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Qurate Retail Group Announces Initiatives to Deliver Long-Term Growth

HSN and QVC US will come together in new "QXH" business unit, while maintaining unique brand identities and St. Petersburg, FL headquarters for HSN
Expected to accelerate digital initiatives, drive growth, and increase total synergies by an incremental \$120-\$125 million
Plan will integrate HSN and QVC US buying organizations and fulfillment networks, streamline operations at HSN

West Chester, PA (Wed., Oct. 17) –Qurate Retail Group (ORG) today announced a series of initiatives designed to Q

Combining the HSN and QVC US business units into a new QXH business unit, while maintaining the unique identity of each brand and the St. Petersburg, FL headquarters for HSN

The HSN and QVC US business units are being combined to form a new business unit that will be referred to as QXH. "The QXH name reflects the continued importance of the QVC and HSN brands, the multiplying power of bringing these brands together to maximize performance in the US market, and the engaging customer experiences we will offer across our five HSN, QVC, and Beauty iQ networks and digital p ero



HSN is implementing a number of changes designed to better focus the organization on the most important growth opportunities and create a leaner, more agile business capable of responding more quickly to its customers. These changes better align the organization with the previously announced strategies aimed at restoring HSN to growth by creating fresher and more diverse product assortments, enhancing the on-air experience, driving digital growth, and improving the customer experience. HSN will also undertake a redesign of its campus to create a better working environment and ensure that the facilities enable the team to operate at its best.

The new organization design is expected to enable HSN to better leverage Qurate Retail Group's resources. The design was ~~etsi~~^{tsfe}

Once completed, the integrated fulfillment network is expected to: increase average delivery speeds to customers by two days; enable more items to be consolidated into single shipments to improve customer convenience; and deliver significant savings in freight and fixed costs.

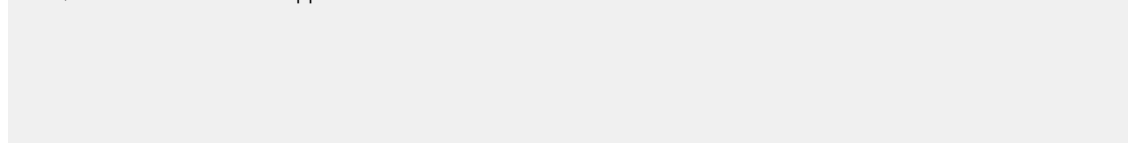
In the first phase of this program, QRG will invest in a new state-of-the-art fulfillment center in Bethlehem, PA, which is planned to open mid-to-late 2019 and will have a workforce of 1,200-1,500 at full operation. The new facility will handle both QVC and HSN product, and fulfill approximately 25 percent of network volume. The new facility is also expected to feature QRG's proprietary WMS platform. The facility is in addition to the existing zulily fulfillment center also located in Bethlehem, PA and will not affect operations at that site.

With the new facility in Bethlehem, QRG will ultimately close its QVC fulfillment center in Lancaster, PA and, as previously announced, its HSN fulfillment center in Roanoke, VA, and its temporary fulfillment center operation in Greeneville, TN. All will continue to operate as they do today until the Bethlehem facility is fully operational in 2020. Approximately 1,725 team members in those sites will be affected by this transition.

"This difficult decision was made after much discussion and thoughtful analysis and is expected to provide us with the capability to fulfill packages across brands and consolidate shipments for a better, faster and more environmentally friendly customer experience with lower shipping costs," said Bob Spieth, Chief Operations Officer, QRG. "Our operations in Lancaster, Roanoke and Greeneville have served us well over the years, and will continue to do so over the near-term. We thank our teams there for their dedication and support as we move forward."

Forward-Looking Statements

This press release includes certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, without limitation, statements about initiatives regarding Qurate Retail Group and the HSN and QVC US businesses (the "initiatives"), the timing of the implementation of the initiatives, expected changes in employee headcount as a result of the initiatives, and expected benefits resulting from the initiatives, including the amount and timing of expected synergy benefits and costs resulting from the initiatives. 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, general market conditions. These forward-looking statements speak only as of the date of this press release, and each of Qurate Retail, Inc. and its subsidiaries disclaims any liability for any losses or damages caused by reliance on any of these forward-looking statements.



multiple ecommerce sites, social pages, mobile apps, print catalogs and in-store destinations. Qurate Retail Group is #3 in ecommerce in North America and #3 in mobile commerce in the US (according to Internet Retailer). Qurate Retail Group combines the best of retail, media and social to curate products, experiences, conversations and communities for millions of highly discerning shoppers – bringing joy, inspiration and humanity to shopping. Qurate Retail Group also curates large audiences, across multiple platforms, for thousands of brand vendors.
