (“The Combined Hearing Notice will also be available at no charge on the public website maintained by the Claims and Noticing Agent at: <https://restructuring.ra.kroll.com/QVC>.”).

²⁶¹ See Scheduling Order ¶ 9.

of this title . . . is not liable, on account of such solicitation . . . for violation of any applicable law, rule, or regulation governing solicitation of acceptance or rejection of a plan[.]”²⁶²

157. The Plan was solicited in good faith and, as set forth in the Scheduling Order, the Solicitation Procedures utilized by the Debtors for distribution of the Solicitation Packages satisfy the applicable requirements of the Bankruptcy Code, the Bankruptcy Rules, the Bankruptcy Local Rules, and any other applicable rules, laws, and regulations, including any applicable registration requirements and exemptions under the Securities Act.²⁶³ Therefore, as discussed in greater detail below, the Debtors request that the Bankruptcy Court grant the Exculpated Parties, the Consenting Stakeholders, the directors and officers of any of the Debtors, each of the Debtors and Reorganized Debtors, and with respect to the foregoing, their Related Parties, the protections provided under section 1125(e) of the Bankruptcy Code.

III. The Plan Satisfies the Requirements of Section 1129 of the Bankruptcy Code.

158. To confirm the Plan, the Bankruptcy Court must find that the Debtors have satisfied the provisions of section 1129 of the Bankruptcy Code by a preponderance of the evidence.²⁶⁴ As described herein, and will be demonstrated with evidence at the Combined Hearing, the Plan complies with all relevant provisions of the Bankruptcy Code and all other applicable law. The Debtors thus request that the Bankruptcy Court confirm the Plan.

²⁶² 11 U.S.C. § 1125(e).

²⁶³ Scheduling Order ¶ 11.

²⁶⁴ See *In re Briscoe Enters., Ltd., II*, 994 F.2d 1160, 1165 (“The combination of legislative silence, Supreme Court holdings, and the structure of the Code leads this Court to conclude that preponderance of the evidence is the debtor’s appropriate standard of proof both under § 1129(a) and in a cramdown.”), *cert. denied*, 510 U.S. 992 (1993); *In re Red River Talc LLC*, 670 B.R. 251, 278 (Bankr. S.D. Tex. 2025) (“[The debtor] bears the burden of proving that the [p]lan satisfies each part of § 1129 by a preponderance of the evidence.” (citing *In re Briscoe Enters., Ltd., II*, 994 F.2d at 1165); *In re Idearc Inc.*, 423 B.R. 138, 159 (Bankr. N.D. Tex. 2009)) (same).

A. The Plan Complies with the Applicable Provisions of the Bankruptcy Code (Section 1129(a)(1)).

159. Under section 1129(a)(1) of the Bankruptcy Code, a plan must “compl[y] with the applicable provisions of [the Bankruptcy Code].”²⁶⁵ The legislative history of section 1129(a)(1) of the Bankruptcy Code explains that this provision also encompasses the requirements of sections 1122 and 1123 of the Bankruptcy Code, which govern the classification of claims and the contents of a plan of reorganization, respectively.²⁶⁶ As explained below, the Plan complies with the requirements of sections 1122, 1123, and 1129 of the Bankruptcy Code, as well as other applicable provisions.

1. The Plan Satisfies the Classification Requirements of Section 1122 of the Bankruptcy Code.

160. The classification requirement of section 1122(a) of the Bankruptcy Code provides, in pertinent part, as follows:

Except as provided in subsection (b) of this section, a plan may place a claim or an interest in a particular class only if such claim or

²⁶⁵ 11 U.S.C. § 1129(a)(1).

²⁶⁶ See S. Rep. No. 95-989, at 126 (1978), as reprinted in 1978 U.S.C.C.A.N. 5787, 5912; H.R. Rep. No. 95-595, at 412 (1977), as reprinted in 1978 U.S.C.C.A.N. 5963, 6368; *Save Our Springs (S.O.S.) All., Inc. v. WSI (II)-COS, L.L.C. (In re Save Our Springs (S.O.S.) All., Inc.)*, 632 F.3d 168, 174 (5th Cir. 2011) (holding that to comply with section 1129(a)(1) of the Bankruptcy Code, a plan must also comply with sections 1123(a)(1) and 1122(a) of the Bankruptcy Code); *In re Star Ambulance Serv., LLC*, 540 B.R. 251, 260 (Bankr. S.D. Tex. 2015) (“Bankruptcy Code § 1129(a)(1) requires that ‘[t]he plan compl[y] with the applicable provisions of this title.’ 11 U.S.C. § 1129(a)(1). Courts interpret this language to mean that a plan must meet the requirements of Bankruptcy Code Sections 1122 and 1123.” (citing *In re Save Our Springs (S.O.S.) All., Inc.*, 632 F.3d at 174; *In re EnviroSols. of N.Y., LLC*, No. 10-11236 (SMB), 2010 WL 3373937, at *2–3 (Bankr. S.D.N.Y. July 10, 2010)) (alterations in original); *In re Pearl Res. LLC*, 622 B.R. 236, 252 (Bankr. S.D. Tex. 2020) (“The first requirement of § 1129(a) is that the plan must comply with the applicable provisions of this title. The legislative history reflects that the applicable provisions of chapter 11 include such sections as 1122 and 1123, governing classification and contents of a plan.” (quotations omitted)); see also *In re S & W Enter.*, 37 B.R. 153, 158 (Bankr. N.D. Ill. 1984) (“An examination of the Legislative History of [section 1129(a)(1)] reveals that although its scope is certainly broad, the provisions it was most directly aimed at were [s]ections 1122 and 1123.”); *In re Nutritional Sourcing Corp.*, 398 B.R. 816, 824 (Bankr. D. Del. 2008) (explaining that section 1129(a)(1), “[a]s confirmed by legislative history,” requires a restructuring plan to comply with sections 1122 and 1123).

interest is substantially similar to the other claims or interests of such class.²⁶⁷

161. For a classification structure to satisfy section 1122 of the Bankruptcy Code, not all substantially similar claims or interests need to be grouped in the same class.²⁶⁸ Instead, claims or interests designated to a particular class must be substantially similar to each other.²⁶⁹ Courts in this jurisdiction and others have recognized that plan proponents have significant flexibility in placing similar claims into different classes, provided there is a reasonable basis to do so.²⁷⁰

²⁶⁷ 11 U.S.C. § 1122(a).

²⁶⁸ See *Phx. Mut. Life Ins. Co. v. Greystone III Joint Venture (In re Greystone III Joint Venture)*, 995 F.2d 1274, 1279 (5th Cir. 1991) (“We conclude that if § 1122(a) permits classification of ‘substantially similar’ claims in different classes, such classification may only be undertaken for reasons independent of the debtor’s motivation to secure the vote of an impaired, assenting class of claims.”); *In re Sentry Operating Co. of Tex., Inc.*, 264 B.R. 850, 860 (Bankr. S.D. Tex. 2001) (“Section 1122 does not prohibit separate classification of similar claims, and even expressly authorizes separate classification of small claims. Most of the commentators agree that § 1122 is permissive of any classification scheme that is not proscribed, and that substantially similar claims may be *separately* classified.”) (citing 7 Collier on Bankruptcy, ¶ 1123.03[1][a] (15th ed. rev. 1999)); *In re Armstrong World Indus., Inc.*, 348 B.R. 136, 159 (D. Del. 2006) (“The Bankruptcy Code does not require that all claims with equal priority be classified in the same class.”); *In re Drexel Burnham Lambert Grp., Inc.*, 138 B.R. 714, 715 (Bankr. S.D.N.Y. 1992) (“[Section 1122(a) of the Bankruptcy Code] does not require that similar classes be grouped together, but merely that any group be homogenous.” (citations omitted)); see also 7 Collier on Bankruptcy ¶ 1122.03 (“Most courts have determined that section 1122(a) does not require that all substantially similar claims be placed in the same class[.]”).

²⁶⁹ See *Bank of N.Y. Tr. Co, NA v. Off. Unsecured Creditors’ Comm. (In re Pac. Lumber Co.)*, 584 F.3d 229, 251 (5th Cir. 2009) (“Under the Bankruptcy Code, classes must contain ‘substantially similar’ claims[.]” (citing *In re Greystone III Joint Venture*, 995 F.2d at 1281)); *In re Sentry Operating Co. of Tex., Inc.*, 264 B.R. at 860 (“Section 1122 prohibits common classification of claims unless they are substantially similar.”); *In re Vitro Asset Corp.*, No. 11-32600-HDH, 2013 WL 6044453, at *5 (Bankr. N.D. Tex. Nov. 14, 2013) (“[A] plan may provide for multiple classes of claims or interests so long as each claim or interest within a class is substantially similar to other claims or interests in that class.”).

²⁷⁰ See *In re Pisces Energy, LLC*, No. 09-36591-H5-11, 2009 WL 7227880, at *8 (Bankr. S.D. Tex. Dec. 21, 2009) (“[A] plan proponent is afforded significant flexibility in classifying claims under section 1122(a) of the Bankruptcy Code provided there is a reasonable basis for the classification scheme and all claims within a particular class are substantially similar.”); *In re Briscoe Enters., Ltd., II*, 994 F.2d at 1167 (recognizing that “there may be good business reasons to support separate classification”), *cert. denied*, 510 U.S. 992 (1993); *In re Greystone III Joint Venture*, 995 F.2d at 1277 (“Each class of creditors will be treated in the debtor’s plan of reorganization based upon the similarity of its members’ priority status and other legal rights against the debtor’s assets.” (citing 11 U.S.C. § 1122)); *In re Heritage Org., L.L.C.*, 375 B.R. 230, 303 (Bankr. N.D. Tex. 2007) (“[T]he only express prohibition on separate classification is that it may not be done to gerrymander an affirmative vote on a reorganization plan.”); *John Hancock Mut. Life Ins. Co. v. Route 37 Bus. Park Assocs.*, 987 F.2d 154, 158–59 (3d Cir. 1993) (holding that a classification scheme is proper as long as each class represents a voting interest that is “sufficiently distinct and weighty to merit a separate voice in the decision whether the proposed reorganization should proceed”).

Multiple grounds can justify separate classification, including where the Debtors have valid business reasons for classification²⁷¹ and where members of a class possess different legal rights from similar claimants.²⁷²

162. The Plan's classification of Claims and Interests satisfies the requirements of section 1122 of the Bankruptcy Code because the Plan places Claims and Interests into twenty-nine separate Classes, with the Claims and Interests in each Class differing from the Claims and Interests in each other Class in a legal or factual nature or based on other relevant criteria.²⁷³ Specifically, the Plan provides for the separate classification of Claims and Interests into the following Classes:

- a. **Class A1**: Other Secured Claims against QVCG;
- b. **Class A2**: Other Priority Claims against QVCG;
- c. **Class A3**: General Unsecured Claims against QVCG;
- d. **Class A4**: QVC-QVCG Settlement Claim;
- e. **Class A5**: Other Intercompany Claims against QVCG;
- f. **Class A6**: QVCG Preferred Equity Interests;
- g. **Class A7**: QVCG Common Equity Interests;
- h. **Class A8**: Section 510(b) Claims against QVCG;
- i. **Class B1**: Other Secured Claims against the QVC Debtors;
- j. **Class B2**: Other Priority Claims against the QVC Debtors;
- k. **Class B3**: RCF Claims against the QVC Debtors;

²⁷¹ See *In re Briscoe Enters., Ltd., II*, 994 F.2d at 1167 (recognizing that “there may be good business reasons to support separate classification”).

²⁷² See *In re Greystone III Joint Venture*, 995 F.2d at 1277 (“Each class of creditors will be treated in the debtor’s plan of reorganization based upon the similarity of its members’ priority status and other legal rights against the debtor’s assets.” (citing 11 U.S.C. § 1122)).

²⁷³ See Plan, Art. III.

- l. **Class B4**: QVC Notes Claims against the QVC Debtors;
- m. **Class B5**: General Unsecured Claims against the QVC Debtors;
- n. **Class B6**: Intercompany Claims against the QVC Debtors;
- o. **Class B7**: Intercompany Interests in the QVC Debtors;
- p. **Class B8**: Section 510(b) Claims against the QVC Debtors;
- q. **Class C1**: Other Secured Claims against the LINTA Debtors;
- r. **Class C2**: Other Priority Claims against the LINTA Debtors;
- s. **Class C3**: LINTA Notes Claims;
- t. **Class C4**: General Unsecured Claims against the LINTA Debtors;
- u. **Class C5**: Intercompany Claims against the LINTA Debtors;
- v. **Class C6**: Intercompany Interests in the LINTA Debtors;
- w. **Class C7**: Section 510(b) Claims against the LINTA Debtors;
- x. **Class D1**: Other Secured Claims against the CBI Debtors;
- y. **Class D2**: Other Priority Claims against the CBI Debtors;
- z. **Class D3**: General Unsecured Claims against the CBI Debtors;
- aa. **Class D4**: Intercompany Claims against the CBI Debtors;
- bb. **Class D5**: Intercompany Interests in the CBI Debtors; and
- cc. **Class D6**: Section 510(b) Claims against the CBI Debtors.²⁷⁴

163. As the evidence will show, Claims and Interests assigned to each particular Class described above are substantially similar to the other Claims and Interests in such Class. In addition, valid business, legal, and factual reasons justify the separate classification of particular Claims or Interests into the Classes, and no unfair discrimination exists between or among Holders of Claims and Interests. Namely, the Plan separately classifies the Claims or Interests because

²⁷⁴ See *id.*

each Holder of such Claims or Interests may hold (or may have held) rights in the Estates legally dissimilar to the Claims or Interests in other Classes.

164. In general, the Plan's classification follows the Debtors' capital structures. For example, debt and equity are classified separately,²⁷⁵ and secured and unsecured claims are classified separately.²⁷⁶ Specifically, Other Secured Claims against the applicable Debtor(s) (*i.e.*, Claims in Classes A1, B1, C1, and D1) and Other Priority Claims against the applicable Debtor(s) (*i.e.*, Claims in Classes A2, B2, C2, and D2) are classified separately because of their secured status²⁷⁷ and their relative priority,²⁷⁸ respectively. RCF Claims against the QVC Debtors (Class B3) and QVC Notes Claims against the QVC Debtors (Class B4) are classified in their own Classes to account for certain legal rights such Holders of those Claims have under their prepetition credit agreements and indentures (as applicable).²⁷⁹ Similarly, Intercompany Claims against the applicable Debtor(s) (*i.e.*, Claims in Classes A5, B6, C6, and D4) are classified separately from General Unsecured Claims against the applicable Debtor(s) (*i.e.*, Claims in Classes A3, B5, C4, and D3) because they are held by debtor entities rather than third parties. Furthermore, General Unsecured Claims against the applicable Debtor(s) (*i.e.*, Claims in Classes A3, B5, C4, and D3)

²⁷⁵ See *Slentz v. Jobs.com Inc. (In re Carrieri)*, 393 F.3d 508, 522 (5th Cir. 2004) (“[T]he rights of shareholders to redeem stock are equity interests because they are not guaranteed the right to payment, as claims are, but rather are dependent on the solvency of the corporation.” (citations omitted)).

²⁷⁶ See *In re Perez*, 339 B.R. 385, 408 (Bankr. S.D. Tex. 2006) (“In a sense, secured claims may be said to have ‘priority’ over all unsecured claims” (quoting *In re Parker*, 15 B.R. 980, 983 (Bankr. E.D. Tenn. 1981)) (internal quotation marks omitted)).

²⁷⁷ See *id.*

²⁷⁸ See 11 U.S.C. § 507 (listing types of priority claims under the Bankruptcy Code); see also 4 Collier on Bankruptcy ¶ 507.02[1] (“The structure of the Bankruptcy Code reflects a decision by Congress to prefer certain categories of claims over other categories of claims.”).

²⁷⁹ See *In re Greystone III Joint Venture*, 995 F.2d at 1277 (“Each class of creditors will be treated in the debtor’s plan of reorganization based upon the similarity of its members’ priority status and other legal rights against the debtor’s assets” (citing 11 U.S.C. § 1122)).

and Section 510(b) Claims against the applicable Debtor(s) (*i.e.*, Claims in Classes Class A8, B8, C7, and D6) are classified separately to account for different legal rights under the Bankruptcy Code.²⁸⁰

165. In accordance with the Debtors' capital structure, the Plan classifies Claims and Interests into four subcategories: subcategory A for QVCG, subcategory B for the QVC Debtors, subcategory C for the LINTA Debtors, and subcategory D for the CBI Debtors.²⁸¹ Thus, Claims against particular Debtors may be classified differently from similar Claims against a different Debtor. For example, Other Secured Claims against QVCG (Class A1) are classified separately from Other Secured Claims against the QVC Debtors (Class B1) because these Claims are asserted against different Debtor entities.²⁸² From there, as described more fully above, Claims are generally classified by priority, by Secured versus Unsecured status, by type, or based on unique factors associated with particular series of debt.²⁸³

166. Accordingly, the Plan satisfies section 1122(a) of the Bankruptcy Code, and no party has asserted otherwise.

2. The Plan Satisfies the Mandatory Plan Requirements of Section 1123(a) of the Bankruptcy Code.

167. Section 1123(a) of the Bankruptcy Code sets forth seven criteria that every chapter 11 plan must satisfy.²⁸⁴ The Plan satisfies each of these requirements.

²⁸⁰ See 11 U.S.C. § 510(b) (“[A] claim arising from rescission of a purchase or sale of a security of the debtor or of an affiliate of the debtor, for damages arising from the purchase or sale of such a security, or for reimbursement or contribution allowed under section 502 on account of such a claim, shall be subordinated to all claims or interests that are senior to or equal the claim or interest represented by such security[.]”).

²⁸¹ See *id.*

²⁸² See *id.*

²⁸³ See *id.*

²⁸⁴ See 11 U.S.C. § 1123(a) (enumerating criteria). Section 1123(a)(8) is applicable only to individual debtors.

a. Designation of Classes of Claims and Equity Interests (section 1123(a)(1)).

168. Section 1123(a)(1) of the Bankruptcy Code requires that a plan designate “classes of claims, other than claims of a kind specified in section 507(a)(2), 507(a)(3), or 507(a)(8) of this title, and classes of interests.”²⁸⁵ For the reasons set forth above,²⁸⁶ Article III of the Plan properly designates classes of Claims and Interests and thus satisfies the requirement of section 1122 of the Bankruptcy Code.²⁸⁷ The Plan meets this requirement by classifying Claims and Interests such that each Class consists of substantially similar Claims or Interests, and no party has asserted otherwise.

b. Specification of Unimpaired Classes (Section 1123(a)(2)).

169. Section 1123(a)(2) of the Bankruptcy Code requires that the Plan “specify any class of claims or interests that is not impaired under the plan.”²⁸⁸ The Plan meets this requirement by identifying in Article III each Class that is Unimpaired, and no party has asserted otherwise.²⁸⁹

c. Treatment of Impaired Classes (Section 1123(a)(3)).

170. Section 1123(a)(3) of the Bankruptcy Code requires that the Plan “specify the treatment of any class of claims or interests that is impaired under the plan.”²⁹⁰ The Plan meets

²⁸⁵ 11 U.S.C. § 1123(a)(1).

²⁸⁶ *See supra* § III.A.1.

²⁸⁷ *See* Plan, Art. III.

²⁸⁸ 11 U.S.C. § 1123(a)(2).

²⁸⁹ *See* Plan, Art. III (listing Unimpaired Classes).

²⁹⁰ 11 U.S.C. § 1123(a)(3).

this requirement by setting forth the treatment in Article III of each Class that is Impaired, and no party has asserted otherwise.²⁹¹

d. Equal Treatment within Classes (Section 1123(a)(4)).

171. Section 1123(a)(4) of the Bankruptcy Code requires that a plan “provide the same treatment for each claim or interest of a particular class, unless the holder of a particular claim or interest agrees to a less favorable treatment of such particular claim or interest.”²⁹² The Plan meets this requirement because Holders of Allowed Claims or Interests will receive the same rights and treatment as other Holders of Allowed Claims or Interests within such Holders’ respective Class.

172. The Objecting Preferred Holders argue that the benefit of the Plan releases is distributed unequally within Class A6 (QVCG Preferred Equity Interests) such that the Plan violates section 1123(a)(4).²⁹³ In support of this assertion, they cite to *In re Serta Simmons Bedding, L.L.C.* to urge the Bankruptcy Court to “look below the surface” to determine whether plan treatment is “in fact equal in value.”²⁹⁴ This argument contorts *Serta* and is unavailing.

173. In *Serta*, prior to commencing chapter 11, the debtors and certain of their prepetition lenders entered into a controversial uptier transaction that was ultimately found to have violated the ratable-sharing provision of the debtors’ credit agreement. During *Serta*’s chapter 11 cases, much litigation occurred over and the debtors made many plan revisions concerning the lenders’ indemnity claims regarding the overturned transaction.²⁹⁵ Ultimately, the *Serta* debtors

²⁹¹ See Plan, Art. III (listing Impaired Classes).

²⁹² 11 U.S.C. § 1123(a)(4).

²⁹³ Preferred Shareholder Objection §58–59.

²⁹⁴ 125 F.4th 555, 592 (5th Cir. 2024)

²⁹⁵ *Id.* at 571.

included an indemnity as part of their plan settlement, which was incredibly valuable to certain of the lenders and plainly not valuable to others.²⁹⁶ The bankruptcy court approved the settlement, and the lenders excluded from the 2020 uptier transaction appealed, including on equal treatment grounds.

174. On appeal, the Fifth Circuit declined to set strict boundaries on what constitutes “equal treatment” under 1123(a)(4) but ruled that the plan did not provide equal treatment to similarly situated prepetition lenders because the *expected value* of the settlement indemnity varied “dramatically” depending on whether creditors had participated in the prepetition uptier transaction; for some, the settlement was worth millions, but for others, it was worth nothing, and the debtors knew this and drafted their plan with this knowledge in mind.²⁹⁷

175. The facts are completely different in the present case. Over the past six years, QVCG issued \$450 million in dividends ratably to all Preferred Shareholders holding Preferred Shares at the time of any such distribution. The Disinterested Directors of QVCG negotiated releases for the Preferred Shareholders to shield them from clawback claims concerning the dividends they received. Separately, and unbeknownst to the Disinterested Directors of QVCG, opportunistic investors strategically purchased QVCG’s Preferred Shares after QVCG suspended its quarterly dividends (and, in some instances, after the Debtors commenced chapter 11 and announced that the Preferred Shares would be discharged without a recovery). These same investors now claim that they do not value the release and that it is violative of the Bankruptcy Code. This claim is absurd. The Disinterested Directors of QVCG did not know or have any reason to expect that investors would purchase QVCG’s Preferred Shares *en masse* to run an option

²⁹⁶ *Id.* at 591–92.

²⁹⁷ *Id.* at 591–92.

play. The Objecting Preferred Holders represent a minority of Preferred Shareholders—they do not, and cannot (as they are not fiduciaries), speak for the historical Preferred Shareholders (who are overwhelmingly retail Preferred Shareholders) that benefit from the release provided for under the Intercompany Settlement. Accordingly, the release provides what the Third Circuit has dubbed “approximate equality”—a far cry from the known, “dramatic” differences in expected value at issue in *Serta*.²⁹⁸

176. As such, the Debtors’ Plan complies with section 1123(a)(4)’s requirement of equal treatment, and the objection of the Objecting Preferred Holders should be overruled.

e. Means for Implementation (Section 1123(a)(5)).

177. Section 1123(a)(5) of the Bankruptcy Code requires that a plan provide “adequate means” for its implementation.²⁹⁹ The Plan satisfies this requirement because Article IV of the Plan, as well as other provisions thereof, provides for the means by which the Plan will be implemented,³⁰⁰ including, among other things, the general settlement of Claims and Interests,³⁰¹ the Restructuring Transactions,³⁰² the sources of consideration for Plan distributions,³⁰³ the vesting of assets in the Reorganized Debtors,³⁰⁴ the cancellation of existing securities, agreements, and

²⁹⁸ See *Id.* at 591 (quoting *In re W.R. Grace & Co.*, 729 F.3d 311, 327 (3d Cir. 2013)); see also *In re Mallinckrodt PLC*, 639 B.R. 837, 862 (Bankr. D. Del. 2022); *In re Cent. Med. Ctr., Inc.*, 122 B.R. 568, 574–75 (Bankr. E.D. Mo. 1990) (holding that section 1123(a)(4) is not violated by a reorganization plan that subjects each member of a class to the same process for claims determination but does not yield the same pecuniary result for every class member); *In re Breitburn Energy Partners LP*, 582 B.R. 321, 358 (Bankr. S.D.N.Y. 2018) (holding that section 1123(a)(4) requires equality of treatment, not outcome) (citing *In re W.R. Grace & Co.*, 729 F.3d at 327).

²⁹⁹ 11 U.S.C. § 1123(a)(5).

³⁰⁰ See Plan, Art. IV (listing 20 separate means for implementation of the Plan).

³⁰¹ See Plan, Art. IV.A.

³⁰² See Plan, Art. IV.C.

³⁰³ See Plan, Art. IV.E.

³⁰⁴ See Plan, Art. IV.G.

Interests,³⁰⁵ the New Organizational Documents,³⁰⁶ the directors and officers of the Reorganized Debtors,³⁰⁷ the Debtors' exception pursuant to section 1146 of the Bankruptcy Code,³⁰⁸ the Management Incentive Plan,³⁰⁹ and the preservation of Causes of Action.³¹⁰

f. Issuance of Non-Voting Securities (Section 1123(a)(6)).

178. Section 1123(a)(6) of the Bankruptcy Code requires that a debtor's corporate constituent documents prohibit the issuance of non-voting equity securities.³¹¹ Article IV.I of the Plan provides that the New Organizational Documents shall contain a provision prohibiting the issuance of non-voting equity Securities to the extent required by section 1123(a)(6) of the Bankruptcy Code.³¹² In accordance with Article IV.J of the Plan, on or immediately prior to the Effective Date, the New Organizational Documents shall be automatically adopted by the applicable Reorganized Debtors and will prohibit the issuance of non-voting equity Securities.³¹³ Accordingly, the Plan satisfies section 1123(a)(6) of the Bankruptcy Code, and no party has asserted otherwise.

³⁰⁵ See Plan, Art. IV.H.

³⁰⁶ See Plan, Art. IV.J.

³⁰⁷ See Plan, Art. IV.K.

³⁰⁸ See Plan, Art. IV.N.

³⁰⁹ See Plan, Art. IV.Q.

³¹⁰ See Plan, Art. IV.R.

³¹¹ See 11 U.S.C. 1123(a)(6) (“[P]rovide for the inclusion in the charter of the debtor . . . a provision prohibiting the issuance of non-voting equity securities[.]”).

³¹² See Plan, Art. IV.J (“The New Organizational Documents will . . . prohibit the issuance of non-voting equity Securities to the extent required under section 1123(a)(6) of the Bankruptcy Code.”).

³¹³ See *id.* (“On or immediately prior to the Effective Date . . . the New Organizational Documents shall be automatically adopted or amended . . . as necessary to effectuate the transactions contemplated by this Plan.”).

g. Directors and Officers (Section 1123(a)(7)).

179. Section 1123(a)(7) of the Bankruptcy Code requires that plan provisions with respect to the manner of selection of any director, officer, or trustee, or any other successor thereto, be “consistent with the interests of creditors and equity security holders and with public policy.”³¹⁴ Article IV.K of the Plan outlines the manner of selecting the members of the New Board, which accords with applicable state law, the Bankruptcy Code, the interests of creditors and equity security holders, and public policy.³¹⁵ Moreover, in accordance with Article IV.K of the Plan and section 1129(a)(5) of the Bankruptcy Code,³¹⁶ the Plan Supplement will disclose the identities of the members of the New Board, to the extent they are known. Accordingly, the Plan satisfies section 1123(a)(7) of the Bankruptcy Code, and no party has asserted otherwise.

3. The Plan Complies with the Discretionary Provisions of Section 1123(b) of the Bankruptcy Code.

180. Section 1123(b) of the Bankruptcy Code sets forth various discretionary provisions that may be incorporated into a chapter 11 plan.³¹⁷ Among other things, section 1123(b) of the Bankruptcy Code provides that a plan may: (a) impair or leave unimpaired any class of claims or interests; (b) provide for the assumption or rejection of executory contracts and unexpired leases; (c) provide for the settlement or adjustment of any claim or interest belonging to the debtor or the

³¹⁴ 11 U.S.C. § 1123(a)(7).

³¹⁵ See Plan, Art. IV.K (discussing the appointment process for the New Board and the officers of the Reorganized Debtors).

³¹⁶ See 11 U.S.C. § 1129(a)(5)(i) (requiring that “[t]he proponent of the plan has disclosed the identity and affiliations of any individual proposed to serve, after confirmation of the plan, as a director, officer . . . of the debtor . . .”).

³¹⁷ See 11 U.S.C. § 1123(b) (“Subject to subsection (a) of this section, *a plan may* . . .”) (emphasis added).

estates; and (d) include any other appropriate provision not inconsistent with the applicable provisions of chapter 11.³¹⁸

181. The Plan is consistent with section 1123(b) of the Bankruptcy Code. Specifically, under Article III of the Plan, Classes A1, A2, A3, A4, B1, B2, B5, C1, C2, C4, D1, D2, and D3, are Unimpaired because the Plan leaves unaltered the legal, equitable, and contractual rights of the Holders of Claims within such Classes.³¹⁹ On the other hand, Classes A6, A7, A8, B3, B4, B8, C3, C7, and D6 are Impaired because the Plan modifies the rights of the Holders of Claims and Interests within such Classes as contemplated in section 1123(b)(1) of the Bankruptcy Code.³²⁰ Classes A5, B6, B7, C5, C6, D4, and D5 may be Impaired or Unimpaired under the Plan at the option of the Debtors.³²¹

182. In addition and under section 1123(b)(2) of the Bankruptcy Code, Article V of the Plan provides that, on the Effective Date, any Executory Contract or Unexpired Lease of the Debtors will be deemed to be an assumed Executory Contract or Unexpired Lease, in accordance with the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code, other than those Executory Contracts or Unexpired Leases that: (1) were previously assumed, amended and assumed, assumed and assigned, or rejected by the Debtors; (2) previously expired or terminated pursuant to their own terms; (3) are the subject of a motion to reject that is pending on or before

³¹⁸ See 11 U.S.C. § 1123(b)(1)–(3), (6).

³¹⁹ See Plan, Art. III.

³²⁰ See *id.*

³²¹ See *id.*

the Effective Date; or (4) are identified on the Rejected Executory Contract and Unexpired Leases List.³²²

183. Finally, the Plan contains release, exculpation, and injunction provisions, which for the reasons set forth below, are consistent with section 1123(b) of the Bankruptcy Code.

4. The Plan Complies with Section 1123(d) of the Bankruptcy Code.

184. Section 1123(d) of the Bankruptcy Code provides that “if it is proposed in a plan to cure a default the amount necessary to cure the default shall be determined in accordance with the underlying agreement and applicable nonbankruptcy law.”³²³

185. The Plan complies with section 1123(d) of the Bankruptcy Code. The Plan provides for the satisfaction of Cures under each Executory Contract and Unexpired Lease to be assumed under the Plan by payment of the Cure, if any, on the Effective Date or as soon as reasonably practicable thereafter or after a Cure dispute is resolved, or on other terms as the parties to such Executory Contracts or Unexpired Leases may agree.³²⁴ In accordance with Article V of the Plan and section 365 of the Bankruptcy Code, the Debtors will satisfy any Cures under each Executory Contract and Unexpired Lease to be assumed under the Plan on the Effective Date or on such other terms as the parties to such Executory Contracts or Unexpired Leases otherwise agree.³²⁵ No party asserts that the Plan does not comply with section 1123(d) of the Bankruptcy Code.

³²² See Plan, Art. V.A.

³²³ 11 U.S.C. § 1123(d).

³²⁴ See Plan, Art. V.C (describing the Cure of defaults of Assumed Executory Contracts and Unexpired Leases).

³²⁵ See *id.*

B. The Debtors Complied with the Applicable Provisions of the Bankruptcy Code (Section 1129(a)(2)).

186. Section 1129(a)(2) of the Bankruptcy Code requires that the proponent of a plan complies with the applicable provisions of the Bankruptcy Code.³²⁶ The legislative history of section 1129(a)(2) of the Bankruptcy Code reflects that this provision is intended to encompass the disclosure and solicitation requirements set forth in sections 1125 and 1126 of the Bankruptcy Code.³²⁷ As discussed below, the Debtors have complied with sections 1125 and 1126 of the Bankruptcy Code regarding disclosure and solicitation of the Plan and have therefore satisfied section 1129(a)(2).

1. The Debtors Complied with Section 1125 of the Bankruptcy Code.

187. As discussed in Part I of this Memorandum,³²⁸ the Debtors complied with the notice and solicitation requirements of section 1125 of the Bankruptcy Code.

2. The Debtors Complied with Section 1126 of the Bankruptcy Code.

188. Section 1126 of the Bankruptcy Code specifies the requirements for acceptance of a plan.³²⁹ Specifically, under section 1126 of the Bankruptcy Code, only holders of allowed claims and allowed interests in impaired classes of claims or interests that will receive or retain property

³²⁶ See 11 U.S.C. § 1129(a)(2) (“The proponent of the plan complies with the applicable provisions of this title.”).

³²⁷ See H.R. Rep. No. 95-595, at 412 (1977), *as reprinted in* 1978 U.S.C.C.A.N. 5963, 6368; S. Rep. No. 95-989, at 126 (1978), *as reprinted in* 1978 U.S.C.C.A.N. 5787, 5912; 7 Collier on Bankruptcy ¶ 1129.02[2] (“The legislative history of the section indicates that Congress was primarily concerned ‘that the proponent of the plan comply with the applicable provisions of title 11, such as section 1125 regarding disclosure.’ Courts have readily accepted this, and have focused on compliance by the plan proponent with the disclosure and solicitation requirements of sections 1125 and 1126.” (citing *Cajun Elec. Power Coop.*, 150 F.3d at 513 n.3 (presumption that section 1129(a)(2) can be used to raise questions regarding compliance with section 1125))); *In re Maremont Corp.*, 601 B.R. 1, 20 (Bankr. D. Del. 2019) (listing compliance with sections 1125 and 1126 as requirements of section 1129(a)(2)); *In re Toy & Sports Warehouse, Inc.*, 37 B.R. 141, 149 (Bankr. S.D.N.Y. 1984) (holding that plan proponent must comply with sections 1125 and 1126 to comply with section 1129(a)(2)).

³²⁸ See *supra* § I.

³²⁹ See 11 U.S.C. § 1126 (describing the requirements for acceptance of a chapter 11 plan).

under a plan on account of such claims or interests may vote to accept or reject such plan.³³⁰

Section 1126 of the Bankruptcy Code provides, in pertinent part, that:

- (a) The holder of a claim or interest allowed under section 502 of [the Bankruptcy Code] may accept or reject a plan. . . .
- (f) Notwithstanding any other provision of this section, a class that is not impaired under a plan, and each holder of a claim or interest of such class, are conclusively presumed to have accepted the plan, and solicitation of acceptances with respect to such class from the holders of claims or interests of such class is not required.³³¹

189. As discussed, the Debtors solicited acceptances or rejections of the Plan from the Holders of Allowed Claims in Classes B3, B4, and C3—the only Classes entitled to vote on the Plan—in accordance with section 1125 of the Bankruptcy Code.³³² The Debtors did not solicit votes from Holders of Claims and Interests in Classes A1, A2, A3, A4, A5, A6, A7, A8, B1, B2, B5, B6, B7, B8, C1, C2, C4, C5, C6, C7, D1, D2, D3, D4, D5, or D6 because Holders of such Claims and Interests are either Unimpaired and conclusively presumed to have accepted the Plan under section 1126(f)³³³ or Impaired and conclusively deemed to have rejected the Plan under

³³⁰ See 11 U.S.C. § 1126(a) (“The holder of a claim or interest allowed under section 502 of this title may accept or reject a plan.”).

³³¹ 11 U.S.C. § 1126(a), (f).

³³² See *supra* ¶ 5.

³³³ See 11 U.S.C. § 1126(f) (“Notwithstanding any other provision of this section, a class that is not impaired under a plan, and each holder of a claim or interest of such class, are conclusively presumed to have accepted the plan, and solicitation of acceptances with respect to such class from the holders of claims or interests of such class is not required.”).

section 1126(g).³³⁴ Thus, pursuant to section 1126(a) of the Bankruptcy Code, only Holders of Class B3, B4, and C3 Claims were entitled to vote to accept or reject the Plan.³³⁵

190. Sections 1126(c) and 1126(d) of the Bankruptcy Code specify the requirements for acceptance of a plan by classes of claims and interests:

- (c) A class of claims has accepted a plan if such plan has been accepted by creditors, other than any entity designated under subsection (e) of this section, that hold at least two-thirds in amount and more than one-half in number of the allowed claims of such class held by creditors, other than any entity designated under subsection (e) of this section, that have accepted or rejected such plan.
- (d) A class of interests has accepted a plan if such plan has been accepted by holders of such interests, other than any entity designated under subsection (e) or this section, that hold at least two-thirds in amount of the allowed interests of such class held by holders of such interests, other than any entity designated under subsection (e) of this section, that have accepted or rejected such plan.³³⁶

191. As described above and as set forth in the Voting Report,³³⁷ the Holders of Claims in each of the Impaired accepting Classes voted to accept the Plan in sufficient number and amount to constitute an accepting class under the Bankruptcy Code. Based upon the foregoing, the Debtors have satisfied the requirements of section 1129(a)(2) of the Bankruptcy Code.

³³⁴ See 11 U.S.C. § 1126(g) (“Notwithstanding any other provision of this section, a class is deemed not to have accepted a plan if such plan provides that the claims or interests of such class do not entitle the holders of such claims or interests to receive or retain any property under the plan on account of such claims or interests.”).

³³⁵ See 11 U.S.C. § 1126(a) (“The holder of a claim or interest allowed under section 502 of this title may accept or reject a plan.”).

³³⁶ 11 U.S.C. § 1126(c), (d).

³³⁷ See Voting Report, Exhibit A.

C. The Plan Was Proposed in Good Faith (Section 1129(a)(3)).

192. Section 1129(a)(3) of the Bankruptcy Code requires that a chapter 11 plan be “proposed in good faith and not by any means forbidden by law.”³³⁸ In assessing the good faith standard, courts in the Fifth Circuit consider whether the plan was proposed with “the legitimate and honest purpose to reorganize and has a reasonable hope of success”³³⁹ Where a plan satisfies the purposes of the Bankruptcy Code and has a good chance of succeeding, the good faith requirement of section 1129(a)(3) of the Bankruptcy Code is satisfied.³⁴⁰ In other words, it must only “fairly achieve a result consistent with the [Bankruptcy] Code.”³⁴¹ To determine whether a plan seeks relief consistent with the Bankruptcy Code, courts consider the totality of the circumstances surrounding the development of the plan.³⁴²

193. The Plan satisfies section 1129(a)(3) of the Bankruptcy Code. The fundamental purpose of chapter 11 is to enable a distressed business to reorganize its affairs to prevent job

³³⁸ 11 U.S.C. § 1129(a)(3).

³³⁹ *Brite v. Sun Country Dev., Inc. (In re Sun Country Dev., Inc.)*, 764 F.2d 406, 408 (5th Cir. 1985).

³⁴⁰ *See, Fin. Sec. Assurance Inc. v. T-H New Orleans Ltd. P’ship (In re T-H New Orleans Ltd. P’ship)*, 116 F.3d 790, 802 (5th Cir. 1997) (“Where the plan is proposed with the legitimate and honest purpose to reorganize and has a reasonable hope of success, the good faith requirement of § 1129(a)(3) is satisfied.” (quoting *Sun Country Dev.*, 764 F.2d at 408)); *In re PWS Holding Corp.*, 228 F.3d 224, 242 (3d Cir. 2000) (“[F]or purposes of determining good faith under section 1129(a)(3)[.] . . . [T]he important point of inquiry is the plan itself and whether such a plan will fairly achieve a result consistent with the objectives and purposes of the Bankruptcy Code.” (quoting *In re Abbotts Dairies of Pa., Inc.*, 788 F.2d 143, 150 n.5 (3d Cir. 1986)) (alterations in the original)).

³⁴¹ *In re Cypresswood Land Partners, I*, 409 B.R. 396, 425 (Bankr. S.D. Tex. 2009) (quoting *In re Block Shim Dev. Company-Irving*, 939 F.2d 289, 292 (5th Cir. 1991)) (citation modified); *see also In re Lincolnshire Campus, LLC*, 441 B.R. 524, 530 (Bankr. N.D. Tex. 2010) (finding good faith where (i) the debtor was diligent in the development of its plan, (ii) the plan has been proposed in order to maximize the value of the estate, and (iii) the debtor negotiated in good faith and at arm’s-length). *Cf In re Double H Transportation LLC*, 603 F.Supp.3d 468, 477-78 (W.D. Tex. 2022) (finding lack of good faith where the debtor (i) made an eleventh-hour, unexpected amendment to the detriment of unsecured creditors, (ii) failed to notice key creditors that prevented them from partaking in negotiations, and (iii) drafted their plan with numerous inaccuracies and inconsistencies).

³⁴² *See, e.g., T-H New Orleans*, 116 F.3d at 801 (“The requirement of good faith must be viewed in light of the totality of the circumstances [.] . . .” (citing *Sun Country Dev., Inc.*, 764 F.2d at 408)).

losses and the adverse economic effects associated with disposing of assets at liquidation value.³⁴³ The Plan will enable the Debtors to right-size their balance sheet, improve liquidity, and position the Debtors for long-term success. Moreover, the RSA, the Plan, and all related documents were negotiated in good faith and at arm's-length between the Debtors and the Consenting Stakeholders, are overwhelmingly supported by the Debtors' voting creditors, and do not disproportionately or improperly benefit any single constituency. Finally, as set forth herein, the Plan complies with bankruptcy and applicable nonbankruptcy law.

194. The Objecting Preferred Holders, Mr. Rajadhyaksha, and Mr. Shah each object to confirmation on the basis that QVCG's Plan was not proposed in good faith under section 1129(a)(3) of the Bankruptcy Code.³⁴⁴ The Objecting Preferred Holders principally challenge the process surrounding the Intercompany Settlement and their alleged exclusion from meaningful participation in the restructuring process. Mr. Rajadhyaksha raises a sprawling assortment of allegations concerning the Debtors' prepetition restructuring efforts, executive compensation disclosures, and the governance process surrounding the Intercompany Settlement. However, Mr. Rajadhyaksha's objections are either unsupported by the record or reflect a fundamental misunderstanding of the requirements of section 1129(a)(3). Finally, Mr. Shah includes a litany of assertions that management has not acted in good faith because it did not disclose to shareholders its intent to initiate these Chapter 11 Cases in August 2025, when it

³⁴³ See *NLRB v. Bildisco & Bildisco*, 465 U.S. 513, 528 (1984) ("The fundamental purpose of reorganization is to prevent a debtor from going into liquidation, with an attendant loss of jobs and possible misuse of economic resources."); *Mirant Corp. v. Potomac Elec. Power Co. (In re Mirant Corp.)*, 197 F. App'x 285, 293 (5th Cir. 2006) (quoting *id.*); *Cont'l Air Lines, Inc. v. Air Line Pilots Ass'n, Int'l (In re Cont'l Airlines Corp.)*, 43 B.R. 127, 129 (Bankr. S.D. Tex. 1984) (same).

³⁴⁴ See, generally, Initial Rajadhyaksha Objection; Preferred Shareholder Objection.

publicly announced a modification to senior executives' bonus structure, or November 2025, when it held an earnings call. None of these objections have merit.

195. As set forth above, the evidence will demonstrate that the Plan and the Intercompany Settlement are the product of a robust and independent process undertaken to investigate, evaluate, and negotiate the resolution of potential intercompany claims and related restructuring issues. Accordingly, the evidence will demonstrate that the resulting Intercompany Settlement was not the product of a rushed or predetermined process, but rather the culmination of extensive investigation, diligence, arm's-length negotiations, and the exercise of independent business judgment by Disinterested Directors advised by independent counsel regarding potential claims, defenses, litigation risks, and restructuring implications. Moreover, despite their characterization of the Intercompany Settlement as a "results-oriented process" intended to disenfranchise the Holders of Class A6 QVCG Preferred Equity Interests, the Objecting Preferred Holders identify no evidence indicating that the Plan or Intercompany Settlement was proposed for any purpose other than effectuating a reorganization of the Debtors' affairs, nor can they.

196. The Objecting Preferred Holders' assertion that they were excluded from the restructuring process is likewise not supported by the evidence. The Objecting Preferred Holders have been aware since at least February 2026 that the Debtors were engaged in ongoing restructuring negotiations, yet made no efforts to engage with the Debtors before the Petition Date beyond a single, short letter sent to the QVCG board.³⁴⁵ That letter did not identify the purported members of the group or disclose the size of their holdings, ask to meet, or propose any terms.³⁴⁶

³⁴⁵ See *Debtors' Opposition to the Emergency Motion of the Preferred Shareholders to Terminate Exclusivity* [Docket No. 312].

³⁴⁶ *Id.* at ¶ 21. Instead, the letter reminded the QVCG Board to observe its fiduciary duties, specifically admonished the QVCG Board not to let any value be "misappropriate[ed]" to its subsidiaries, and concluded by offering that the unnamed holders were "willing to engage in a constructive dialogue" if the Board desired to discuss further. Both in advance of receipt of the letter and thereafter, counsel to the Debtors spoke with Cleary Gottlieb Steen &

It was only after an abandoned effort to obtain official equity committee status that the Objecting Preferred Holders began meaningfully engaging in the process.³⁴⁷ The Debtors met that delayed engagement by diligently producing documents before even receiving document requests, and to date, have produced over 6,625 documents, with another 1,355 documents produced by the counsel to the Disinterested Directors at QVCG, LINTA, QVC, and CBI.³⁴⁸ The record therefore directly refutes the Objecting Preferred Holders' contention that the Debtors sought to exclude, "disenfranchise," or deprive them of a meaningful opportunity to investigate the Intercompany Settlement. Rather, the evidence demonstrates that the Objecting Preferred Holders were aware restructuring negotiations were ongoing and made no meaningful effort to participate prior to the Petition Date. Indeed, while they now claim "exclusion" from the restructuring process, it appears the Objecting Preferred Holders were lying in wait. In the lead up to these chapter 11 cases—*and after the Petition Date*—the Objecting Preferred Holders actively increased their position in the Preferred Shares to then immediately protest their treatment, including on "good faith" grounds.

197. Mr. Rajadhyaksha invokes historical and structural decisions associated with prior QVCG management, including public statements concerning risk allocation, tax attributes, and value analysis, to argue that the restructuring process and Intercompany Settlement were improper because they did not preserve these historical features of the Debtors' prepetition corporate structure.³⁴⁹ Similarly, Mr. Shah contends that the Debtors' management should have been

Hamilton LLP ("Cleary"). Based on those discussions, the Debtors understood Cleary to represent 1–2% of the Preferred Shareholders. The Debtors, therefore, did not devote significant resources to further engagement but encouraged Cleary to further grow their group and remain in contact about their efforts.

³⁴⁷ *Id.*

³⁴⁸ *Id.*

³⁴⁹ Initial Rajadhyaksha Objection ¶¶ 44–47.

forthcoming as to their intention to file these Chapter 11 Cases months before they actually filed. These arguments fundamentally misunderstand the requirements of section 1129(a)(3). Section 1129(a)(3) does not require the Debtors to preserve historical allocations of risk, value, or tax attributes among affiliated entities, or maintain the corporate structure favored by prior management. Nor does section 1129(a)(3) require the Debtors to notify creditors and equity holders of their intention to file chapter 11 cases months before they do. To impose such a requirement would undermine, rather than further, the value-preserving objectives of chapter 11. Rather, the relevant inquiry under section 1129(a)(3) is whether the Plan was proposed in good faith with a legitimate and honest reorganizational purpose consistent with the objectives of chapter 11, which the evidence at the Combined Hearing will overwhelmingly demonstrate is the case. Mr. Rajadhyaksha's remaining allegations concerning prepetition public communications, executive compensation, solvency, and other governance issues likewise do not establish that the Plan was proposed without the legitimate and honest reorganizational purpose required under section 1129(a)(3).³⁵⁰

198. For these reasons, and as will be further demonstrated at trial, the Plan and the Intercompany Settlement satisfy section 1129(a)(3) of the Bankruptcy Code, and the Debtors respectfully submit that the Objecting Preferred Holders' Objection, the Rajadhyaksha Objections, and the Shah Objection be overruled.

D. The Plan Provides That the Debtors' Payment of Professional Fees and Expenses Are Subject to Court Approval (Section 1129(a)(4)).

199. Section 1129(a)(4) of the Bankruptcy Code requires that certain fees and expenses paid by the plan proponent, by the debtor, or by a person receiving distributions of property under

³⁵⁰ *Id.* at ¶¶ 47–87.

the plan, be subject to approval by the Bankruptcy Court as reasonable.³⁵¹ Courts have construed this section to require that all payments of professional fees paid out of estate assets be subject to review and approval by the Bankruptcy Court as to their reasonableness.³⁵²

200. All such Professional Fee Claims and corresponding payments are subject to prior Bankruptcy Court approval and the reasonableness requirements under sections 328 or 330 of the Bankruptcy Code.³⁵³ Article II.C of the Plan, moreover, provides that Professionals shall file all final requests for payment of Professional Fee Claims no later than 45 days after the Effective Date, thereby providing an adequate period of time for interested parties to review such Professional Fee Claims.³⁵⁴ No party asserted that the Plan does not comply with section 1129(a)(4) of the Bankruptcy Code.

E. The Debtors Disclosed All Necessary Information Regarding Directors, Officers, and Insiders (Section 1129(a)(5)).

201. Section 1129(a)(5)(A)(i) of the Bankruptcy Code requires that the proponent of a plan disclose the identity and affiliations of the proposed officers and directors of the reorganized

³⁵¹ See 11 U.S.C. § 1129(a)(4) (“Any payment made or to be made by the proponent, by the debtor, or by a person issuing securities or acquiring property under the plan, for services or for costs and expenses in or in connection with the case, or in connection with the plan and incident to the case, has been approved by, or is subject to the approval of, the court as reasonable.”).

³⁵² See *Cajun Elec. Power Coop.*, 150 F.3d at 518 (“Section 1129(a)(4) by its terms requires court approval of *any* payment made or to be made by the proponent . . . for services or for costs and expenses in or *in connection with the case.*” (quotations omitted)); *Cypresswood Land Partners, I*, 409 B.R. at 427 (“Section 1129(a)(4) requires that any payment made or promised by the proponent under the plan for services, costs, or expenses in connection with the Chapter 11 case be disclosed to the Court.” (citing *id.* at 514–15)); *In re Chapel Gate Apartments, Ltd.*, 64 B.R. 569, 573 (Bankr. N.D. Tex. 1986) (noting that before a plan may be confirmed, “there must be a provision for review by the Court of any professional compensation”).

³⁵³ See Plan, Art. I.A; 11 U.S.C. §§ 328(a), 330(a)(1)(A); see also *In re Cajun Elec. Power Coop.*, 150 F.3d at 517 (“What constitutes a reasonable payment will clearly vary from case to case and, among other things, will hinge to some degree upon who makes the payments at issue, who receives those payments, and whether the payments are made from assets of the estate.”).

³⁵⁴ See Plan, Art. II.C.1.

debtors, to the extent known.³⁵⁵ Section 1129(a)(5)(B) of the Bankruptcy Code requires a plan proponent to disclose the identity of an “insider”³⁵⁶ to be employed or retained by the reorganized debtor and the nature of any compensation for such insider.³⁵⁷ Additionally, the Bankruptcy Code provides that the appointment or continuance of such officers and directors be consistent with the interests of creditors and equity security holders and with public policy.³⁵⁸ Section 1129(a)(5)(A)(ii) directs the Bankruptcy Court to ensure that the post-Confirmation governance of the Reorganized Debtors is in “good hands,” but little case law exists on this subsection.³⁵⁹ In construing section 1129(a)(5), courts have long made clear that, to the extent the debtor is unable to identify these individuals by name at the time of confirmation, the debtor nonetheless satisfies this requirement so long as directors will be appointed consistent with the company’s organizational documents and applicable state and federal law.³⁶⁰

202. The New Board will be appointed consistent with the New Organizational Documents and applicable law, and the identities of the members of the New Board will be

³⁵⁵ See 11 U.S.C. § 1129(a)(5)(A)(i) (“The proponent of the plan has disclosed the identity and affiliations of any individual proposed to serve, after confirmation of the plan, as a director, officer [] of the debtor [.]”).

³⁵⁶ As defined by section 101(31) of the Bankruptcy Code. See 11 U.S.C. § 101(31) (defining an “insider” under the Bankruptcy Code).

³⁵⁷ See 11 U.S.C. § 1129(a)(5)(B) (“[T]he proponent of the plan has disclosed the identity of any insider that will be employed or retained by the reorganized debtor, and the nature of any compensation for such insider.”).

³⁵⁸ See 11 U.S.C. § 1129(a)(5)(A)(ii) (“[T]he appointment to, or continuance in, such office of such individual, is consistent with the interests of creditors and equity security holders and with public policy.”).

³⁵⁹ See 7 Collier on Bankruptcy ¶ 1129.02[5][b] (“Little case law exists [] but it would seem that if the bankruptcy court is to have a role beyond the ministerial one of counting ballots, then the public policy requirement would enable it to disapprove plans in which demonstrated incompetence or malevolence is a hallmark of the proposed management.” (footnote omitted)).

³⁶⁰ *Charter Commc’ns*, 419 B.R. 221, 260 n.30 (Bankr. S.D.N.Y. 2009) (“Although section 1129(a)(5) requires the plan to identify all directors of the reorganized entity, that provision is satisfied by the Debtors’ disclosure at this time of the identities of the *known* directors.”); *Am. Solar King*, 90 B.R. 808, 815 (Bankr. W.D. Tex. 1988) (“The subsection does not (and cannot) compel the debtor to do the impossible, however. If there is no proposed slate of directors as yet, there is simply nothing further for the debtor to disclose under subsection (a)(5)(A)(i).”).

disclosed publicly following their selection. Accordingly, the requirements under section 1129(a)(5)(A)(ii) of the Bankruptcy Code are satisfied, and no party in interest has objected to the Plan on these grounds.

203. Additionally, the Debtors satisfied section 1129(a)(5)(B) of the Bankruptcy Code because the Debtors have proposed that the existing officers of the Debtors remain in their current capacities as officers of the Reorganized Debtors and serve pursuant to the New Organizational Documents and such officers' respective employment agreements. The Debtors' existing officers have at all times proceeded in good faith and with diligence and care in connection with these Chapter 11 Cases. These individuals have made a substantial contribution to the Debtors' successful restructuring and the smooth operation of the Debtors' businesses in chapter 11. Accordingly, it is reasonable to continue such officers' employment post-emergence and no party has asserted otherwise.

F. The Plan Does Not Require Governmental Regulatory Approval of Rate Changes (Section 1129(a)(6)).

204. Section 1129(a)(6) of the Bankruptcy Code permits Confirmation only if any regulatory commission that has or will have jurisdiction over a debtor after Confirmation has approved any rate change provided for in the plan.³⁶¹ Section 1129(a)(6) of the Bankruptcy Code is inapplicable to these Chapter 11 Cases. No party has asserted otherwise.

G. The Plan Is in the Best Interests of All of the Debtors' Creditors (Section 1129(a)(7)).

205. Section 1129(a)(7) of the Bankruptcy Code, commonly known as the "best interests test," provides, in relevant part:

³⁶¹ See 11 U.S.C. § 1129(a)(6) ("Any governmental regulatory commission with jurisdiction, after confirmation of the plan, over the rates of the debtor has approved any rate change provided for in the plan, or such rate change is expressly conditioned on such approval.").

With respect to each impaired class of claims or interests—

- (A) each holder of a claim or interest of such class—
 - (i) has accepted the plan; or
 - (ii) will receive or retain under the plan on account of such claim or interest property of a value, as of the effective date of the plan, that is not less than the amount that such holder would so receive or retain if the debtor were liquidated under chapter 7 of [the Bankruptcy Code] on such date ³⁶²

206. The best interests test applies to individual dissenting holders of impaired claims and interests rather than classes and is generally satisfied through a comparison of the estimated recoveries for a debtor’s stakeholders in a hypothetical chapter 7 liquidation of that debtor’s estate against the estimated recoveries under that debtor’s plan of reorganization.³⁶³ As set forth in Exhibit D of the Disclosure Statement,³⁶⁴ the Debtors prepared a Liquidation Analysis that estimates the recoveries for members of each Class under the Plan compared to a hypothetical chapter 7 liquidation. The projected recoveries under the Plan are equal to or in excess of the recoveries estimated in a hypothetical chapter 7 liquidation.³⁶⁵ The Liquidation Analysis illustrates a chapter 7 conversion occurring after confirmation of the Plan fails and assumes that

³⁶² 11 U.S.C. § 1129(a)(7)(A)(i)-(ii).

³⁶³ See *Bank of Am. Nat’l Tr. & Sav. Ass’n v. 203 N. LaSalle St. P’ship*, 526 U.S. 434, 441 n.13 (1999) (“The ‘best interests’ test applies to individual creditors holding impaired claims, even if the class as a whole votes to accept the plan.”); *Tex. Extrusion Corp. v. Lockheed Corp. (In re Tex. Extrusion Corp.)*, 844 F.2d 1142, 1159 n.23 (5th Cir. 1988) (stating that under section 1129(a)(7) of the Bankruptcy Code, a bankruptcy court was required to determine whether impaired claims would receive no less under a reorganization than through a liquidation); *Cypresswood Land Partners, I*, 409 B.R. at 428 (“This provision is known as the ‘best-interest-of-creditors-test’ because it ensures that reorganization is in the best interest of individual claimholders who have not voted in favor of the plan.”); *Drexel Burnham Lambert Grp.*, 138 B.R. at 761 (“The best interests test focuses on individual creditors rather than classes of claims.” (citations omitted)).

³⁶⁴ See Disclosure Statement, Exhibit D.

³⁶⁵ Disclosure Statement, Exhibit D. The Liquidation Analysis chart includes associated notes that provided further detail and information with respect to the estimated recoveries presented therein. The full text of these notes is included in Exhibit D of the Disclosure Statement.

the Debtors have sought and obtained approval of the Intercompany Settlement via a separate, standalone 9019 motion.

207. The Objecting Preferred Holders and Mr. Rajadhyaksha both argue that the Plan violates section 1129(a)(7) as to QVCG. In doing so, neither the Objecting Preferred Holders nor Mr. Rajadhyaksha dispute that, if the Intercompany Settlement is approved, then QVC would have a \$400 million claim senior to their Class A6 QVCG Preferred Equity Interests and Class A7 QVCG Common Equity Interests (collectively, the “QVCG Equity Interests”).³⁶⁶ Instead, they argue that (1) the Intercompany Settlement (which is assumed for purposes of the Liquidation Analysis) should not be approved, (2) absent the Intercompany Settlement, all of the value of QVCG would flow to Preferred Holders, and (3) even if the Intercompany Settlement is approved, QVCG’s assets exceed \$400 million such that any residual value would flow to Holders of QVCG Equity Interests.³⁶⁷

³⁶⁶ See, generally, Initial Rajadhyaksha Objection; Preferred Shareholder Objection.

³⁶⁷ See Initial Rajadhyaksha Objection ¶ 42 (“Without the [QVC-QVCG] Settlement Claim, the \$181 million admitted residual flows to QVCG equity as the residual claimants under Chapter 7 priority.”); Preferred Shareholder Objection ¶ 72–73 (alleging that either (1) the QVC-QVCG Settlement Claim would be “significantly reduced if not wholly eliminated” in a chapter 7 scenario or (2) a Chapter 7 trustee would adopt the Intercompany Settlement and there would be residual value to flow to QVCG Equity Interests due to CBI). Mr. Rajadhyaksha further argues that the liquidating preference contained in the Certificate of Designations for the Class A6 QVCG Preferred Equity Interests is inapplicable and, as such, the QVCG Equity Interests are each entitled to a recovery. The Debtors’ reserve their rights related to such arguments and will file supplemental briefing on such point to the extent requested by the Bankruptcy Court. However, the Debtors submit that it was reasonable to provide a Liquidate Analysis that assumes a Chapter 7 Trustee adopts the Intercompany Settlement. See *In re Abeinsa Holding, Inc.*, 562 B.R. 265, 275–76 (Bankr. D. Del. 2016) (holding that the debtors’ evidence-based assumptions regarding the viability of the debtors’ intercompany claims were critical to their liquidation analysis because “[t]he magnitude of the intercompany claims is significant and clearly affects the liquidation analysis.”); *In re Wash. Mut., Inc.*, No. 08-12229 (MFW), 2012 Bankr. LEXIS 895, at *69 (Bankr. D. Del. Feb. 23, 2012) (holding debtors met the best interests test where debtors assumed, and evidence supported that, a chapter 7 trustee would either have to reach a similar settlement or litigate settled claims to completion before making distributions); *In re 303 Invs., Inc.*, 662 B.R. 1, 10 (Bankr. D. Colo. 2024) (“The creation of a liquidation analysis and financial projections is not an exact science, so courts typically defer to the debtor’s projections, subject to cross examination and/or a competing set of projections.”).

208. As to the first argument, the merits of the Intercompany Settlement are addressed above in Section I. As to the second argument, in an alternative world where the Intercompany Settlement is not approved, the Potential Claims do not simply dissipate to zero. The Intercompany Settlement is replaced by value destructive litigation at QVCG in particular, where QVCG's cash is rapidly depleting in defense of the Potential Claims, in defense of its share of shared administrative costs, and in its protracted stay in chapter 11. In such litigation, QVCG would need to "sweep the board" for Holders of QVCG Equity Interests to receive a recovery, and if QVCG does *not* succeed in this tall order, all of QVCG's stakeholders are worse off than they are under the Intercompany Settlement (including because of litigation costs diminishing an already finite cash pool and because QVCG will have lost the consideration it received in the Intercompany Settlement).

209. As to the third argument, for any value to be available to flow to Holders of QVCG Equity Interests under the priority scheme set forth in the Bankruptcy Code, the combination of QVCG cash and QVCG's 62% interest in the CBI Debtors would have to be worth over \$400 million.³⁶⁸ As the Debtors will demonstrate at trial, this is not the case.

210. With regards to the Objecting Preferred Holders' arguments about the value of Cornerstone, the Debtors will demonstrate that the Objecting Preferred Holders' view of the value of Cornerstone is both entirely speculative and deeply flawed. The Objecting Preferred Holders largely tie their perceived value of Cornerstone to its potential, noting that "with proper initiatives and cost structure . . . [Cornerstone] *could* be a significant source of value at QVCG."³⁶⁹ The

³⁶⁸ Of note, under the Plan, QVC receives QVCG's interest in CBI as part of the Intercompany Settlement, not on account of the QVC-QVCG Settlement Claim.

³⁶⁹ Preferred Shareholder Objection ¶ 3 (emphasis added).

Objecting Preferred Holders concede that Cornerstone has historically underperformed and essentially argue that “it can only be up from here.”³⁷⁰ Similarly, Mr. Rajadhyaksha argues that Cornerstone’s value has been materially understated and that greater value should be attributed to QVCG’s interest in Cornerstone.³⁷¹ However, Mr. Rajadhyaksha’s position also depends largely on speculative assumptions and expectations of future performance that Cornerstone has not historically demonstrated. Recognizing that they must point to *some* objective data to support their position, the Objecting Preferred Holders’ focus on the top-line revenue at Cornerstone—ignoring that running a business has costs—and suggest that unrealistic value should be ascribed to the Cornerstone business on that basis.³⁷²

211. CBI’s valuation must be informed by reality, which includes Cornerstone’s weakening cash flows and deteriorating projections. In light of the questions surrounding CBI’s value, the Debtors’ investment banker, Evercore, performed a standalone valuation of CBI. As part of its valuation, Evercore applied multiple methodologies to derive an enterprise value range. Regardless of the methodology applied, the highest figure in the valuation range is \$135 million,³⁷³ equating to approximately \$82.3 million of value for QVCG’s 62% interest. Combined with the distributable cash at QVCG (for which the starting point is approximately \$195 million),³⁷⁴ this does not exceed the amount of the QVC-QVCG Settlement Claim of \$400

³⁷⁰ *Expert Report of Anuj Mody* at 7.

³⁷¹ Initial Rajadhyaksha Objection ¶ 43.

³⁷² *See* Preferred Shareholder Objection ¶ 3 (noting that Cornerstone “generated approximately \$937 million in revenue and \$16 million in Adjusted OIBDA in 2025 . . . and is projected annually to generate \$30 million to \$42 million of OIBDA through 2029.”).

³⁷³ *See* Griffin Deposition Tr., Exhibit B at 2.

³⁷⁴ *See* First Day Declaration ¶ 37. Under the definition of QVCG Distributable Cash, each of the following are to be paid prior to the QVC-QVCG Settlement Claim: “Administrative Claims, Priority Tax Claims, Other Priority Claims, Other Secured Claims, and General Unsecured Claims,” as well as the “Disinterested Director Fee Claims

million. As such, even though QVC receives both the QVCG Distributable Cash and QVCG's interest in CBI under the Plan, QVC will not receive a recovery in excess of 100% of the QVC-QVCG Settlement Claim, and there is no residual value to flow to Holders of QVCG Equity Interests.

212. For these reasons, and as will be further demonstrated at trial, the Plan satisfies section 1129(a)(7) of the Bankruptcy Code, and the Debtors respectfully submit that the Objecting Preferred Holders' Objection and the Rajadhyaksha Objections should be overruled.

H. The Plan Is Confirmable Notwithstanding the Requirements of Section 1129(a)(8) of the Bankruptcy Code.

213. Section 1129(a)(8) of the Bankruptcy Code requires that each class of claims or interests must either accept a plan or be unimpaired under a plan.³⁷⁵ If not, the plan must satisfy the "cram down" requirements of section 1129(b) with respect to the claims or interests in that class.³⁷⁶

214. Here, Holders of Claims or Interests in Classes A5, B6, B7, C5, C6, D4, and D5 are presumed to accept or deemed to reject the Plan, as applicable.³⁷⁷ Holders of Claims or Interests in Classes A6, A7, A8, B8, C7, and D6, as applicable, are deemed to have rejected the Plan and thus were not entitled to vote.³⁷⁸ Thus, the Plan does not satisfy section 1129(a)(8) of the

and the QVCG Professional Fee Reserve Amount." Plan Art. I.A.155. Accordingly, \$195 million is the ceiling of the Cash recovery for QVCG.

³⁷⁵ See 11 U.S.C. § 1129(a)(8) (stating that each class of claims and interests must accept the plan or be unimpaired).

³⁷⁶ See 11 U.S.C. § 1129(b)(1) ("[I]f all of the applicable requirements of [section 1129(a) of the Bankruptcy Code] other than [section 1129(a)(8) of the Bankruptcy Code] are met with respect to a plan, the court, on request of the proponent of the plan, shall confirm the plan [] if the plan does not discriminate unfairly, and is fair and equitable, with respect to each class of claims or interests that is impaired under, and has not accepted, the plan.").

³⁷⁷ See Plan, Art. III.

³⁷⁸ See *id.*

Bankruptcy Code. Nevertheless, the Plan is confirmable because it satisfies section 1129(b) of the Bankruptcy Code, as discussed further below.³⁷⁹

I. The Plan Provides for Payment in Full of All Allowed Priority Claims (Section 1129(a)(9)).

215. Section 1129(a)(9) of the Bankruptcy Code requires that certain priority claims be paid in full on the Effective Date and that the holders of certain other priority claims receive deferred cash payments.³⁸⁰ In particular, pursuant to section 1129(a)(9)(A) of the Bankruptcy Code, Holders of Claims of a kind specified in section 507(a)(2) of the Bankruptcy Code—administrative claims allowed under section 503(b) of the Bankruptcy Code—must receive on the Effective Date cash equal to the allowed amount of such claims.³⁸¹ Section 1129(a)(9)(B) of the Bankruptcy Code requires that each holder of a claim of a kind specified in section 507(a)(1) or (4) through (7) of the Bankruptcy Code—generally domestic support obligations, wage, employee benefit, and deposit claims entitled to priority—must receive deferred cash payments of a value, as of the Effective Date, equal to the allowed amount of such claim (if such class has accepted the plan), or cash of a value equal to the allowed amount of such claim on the Effective Date (if such class has not accepted the plan).³⁸² Finally, section 1129(a)(9)(C) provides that the holder of a claim of a kind specified in section 507(a)(8) of the Bankruptcy Code—*i.e.*, priority tax claims—

³⁷⁹ See *infra* §§ III.J, III.O.

³⁸⁰ See 11 U.S.C. § 1129(a)(9).

³⁸¹ See 11 U.S.C. § 1129(a)(9)(A) (“[W]ith respect to a claim of a kind specified in section 507(a)(2) or 507(a)(3) of this title, on the effective date of the plan, the holder of such claim will receive on account of such claim cash equal to the allowed amount of such claim[.]”).

³⁸² See 11 U.S.C. § 1129(a)(9)(B) (specifying the treatment of claims under “section[s] 507(a)(1) 507(a)(4), 507(a)(5), 507(a)(6), or 507(a)(7)” of the Bankruptcy Code).

must receive cash payments over a period not to exceed five years from the petition date, the present value of which equals the allowed amount of the claim.³⁸³

216. The Plan satisfies section 1129(a)(9) of the Bankruptcy Code. *First*, Article II.A of the Plan satisfies section 1129(a)(9)(A) of the Bankruptcy Code because it provides that each Holder of an Allowed Administrative Claim will receive Cash equal to the amount of such Allowed Administrative Claim on the Effective Date, or as soon as reasonably practicable thereafter, or at such other time defined in Article II.A of the Plan.³⁸⁴ *Second*, the Plan satisfies section 1129(a)(9)(B) of the Bankruptcy Code because no Holders of the types of Claims specified by section 1129(a)(9)(B) are Impaired under the Plan. *Third*, Article II.B of the Plan satisfies section 1129(a)(9)(C) of the Bankruptcy Code because it specifically provides that each Holder of Allowed Priority Tax Claims shall be treated in accordance with the terms set forth in section 1129(a)(9)(C) of the Bankruptcy Code.³⁸⁵ Thus, the Plan satisfies each of the requirements set forth in section 1129(a)(9) of the Bankruptcy Code, and no party has asserted otherwise.

J. At Least One Class of Impaired, Non-Insider Claims Accepted the Plan as to the QVC Debtors and the LINTA Debtors, and Section 1129(a)(10) of the Bankruptcy Code Is Not Applicable as to QVCG or the CBI Debtors.

217. Section 1129(a)(10) of the Bankruptcy Code, which requires that when there is an impaired class of claims, at least one such impaired, non-insider class must accept the plan,³⁸⁶ is satisfied with respect to the QVC and LINTA debtors and not applicable to either QVCG or the CBI Debtors.

³⁸³ See 11 U.S.C. § 1129(a)(9)(C) (specifying the treatment of priority tax claims).

³⁸⁴ See Plan, Art. II.A.

³⁸⁵ See Plan, Art. II.B.

³⁸⁶ 11 U.S.C. § 1129(a)(10).

218. As set forth above, Holders of Claims in Classes B3 (RCF Claims against the QVC Debtors) and B4 (QVC Notes Claims against the QVC Debtors), each of which is Impaired under the Plan, overwhelmingly voted to accept the Plan, independent of any insiders' votes.³⁸⁷ Therefore, as to the QVC Debtors, there are two impaired accepting classes, and section 1129(a)(10) is duly satisfied. Similarly, Holders of Claims in Class C3 (LINTA Notes Claims) voted to accept the plan as an impaired class, resulting in the LINTA Debtors satisfying section 1129(a)(10). Section 1129(a)(10) does not apply to either QVCG or the CBI Debtors because they do not have any Classes of Impaired Claims.³⁸⁸

219. The Objecting Preferred Holders argue that the Plan is not confirmable because section 1129(a)(10) is not satisfied with respect to QVCG, asserting that the Plan lacks an impaired accepting class of claims or interests at QVCG,³⁸⁹ and that the Unimpaired status of class A4, the QVC-QVCG Settlement Claim, "does not withstand scrutiny."³⁹⁰ The Objecting Preferred Holders misread the statute to require that at least one impaired class vote to accept the plan where *any* class is impaired,³⁹¹ but by its plain text, section 1129(a)(10) only applies when a class of

³⁸⁷ See Voting Report, Exhibit A.

³⁸⁸ The Debtors reserve all rights as to whether the satisfaction of 1129(a)(1) should be considered on a "per debtor" or a "per plan" basis, although under the Plan, 1129(a)(10) would be satisfied under either standard.

³⁸⁹ Preferred Shareholder Objection ¶ 64 ("Under the Plan, no class of claims or interests against QVCG has voted to accept the Plan. The only classes of claims [*sic*] against QVCG that are designated as Impaired—Classes A6 (QVCG Preferred Equity Interests), A7 (QVCG Common Equity Interests), and A8 (Section 510(b) Claims against QVCG)—are all deemed to reject the Plan and are not entitled to vote."). Impairment of the Objecting Preferred Holders' Interests is irrelevant as addressed in the body of this Memorandum. Impairment of Section 510(b) Claims is similarly irrelevant: such claims, to the extent any exist, by operation of the Bankruptcy Code would be derivative of the Preferred Holders' Interests and subordinated to the same priority. *See, e.g., In re Breitburn Energy Partners LP*, 582 B.R. 321, 349 (Bankr. S.D.N.Y. 2018) (when equity interests and class of subordinated 510(b) claims are subordinated to same priority level, finding such claims and interests to "have the same rights" and "considered as one [class] for the purposes of section 1129(b)"). Accordingly, such "claims" should not be given better priority than the Interests from which they derive.

³⁹⁰ Preferred Shareholder Objection ¶ 65.

³⁹¹ *Id.* at ¶ 62.

claims is impaired.³⁹² The Objecting Preferred Holders’ arguments regarding satisfaction of section 1129(a)(10) on a “per plan” or “per debtor” basis stem from this misreading—regardless of whether a “per debtor” or “per plan” approach is taken, QVCG has a confirmable plan under section 1129(a)(10) because there are no impaired classes of claims.

220. Recognizing that the plain statutory text cuts against their position, the Objecting Preferred Holders pivot to attacking the Unimpaired status of the QVC-QVCG Settlement Claim, arguing that it is instead impaired and that QVC’s acceptance of the Plan cannot satisfy section 1129(a)(10) because QVC is an insider of QVCG.³⁹³

221. The QVC-QVCG Intercompany Claim is Unimpaired by virtue of the Intercompany Settlement. Unimpairment by virtue of settlement is entirely consistent with the Bankruptcy Code and applicable case law. Section 1124 outlines what “impairment” means under the Bankruptcy Code:

*Except as provided in section 1123(a)(4) of this title, a class of claims or interests is impaired under a plan unless, with respect to each claim or interest of such class, the plan—(1) leaves unaltered the legal, equitable, and contractual rights to which such claim or interest entitles the holder of such claim or interest*³⁹⁴

222. Section 1123(a)(4), in turn, requires that the Plan “provide the same treatment for each claim or interest of a particular class, unless the holder of a particular claim or interest agrees to a less favorable treatment of such particular claim or interest.”³⁹⁵ In other words, section 1123(a)(4) “contemplates the possibility of a creditor consenting to specific treatment that

³⁹² 11 U.S.C. § 1129(a)(10); *see also, supra*. [n. 388]; *I.N.S. v. Cardoza-Fonseca*, 480 U.S. 421, 452 (1987) (Scalia, J. concurring) (“if the language of a statute is clear, that language must be given effect—at least in the absence of a patent absurdity.”).

³⁹³ Preferred Shareholder Objection ¶¶ 65–69.

³⁹⁴ 11 U.S.C. § 1124(1) (emphasis added).

³⁹⁵ 11 U.S.C. § 1123(a)(4).

is less than the creditor's full legal and equitable rights, with such agreed upon treatment not constituting impairment."³⁹⁶ In practice, and as expressly recognized in a controlling decision from the U.S. District Court for the Southern District of Texas earlier this year, this permits "[p]arties who agree to a settlement under this provision [to be] considered unimpaired."³⁹⁷ "[W]henever a particular creditor has agreed or consented to less favorable treatment, which is usually evidenced through some form of stipulation or agreement, then the claim of this creditor is deemed unimpaired under § 1124."³⁹⁸

223. Here, the Intercompany Settlement embodied in the Plan reflects QVC's consent to the amount and treatment of the QVCG-QVC Intercompany Claim. QVC affirmatively agreed, pursuant to a settlement approved by its Disinterested Directors as memorialized in the RSA and the Plan appended to the RSA, to accept a \$400 million Claim and to receive, in full and final satisfaction of that Claim, the QVCG Distributable Cash.

224. The drafting history of the Plan does not have any bearing on the validity of the Unimpaired status of the QVCG-QVC Intercompany Claim. The Objecting Preferred Holders cite drafting changes in the Debtors' pre-filing chapter 11 plan as proof that the Debtors artificially unimpaired the QVC-QVCG Settlement Claim.³⁹⁹ Specifically, the Objecting Preferred Holders argue that that the Debtors' "drafting history also defeats their position" because certain pre-filing

³⁹⁶ *In re Spirit Airlines, Inc.*, 668 B.R. 689, 702 (Bankr. S.D.N.Y. 2025).

³⁹⁷ *In re Container Store Grp., Inc.*, 676 B.R. 356, 377 (S.D. Tex. 2026); *see also In re Hanish, LLC*, 570 B.R. 4, 20 (Bankr. D.N.H. 2017) ("[A]n agreement to less favorable treatment under 11 U.S.C. § 1123(a)(4) does not create an impairment, it removes one."); *see also In re Armstrong World Indus., Inc.*, 348 B.R. at 147 (D. Del. 2006) (noting that a settlement agreement between the debtors and the EPA, entered into and approved in bankruptcy, rendered the class unimpaired).

³⁹⁸ *In re K Lunde, LLC*, 513 B.R. 587, 595 n. 5 (Bankr. D. Colo. 2014)

³⁹⁹ Preferred Shareholder Objection ¶ 69 (text redacted).

versions designated the QVC-QVCG Settlement Claim as impaired and later “switched” the treatment of that class to unimpaired.⁴⁰⁰ This is legally irrelevant and a misunderstanding of the Plan negotiation process.

225. First, to clarify, the Debtors’ first-circulated draft chapter 11 plan reflected that the QVC-QVCG Intercompany Claim was unimpaired and deemed to accept the Plan.⁴⁰¹ In a later draft, counsel to one of the Consenting Stakeholders raised a question regarding the impairment status and proposed changing it.⁴⁰² The Debtors accepted the change but continued evaluating the issue while trading drafts, while the Intercompany Settlement had not been agreed to in final form by the Disinterested Directors, and while the third-party RSA signatories were continuing to evaluate the proposed Intercompany Settlement within the context of the full Plan. Ultimately, the RSA was executed, reflecting the RSA parties’ support for the Plan, including the Intercompany Settlement. The RSA parties expressly included each of the Debtors. With respect to QVCG, LINTA, CBI, and QVC, each of the Disinterested Directors had exclusive authority to negotiate and execute on all matters relating to intercompany claims⁴⁰³—in other words, in connection with the execution of the RSA, the Disinterested Directors executed the Intercompany Settlement. The execution of the RSA and the terms of the Plan appended to the RSA evidence QVC’s consent to

⁴⁰⁰ *Id.* (text redacted).

⁴⁰¹ *See* QVC_0031393.

⁴⁰² *See* QVCINCDD_001214 - Katten Email to Milbank Approving Revised Proposed Settlement Framework, Dated March 1, 2026.

⁴⁰³ *See, e.g., Action by Unanimous Written Consent in Lieu of a Meeting of the Board of Directors and the Nominating and Corporate Governance Committee of the Board of Directors of QVC Group, Inc.* (June 20, 2025) at 7 (delegating to the special committee “certain rights, authority, and powers on behalf of the Board and the Corporation related to any matter in which a conflict exists or is reasonably likely to exist between the Corporation, on one hand, and any Related Party, on the other hand (other than the Disinterested Directors)”); *Action by Written Consent of the Board of Directors of QRI Cornerstone, Inc.* (Nov. 2, 2025) (same); *Action by Written Consent of the Board of Directors of Qurate Retail Group, Inc.* (Nov. 2, 2025) (same).

the treatment of the QVC-QVCG Intercompany Claim, such that QVC was not Impaired or required to be solicited.

226. Accordingly, the Objecting Preferred Holders’ arguments regarding the impairment status of the QVC-QVCG Settlement Claim—including their cries that accepting the Debtors’ position would “render Sections 1124 and 1129(a)(10) meaningless”—lack merit and should be overruled.⁴⁰⁴

227. Accordingly, the Plan satisfies the requirements of section 1129(a)(10) of the Bankruptcy Code at each Debtor where applicable.

K. The Plan Is Feasible (Section 1129(a)(11)).

228. Section 1129(a)(11) of the Bankruptcy Code requires that the Bankruptcy Court find that a plan is feasible as a condition precedent to Confirmation. Specifically, the Bankruptcy Court must determine that:

Confirmation of the plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the debtor or any successor to the debtor under the plan, unless such liquidation or reorganization is proposed in the plan.⁴⁰⁵

⁴⁰⁴ The arguments set forth herein also defeat the Objecting Preferred Holders’ arguments that the Plan “converts” QVC’s Claims into the QVC-QVCG Settlement Claim, thereby “impairing” them. *See* Preferred Shareholder Objection ¶67.

⁴⁰⁵ 11 U.S.C. § 1129(a)(11).

To demonstrate that a plan is feasible, it is not necessary for a debtor to guarantee success.⁴⁰⁶ Rather, a debtor must provide only a reasonable assurance of success.⁴⁰⁷ There is a relatively low threshold of proof necessary to satisfy the feasibility requirement.⁴⁰⁸ As demonstrated below, the Plan is feasible within the meaning of section 1129(a)(11) of the Bankruptcy Code.

229. In determining standards of feasibility, courts have identified the following probative factors:

- a. the adequacy of the debtor's capital structure;
- b. the earning power of the debtor's business;
- c. the economic conditions;
- d. the ability of management;
- e. the probability of the continuation of the same management; and
- f. any other related matter which determines the prospects of a sufficiently successful operation to enable performance of the provisions of the plan.⁴⁰⁹

230. The Plan is feasible. **First**, as set forth in Section XI.E of the Disclosure Statement, the Debtors thoroughly analyzed and are satisfied as to their ability post-Confirmation to meet

⁴⁰⁶ See *T-H New Orleans*, 116 F.3d at 801 (“[T]he [bankruptcy] court need not require a guarantee of success.”) (citing *Kane v. Johns-Manville Corp. (In re Johns-Manville Corp.)*, 843 F.2d 636, 649 (2d Cir. 1988) (“[T]he feasibility standard is whether the plan offers a reasonable assurance of success. Success need not be guaranteed.”)); *In re Lakeside Global II, Ltd.*, 116 B.R. 499, 506 (Bankr. S.D. Tex. 1989) (noting that the feasibility standard “has been slightly broadened and contemplates whether the debtor can realistically carry out its plan” (citation omitted)).

⁴⁰⁷ See *T-H New Orleans*, 116 F.3d at 801 (“[o]nly a reasonable assurance of commercial viability is required.” (quoting *Johns-Manville*, 843 F.2d at 649)).

⁴⁰⁸ See, e.g., *Star Ambulance*, 540 B.R. at 266 (“A ‘relatively low threshold of proof’ will satisfy the feasibility requirement.” (quoting *Mercury Cap. Corp. v. Milford Conn. Assocs., L.P.*, 354 B.R. 1, 9 (D. Conn. 2006)); *In re Prussia Assocs.*, 322 B.R. 572, 584 (Bankr. E.D. Pa. 2005) (quoting approvingly that “[t]he Code does not require the debtor to prove that success is inevitable, and a relatively low threshold of proof will satisfy § 1129(a)(11) so long as adequate evidence supports a finding of feasibility.” (citing 7 Collier on Bankruptcy ¶ 1129.03[11] (Matthew Bender 15th ed., rev.))).

⁴⁰⁹ *Save Our Springs (S.O.S.) All, Inc.* 632 F.3d at 173 n.6 (5th Cir. 2011) (quoting *In re M & S Assocs. Ltd.*, 138 B.R. 845, 849 (Bankr. W.D. Tex. 1992)).

their obligations under the Plan and continue as a “going concern” on day one without the need for further financial restructuring.⁴¹⁰ As a result, Confirmation of the Plan is not likely to be followed by liquidation. **Second**, as set forth in the Disclosure Statement, the Debtors prepared projections of the Debtors’ financial performance through fiscal year 2029.⁴¹¹ These Financial Projections demonstrate the Debtors’ ability to meet their obligations under the Plan. In summary, the Financial Projections show that the Debtors will emerge with a refinanced balance sheet with debt service payments reduced to a manageable level. **Finally**, the Plan will reduce the Debtors’ funded debt by over \$5 billion.

231. For these reasons, the Plan satisfies section 1129(a)(11) of the Bankruptcy Code.

L. All Statutory Fees Have Been or Will Be Paid (Section 1129(a)(12)).

232. Section 1129(a)(12) of the Bankruptcy Code requires the payment of “[a]ll fees payable under section 1930 of title 28 [of the United States Code], as determined by the court at the hearing on confirmation of the plan.”⁴¹² Section 507(a)(2) of the Bankruptcy Code provides that “any fees and charges assessed against the estate under [section 1930 of] chapter 123 of title 28” are afforded priority status.⁴¹³

233. The Plan satisfies section 1129(a)(12) of the Bankruptcy Code, because Article XII.C of the Plan provides that all such fees and charges, to the extent not previously paid,

⁴¹⁰ See Disclosure Statement XI.E.

⁴¹¹ See Disclosure Statement, Exhibit C.

⁴¹² 11 U.S.C. § 1129(a)(12).

⁴¹³ 11 U.S.C. § 507(a)(2).

will be paid for each quarter (including any fraction thereof) until these Chapter 11 Cases are converted, dismissed, or closed, whichever occurs first, and no party has asserted otherwise.⁴¹⁴

M. The Plan Provides for Post-Effective Date Payment of Retiree Benefits (Section 1129(a)(13)).

234. Section 1129(a)(13) requires that all retiree benefits continue post-Confirmation at any levels established in accordance with section 1114 of the Bankruptcy Code.⁴¹⁵ Article IV.O of the Plan provides that the Debtors may, unless otherwise provided in the Plan and subject to Article V of the Plan, continue their wages, compensation, retiree benefits, and benefit programs.⁴¹⁶ The Plan thus satisfies the requirements of section 1129(a)(13) of the Bankruptcy Code, and no party has asserted otherwise.

N. Sections 1129(a)(14) through 1129(a)(16) Do Not Apply to the Plan.

235. Section 1129(a)(14) of the Bankruptcy Code relates to the payment of domestic support obligations.⁴¹⁷ Since the Debtors are not subject to any domestic support obligations, the requirements of section 1129(a)(14) of the Bankruptcy Code do not apply.

236. Likewise, section 1129(a)(15) of the Bankruptcy Code applies only in cases in which the debtor is an “individual” as defined in the Bankruptcy Code.⁴¹⁸ Because none of the Debtors is an “individual,” the requirements of section 1129(a)(15) of the Bankruptcy Code do not apply.

⁴¹⁴ See Plan, Art. XII.C.

⁴¹⁵ See 11 U.S.C. § 1129(a)(13).

⁴¹⁶ See Plan, Art. IV.O.

⁴¹⁷ See 11 U.S.C. § 1129(a)(14).

⁴¹⁸ See 11 U.S.C. § 1129(a)(15).

237. Finally, each of the Debtors is a moneyed, business, or commercial corporation, and, therefore, section 1129(a)(16) of the Bankruptcy Code, which provides that property transfers by a corporation or trust that is *not* a moneyed, business, or commercial corporation or trust be made in accordance with any applicable provisions of nonbankruptcy law, is not applicable to these Chapter 11 Cases.⁴¹⁹

O. The Plan Satisfies the “Cram Down” Requirements of Section 1129(b) of the Bankruptcy Code.

238. Section 1129(b)(1) of the Bankruptcy Code provides that, if all applicable requirements of section 1129(a) of the Bankruptcy Code are met other than section 1129(a)(8) of the Bankruptcy Code, a plan may be confirmed so long as the requirements set forth in section 1129(b) of the Bankruptcy Code are satisfied.⁴²⁰ To confirm a plan that has not been accepted by all impaired classes (thereby failing to satisfy section 1129(a)(8) of the Bankruptcy Code), the plan proponent must show that the plan does not “discriminate unfairly” and is “fair and equitable” with respect to classes that may be impaired and deemed to reject.⁴²¹

239. The Plan satisfies section 1129(b) of the Bankruptcy Code. Classes B3 (RCF Claims against the QVC Debtors), B4 (QVC Notes Claims against the QVC Debtors), and C3 (LINTA Notes Claims), the only Impaired voting Classes of Claims under the Plan voted to accept

⁴¹⁹ See 11 U.S.C. § 1129(a)(16).

⁴²⁰ See 11 U.S.C. § 1129(b)(1) (“[I]f all of the applicable requirements of subsection (a) of this section other than paragraph (8) are met with respect to a plan, the court, on request of the proponent of the plan, shall confirm the plan notwithstanding the requirements of such paragraph if the plan does not discriminate unfairly, and is fair and equitable, with respect to each class of claims or interests that is impaired under, and has not accepted, the plan.”).

⁴²¹ *Id.*; see also *Fed. Savs. & Loan Ins. Corp. v. D&F Constr., Inc. (In re D&F Constr. Inc.)*, 865 F.2d 673, 675 (5th Cir. 1989) (“Section 1129(b)(1) of the bankruptcy code provides that a debtor may ‘cram down’ its plan over the objection of a creditor ‘if the plan does not discriminate unfairly, and is fair and equitable with respect to each class of claims or interests that is impaired under, and has not accepted, the plan.’” (quoting *id.*)).

the Plan.⁴²² With respect to Classes A6, A7, A8, B8, C7, and D6, which are deemed to reject the Plan, and Classes A5, B6, B7, C5, C6, D4, and D5, which may be Impaired or Unimpaired, the Plan is fair and equitable and does not discriminate unfairly.

1. The Plan Is Fair and Equitable (Section 1129(b)(2)(B)(ii)).

240. A plan is “fair and equitable” with respect to an impaired class of claims or interests that rejects a plan (or is deemed to reject a plan) if it follows the “absolute priority” rule.⁴²³ With respect to any dissenting classes of creditors, such creditors must be fully satisfied before any junior creditor receives anything on account of its claim.⁴²⁴ With respect to a class of equity interests that is receiving no recovery under a plan, the absolute priority rule requires only that no class junior to such equity interest receive any distribution under a plan.⁴²⁵ Here, no class junior to the deemed rejecting Classes—Classes A6 (QVCG Preferred Equity Interests), A7 (QVCG Common Equity Interests), A8 (Section 510(b) Claims against QVCG), B8 (Section 510(b) Claims against the QVC Debtors), C7 (Section 510(b) Claims against the LINTA Debtors), and D6

⁴²² See Voting Report, Exhibit A.

⁴²³ See *203 N. LaSalle St. P’ship*, 526 U.S. at 441–42 (“As to a dissenting class of impaired unsecured creditors, such a plan may be found to be ‘fair and equitable’ only if the allowed value of the claim is to be paid in full, § 1129(b)(2)(B)(i), or, in the alternative, if ‘the holder of any claim or interest that is junior to the claims of such [impaired unsecured] class will not receive or retain under the plan on account of such junior claim or interest any property,’ § 1129(b)(2)(B)(ii). That latter condition is the core of what is known as the ‘absolute priority rule.’”) (alterations in the original).

⁴²⁴ See *Cantu v. Schmidt (In re Cantu)*, 784 F.3d 253, 256 n.2 (5th Cir. 2015) (“[T]he absolute priority rule ‘provides that a dissenting class of unsecured creditors must be provided for in full before any junior class can receive or retain any property [under a reorganization] plan.’”) (quoting *Norwest Bank Worthington v. Ahlers*, 485 U.S. 197, 202 (1988)) (alteration in the original); *In re Mirant Corp.*, 348 B.R. 725, 738 (Bankr. N.D. Tex. 2006) (“Because ‘fair and equitable’ translates to the absolute priority rule, in order for a settlement to meet that test it must be consistent with the requirement that dissenting classes of creditors must be fully satisfied before any junior creditor receives anything on account of its claim.”) (citation omitted).

⁴²⁵ See 11 U.S.C. § 1129(b)(2)(C)(ii) (“With respect to a class of interests . . . the holder of any interest that is junior to the interests of such class will not receive or retain under the plan on account of such junior interest any property.”).

(Section 510(b) Claims against the CBI Debtors)—is receiving a recovery under the Plan.⁴²⁶ Although certain Intercompany Claims and Intercompany Interests may be reinstated under the Plan and, therefore, would be Unimpaired, such treatment is for the purposes of preserving the Debtors’ corporate structure and will have no economic substance.⁴²⁷ As such the Plan satisfies the absolute priority rule.⁴²⁸

241. The corollary of the absolute priority rule requires that, if the holders of claims or interests in a particular class receive less than full value for their claims or interests, then senior classes cannot receive more than a 100 percent recovery for their claims or interests.⁴²⁹ The Objecting Preferred Holders and Mr. Rajadhyaksha both argue that the Plan violates section 1129(b)(2)(B) of the Bankruptcy Code because QVC is receiving a recovery in excess of 100 percent. This is allegedly because, in addition to the QVCG Distributable Cash, QVC is receiving QVCG’s 62% interest in Cornerstone under the Plan.⁴³⁰ As explained further in

⁴²⁶ Mr. Rajadhyaksha argues that the Plan is not fair and equitable as to the Holders of QVCG Equity Interests because Class A6 QVCG Preferred Equity Interests are being treated differently from Class A7 QVCG Common Equity Interests. Initial Rajadhyaksha Objection ¶ 74. In fact, both Classes of Interests are being treated the same—they are being cancelled, released, discharged, and extinguished. Plan Art. III.B.5, 6.

⁴²⁷ See *Ion Media Networks, Inc. v. Cyrus Select Opportunities Master Fund, Ltd. (In re ION Media Networks, Inc.)*, 419 B.R. 585, 601 (Bankr. S.D.N.Y. 2009) (“This technical preservation of equity is a means to preserve the corporate structure that does not have any economic substance and that does not enable any junior creditor or interest holder to retain or recover any value under the Plan. The Plan’s retention of intercompany equity interests for holding company purposes constitutes a device utilized to allow the Debtors to maintain their organizational structure and avoid the unnecessary cost of having to reconstitute that structure.”); *In re Kleopatra Finco S.à r.l.*, No. 25-90642 (CML), ¶ 21 (Bankr. S.D. Tex. Dec. 16, 2025) [Docket No. 246] (confirming a plan of reorganization that reinstated certain intercompany claims and interests).

⁴²⁸ See *Ion Media Networks, Inc.*, 419 B.R. at 601 (allowing preservation of intercompany interests).

⁴²⁹ See *In re Iderac Inc.*, 423 B.R. 138, 170 (Bankr. N.D. Tex. 2009), *subsequently aff’d sub nom. Spencer ad hoc Equity Comm. v. Iderac, Inc. (In re Iderac, Inc.)*, 662 F.3d 315 (5th Cir. 2011) (“The corollary of the absolute priority rule is that senior classes cannot receive more than a one hundred percent (100%) recovery for their claims.”).

⁴³⁰ See Preferred Shareholder Objection ¶¶ 75–77. The Objecting Preferred Holders also argue that the Plan violates section 1129(a)(10) of the Bankruptcy Code because the Plan artificially unimpaired the QVC-QVCG Settlement Claim. However, the Objecting Preferred Holders cannot eat their cake and have it too. The QVC-QVCG

Section VII.G herein, Evercore used several valuation methodologies to value Cornerstone. The Debtors will present evidence that demonstrates that, even in the light most favorable to the Objecting Preferred Holders, Cornerstone’s total enterprise value is no more than \$135 million. Therefore, the sum of QVCG’s 62% stake in Cornerstone and the QVCG Distributable Cash is less than \$400 million. As such, QVC is not receiving a recovery in excess of 100% of the QVC-QVCG Settlement Claim’s value and the Plan satisfies the corollary to the absolute priority rule.

242. Accordingly, given the adherence to the absolute priority rule and the corollary to the absolute priority rule, the Debtors submit that the Plan fully complies with, and satisfies the “fair and equitable” requirements of, section 1129(b) of the Bankruptcy Code.

2. The Plan Does Not Unfairly Discriminate with Respect to the Impaired Classes that Have Not Voted to Accept the Plan (Section 1129(b)(1)).

243. Although the Bankruptcy Code does not provide a standard for determining when “unfair discrimination” exists, courts typically examine the facts and circumstances of the particular case to make the determination.⁴³¹ While some courts create multi-factor tests or rebuttable presumption tests, the text merely requires a plan not to unfairly discriminate against an impaired non-accepting class.⁴³² To the extent that a plan does discriminate between two similarly

Settlement Claim is either Impaired, meaning it is not being paid in full and no value is available to flow to Holders of QVCG Equity Interests, or it is being paid in full and thus Unimpaired.

⁴³¹ See, e.g., *In re Robertshaw US Holding Corp.*, 662 B.R. 300, 319 (Bankr. S.D. Tex. 2024) (“The Bankruptcy Code does not define what it means to ‘discriminate unfairly.’ Courts generally assess unfair discrimination based on the facts and circumstances presented in the case”) (citing *In re Idearc Inc.*, 423 B.R. at 160).

⁴³² See *In re Robertshaw*, 662 B.R. at 319–20 (“Some courts have utilized multi-factor tests or rebuttable presumption tests as an analytical framework to assess unfair discrimination. They are helpful considerations, but could be construed to either create additional burdens on the debtor to satisfy this prong or appear to repeat standards already required in other parts of § 1129 required for confirmation. The text requires a plan not to unfairly discriminate against an impaired non-accepting class.”).

situated classes, the debtor must “show by a preponderance of the evidence that such discrimination is not unfair to impaired rejecting classes.”⁴³³

244. Here, the Plan’s treatment of the non-accepting Impaired Classes is proper because generally all similarly situated Holders of Claims and Interests will receive substantially similar treatment, and the Plan’s classification scheme rests on a legally acceptable rationale. Intercompany Claims in Classes A5, B6, C5, and D4 and Intercompany Interests in Classes B7, C6, and D5 are not similarly situated to any other Classes, given their distinctly different legal character from all other Claims and Interests, and may be Unimpaired. These Intercompany Claims and Intercompany Interests, which exist to support the Debtors’ corporate structure, may be Reinstated because Reinstatement of Intercompany Claims and Intercompany Interests advances an efficient reorganization by avoiding the need to unwind and recreate the corporate structure and relationships of the Reorganized Debtors. This Reinstatement does not affect the economic substance of the Plan for the Debtors’ stakeholders.

245. Additionally, the treatment of QVCG Preferred Equity Interests in Class A6, QVCG Common Equity Interests in Class A7, and Section 510(b) Claims in Class A8, B8, C7, and D6 is not unfair under the circumstances. Classes A6 and A7 Interests sit at the bottom of the QVCG’s capital structure, and no junior class will receive a recovery.⁴³⁴ Section 510(b) Claims

⁴³³ *Id.* at 320.

⁴³⁴ *See In re Guar. Fin. Grp. Inc.*, No. 09-35582-BJH, 2011 WL 6014865, at *4 (Bankr. N.D. Tex. May 11, 2011) (“With respect to the Holders of Equity Interests in Class 5, the Plan complies with 11 U.S.C. § 1129(b)(1). The Plan can be confirmed despite Class 5’s rejection because the Plan does not discriminate unfairly and is fair and equitable with respect to this class. Specifically, with respect to Holders of Equity Interests in Class 5, no holders of any interest junior to the interests in Class 5 will receive or retain any property under the Plan on account of such interest . . .”).

in Classes A8, B8, C7, and D6 are subordinated to the level of equity Interests pursuant to the Bankruptcy Code and, therefore, are receiving the same treatment.⁴³⁵

246. Thus, the Plan does not discriminate unfairly in contravention of section 1129(b)(1) of the Bankruptcy Code, and the Plan may be confirmed notwithstanding the potential deemed rejection by Classes A5, A6, A7, A8, B6, B7, B8, C5, C6, C7, D4, D5, and D6. No party in interest has asserted otherwise.

P. The Debtors Complied with Section 1129(c) of the Bankruptcy Code.

247. The Plan satisfies the remaining provisions of section 1129 of the Bankruptcy Code. Section 1129(c) of the Bankruptcy Code, which prohibits confirmation of multiple plans, is not implicated because there is only one proposed plan.⁴³⁶

IV. The Plan's Settlement, Release, Exculpation, and Injunction Provisions Are Appropriate and Comply with the Bankruptcy Code.

248. The Bankruptcy Code identifies various additional provisions that may be incorporated into a chapter 11 plan, including “any other appropriate provision not inconsistent with the applicable provisions of this title.”⁴³⁷ Among other discretionary provisions, the Plan includes a Debtor Release, a Third-Party Release, an Exculpation Provision, and an Injunction Provision.⁴³⁸ These provisions are the product of extensive good faith, arm's-length negotiations and were a material inducement for the Consenting Stakeholders to enter into the RSA. The Plan's

⁴³⁵ See 11 U.S.C. § 510(b) (“[A] claim arising from rescission of a purchase or sale of a security of the debtor or of an affiliate of the debtor, for damages arising from the purchase or sale of such a security, or for reimbursement or contribution allowed under section 502 on account of such a claim, shall be subordinated to all claims or interests that are senior to or equal the claim . . .”).

⁴³⁶ See 11 U.S.C. § 1129(c).

⁴³⁷ See 11 U.S.C. § 1123(b)(1)–(6) (identifying additional types of provisions).

⁴³⁸ See Plan, Arts. VIII.C–F.

release, injunction, and exculpation provisions comply with the Bankruptcy Code and prevailing Fifth Circuit law and should be approved.

249. In consideration of the distributions and other benefits provided under the Plan and with the support of the Consenting Stakeholders, the provisions of the Plan constitute a good faith compromise and settlement of all Claims, Interests, and controversies resolved pursuant to the Plan relating to the contractual, legal, and subordination rights that a creditor may have with respect to any Allowed Claim or any distribution to be made on account thereof, including the release of Claims and Causes of Action among the Released Parties. Specifically, the Plan resolves issues that could have cast uncertainty over the Debtors' restructuring efforts and general operations, avoiding protracted and expensive litigation related to confirmation of the Plan.

250. Litigating Chapter 11 Case disputes with any party to the RSA or the Intercompany Settlement would have been time consuming and could have unnecessarily extended the Debtors' stay in chapter 11 while continuing to incur administrative costs, thereby eroding value. The parties to the RSA and the Intercompany Settlement have agreed that the good faith compromises and settlements under the Plan, including payment of Restructuring Expenses and the release, exculpation, and injunction provisions, were negotiated at arm's-length and are fair and equitable, reasonable under the circumstances, appropriate, a better alternative to value-destructive litigation, and in the best interests of the Debtors, their Estates, and all of the Debtors' stakeholders.

A. The Debtor Release Is Appropriate and Complies with the Bankruptcy Code.

251. Article VIII.C of the Plan provides for releases by, among others, each Debtor, the Debtors' Estates, the Reorganized Debtors, the Released Parties, and the Related Parties of any and all Claims and Causes of Action, including any derivative claims the Debtors could assert

against certain parties, including the Consenting Stakeholders, their Affiliates, or their respective advisors (the “Debtor Release”).⁴³⁹

252. Section 1123(b)(3)(A) of the Bankruptcy Code provides that a chapter 11 plan may provide for “the settlement or adjustment of any claim or interest belonging to the debtor or to the estate.”⁴⁴⁰ Accordingly, pursuant to section 1123(b)(3)(A), the Debtors may release Estate Causes of Action as consideration for concessions made by their various stakeholders pursuant to the Plan.⁴⁴¹ In considering the appropriateness of such releases, the Fifth Circuit generally considers whether the release is (1) “fair and equitable” and (2) “in the best interests of the estate.”⁴⁴² Courts in this circuit generally interpret the “fair and equitable” prong, consistent with that term’s usage in section 1129(b) of the Bankruptcy Code, to require compliance with the Bankruptcy Code’s absolute priority rule.⁴⁴³ Courts generally determine whether a release is “in the best interest of the estate” by reference to the following factors:

⁴³⁹ The foregoing description is meant as a summary of the operative Plan provisions only. Certain of the Released Parties are defined as such in multiple capacities. To the extent there is any conflict between the foregoing summary and the definition of “Released Party” contained in Article I of the Plan, the Plan shall control.

⁴⁴⁰ 11 U.S.C. § 1123(b)(3)(A).

⁴⁴¹ *See, e.g., In re Bigler LP*, 442 B.R. 537, 547 (Bankr. S.D. Tex. 2010) (finding that plan release provision “constitutes an acceptable settlement under § 1123(b)(3) because the Debtors and the Estate are releasing claims that are property of the Estate in consideration for funding of the Plan”); *In re Heritage Org., L.L.C.*, 375 B.R. 230, 308 (Bankr. N.D. Tex. 2007) (holding that “[t]he Court begins its analysis by acknowledging that the plain language of § 1123(b)(3) provides for the inclusion in a plan of a settlement of claims *belonging to the debtor or to the estate . . .*”); *In re Gen. Homes Corp.*, 134 B.R. 853, 861 (Bankr. S.D. Tex. 1991) (“To the extent that the language contained in the plan purports to release any causes of action against the Bank Group which the Debtor could assert, such provision is authorized by § 1123(b)(3)(A), subject to compliance with provisions of the code requiring that the plan be fair and equitable as to creditors and that the plan be proposed in good faith.”).

⁴⁴² *See Szwak v. Earwood (In re Bodenheimer, Jones, Szwak, & Winchell L.L.P.)*, 592 F.3d 664, 675 (5th Cir. 2009) (“When reviewing a bankruptcy court’s approval of a compromise settlement, the appellate court should ensure that the compromise settlement is ‘fair and equitable’ and ‘in the best interest of the estate.’”) (quoting *Rivercity v. Herpel (In re Jackson Brewing Co.)*, 624 F.2d 599, 602 (5th Cir. 1980)); *see also In re Mirant Corp.*, 348 B.R. at 738 (same).

⁴⁴³ *See, e.g., In re Mirant Corp.*, 348 B.R. at 738–39.

- a. the probability of success of litigation;
- b. the complexity and likely duration of the litigation, any attendant expense, inconvenience, or delay, and possible problems collecting a judgment;
- c. the interest of creditors with proper deference to their reasonable views; and
- d. the extent to which the settlement is truly the product of arm's-length negotiations.⁴⁴⁴

253. Ultimately, courts afford the debtors some discretion in determining for themselves the appropriateness of granting plan releases of estate causes of action.⁴⁴⁵ The Debtor Release meets the controlling standard. The Debtor Release is in the best interest of the Estates.

254. *First*, key stakeholders were extensively involved in the arm's-length negotiation process that led to the RSA and the Plan. In particular, the restructuring embodied in the Plan (including the Debtor Release) was negotiated by sophisticated parties and counsel, including several months of prepetition negotiations among the Debtors and the Consenting Stakeholders that resulted in the RSA. *Second*, the Debtor Release is an essential *quid pro quo* for the Released Parties' contributions to and support of the Debtors' restructuring. *Third*, the Plan, including the Debtor Release contained therein, is supported by Holders of 100% in principal amount and 100% in number of the Class B3 Claims, 99.88% in principal amount and 86.00% in number of the Class B4 Claims, and 99.17% in principal amount and 83.17% in number of the Class C3 Claims, in each case that submitted Ballots.⁴⁴⁶

255. The Objecting Preferred Holders' main argument against the Debtors' Release is that it should not apply to the QVCG directors against whom QVCG may allegedly have potential

⁴⁴⁴ *Id.* at 739–40 (citing *In re Cajun Elec. Power Coop.*, 119 F.3d at 355–56).

⁴⁴⁵ *See In re Gen. Homes Corp.*, 134 B.R. at 861 (“The court concludes that such a release is within the discretion of the Debtor.”).

⁴⁴⁶ *See* Voting Report, Exhibit A.

claims.⁴⁴⁷ Similarly, Mr. Rajadhyaksha objects to the Debtors' Release, preferring for such claims to be "tested on the merits."⁴⁴⁸ The releases of QVCG's directors and officers, however, are not only standard, they are an integral term of the Intercompany Settlement. Further, as explained in more detail in Section I.A.1, QVCG's directors benefit from customary and broad exculpation and indemnification protections as well as robust insurance coverage such that the Objecting Preferred Holders are inflating the value of such releases.⁴⁴⁹

256. Accordingly, the Debtor Release is in the best interest of the Estates, is justified under the controlling Fifth Circuit standard, and should be approved.

B. The Third-Party Release Is Appropriate, Complies with the Bankruptcy Code, and Should Be Approved Over the U.S. Trustee Objection.

257. Article VIII.D of the Plan contains the Third-Party Release that provides that each Releasing Party—including all Holders of Claims and Interests in Non-Voting Classes presumed to accept the Plan who do not specifically opt out of their inclusion as a Releasing Party, and all Holders of Claims and Interests in Non-Voting Classes deemed to reject the Plan who affirmatively opt in to their inclusion as a Releasing Party—shall release any and all Claims and Causes of Action, including any derivative claims, such parties could assert against the Debtors, the Reorganized Debtors, and the Released Parties.⁴⁵⁰

⁴⁴⁷ Preferred Shareholder Objection ¶ 52 (text redacted).

⁴⁴⁸ Supplemental Rajadhyaksha Objection ¶ 68.

⁴⁴⁹ *Supra* ¶ 46.

⁴⁵⁰ *See* Plan, Art. VIII.D. The foregoing description is meant as a summary of the operative plan provisions only. Certain of the Releasing Parties are defined as such in multiple capacities. To the extent there is any conflict between the foregoing summary and the definition of "Releasing Party" contained in Article I of the Plan, the Plan shall control.

258. Ultimately, the value-maximizing restructuring contemplated by the Plan would not be possible without the support of the Released Parties. Certain of the Released Parties also will be the Debtors' largest post-emergence stakeholders. Thus, the Third-Party Release allows the Debtors to obtain the fresh start they need by minimizing the potential for distracting post-emergence litigation or other disputes. Moreover, as set forth below, the Third-Party Release is a permissible consensual release consistent with Fifth Circuit law.

259. The U.S. Trustee does not object to the Third-Party Release as to the Holders of Claims and Interests in the Classes deemed to reject the Plan who affirmatively opt into the Third-Party Release. As to those Classes of Claims who received Opt-Out Forms, while the Fifth Circuit has not directly addressed what constitutes a consensual third-party release, the *Republic Supply* court found that the Bankruptcy Code does not preclude a third-party release provision where "it has been accepted and confirmed as an integral part of a plan of reorganization."⁴⁵¹ *Republic Supply* and its progeny⁴⁵² ultimately stand for the proposition that "[c]onsensual nondebtor releases that are specific in language, integral to the plan, a condition of settlement, and given for consideration do not violate" the Bankruptcy Code.⁴⁵³ Recently, the United States District Court

⁴⁵¹ *Republic Supply Co. v. Shoaf*, 815 F.2d 1046, 1050 (5th Cir. 1987).

⁴⁵² See, e.g., *Hernandez v. Larry Miller Roofing, Inc.*, 628 Fed. App'x 281, 286 (5th Cir. 2016) ("[W]e have previously explained that when a bankruptcy plan has been confirmed by the bankruptcy court and gone unchallenged on direct appeal, a 'specific discharge or release' in such a plan can release claims against non-debtors." (citations omitted)); *FOM P.R., S.E. v. Dr. Barnes Eyecenter, Inc.*, 255 Fed. App'x 909, 912 (5th Cir. 2007) ("A reasonable interpretation of Section 5.03 and the Plan in their entirety is that all claims, including guaranties, against Eyemart are released . . ."); *Applewood Chair Co. v. Three Rivers Planning & Dev. Dist. (In re Applewood Chair Co.)*, 203 F.3d 914, 920 (5th Cir. 2000) ("[W]e decline to extend the holding of *Shoaf* to situations where a plan of reorganization does not contain a specific discharge of the indebtedness of a third-party . . .").

⁴⁵³ *In re Wool Growers Cent. Storage Co.*, 371 B.R. 768, 776 (N.D. Tex. 2007) (citing *Republic Supply Co.*, 815 F.2d at 1050); see also *Dr. Barnes Eyecenter*, 255 Fed. App'x at 911–12.

for the Southern District of Texas held the same in *Container Store*.⁴⁵⁴ At the core of the analysis is whether the third-party release is consensual.

260. Bankruptcy courts in Texas⁴⁵⁵ and the *Container Store* district court⁴⁵⁶ have applied this standard in recent chapter 11 bankruptcies when approving third-party releases. In doing so, these courts have focused on *process*—*i.e.*, whether “notice has gone out, parties have actually gotten it, they’ve had the opportunity to look it over, [and] the disclosure is adequate so that they can actually understand what they’re being asked to do and the options that they’re being given.”⁴⁵⁷ Ultimately, these courts acknowledge that parties in interest waive their rights with respect to a

⁴⁵⁴ See *Epstein v. Container Store Grp. Inc. (In re Container Store Grp., Inc.)*, 676 B.R. 356, 388 (S.D. Tex. 2026) (“For these reasons, consistent with its longstanding precedent, the court holds that the failure to opt-out constitutes consent to a third-party release under the appropriate circumstances.”).

⁴⁵⁵ See Confirmation Hr’g Tr. at 47, *In re Energy & Exploration Partners, Inc.*, No. 15-44931 (Bankr. N.D. Tex. April 25, 2016) [Docket No. 730] (hereinafter “ENXP Tr.”); see also Confirmation Hr’g Tr. at 33, *In re Ameriforge Grp., Inc.*, No. 17-32660 (Bankr. S.D. Tex. May 24, 2017) [Docket No. 144]; Confirmation Hr’g Tr. at 7–8, *In re Hornbeck Offshore Servs., Inc.*, No. 20-32679 (Bankr. S.D. Tex. June 24, 2020) [Docket No. 227].

⁴⁵⁶ See *In re Container Store Grp., Inc.*, 676 B.R. at 378 (“There is no Code inconsistency in modifying the relationship between claimants and nondebtors when claimants consent or their claims are fully satisfied.”) (citations omitted).

⁴⁵⁷ ENXP Tr. at 47; see also *In re Container Store Grp., Inc.*, 676 B.R. at 384–85 (listing factors determining if the procedures governing opt outs qualified as consent).

third-party release if they do not opt out of the releases.⁴⁵⁸ The Supreme Court’s opinion in *Harrington v. Purdue Pharma, L.P.* does not change this analysis.⁴⁵⁹

261. In *Purdue*, the United States Supreme Court held “only that the bankruptcy code does not authorize a release and injunction that, as part of a plan of reorganization under chapter 11, effectively seeks to discharge claims against a nondebtor without the consent of affected claimants.”⁴⁶⁰ The Supreme Court’s holding only applies to nonconsensual releases and does not address consensual releases.⁴⁶¹ The Fifth Circuit already limited the availability of non-consensual third-party releases prior to *Purdue*.⁴⁶² Unsurprisingly then, bankruptcy courts in

⁴⁵⁸ See *In re Container Store Grp., Inc.*, 676 B.R. at 388 (“For these reasons, consistent with its longstanding precedent, the court holds that the failure to opt-out constitutes consent to a third-party release under the appropriate circumstances.”); *In re Pine Gate Renewables, LLC*, No. 25-90669 (CML) [Docket No. 1483], ¶ 10 (Bankr. S.D. Tex. Feb. 19, 2026) (approving opt out releases); *In re Wool Growers*, 371 B.R. at 776 (“The Fifth Circuit has held that a nondebtor release violates section 524(e) when the affected creditor *timely objects* to the provision.”) (emphasis added) (citations omitted); see also ENXP Tr. at 47 (“[T]he [*Republic Supply*] case being that the Debtor is authorized, I think, I don’t think there’s anything that’s necessarily bad faith about the Debtor putting release provisions like this into a plan. And if we assume that the Debtor has otherwise satisfied procedural due process . . . and then they choose not to participate one way or the other, can they be bound by it? I would say that this is one of those situations where [*Republic Supply*] says those people can waive substantive rights by not affirmatively participating in the case.”); Confirmation Hr’g Tr. at 29, *In re CJ Holding Co.*, No. 16-33590 (Bankr. S.D. Tex. December 19, 2016) [Docket No. 1076] (approving as consensual a third-party release provision that bound all holders of claims and interest that did not object); Confirmation Hr’g Tr. at 42, *In re Southcross Holdings, LP*, No. 16-20111 (Bankr. S.D. Tex. April 13, 2016) [Docket No. 191] (approving as consensual a third-party release provision in favor of the debtors’ prepetition equity sponsors that bound all holders of claims and interest that did not object).

⁴⁵⁹ See *Harrington v. Purdue Pharma, L.P.*, 603 U.S. 204, 206 (2024) (“Today’s decision is a narrow one . . . the Court [does not] express a view on what qualifies as a consensual release . . .”).

⁴⁶⁰ *Id.* at 206–07.

⁴⁶¹ *Id.* at 206 (“[T]he Court [does not] express a view on what qualifies as a consensual release . . .”).

⁴⁶² See, e.g., *In re Pilgrim’s Pride Corp.*, No. 08-45664-DML-11, 2010 WL 200000, at *5 (Bankr. N.D. Tex. Jan. 14, 2010) (finding that under *Pacific Lumber* “the court may not, *over objection*, approve through confirmation of the Plan third-party protections”) (emphasis added).

this circuit,⁴⁶³ and recently the district court itself,⁴⁶⁴ have continued to approve opt-out third-party releases post-*Purdue*, explicitly articulating that “the failure to opt-out constitutes consent to a third-party release under the appropriate circumstances.”⁴⁶⁵

262. As to these Holders of Claims, the Third-Party Release meets the standard set forth in *Republic Supply* and the cases following it, including *Container Store* and *Pine Gate*. As a threshold matter, the Third-Party Release is *consensual*. All parties in interest, including those required to opt out of or into the Third-Party Release, were provided notice of these Chapter 11 Cases, the Plan, the deadline to object to confirmation of the Plan, and the ability to opt out of or opt in to the Third-Party Release, as applicable. Each of the Disclosure Statement (transmitted to the Voting Classes and otherwise publicly available), the Combined Hearing Notice (transmitted to *all* parties in interest), and the Notice of Non-Voting Status (including the Opt-Out Form or Opt-In Form, as applicable) (transmitted to Holders of all non-voting Claims and Interests) expressly state in capitalized, bold-faced, underlined text that Holders of Claims and Interests in Non-Voting Classes that are presumed to accept or deemed to reject the Plan and do not specifically opt out of (or object to) or opt in to, as applicable, the Third-Party Release will be bound by it. Specifically, the Combined Hearing Notice contained the following information:

⁴⁶³ See *In re Robertshaw US Holding Corp.*, 662 B.R. 300, 323 (Bankr. S.D. Tex. 2024) (“There is nothing improper with an opt-out feature for consensual third-party releases in a chapter 11 plan . . . Hundreds of chapter 11 cases have been confirmed in this District with consensual third-party releases with an opt-out . . . *Purdue* did not change the law in this Circuit.”); see also *In re Kleopatra Finco S.à r.l.*, No. 25-90642 (CML) (Bankr. S.D. Tex. Dec. 16, 2025) [Docket No. 246] (confirming chapter 11 plan’s opt-out third-party releases as consensual); *In re Global Clean Energy Holdings, Inc.*, No. 25-90113 (ARP) (Bankr. S.D. Tex. July 28, 2025) [Docket No. 348] (same); *In re Diamond Sports Grp.*, No. 23-90116 (CML) (Bankr. S.D. Tex. Nov. 14, 2024) [Docket No. 2671] (same); *In re Zips Car Wash, LLC*, No. 25-80069 (MVL) (Bankr. N.D. Tex. Apr. 18, 2025) [Docket No. 366] (same); *In re CareMax, Inc.*, No. 24-80093 (MVL) (Bankr. N.D. Tex. Jan. 31, 2025) [Docket No. 587] (same); *In re KidKraft, Inc.*, No. 24-80045 (MVL) (Bankr. N.D. Tex. June 24, 2024) [Docket No. 241] (same).

⁴⁶⁴ See *In re Container Store Grp., Inc.*, 676 B.R. at 388 (holding that opt out releases are consensual).

⁴⁶⁵ *Id.*

ARTICLE VIII OF THE PLAN CONTAINS RELEASE, EXCULPATION, DISCHARGE, AND INJUNCTION PROVISIONS, AND ARTICLE VIII.D CONTAINS A THIRD-PARTY RELEASE. ACCORDINGLY, YOU ARE ADVISED TO REVIEW AND CONSIDER THE PLAN CAREFULLY BECAUSE IT MIGHT AFFECT YOUR RIGHTS.

IF YOU ARE A HOLDER OF A CLAIM AND/OR INTEREST IN A NON-VOTING CLASS PRESUMED TO ACCEPT THE PLAN AND DO NOT (A) ELECT TO OPT OUT OF THE RELEASES CONTAINED IN ARTICLE VIII.C OR VIII.D OF THE PLAN OR (B) TIMELY FILE AN OBJECTION TO SUCH RELEASES (WITH THE BANKRUPTCY COURT ON THE DOCKET OF THE CHAPTER 11 CASES) THAT IS UNRESOLVED AT CONFIRMATION, YOU WILL BE DEEMED TO HAVE EXPRESSLY, UNCONDITIONALLY, GENERALLY, INDIVIDUALLY, AND COLLECTIVELY CONSENTED TO THE RELEASE AND DISCHARGE OF ALL OF YOUR CLAIMS, INTERESTS, AND CAUSES OF ACTION AGAINST THE DEBTORS AND THE RELEASED PARTIES.

IF YOU ARE A HOLDER OF A CLAIM AND/OR INTEREST IN A NON-VOTING CLASS DEEMED TO REJECT THE PLAN AND WISH TO PARTICIPATE IN THE RELEASES CONTAINED IN ARTICLE VIII.C OR VIII.D OF THE PLAN YOU MAY ELECT TO OPT IN TO SUCH RELEASES.

THE RELEASE, EXCULPATION, INJUNCTION, AND DISCHARGE PROVISIONS AND RELATED DEFINITIONS CONTAINED IN THE PLAN ARE INCLUDED IN THIS NOTICE.

263. Each Ballot, the Combined Hearing Notice, the Notice of Non-Voting Status (including the Opt-Out Form or Opt-In Form, as applicable) also contained the full text of Article VIII.D of the Plan—the Third-Party Release itself.⁴⁶⁶ In addition to serving Solicitation Packages on the Voting Classes and the Notice of Non-Voting Status (including the Opt-Out Form or Opt-In Form, as applicable) on Non-Voting Parties, the Debtors served the Combined Hearing Notice on parties in the Voting Classes and the Non-Voting Classes.⁴⁶⁷ Further, the Debtors published the Publication Notice in *The New York Times* (national edition) on April

⁴⁶⁶ See Voting Report ¶¶ 17–20.

⁴⁶⁷ See *id.* ¶¶ 7–9.

23, 2026,⁴⁶⁸ and *The New York Times* (international edition) on April 29, 2026.⁴⁶⁹ There is ample evidence that the process worked—as set forth in the Voting Report, **1,824 purported Holders of Claims timely submitted Opt-Out Forms and Ballots that checked the election box, and letters to that effect, and another 127 purported Holders of Claims & Interests timely submitted Opt-In Forms that checked the election box to exercise their rights to opt-out of or opt in to the Plan’s releases, as applicable.**⁴⁷⁰

264. Ultimately, chapter 11 is a collective proceeding meant to maximize the prospect for a debtor’s “fresh start,” so long as a debtor satisfies its obligations under the Bankruptcy Code in good faith and consistent with due process. Where, as here, a debtor satisfies its due process obligations, parties in interest may waive their rights by failing to participate. Thus, “[i]f a creditor wants to preserve his right to object to Confirmation, on whatever ground, *he must file an objection*. If he does not file an objection, he generally cannot complain about the results of the confirmation proceeding—even if he voted to reject the plan.”⁴⁷¹ In addition to informing recipients of key elements in the Chapter 11 Cases, the Combined Hearing Notice detailed the

⁴⁶⁸ See *Proof of Publication* [Docket No. 127] (noting the publication of the Publication Notice in *The New York Times* (national edition) on April 23, 2026).

⁴⁶⁹ See *Proof of Publication* [Docket No. 146] (noting the publication of the Publication Notice in *The New York Times* (international edition) on April 27, 2026).

⁴⁷⁰ See Voting Report, Exhibit C-1, Exhibit C-2, Exhibit D (describing Opt-Out Form and Opt-In Form submissions, inclusive of any potential defective or untimely submissions). At the direction of Debtors’ counsel, Kroll reviewed and processed elections to opt-out of the Plan’s Third-Party Release for certain Arbitration Claimants (as defined in the proposed Confirmation Order) represented by Labaton Keller Sucharow LLP (“Labaton”) submitted via the “Arbitration Claimants’ Master Form for Opting Out of Releases” completed by counsel to Labaton and provided to Kroll and proposed counsel to the Debtors via email dated May 21, 2026. The Arbitration Claimants are not included in Exhibit C-1 of the Voting Report for confidentiality purposes.

⁴⁷¹ *In re U.S. Fidelis, Inc.*, 481 B.R. 503, 517 (Bankr. E.D. Mo. 2012) (emphasis added); see also *In re Camp Arrowhead*, 451 B.R. 678, 702 (Bankr. W.D. Tex. 2011) (“Without an objection, this court was entitled to rely on . . . silence to infer consent at the confirmation hearing[.]”) (citing *Pacific Lumber*, 584 F.3d 229, 253 (5th Cir. 2009); *In re Pilgrim’s Pride Corp.*, 2010 WL 200000, at *5 (Bankr. N.D. Tex. Jan. 14, 2010)) (holding substantially the same); *Republic Supply*, 815 F.2d at 1050; *Wool Growers*, 371 B.R. at 775–76 (same).

Third-Party Release and the opportunity to opt out of or opt into the Third-Party release, as applicable.

265. As contemplated by and specifically stated in the Debtors' Solicitation Materials and the Combined Hearing Notice, the Debtors have agreed to carve out all parties that specifically objected to their inclusion as a Releasing Party under the Third-Party Release. Accordingly, the Third-Party Release is appropriate under Fifth Circuit law as a *consensual* third-party release.

266. In addition to being consensual, the Third-Party Release satisfies the other factors referenced in *Republic Supply* and its progeny. *First*, the Third-Party Release is sufficiently specific—applying only to the enumerated Releasing Parties and listing potential Causes of Action to be released.⁴⁷² *Second*, the Third-Party Release is integral to the Plan and a condition of the comprehensive settlement embodied therein. The provisions of the Plan and RSA were heavily negotiated. The Third-Party Release (together with the Debtor Release) is a key component of the Debtors' restructuring and a key inducement to bring stakeholders to the bargaining table. In other words, the Debtors' key stakeholders are unwilling to support the Plan without the assurance that they and their collateral and interests would not be subject to post-emergence litigation or other disputes related to restructuring. The Third-Party Release therefore not only benefits the non-Debtor Released Parties, but also the Debtors' post-emergence enterprise as a whole.

267. *Third*, the Third-Party Release was given for consideration. Parties who opt in or do not opt out of the Third-Party Release provide releases to and also receive releases from the Released Parties. As described above, each of the Released Parties have provided and continue to provide benefits to all parties in interest from the transactions contemplated by the Plan and the

⁴⁷² See Plan, Art. VIII.D (specifically describing the nature and type of claims released); Art. I.A.21 (specifically listing the Released Parties).

significant contributions of the Released Parties in furtherance thereof, as such contributions have resulted in a restructuring that will allow the Debtors to successfully emerge from bankruptcy with a greatly deleveraged balance sheet, positioning them for future success. The significant consideration provided by the Released Parties inured not only to the benefit of the Debtors as described above but also to the benefit of all stakeholders by allowing the Chapter 11 Cases to efficiently proceed, and thus maximize the value of the Debtors' business. All parties in interest benefit from the Restructuring Transactions contemplated by the Plan, which will greatly improve the Debtors' liquidity profile and position them for future success.

268. Even though the Plan's Third-Party Release is in compliance with *Container Store* and *Pine Gate*, the U.S. Trustee objects to the Third-Party Release as impermissible, in line with the U.S. Trustee's apparent institutional opposition to opt-out releases.⁴⁷³ Specifically, the U.S. Trustee contends that state law, rather than bankruptcy law, should govern any issues regarding release of third parties and asserts that silence or a failure to opt out are insufficient to confer consent.⁴⁷⁴ This is despite the fact that the district court recently held that opt out releases are permissible under state contract law,⁴⁷⁵ and further determined that federal law—not state law—should apply.⁴⁷⁶ The U.S. Trustee's arguments regarding the Third-Party Release are unsupported by applicable legal precedent in this district and should be overruled.

⁴⁷³ See U.S. Trustee Objection ¶¶ 19–60.

⁴⁷⁴ See *id.* ¶¶ 24–41.

⁴⁷⁵ See *In re Container Store Grp., Inc.*, 676 B.R. at 385 (“A rule that permits opt-outs on a case-by-case basis also complies with the ‘general rules’ of contract law.”) (citing *Elec. Reliability Council of Tex. v. May (In re Tex. Com. Energy)*, 607 F.3d 153, 158 (5th Cir. 2010)).

⁴⁷⁶ See *id.* at *9 (“The court concludes that there are two separate and independent bases of federal authority that require the application of federal law, rather than state contract law, to the question of whether claimants have ‘consented’ to third-party releases contained in a bankruptcy reorganization plan.”).

269. The U.S. Trustee presents multiple arguments to support that an opt-out third-party release is nonconsensual and therefore prohibited under *Purdue*.⁴⁷⁷ The basis for the contention that the Third-Party Release is not consensual is that consent “cannot be inferred from . . . silence.”⁴⁷⁸ However, the district court⁴⁷⁹ was clear that silence and/or failing to opt out of a third-party release *is sufficient to confer consent*. Indeed, as the *Container Store* court put it, “‘silence and inaction operate as an acceptance’ when ‘the offeror has stated or given the offeree reason to understand that assent may be manifested by silence or inaction, and the offeree in remaining silent and inactive intends to accept the offer.’”⁴⁸⁰ Failing to opt out constitutes affirmative consent, particularly given the Debtors’ extensive communication with Holders of Claims and Interests throughout these Chapter 11 Cases. Holders have received consistent engagement and notice, including the notice of and the Solicitation Materials and Combined Hearing Notice.⁴⁸¹ To suggest that parties in interest are unaware of their right and opportunity to opt-out due to a lack of response fails to acknowledge the effectiveness of the bankruptcy process as a whole.

270. Instead of relying on caselaw from this district, the U.S. Trustee references non-bankruptcy cases to assert that a creditor must sign an agreement for a release to be

⁴⁷⁷ See U.S. Trustee Objection ¶¶ 24–60.

⁴⁷⁸ *Id.* ¶ 42–44.

⁴⁷⁹ See *In re Container Store Grp., Inc.*, 676 B.R. at 387 (“When reorganizations plans are achieved through hard-fought negotiation by the interested parties, including those similarly situated to the silent creditor; inure to the creditor’s benefit; give creditors proper notice; and require substantial consent to the third-party releases for the plan’s success, it is reasonable to infer an intent to accept the plan from a creditor’s silence.”).

⁴⁸⁰ *In re Container Store Grp., Inc.*, 676 B.R. at 385 (quoting Restatement (Second) of Contracts § 69(1)(b) (Am. L. Inst. 1981)).

⁴⁸¹ See *Affidavit of Service* [Docket No. 80].

consensual.⁴⁸² That is not the prevailing standard for consensual third-party releases in chapter 11 plans. Rather, “[i]n determining whether a release is consensual, this Court must look to factors like notice, the deadline to object, the voting deadline, the opportunity to opt-out, and whether the releases are narrowly tailored and core to the proceeding.”⁴⁸³ As detailed in paragraphs 257 to 267, the Debtors meet this standard, and the Third-Party Release is consensual. Further, nothing in *Purdue* now requires courts in the Fifth Circuit to alter their approach or revisit what qualifies as a consensual release.⁴⁸⁴ Indeed, post-*Purdue*, courts in the Fifth Circuit continue to find that opt-out releases are consensual.⁴⁸⁵ Despite this, the U.S. Trustee is verbatim asking the court to “reject *Container Store*”⁴⁸⁶ and ignore precedent in this district.

271. The Debtors’ Plan complies with both *Container Store*⁴⁸⁷ and *Pine Gate*,⁴⁸⁸ by excluding all Holders of Claims and Interests in the Classes deemed to reject the Plan—Classes A6, A7, A8, B8, C7, and D6—from the definition of “Releasing Parties” unless such Holders affirmatively opt in to the releases. Thus, only Classes that would receive a recovery under the

⁴⁸² See U.S. Trustee Objection ¶ 29.

⁴⁸³ *In re Container Store Grp., Inc.*, No. 24-90627 (ARP) (Bankr. S.D. Tex. Apr. 7, 2025) [Docket No. 280] at 9, *aff’d* 676 B.R. 365 (S.D. Tex. 2026).

⁴⁸⁴ The Supreme Court expressly did not “call into question *consensual* third-party releases” nor “express a view on what qualifies as a consensual release.” *Purdue*, 603 U.S. at 226 (emphasis in original).

⁴⁸⁵ See, e.g., *In re Container Store Grp., Inc.*, 676 B.R. at 388 (holding that opt out releases are permissible); *In re Pine Gate Renewables, LLC*, No. 25-90669 (CML) [Docket No. 1483], ¶ 10 (Bankr. S.D. Tex. Feb. 19, 2026) (same).

⁴⁸⁶ U.S. Trustee Objection ¶ 44.

⁴⁸⁷ See *In re Container Store Grp., Inc.*, 676 B.R. at 390 (“[T]he third-party releases are consensual, with the exception of claimants in Class 5 and Class 8, who received no recovery under the Plan and were deemed to reject it.”).

⁴⁸⁸ See *Pine Gate*, No. 25-90669 (CML) [Docket No. 1483], ¶ R(b) (Bankr. S.D. Tex. Feb. 19, 2026) (“[T]he Holders of Subordinated Claims in Class 6 shall not constitute Releasing Parties and shall not be bound by the Third-Party Release in their capacities as such, irrespective of whether they opted out of the Third-Party Release.”).

Plan, and thus have an incentive to participate in the process, will need to opt out to avoid consenting to the Third-Party Release.⁴⁸⁹ In addition, the Debtors provided Holders of Claims and Interests in the Classes deemed to reject the Plan with Opt-In Forms, affording them the opportunity to voluntarily participate in the Third-Party Release should they choose to do so. To the extent any such Holders elected to opt in, their inclusion as Releasing Parties is the product of affirmative consent and is undoubtedly permissible under Fifth Circuit law.

272. By satisfying the requirements in Republic Supply, Container Store, and Pine Gate, the Third-Party Release meets the standard for approval by the Bankruptcy Court and is consistent with Fifth Circuit law. Indeed, the consensual Third-Party Release in the Plan is “appropriate, [and] afford[s] affected parties constitutional due process, and a meaningful opportunity to opt out.”⁴⁹⁰

273. Accordingly, the Debtors submit that the U.S. Trustee Objection should be overruled, and the Third-Party Release should be approved.

C. The Exculpation Provision Is Appropriate and Complies with the Bankruptcy Code.

274. Article VIII.E of the Plan provides that the Exculpated Parties—which include each of the Debtors and their independent directors—shall be released and exculpated from any Cause of Action arising out of acts or omissions in connection with these Chapter 11 Cases and certain

⁴⁸⁹ See *In re Container Store Grp., Inc.*, 676 B.R. at 390 (“Courts consistently avoid applying releases to claimants who receive nothing under a reorganization plan.”) (citations omitted).

⁴⁹⁰ *In re Robertshaw US Holding Corp.*, 662 B.R. at 323.

related transactions, except for acts or omissions that are found to have been the product of actual fraud, willful misconduct, or gross negligence (the “Exculpation Provision”).⁴⁹¹

275. At the outset, it is important to underscore the difference between the Third-Party Release and the Exculpation Provision. Unlike the Third-Party Release, the Exculpation Provision does not affect the liability of third parties *per se*, but rather sets a standard of care of gross negligence, willful misconduct, or actual fraud in hypothetical future litigation against an Exculpated Party for acts arising out of the Debtors’ restructuring. A bankruptcy court has the power to approve an exculpation provision in a chapter 11 plan because a bankruptcy court cannot confirm a chapter 11 plan unless it finds that the plan has been proposed in good faith. As such, an exculpation provision represents a legal conclusion that flows inevitably from several different findings a bankruptcy court must reach in confirming a plan. Once the court makes its good faith finding, it is appropriate to set the standard of care of the fiduciaries involved in the formulation of that chapter 11 plan. Exculpation provisions, therefore, appropriately prevent future collateral attacks against fiduciaries of the Debtors’ Estates.

276. The Exculpation Provision is consistent with Fifth Circuit law; namely, *Highland I*, where the court expressly adopted and applied Fifth Circuit precedent providing qualified immunity to “bankruptcy trustees,” which extends to a debtor in possession under section 1107 of the Bankruptcy Code, “for any actions short of gross negligence,” willful misconduct, and actual fraud.⁴⁹² Case law in this circuit and others is clear that where a bankruptcy trustee is not appointed, a debtor in possession’s directors are considered fiduciaries both to the debtor in

⁴⁹¹ The foregoing description is meant as a summary of the operative Plan provisions only. To the extent there is any conflict between the foregoing summary and the definitions of “1125(e) Exculpation Party” and “Exculpated Parties” contained in Article I of the Plan, the Plan shall control.

⁴⁹² See *NexPoint Advisors, L.P., et al. v. Highland Cap. Mgmt., L.P. (In re Highland Cap. Mgmt., L.P.)*, 48 F.4th 419, 437–38 (5th Cir. 2022) (“Highland I”).

possession and to the creditors, just as a trustee would be if one were appointed.⁴⁹³ The Plan therefore appropriately includes the Debtors as Exculpated Parties, consistent with *Highland I* and this District’s precedent, for actions taken prior to the Effective Date.

277. Further, while in *Highland II*, the Fifth Circuit clarified that the scope of such provisions may be no broader than the underlying claims being exculpated, *Highland II* is not relevant to the facts of these Chapter 11 Cases.⁴⁹⁴ *Highland II* only applies to *nonconsensual* releases, whereas here, as discussed in detail above, the Third-Party Release is *consensual*.⁴⁹⁵

278. Here, the Exculpation Provision in the Plan is an integral piece of the overall settlement embodied by the Plan. It is limited to parties who have performed valuable services as fiduciaries of the Debtors’ Estates in connection with the Debtors’ restructuring, and is the product of good faith, arm’s-length negotiations. The Exculpation Provision is narrowly tailored to exclude acts of actual fraud, willful misconduct, or gross negligence, and relates only to acts or omissions in connection with, or arising out, of the Debtors’ restructuring. As such, the

⁴⁹³ See *Commodity Futures Trading Comm’n v. Weintraub*, 471 U.S. 343, 355 (1985) (“[I]f a debtor remains in possession—that is, if a trustee is not appointed—the debtor’s directors bear essentially the same fiduciary obligation to creditors and shareholders as would the trustee for a debtor out of possession.”); see also *In re Hous. Reg’l Sports Network, L.P.*, 505 B.R. 468, 481 (Bankr. S.D. Tex. 2014) (“[T]he willingness of courts to leave debtors in possession ‘is premised upon an assurance that the officers and managing employees can be depended upon to carry out the fiduciary responsibilities of a trustee.’”) (emphasis removed); *National Convenience Stores v. Shields (In re Schepps Food Stores, Inc.)*, 160 B.R. 792, 797 (Bankr. S.D. Tex. 1993) (“Section 1107(a) of the [Bankruptcy] Code enables a debtor to take the place of the trustee, with few exceptions, as a [d]ebtor-in-[p]ossession Recognizing that corporations are in reality legal fictions, in such instances it is the debtor’s management which takes on the heightened fiduciary obligations of the trustee.”); *Mims v. Kennedy Cap. Mgmt., Inc. (In re Performance Nutrition, Inc.)*, 239 B.R. 93, 111 (Bankr. N.D. Tex. 1999) (“The officers and directors of a debtor in possession owe the same fiduciary duties as a trustee in bankruptcy.”).

⁴⁹⁴ See *Highland Cap. Mgmt. Fund Advisors, L.P. v. Highland Cap. Mgmt. L.P. (In re Highland Cap. Mgmt., L.P.)*, 132 F.4th 353, 361 (5th Cir. 2025) (“Highland II”) (“We otherwise affirm the inclusion of the injunction and the gatekeeper provisions in the Plan.”).

⁴⁹⁵ See *id.* at 358–59 (“Even before *Purdue Pharma*, this court had held the same: that any provision that **non-consensually releases** non-debtors from liability for debts and/or conduct, and any injunction that acts to shield non-debtors from such liability, must be struck from a bankruptcy confirmation plan.”) (emphasis added).

Exculpation Provision is a critical component of the Plan, and along with the Debtor Release, forms an integral piece of the overall settlement embodied in the Plan.

279. Further, the Exculpated Parties have participated in good faith and in compliance with the applicable laws with regard to the solicitation of votes, distribution of consideration pursuant to the Plan, and all the actions taken in the collective effort to issue the QVC New Equity Interests.

280. The U.S. Trustee objected to the scope of the Exculpation Provision initially contained in the Plan.⁴⁹⁶ Specifically, the U.S. Trustee objected to the inclusion of more than the Debtors and the Committee and its members.⁴⁹⁷ The Debtors believe that they have resolved the U.S. Trustee's objection by modifying the Exculpation Provision to limit the scope to only the Debtors, the Disinterested Directors and the Committee and its members. Thus, the Debtors believe this modification resolves the U.S. Trustee's objection to the Exculpation Provision.

281. Accordingly, under Article VIII.E of the Plan, the Exculpated Parties are also exculpated, to the extent provided by section 1125(e) of the Bankruptcy Code and the Exculpation Provision should be approved.

D. The Injunction Provision Is Appropriate and Complies with the Bankruptcy Code.

282. The injunction provision set forth in Article VIII.F of the Plan (the "Injunction Provision") is a necessary part of the Plan because it enforces the Exculpation Provision that is critically important to the Plan. The U.S. Trustee objected to the Injunction Provision on the grounds that it cannot: "(i) enjoin interference with the Plan; (ii) enforce the non-debtor releases;

⁴⁹⁶ U.S. Trustee Objection ¶ 65.

⁴⁹⁷ *Id.*

and (iii) seek to direct all released claims to the bankruptcy court.”⁴⁹⁸ In its objection, the U.S. Trustee included language that would resolve its objection. The Debtors have amended the language in the Injunction Provision to only apply to claims against the Exculpated Parties and to remove the language directing all released claims to the Bankruptcy Court.⁴⁹⁹ Because the Debtors believe the Third-Party Release is consensual and should be approved, the Debtors did not modify the Injunction Provision to limit the applicability to claims released thereunder.

283. The Injunction Provision affords the Debtors and their stakeholders a greater degree of certainty with respect to the Chapter 11 Cases and the Restructuring Transactions by requiring the Bankruptcy Court’s authorization for parties to commence or pursue Claims or Causes of Action that relate to or are reasonably likely to relate to any act or omission in connection with, relating to, or arising out of a Claim or Cause of Action subject to the Exculpation Provision. As such, to the extent the Bankruptcy Court finds that the Plan’s Exculpation Provision is appropriate, the Bankruptcy Court should approve the Injunction Provision.⁵⁰⁰

V. The Plan Settlements and Compromises Satisfy Bankruptcy Rule 9019.

284. The settlements and compromises embodied in the Plan should be approved because they are fair and equitable and in the best interests of the Debtors’ Estates. As explained further in Section I, “[t]he standard for evaluating the validity of a settlement contained in a Chapter 11 plan is the same as the standard for evaluating a settlement between a debtor and another party outside the context of a plan Stated differently, settlement provisions in a

⁴⁹⁸ U.S. Trustee Objection ¶ 61.

⁴⁹⁹ See Plan Art. VIII.F.

⁵⁰⁰ See, e.g., *In re Camp Arrowhead, Ltd.*, 451 B.R. at 701–02 (holding that “the Fifth Circuit does allow permanent injunctions *so long as there is consent*. Without an objection, this court was entitled to rely on . . . silence to infer consent at the confirmation hearing”) (citing *Bank of New York Trust Co., NA v. Off. Unsecured Creditors’ Comm. (In re Pac. Lumber Co.)*, 584 F.3d 229, 253 (5th Cir. 2009)).

Chapter 11 plan must satisfy the standards used to evaluate compromises under [Bankruptcy] Rule 9019.”⁵⁰¹ Accordingly, approval should be given “if the settlement is ‘fair and equitable and in the best interest of the estate.’”⁵⁰²

285. Here, the compromises and settlements embodied in the Plan are the result of extensive good faith, arm’s-length negotiations among the Debtors and their key stakeholders. Specifically, as of the Combined Hearing, Holders of Claims in the Voting Classes—Class B3 (RCF Claims against the QVC Debtors), Class B4 (QVC Notes Claims against the QVC Debtors), and Class C3 (LINTA Notes Claims)—have overwhelmingly voted to accept the Plan, which compromises their Claims and significantly deleverages the Debtors’ balance sheet. The compromises and settlements embodied in the Plan are integral to the Plan and preserve value by enabling the Debtors to avoid extended, value-eroding litigation that could delay the Debtors’ emergence from chapter 11. Accordingly, the compromises and settlements embodied in the Plan are in the best interest of the Estates, are justified under the controlling Fifth Circuit standard and Bankruptcy Rule 9019, and should be approved.

VI. Modifications to the Plan Do Not Require Resolicitation.

286. Section 1127(a) of the Bankruptcy Code provides that a plan proponent may modify its plan at any time before Confirmation as long as such modified plan satisfies the requirements of sections 1122 and 1123 of the Bankruptcy Code.⁵⁰³ Further, when the proponent

⁵⁰¹ *In re Bigler LP*, 442 B.R. 537, 543 n.6 (Bankr. S.D. Tex. 2010) (citing *In re MCorp Fin., Inc.*, 160 B.R. 941, 951 (S.D. Tex. 1993)).

⁵⁰² *In re Cajun Elec. Power Coop., Inc.*, 119 F.3d at 355 (quoting *Rivercity v. Herpel (In re Jackson Brewing Co.)*, 624 F.2d 599, 602 (5th Cir. 1980)) (additional citations omitted).

⁵⁰³ *See* 11 U.S.C. § 1127(a) (“The proponent of a plan may modify such plan at any time before confirmation, but may not modify such plan so that such plan as modified fails to meet the requirements of sections 1122 and 1123 of this title.”); *In re ASARCO LLC*, 420 B.R. 314, 340 (Bankr. S.D. Tex. 2009) (“The

of a plan files the plan with modifications with the court, the plan as modified becomes the plan.⁵⁰⁴ Bankruptcy Rule 3019 provides that modifications after a plan has been accepted will be deemed accepted by all creditors and equity security holders who have previously accepted the plan if the court finds that the proposed modifications do not adversely change the treatment of the claim of any creditor or the interest of any equity security holder.⁵⁰⁵ Interpreting Bankruptcy Rule 3019, courts have consistently held that a proposed modification to a previously accepted plan will be deemed accepted where the proposed modification is not material or does not adversely affect the way creditors and stakeholders are treated.⁵⁰⁶

VII. Good Cause Exists to Waive the Stay of the Confirmation Order and the U.S. Trustee’s Objection Should Be Overruled.

287. Bankruptcy Rule 3020(e) provides that “[u]nless the court orders otherwise, a confirmation order is stayed for 14 days after its entry.”⁵⁰⁷ Bankruptcy Rules 6004(h)⁵⁰⁸ and

Bankruptcy Code addresses plan amendment prior to confirmation, and provides as a general proposition that such modification is permitted so long as the modifications do not render the plan unconfirmable.”)

⁵⁰⁴ See 11 U.S.C. § 1127(a) (“After the proponent of a plan files a modification of such plan with the court, the plan as modified becomes the plan.”).

⁵⁰⁵ See Fed. R. Bankr. P. 3019(a) (“In a Chapter 9 or 11 case, after a plan has been accepted and before confirmation, the plan proponent may file a modification. The modification is considered accepted by any creditor or equity security holder who has accepted it in writing.”).

⁵⁰⁶ See, e.g., *In re Fieldwood Energy LLC*, No. 20-33948 (MI), 2021 WL 2853151, at *16 (Bankr. S.D. Tex. June 25, 2021) (“The modifications to the Plan since the commencement of solicitation . . . do not materially adversely affect or change the treatment of any Claims. Accordingly, pursuant to Bankruptcy Rule 3019 . . . such modifications do not require additional disclosure under section 1125 of the Bankruptcy Code or re-solicitation of votes under section 1126 of the Bankruptcy Code, nor do they require that holders of Claims be afforded an opportunity to change previously cast acceptances or rejections of the Plan.”); *In re 4 West Holdings, Inc.*, 593 B.R. 448, 460 (Bankr. N.D. Tex. 2018) (“The Court also notes that Bankruptcy Rule 3019 looks to the adversity of changes in treatment of claims rather than the materiality of changes to a plan.”).

⁵⁰⁷ Fed. R. Bankr. P. 3020(e).

⁵⁰⁸ See Fed. R. Bankr. P. 6004(h) (providing stay related to the use, sale, or lease of property).

6006(d)⁵⁰⁹ provide similar stays to orders authorizing the use, sale, or lease of property (other than cash collateral) and orders authorizing a debtor to assign an executory contract or unexpired lease under section 365(f) of the Bankruptcy Code. Each rule also permits modification of the imposed stay upon court order.

288. To implement the Plan, the Debtors seek a waiver of the 14-day stay of an order confirming a chapter 11 plan under Bankruptcy Rule 3020(e). The Debtors submit that good cause exists for waiving and eliminating any stay of the Confirmation Order pursuant to Bankruptcy Rules 3020, 6004, and 6006 so that the Confirmation Order will be effective immediately upon its entry. As the evidence will show, these Chapter 11 Cases and the Restructuring Transactions contemplated in the Plan have been negotiated in good faith, implemented with a high degree of transparency, and premised on preserving the value of the operating Debtors as a going concern. The Debtors' swift emergence from chapter 11 is an important component of their restructuring, and requiring the Debtors to pause their restructuring efforts after Confirmation would be prejudicial to all parties in interest that continue to incur the cost and expense of the Chapter 11 Cases. For these reasons, the Debtors request a waiver of stay imposed by the Bankruptcy Rules so that the Confirmation Order may be effective immediately upon its entry.

289. The U.S. Trustee argues that a waiver of the 14-day stay imposed by Rule 3020(e) is not appropriate in these Chapter 11 Cases.⁵¹⁰ However, as set out above, the Debtors and their stakeholders have worked tirelessly throughout these cases to build consensus around a value-maximizing plan of reorganization and—where not possible—efficiently litigate to bring these

⁵⁰⁹ See Fed. R. Bankr. P. 6006(d) (providing stay related to the assumption, rejection, or assignment of executory contracts or unexpired leases).

⁵¹⁰ See U.S. Trustee Objection ¶¶ 77–79.

Chapter 11 Cases to a prompt conclusion, given the complexities involved in their operations and the burdens of operating in chapter 11. With each additional day in chapter 11 generating administrative expense, it is critical that the Debtors emerge from these cases as soon as possible to preserve remaining value for all stakeholders. A waiver of the Rule 3020(e) stay is necessary to (1) provide all stakeholders with certainty, (2) curtail the costs of administering these Chapter 11 Cases to preserve the value of the Debtors' Estates, and (3) ensure that the Plan is implemented in a timely manner, including the distributions to Holders of Claims that are contemplated thereunder. Therefore, the U.S. Trustee's objection to the waiver of the Rule 3020(e) stay should be overruled.

CONCLUSION

290. For all of the reasons set forth herein, and as will be further shown at the Combined Hearing, the Bankruptcy Court should approve the Disclosure Statement, approve the Intercompany Settlement, and confirm the Plan as fully satisfying all of the applicable requirements of the Bankruptcy Code by entering the Confirmation Order and granting such other and further relief as is just and proper.

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Dated: June 1, 2026

/s/ Jason S. Brookner

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Proposed Co-Counsel for the Debtors and Debtors in Possession

Proposed Co-Counsel for the Debtors and Debtors in Possession

Certificate of Service

I certify that on June 1, 2026, I caused a copy of the foregoing document to be served by the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas. Additionally, the foregoing document will be served as set forth in a forthcoming affidavit filed by the Debtors' proposed claims agent.

/s/ Jason S. Brookner

Jason S. Brookner