Forward-Looking Statements and Non-GAAP Measures

Forward-Looking Statements
This presentation includes certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements about business strategies, market potential, future financial performance, market conditions, international expansion, sales demand, customer growth, trends in digital video consumption, new services and product offerings and launches, the successful integration of HSN, Inc., including related costs and the realization of estimated synergies and benefits, the future impact of accounting changes, the impact of recent tax reform, estimated cost savings, organizational structure and senior executive team changes and other matters that are not historical facts. These forward-looking statements involve many risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements, including, without limitation, possible changes in market acceptance of new products or services, competitive issues, regulatory matters affecting our business, and continued access to capital on terms acceptable to Qurate Retail, Inc. (“Qurate Retail”), formerly Liberty Interactive Corporation, and QVC, Inc. (“QVC”). These forward-looking statements speak only as of the date of this presentation, and Qurate Retail and QVC expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein to reflect any change in their respective expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. Please refer to the publicly filed documents of Qurate Retail and QVC, including the most recent Forms 10-K and 10-Q, for additional information about Qurate Retail and QVC and about the risks and uncertainties related to the business of each of Qurate Retail and QVC which may affect the statements made in this presentation.

Non-GAAP Measures
This presentation includes certain non-GAAP financial measures including adj. OIBDA, adj. OIBDA margin and constant currency growth rates. The required definitions and reconciliations (Preliminary Note and Schedules) can be found at the end of this presentation.
Mike George
President and CEO, Qurate Retail
Welcome

*Pending acquisition by Marriott Vacations
Agenda

Qurate Retail Overview
Financial Overview
Business Reviews
  QVC US and International
  HSN
  zulily
  Cornerstone Brands

Break
Panel: Curated, Unique Merchandise

Operations and Technology
Panel: Innovation and Customer Marketing

Chairman’s Perspective
Lunch and Q&A
Qurate Experience Tour
Adjourn
Leadership

Greg Maffei
Executive Chairman

Mike George
President & Chief Executive Officer

Mark Carleton
Chief Financial Officer

Richard Baer
Chief Legal Officer

Albert Rosenthaler
Chief Corporate Development Officer

Steve Hofmann
President, QVC US

Aidan O’Meara
President, Qurate International (effective 7.2.18)

Mike Fitzharris
President, HSN

Lori Twomey
President, zulily

Claire Spofford
President, Cornerstone

Mary Campbell
Chief Merchandising & Interactive Officer

Darrell Cavens
President, New Ventures

Open
Chief Financial Officer

Bob Spieth
Chief Operations Officer

Karen Etzkorn
Chief Information Officer

Elizabeth Rubino
Chief People Officer

Larry Hayes
General Counsel
Today

• Current Performance
  *Progress on the turnaround at QVC US and HSN*

• QVC refresher
  *A retailer that behaves like a subscription service*

• Qurate Retail Group Introduction
  *Strategic priorities and financial formula*
Today

- **Current Performance**
  *Progress on the turnaround at QVC US and HSN*

- **QVC refresher**
  *A retailer that behaves like a subscription service*

- **Qurate Retail Group Introduction**
  *Strategic priorities and financial formula*
Revenue Recognition Accounting Adjustments 2018

Branded card income moves from SG&A offset to revenue
- Impacts QVC US, HSN, zulily
- Under new accounting standard, QRG Q1 Net Revenue and SG&A increased; adj. OIBDA margin decreased but no impact on adjusted OIBDA $
  - QVC US: NR and SG&A increased $26M and adj. OIBDA margin decreased 40 bps
  - In discussing YoY performance on earnings calls, treated as if card income remains an SG&A offset

Revenue recorded at time of shipment rather than customer receipt
- Impacts QVC US, QVC Int’l, zulily
- Over full year, accounting change expected to be largely neutral to results
- For QVC US Q1 results:
  - New standard compares 1.1.18 – 3.31.18 vs. 12.29.16 – 3.28.17
  - Prior standard compares 12.29.17 – 3.28.18 vs. 12.29.16 – 3.28.17
  - Under new accounting standard, Q1 2018 NR growth approx. 100bps higher
QVC US: Progress on Sales Turnaround

- Good progress on consumer engagement, customer growth, and unit growth, partially offset by ASP pressures
- Q1 also negatively impacted 150bp from comping returns release last year; improving 2 yr NR trend (under both prior and new accounting standard)

**Grow Customer Base**

<table>
<thead>
<tr>
<th></th>
<th>New Customers</th>
<th>Total Customers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q3-17</td>
<td>Q4-17</td>
</tr>
<tr>
<td>New Customers</td>
<td>7%</td>
<td>5%</td>
</tr>
</tbody>
</table>

**Increase Engagement**

<table>
<thead>
<tr>
<th></th>
<th>Viewing Minutes</th>
<th>Digital Sessions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>QVC/QVC 2, Broadcast only</td>
<td>Q3-17</td>
</tr>
<tr>
<td>Viewing Minutes</td>
<td>7%</td>
<td>3%</td>
</tr>
<tr>
<td>Digital Sessions</td>
<td>6%</td>
<td>8%</td>
</tr>
</tbody>
</table>

**Return to Sustainable Sales Growth**

<table>
<thead>
<tr>
<th></th>
<th>Units</th>
<th>ASP</th>
<th>Net Revenue¹</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q3-17</td>
<td>Q4-17</td>
<td>Q1-18</td>
</tr>
<tr>
<td>Units</td>
<td>9%</td>
<td>7%</td>
<td>8%</td>
</tr>
<tr>
<td>ASP</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Revenue¹</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Year-over-year growth rates for respective quarter. New and total customers are for the quarter and not trailing 12 months.

¹ Q1-18 revenue growth on a comparative basis excluding credit card income from revenue.
**QVC US: Margin Trends**

- Various one-time and operating pressures on margins continue through Q2, coupled with change in accounting standard for card income.

- Driving for more favorable margin comparison in back half to partially recover first half erosion; supported by fewer one-time pressures, cost actions, and initiatives to improve ASP trend.

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total OIBDA change</strong></td>
<td>(150) bps</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Accounting Standard</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>QCard re-class</td>
<td>(40)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>One-Time/Timing Related</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Returns Release LY</td>
<td>(53)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bonus Timing</td>
<td>(30)</td>
<td>(27)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bad Debt Accrual Release LY</td>
<td></td>
<td>(27)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operational Performance</strong></td>
<td>(27)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ASP deleverage</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marketing investments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Freight initiatives</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*No impact on total adj. OIBDA, only OIBDA rate*

Color legend: red expected unfavorable margin impact; green expected favorable margin impact; yellow moderated expected margin pressure; white no expected margin impact.
HSN: 2018 Level Set

Working through disciplined plan to build foundation for long term success
- New leaders assembled and continually assessing performance
- Focused on: stabilizing team; instilling operating fundamentals; and finding ways to leverage QVC vendors, resources, capabilities
- Completed deep analysis of cross over customer behavior

Prioritizing profitability over growth in near term, focused on getting to strong OIBDA margin expansion in back half; balance of:
- Improving pricing / promotion / S&H disciplines
- Realizing acquisition synergies
- Right sizing cost base

Confident in initiatives to improve NR trend, but too early to assess pace of recovery
- Expect Q2 NR trend similar to Q1; driving for improved results in back half
- Multiple initiatives underway to improve growth, counterbalanced by impact of removing short term promotional stimulus
Today

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  Strategic priorities and financial formula
QVC 101

Unique Shopping Platform with Compelling & Differentiated Value Proposition

Growing Customer Base with Subscription Characteristics

Highly Advantaged Financial Model
Unique Platform

Creating the world’s most engaging shopping experiences, combining the best of retail, media, and social.
Unique Position in Retail
Uniquely Positioned in *Retail*

Inspired, discovery-driven experience, without specific purchase intent

Highly curated, limited availability products

First price usually the lowest price

Strive for best value in market on most important items

Storytelling, authentic relationships, curated communities

Daily destination, high purchase frequency
Highly Curated, Limited Availability Products

**Diverse Product Mix**
- Rapidly adapts to changing consumer preferences

**Focused on freshness and discovery**
- 25-30% items new *every* day
- Track record of discovering amazing brands

**High degree of exclusivity**
- Approximately 75% of QVC US products / offers not found elsewhere
- Difficult to price compare
- Proprietary brands
- Exclusive offers or bundles
- First to market (products, colors, styles)
Great Value
Select Examples

Philips Sonicare Flexcare + Toothbrush w 5 brush heads
QVC TSV $89.97
$0 SH
$129.95 Amazon
31% Lower

Traeger Grill w Accessories
QVC TSV $599.94
$0 SH
$878.60 / Average of Traeger $819.95
Home Depot $859.92
Ace Hardware $955.93
32% Lower

Vince Camuto Peep Toe Perforated Sandal
QVC TSV $79.98
$0 SH
$119.95 + Free SH
Nordstrom.com
Similar Sandal
33% Lower

MicrodermMD by Trophy Microdermabrasion System
QVC TSV $129.95
$0 SH
$299 Dermstore.com
57% Lower
Prudent Management of S&H Fees

• Ensure all-in price, including S&H, is compelling

• Charge reasonable rates based on product type
  • Approximately 65% of sales $3 or less (34% free or included)
  • Recoup about 60% of true costs (QVC)

• Minimize friction for new customers
  • Discounts on first/second purchase

• Offer S&H incentives selectively to energize core customers
  • Create extraordinary value; vendors support costs

Reducing S&H Charges while Expanding Margins

QVC US

Change 2017 vs 2014

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2014</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;H as % of Rev</td>
<td>(230) bp</td>
<td>+10 bp</td>
<td></td>
</tr>
<tr>
<td>OIBDA margin increase</td>
<td>+80 bp</td>
<td></td>
<td></td>
</tr>
<tr>
<td>OI margin increase</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In 2016 QVC began allocating certain corporate costs differently (from QVC US to QVC International). For the year 2016, this change resulted in a 50 basis point benefit to QVC US operating income and adjusted OIBDA margin. QVC US 2017 operating income and adj. OIBDA adjusted for $9 million HSNi-related integrations costs.
Advantaged Model Drives Customer Value

**Highly Responsive Model**
- Adapt in minutes to customer behavior

**Advantaged Cost Structure**
- Centralized inventory, typically with return to vendor privileges
- Supply chain scale
- Variable cost structure
- Low capex requirements

**Preferred Partner for Vendors**
- Brand builder, QVC presence drives sales at other retailers
- Attractive end-to-end economics
- Added reach from Qurate Retail platform
Highly Attractive Brand Building Platform for Vendors
Amazon Vendor Example

Amazon Echo

- Air Date: Nov 13, 2017 week
- 75,000 units sold
- QVC price $179.94
- Amazon price $229.00

Ring

- Acquired by Amazon April 2018
- Air Date: Nov 25, 2017
- 127,401 units sold
- QVC price $159.95
- Amazon price $199.00

Blink

- Acquired by Amazon December 2017
- Air Date: Feb 22, 2018
- 21,631 units sold
- QVC price $249.95
- Amazon price $319.00

Work closely with vendor partners to be able to offer best price/value in market
PRODUCTS MADE PERSONAL AND RELEVANT BY STORYTELLING
COMPELLING, MUST-SEE PROGRAMMING AND EVENTS
Unique Position in Media
Powerful Media Platform

Extensive global broadcast reach

Owned, low-cost, high-quality content

Advantaged relationships with media distributors
• We pay them for distribution; with incentives aligned to sales growth

Explosion of video platforms largely positive
• Growing OTT engagement
• Owned and third party platforms

Minimal impact from cord cutting
• Not our target consumer
• QVC TV viewership growing
Extensive Global Broadcast Reach

<table>
<thead>
<tr>
<th>Networks</th>
<th>TV Homes (millions)</th>
<th>QVC</th>
<th>QVC HD</th>
<th>QVC2</th>
<th>Beauty iQ</th>
<th>HSN</th>
<th>HSN HD</th>
<th>HSN 2</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>28</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>2</td>
<td>41</td>
<td>3%</td>
<td>4%</td>
<td>2%</td>
<td>5%</td>
<td>2%</td>
<td>3%</td>
<td>5%</td>
<td>3%</td>
</tr>
<tr>
<td>3</td>
<td>101</td>
<td>5%</td>
<td>6%</td>
<td>3%</td>
<td>15%</td>
<td>11%</td>
<td>6%</td>
<td>6%</td>
<td>5%</td>
</tr>
<tr>
<td>4</td>
<td>25</td>
<td>1%</td>
<td>3%</td>
<td>10%</td>
<td>15%</td>
<td>10%</td>
<td>3%</td>
<td>10%</td>
<td>6%</td>
</tr>
<tr>
<td>5</td>
<td>25</td>
<td>1%</td>
<td>3%</td>
<td>10%</td>
<td>15%</td>
<td>10%</td>
<td>3%</td>
<td>10%</td>
<td>6%</td>
</tr>
<tr>
<td>6</td>
<td>129</td>
<td>1%</td>
<td>3%</td>
<td>10%</td>
<td>15%</td>
<td>10%</td>
<td>3%</td>
<td>10%</td>
<td>6%</td>
</tr>
</tbody>
</table>

Data as of December 31, 2017
*Joint venture with CNR Media Group
Driving Viewership Growth on Broadcast TV

QVC US Example

Growing Viewership Share
QVC, QVC2

Growing Total Viewing Minutes
QVC, QVC2, Per Day

¹Overall TV universe is 2017 average in millions
²QVC daily share is the percent of total TV universe. 2018 is through March 23, 2018.
Source: Comscore
Driving Viewership Growth on New Platforms and Devices

QVC US Example

**OTT - Roku**
- Video content from three networks
- 1.2M net app downloads at 3/31/18

**QVC Digital Platforms**
- Live stream three networks
- Product / on-demand videos

**Facebook Live**
- Simulcast 800 hours / month on avg. in Q1-18
- Utilize QVC and partner pages; leverage integrated marketing strategy

<table>
<thead>
<tr>
<th>Improvement</th>
<th>Q1-18 vs Q1-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avg. Minutes Streamed</td>
<td>132%</td>
</tr>
<tr>
<td>Livestream Minutes</td>
<td>263%</td>
</tr>
<tr>
<td>Video Views</td>
<td>108%</td>
</tr>
<tr>
<td>Minutes Viewed</td>
<td>240%</td>
</tr>
</tbody>
</table>

¹ Q1-18 vs Q1-17
² Minutes estimated based on data streamed through content delivery network with a factor to convert to minutes watched.
## Highly Adaptable Model

### Strong Pivot to Multi-Platform Digital Commerce

<table>
<thead>
<tr>
<th>QVC US</th>
<th>QVC International</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>56%</strong></td>
<td><strong>36%</strong></td>
</tr>
<tr>
<td>eCommerce Penetration&lt;sup&gt;1&lt;/sup&gt;</td>
<td>eCommerce Penetration&lt;sup&gt;1&lt;/sup&gt;</td>
</tr>
<tr>
<td>+1,040 bps&lt;sup&gt;3&lt;/sup&gt;</td>
<td>+690 bps&lt;sup&gt;3&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Mobile % of eCommerce&lt;sup&gt;2&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>62%</strong></td>
<td>+2,280 bps&lt;sup&gt;3&lt;/sup&gt;</td>
</tr>
<tr>
<td><strong>68%</strong></td>
<td>+2,090 bps&lt;sup&gt;3&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

### Notes:

- <sup>1</sup> eCommerce penetration is eCommerce as a percentage of revenue in USD for FY 2017.
- <sup>2</sup> Mobile as a percentage of eCommerce orders in USD for FY 2017.
- <sup>3</sup> Basis point change is FY 2017 vs. FY 2014
- *LTM ended 3/31/18

69% of QVC US customers purchased on digital platforms, they represented 77% of total sales*

* of QVC US customers purchased on digital platforms, they represented 77% of total sales*
Unique Position in **Social**
CUSTOMER COMMUNICATION & MARKETING

VIDEO SHOPPING PLATFORM

BRAND FOCUSED TRANSACTIONAL ADVERTISING

ENGAGEMENT & COMMUNITY BUILDING
Engagement Increases with Platform Expansion

QVC US Example

Daily Time Spent on Platform 2017

TOP 20% MOST ENGAGED BROADCAST VIEWERS

TOP 20% MOST ENGAGED DIGITAL VIEWERS

31M MINUTES VIEWED*

84 MINUTES VIEWED

42 MINUTES ONLINE

Source: ComScore for broadcast and digital viewership for 2017.
*Facebook Live minutes viewed are for Q1-18.
Meet the QVC Customer
Highly Attractive Customer Profile

QVC US Example

- 35-65 year old woman
- Above average income and high household wealth
- Avid, savvy shopper
- Highly engaged with family and life
- Hobbies include travel, cooking, gardening

Source: Epsilon

Propensity to Shop Select Retailers
QVC US Female Customer vs. US Avg.

- Saks: 3.0x
- Chico’s: 2.6x
- Neiman Marcus: 2.4x
- Talbots: 2.1x
- Wayfair: 1.9x
- Nordstrom: 1.9x
- Bed Bath & Beyond: 1.8x
- Ulta: 1.7x
- Pottery Barn: 1.7x
- Sears: 1.6x
- Macy's: 1.6x
- T.J. Maxx: 1.5x
- Amazon: 1.2x
- Costco: 1.2x
- Banana Republic: 1.2x
- Kohl's: 1.2x
- Target: 1.1x
- Sephora: 1.1x

Source: Simmons
Consistent New Customer Growth

QVC US Example

Number of New Customers¹
In millions

- Consistent growth in new customers over last decade
- New customers per Pay TV subscribers at record levels
- 2014/15 peak driven by combination of factors
  - QVC2 launch
  - Favorable Electronics cycle
  - Marketing ramp

¹ For trailing 12 months
### Low Acquisition Cost, Digital Platform Preferred

QVC US Example, FY 2017

<table>
<thead>
<tr>
<th>New Customer Source</th>
<th></th>
<th>New Customer First Order Platform</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct to QVC¹</td>
<td>56%</td>
<td>Mobile (Web / Apps)</td>
</tr>
<tr>
<td>Paid Marketing²</td>
<td>20%</td>
<td>PC Web</td>
</tr>
<tr>
<td>Organic Search³</td>
<td>16%</td>
<td>Customer Service Reps</td>
</tr>
<tr>
<td>Other*</td>
<td>8%</td>
<td></td>
</tr>
</tbody>
</table>

1. Direct calls to customer service and direct to QVC.com.
2. Through any link for which we’ve paid for advertising, for example Facebook, Twitter, eBates, paid pop-up ad, etc.
3. Person searches for QVC and clicks on link (not a paid ad).
*Miscellaneous, for example where a link broke and/or source is unknown.

New marketing programs creating additional opportunities to grow customer base and drive customers to new OTT platforms
New Customers Span Broad Age Range
QVC US Example 2017

New Customer Age Distribution

By Category

By Purchase Platform

Source: Epsilon
Quality of New Customers Strong, Consistent with History

QVC US Example 2017

New Customer Retention
Improving Over Time

<table>
<thead>
<tr>
<th>Year</th>
<th>Retention after First Purchase</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>36%</td>
</tr>
<tr>
<td>2017</td>
<td>39%</td>
</tr>
</tbody>
</table>

Existing Customer Retention Builds Rapidly

<table>
<thead>
<tr>
<th>Number of Purchases 2017</th>
<th>Retention</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>62%</td>
</tr>
<tr>
<td>3</td>
<td>73%</td>
</tr>
<tr>
<td>4</td>
<td>81%</td>
</tr>
<tr>
<td>5+</td>
<td>95%</td>
</tr>
</tbody>
</table>

New Customer Annual Spend
Based on First Purchase Platform

- **Online**: 102% of Average
- **Phone**: 95% of Average
New Customers Quickly Migrate to Additional Categories
QVC US Example 2017

<table>
<thead>
<tr>
<th>Point of Entry</th>
<th>Most Likely First Purchase</th>
<th>Additional Items Purchased in First Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobile</td>
<td>Electronics (24%)</td>
<td>14% 12% 10% 33% 12% 15% 4%</td>
</tr>
<tr>
<td>Facebook Ad</td>
<td>Beauty (25%)</td>
<td>7% 6% 6% 5% 52% 20% 4%</td>
</tr>
<tr>
<td>Customer Service Operator</td>
<td>Household/Garden (24%)</td>
<td>27% 15% 11% 6% 12% 26% 3%</td>
</tr>
<tr>
<td>Shopping Comparison Site</td>
<td>Household/Garden (31%)</td>
<td>30% 14% 11% 11% 13% 19% 2%</td>
</tr>
</tbody>
</table>

Percent of customers joining through designated entry point who purchase the category highlighted.
High & Stable Lifetime Value for Existing Customers

QVC US Example

Customer Loyalty
Existing Customer Retention

88% 89% 89% 89% 89% 90% 89% 89%

Purchase Frequency
Items per Existing Customer

26 26 25 25 25 24 25 26

Customer Value
Spend per Existing Customer

$1,240 $1,255 $1,276 $1,345 $1,392 $1,401 $1,394 $1,341 $1,379

Existing customer: purchased in past 12 months
Track Record of Revenue Growth

Y/Y Growth Rate by Quarter

QVC US—Growth in 31 of Last 35 Quarters

QVC International—Growth in 33 of Last 35 Quarters in Constant Currency

QVC International—USD
## Industry Leading Margins

**Operating Income (Loss) Margin**

- QVC Consolidated¹
- TJX²
- Qurate Retail¹
- Kohl’s³
- Macy’s³
- Target²
- Nordstrom²
- Best Buy²
- Dillard’s³
- Walmart²
- JC Penney²
- Costco²
- Amazon**

**Adj. OIBDA Margin**

- QVC Consolidated¹
- Qurate Retail¹
- TJX²
- Kohl’s³
- Nordstrom³
- Macy’s³
- Target²
- JC Penney²
- Dillard’s³
- Best Buy²
- Walmart²
- Costco²

¹ LTM ended December 2017. ² LTM ended January 2018. ³ LTM ended February 2018

Source: Capital IQ

Qurate Retail is sum of 5 segments and does not include corporate costs.

*Amazon operating income is sum of North America and International segments (does not include AWS). Amazon does not disclose adj. OIBDA by segment.
Sustainable Margins

Consolidated QVC

Operating Income Margin

Adj. OIBDA Margin

QVC Consolidated Adj. OIBDA Expansion (Excluding France and HSNi Transactions Costs)
+20 bps in 3 years
+50 bps in 5 years
Advantaged Capital Spend

**Capex % of Sales**

<table>
<thead>
<tr>
<th>Retailer</th>
<th>Capex % of Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nordstrom³</td>
<td>3%</td>
</tr>
<tr>
<td>Target³</td>
<td>3%</td>
</tr>
<tr>
<td>Kohl's³</td>
<td>3%</td>
</tr>
<tr>
<td>JC Penney³</td>
<td>3%</td>
</tr>
<tr>
<td>TJX³</td>
<td>3%</td>
</tr>
<tr>
<td>Walmart²</td>
<td>3%</td>
</tr>
<tr>
<td>Macy's³</td>
<td>3%</td>
</tr>
<tr>
<td>Dillard's³</td>
<td>3%</td>
</tr>
<tr>
<td>Costco³</td>
<td>3%</td>
</tr>
<tr>
<td>Qurate Retail¹</td>
<td>1%</td>
</tr>
<tr>
<td>Best Buy³</td>
<td>1%</td>
</tr>
</tbody>
</table>

**Capex % of Adj. OIBDA**

<table>
<thead>
<tr>
<th>Retailer</th>
<th>Capex % of Adj. OIBDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nordstrom³</td>
<td>40%</td>
</tr>
<tr>
<td>Costco³</td>
<td>40%</td>
</tr>
<tr>
<td>JC Penney³</td>
<td>30%</td>
</tr>
<tr>
<td>Target³</td>
<td>30%</td>
</tr>
<tr>
<td>Walmart²</td>
<td>30%</td>
</tr>
<tr>
<td>Kohl's³</td>
<td>30%</td>
</tr>
<tr>
<td>Dillard's³</td>
<td>30%</td>
</tr>
<tr>
<td>Best Buy³</td>
<td>30%</td>
</tr>
<tr>
<td>TJX³</td>
<td>30%</td>
</tr>
<tr>
<td>Macy's³</td>
<td>30%</td>
</tr>
<tr>
<td>Qurate Retail¹</td>
<td>10%</td>
</tr>
</tbody>
</table>

¹ LTM ended December 2017
² LTM ended January 2018
³ LTM ended February 2018

Source: Capital IQ for peer companies.

Qurate Retail is sum of 5 segments and does not include corporate costs.
Today

• Current Performance
  Progress on the turnaround at QVC US and HSN

• QVC refresher
  A retailer that behaves like a subscription service

• Qurate Retail Group Introduction
  Strategic priorities and financial formula
Global Leader in Retail

$7.8B ECOMMERCE SALES*
57% PENETRATION**

$14B REVENUE

$5.3B MOBILE ORDERS*
61% PENETRATION***

1st IN VIDEO COMMERCE

336M UNITS SHIPPED

159M CUSTOMER CONTACTS

23M+ CUSTOMERS¹

No. 3 ECOMMERCE & MOBILE COMMERCE²

370M HOMES REACHED ON 16 NETWORKS³

2.2B WEB VISITS

All data for FY 2017 or as of December 31, 2017

¹ Removes estimated customer overlap. Does not include China JV.
² Per Internet Retailer.
³ Includes China JV.

*eCommerce sales and mobile orders for QVC, zulily, HSN and Cornerstone for FY 2017
**Ecommerce as a percentage of total revenue USD.
***Mobile as a percentage of eCommerce orders USD.
We Believe in a Third Way to Shop

Beyond traditional brick & mortar or transactional e-commerce – for consumers who crave engaging shopping experiences over impersonal transactions.

We bring joy, inspiration, and humanity to the shopping experience with every facet of our business being in service to her.
Portfolio of Highly Engaging Shopping Brands

World's Largest Video-Centric Commerce Platform

Revenue $11.3B¹
Digital Penetration 49%²

Her Daily Discovery Destination

Revenue $1.6B
Digital Penetration 100%

Aspirational Lifestyle Direct-to-Consumer Brands

Revenue $1.0B
Digital Penetration 71%

All data is for FY 2017.
¹Includes China JV.
²Does not include China JV.
Large, Diverse Customer Base

QVC & HSN
ABOVE AVERAGE WEALTH, AVID WOMEN SHOPPERS
15.5M CUSTOMERS*

CORNERSTONE
AFFLUENT WOMEN SHOPPERS
2.7M CUSTOMERS

zulily
WOMEN WHO ENJOY THE THRILL OF THE FIND
5.8M CUSTOMERS

23+M CUSTOMERS*

Data for FY 2017
*Factors in an estimated overlap between companies. Does not include China JV.
Qurate Retail Five Year Financial Formula

**IF:**
- Revenue Growth
  - QVC/HSN: 1.5-3%
  - zulily: 12-16%
  - Cornerstone: 2-4%
- OIBDA Margin Drivers
  - Cost Synergies: 75%
  - Operating: 25%

**THEN:**
- **Revenue CAGR:** 3-5%
- **Adj. OIBDA CAGR:** 5-7%
- **Levered FCF Conversion:** 52-56%
Delivering Significant Shareholder Value
Sustainable Revenue Growth, Expanding Margins, High FCF Conversion

Priorities

Focus on Fundamentals
- HSN execution & standards
- Sustained US Turnaround
- Integration, Synergies, & Cost Control

Deliver Joy Daily
- Best Product / Best Value
- Inspiring Shopping Experiences
- H/Q Optimization

Accelerate Growth
- New Video Platforms & New Marketing Models
- New Businesses & New Shopping Models
- zulily

Create the Best Company in Retailing
- Best Team in Retailing
- ONE Qurate
- Shareholder-Oriented Capital Management

Delivering Significant Shareholder Value
Sustainable Revenue Growth, Expanding Margins, High FCF Conversion
Financial Overview

Mark Carleton
Chief Financial Officer, Qurate Retail, Inc.
High Free Cash Conversion:  
53% of Adj. OIBDA Contributes to Levered FCF

<table>
<thead>
<tr>
<th></th>
<th>3-yr Avg. (1)</th>
<th>Δ from Tax Reform and Reattribution</th>
<th>PF Post-Tax Reform and Reattribution</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Op Co</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adj. OIBDA</td>
<td>100%</td>
<td>-</td>
<td>100%</td>
</tr>
<tr>
<td>Working Capital</td>
<td>(4%)</td>
<td>-</td>
<td>(4%)</td>
</tr>
<tr>
<td>Capital Expenditures</td>
<td>(12%)</td>
<td>-</td>
<td>(12%)</td>
</tr>
<tr>
<td>Cash taxes</td>
<td>(24%)</td>
<td>8%</td>
<td>(16%)</td>
</tr>
<tr>
<td>TV Distribution Rights</td>
<td>(2%)</td>
<td>-</td>
<td>(2%)</td>
</tr>
<tr>
<td>Dividend to Mitsui</td>
<td>(2%)</td>
<td>-</td>
<td>(2%)</td>
</tr>
<tr>
<td>Cash interest, net</td>
<td>(10%)</td>
<td>-</td>
<td>(10%)</td>
</tr>
<tr>
<td><strong>Op Co L-FCF</strong></td>
<td>46%</td>
<td>8%</td>
<td>54%</td>
</tr>
<tr>
<td><strong>Corporate</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overhead</td>
<td>(1%)</td>
<td>-</td>
<td>(1%)</td>
</tr>
<tr>
<td>Cash interest, net</td>
<td>(3%)</td>
<td>(3%)</td>
<td>(6%)</td>
</tr>
<tr>
<td>Cash taxes/benefit</td>
<td>2%</td>
<td>-</td>
<td>2%</td>
</tr>
<tr>
<td>Green energy cash tax benefits</td>
<td>-</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>CPDI cash tax benefits</td>
<td>-</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td><strong>Corporate L-FCF</strong></td>
<td>(2%)</td>
<td>1%</td>
<td>(1%)</td>
</tr>
<tr>
<td><strong>Consolidated L-FCF</strong></td>
<td>44%</td>
<td>9%</td>
<td>53%</td>
</tr>
</tbody>
</table>

(1) Figures for QVC, Inc., zulily, and HSNI represent average over the three year period ending 12/31/17. Excludes impact of HSNI dividend payments to Qurate Retail, Inc.
# Significant Margin Expansion / Reinvestment Potential

## Margin Expansion Opportunities

### Acquisition Synergies
- $200-220M cost synergies from HSN transaction

### Operating Improvements
- Promotional discipline, operating efficiencies and best practice transfer at HSN
- Supply chain network optimization across H & Q
- Global Business Services expansion
- Growing into fixed costs at zulily
- Product margin expansion at Cornerstone

## Reinvestments to Secure Growth

### Customer Acquisition / Engagement
- Performance Marketing, driving to Digital/OTT
- TV network expansion / improved channel positions (QVC & HSN)

### Customer Value
- S&H reductions as needed

### Growth Capabilities
- Investment in data scientists / ML capabilities
- Innovation & Customer Experience
Update to HSNi Cost Synergies

$200 - $220m estimated operating synergies identified

- Does not include revenue or capex synergies
- $125m of total one-time costs (35/65 capital/expense)
- Anticipate deploying some savings into business to drive growth
- Approximately 80% of 2018 estimated synergies expected to benefit adjusted OIBDA

<table>
<thead>
<tr>
<th>Procurement</th>
<th>Freight and other indirect savings</th>
<th>Leverage QVC direct sourcing / strategic vendor management</th>
<th>Payment options</th>
<th>$75-80M</th>
<th>~40%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Duplicate Functions</td>
<td>Headcount</td>
<td>Public company costs (listing and filing fees)</td>
<td>$40-45M</td>
<td>~20%</td>
<td></td>
</tr>
<tr>
<td>Business Process Integration</td>
<td>Optimize supply chain network</td>
<td>Optimize contact centers</td>
<td>$65-70M</td>
<td>~30%</td>
<td></td>
</tr>
<tr>
<td>MSO Distribution Fees / Marketing</td>
<td>MSOs, channel placement and HD availability equally important</td>
<td>Marketing spend optimization</td>
<td>$20-25M</td>
<td>~10%</td>
<td></td>
</tr>
</tbody>
</table>

Time Phasing of Synergies ($m)

Run Rate Synergies

One-Time Costs

- 2017: $44
- 2018: $35-40
- 2019: $110-120
- 2020: $160-175
- 2021: $200-220
Debt Profile and Leverage

Maintaining leverage target of 2.5x at QVC, Inc.
- Expect to maintain HSNi leverage at similar level

Covenant Threshold: 3.5x
Leverage Target: 2.5x

QVC, Inc. Leverage Ratio 2.5x(1)

$5.1b
QVC & Subsidiary Debt $3,735
QVC Credit Facility $1,405

$50.8
HSNi Credit Facilities & Other Debt

$5.6b
Qurate Retail Group Leverage Ratio 2.5x(2)

$8.4b
Qurate Retail Group Debt

$2,733
Corporate

$ in millions

4.3% weighted average interest rate on total debt at 3/31/18

Note: Represents principal amounts outstanding as of 3/31/18.
(1) As of 3/31/18, as defined in QVC’s credit facility and based on combined adjusted OIBDA of QVC and zulily.
(2) Includes QVC, Inc., zulily, llc and HSN, Inc.; based on debt and adjusted OIBDA as defined for covenant calculation purposes in their respective credit agreements.
3.50%, 3.75% and 4.00% Exchangeable Debentures 101

What are they?
• Debt securities with exchangeability feature into a security or an underlying basket of securities (or settled in cash) generally with higher tax deductible interest rate than cash interest rate

How do they work?
• Allow for tax deductions in excess of cash coupon, creating a current period cash benefit and a corresponding deferred tax liability (“DTL”)

Example
• $1b bond at issuance with 4% annual cash coupon and 9% deductible interest rate for tax purposes
• 5% delta between 4% cash coupon and 9% interest deduction (“contingent interest”) accretes to adjusted issue price with each semi-annual payment
  • Year 0.5 incremental interest deduction: $25m ((9% - 4%) x ½ x $1b)
• By end of year 1, accreted basis has increased by $51m of incremental contingent interest deduction to $1.051b
  • Semi-annual cash coupon remains $20m (4% x ½ x $1b); however, tax deductible interest calculated off accreted basis and continues to grow
• This compounding continues through the earlier of debt repayment or maturity
Understanding Qurate Retail Interest Deductions

Interest deductibility
- Total annual interest expense comprised of cash interest and contingent interest
- Annual interest expense expected to exceed limitation on interest deductibility of interest income plus 30% of EBITDA
- Disallowed interest expected to be $75-125m in 2018, growing thereafter
  - When tax-effected, only ~$20m in current period cash benefit we can’t realize today that can be deferred indefinitely

See Appendix for more information regarding the exchangeable debentures and interest deductibility cap

Note: all information based on current interpretation of new tax legislation and subject to change.
Qurate Retail Tax Considerations

Effective tax rate
• Qurate Retail effective tax rate for 2018 expected to be 20-23\(^{(1)}\)% of pre-tax income
  • Includes federal, state and foreign taxes
  • Driven lower by tax credits generated from green energy investments

Cash tax rate
• Cash tax rate further reduced by deductible portion of exchangeable debentures
  • Exchangeable debentures do not impact book income tax expense
    • Benefit from current period contingent interest deductions offset with corresponding increase in DTL

(1) Excluding one-time adjustments.
Today’s Discussion

• QVC International reflections
• QVC US observations
• Key actions and priorities
QVC International—Reflections

Faced macro challenges
- Analog to digital conversion
- Economic conditions

Executed QVC operating principles

Revenue growth¹
- 33 of last 35 quarters
- 15 consecutive quarters

¹ in constant currency
International Learnings Applicable to US

- Executing key principles
- Quickly adapting to changing market dynamics and customer needs
- Leveraging core strengths across businesses
QVC US—Observations

- Long history of revenue growth
- Recent pressures in 5 category segments
- Returned to growth in 2H 2017
- Q1-18 third consecutive quarter of revenue growth
- Addressing ASP pressures
  - Drivers
    - Lower mix of Electronics, Jewelry
    - Product trends within categories
  - Actions
    - Review mix of items, frequency of offers at various price tiers

Revenue Y/Y % Var.
Growth in 31 of Last 35 Quarters
Key Actions and Priorities

- Broaden and balance brand and product portfolio
  - Increase newness and diversity of assortment
- Extend reach, relevance and viewership of TV networks
- Extend reach and grow engagement on digital platforms
- Grow customer base and maintain high purchase frequency and retention
- Improve customer experience and cost to serve
- Disciplined cost management
Broaden and Balance Brand and Product Portfolio

<table>
<thead>
<tr>
<th>Extend Proprietary Brands</th>
<th>Utilize Global Vendors</th>
<th>Share Brands Across International Markets</th>
<th>Leverage Key Locally-Relevant Brands</th>
</tr>
</thead>
<tbody>
<tr>
<td>LOGO</td>
<td>LOCK &amp; LOCK</td>
<td>EasiYo</td>
<td>RADOY LONDON</td>
</tr>
<tr>
<td>d&amp;co.</td>
<td>VIONIC</td>
<td>PHILIPS</td>
<td>BABOR</td>
</tr>
<tr>
<td>ISAAC MIZRAHI LIVE</td>
<td>SKECHERS</td>
<td>NINA LEONARD</td>
<td>Lindt</td>
</tr>
<tr>
<td>H BY HALSTON</td>
<td>dyson</td>
<td>M. Asam COSMETICS</td>
<td>Joules</td>
</tr>
<tr>
<td>SUSAN GRAVER</td>
<td>kipling</td>
<td>Perricone MD</td>
<td>RUTH &amp; LANGSTOR'S FASHION</td>
</tr>
<tr>
<td></td>
<td>amazon</td>
<td>Clarks</td>
<td>THOM BY THOMAS ROTH</td>
</tr>
<tr>
<td></td>
<td>KitchenAid</td>
<td></td>
<td>ELEMIS</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>JETTE</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>LAMBERTZ</td>
</tr>
</tbody>
</table>
Drive Balanced Growth and Increase Newness and Diversity

Grew revenue in all categories except Jewelry in 2017

Drove newness/freshness in product portfolio in 2017
  • 528 new brands, +27%
  • 9,400 new items, +8%

Enhanced diversity of on-air product offers

Expanded digital assortment in 2017
  • 173 digital only brands
  • 92 existing brands extended to digital
Increase Viewership of TV Networks

QVC US Example

**Increased Reach with Additional Networks**

- Reaches ~60 M homes
- Doubled the number of live hours / week to 40 in Spring 2017
- Plans to increase live hours to nearly 66 / week in Summer of 2018

---

**Available 24 hours/day on Digital Stream**

- Reaches ~45M homes
- Broadcasts 20 live hours / week
Extend Reach and Grow Engagement on Over-the-Top

QVC US Example

# Minutes Live and VOD Content Streamed

+132% Q1-18

- Launched new app November 2016
- Provide video content from QVC, QVC2, Beauty iQ
- Marketing programs driving downloads
- Learn from evolving consumer behavior on OTT
Extend Reach and Grow Engagement on Facebook Live

QVC US Example

- Simulcast livestream
- Specialized content: brand launches, product demos, events, series
- Leverage FB platform to create 360° engagement and extend relevance

FB Live Minutes Viewed

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Minutes Viewed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2-17</td>
<td>6.2</td>
</tr>
<tr>
<td>Q3-17</td>
<td>12.7</td>
</tr>
<tr>
<td>Q4-17</td>
<td>36.7</td>
</tr>
<tr>
<td>Q1-18</td>
<td>31.3</td>
</tr>
</tbody>
</table>

Minutes viewed in millions
Grow Customer Base and Maintain High Purchase Frequency and Retention

<table>
<thead>
<tr>
<th>Year</th>
<th>QVC US</th>
<th>QVC Int’l</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>2.18</td>
<td>1.00</td>
</tr>
<tr>
<td>2015</td>
<td>2.24</td>
<td>1.03</td>
</tr>
<tr>
<td>2016</td>
<td>2.10</td>
<td>1.05</td>
</tr>
<tr>
<td>2017</td>
<td>2.14</td>
<td>1.04</td>
</tr>
</tbody>
</table>

Number of New Customers (in millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Existing Customer</th>
<th>Existing Customer</th>
<th>Existing Customer</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>25</td>
<td>89%</td>
<td>2014</td>
</tr>
<tr>
<td>2015</td>
<td>24</td>
<td>90%</td>
<td>2015</td>
</tr>
<tr>
<td>2016</td>
<td>25</td>
<td>89%</td>
<td>2016</td>
</tr>
<tr>
<td>2017</td>
<td>26</td>
<td>89%</td>
<td>2017</td>
</tr>
</tbody>
</table>

Existing Customer Items Purchased

<table>
<thead>
<tr>
<th>Year</th>
<th>Existing Customer</th>
<th>Existing Customer</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>24</td>
<td>88%</td>
</tr>
<tr>
<td>2015</td>
<td>24</td>
<td>88%</td>
</tr>
<tr>
<td>2016</td>
<td>24</td>
<td>88%</td>
</tr>
<tr>
<td>2017</td>
<td>24</td>
<td>88%</td>
</tr>
</tbody>
</table>

Existing Customer Retention

Existing: purchased in last 12 months
New: never purchased in past
International does not include QVC France or China JV.
Digital Retention and Engagement

Leverage Core Relationship Building Strengths
Create engaging and inspiring shopping experiences across all customer touchpoints that deliver joy and build lifetime relationships.

INTEGRATION OF ORGANIC SOCIAL

VIDEO AND DIGITAL CONTENT

EMAIL MARKETING
### Fulfillment Initiatives

<table>
<thead>
<tr>
<th>Initiative</th>
<th>2018 Estimated Savings</th>
<th>Long-Term Annual Estimated Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract Savings</td>
<td>$25 M</td>
<td>$50 M</td>
</tr>
<tr>
<td>Increase Units per Package</td>
<td>$14 M</td>
<td>$20M+</td>
</tr>
<tr>
<td>Regional Distribution</td>
<td>$4M</td>
<td>$20-$25 M</td>
</tr>
<tr>
<td>Leverage zulily WMS</td>
<td>--</td>
<td>$5-$12 M</td>
</tr>
</tbody>
</table>
Leverage Strengths of QVC and HSN To Drive US Market

- Joint executive leadership and strategic oversight
- Cross-business product portfolio optimization
  - Private label development in Apparel
  - Build food assortment for HSN
  - National brands: Kitchen/Cook: KitchenAid, Kuerig and Vitamix to HSN
- Extend customer relationships across businesses
Priorities

**Focus on Fundamentals**
- HSN execution & standards
- Sustained US Turnaround
- Integration, Synergies, & Cost Control

**Deliver Joy Daily**
- Best Product / Best Value
- Inspiring Shopping Experiences
- H/Q Optimization

**Accelerate Growth**
- New Video Platforms & New Marketing Models
- New Businesses & New Shopping Models
- zulily

**Create the Best Company in Retailing**
- Best Team in Retailing
- ONE Qurate
- Shareholder-Oriented Capital Management
HSN Review
Mike Fitzharris
President, HSN
Today’s Discussion

- Returning HSN to growth
- Short-term key actions
- Strategic Priorities
Returning HSN to Growth
Returning HSN to Growth – Initial Challenges, Sizeable Opportunities

Near-Term Challenges Driven by Acquisition
- Slowdown in Product pipeline
- Insufficient inventory levels

Return to Business Fundamentals
- Focus on Balance
- Re-establish standards
- Cost management

QVC Turnaround Expertise
- Successful track record
- Leverage Qurate Resources

Business Growth
HSN Short-Term Priorities
HSN Short-Term Priorities

**Product**
- Balanced assortment
- More new products
- Leverage Group capabilities

**Platforms**
- Strengthen on-air presence
- More items on air
- Build on digital advancements

**Promotion**
- Focus on value
- Reduce free S+H
- Less flexpay

**Profitability**
- Cost structure
- Operational efficiency
- Improved execution
HSN Short-Term Priorities

- Balanced assortment
- More new products
- Leverage Group capabilities

Platforms

- Focus on value
- Reduce free S+H
- Less flexpay

Profitability

- Cost structure
- Operational efficiency
- Improved execution

Product

- Strengthen on-air presence
- More items on air
- Build on digital advancements

Promotion
2018 Business Turnaround Timeline

Q1

- QVC Acquisition
- New leadership team in place
- New head of digital from Q Italy
- QVC Planning and Broadcast team members imbedded at H
- Short-term inventory challenges identified
- QVC National Brands launched online
- Crossover customer analysis done
### 2018 Business Turnaround Timeline

<table>
<thead>
<tr>
<th>Q1</th>
<th>Q2</th>
</tr>
</thead>
<tbody>
<tr>
<td>• QVC Acquisition</td>
<td>• Disaster recovery link to West Chester</td>
</tr>
<tr>
<td>• New leadership team in place</td>
<td>• Momentum in beauty</td>
</tr>
<tr>
<td>• New head of digital from Q Italy</td>
<td>• Focus on autoship</td>
</tr>
<tr>
<td>• QVC Planning and Broadcast team members imbedded at H</td>
<td>• Balance in portfolio</td>
</tr>
<tr>
<td>• Short-term inventory challenges identified</td>
<td>• Food</td>
</tr>
<tr>
<td>• QVC National Brands launched online</td>
<td>• Curtis Stone Beef Launch</td>
</tr>
<tr>
<td>• Crossover customer analysis done</td>
<td>• QVC National Brands Launched on air</td>
</tr>
<tr>
<td></td>
<td>• Kitchen Aid</td>
</tr>
<tr>
<td></td>
<td>• Performance marketing team stood up</td>
</tr>
<tr>
<td></td>
<td>• Promotional intensity reduction</td>
</tr>
<tr>
<td></td>
<td>• Facebook Live simulcast</td>
</tr>
<tr>
<td></td>
<td>• Emails segmentation launched</td>
</tr>
<tr>
<td></td>
<td>• HR policies aligned</td>
</tr>
</tbody>
</table>
## 2018 Business Turnaround Timeline

<table>
<thead>
<tr>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
</tr>
</thead>
</table>
| - QVC Acquisition  
- New leadership team in place  
- New head of digital from Q Italy  
- QVC Planning and Broadcast team members imbedded at H  
- Short-term inventory challenges identified  
- QVC National Brands launched online  
- Crossover customer analysis done | - Disaster recovery link to West Chester  
- Momentum in beauty  
- Focus on autoship  
- Balance in portfolio  
- Food  
- Curtis Stone Beef Launch  
- QVC National Brands Launched on air  
- Kitchen Aid  
- Performance marketing team stood up  
- Promotional intensity reduction  
- Facebook Live simulcast  
- Emails segmentation launched  
- HR policies aligned | - Inventory increase  
- Return to single TS  
- 24-hour live  
- QVC National Brands launched on air  
- Vitamix  
- Keurig  
- Inventory levels restored  
- Private label launches  
- Home  
- Apparel  
- Move from SD to HD in 19m homes  
- Expansion of digital assortment  
- High-end beauty vendor launches  
- Quality assurance alignment  
- Qurate design/source products launching  
- Food category ramp up  
- Brand relaunch  
- Programming relaunch  
- Transition to S&H product categories |
### 2018 Business Turnaround Timeline

<table>
<thead>
<tr>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>• QVC Acquisition</td>
<td>• Disaster recovery link to West Chester</td>
<td>• Inventory increase</td>
<td>• Private label launches (continues)</td>
</tr>
<tr>
<td>• New leadership team in place</td>
<td>• Momentum in beauty</td>
<td>• Return to single TS</td>
<td>• Ramp in pace</td>
</tr>
<tr>
<td>• New head of digital from Q Italy</td>
<td>• Focus on autoship</td>
<td>• 24-hour live</td>
<td>• Variety on-air</td>
</tr>
<tr>
<td>• QVC Planning and Broadcast team members imbedded at H</td>
<td>• Balance in portfolio</td>
<td>• QVC National Brands launched on air</td>
<td>• Studio operations overhaul</td>
</tr>
<tr>
<td>• Short-term inventory challenges identified</td>
<td>• Food</td>
<td>• Vitamix</td>
<td>•</td>
</tr>
<tr>
<td>• QVC National Brands launched online</td>
<td>• Curtis Stone Beef Launch</td>
<td>• Keurig</td>
<td>•</td>
</tr>
<tr>
<td>• Crossover customer analysis done</td>
<td>• QVC National Brands Launched on air</td>
<td>• Inventory levels restored</td>
<td>•</td>
</tr>
<tr>
<td></td>
<td>• Kitchen Aid</td>
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<td>• Home</td>
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</tr>
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<td>• Apparel</td>
<td>•</td>
</tr>
<tr>
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<td>• Move from SD to HD in 19m homes</td>
<td>•</td>
</tr>
<tr>
<td></td>
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</tr>
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</tr>
<tr>
<td></td>
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<td>• Quality assurance alignment</td>
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</tr>
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<td></td>
<td></td>
<td>• Qurate design/source products launching</td>
<td>•</td>
</tr>
<tr>
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<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Brand relaunch</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Transition to S&amp;H product categories</td>
</tr>
</tbody>
</table>
HSN Strategic Priorities
HSN Strategic Priorities

• Building more balance across categories and product assortments
• Introducing new brands and items
• Airing more items and brands per hour and day
• Moderating promotional intensity
• Improving on-air presentation
• Advancing our online assortment and
• Managing costs
• Team member engagement
Lori Twomey
Interim President, zulily
we’re a place for fun shopping

Discovery.
Entertainment.
Fun.

Direct-search.
Commoditized.
Cat food.

98Qurate Retail 2018 Investor Day
zulily today

We launch ~ 100 new events every day, typically for 72 hours

A typical Costco has 4,000 SKUs; we launch more than 9,000 product styles daily

67% of orders placed on mobile devices\(^ 1 \)

91% of orders placed by repeat customers\(^ 2 \)

---

\(^1\)Based on orders placed during 2017 calendar year.

\(^2\)Based on orders placed in 2017 by customers who had previously purchased from zulily.
a great start to the year

strong first quarter growth

6.1M
active customers

17%
revenue growth

80%
adjusted OIBDA growth

1 An active customer is defined as an individual who has purchased at least once in the last twelve months, measured from the last date of a period. Active customers are in millions. 2 Q1-18 vs. Q1-17. 3 Adjusted OIBDA is a non-GAAP financial measure that we calculate as operating income (loss) before interest and other income and expense, taxes, depreciation, amortization, stock-based compensation and acquisition related expenses. For a reconciliation of Adjusted OIBDA to operating income (loss), please refer to the Reconciliation of Non-GAAP Adjusted OIBDA to Operating Income (Loss) in the Appendix.
reaching new audiences

finding her where she is

- Facebook Live
- Instagram
- Pinterest
offering what she wants
personalized shopping experiences

- **women’s apparel customer**
- **new customer from footwear ad**
- **kids & home customer**
we are just getting started…

1. PRODUCT
   - dive deeper into categories

2. TECHNOLOGY
   - leverage our world-class team

3. CUSTOMER EXPERIENCE
   - surprise & delight her every day
Today’s Discussion

• The Cornerstone proposition

• Our brands

• Key priorities for value creation
The Cornerstone Brands

We are a collection of *aspirational, lifestyle* brands that deliver *unique, distinctive proprietary* products directly to a *loyal and valuable* customer base.

**BALLARD DESIGNS** | **FRONTGATE**

**Garnet Hill** | **grandinroad**

**IMPROVEMENTS**
Cornerstone Brand Key Priorities

Brand Management
  • Value proposition
  • Proprietary product
  • Aspirational presentations

Gross Margin Expansion
  • Engineered assortments
  • Supply chain development
  • Strategic promotional cadence

Channel Optimization
  • Evolution of direct model
  • Retail efficiency

Organization and Culture

Operations Alignment
Curation Panel
Mary Campbell
Lori Twomey
Lisa Morrissey
Rob Robillard
Video
Curation Panel
Mary Campbell
Lori Twomey
Lisa Morrissey
Rob Robillard
Operations
Bob Spieth
Executive Vice President and Chief Operations Officer, Qurate Retail Group
Qurate Retail Group Operations Snapshot

18 CONTACT CENTERS GLOBALLY
22 FULFILLMENT CENTERS GLOBALLY
336M PACKAGES SHIPPED
159M CUSTOMER CONTACTS

(1) Includes customer calls, email contacts, and social contacts. Data for FY 2017 or 12/31/17.
Working Examples of Shared Strengths and Capabilities

- Staff Planning and Command Center Strategies
- Integrated Home-Based Contact Center Team
- Fulfillment Systems and Order Consolidation Capability
- In-Home Delivery Capabilities
Building Our Talent to Drive Innovation and Agility

- Place top leaders from each brand in critical roles
- Invest in analytics, data science, and engineering talent
- Build a seamless integration between operations and tech teams
IT Review
Karen Etzkorn
Executive Vice President and Chief Information Officer, Qurate Retail Group
Today’s Discussion

• Consolidated IT Priorities
• Digital Transformation: Creating the “Third Way to Shop” Online
• Agile Mindset: Driving Value through Collaboration and Shared Accountabilities
Consolidated IT Priorities

• Leverage enterprise-wide value and best practices
• Rationalize Q+H operating platforms driving efficiency, innovation and speed to market
• Develop and integrate common compliance, information security and data privacy policies and standards
• Roll out common people tools to deliver seamless, consistent team member experience
Today’s Discussion

- Consolidated IT Priorities
- Digital Transformation: Creating the “Third Way to Shop” Online
- Agile Mindset: Driving Value through Collaboration and Shared Accountabilities
Digital Transformation: Creating the “Third Way to Shop” online
Agile Mindset: Driving Value through Collaboration and Shared Accountabilities

**Why**
- Frequent Delivery
- Engagement & Collaboration
- Transparency
- Predictability
- Customer Focus

**What**
- Adaptive Leadership
- Trust & Empowerment
- Breakdown Traditional Silos
- Cross-Functional Teams
- Continuous Planning
Innovation and Customer Marketing
Mary Campbell
Alex Miller
Kevin Saliba
Todd Sprinkle
Video
Chairman’s Perspective
Greg Maffei
Executive Chairman, Qurate Retail, Inc.
Look How Far We’ve Come

Liberty Media Corporation 2008
# The Long and Winding Road

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>Liberty Interactive Corporation separated from Liberty Media Corporation</td>
</tr>
<tr>
<td>2012</td>
<td>Liberty Interactive created two tracking stocks: Liberty Ventures and Liberty Interactive</td>
</tr>
<tr>
<td>2014</td>
<td>Reattributed digital commerce assets to Liberty Ventures Group</td>
</tr>
<tr>
<td></td>
<td>Changed tracker name to QVC Group</td>
</tr>
<tr>
<td>2015</td>
<td>Acquisition of zulily</td>
</tr>
<tr>
<td>2017</td>
<td>Acquisition of remaining stake in HSNi</td>
</tr>
<tr>
<td>2018</td>
<td>Became asset-backed stock and changed name to Qurate Retail, Inc.</td>
</tr>
</tbody>
</table>
## While Innovating and Evolving Retail Operations

### 2008

- **$7.3** billion total revenue
- **11**\(^{(1)}\) million customers
- **3** International markets
- **1** channel in US and **4** networks worldwide
- **166m** homes reached
- **160m** units shipped annually
- **22\%** digital penetration
- **<10\%** mobile penetration
- **Summer '08** launched Facebook page
- Distribution only on traditional cable

### Today\(^{(2)}\)

- **$13.7** billion total revenue\(^{(3)}\)
- **23** million customers
- **7** International markets\(^{(4)}\)
- **5** multiplatform networks in US and **16** networks worldwide\(^{(4)}\)
- **370m** homes reached\(^{(4)}\)
- **336m** units shipped annually
- **57\%** digital penetration
- **61\%** mobile penetration
- **9.6m** Facebook Followers
- Apple TV, Roku, Facebook Live, Youtube

---

\(^{(1)}\) Represents 2009 total customer count.
\(^{(2)}\) All data for FY 2017 or as of December 31, 2017. Excludes China JV unless otherwise noted.
\(^{(3)}\) Pro-forma including results of HSNi.
\(^{(4)}\) Includes China.
Current Valuation Below Average of Peers…

EV/(EBITDA – Capital Expenditures) (1)

<table>
<thead>
<tr>
<th>Company</th>
<th>EV/(EBITDA – Capex)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Costco</td>
<td>23.7x</td>
</tr>
<tr>
<td>Burlington</td>
<td>23.4x</td>
</tr>
<tr>
<td>Ross</td>
<td>14.8x</td>
</tr>
<tr>
<td>TJX</td>
<td>14.0x</td>
</tr>
<tr>
<td>Walmart</td>
<td>13.2x</td>
</tr>
<tr>
<td>Target</td>
<td>10.2x</td>
</tr>
<tr>
<td>JCP</td>
<td>8.3x</td>
</tr>
<tr>
<td>Best Buy</td>
<td>7.8x</td>
</tr>
<tr>
<td>Qurate Retail</td>
<td>7.0x</td>
</tr>
<tr>
<td>Kohl's</td>
<td>6.7x</td>
</tr>
<tr>
<td>Dillard's</td>
<td>6.3x</td>
</tr>
<tr>
<td>Macy's</td>
<td>6.7x</td>
</tr>
</tbody>
</table>

Average EV/(EBITDA-Capex): 12.4x

Price/Earnings (2)

<table>
<thead>
<tr>
<th>Company</th>
<th>P/E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Costco</td>
<td>29.5x</td>
</tr>
<tr>
<td>Walmart</td>
<td>28.4x</td>
</tr>
<tr>
<td>Burlington</td>
<td>24.5x</td>
</tr>
<tr>
<td>Ross</td>
<td>23.2x</td>
</tr>
<tr>
<td>Best Buy</td>
<td>22.2x</td>
</tr>
<tr>
<td>TJX</td>
<td>20.5x</td>
</tr>
<tr>
<td>Nordstrom</td>
<td>18.6x</td>
</tr>
<tr>
<td>Target</td>
<td>13.8x</td>
</tr>
<tr>
<td>Kohl's</td>
<td>12.6x</td>
</tr>
<tr>
<td>Qurate Retail</td>
<td>11.8x</td>
</tr>
<tr>
<td>Dillard's</td>
<td>8.4x</td>
</tr>
<tr>
<td>Macy's</td>
<td>6.3x</td>
</tr>
</tbody>
</table>

Average P/E: 18.3x

Sources: CapitalIQ and company public filings. As of 5/16/18.

(1) Enterprise value calculated as current market capitalization plus debt, preferred equity, and minority interest, minus cash and cash equivalents. EBITDA and capital expenditures ("capex") figures based on trailing twelve months. Qurate Retail trailing twelve months Adj. OIBDA and capex PF for HSNi acquisition. Qurate Retail Inc. enterprise value excludes interests in ILG, FTD, TWX, and private assets.

(2) Price/earnings based on current market price divided by trailing twelve month earnings per basic share. Qurate Retail adjusted earnings per share excludes the impact of purchase accounting amortization (net of deferred tax benefit), mark to market adjustments on certain public debt and equity securities and other one-time adjustments.
...Despite Qurate Retail’s Favorable Free Cash Profile...

Levered Free Cash Flow Yield as % of Share Price(1)

Sources: CapitalIQ and company public filings. As of 5/16/18.

(1) Comparable companies’ LFCF calculated as trailing twelve month CFFO less capital expenditures. Qurate Retail LFCF PF for HSNi acquisition, impacts from tax reform, and reattribution. Yield calculated as % current market capitalization. Qurate Retail, Inc. market capitalization excludes interests in ILG, FTD, TWX, and private assets.
…and Qurate Retail’s Structural Advantages

- Highly adaptable and responsive to real time customer feedback
- Relatively low fixed cost structure
- High degree of product exclusivity
- Efficient tax structure
- Advantaged inventory model
- Low capex requirements
History of Tax Efficient Return of Capital

- Long and consistent track record of share repurchase ($8.0b since May 2006)
- Repurchased shares would currently be worth $11.2b(1)
- Reduced share count by 51.9%, 45.9% net of share issuances(2)

(1) Including impact of LVNTA shares received in both 2012 and 2014. LVNTA performance inclusive of LTRP spin-off in 2014, CHUB spin-off in 2016, and LEXE split-off in 2016. CHUB was acquired 5/21/18; assumes CHUBA/K sold on acquisition announcement date of 3/6 and reinvested into QRTE composite.
(2) Share repurchases through 4/30/18.
Capital Allocation Considerations

Will weigh all options for highest return on capital, with a focus on:

**Invest in the business for the future**
- IT improvements, distribution platforms, mobile experience, fulfillment efficiencies

**Return capital to shareholders**
- $1b of buybacks expected in 2018
- Long term strategy to match buyback activity with levered free cash flow

**Look for acquisitions that fit in our space**
- The next zulily / HSNi
- New Ventures team led by Darrell Cavens

**Offset deferred tax liability on exchangeable bonds**
Appendix
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 revenue 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 supersed 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.
The table above provides a reconciliation for QVC US’ operating income in accordance with US GAAP to adjusted OIBDA for 2014 and 2017 as previously reported. It also provides operating income and adjusted OIBDA excluding HSNi transaction costs in 2017.

### QVC US

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating income</strong></td>
<td>$994</td>
<td>$941</td>
</tr>
<tr>
<td><strong>Depreciation and amortization</strong></td>
<td>423</td>
<td>447</td>
</tr>
<tr>
<td><strong>Stock compensation expense</strong></td>
<td>29</td>
<td>41</td>
</tr>
<tr>
<td><strong>Adj. OIBDA</strong></td>
<td>1,446</td>
<td>1,429</td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td>$6,140</td>
<td>$6,055</td>
</tr>
<tr>
<td><strong>Operating income margin</strong></td>
<td>16.2%</td>
<td>15.5%</td>
</tr>
<tr>
<td><strong>Adj. OIBDA margin</strong></td>
<td>23.6%</td>
<td>23.6%</td>
</tr>
</tbody>
</table>

**Adjusted for HSNi Integration Costs**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating income</strong></td>
<td>$994</td>
<td>$941</td>
</tr>
<tr>
<td><strong>HSNi transaction costs</strong></td>
<td>9</td>
<td>-</td>
</tr>
<tr>
<td><strong>Operating income adj. for HSNi costs</strong></td>
<td>1,003</td>
<td>941</td>
</tr>
<tr>
<td><strong>OI margin adj for HSNi costs</strong></td>
<td>16.3%</td>
<td>15.5%</td>
</tr>
<tr>
<td><strong>Adj. OIBDA</strong></td>
<td>$1,446</td>
<td>$1,429</td>
</tr>
<tr>
<td><strong>HSNi transaction costs</strong></td>
<td>9</td>
<td>-</td>
</tr>
<tr>
<td><strong>Adj. OIBDA add back HSNi costs</strong></td>
<td>1,455</td>
<td>1,429</td>
</tr>
<tr>
<td><strong>Adj. OIBDA margin with add back of HSNi integration costs</strong></td>
<td>23.7%</td>
<td>23.6%</td>
</tr>
</tbody>
</table>
# Reconciling Schedule

The table above provides a reconciliation for Qurate Retail segment’s adjusted OIBDA to operating income in accordance with US GAAP for the year 2017.

<table>
<thead>
<tr>
<th></th>
<th>Revenue</th>
<th>Operating Income (Loss)</th>
<th>D&amp;A Expenses</th>
<th>Compensation Expenses</th>
<th>Acquisition and Restructuring Expenses</th>
<th>Adj. OIBDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>QVC US</td>
<td>$ 6,140</td>
<td>$ 994</td>
<td>$ 423</td>
<td>$ 29</td>
<td>-</td>
<td>$ 1,446</td>
</tr>
<tr>
<td>QVC Int’l</td>
<td>2,631</td>
<td>353</td>
<td>96</td>
<td>2</td>
<td></td>
<td>451</td>
</tr>
<tr>
<td>QVC Inc.</td>
<td>8,771</td>
<td>1,347</td>
<td>519</td>
<td>31</td>
<td>-</td>
<td>1,897</td>
</tr>
<tr>
<td>HSN</td>
<td>2,343</td>
<td>103</td>
<td>31</td>
<td>17</td>
<td>69</td>
<td>220</td>
</tr>
<tr>
<td>zulily</td>
<td>1,613</td>
<td>(129)</td>
<td>202</td>
<td>18</td>
<td>-</td>
<td>91</td>
</tr>
<tr>
<td>Cornerstone</td>
<td>1,045</td>
<td>8</td>
<td>14</td>
<td>3</td>
<td>20</td>
<td>45</td>
</tr>
<tr>
<td>PF Qurate Retail</td>
<td>13,772</td>
<td>1,329</td>
<td>766</td>
<td>69</td>
<td>89</td>
<td>2,253</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Operating Income (Loss)</th>
<th>Adj. OIBDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>QVC US</td>
<td>16.2%</td>
<td>23.6%</td>
</tr>
<tr>
<td>QVC Int’l</td>
<td>13.4%</td>
<td>17.1%</td>
</tr>
<tr>
<td>QVC Inc</td>
<td>15.4%</td>
<td>21.6%</td>
</tr>
<tr>
<td>HSN</td>
<td>4.4%</td>
<td>9.4%</td>
</tr>
<tr>
<td>zulily</td>
<td>-8.0%</td>
<td>5.6%</td>
</tr>
<tr>
<td>Cornerstone</td>
<td>0.8%</td>
<td>4.3%</td>
</tr>
<tr>
<td>PF Qurate Retail</td>
<td>9.7%</td>
<td>16.4%</td>
</tr>
</tbody>
</table>

The table above provides a reconciliation for Qurate Retail segment’s adjusted OIBDA to operating income in accordance with US GAAP for the year 2017.
Reconciling Schedule

<table>
<thead>
<tr>
<th>($ in millions)</th>
<th>2012</th>
<th>2014</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consolidated QVC</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>$8,516</td>
<td>$8,801</td>
<td>$8,771</td>
</tr>
<tr>
<td>Operating income</td>
<td>$1,268</td>
<td>$1,279</td>
<td>$1,347</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>526</td>
<td>587</td>
<td>519</td>
</tr>
<tr>
<td>Stock compensation expense</td>
<td>34</td>
<td>44</td>
<td>31</td>
</tr>
<tr>
<td>Adj. OIBDA</td>
<td>1,828</td>
<td>1,910</td>
<td>1,897</td>
</tr>
<tr>
<td>HSNi transaction costs</td>
<td>-</td>
<td>-</td>
<td>9</td>
</tr>
<tr>
<td>France adj. OIBDA loss</td>
<td>-</td>
<td>6</td>
<td>28</td>
</tr>
<tr>
<td>Adj. OIBDA w add back of HSNi costs and France loss</td>
<td>1,828</td>
<td>1,916</td>
<td>1,934</td>
</tr>
<tr>
<td>Operating income margin</td>
<td>14.9%</td>
<td>14.5%</td>
<td>15.4%</td>
</tr>
<tr>
<td>Adj. OIBDA margin</td>
<td>21.5%</td>
<td>21.7%</td>
<td>21.6%</td>
</tr>
<tr>
<td>Adj. OIBDA margin w add back of HSNi costs and France loss</td>
<td>21.5%</td>
<td>21.8%</td>
<td>22.0%</td>
</tr>
</tbody>
</table>

The table above provides a reconciliation for QVC Consolidated operating income in accordance with US GAAP to adjusted OIBDA as reported and excluding HSNi transaction costs and France losses for the years 2012, 2014 and 2017.
## QVC International Net Revenue Y/Y Growth Rates

as reported in USD and in Constant Currency

<table>
<thead>
<tr>
<th>Quarter</th>
<th>USD % Var.</th>
<th>Constant Currency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1-18</td>
<td>14%</td>
<td>2%</td>
</tr>
<tr>
<td>Q4-17</td>
<td>11%</td>
<td>6%</td>
</tr>
<tr>
<td>Q3-17</td>
<td>4%</td>
<td>5%</td>
</tr>
<tr>
<td>Q2-17</td>
<td>-4%</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>-1%</td>
<td>2%</td>
</tr>
<tr>
<td>Q1-14</td>
<td>1%</td>
<td>2%</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>
<tr>
<td>Q4-12</td>
<td>1%</td>
<td>4%</td>
</tr>
<tr>
<td>Q3-12</td>
<td>-1%</td>
<td>4%</td>
</tr>
<tr>
<td>Q2-12</td>
<td>4%</td>
<td>8%</td>
</tr>
<tr>
<td>Q1-12</td>
<td>8%</td>
<td>8%</td>
</tr>
<tr>
<td>Q4-11</td>
<td>7%</td>
<td>5%</td>
</tr>
<tr>
<td>Q3-11</td>
<td>14%</td>
<td>5%</td>
</tr>
<tr>
<td>Q2-11</td>
<td>18%</td>
<td>5%</td>
</tr>
<tr>
<td>Q1-11</td>
<td>7%</td>
<td>3%</td>
</tr>
<tr>
<td>Q4-10</td>
<td>7%</td>
<td>8%</td>
</tr>
<tr>
<td>Q3-10</td>
<td>6%</td>
<td>8%</td>
</tr>
<tr>
<td>Q2-10</td>
<td>7%</td>
<td>8%</td>
</tr>
<tr>
<td>Q1-10</td>
<td>12%</td>
<td>5%</td>
</tr>
<tr>
<td>Q4-09</td>
<td>15%</td>
<td>6%</td>
</tr>
<tr>
<td>Q3-09</td>
<td>0%</td>
<td>1%</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 Q3-09 to Q1-18.
The table above provides a reconciliation for QVC Consolidated operating income in accordance with US GAAP to adjusted OIBDA for the years 2008 to 2017.
Reconciling of Non-GAAP Adjusted OIBDA to Operating Income (Loss)

<table>
<thead>
<tr>
<th>($ in millions)</th>
<th>Q1 2017</th>
<th>Q1 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Income/(Loss)</td>
<td>(38)</td>
<td>(28)</td>
</tr>
<tr>
<td>Depreciation &amp; Amortization</td>
<td>50</td>
<td>51</td>
</tr>
<tr>
<td>Stock-based Compensation</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Adjusted OIBDA</td>
<td>15</td>
<td>27</td>
</tr>
</tbody>
</table>

The table above provides a reconciliation for zulily operating income in accordance with US GAAP to adjusted OIBDA for the first quarter of 2018 and 2017.

Note: Includes QVC intercompany.
3.50%, 3.75% and 4.00% Exchangeable Debentures
Glossary of Key Terms

**Cash interest:** stated interest on bonds
- 2018 expected cash interest: $57m

**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 coupon
- Creates current period cash benefit from tax deductions that compounds semi-annually
- 2018 expected contingent interest: $438m
  - Growing to $1.1b in 2029
  - Results in $100m+ annual tax benefits today, growing to $250m+ annual tax benefits by 2029
    - A portion of 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

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

(1) Assuming no repayment of debt. Only includes cash interest on Qurate Retail’s 3.50%, 3.75% and 4.00% exchangeable debentures. Annualized cash interest expense for all other debt of approximately $315m based on debt outstanding and QVC and HSNi revolver balances as of 3/31/18.
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 12/31/17 related to contingent interest on exchangeable bonds was $900m(1)
  - Reduced from previous estimate of $1.4b due to impact of lower US federal tax rate
  - This is a true liability that would be owed if all bonds were redeemed at year-end
  - DTL grows to $3.3b at maturity and likely to become cash tax liability at that date(2) regardless if full cash tax benefits of contingent interest have been realized
    - However, growth in DTL from today through maturity (i.e. incremental $2.4b) will be partially offset by annual tax benefits from contingent interest deductions, and unused tax benefits from deductions at time of maturity can be deferred indefinitely

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

(1) Does not include DTL for mark-to-market adjustments on bonds.
(2) Assumes bonds remain 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 ($m) 3/31/18</th>
<th>FV ($m) 3/31/18</th>
<th>Interest Rate Tax Purposes</th>
<th>Accreted Basis (m) 12/31/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>2029(1)</td>
<td>3.2265 S 0.786 CTL</td>
<td>4%</td>
<td>$434</td>
<td>$319</td>
<td>9.069%</td>
<td>$1,515</td>
</tr>
<tr>
<td>2030(2)</td>
<td>2.3587 S 0.5746 CTL</td>
<td>3.75%</td>
<td>$435</td>
<td>$317</td>
<td>9.43%</td>
<td>$1,624</td>
</tr>
<tr>
<td>2031(3)</td>
<td>5.2598 MSI</td>
<td>3.5%</td>
<td>$323</td>
<td>$358</td>
<td>9.5%</td>
<td>$1,956</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td><strong>$1,192</strong></td>
<td><strong>$994</strong></td>
<td></td>
<td><strong>$5,095</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Bond</th>
<th>Cash Coupon 2018E ($m)(4)</th>
<th>Contingent Interest 2018E ($m)</th>
<th>Total Tax Deductible Interest 2018E ($m) (current and deferred)</th>
<th>Estimated Accreted Basis (m) 12/31/18E</th>
</tr>
</thead>
<tbody>
<tr>
<td>2029(1)</td>
<td>$19</td>
<td>$121</td>
<td>$140</td>
<td>$1,636</td>
</tr>
<tr>
<td>2030(2)</td>
<td>$17</td>
<td>$139</td>
<td>$156</td>
<td>$1,763</td>
</tr>
<tr>
<td>2031(3)</td>
<td>$21</td>
<td>$178</td>
<td>$199</td>
<td>$2,134</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$57</strong></td>
<td><strong>$438</strong></td>
<td><strong>$495</strong></td>
<td><strong>$5,533</strong></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 $166 million (assumes no further extraordinary distributions).
(4) Tax deductible interest. A portion of this reduces the outstanding principal amount of the bonds. See Qurate Retail press releases for more detail.
Qurate Retail Interest Deductions

**Interest deductibility**

- Annual interest expense (cash and contingent) expected to exceed limitation on interest deductibility of interest income plus 30% of EBITDA
  - EBITDA for tax purposes is different than reported adjusted OIBDA
    - Tax EBITDA excludes adjusted OIBDA from Japan and France, and is impacted by certain book to tax adjustments
  - Tax EBITDA would be increased by the amount of gain recognized on sale / monetization of public equities (i.e. ILG)
- Disallowed interest expected to be $75-125m in 2018, growing thereafter
  - Any disallowed interest will be carried forward for use in future tax years. The carryforward does not expire
  - Qurate projects that it will eventually utilize all of the contingent interest expense deductions
- Limitation on interest deductibility scheduled to change to 30% of EBIT in 2022

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