



qurate
RETAIL, INC.

CURATED EXPERIENCES.
INFINITE POSSIBILITIES.™

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.



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Video



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Mike George
President and CEO, Qurate Retail

Welcome



BALLARD DESIGNS
FRONTGATE

Garnet Hill

grandinroad.

IMPROVEMENTS

Green Energy
Investments

Private Company
Investments



*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

Mike George

Mark Carleton

Steve Hofmann

Mike Fitzharris

Lori Twomey

Claire Spofford

Mary Campbell, Lori Twomey

Rob Robillard, Lisa Morrissey

Bob Spieth, Karen Etzkorn

Mary Campbell, Todd Sprinkle

Alex Miller, Kevin Saliba

Greg Maffei

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
Jeff Yurcisin
(effective 8.18.18)
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**
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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

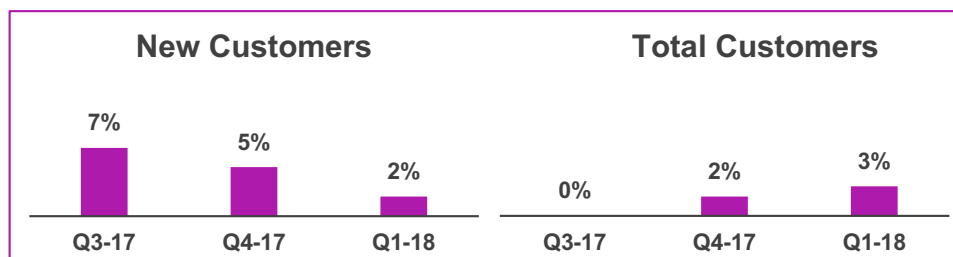
Revenue recorded at time of shipment rather than customer receipt

- 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

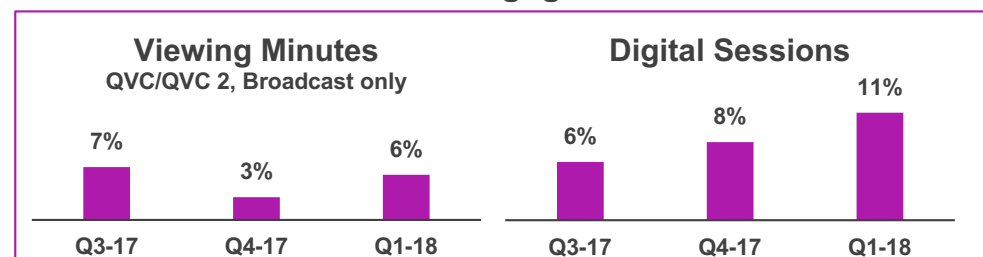
QVC US: Progress on Sales Turnaround

- 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)

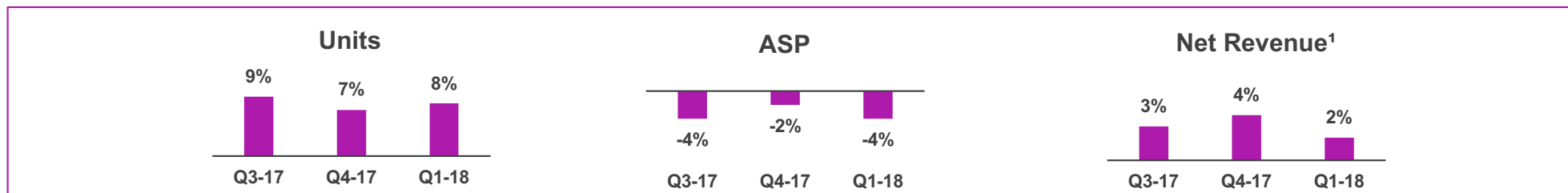
Grow Customer Base



Increase Engagement



Return to Sustainable Sales Growth



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

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

*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

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QVC 101

Unique Shopping Platform with Compelling & Differentiated Value Proposition

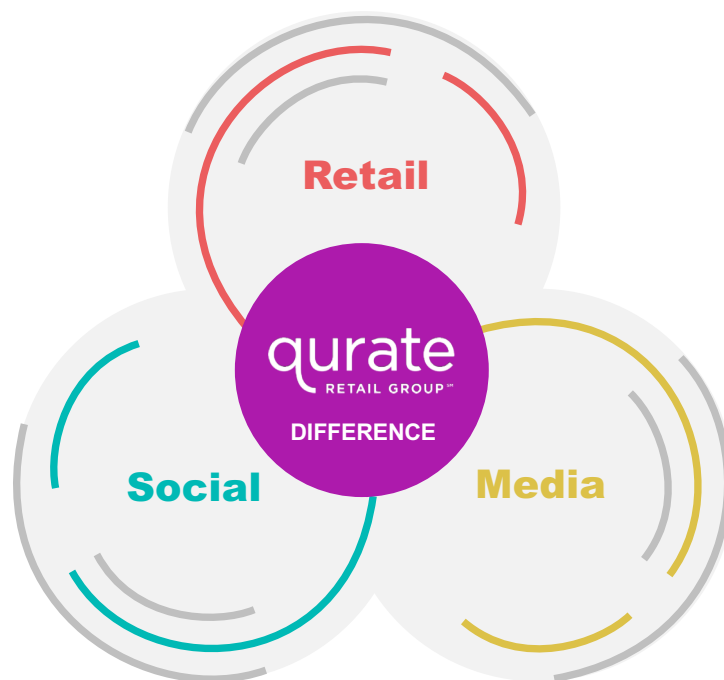
Growing Customer Base with Subscription Characteristics

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

Strategic Vendor Relationships



Strong Discovery Pipeline



Powerful Exclusive Product Portfolio



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

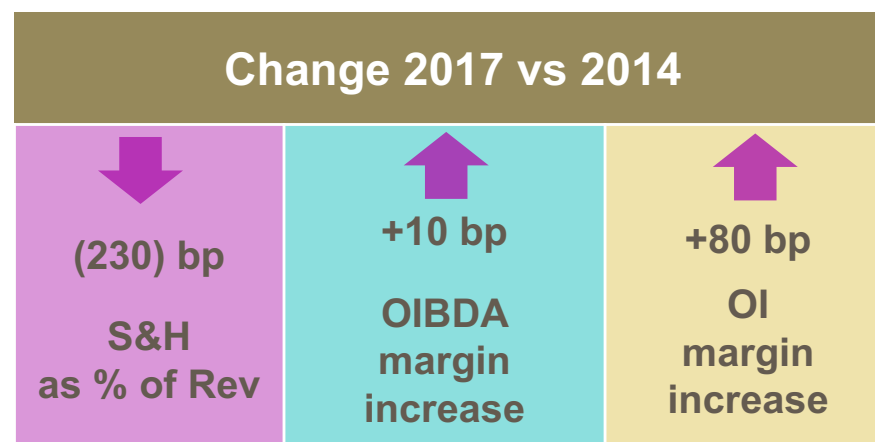
57% Lower

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

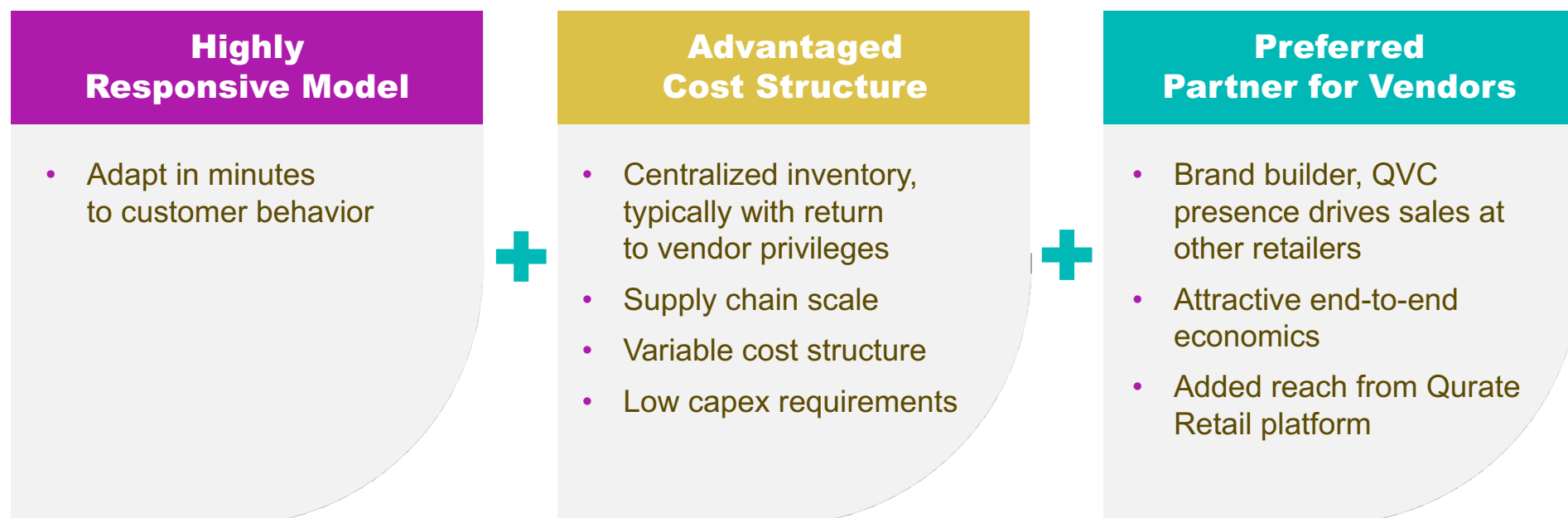
Reducing S&H Charges while Expanding Margins

QVC US



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 Attractive Brand Building Platform for Vendors

Amazon Vendor Example

Amazon Echo



Amazon Echo Show w/ Smart Plug, Music Offer, & Audible Books

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

Ring

Acquired by Amazon April 2018



Ring Video Doorbell 2 HD Monitoring w/ Chime Pro & 3-Yr Warranty

- Air Date: Nov 25, 2017
- 127,401 units sold
- QVC price \$159.95
- Amazon price \$199.00

Blink

Acquired by Amazon December 2017



Blink XT HD Weatherproof Security Camera 3-Pack Wire-Free w/ Night Vision

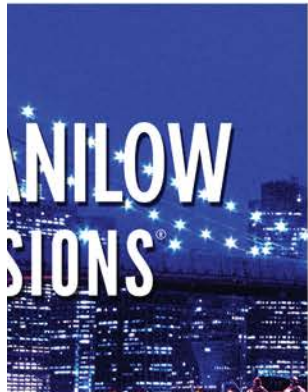
- Air Date: Feb 22, 2018
- 21,631 units sold
- QVC price \$249.95
- Amazon price \$319.00

Work closely with vendor partners to be able to offer best price/value in market



PRODUCTS MADE
PERSONAL AND RELEVANT
BY STORYTELLING





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



	TV Homes (millions)	Networks
	101	5
	41	3
	28	1
	28	4
	25	1
	22	1
	129*	1
Total	374	16

Channel Location				
	Homes (excludes OTA)	Broadcast Area	General Entertainment Area	Shopping Mall
QVC	91M	61%	30%	9%
QVC HD	88M	68%	22%	10%
QVC2	58M	1%	32%	67%
Beauty iQ	43M	25%	18%	57%
HSN	88M	24%	55%	21%
HSN HD	55M	50%	36%	14%
HSN 2	52M	<1%	51%	49%

Total Positions within Channel Lineup				
	1 Position	2 Positions	3-4 Positions	5+ Positions
QVC	3%	8%	44%	45%
HSN	25%	4%	48%	23%

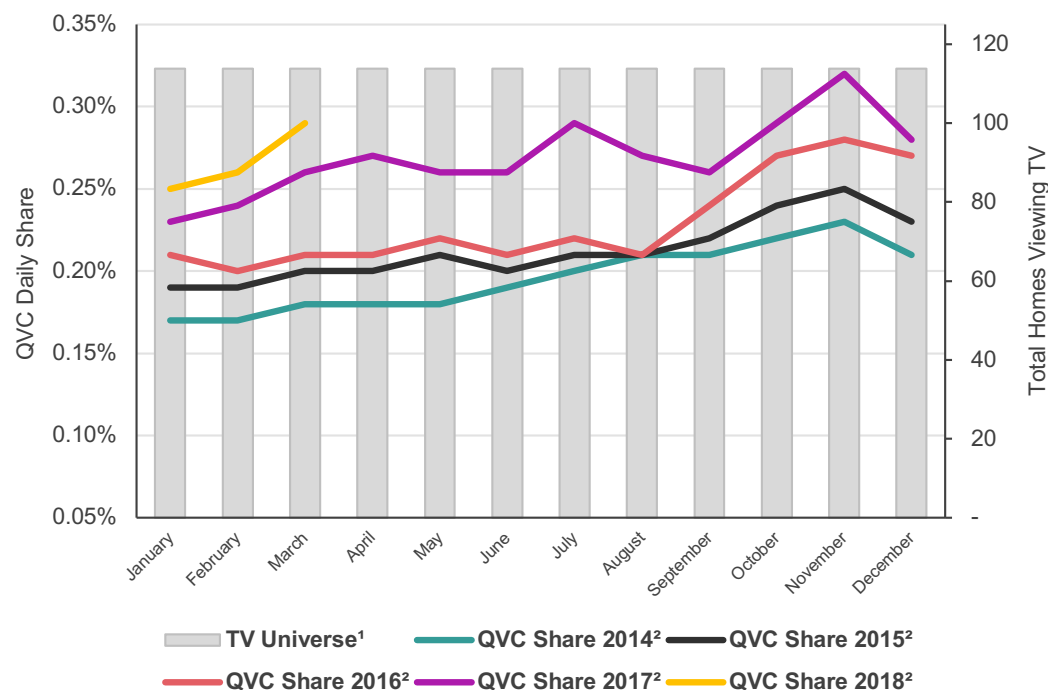
Data as of December 31, 2017

*Joint venture with CNR Media Group

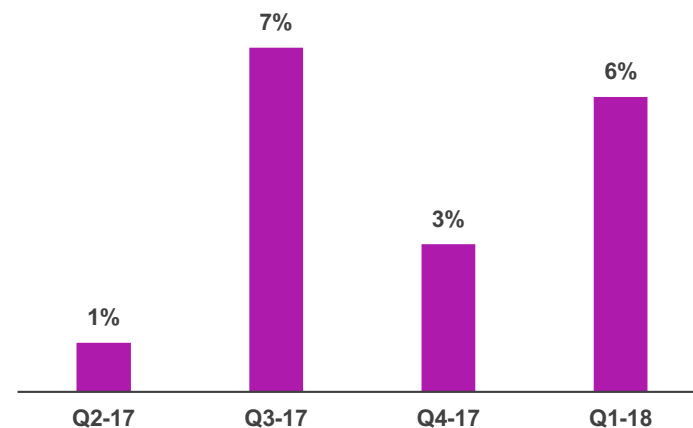
Driving Viewership Growth on Broadcast TV

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

132%

Avg. Minutes Streamed^{1 2}



QVC Digital Platforms

- Live stream three networks
- Product / on-demand videos

263%

Livestream Minutes^{1 2}



Facebook Live

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

108%

Video Views¹

240%

Minutes Viewed¹

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

QVC US

56%

eCommerce Penetration¹

+1,040 bps³

62%

Mobile % of eCommerce²

+2,280 bps³

QVC International

36%

eCommerce Penetration¹

+690 bps³

68%

Mobile % of eCommerce²

+2,090 bps³

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

¹ eCommerce penetration is eCommerce as a percentage of revenue in USD for FY 2017.

² Mobile as a percentage of eCommerce orders in USD for FY 2017.

³ Basis point change is FY 2017 vs. FY 2014

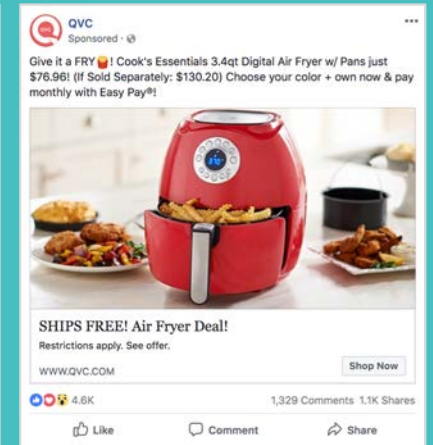
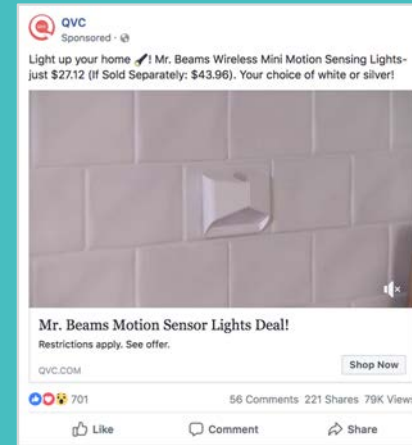
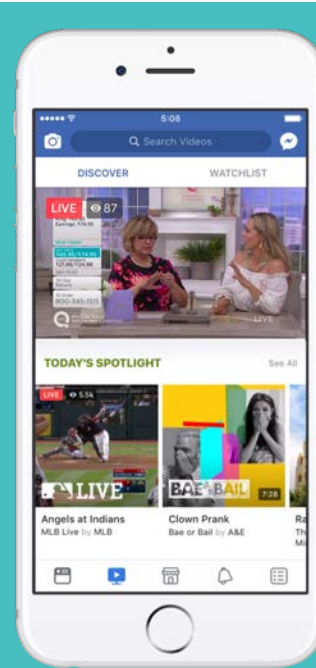
*LTM ended 3/31/18

Unique Position in **Social**

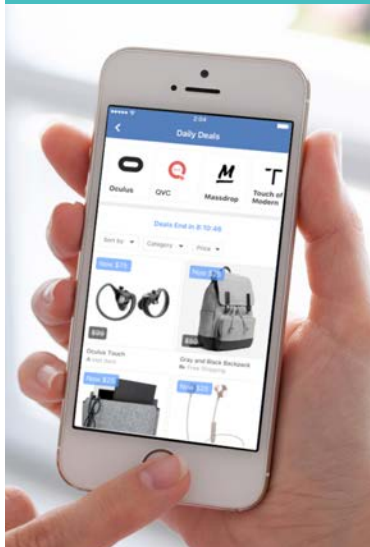




CUSTOMER COMMUNICATION & MARKETING



BRAND FOCUSED TRANSACTIONAL ADVERTISING



VIDEO SHOPPING PLATFORM



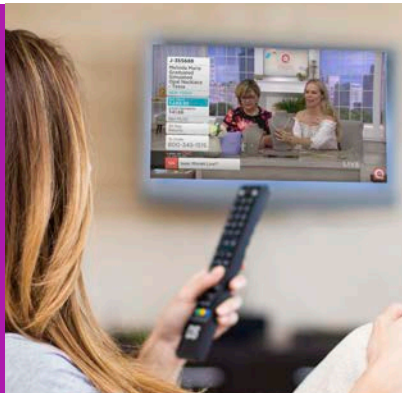
ENGAGEMENT & COMMUNITY BUILDING

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





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Video

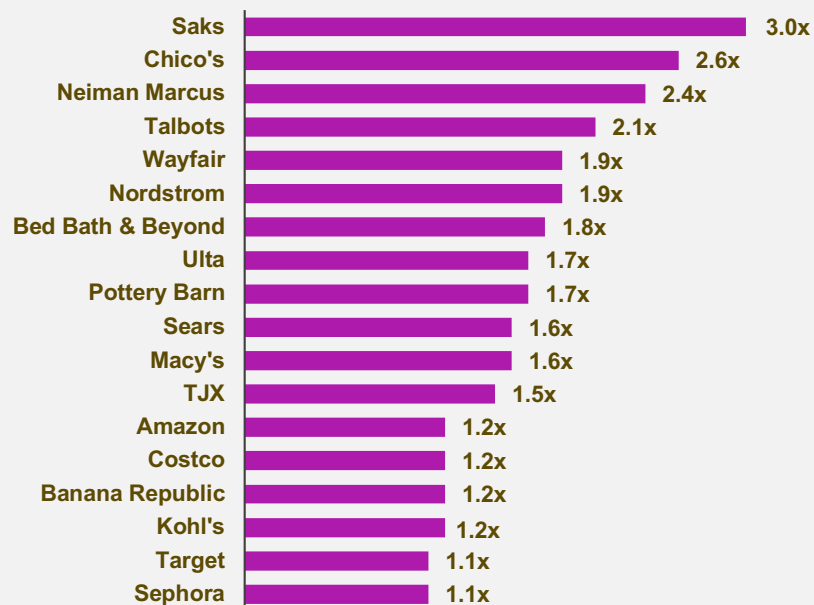
Highly Attractive Customer Profile

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.

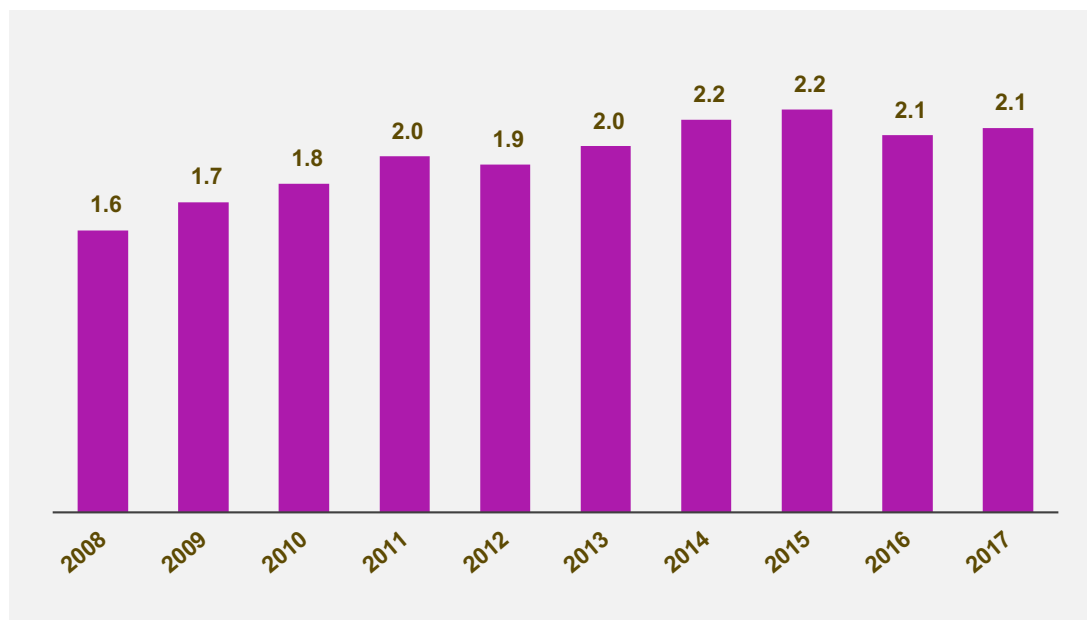


Source: Simmons

Consistent New Customer Growth

QVC US Example

Number of New Customers¹
In millions



¹ For trailing 12 months

- 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

Low Acquisition Cost, Digital Platform Preferred

QVC US Example, FY 2017

New Customer Source		New Customer First Order Platform	
Direct to QVC ¹	56%	Mobile (Web / Apps)	44%
Paid Marketing ²	20%	PC Web	37%
Organic Search ³	16%	Customer Service Reps	19%
Other*	8%		

New marketing programs creating additional opportunities to grow customer base and drive customers to new OTT platforms

¹Direct calls to customer service and direct to QVC.com.

²Through any link for which we've paid for advertising, for example Facebook, Twitter, eBates, paid pop-up ad, etc.

³Person searches for QVC and clicks on link (not a paid ad).

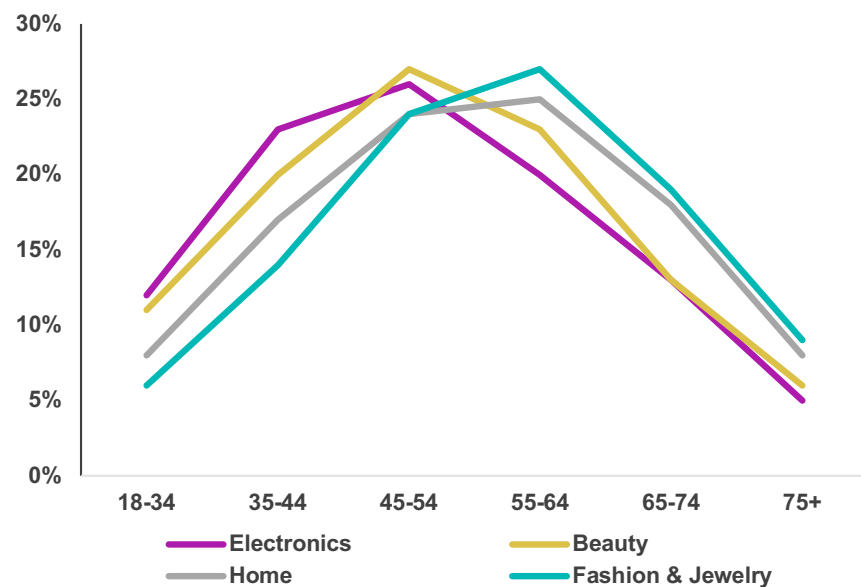
*Miscellaneous, for example where a link broke and/or source is unknown.

New Customers Span Broad Age Range

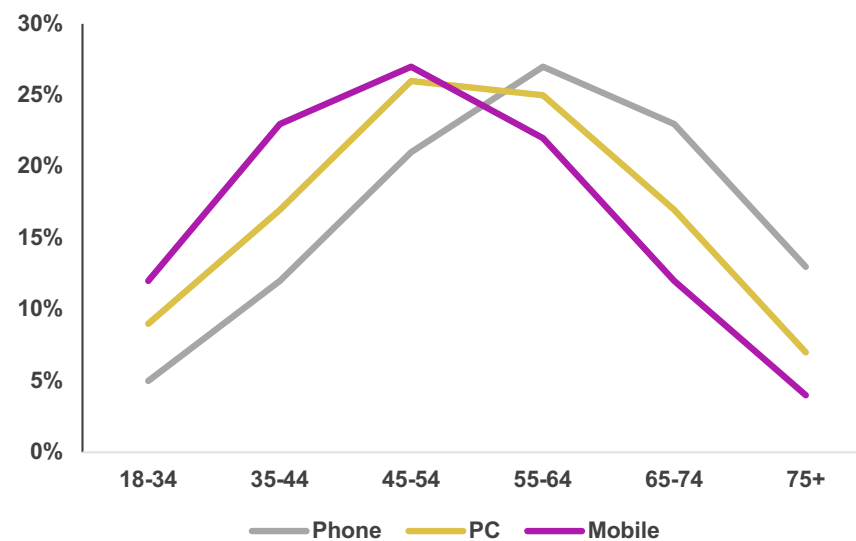
QVC US Example 2017

New Customer Age Distribution

By Category



By Purchase Platform

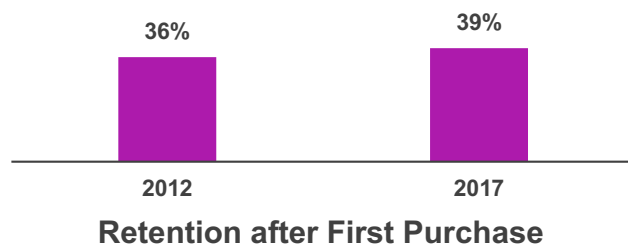


Source: Epsilon

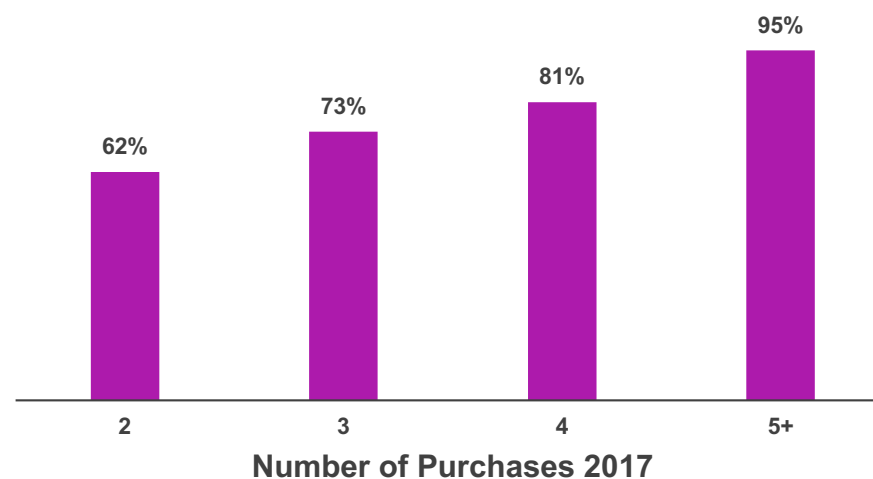
Quality of New Customers Strong, Consistent with History

QVC US Example 2017

New Customer Retention
Improving Over Time

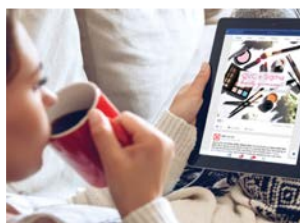


Existing Customer Retention Builds Rapidly



New Customer Annual Spend
Based on First Purchase Platform

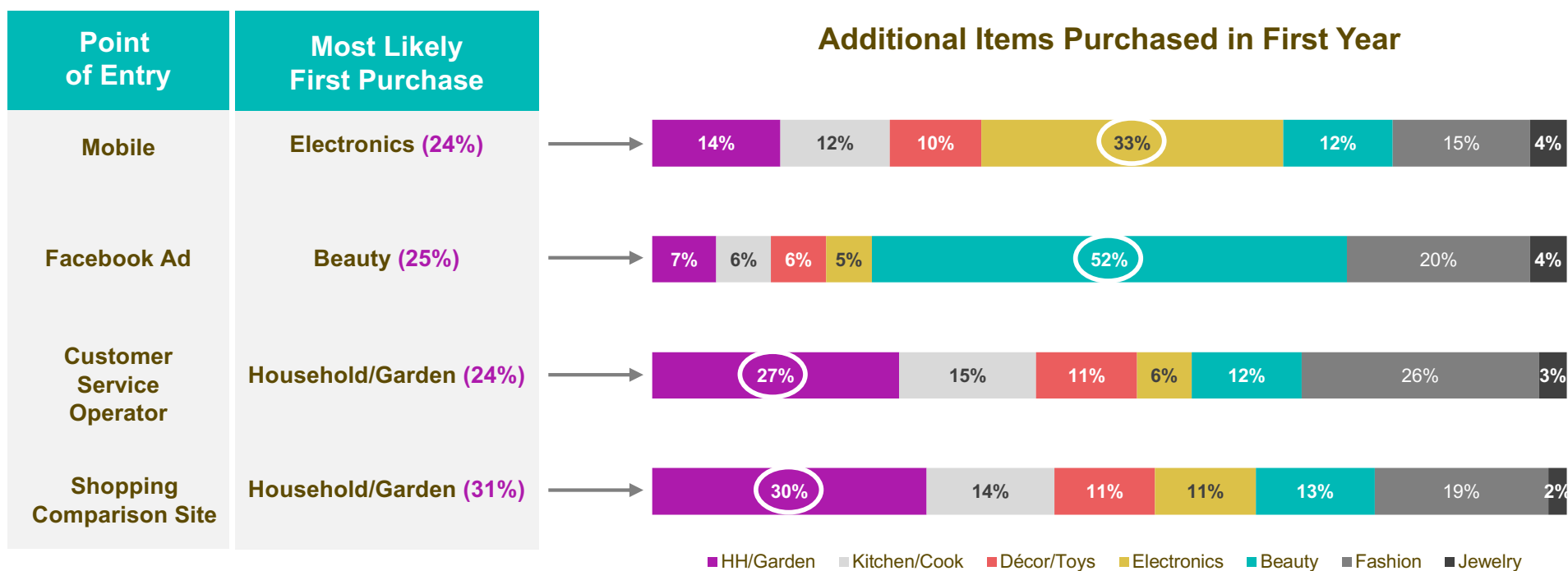
Online
102% of
Average



Phone
95% of
Average

New Customers Quickly Migrate to Additional Categories

QVC US Example 2017



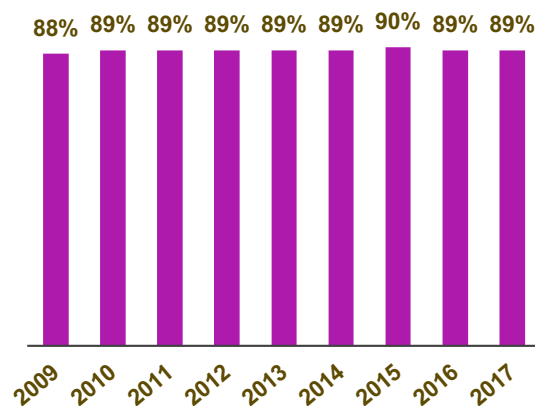
Percent of customers joining through designated entry point who purchase the category highlighted.

High & Stable Lifetime Value for Existing Customers

QVC US Example

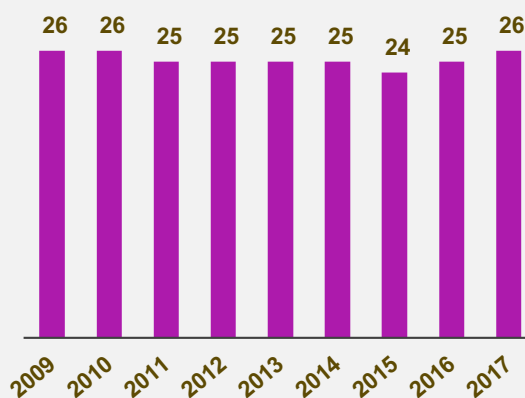
Customer Loyalty

Existing Customer Retention



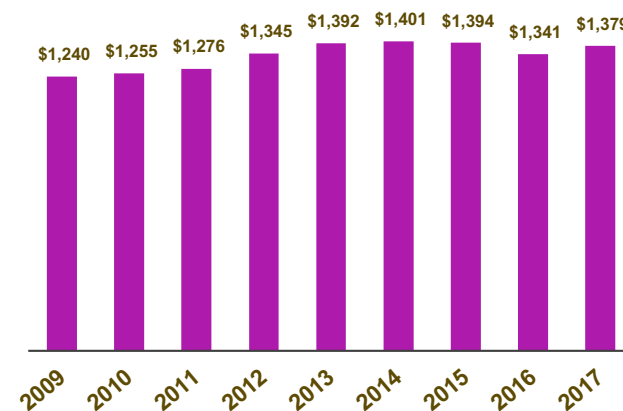
Purchase Frequency

Items per Existing Customer



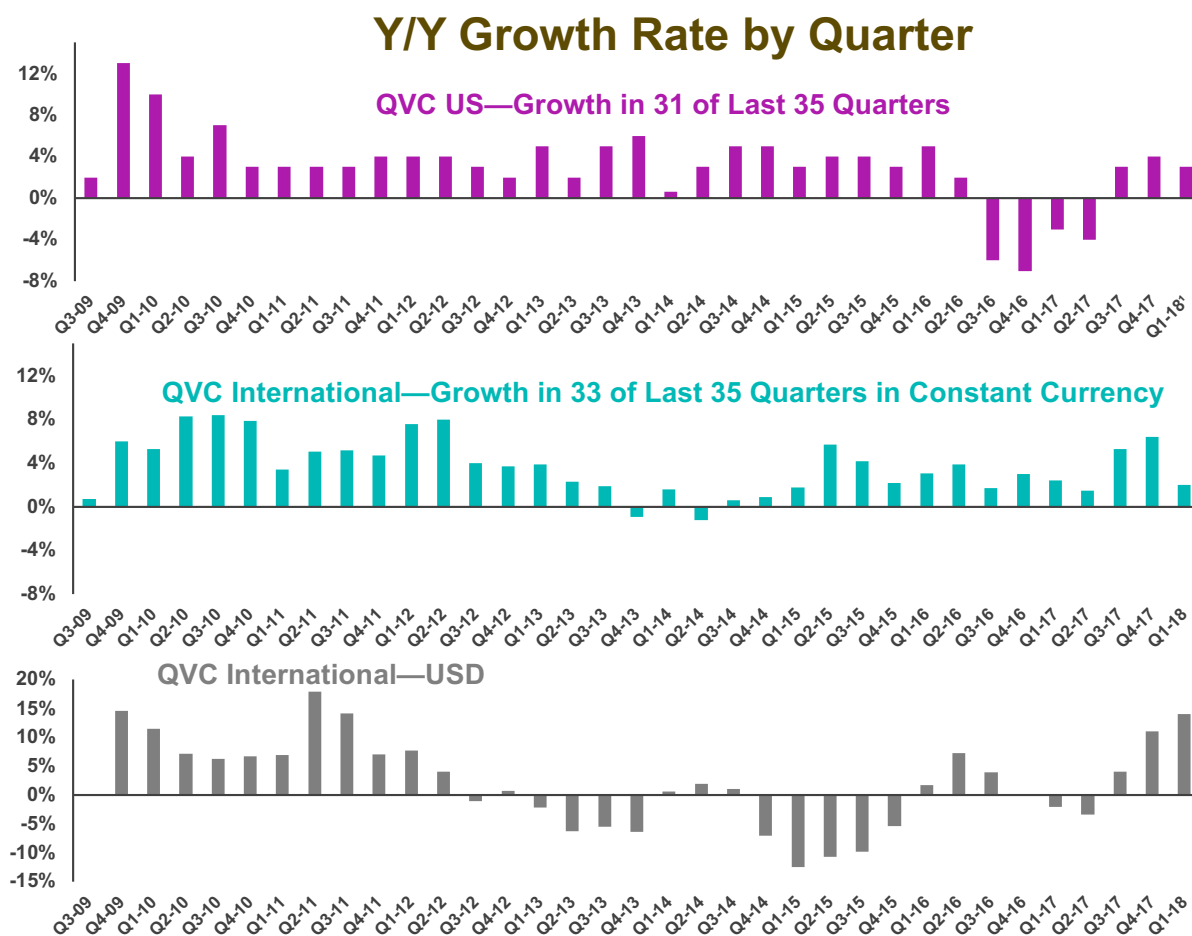
Customer Value

Spend per Existing Customer



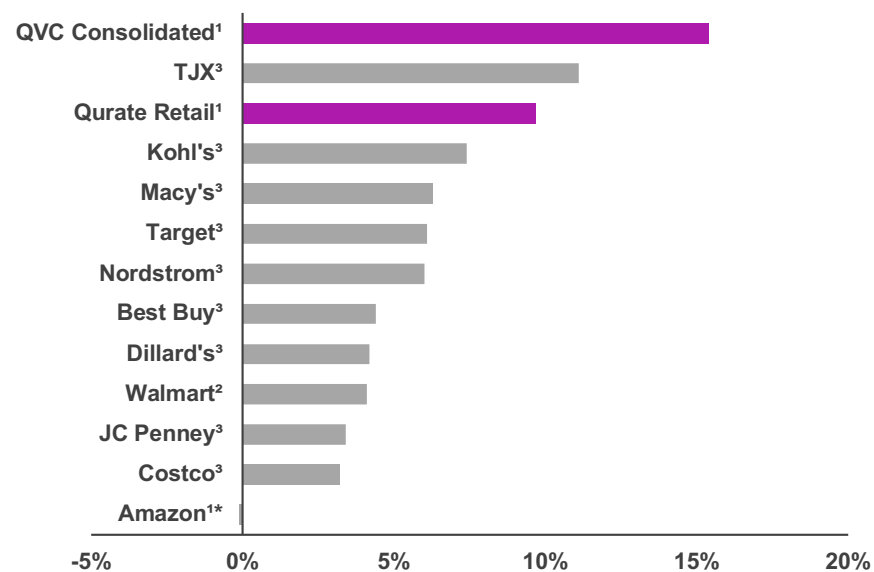
Existing customer: purchased in past 12 months

Track Record of Revenue Growth

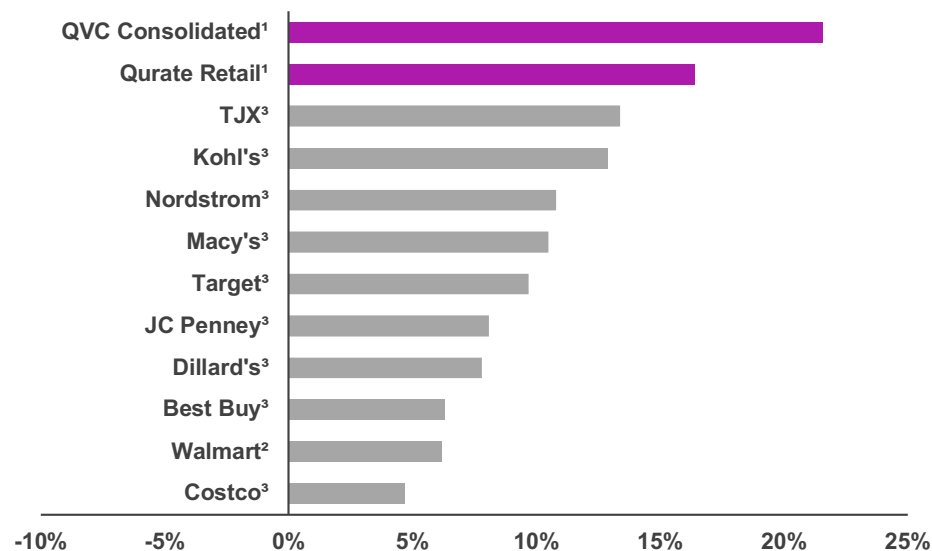


Industry Leading Margins

Operating Income (Loss) Margin



Adj. OIBDA Margin



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

Source: Capital IQ

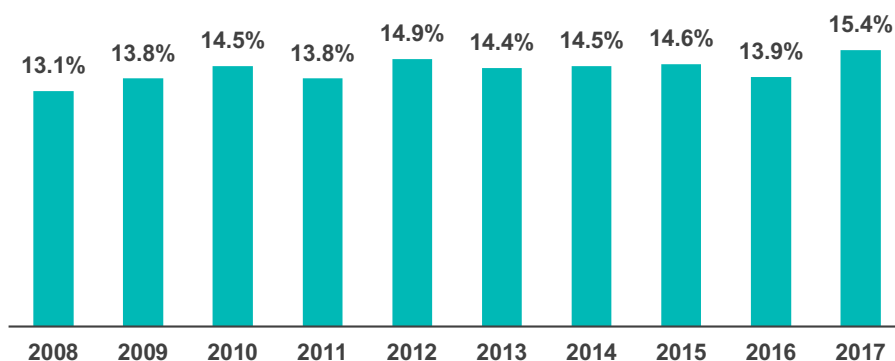
Qurate Retail is sum of 5 segments and does not include corporate costs.

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

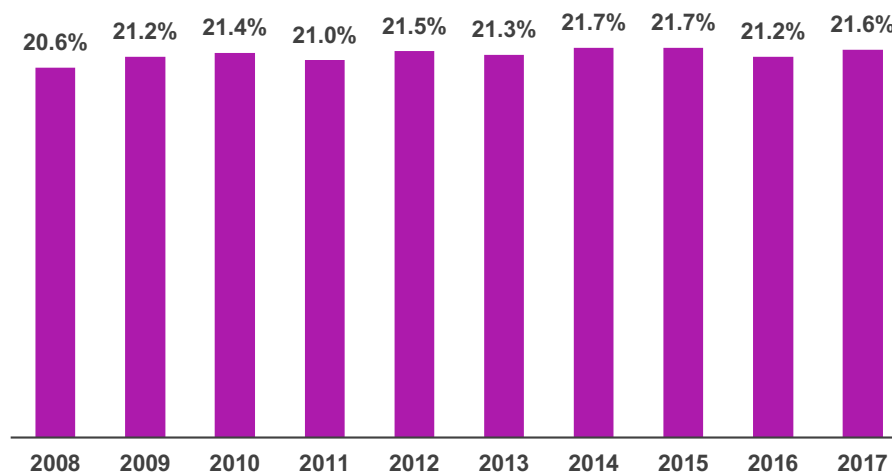
Sustainable Margins

Consolidated QVC

Operating Income Margin



Adj. OIBDA Margin



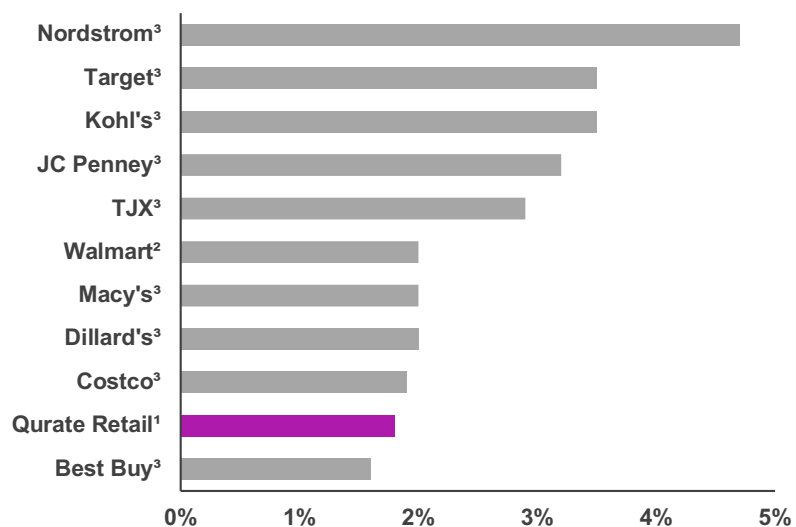
QVC Consolidated Adj. OIBDA Expansion (Excluding France and HSNi Transactions Costs)

+20 bps in 3 years

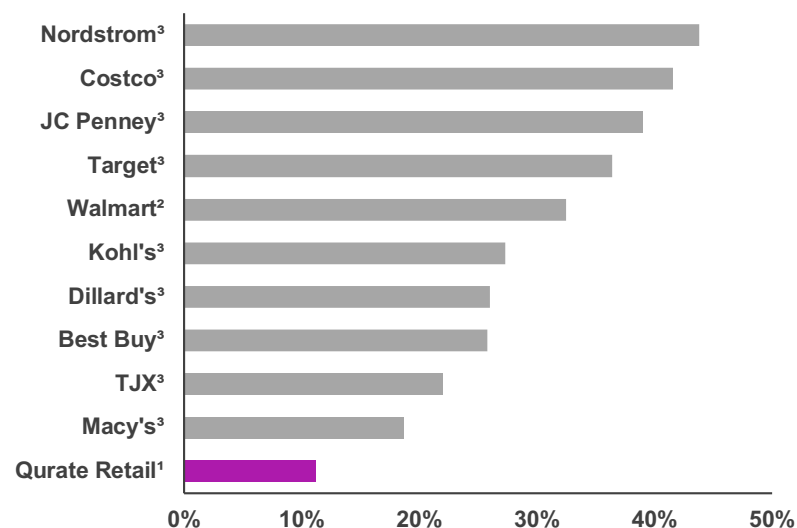
+50 bps in 5 years

Advantaged Capital Spend

Capex % of Sales



Capex % of Adj. OIBDA



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.

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Strategic priorities and financial formula



\$7.8B

ECOMMERCE
SALES*

57%

PENETRATION**



\$14B

REVENUE

Global Leader in Retail

\$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.

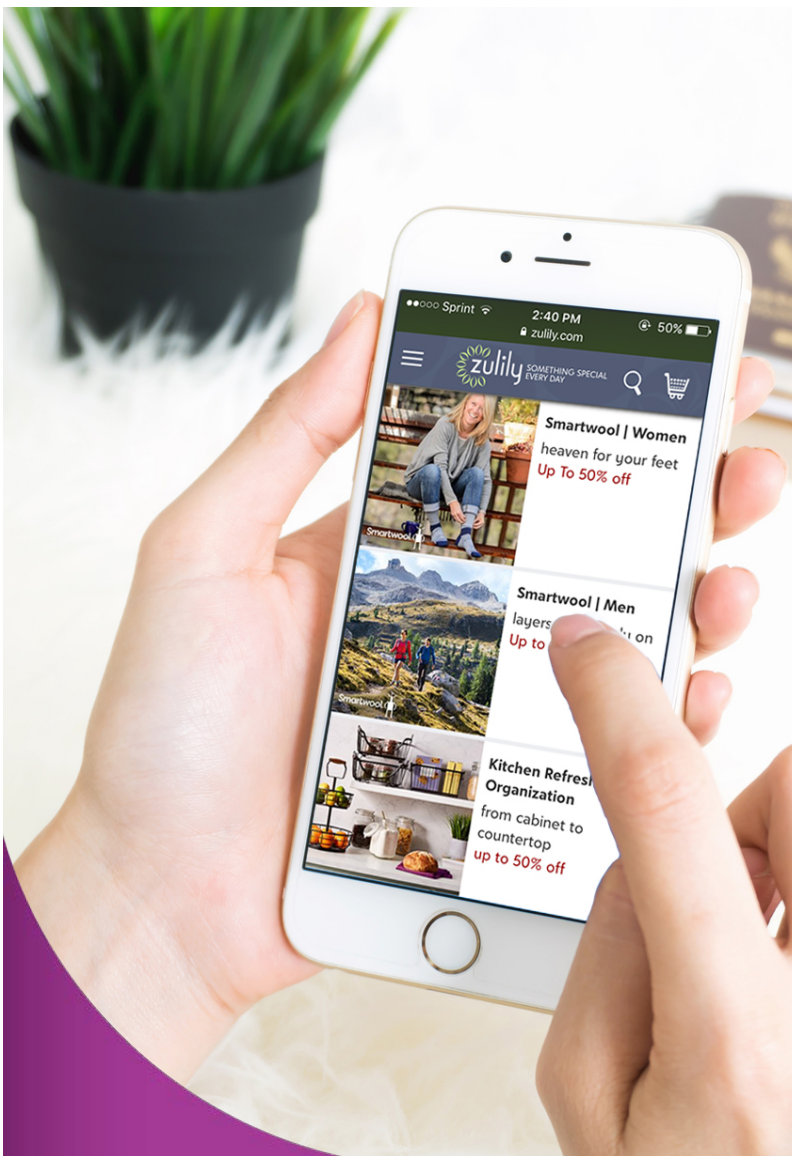
² Per *Internet Retailer*.

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



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

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Shareholder-Oriented Capital Management



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Financial Overview

Mark Carleton

Chief Financial Officer, Qurate Retail, Inc.

High Free Cash Conversion: 53% of Adj. OIBDA Contributes to Levered FCF

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

(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

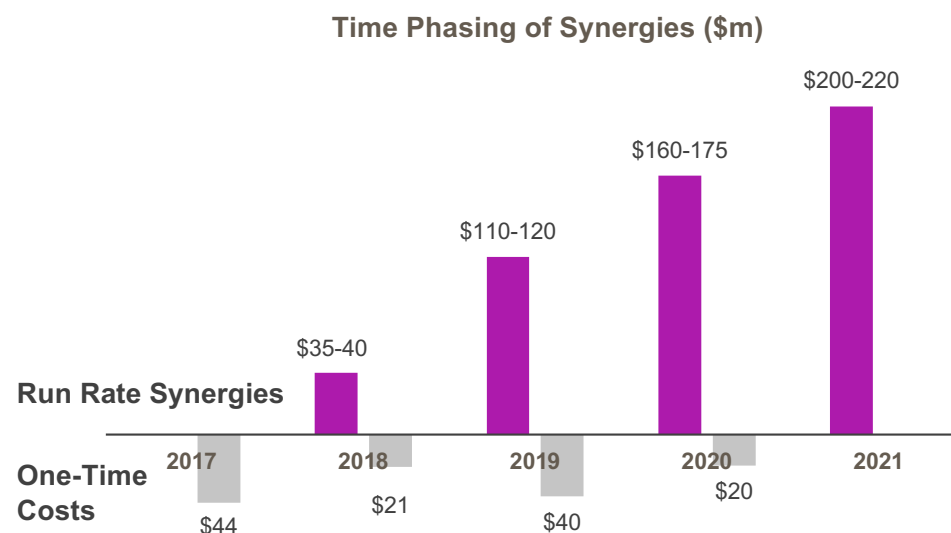
- Investment in data scientists / ML capabilities
- Innovation & Customer Experience

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

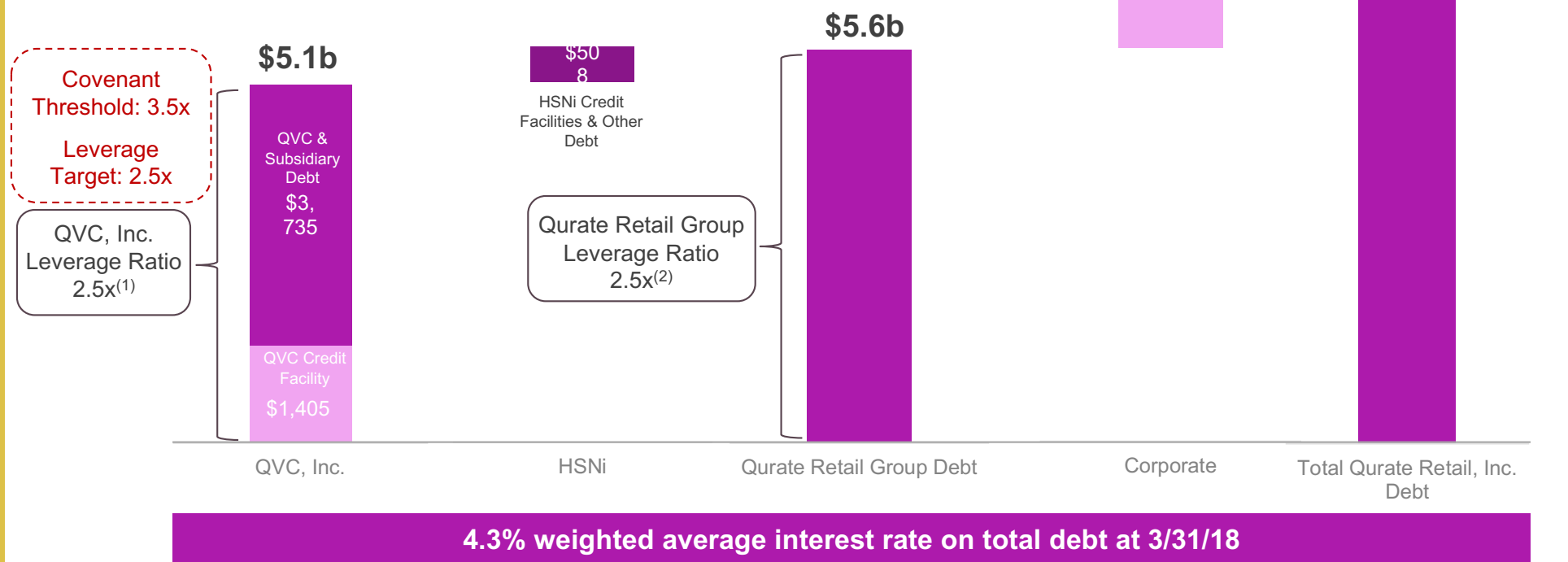
Procurement	<ul style="list-style-type: none"> • Freight and other indirect savings • Leverage QVC direct sourcing / strategic vendor management • Payment options 	\$75-80M	~40%
Duplicate Functions	<ul style="list-style-type: none"> • Headcount • Public company costs (listing and filing fees) 	\$40-45M	~20%
Business Process Integration	<ul style="list-style-type: none"> • Optimize supply chain network • Optimize contact centers 	\$65-70M	~30%
MSO Distribution Fees / Marketing	<ul style="list-style-type: none"> • MSOs, channel placement and HD availability equally important • Marketing spend optimization 	\$20-25M	~10%



Debt Profile and Leverage

Maintaining leverage target of 2.5x at QVC, Inc.

- Expect to maintain HSNi leverage at similar level



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 $((9\% - 4\%) \times \frac{1}{2} \times \$1b)$
- 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 $(4\% \times \frac{1}{2} \times \$1b)$; 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

Qurate Retail 2018 Investor Day

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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.



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QVC International and US Review

Steve Hofmann

Executive Vice President, Qurate Retail Group
and President, QVC US

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

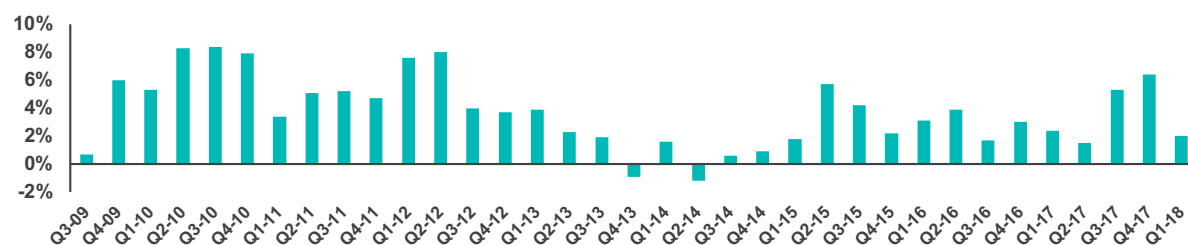
Revenue growth¹

- 33 of last 35 quarters
- 15 consecutive quarters

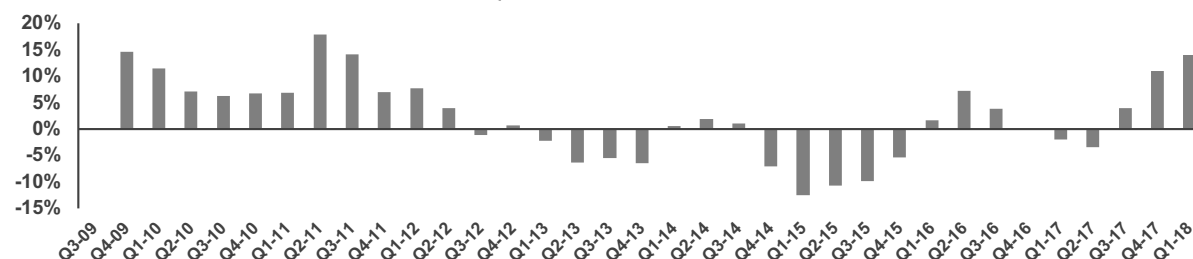
¹ in constant currency

Quarterly Revenue Y/Y Var.

Growth in 33 of Last 35 Quarters in Constant Currency



QVC International—USD



International Learnings Applicable to US

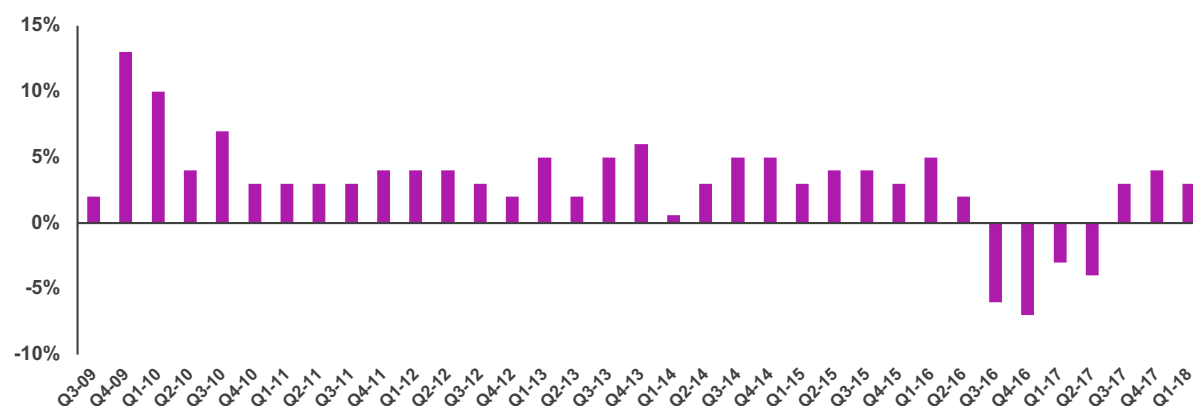
- Executing key principles
- Quickly adapting to changing market dynamics and customer needs
- Leveraging core strengths across businesses



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

Extend Proprietary Brands	Utilize Global Vendors	Share Brands Across International Markets	Leverage Key Locally-Relevant Brands
    	        	    	        

Drive Balanced Growth and Increase Newness and Diversity

QVC US Example

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	
	<ul style="list-style-type: none">• 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
	<ul style="list-style-type: none">• Launched Oct. 2016• Reaches ~45M homes• Broadcasts 20 live hours / week
Available 24 hours/day on Digital Stream	

Extend Reach and Grow Engagement on Over-the-Top

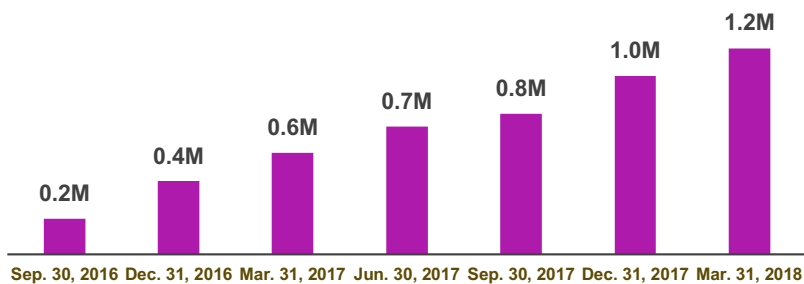
QVC US Example

**# 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

**QVC App on Roku
Net Downloads**



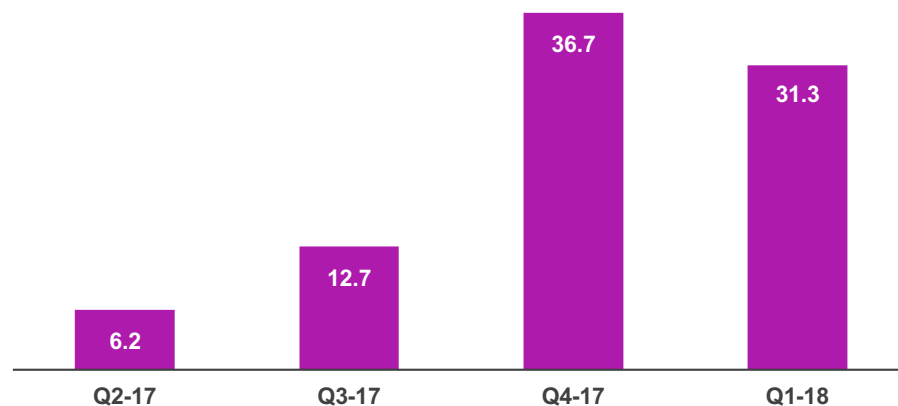
Extend Reach and Grow Engagement on Facebook Live

QVC US Example



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

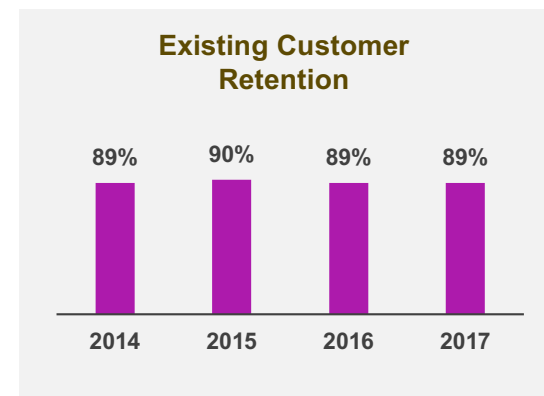
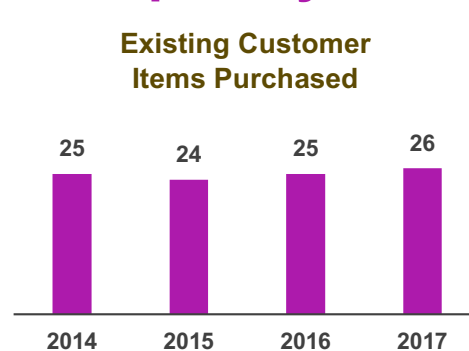
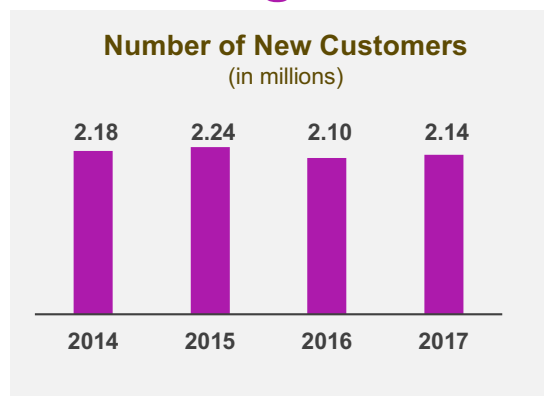
FB Live Minutes Viewed



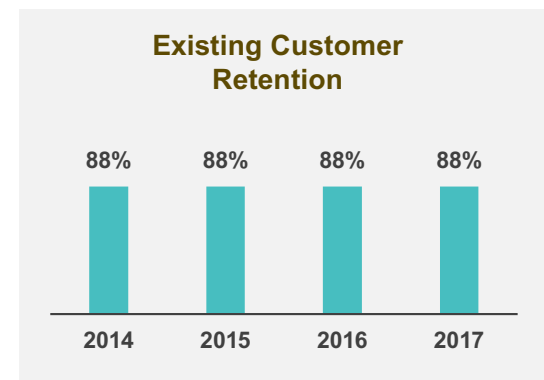
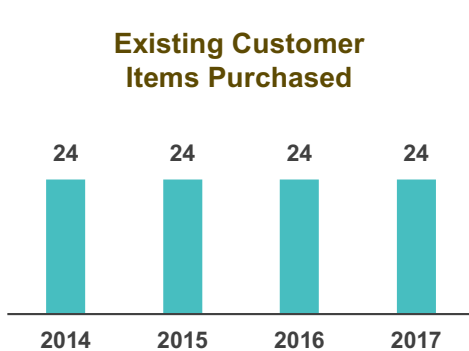
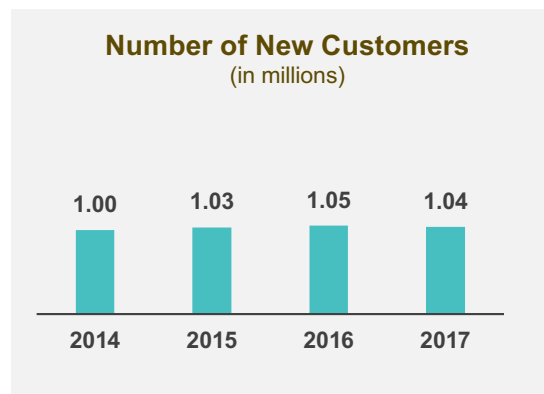
Minutes viewed in millions

Grow Customer Base and Maintain High Purchase Frequency and Retention

QVC
US



QVC
Int'l



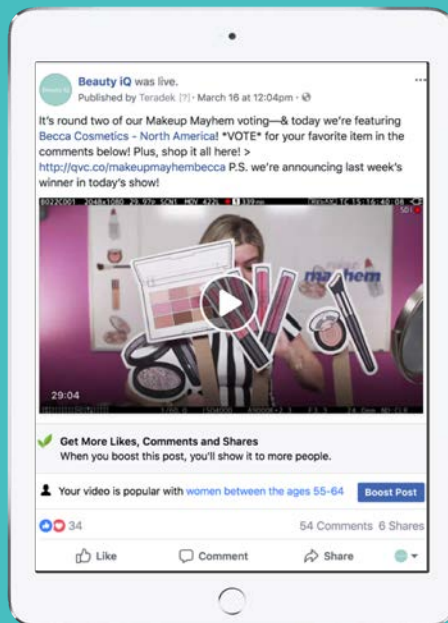
Existing: purchased in last 12 months
New: never purchased in past
International does not include QVC France or China JV.

Digital Retention and Engagement

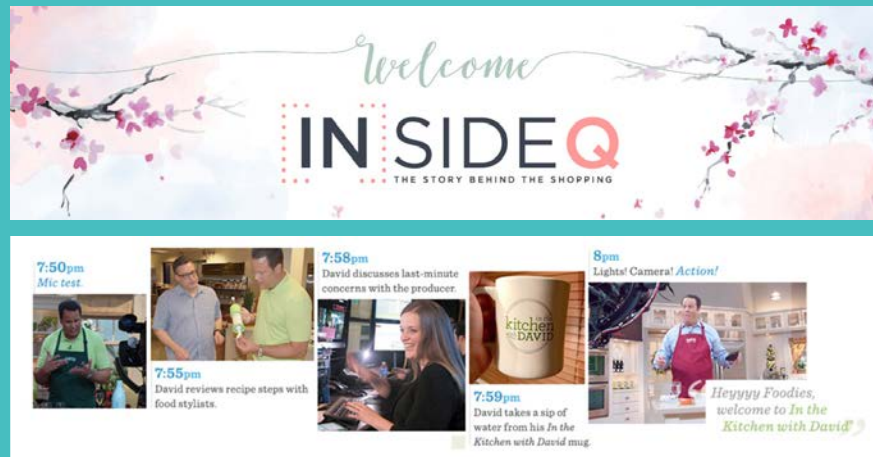
Leverage Core Relationship Building Strengths

Create engaging and inspiring shopping experiences across all customer touchpoints that deliver joy and build lifetime relationships.

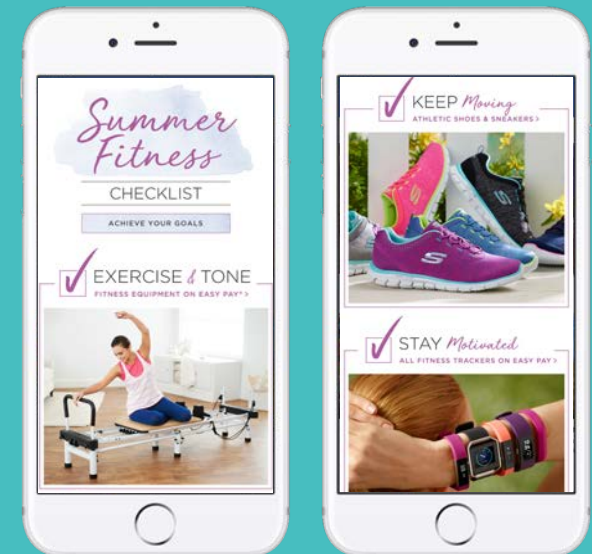
INTEGRATION OF ORGANIC SOCIAL



VIDEO AND DIGITAL CONTENT



EMAIL MARKETING



Improve Customer Experience and Cost to Serve

QVC US Example

Fulfillment Initiatives

Initiative	2018 Estimated Savings	Long-Term Annual Estimated Savings
Contract Savings	\$25 M	\$50 M
Increase Units per Package	\$14 M	\$20M+
Regional Distribution	\$4M	\$20-\$25 M
Leverage zulily WMS	--	\$5-\$12 M



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

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HSN Review

Mike Fitzharris
President, HSN

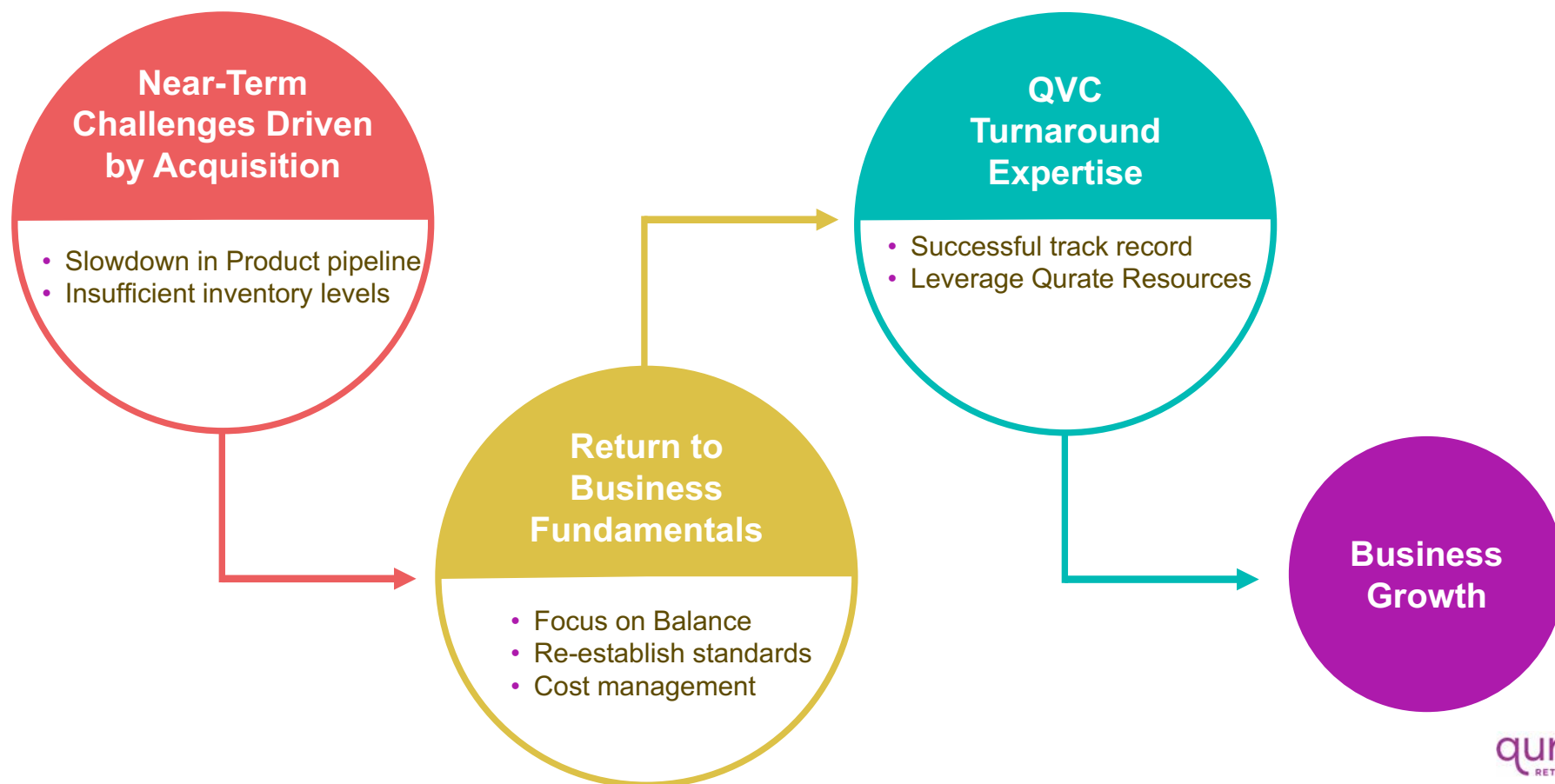
Today's Discussion

- Returning HSN to growth
- Short-term key actions
- Strategic Priorities



Returning HSN to Growth

Returning HSN to Growth – Initial Challenges, Sizeable Opportunities



HSN Short-Term Priorities

HSN Short-Term Priorities





HSN Short-Term Priorities



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

Q1	Q2
<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• 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

2018 Business Turnaround Timeline

Q1	Q2	Q3
<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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

Q1	Q2	Q3	Q4
<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Private label launches (continues) • Ramp in pace • Variety on-air • Studio operations overhaul



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



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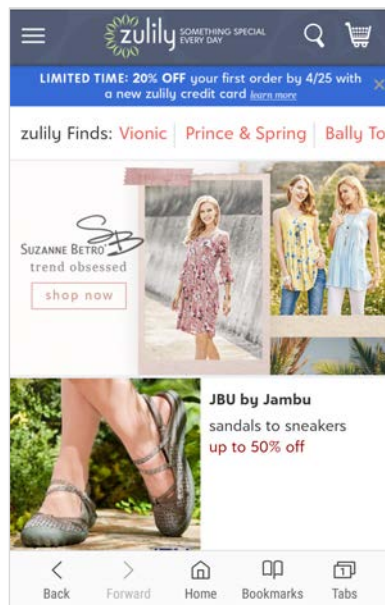
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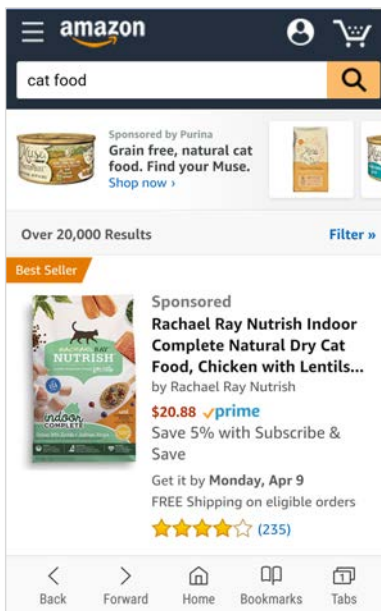
zulily

Lori Twomey
Interim President, zulily

we're a place for fun shopping



Discovery.
Entertainment.
Fun.



Direct-search.
Commoditized.
Cat food.



zulily today



67%

of orders placed on mobile devices¹

91%

of orders placed by repeat customers²

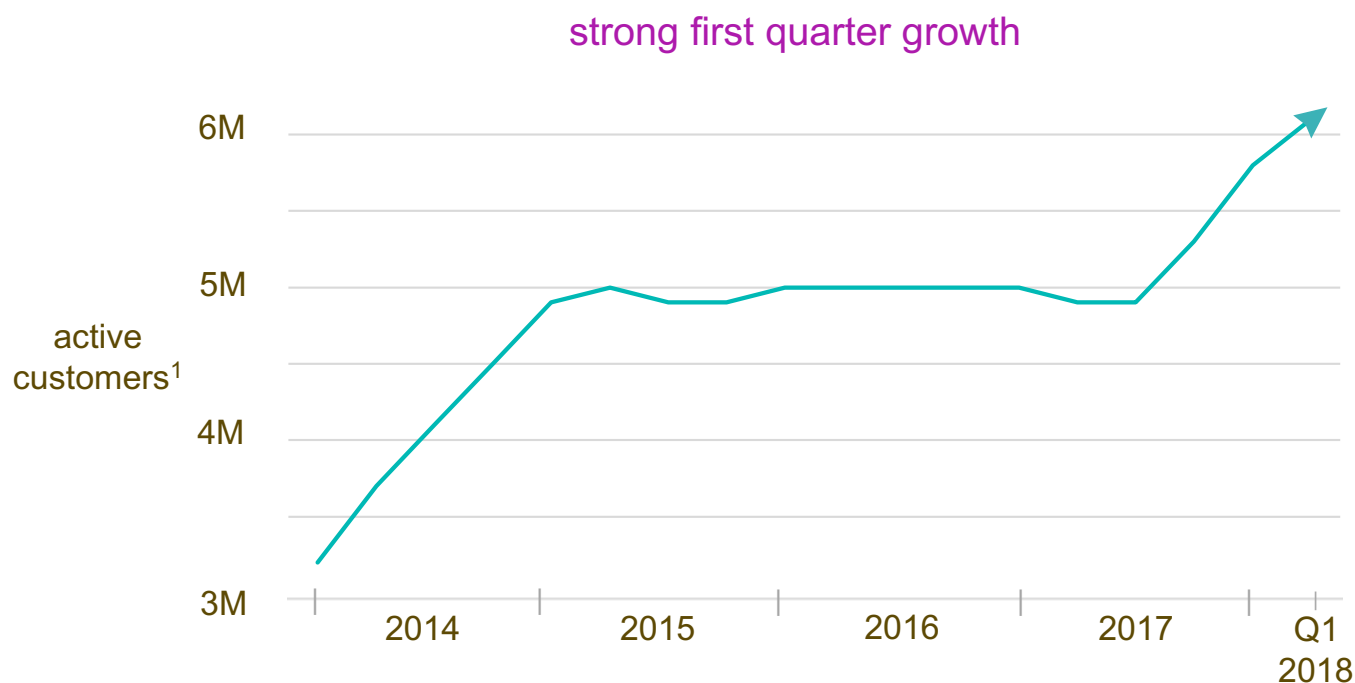
We launch ~ **100 new events every day**, typically for 72 hours

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

¹Based on orders placed during 2017 calendar year.

²Based on orders placed in 2017 by customers who had previously purchased from zulily.

a great start to the year



6.1M
active customers¹

17%
revenue growth²

80%
adjusted OIBDA growth^{2,3}

¹An 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

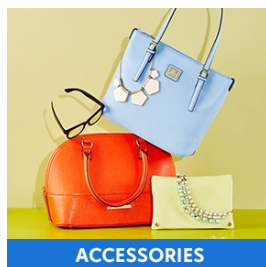
finding her where she is

- Facebook Live
- Instagram
- Pinterest

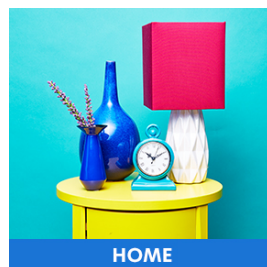


COMMERCIAL SPOT 30 second reel

offering what she wants



ACCESSORIES



HOME



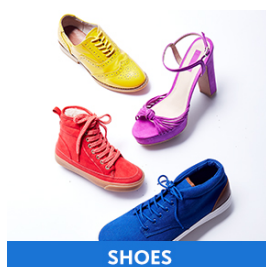
MEN



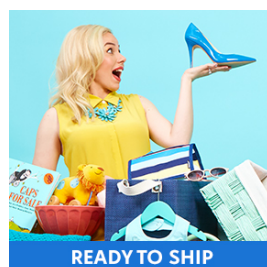
WOMEN



BABY & MATERNITY



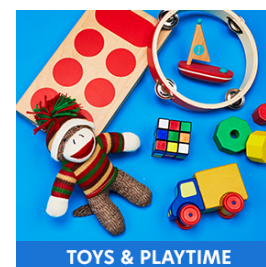
SHOES



READY TO SHIP



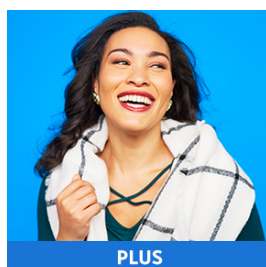
KIDS



TOYS & PLAYTIME



GIRLS



PLUS



DIY & PERSONALIZED



BOYS

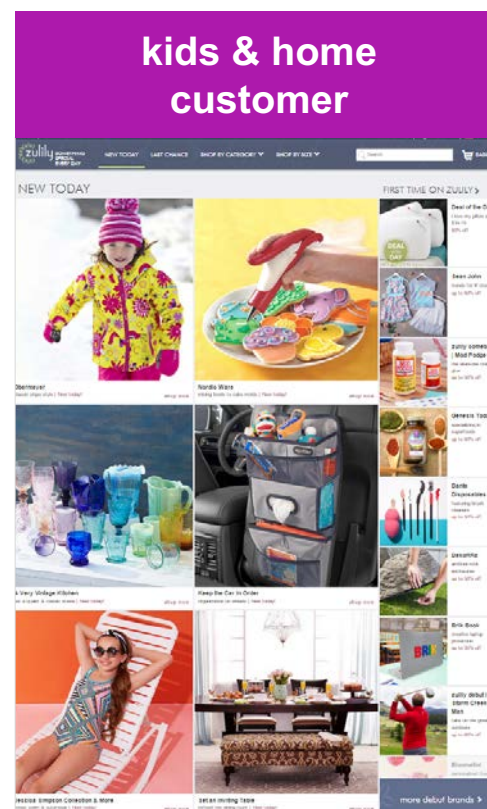
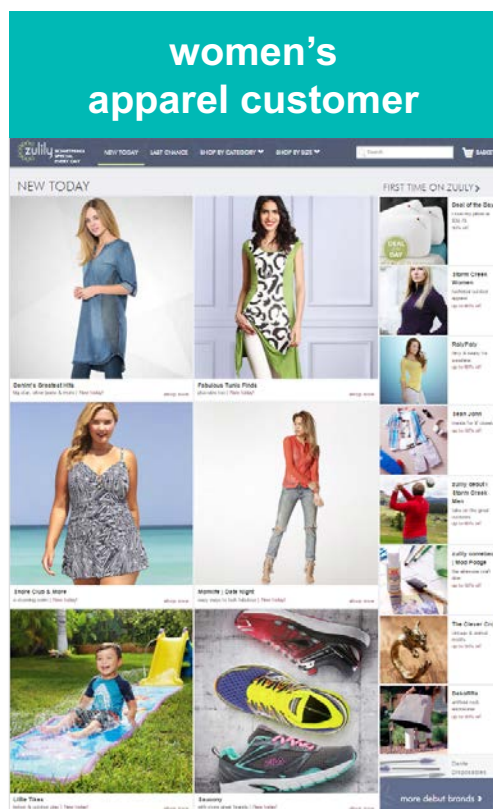


DEBUT BRANDS



BEAUTY & WELLNESS

personalized shopping experiences





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



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Cornerstone

Claire Spofford

President, Cornerstone Brands



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



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Curation Panel

Mary Campbell

Lori Twomey

Lisa Morrissey

Rob Robillard



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Video



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Operations

Bob Spieth

Executive Vice President
and Chief Operations Officer, Qurate Retail Group

Qurate Retail Group Operations Snapshot



18
CONTACT
CENTERS
GLOBALLY



336M
PACKAGES
SHIPPED



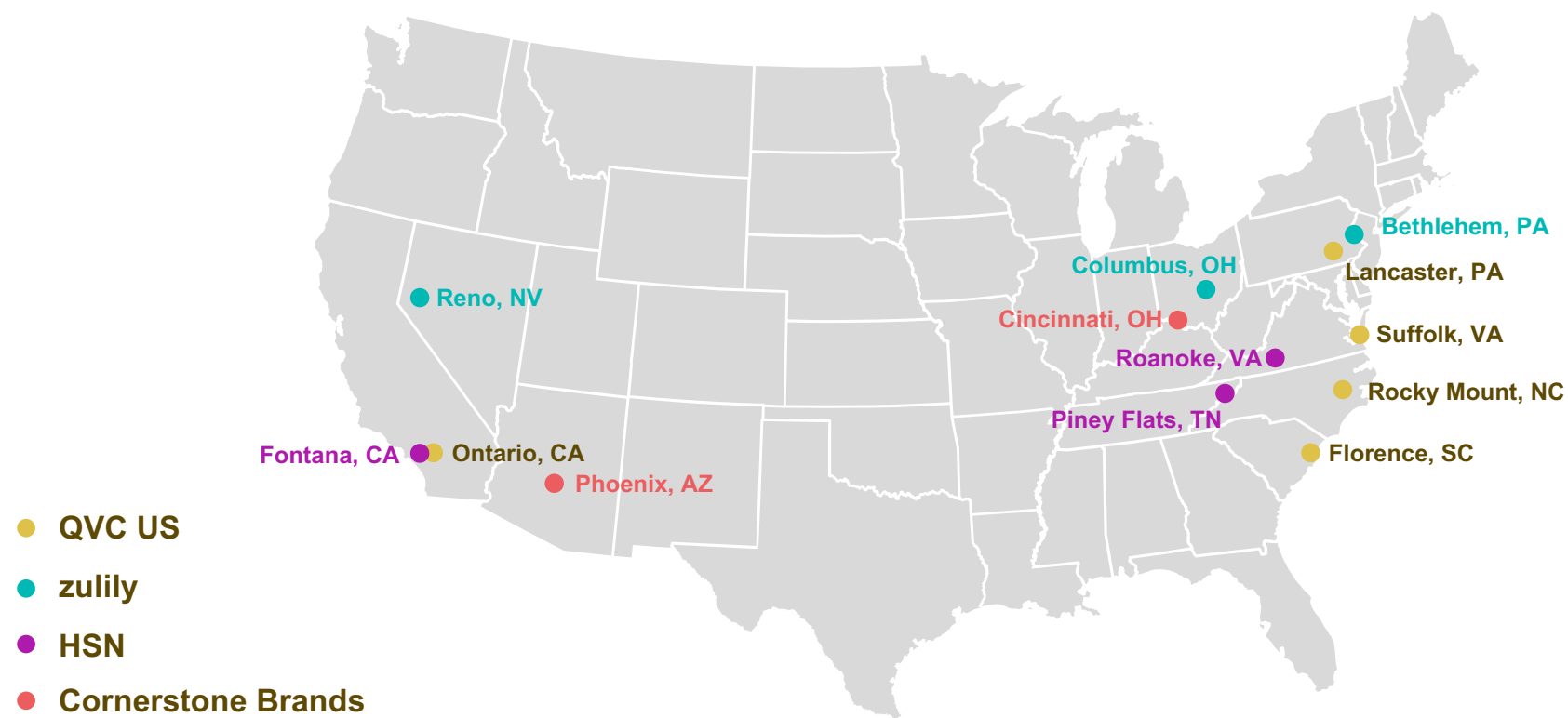
22
FULFILLMENT
CENTERS
GLOBALLY

159M
CUSTOMER
CONTACTS¹

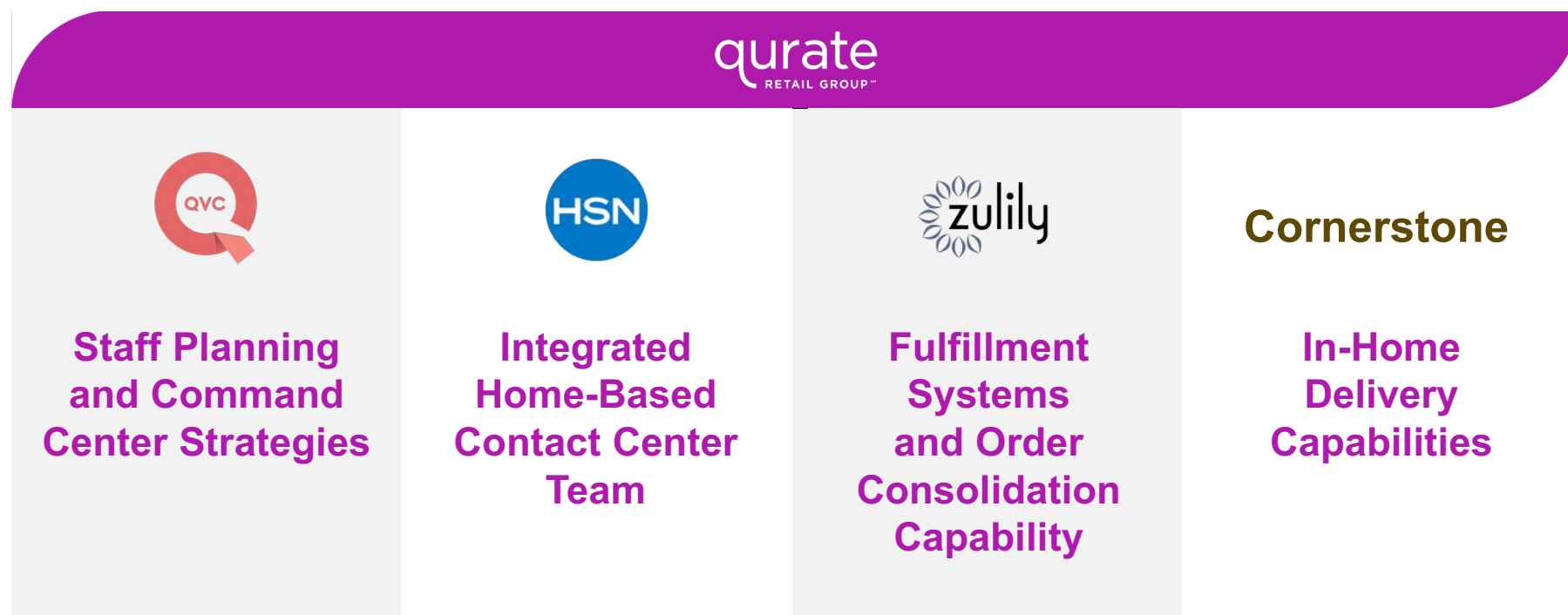


⁽¹⁾ Includes customer calls, email contacts, and social contacts.
Data for FY 2017 or 12/31/17.

Qurate Retail Group US Fulfillment Center Network



Working Examples of Shared Strengths and 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



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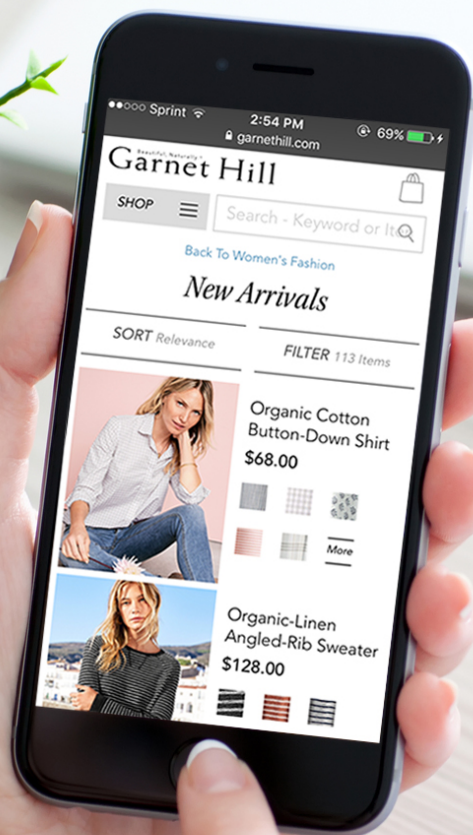
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IT Review

Karen Etzkorn

Executive Vice President
and Chief Information Officer,
Qurate Retail Group



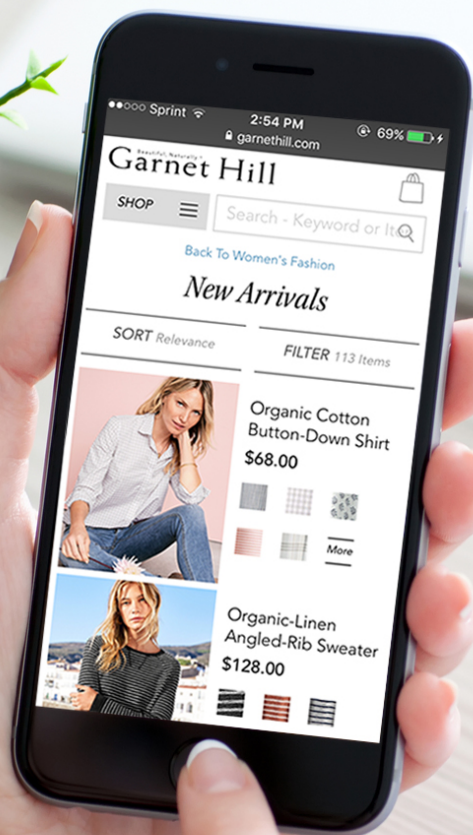
Today's Discussion

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



Consolidated IT Priorities

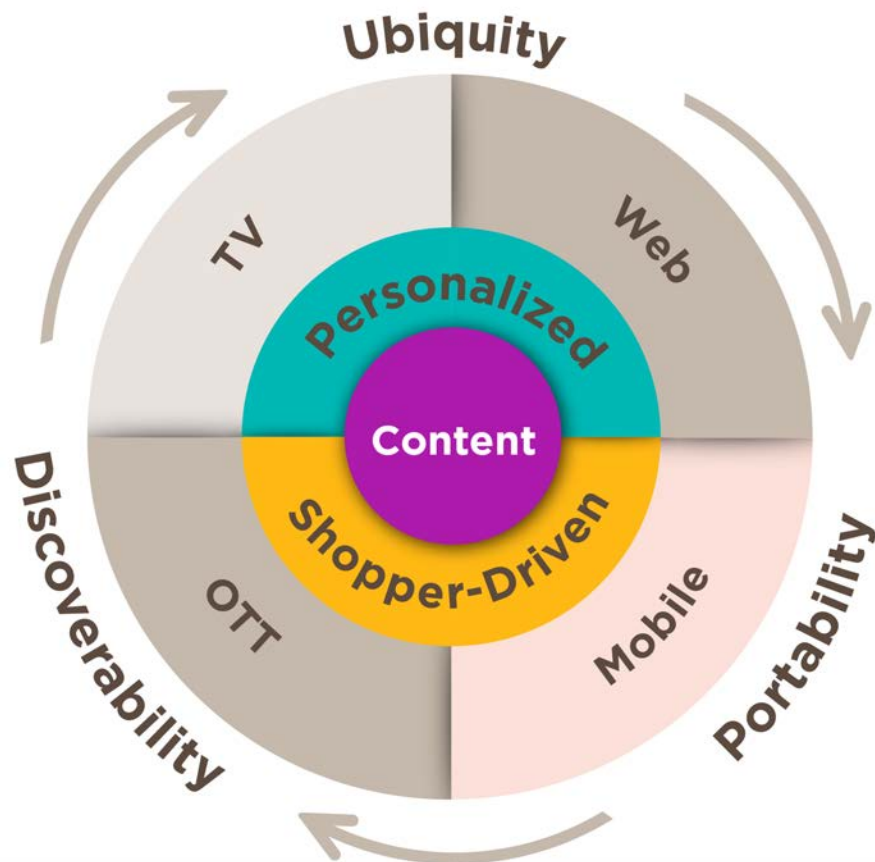
- Leverage enterprise-wide value and best practices
- Rationalize Q+H operating platforms driving efficiency, innovation and speed to market
- Develop and integrate common compliance, information security and data privacy policies and standards
- Roll out common people tools to deliver seamless, consistent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



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Innovation and Customer Marketing

**Mary Campbell
Alex Miller
Kevin Saliba
Todd Sprinkle**



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Video



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Chairman's Perspective

Greg Maffei

Executive Chairman, Qurate Retail, Inc.

Look How Far We've Come

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Liberty Media Corporation 2008



LIBERTY
iNTERACTIVE



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The Long and Winding Road

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2011

LIBERTY
INTERACTIVE

Liberty Interactive Corporation separated from Liberty Media Corporation

2012

LIBERTY
INTERACTIVE

Liberty Interactive created two tracking stocks:
Liberty Ventures and Liberty Interactive

2014



Reattributed digital commerce assets to Liberty Ventures Group

Changed tracker name to QVC Group

2015



Acquisition of zulily

2017



Acquisition of remaining stake
in HSNi

2018

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Became asset-backed stock and changed name to Qurate Retail, Inc.



While Innovating and Evolving Retail Operations

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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.

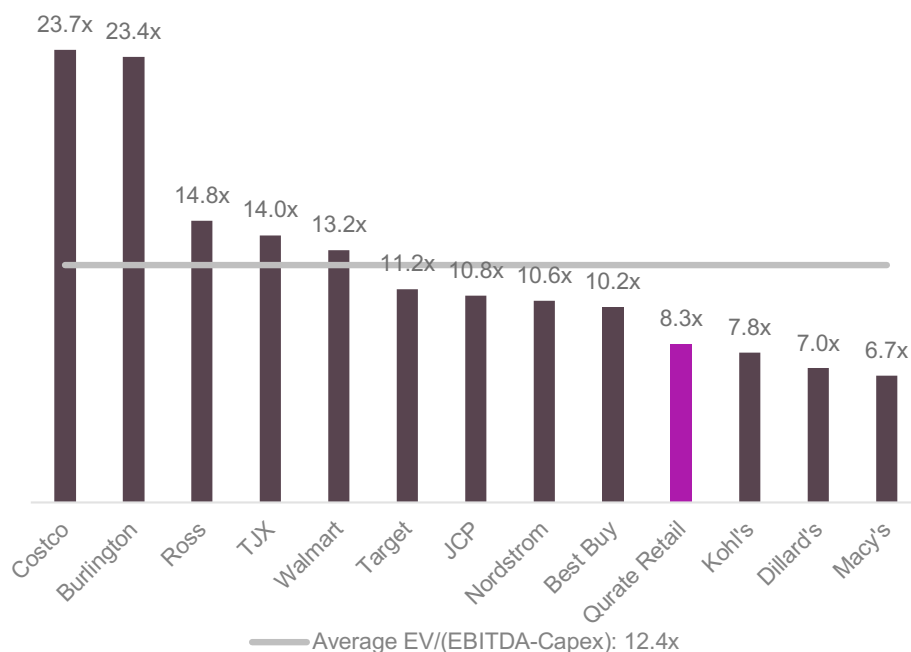


Current Valuation Below Average of Peers...

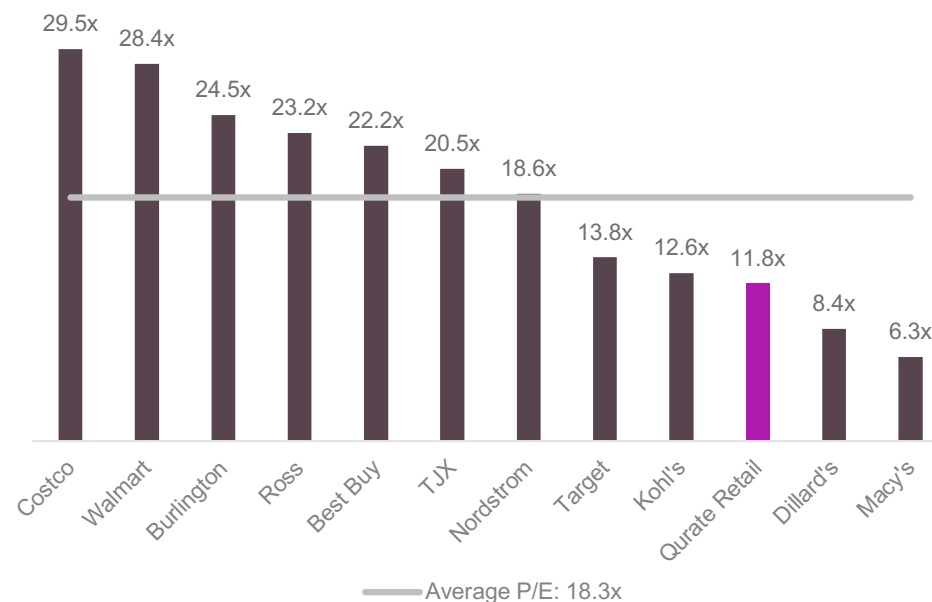
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EV/(EBITDA – Capital Expenditures)⁽¹⁾



Price/Earnings⁽²⁾



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

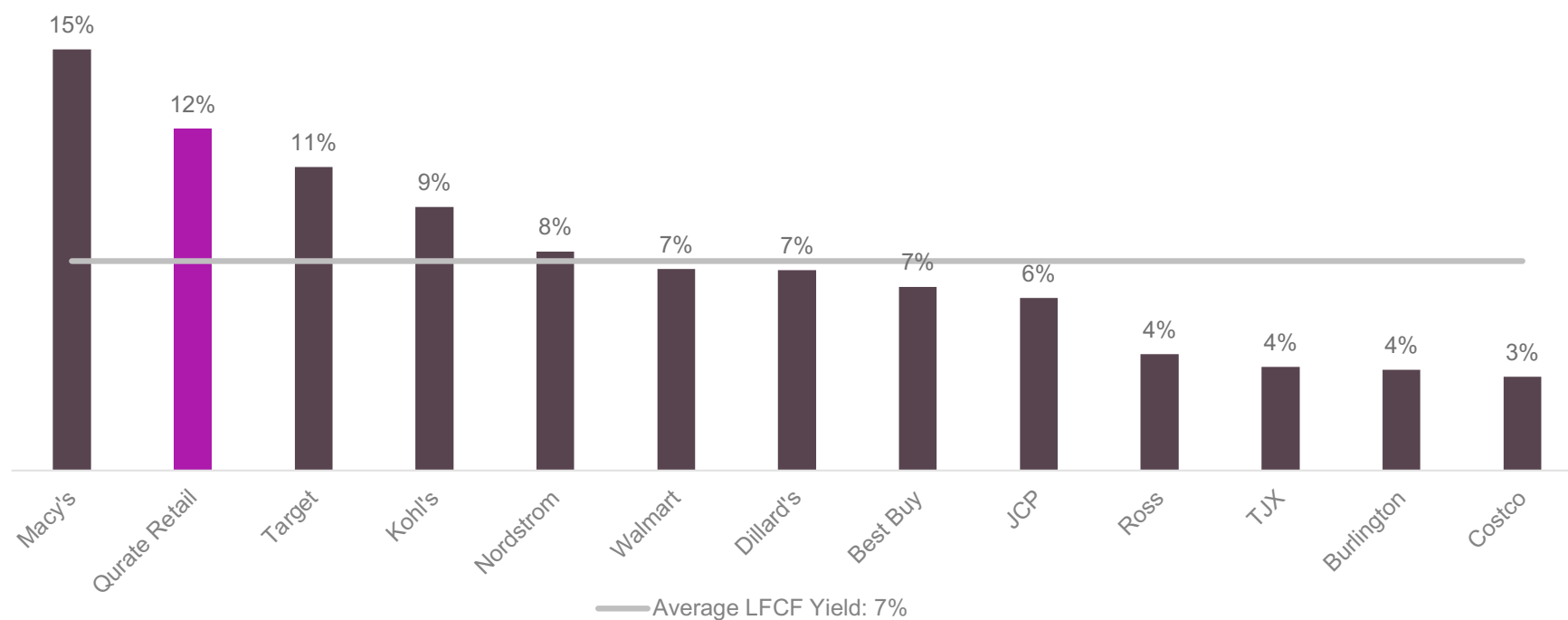
- (1) Enterprise value calculated as current market capitalization plus debt, preferred equity, and minority interest, minus cash and cash equivalents. EBITDA and capital expenditures ("capex") figures based on trailing twelve months. Qurate Retail trailing twelve months Adj. OIBDA and capex PF for HSNi 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.

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...Despite Qurate Retail's Favorable Free Cash Profile... Qurate Retail 2018 Investor Day

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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.

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...and Qurate Retail's Structural Advantages

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**Highly adaptable and
responsive to real time
customer feedback**

**High degree of product
exclusivity**

**Advantaged inventory
model**

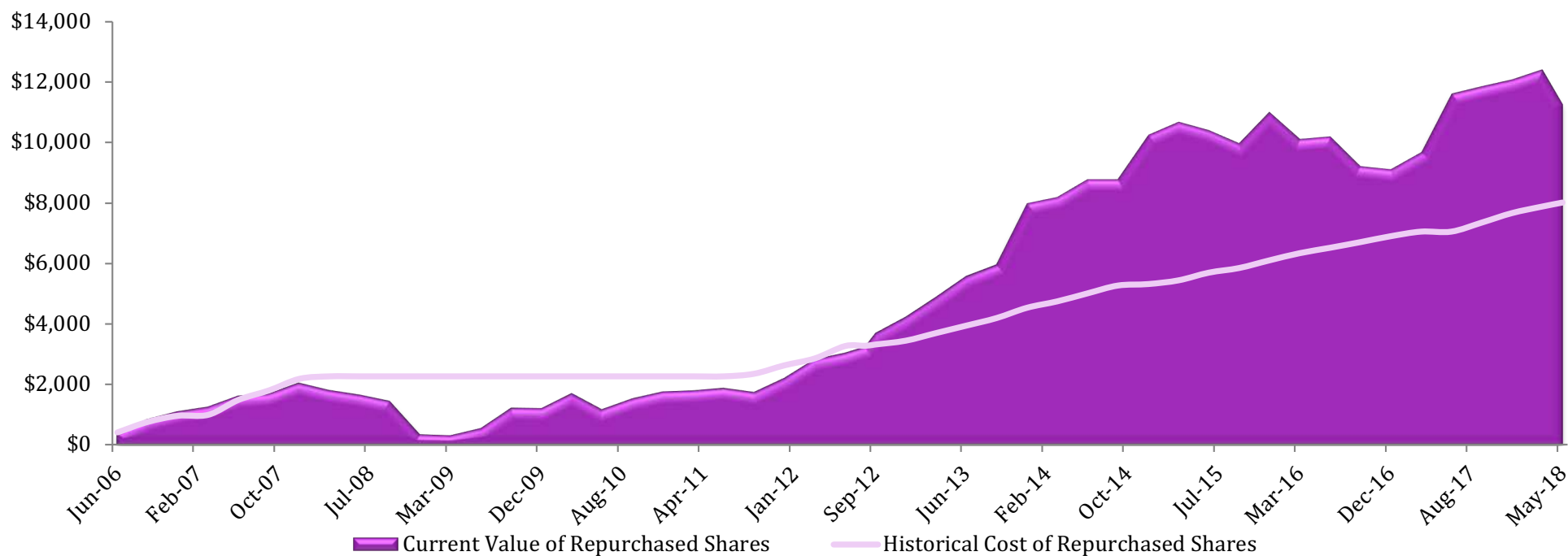
**Relatively low fixed cost
structure**

Efficient tax structure

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



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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 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

QVC US		
\$ in millions		
	2017	2014
Operating income	\$ 994	\$ 941
Depreciation and amortization	423	447
Stock compensation expense	29	41
Adj. OIBDA	1,446	1,429
Revenue	\$ 6,140	\$ 6,055
Operating income margin	16.2%	15.5%
Adj. OIBDA margin	23.6%	23.6%
Adjusted for HSNi Integration Costs		
Operating income	\$ 994	\$ 941
HSNi transaction costs	9	-
Operating income adj. for HSNi costs	1,003	941
OI margin adj for HSNi costs	16.3%	15.5%
Adj. OIBDA	\$ 1,446	\$ 1,429
HSNi transaction costs	9	-
Adj. OIBDA add back HSNi costs	1,455	1,429
Adj. OIBDA margin with add back of HSNi integration costs	23.7%	23.6%

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.

Reconciling Schedule

2017

\$ in millions

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

	Operating Income (Loss) Margin	Adj. OIBDA Margin
QVC US	16.2%	23.6%
QVC Int'l	13.4%	17.1%
QVC Inc	15.4%	21.6%
HSN	4.4%	9.4%
zulily	-8.0%	5.6%
Cornerstone	0.8%	4.3%
PF Qurate Retail	9.7%	16.4%

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

(\$ in millions)

Consolidated QVC

Revenue

2012	2014	2017
\$ 8,516	\$ 8,801	\$ 8,771

Operating income

\$ 1,268	\$ 1,279	\$ 1,347
----------	----------	----------

Depreciation and amortization

526	587	519
-----	-----	-----

Stock compensation expense

34	44	31
----	----	----

Adj. OIBDA

1,828	1,910	1,897
-------	-------	-------

HSNi transaction costs

-	-	9
---	---	---

France adj. OIBDA loss

-	6	28
---	---	----

Adj. OIBDA w add back of HSNi costs and France loss

1,828	1,916	1,934
-------	-------	-------

Operating income margin

14.9%	14.5%	15.4%
-------	-------	-------

Adj. OIBDA margin

21.5%	21.7%	21.6%
-------	-------	-------

Adj. OIBDA margin w add back of HSNi costs and France loss

21.5%	21.8%	22.0%
-------	-------	-------

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.

Reconciling Schedule

QVC International Net Revenue Y/Y Growth Rates
as reported in USD and in Constant Currency

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Quarter	Y/Y % Var.	
	USD	Constant Currency
Q1-18	14%	2%
Q4-17	11%	6%
Q3-17	4%	5%
Q2-17	-4%	2%
Q1-17	-2%	2%
Q4-16	0%	3%
Q3-16	4%	2%
Q2-16	7%	4%
Q1-16	2%	3%
Q4-15	-5%	2%
Q3-15	-10%	4%
Q2-15	-11%	6%
Q1-15	-12%	2%
Q4-14	-7%	1%
Q3-14	1%	1%
Q2-14	-1%	2%
Q1-14	1%	2%
Q4-13	-6%	-1%
Q3-13	-6%	2%
Q2-13	-6%	2%
Q1-13	-2%	4%
Q4-12	1%	4%
Q3-12	-1%	4%
Q2-12	4%	8%
Q1-12	8%	8%
Q4-11	7%	5%
Q3-11	14%	5%
Q2-11	18%	5%
Q1-11	7%	3%
Q4-10	7%	8%
Q3-10	6%	8%
Q2-10	7%	8%
Q1-10	12%	5%
Q4-09	15%	6%
Q3-09	0%	1%

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.

Reconciling Schedule

(\$ in millions)										
QVC Consolidated	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenue	\$ 7,303	\$ 7,352	\$ 7,807	\$ 8,268	\$ 8,516	\$ 8,623	\$ 8,801	\$ 8,743	\$ 8,682	\$ 8,771
Operating income	\$ 956	\$ 1,014	\$ 1,130	\$ 1,137	\$ 1,268	\$ 1,245	\$ 1,279	\$ 1,275	\$ 1,203	\$ 1,347
Depreciation and amortization	531	526	523	574	526	558	587	588	605	519
Stock compensation expense	15	16	18	22	34	38	44	31	32	31
Adj. OIBDA	1,502	1,556	1,671	1,733	1,828	1,841	1,910	1,894	1,840	1,897
Operating income margin	13.1%	13.8%	14.5%	13.8%	14.9%	14.4%	14.5%	14.6%	13.9%	15.4%
Adj. OIBDA margin	20.6%	21.2%	21.4%	21.0%	21.5%	21.3%	21.7%	21.7%	21.2%	21.6%

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)

(\$ in millions)	Q1 2017	Q1 2018
Operating Income/(Loss)	(38)	(28)
Depreciation & Amortization	50	51
Stock-based Compensation	3	4
Adjusted OIBDA	15	27

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⁽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 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

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.

3.50%, 3.75% and 4.00% Exchangeable Debentures

Glossary of Key Terms (cont)

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

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Bond	Exch Ratio(s)	Cash Interest	Face (\$m) 3/31/18	FV (\$m) 3/31/18	Interest Rate Tax Purposes	Accreted Basis (\$m) 12/31/17
2029 ⁽¹⁾	3.2265 S 0.786 CTL	4%	\$434	\$319	9.069%	\$1,515
2030 ⁽²⁾	2.3587 S 0.5746 CTL	3.75%	\$435	\$317	9.43%	\$1,624
2031 ⁽³⁾	5.2598 MSI	3.5%	\$323	\$358	9.5%	\$1,956
TOTAL			\$1,192	\$994		\$5,095

Bond	Cash Coupon 2018E (\$m) ⁽⁴⁾	Contingent Interest 2018E (\$m)	Total Tax Deductible Interest 2018E (\$m) (current and deferred)	Estimated Accreted Basis (\$m) 12/31/18E
2029 ⁽¹⁾	\$19	\$121	\$140	\$1,636
2030 ⁽²⁾	\$17	\$139	\$156	\$1,763
2031 ⁽³⁾	\$21	\$178	\$199	\$2,134
TOTAL	\$57	\$438	\$495	\$5,533

(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.