OUR PATH FORWARD

OUR PURPOSE
Enrich Life’s Everyday Moments Through The Experiences We Create, The Connections We Make, And The Products We Curate

OUR CUSTOMER PROMISES

Qurate
To deliver the joy of discovery through the power of relationships

HSN
To deliver the thrill of discovery through Inspiring her passions

Zulily
To deliver the unexpected every day, helping customers discover new and unique finds at prices they can brag about

Cornerstone
To deliver inspirations that help customers enjoy, enhance, and celebrate life

OUR RESPONSIBILITY

Protecting The Planet
Supporting Our Communities
Sourcing Ethically
Fostering Supportive And Inclusive Workplaces

OUR PRINCIPLES

Drive Progress
Act With Empathy
Be Brave
Embrace The Future
Do What’s Right

OUR OUTCOMES

Top Quartile Team Engagement
Multi-Generational Customer Expansion
Strong Revenue, Adjusted OIBDA, And Cash Flow
Direct-To-Consumer Shopping Experiences At Scale

Revenue
$14.1B

61% 19% 13% 7%

QxH   QVC International   Zulily   Cornerstone Brands

Top 10 ECOMMERCE³
270+ SOCIAL PAGES

220M+ PACKAGES SHIPPED
22K BRANDS

15 TV NETWORKS¹
380M HOMES REACHED¹

11 WEBSITES
2.5B DIGITAL SESSIONS²

24M+ CUSTOMERS⁴

10M FACEBOOK FANS

FY 2018 data
¹Includes QVC’s JV in China
²Includes web, mobile web, and apps
³In North America (Source: Internet Retailer)
⁴Represents total customers across consolidated QVC, HSN, Zulily, and the Cornerstone brands

Includes QVC’s JV in China
Includes web, mobile web, and apps
In North America (Source: Internet Retailer)
Represents total customers across consolidated QVC, HSN, Zulily, and the Cornerstone brands
Performance Since QRI Formation

LFCF Yield vs. Share Price

1LFCF yield defined as TTM LFCF divided by market cap at quarter end
LFCF calculated as cash flow from operations less capex, less TV distributions, less dividend to Mitsui, per company filings
Today’s Discussion

QVC & HSN
  • DEEP DIVE
  • STRATEGIC PRIORITIES

ZULILY & CORNERSTONE

FINANCIAL UPDATE
  • OPERATING COMPANY
  • CORPORATE
Focused On Addressing Recent US Performance Challenges

US Revenue Performance
Year-on-Year Change

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International Revenue Performance
Year-on-Year Change

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<tbody>
<tr>
<td>Q1</td>
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<td>Q2</td>
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<tr>
<td>Q3</td>
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<tr>
<td>Q4</td>
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<td>1</td>
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</tr>
</tbody>
</table>

Today...

- Why QVC/HSN brands and business remain relevant
- What is driving recent performance challenges in US
- What actions we’re taking to improve trend

1Based on constant currency
Shopping Experience More Relevant Than Ever

- Immersive Video-Rich Experiences
- Flexible Payment Options
- Astounding Customer Engagement And Loyalty
- Platform For Brand Building
- Curated Discoveries
- Intense Social Engagement
- Aggregator Of Live Audiences
- Built Around Influencers
- Low Marketing Spend

QVC & HSN – DEEP DIVE
Delivered Through Two Distinct And Powerful Brands

To deliver the joy of discovery through the power of relationships

To deliver the thrill of discovery through inspiring her passions

1China JV not included in QVC International segment results
# The Third Way To Shop

<table>
<thead>
<tr>
<th>QVC/HSN Digital Commerce</th>
<th>Transactional eCommerce</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discovery-driven</td>
<td>Search-driven</td>
</tr>
<tr>
<td>Engagement and shopping</td>
<td>Transaction speed and efficiency</td>
</tr>
<tr>
<td>Curated, exclusive head items</td>
<td>Undifferentiated long tail</td>
</tr>
<tr>
<td>Quality control and supplier responsibility</td>
<td>Marketplace approach</td>
</tr>
<tr>
<td>Story-rich and meaningful products/categories</td>
<td>Broader, more commodity-oriented offerings</td>
</tr>
<tr>
<td>Urgency and limited time/quantities</td>
<td>Endless stuff</td>
</tr>
<tr>
<td>First price often best price</td>
<td>Unpredictable, algorithmic pricing</td>
</tr>
<tr>
<td>Powered by super users</td>
<td>Broad customer base</td>
</tr>
</tbody>
</table>

**VS.**
Unique Product Curation Strategy

Products With Stories To Tell
- Items, not assortments
- Meaningful/emotionally resonant
- Solutions
- Impulse oriented
- Exclusivity and special offers

Category Mix Evolves Organically
- Categories grow/shrink based on customer response

Head Items, Not Long Tail
- TSV/TS: 20%-30% of daily sales
- Top 100: 60%-70% of daily sales

Variety Critical
- 370-460 brands, 2,000-2,700 items aired/month
- Average item aired 1.6-1.7x/month

Newness Critical
- 30-60 new items/day on air
- 20-30 new brands/month on air
- 70-80 new brands/month off air across QVC and HSN

Curate special products
Trial with digital or 1-2 on-air showings
Grow successful items/brands with added programming and feature deal spots
Best concepts earn TSV/TS slot
Past TSVs/TSs move into regular assortments at higher price
### Minimal Change In Customer Behavior

#### QxH Customer Sales Trends
12 Months Ended September 2019

<table>
<thead>
<tr>
<th></th>
<th>Count</th>
<th>Retention</th>
<th>Purchases</th>
<th>Average Selling Price</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Count</td>
<td>QVC US Retention</td>
<td>HSN Retention</td>
<td>Items Per Customer</td>
</tr>
<tr>
<td></td>
<td>Y/Y Change</td>
<td>Y/Y Change</td>
<td>Y/Y Change</td>
<td>Y/Y Change</td>
</tr>
<tr>
<td>TOTAL</td>
<td>10.7M</td>
<td>69%</td>
<td>64%</td>
<td>16</td>
</tr>
<tr>
<td>Existing</td>
<td>5.5M</td>
<td>90%</td>
<td>86%</td>
<td>27</td>
</tr>
<tr>
<td>New</td>
<td>2.8M</td>
<td>39%</td>
<td>29%</td>
<td>3</td>
</tr>
<tr>
<td>Reactivated</td>
<td>2.4M</td>
<td>56%</td>
<td>52%</td>
<td>3</td>
</tr>
</tbody>
</table>

**Existing customer:** Customer who made a purchase in two consecutive 12-month periods  
**New customer:** Never purchased previously  
**Reactivated customer:** Purchased in past, but not in last 12 months  
**May not foot due to rounding**
Strong New Customer Performance

New Customer Acquisition
Reaccelerating
Year-on-Year Change

QxH New Customers Trending Younger
Index to Total Population, 12 Months Ended September

Millennials 22-38
Gen X 39-54
Baby Boomers 55-73
Silent Generation 74-91
Powered By Super Users
QVC US Example – 12 Months Ended September 2019

Best Customer
20+ Purchases In The Last 12 Months

- 17% of all customers
- 70% of shipped sales
- 70 items per year
- $3.5k average spend
- 99% retention

Best Customers Join Every Year

- Viewer & Visitor Reach
  - 69M TV viewers
  - 1.9M marketing impressions

- New Customers
  - 2.3M in Year 1

- Best New Customers
  - 32K by Year 3
  - 77K by Year 3

New Customers Converting To Best Customers At Stable Rates

- 1.0% in 2013
- 1.1% in 2014
- 1.4% in 2015
- 1.6% in 2016
- 1.6% in 2017
- 1.5% in 2018

1 Source: Comscore based on top 20% of monthly viewers. Includes QVC, QVC2, & QVC3
2 Source: Comscore
3 Estimate based on 2016 to 2018 conversion rate
4 QVC US percent of new customers converting to best customers
QxH Super Users Engage Across TV And Digital Platforms

<table>
<thead>
<tr>
<th></th>
<th>Omni-Channel</th>
<th>Digital</th>
<th>Traditional</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of Sales</td>
<td>35%</td>
<td>19%</td>
<td>16%</td>
</tr>
<tr>
<td>% of Customers</td>
<td>7%</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>% of New Customers¹</td>
<td>4%</td>
<td>8%</td>
<td>3%</td>
</tr>
<tr>
<td>Items Purchased/Year</td>
<td>78</td>
<td>55</td>
<td>55</td>
</tr>
<tr>
<td>Average Annual Spend</td>
<td>$5.0K</td>
<td>$3.8K</td>
<td>$3.2K</td>
</tr>
<tr>
<td>Off-Air % of Spend</td>
<td>33%</td>
<td>46%</td>
<td>14%</td>
</tr>
</tbody>
</table>

¹Represents percent of customers new in the segment (Omni-Channel, Digital, Traditional)
Source: BCG Analysis - Segmentation based on representative subset of ~5% of total QxH customer database
Date range of data – May 1, 2018 to April 30, 2019. Customers who made first purchase in Oct, Nov, Dec of 2018 not included in sample
Recent US Performance Driven By Several Factors

Cyclical Category Challenges

- Slowing industry growth in Fashion/Beauty/Kitchen in 2019

US Industry Category Sales Trends

Year-on-Year Change

Short-Term Integration Pressures

- Organizational distraction
- HSN reset and IDL closure
- Fulfillment optimization costs and service challenges

Changing Environment

### Headwinds

- Declining linear TV viewership
- Growing brand proliferation
- More ways to reach consumers
- Shorter and more volatile product lifecycles
- Intense price competition

### Tailwinds

- Rapid growth in digital media
- Growing importance of:
  - Authentic storytelling
  - Brand building
  - Immersive experiences

Source: NPD

1Source: NPD
QVC & HSN – Strategic Priorities

1. Curate Special Products At Compelling Values
2. Extend Video Reach And Relevance
3. Reimagine Daily Digital Discovery
4. Expand And Engage Our Passionate Community
5. Deliver Joyful Customer Service
QVC & HSN – STRATEGIC PRIORITIES

Curate Special Products At Compelling Values

ASPIRATION
Offer winning products with stories that inspire and excite. Differentiate on compelling all-in value that triggers the impulse to buy.

INITIATIVES
- Expand, optimize, and target product assortments to increase existing customer spend and acquire new customers
  - Win with new categories, brands, and products
  - Expand proprietary/exclusive brands, leveraging D3 capability
  - Expand limited distribution brands/items, short-term collaborations/capsule collections
- Offer compelling value and drive urgency
  - Optimize pricing and promotion, expand installment pays and S&H offers
- Enable through multi-platform organizational investments
QVC & HSN – STRATEGIC_PRIORITIES

D3 (Discovery, Design, Development)
Batallure Beauty Relationship
Exclusive Collaborations
Category Disruptors

Proprietary And Exclusive Brands And Collaborations

APPROXIMATELY
1/3
OF SALES¹

GROWTH AREA

¹LTM ended September 2019. Based on analysis of top 600 brands
Entrepreneurs
Influencers
Capsule Collections
Direct To Consumer Brands

Limited Distribution Brands And Unique Items

APPROXIMATELY 1/4 OF SALES

GROWTH AREA

1LTM ended September 2019. Based on analysis of top 600 brands
QVC & HSN – STRATEGIC PRIORITIES

CURATE SPECIAL PRODUCTS AT COMPELLING VALUES

Launch Exclusivity
Special Bundles/Values
Unique Colors
Select Brands Shared Across QVC And HSN

OVER 40% OF SALES¹

Leading National Brands

¹LTM ended September 2019. Based on analysis of top 600 brands.
QVC & HSN – STRATEGIC PRIORITIES

CURATE SPECIAL PRODUCTS AT COMPELLING VALUES

Growing Market Opportunities

Sustainability
Size Inclusivity
Health And Wellness
Athleisure
Men’s Gifting
QVC & HSN – STRATEGIC PRIORITIES

CURATE SPECIAL PRODUCTS AT COMPPELLING VALUES

Digital-Only Assortments

Extending On-Air Brands
White Space Categories

6% OF TOTAL SALES\(^1\)  18% GROWTH\(^1\)

\(^1\)LTM ended September 2019
QVC & HSN – STRATEGIC PRIORITIES

CURATE SPECIAL PRODUCTS AT COMPELLING VALUES

Highly Differentiated Offer
Long-Time Leader In This Space
Growing Trend For Millennials
Lower Cost Than Third Parties
Aligning Vendor And Customer Payment Terms

Easy Pay And FlexPay

- Get it now
- Pay over time
- No extra charge

EASY PAY - Shop smart. Pay smarter.
Strategic Promotional Lever
Use To Stay Price-Competitive
On National Brands And Key Categories
Drive Urgency
Surprise And Delight

FREE SHIPPING
44% OF SALES INCLUDE FREE S&H

Our 1st-Ever
FREE SHIPPING WEEKEND

Free Standard S&H
SH 12/2 Harry & David (2) 24-Piece Holiday Truffle Auto-Delivery
Available for 6 Easy Payments

YTD October 2019
ASPIRATION

Provide holistic shopping and lifestyle video services across current and next-generation platforms, with relevant content, experiences, and interactive capabilities.

INITIATIVES

• Expand reach across all TV/video platforms
  • Grow MVPD, vMVPD, OTT, OTA
• Increase discoverability, viewership, and engagement
  • Original shopping content
  • Interactive and transactional streaming services
  • Augmented reality
Offsetting Cord Cutting

Total Number Of US Occupied Households

<table>
<thead>
<tr>
<th>% of US Households</th>
<th>Non-Addressable HHs</th>
<th>Online Video Only</th>
<th>OTAs (Digital)</th>
<th>MVPDs</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>113M</td>
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<tr>
<td>2021 (est.)</td>
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Distribution Platforms

- **Online Video Only**
  - **Over-The-Top Examples**: Roku, Apple TV, Fire TV, Comcast Flex, Samsung TV+, Vizio, Pluto TV, Xumo
  - **Social Video Examples**: YouTube, Facebook/FB Live, Instagram/IGTV
  - **Sector Growth Rate**: 12%\(^1\)

- **vMVPDs**
  - **Examples**: AT&T TV Now, Sling, Hulu, YouTube TV, FRNDLY
  - **Sector Growth Rate**: 11%\(^1\)

- **Over-The-Air (Digital)**
  - **Examples**: Ion, Tegna, Nexstar, CBS-DABL
  - **Sector Growth Rate**: 4%\(^1\)

- **MVPDs**
  - **Examples**: Comcast, DirecTV, Charter, Fios
  - **Sector Growth Rate**: (4%)\(^1\)

**QxH Penetration**

- **Online Video Only**: 90%
- **vMVPDs**: 12%
- **Over-The-Air (Digital)**: 65%
- **MVPDs**: 100%

Source: SNL Kagan as of April 2019, unless otherwise noted

\(^1\)3-year CAGR, 2019e-2022e

\(^2\)December 2019 internal estimate
Live Streams Of 6 Channels, VOD And 20 Digitally Native Series

Available On Roku, Amazon Fire TV

On Roku – Top-25 Free App¹ (Among 5000+ Apps Total²)

¹As of November 18, 2019
²As of January 8, 2019. Total apps include free and paid
QVC & HSN – STRATEGIC PRIORITIES

EXTEND VIDEO REACH AND RELEVANCE

AT&T TV NOW
• Launching by year end
• 3 broadcast channels (QVC, QVC 2, HSN) out of approximately 50
• 1.1M subscriber households1

Launched On Samsung TV+, Xumo, Comcast Flex
Exploring Pay And Free Streaming Services

vMPVD And Other Digital Services

1As of September 30, 2019
As of October 2019

Social Video

Instagram
- Brand takeovers

YouTube
- 6 YouTube channels
- All broadcast network live programming and VOD
- 18 digitally native series

Facebook Live
- Average 350+ live hours weekly

1As of October 2019
QVC & HSN – STRATEGIC PRIORITIES

EXTEND VIDEO REACH AND RELEVANCE

- Broadcast Innovation
- 4K–Japan
- Augmented Reality–Italy
- QR Codes–Japan, Germany, UK
### Engagement

<table>
<thead>
<tr>
<th>QxH TV VIEWERSHIP MINUTES</th>
<th>QVC US DIGITAL LIVESTREAM SESSIONS</th>
<th>HSN DIGITAL LIVESTREAM SESSIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>↑7%</td>
<td>↑105%</td>
<td>↑30%</td>
</tr>
</tbody>
</table>

**Roku**
- **TOTAL INSTALLS**: 2.4M
- **MINUTES STREAMED**: 480M

Growth rate calculations based on year-on-year change September 2019 YTD. Roku data as of September 2019 YTD.

1Source: Comscore
Reimagine Daily Digital Discovery

ASPIRATION
Build a habitual, live-like experience on our digital platforms through storytelling, personal connections, and compelling products.

INITIATIVES
- Deliver a seamless shopping experience across our websites and apps
- Invent next-gen digital concepts that drive daily discovery
Reducing Friction By Optimizing Key Points In The Digital Customer Journey

**Discovery**
Increase time on page, time on site, pages viewed, items viewed, bounce rate, % search to product

**Product Experience**
% to product viewed, increase % product to cart

**Purchase**
Increase cart conversion, reduce log-in error

**New Checkout Experience**
- Continued optimizations for mobile devices
- 70% reduction in time to checkout for existing customers since July 2019 launch (15% reduction for new customers)

**Seamless Digital Customer Journey**

- **Speed**
  Reduce time to interactive, bounce rate
QVC & HSN – STRATEGIC PRIORITIES

REIMAGINE DAILY DIGITAL DISCOVERY

Innovating On Our Own Global Platforms

Learning Journeys
Exploring And Dreaming
Individual Representation
ASPIRATION

Drive a comprehensive marketing strategy to aggressively grow the number and spend of avid customers.

INITIATIVES

• Enhance, optimize, and scale performance marketing
• Accelerate our influencer strategy, leveraging social media influencers, hosts, guests, team members, and customers
• Scale marketing strategies that support brand/product launches
Strong Growth In New Customers From Performance Marketing
New Customers LTM Ended September

Diversified Marketing Channels
QxH

- Disciplined 12-month payback period
- Approximately 30% of QxH new customers through performance marketing
- Continuous optimization
  - Investment in attribution model, inclusive of TV impact
  - Ramping investment in marketing technology

1“Comparison Shopping Engines”
People-Powered Marketing Strategy

Influencers
- Hosts
- Customer advocates
- Team members
- Vendors and guests
QVC & HSN – STRATEGIC PRIORITIES

Connecting With Our Community

Customer Engagement Events
Loyalty Programs
Personalization
Shop & Share Squad
Deliver Joyful Customer Service

ASPIRATION
Deliver unique and special moments that spark joy and interest, build trust, and create lifetime loyalty.

INITIATIVES
• Provide avid customers with meaningful perks and recognition that deepen their relationship with us and inspire them to purchase more frequently
• Systematically remove all friction points across service journey
• Optimize our fulfillment network to improve the delivery and returns experience
Personalized Upsell Opportunity

Special Experiences For Avid Customers

Targeted Video Content Leveraging Vendor Personalities

“For Curtis to take the time to let us know about the shipping delays because of the hurricane is awesome. Customer for life!”

—Celestine Person, HSN Customer
Combined Fulfillment Centers
Move Closer To Customers
Convert To Multi-Line
Increase Package Consolidation
Improve Order-To-Delivery Time

Optimizing Our Fulfillment Network
QVC & HSN – Strategic Priorities

1. Curate Special Products At Compelling Values
2. Extend Video Reach And Relevance
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Today’s Discussion

QVC & HSN
  • DEEP DIVE
  • STRATEGIC PRIORITIES

ZULILY & CORNERSTONE

FINANCIAL UPDATE
  • OPERATING COMPANY
  • CORPORATE
Zulily

Our Promise to Her
To deliver the unexpected every day, helping customers discover new and unique finds at prices they can brag about

Great Finds
Thousand of products, at incredible prices

Fun And Addictive
Differentiated mobile shopping experience

Low Prices
Commitment to price transparency: lowest prices anywhere

New Leadership

Jeff Yurcisin
President
Joined: August 2018
Prior Experience: Amazon, Shopbop, Strategy Consulting (Various)

John Lohnas
SVP & Chief Merchant
Joined: May 2019
Prior Experience: Amazon, Nine Star Sports, LVMH

Kelly Wolf
VP of People
Joined: June 2019
Prior Experience: Amazon, Shopbop

Olly Downs
VP Machine Learning & Data
Joined: July 2019
Prior Experience: Zillow Group, Amplero

Rena Wong
VP Finance
Joined: October 2019
Prior Experience: Whole Foods

Pedro Fuentes
VP Technology
Joined: February 2019
Prior Experience: Groupon
Zulily Strategic Initiatives

**Great Fresh Finds**
- National Brands, Direct to Consumer
- Social Brands, Great Quality

**Reinvent The Store**
- Multiple ways to shop Zulily for more intentional shopper (Search, Browse by Category)
- Improved personalization, compelling storytelling and use of video

**Earn Her Trust**
- Best Price Promise: Increase transparency to deliver heightened engagement and conversion

**Win In Marketing**
- Engage her where she is
- Continue fast experimentation to drive positive return on ad sales, rather than new customers

**Reduce Order To Delivery**
- Improve service levels, shipping and return costs
Cornerstone

Our Promise To Her
To deliver inspirations that help customers enjoy, enhance, and celebrate life

Strategic Initiatives

- Sustain Home segment momentum
  - Ballard retail expansion
  - Product assortment refinement and innovation
- Progress Gross Margin initiatives
- Operating Expense discipline
- Drive LTV through enhanced Customer Journey
- Grow Ryllace (Launched September 2019)
Today’s Discussion

QVC & HSN
  • DEEP DIVE
  • STRATEGIC PRIORITIES

ZULILY & CORNERSTONE

FINANCIAL UPDATE
  • OPERATING COMPANY
  • CORPORATE
## QxH Adjusted OIBDA

YTD margins pressured by Network Optimization buildout, HSN integration and elevated freight rates

<table>
<thead>
<tr>
<th>Basis Point Change</th>
<th>Adjusted OIBDA</th>
<th>Explanations</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>YTD SEP 2018</strong></td>
<td>19.8%</td>
<td></td>
</tr>
<tr>
<td>Product Mix Impact(^1)</td>
<td>50</td>
<td>Pricing &amp; Promotion Activity</td>
</tr>
<tr>
<td>Commissions(^2)</td>
<td>120</td>
<td>Renegotiated MSO Contracts</td>
</tr>
<tr>
<td>Inventory Management(^3)</td>
<td>(65)</td>
<td>Ingenious Designs Accelerated Exit (HSN)</td>
</tr>
<tr>
<td>Warehouse(^4)</td>
<td>(65)</td>
<td>Network Optimization (Dual facility cost, Ontario Ramp and Units/Hour erosion)</td>
</tr>
<tr>
<td>Freight (QxH Operated Facilities)</td>
<td>(40)</td>
<td>General Freight Rate Increase</td>
</tr>
<tr>
<td>Marketing</td>
<td>(25)</td>
<td>Performance Marketing</td>
</tr>
<tr>
<td>Other(^5)</td>
<td>5</td>
<td></td>
</tr>
</tbody>
</table>

| **YTD SEP 2019**   | 19.6%         | \(\Delta\) vs LY (20) |

\(^1\)Includes initial margin, in-period returns, S&H revenue, ASP leverage and freight (drop ship)
\(^2\)Includes accounting changes and synergies from renegotiated contracts and growth in off-air
\(^3\)Includes inventory obsolescence reserve adjustments, liquidations and costs associated with clearing Ingenious Designs (IDL) brands
\(^4\)Includes ramp up of Ontario, CA fulfillment center and start up costs associated with network optimization
\(^5\)Includes royalties, PLCC, returns, bad debt and other

Note: All figures rounded to the nearest 5 bps
QxH Adjusted OIBDA
Opportunity for margin expansion upon further execution of Synergies (in process)
Transition costs remain a headwind through balance of calendar 2020

<table>
<thead>
<tr>
<th>Major Driver</th>
<th>Key Components</th>
<th>Expectation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product Mix Impact</td>
<td>• Initial Margin</td>
<td>• Improve through strategic vendor management</td>
</tr>
<tr>
<td></td>
<td>• Shipping &amp; Handling (net vendor credits)</td>
<td>• Reduce (invest) through targeted promotional activity</td>
</tr>
<tr>
<td></td>
<td>• Freight (Drop Ship Vendors)</td>
<td>• Vary with customer preference</td>
</tr>
<tr>
<td>Warehouse</td>
<td>• Labor</td>
<td>• Moderate with completion of network optimization milestones</td>
</tr>
<tr>
<td></td>
<td>• Occupancy</td>
<td>• Dual operating and fixed costs for balance of 2020</td>
</tr>
<tr>
<td>Freight (QxH Operated Facilities)</td>
<td>• Freight Rates</td>
<td>• Freight rate increases expected to moderate (industry trend)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Increase package consolidation savings (Network Optimization)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Inventory Regionalization</td>
</tr>
<tr>
<td>Commissions</td>
<td>• Carrier Commissions</td>
<td>• Sustain synergies and reduce costs via increased eCommerce penetration</td>
</tr>
<tr>
<td>Marketing</td>
<td>• Performance</td>
<td>• Increase investment with positive ROI</td>
</tr>
<tr>
<td></td>
<td>• Other</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>• Fixed Costs</td>
<td>• Disciplined cost management</td>
</tr>
<tr>
<td></td>
<td>• Customer Service</td>
<td>• Deliver synergies and reduce costs via increased eCommerce penetration</td>
</tr>
<tr>
<td></td>
<td>• Bad Debt</td>
<td>• Moderate through process improvements</td>
</tr>
<tr>
<td></td>
<td>• PLCC</td>
<td>• Growth through further penetration and full year implementation</td>
</tr>
</tbody>
</table>
# QxH Synergy Progress Update

<table>
<thead>
<tr>
<th>Area</th>
<th>Initiative</th>
<th>Expected Run Rate</th>
<th>Progress Update</th>
</tr>
</thead>
<tbody>
<tr>
<td>Duplicate Functions</td>
<td>• Headcount</td>
<td>$80M – $88M</td>
<td>Complete</td>
</tr>
<tr>
<td></td>
<td>• Public Company Costs</td>
<td></td>
<td>Complete</td>
</tr>
<tr>
<td>MSO Distribution / Marketing</td>
<td>• MSO, Channel Placement and Quality</td>
<td>$20M – $25M</td>
<td>Complete</td>
</tr>
<tr>
<td></td>
<td>• Market Spend Optimization</td>
<td></td>
<td>Complete</td>
</tr>
<tr>
<td>Procurement</td>
<td>• Ocean Freight &amp; Other Indirect Savings</td>
<td>$125M – $135M</td>
<td>Complete</td>
</tr>
<tr>
<td></td>
<td>• Direct Sourcing / Strategic Vendor Management</td>
<td></td>
<td>In Process</td>
</tr>
<tr>
<td></td>
<td>• Payment Options</td>
<td></td>
<td>In Process</td>
</tr>
<tr>
<td>Business Process Integration</td>
<td>• Supply Chain Network Optimization</td>
<td>$145M – $152M</td>
<td>In Process</td>
</tr>
<tr>
<td></td>
<td>• Contact Centers Optimization</td>
<td></td>
<td>In Process</td>
</tr>
<tr>
<td></td>
<td>• Other&lt;sup&gt;1&lt;/sup&gt;</td>
<td></td>
<td>In Process</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>$370M – $400M</strong></td>
<td></td>
</tr>
<tr>
<td>Total One-Time Costs</td>
<td></td>
<td><strong>$90M</strong></td>
<td></td>
</tr>
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</table>

<sup>1</sup>Represents credit screening/collections and IT Datacenter/Other
## QxH Network Optimization Overview – Phase 1

### What We Expect to Achieve

- Improved Delivery Speed and Returns Experience
- Increased Units Per Packaged Shipped
- Improved Productivity
- Fixed Cost Reductions / Capital Avoidance
- Increased Network Capacity
- Reduced US Fulfillment Footprint

### Current Sites

<table>
<thead>
<tr>
<th>Current</th>
<th>Brand</th>
<th>Hard Goods</th>
<th>Soft Goods</th>
<th>Jewelry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lancaster, PA</td>
<td>Q</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Rocky Mount, NC</td>
<td>Q</td>
<td>X</td>
<td>Partial</td>
<td></td>
</tr>
<tr>
<td>Suffolk, NC</td>
<td>Q</td>
<td>X</td>
<td>Partial</td>
<td></td>
</tr>
<tr>
<td>Florence, SC</td>
<td>Q</td>
<td>X</td>
<td>Partial</td>
<td>X</td>
</tr>
<tr>
<td>Ontario, CA</td>
<td>Q</td>
<td>X</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Roanoke, VA</td>
<td>HSN</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Greenville, TN</td>
<td>HSN</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fontana, CA</td>
<td>HSN</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Piney Flats, TN</td>
<td>HSN</td>
<td>X</td>
<td></td>
<td>X</td>
</tr>
</tbody>
</table>

### Announced Sites

<table>
<thead>
<tr>
<th>Announced</th>
<th>Brand</th>
<th>Hard Goods</th>
<th>Soft Goods</th>
<th>Jewelry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lancaster, PA</td>
<td>Decommission</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bethlehem, PA</td>
<td>X</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Rocky Mount, NC</td>
<td>X</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Suffolk, NC</td>
<td>X</td>
<td>Partial</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Florence, SC</td>
<td>X</td>
<td>Partial</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Ontario, CA</td>
<td>X</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Roanoke, VA</td>
<td>Decommission</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Greenville, TN</td>
<td>Decommission</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fontana, CA</td>
<td>X</td>
<td></td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Piney Flats, TN</td>
<td>X</td>
<td></td>
<td>X</td>
<td>X</td>
</tr>
</tbody>
</table>
## QxH Network Optimization – Phase 1 Key Milestones

<table>
<thead>
<tr>
<th>Location</th>
<th>Q4 '19</th>
<th>Q1 '20</th>
<th>Q2 '20</th>
<th>Q3 '20</th>
<th>Q4 '20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lancaster, PA</td>
<td>Cease Inbound/Outbound</td>
<td>Returns Only</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bethlehem, PA</td>
<td>Complete Build-Out</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ship All QVC Products</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ship All HSN Products</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Roanoke, VA</td>
<td>Decommission Operations (Cease Shipments, Inventory Transfers)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rocky Mount, NC</td>
<td>Ramp up multi-category and multi-pack</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ontario, CA</td>
<td>Ramp up multi-pack and returns modules</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Qurate Retail, Inc.

Net Capital Expenditures as % Net Revenue\(^1\)

- IT and Supply Chain (Network Optimization) investments drive increase from 2017-2020
- Capital expenditures expected to return to normalized historical levels in 2022

\(^1\)Net Capital Expenditures include expected proceeds from the sale of certain facilities in 2020-2021
Qurate Retail, Inc.

High Free Cash Conversion: 42% Adjusted OIBD&A contributes to Levered Free Cash Flow

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>Delta</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ADJUSTED OIBD&amp;A</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Working Capital</td>
<td>100%</td>
<td>100%</td>
<td>-</td>
</tr>
<tr>
<td>2 Capital Expenditures</td>
<td>(2%)</td>
<td>(5%)</td>
<td>(3%)</td>
</tr>
<tr>
<td>3 MSO Carriage Agreements</td>
<td>(12%)</td>
<td>(13%)</td>
<td>(1%)</td>
</tr>
<tr>
<td>Cash Taxes</td>
<td>(3%)</td>
<td>(5%)</td>
<td>(2%)</td>
</tr>
<tr>
<td></td>
<td>(16%)</td>
<td>(16%)</td>
<td>-</td>
</tr>
<tr>
<td><strong>OPERATING CASH FLOW</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividend to Mitsui (NCI)</td>
<td>(2%)</td>
<td>(2%)</td>
<td>-</td>
</tr>
<tr>
<td>Cash Interest, net</td>
<td>(10%)</td>
<td>(11%)</td>
<td>(1%)</td>
</tr>
<tr>
<td>Other</td>
<td>(2%)</td>
<td>(3%)</td>
<td>(1%)</td>
</tr>
<tr>
<td><strong>QURATE RETAIL GROUP L-FCF</strong></td>
<td>53%</td>
<td>45%</td>
<td>(8%)</td>
</tr>
<tr>
<td>Overhead</td>
<td>(1%)</td>
<td>(1%)</td>
<td>-</td>
</tr>
<tr>
<td>Cash Interest, net</td>
<td>(6%)</td>
<td>(6%)</td>
<td>-</td>
</tr>
<tr>
<td>Estimated Corporate Tax Benefit</td>
<td>8%</td>
<td>8%</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>(3%)</td>
<td>(4%)</td>
<td>(1%)</td>
</tr>
<tr>
<td><strong>CONSOLIDATED L-FCF</strong></td>
<td>51%</td>
<td>42%</td>
<td>(9%)</td>
</tr>
</tbody>
</table>

1. Higher receivables due to terms and use of Easy Pay & Flex Pay and replenished inventory to support sales (primarily at HSN)
2. U.S. fulfillment network optimization and continued technology & platform investments
3. Capitalized multi-year carriage agreement payments (HSN), which were previously recorded as quarterly installments within Operating Expense

Opportunity to expand L-FCF conversion as CapEx moderates to normalized run-rate and execution of disciplined working capital management
Qurate Retail, Inc.
Levered Free Cash Flow – LTM Yield (%)¹

Note: LTM LFCF as of Q2-19, except for QRI and COST, which are as of Q3-19
Market data as of 11/13/19 per Capital IQ. Sources: Company websites & filings

¹Levered free cash flow = cash flow from operations – capex.
²LFCF calculated as cash flow from operations less capex, less TV distributions, less dividend to Mitsui, per company filings.
Qurate Retail Tariff Update
Annualized Net Exposure

- Approximately 80% of Products, subject to tariffs, are vendor-sourced
- Taking various actions to mitigate future impact

*Tariff Rates Applied: List 3 = 25% | List 4A (9/1/2019) = 15% | List 4B (12/15/19) = 15%
Non-GAAP Reconciliations

This presentation includes references to Adj. OIBDA and constant currency growth rates, which are non-GAAP financial measures for Qurate Retail and certain of its subsidiaries. Qurate Retail defines Adj. OIBDA as operating income less cost of sales, operating expenses and selling, general and administrative expenses (excluding stock and other equity-based compensation) and excludes from that definition depreciation and amortization, restructuring and impairment charges and legal settlements that are included in the measurement of operating income pursuant to GAAP. Further, this presentation includes Adj. OIBDA margin, which is also a non-GAAP financial measure. Qurate Retail and QVC define Adj. OIBDA margin as Adj. OIBDA divided by revenue.

Qurate Retail believes Adj. OIBDA is an important indicator of the operational strength and performance of their businesses, including the ability to service debt and fund capital expenditures. In addition, this measure allows management to view operating results and perform analytical comparisons and benchmarking between businesses and identify strategies to improve performance. Because Adj. OIBDA is used as a measure of operating performance, Qurate Retail views operating income as the most directly comparable GAAP measure. Adj. OIBDA is not meant to replace or supersede operating income or any other GAAP measure, but rather to supplement such GAAP measures in order to present investors with the same information that Qurate Retail’s management considers in assessing the results of operations and performance of its assets. Please see the attached schedule for a reconciliation of Adj. OIBDA to operating income (loss) calculated in accordance with GAAP.

Constant currency revenue growth rates, as presented herein, are calculated by translating the respective-period reported amounts in US Dollars to comparable amounts using a single foreign exchange rate for each currency.

Qurate Retail believes constant/local currency financial metrics are an important indicator of financial performance due to the transitional impact of foreign currency fluctuations relating to subsidiaries in non-US markets. We use constant/local currency financial metrics to provide a framework to assess how our businesses performed excluding the effects of foreign currency exchange fluctuations.
Reconciling Schedule

Qurate Retail, Inc. Operating Income to Adjusted OIBDA
($ in millions)

<table>
<thead>
<tr>
<th></th>
<th>Q1-17</th>
<th>Q2-17</th>
<th>Q3-17</th>
<th>Q4-17</th>
<th>Q1-18</th>
<th>Q2-18</th>
<th>Q3-18</th>
<th>Q4-18</th>
<th>Q1-19</th>
<th>Q2-19</th>
<th>Q3-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qurate Retail, Inc. Operating Income</td>
<td>$ 213</td>
<td>$ 254</td>
<td>$ 208</td>
<td>$ 368</td>
<td>$ 294</td>
<td>$ 358</td>
<td>$ 237</td>
<td>$ 435</td>
<td>$ 288</td>
<td>$ 336</td>
<td>$ (727)</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>208</td>
<td>206</td>
<td>180</td>
<td>131</td>
<td>163</td>
<td>159</td>
<td>167</td>
<td>148</td>
<td>153</td>
<td>158</td>
<td>146</td>
</tr>
<tr>
<td>Stock compensation expense</td>
<td>16</td>
<td>21</td>
<td>22</td>
<td>64</td>
<td>23</td>
<td>23</td>
<td>21</td>
<td>21</td>
<td>19</td>
<td>18</td>
<td>17</td>
</tr>
<tr>
<td>Impairment of intangible assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,020</td>
</tr>
<tr>
<td>Operating company level transaction related costs</td>
<td>-</td>
<td>-</td>
<td>3</td>
<td>40</td>
<td>8</td>
<td>2</td>
<td>43</td>
<td>15</td>
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<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Corporate level transaction related costs</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>15</td>
<td>4</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Qurate Retail, Inc. Adjusted OIBDA (as reported)</td>
<td>$ 437</td>
<td>$ 481</td>
<td>$ 413</td>
<td>$ 618</td>
<td>$ 492</td>
<td>$ 542</td>
<td>$ 468</td>
<td>$ 652</td>
<td>$ 460</td>
<td>$ 513</td>
<td>$ 456</td>
</tr>
<tr>
<td>Former Liberty Ventures Group adjusted OIBDA</td>
<td>8</td>
<td>7</td>
<td>6</td>
<td>6</td>
<td>5</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Pre-acquisition HSN and Cornerstone adjusted OIBDA</td>
<td>54</td>
<td>71</td>
<td>50</td>
<td>91</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Qurate Retail, Inc. Adjusted OIBDA (pro forma)</td>
<td>$ 499</td>
<td>$ 559</td>
<td>$ 469</td>
<td>$ 715</td>
<td>$ 497</td>
<td>$ 542</td>
<td>$ 468</td>
<td>$ 652</td>
<td>$ 460</td>
<td>$ 513</td>
<td>$ 456</td>
</tr>
</tbody>
</table>

Year-Over-Year % Change

<table>
<thead>
<tr>
<th></th>
<th>Qurate Retail, Inc. Adjusted OIBDA (pro forma)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0%</td>
</tr>
</tbody>
</table>

The table above provides a reconciliation for Qurate Retail, Inc.’s adjusted OIBDA to operating income in accordance with US GAAP for the quarters Q1-17 to Q3-19.
Foreign Currency Exposure

**Operation Risk**
- Impact of currency fluctuations on inventory purchases sourced in currencies other than the local currency of the business unit
- Approximately 1% of Qurate Retail Total Cost of Retail Sales is sourced in non-local currency. Fluctuations in non-local foreign currency rates have not resulted in a meaningful impact to the overall QRG P&L

**Translation Risk**
- Impact of currency fluctuations on translating foreign business unit results to USD for reporting purposes
- Over the past 4 years the translation impact to the QVC International OIBDA has been +/- 2%, which we do not believe is meaningful to the overall Qurate Retail P&L
### QVC International Net Revenue Y/Y Growth Rates as reported in USD and in Constant Currency

<table>
<thead>
<tr>
<th>Quarter</th>
<th>USD</th>
<th>Constant Currency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3-19</td>
<td>2%</td>
<td>3%</td>
</tr>
<tr>
<td>Q2-19</td>
<td>-2%</td>
<td>1%</td>
</tr>
<tr>
<td>Q1-19</td>
<td>-5%</td>
<td>1%</td>
</tr>
<tr>
<td>Q4-18</td>
<td>-3%</td>
<td>-1%</td>
</tr>
<tr>
<td>Q3-18</td>
<td>1%</td>
<td>2%</td>
</tr>
<tr>
<td>Q2-18</td>
<td>7%</td>
<td>1%</td>
</tr>
<tr>
<td>Q1-18</td>
<td>14%</td>
<td>2%</td>
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<tr>
<td>Q4-17</td>
<td>11%</td>
<td>6%</td>
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<tr>
<td>Q3-17</td>
<td>4%</td>
<td>5%</td>
</tr>
<tr>
<td>Q2-17</td>
<td>-3%</td>
<td>2%</td>
</tr>
<tr>
<td>Q1-17</td>
<td>-2%</td>
<td>2%</td>
</tr>
<tr>
<td>Q4-16</td>
<td>0%</td>
<td>3%</td>
</tr>
<tr>
<td>Q3-16</td>
<td>4%</td>
<td>2%</td>
</tr>
<tr>
<td>Q2-16</td>
<td>7%</td>
<td>4%</td>
</tr>
<tr>
<td>Q1-16</td>
<td>2%</td>
<td>3%</td>
</tr>
<tr>
<td>Q4-15</td>
<td>-5%</td>
<td>2%</td>
</tr>
<tr>
<td>Q3-15</td>
<td>-10%</td>
<td>4%</td>
</tr>
<tr>
<td>Q2-15</td>
<td>-11%</td>
<td>6%</td>
</tr>
<tr>
<td>Q1-15</td>
<td>-12%</td>
<td>2%</td>
</tr>
<tr>
<td>Q4-14</td>
<td>-7%</td>
<td>1%</td>
</tr>
<tr>
<td>Q3-14</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>Q2-14</td>
<td>2%</td>
<td>-1%</td>
</tr>
<tr>
<td>Q1-14</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>Q4-13</td>
<td>-6%</td>
<td>-1%</td>
</tr>
<tr>
<td>Q3-13</td>
<td>-6%</td>
<td>2%</td>
</tr>
<tr>
<td>Q2-13</td>
<td>-6%</td>
<td>2%</td>
</tr>
<tr>
<td>Q1-13</td>
<td>-2%</td>
<td>4%</td>
</tr>
</tbody>
</table>

The table above provides a comparison of QVC International year-over-year percentage change in revenue in constant currency to the comparable figures calculated in accordance with US GAAP from Q1-13 to Q3-19.
QxH Operating Income to Adjusted OIBDA
($ in millions)

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income</td>
<td>782</td>
<td>803</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>286</td>
<td>256</td>
</tr>
<tr>
<td>Stock compensation expense</td>
<td>27</td>
<td>32</td>
</tr>
<tr>
<td>Impairment of intangibles</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transaction related costs</td>
<td>(2)</td>
<td>50</td>
</tr>
<tr>
<td>Adjusted OIBDA</td>
<td>1,093</td>
<td>1,141</td>
</tr>
</tbody>
</table>

Net Revenue

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Revenue</td>
<td>$5,585</td>
<td>$5,755</td>
</tr>
</tbody>
</table>

Adj. OIBDA Margin

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Adj. OIBDA Margin</td>
<td>19.6%</td>
<td>19.8%</td>
</tr>
</tbody>
</table>

The table above provides a reconciliation for QxH's adjusted OIBDA to operating income in accordance with US GAAP for the nine months of 2019 and 2018.
2019 Investor Day

November 21, 2019
Brian Wendling
Qurate Retail, Inc.
Principal Financial Officer
Capital Allocation

High return investments in business for the future
- Capital investment for multi-year fulfillment network improvement
  - 2019E CapEx $370-390m elevated vs. prior years due to fulfillment center initiatives
  - CapEx normalizes to 2.0 – 2.2% of revenue in 2022
- IT improvements, distribution platforms, mobile experience, fulfillment efficiencies
- Investing in performance marketing
  - Ramping marketing spend from historically <1% of revenue to 2.5-3.0% of revenue, while maintaining return hurdles
  - Increasing content production for digital-only platforms

 Liability and tax management
- Invest to reduce deferred tax liability on exchangeable bonds
  - Repurchased 112k of 3.50% MSI exchangeable bonds in 2019
  - Hedging portion of uncovered MSI exposure that underlies 3.50% MSI exchangeable bond through total return swap
- Deploying capital into high return tax advantaged investments (i.e. additional green energy assets)

Return capital to shareholders
- Repurchased $392m YTD through 10/31
- Since 2006, reduced share count by 60%
  - 53% net of share issuances

Qurate Retail continues to generate high, sustainable free cash flow, enabling flexibility to pursue various capital allocation alternatives while continuing to invest in core business
Reduced Deferred Tax Liability on Exchangeable Bonds

- Repurchased 112k of 3.50% MSI exchangeable bonds in 2019
  - Includes 100k repurchased in Q4-19
  - Total cash outlay $98m
- Repurchase resulted in:
  - Tax gain from retirement of MSI bonds offset with interest expense that would otherwise be disallowed in 2019
    - While disallowed interest can be carried forward and does not expire, prefer to minimize annual disallowance
  - Reduced deferred tax liability associated with MSI bonds
    - Total DTL as of 12/31/19 related to contingent interest on all exchangeable bonds will be $1b
    - Inclusive of approximately $85m DTL reduction due to MSI exchangeable bond repurchases
  - Expect some disallowed interest in 2019 and future years, resulting in significant deferred interest carryforward by 2029 which should offset approximately ½ of gross DTL at maturity (1)

(1) These estimates could vary materially depending on Qurate Retail’s future EBITDA/EBIT, acquisitions and dispositions, early retirements of bonds, changes in tax law, and other future events.
Debt Maturity Profile and Leverage

- Tuesday, priced $435m\(^{1}\) of 49yr retail bonds at 6.25% maturing 2068
- Expect to use proceeds to pay down revolver balance
- 2.3x leverage ratio\(^{2}\) at QVC, Inc. as of 9/30
- Maintaining leverage target of 2.5x at QVC, Inc.
- 3.5x covenant threshold

\(^{1}\) Potential for $500m with 15% greenshoe exercise. QVC RCF and RCF availability pro forma for anticipated pay down with $435m retail bond net proceeds. Balances exclude retail bond issuance fees.

\(^{2}\) As defined in QVC, Inc.’s credit facility and based on combined adjusted OIBDA of QVC, Inc. and Zulily, LLC.

\(^{3}\) PF for $435m retail bond offering; assumes proceeds used to pay down revolver balance.

\(^{4}\) 3.5% MSI exchangeable due 2031 principal pro forma for 100k bonds / $51m principal amount repurchased in October 2019.
Green Energy Investments Result in Tax Savings

• Green energy investments financially attractive and will continue to be a part of tax strategy
  • Portfolio of assets include solar, wind, clean coal
  • Continue to explore new investments (including carbon capture) as existing tax credits sunset

• Generate tax benefits in two ways:
  • (i) Assets generate operating losses which appear on P&L
  • (ii) Tax credits associated with investments

→ Resulted in average ~9% lower effective tax rate over last 3 years

• After-tax cash flow received to-date ~$200m since 2011

• Potential for near term monetization of solar and wind assets for approximately $190m after-tax proceeds

• Continuing focus on ESG initiatives

See Slide 14 for Accounting Treatment of Green Energy Investments
Qurate Retail Tax Considerations

**Effective tax rate**
- Ongoing, normalized Qurate Retail annual effective tax rate expected to be 15% – 18% of pre-tax income
  - Includes federal, state and foreign taxes, partially offset by tax credits from green energy investments
  - Book tax rate in 2019 impacted by one-time items, including (i) tax loss generated by sale of investment in FTD in Q2 and (ii) Zulily goodwill impairment in Q3
  - Exchangeable bonds do not impact effective tax rate

**Cash tax rate**
- Qurate Retail annual cash taxes expected to be 9% – 12% of adjusted OIBDA for several years
- Difference between effective and cash tax rates driven by deductible portion of contingent interest expense from exchangeable debentures

Note: Assumptions based on current tax law, expected to change in 2022.
Appendix
### QRTE Exchangeable Debt Cheat Sheet

<table>
<thead>
<tr>
<th>Description</th>
<th>1.75% Exchange. Debent.</th>
<th>3.50% Exchange. Debent.</th>
<th>3.75% Exchange. Debent.</th>
<th>4.00% Exchange. Debent.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issuing Entity</td>
<td>Liberty Interactive LLC</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maturity date</td>
<td>Sept. 30, 2046</td>
<td>Jan. 15, 2031</td>
<td>Feb. 15, 2030</td>
<td>Nov. 15, 2029</td>
</tr>
<tr>
<td>Principal(1)</td>
<td>$332m</td>
<td>$251m</td>
<td>$433m</td>
<td>$432m</td>
</tr>
<tr>
<td>Number of bonds outstanding(1)</td>
<td>332,241</td>
<td>487,422</td>
<td>459,999</td>
<td>468,743</td>
</tr>
<tr>
<td>Fair value of bonds outstanding(1)</td>
<td>$425m</td>
<td>$445m(2)</td>
<td>$322m</td>
<td>$342m</td>
</tr>
<tr>
<td>Exchange price</td>
<td>$341.10</td>
<td>$97.79(3)</td>
<td>Basket</td>
<td>Basket</td>
</tr>
<tr>
<td>Parity(4)</td>
<td>$140.77</td>
<td>$165.25</td>
<td>$24.25</td>
<td>$33.97</td>
</tr>
<tr>
<td>Conversion/$1,000 principal amount</td>
<td>CHTR: 2.9317 shares</td>
<td>MSI: 5.2598 shares</td>
<td>S: 2.3587 shares</td>
<td>S: 3.2265 shares</td>
</tr>
<tr>
<td>Shares underlying</td>
<td>CHTR: 1.0m shares</td>
<td>MSI: 2.6m shares</td>
<td>CTL: 0.5746 shares</td>
<td>CTL: 0.7860 shares</td>
</tr>
<tr>
<td>Dividend Threshold</td>
<td>n/a</td>
<td>$0.28 quarterly per MSI share</td>
<td>No threshold, entire dividend passed-through</td>
<td>No threshold, entire dividend passed-through</td>
</tr>
</tbody>
</table>

(1) As of 9/30/19. 3.5% MSI exchangeable due 2031 principal pro forma for 100,000 bond purchase in Oct. 2019. 4.0% Sprint/CenturyLink exchangeable due 2029 principal pro forma for semi-annual principal payment in Nov. 2019.

(2) Fair market value per bond as of 9/30/19. Number of 3.5% MSI exchangeable bonds due 2031 pro forma for 100,000 bond purchase in Oct. 2019.

(3) Remaining principal per $1,000 original principal amount of debentures as of 9/30/19, divided by MSI shares underlying each debenture.

(4) As of 11/13/19.
Understanding Qurate Retail Interest Deductions

**Interest deductibility**

- Annual interest expense comprised of cash interest and contingent interest on exchangeables
- Annual interest expense expected to exceed limitation on interest deductibility of interest income plus 30% of EBITDA in 2019
  - EBITDA for tax purposes is different than reported adjusted OIBDA
    - Tax EBITDA excludes adjusted OIBDA from Japan and is impacted by certain book to tax adjustments
    - Limitation on interest deductibility scheduled to change to 30% of EBIT in 2022
- Disallowed interest expected in 2019 and future years
  - Carryforward does not expire
  - Expect utilization of all of the contingent interest expense carryforward by 2030
  - Plan to minimize annual disallowance in intervening years
    - i.e. gain from retirement of exchangeable bonds can be used to offset disallowed interest

Note: All information based on current interpretation of new tax legislation and subject to change.
3.50%, 3.75% and 4.00% Exchangeable Debentures: Glossary of Key Terms

- **Cash interest**: stated interest on bonds
  - 2019 expected cash interest: $56m\(^{(1)}\)

- **Interest for tax purposes**: rate higher than cash coupon allowed to be deducted for tax purposes and calculated off of bond’s accreted basis

- **Contingent interest**: difference between interest for tax purposes and cash interest
  - Creates current period cash benefit from tax deductions that compounds semi-annually
  - 2019 expected contingent interest: $473m
    - Growing to $1.1b in 2029\(^{(2)}\)
    - Results in $100m+ annual tax benefits today, growing to $250m+ annual tax benefits by 2029
      - Annual tax benefits result in current period cash savings; remainder is deferred for use in future years

- **Accreted basis**: basis on bonds accretes annually by amount of contingent interest

- **Deferred tax liability ("DTL")**: accrual of current period contingent interest deductions that has to be paid at earlier of bond maturity or redemption of underlying bond
  - DTL calculated as: (accreted basis – face value) x (prevailing tax rate)
  - DTL as of 12/31/19 related to contingent interest on exchangeable bonds is $1b\(^{(2)}\)
    - Gross DTL grows to $3.0b\(^{(2)}\) at maturity and likely to become a cash tax liability at that date
    - Expect a significant deferred interest carryforward by 2029, which should offset approximately ½ gross DTL at maturity
    - In addition to the DTL, will owe $950m+ principal at maturity

Note: all information based on current interpretation of tax legislation and subject to change.

\(^{(1)}\) Only includes cash interest on Qurate Retail’s 3.50%, 3.75% and 4.00% exchangeable debentures.

\(^{(2)}\) Pro forma for repurchase of 100k MSI bonds in Q4-19; assuming remaining bonds stay outstanding until maturity in 2029, 2030 and 2031.
### 3.50%, 3.75% and 4.00% Exchangeable Debentures

<table>
<thead>
<tr>
<th>Bond</th>
<th>Exch Ratio(s)</th>
<th>Cash Interest</th>
<th>Face ($m) 9/30/19</th>
<th>FV ($m) 9/30/19</th>
<th>Interest Rate Tax Purposes</th>
<th>Accreted Basis ($m) 12/31/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>2029(1)</td>
<td>3.2265 S 0.786 CTL</td>
<td>4%</td>
<td>$432</td>
<td>$342</td>
<td>9.069%</td>
<td>$1,636</td>
</tr>
<tr>
<td>2030(2)</td>
<td>2.3587 S 0.5746 CTL</td>
<td>3.75%</td>
<td>$433</td>
<td>$322</td>
<td>9.43%</td>
<td>$1,763</td>
</tr>
<tr>
<td>2031(3)</td>
<td>5.2598 MSI</td>
<td>3.5%</td>
<td>$251(4)</td>
<td>$445(4)</td>
<td>9.5%</td>
<td>$2,134</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td>$1,116</td>
<td>$1,109</td>
<td></td>
<td>$5,533</td>
</tr>
</tbody>
</table>

### Bond Cash Coupon 2019E (Tax Deductible Interest 2019E) (current and deferred) Debt Retirements Estimated Accreted Basis ($m) 12/31/19E

<table>
<thead>
<tr>
<th>Bond</th>
<th>Cash Coupon 2019E ($m)(5)</th>
<th>Contingent Interest 2019E ($m)</th>
<th>Total Tax Deductible Interest 2019E ($m)</th>
<th>Debt Retirements</th>
<th>Estimated Accreted Basis ($m) 12/31/19E</th>
</tr>
</thead>
<tbody>
<tr>
<td>2029(1)</td>
<td>$19</td>
<td>$133</td>
<td>$152</td>
<td>-</td>
<td>$1,769</td>
</tr>
<tr>
<td>2030(2)</td>
<td>$17</td>
<td>$152</td>
<td>$169</td>
<td>-</td>
<td>$1,915</td>
</tr>
<tr>
<td>2031(3)</td>
<td>$20</td>
<td>$188</td>
<td>$208</td>
<td>$(424)</td>
<td>$1,898(4)</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$56</td>
<td>$473</td>
<td>$529</td>
<td>$(424)</td>
<td>$5,582</td>
</tr>
</tbody>
</table>

(1) Estimated principal amount at maturity is $413 million (assumes no further extraordinary distributions).
(2) Estimated principal amount at maturity is $421 million (assumes no further extraordinary distributions).
(3) Estimated principal amount at maturity is $135 million (assumes no further extraordinary distributions).
(4) Adjusted to reflect repurchase of MSI bonds in Q4-19.
(5) Tax deductible interest. A portion of this reduces the outstanding principal amount of the bonds. See Qurate Retail press releases for more detail.
Review of Purchase Accounting Amortization

**Qurate Retail Intangible Asset Balance**

<table>
<thead>
<tr>
<th>Year</th>
<th>QVC</th>
<th>Zulily</th>
<th>HSN</th>
<th>Cornerstone</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$172m</td>
<td>$98m</td>
<td>$4m</td>
<td>$172m</td>
</tr>
<tr>
<td>2019</td>
<td>$172m</td>
<td>$98m</td>
<td>$4m</td>
<td>$172m</td>
</tr>
<tr>
<td>2020</td>
<td>$172m</td>
<td>$98m</td>
<td>$4m</td>
<td>$172m</td>
</tr>
<tr>
<td>2021</td>
<td>$172m</td>
<td>$98m</td>
<td>$4m</td>
<td>$172m</td>
</tr>
<tr>
<td>2022</td>
<td>$172m</td>
<td>$98m</td>
<td>$4m</td>
<td>$172m</td>
</tr>
<tr>
<td>2023</td>
<td>$172m</td>
<td>$98m</td>
<td>$4m</td>
<td>$172m</td>
</tr>
</tbody>
</table>

$ in millions

**Qurate Retail Purchase Accounting Amort.**

- Purchase accounting amortization associated with Zulily, HSN & Cornerstone acquisitions
  - Annual HSN & Cornerstone purchase accounting amortization $50m - $75m through 2026 with minimal amortization in 2027
- Purchase accounting amortization is not deductible for cash tax purposes
- Majority of QVC purchase accounting rolled off as of Q3-17
  - Dated back to 2003 acquisition of Comcast’s interest in QVC
- Other non-acquisition related amortization at Qurate Retail approximately $223m\(^{(1)}\)
  - 54% related to channel placement (QVC and HSN)
  - 46% related to internally developed software

---

\(^{(1)}\) For the twelve months ended 9/30/19.
Accounting Treatment for Green Energy Investments

• GAAP treatment of green energy different from cash impact

• **Balance sheet**
  - Investments included in *Other assets, at cost, net of accumulated amortization*
  - Accounted for using equity method

• **Income statement**
  - Record share of underlying investments losses in *Share of earnings (losses) of affiliates, net*
  - Tax benefit from both operating loss and tax credits recognized in *Income tax (expense) benefit*

• **Statement of cash flows**
  - New investments (cash outflow) recorded in *Investments in and loans to cost and equity investees*
  - Occasionally get distributions from investments, including in event of asset sale; typically small and included in *Other investing activities, net*