LEVERAGING CONTENT, COMMUNITY AND COMMERCE

Investor Presentation
First Quarter 2012
SAFE HARBOR STATEMENT AND NON-GAAP MEASURES

This presentation may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based largely on information currently available to our management and on our current expectations, assumptions, plans, estimates, judgments and projections about our business and our industry. Although we believe our expectations are based on reasonable estimates and assumptions, they are not guarantees of performance and there are a number of known and unknown risks, uncertainties, contingencies and other factors (many of which are outside our control) that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. These potential factors that could affect HSNi’s business and financial results include those that are set forth in our filings with the U.S. Securities and Exchange Commission (“SEC”). Other unknown or unpredictable factors that could also adversely affect HSNi’s business, financial condition and results of operations may arise from time to time. In light of these risks and uncertainties, any forward-looking statements may not prove to be accurate. All written or oral forward-looking statements that are made or attributable to us are expressly qualified in their entirety by this cautionary notice. Accordingly, you should not place undue reliance on any forward-looking statements, which only reflect the views of HSNi management. Such statements speak only to the date such statements are made and HSNi does not undertake to update any forward-looking statements. Historical results should not be considered as an indication of future performance.

This presentation also contains various non-GAAP financial measures as defined in Regulation G. These non-GAAP measures are being presented in order to provide additional information to evaluate our operating performance and our ability to service our debt. These measures of performance and/or liquidity are not calculated in accordance with US GAAP and should not be considered in isolation of, or as a substitute for, the most directly comparable GAAP financial measure. Our computations of these non-GAAP measures may differ from those of other companies.
• forefront of transactional innovation
• diversity of brands, products, channels of distribution
• extensive direct-to-consumer reach
• generate $3.2 billion in revenue with over $1.4 billion from digital sales, or 43% penetration
• experienced management team
• strong free cash flow
THE CHANGING LANDSCAPE OF CONSUMER TRENDS

- everyone connected, all the time
- social driving the shopping experience
- personalization is an expectation
- impotence of abundance drives need for solutions
- trust and transparency
- the new definition of value/premiumization

TECHNOLOGY AND TRANSACTIONAL INNOVATION

- unparalleled distribution and integration
- significant investment in back-end/infrastructure
- patent protection for key technologies
- gamification and mobility are business drivers

The image also shows icons for social media platforms such as Facebook, Twitter, YouTube, and HSN.com.
HSN REINVENTING AND RE-ENERGIZING RETAIL ACROSS MULTIPLE SCREENS

TELEVISION
- 1st network/34 years
- 96MM homes
- 24/7, 364

DIGITAL
- Top 10 e-commerce site*
- 35% of sales from digital, up 170bps
- Mobile – Q1 2012 sales almost 50% of FY 2011 sales
- HSN Shop by Remote - proprietary technology in 39MM homes
- HSN HD in 39MM homes
- 1st live HD streaming video – tv, online, mobile
- HSN Arcade – first retail gaming destination

*Source: 2011 Internet Retailer Top 500
OUR MISSION
DELIVER THE JOY AND EXCITEMENT OF NEW DISCOVERIES EVERY DAY

DISCOVER NEW PRODUCTS
- 70K unique products/60-70% proprietary
- 18K new products introduced in the last 12 months

DISCOVER NEW IDEAS
- 25K product demonstrations annually
- Original content with custom solutions for Her lifestyle

ENTERTAIN AND INFORM
- Expert advice from notable personalities
- Relevant content delivered across multiple platforms
PSYCHOLOGY OF ACQUISITION

• lifestyle, editorial programmed commerce
• leveraging content for commerce
• ability to shift in real time to changes in consumer demand
• storefront changing everyday
• aspirational accessibility
• curate vs. aggregate products

UNIQUE AND DIFFERENTIATED BUSINESS MODEL

• proprietary products
• inspire vs. sell
• price/value: product that exceeds expectations
• personal shopping service
• great stories
• great storytellers
LARGE, LOYAL CUSTOMER BASE
- 4.7MM customers, up 2% over last year
- 45% 12 month repeat rate
- Top markets: NY, LA, Philadelphia, Chicago

ACTIVE, ENGAGED SHOPPER
- $531 annual spend

83% HOMEOWNERS

$75,000+ HOUSEHOLD INCOME
PRODUCT DIVERSITY AND SUPERIORITY

QUALITY
- Mail Innovation Award from USPS
- 2011 Retailer of the Year awarded by FN/Footwear News
- 2011 Top 10 in satisfaction among online retailers
- 5-star customer ratings
• culturally relevant events and programming

• intelligent integration of marketing and commerce

• deeply forged entertainment/media partnerships

• highly engaged, passionate fan bases

• multichannel content that is entertaining and relevant
ALL OF THESE REPRESENT INDUSTRY OR COMPETITIVE FIRSTS IN THE US

LEADER IN TRANSACTIONAL INNOVATION

2005
- SBR 1st Launch in Time Warner Oceanic

2006
- High Quality Live Stream on hsn.com
- TS and Order Status Text Alerts
- 100+ Shopping Podcasts

2007
- 80,000 Product Videos Available
- Video Sales Presentation Available with Most Products on hsn.com

2008
- hsn.tv HD Smooth Streaming
- HSN Vision on Windows Media Center
- SBR Launches Nationwide

2009
- HSN on demand.

2010
- Patents for TV & online video with product display
- Android and Windows 7 Shopping apps with live HSN Video Feed
- SBR 1st to Launch Full Time In New Industry Standard (EBIF)

2011
- Launch of HSN2
- On-Air QR Codes
- Samsung
- HSN ID Pack for Sprint/Android Widgets

2012
- Connected TV
- HSN Arcade
- Touch Wall
HSN MOBILE: FORWARD LOOK

• Expand distribution with new and updated apps
  - Android tablet app / Google TV app
  - Explore experience within iPad app
  - Tablet optimized browser-based experience

• Integrate mobile into HSN gaming, social & loyalty programs

• Enhance the live show experience → mobile SBR, mobile live show log in, live chat/testimonials

• Personalize the experience and issue shopping alerts based on preferences

• Offer flash sales and promotions unique to mobile

• Leverage device-specific features to extend functionality → touch/visual navigation, geo-targeting
• Seamless integration of video and commerce

• Only retailer to offer 15 VOD channels

• Create personalized video channels based on your favorite brands and categories

• Set reminders for upcoming shows

• Watch live HD/VOD content while simultaneously browsing products

• Highly immersive, highly customized experience
HSN ARCADE: WATCH, SHOP & PLAY

• play online while watching HSN streaming live and/or shopping the Today’s Special and last 15 items aired
• 25 popular games ranging from crossword puzzles to solitaire and mahjongg
• connect with friends and share via Facebook Connect
• compete against others and play for top ranking and earn exclusive HSN badges
• nearly 50MM game plays since June 1, 2011 launch
• 220,000+ registered game players
• players visit the site 2x as often and stay 2x as long
Cornerstone

• 9 individual lifestyle brands with a common, leveraged infrastructure
• 20 to 50 years of consumer equity
• unique and exclusive proprietary products
• 64% of sales from digital

A STRONG LIFESTYLE PORTFOLIO

home = 67% of sales
apparel = 33% of sales

(1) The Company initiated a formal plan to sell Smith+Noble.
Cornerstone

GROWTH STRATEGIES

- Increase digital sales and capabilities
- Stabilization of smaller brands
- Improve gross profit
- Increase contact efficiency
- Maximize operating leverage
Cornerstone continued to see positive digital growth through a strategic focus on optimizing the user experience, enhancing email and search marketing channels, and driving digital innovation.

- Q1 digital sales up 18% and penetration up 330 bps year over year
- Significant development benefits and cross-brand efficiencies realized through the unified web platform
• Development underway on the Frontgate smartphone optimized store for a Q2 release

• Social networks more tightly integrated into the web platform with Facebook Like, Twitter, Google+, and Pinterest ‘Pin it’ buttons added on product pages

• Pinterest ‘Pin it to Win’ campaigns run by Garnet Hill & Ballard Designs

• Garnet Hill expanded its international reach to over 100 countries
The Company initiated a formal plan to sell Smith+Noble. The results for the brand are being reported as discontinued operations. Financial results for the current and prior year periods have been reclassified to reflect this change.