



HSN 

June 30, 2008

safe harbor statement

This presentation may include certain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include statements relating to the anticipated financial performance, business prospects, new developments and similar matters of or relating to HSN, Inc. (“HSNi”), as well as statements relating to the spin-offs, and/or statements that use words such as “anticipates,” “estimates,” “expects,” “intends,” “plans,” “believes,” “projects,” “may increase,” “may fluctuate,” and similar expressions or future conditional verbs such as “will,” “should,” “would,” “may” and “could”. These forward-looking statements are based on management’s current expectations and assumptions, which are inherently subject to uncertainties, risks and changes in circumstances that are difficult to predict. Actual results could differ materially from these projections and forward-looking statements for a variety of reasons, including, among others: adverse changes in HSNi’s relationships with pay television operators; adverse changes in HSNi’s relationships with its vendors, manufacturers and suppliers; the ability to secure and maintain suitable placement for the HSN television network; HSNi’s ability to attract and retain customers; adverse customer trends, economic and business conditions; unplanned losses in connection with the FlexPay program; increased delivery costs; a continued or permanent inability to broadcast the HSN television network; and compliance with and changes to laws, rules and regulations. Certain of these and other risks and uncertainties are discussed in the filings of IAC/InterActiveCorp (“IAC”) with the Securities and Exchange Commission, including in IAC’s Annual Report on Form 10-K for the fiscal year ended December 31, 2007, and in HSNi’s Form 10, as amended, filed with the Securities and Exchange Commission on June 26, 2008 (SEC File No. 001-34-061). Other unknown or unpredictable factors may also cause actual results to differ materially from those projected by the forward-looking statements. Accordingly, you should not place undue reliance on these forward-looking statements, which only reflect the views of HSNi and IAC management as at the date of this presentation. Neither HSNi nor IAC undertakes to update these forward-looking statements.



- Top US interactive multi-channel retailer
- Strong direct to consumer expertise
- 8 unique proprietary and compelling lifestyle brands and innovative products
- Innovator of differentiated retail experiences on TV, internet, catalogue, brick and mortar and new technology platforms
- Strong operational infrastructure
- Experienced and talented team
- Inspired and passionate culture

Growth Drivers

- E-commerce and advanced services growth
- Leveraging content through multiple platforms
- Product assortment and proprietary product development
- Expansion of customer base and spend per customer
- Gross margin enhancements & operating leverage



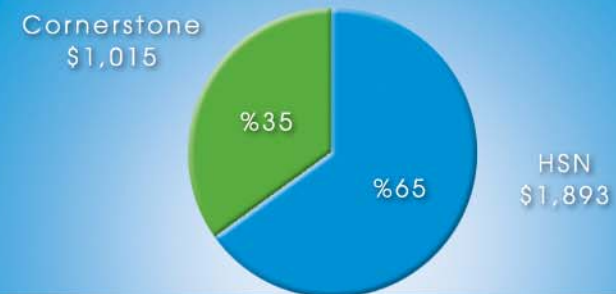


- Top multi-channel retailer in the U.S.
 - HSN TV network reaches 90MM homes (live 24/7)
 - eCommerce 33% of revenue
 - 7 leading home & apparel lifestyle brands – 400MM catalogs mailed
 - Frontgate, Ballard Designs, Smith+Noble, Improvements, Territory Ahead, Garnet Hill, TravelSmith
 - Retail distribution (Territory Ahead, Ballard Designs, Frontgate)
 - Advanced Services Platforms (Shop by Remote – iTV, TV VOD, Broadband video)
- Infrastructure
 - 7 Fulfillment Centers with a total of 4.8MM sq. ft. of space
 - Shipping approximately 50MM products per year
 - 7 Sales and Service Centers with over 1,600 seats; work-at-home agent network
 - Centers handled approximately 50MM calls in 2007

(1) Refer to non GAAP reconciliation in Appendix

2007A SEGMENT REVENUE

(\$ in millions)



2007A Revenue: \$2,908 MM

2007A SEGMENT EBITDA (1)

(\$ in millions)



2007A EBITDA: \$234 MM

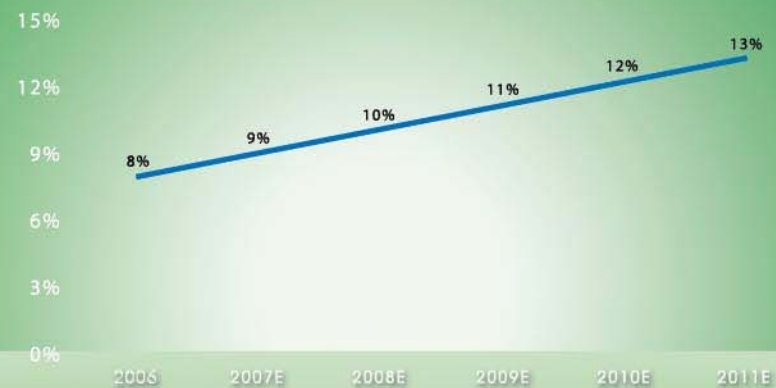
e-commerce market opportunity

HSNi internet sales grew 15% in 2007. Sales penetration in Q1 '08 was a record 33%. HSN.com is growing faster than the market with 24% growth in Q1 '08

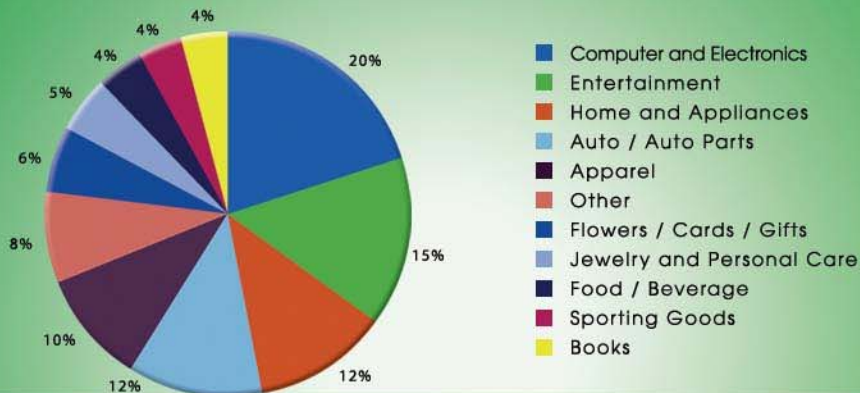
U.S. online retail sales



Online retail penetration rates

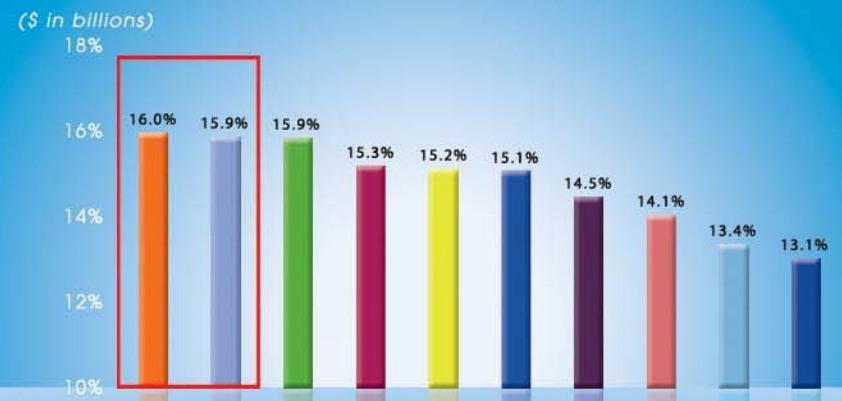


2007 online retail sales by category



2007 online retail sales = \$164BN

Top 10 online growth categories (by '07-11' CAGR)



Source: Wall Street research; US Dept. of Commerce

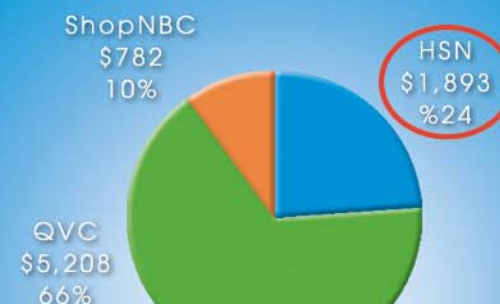
electronic retailing opportunity

HSN sales outgrew its peers in Q1 '08 in tough retail environment

| |  |  |  |
|-----------------------|---|---|--|
| Units Shipped | 37MM | 122MM | 4.6MM |
| Revenue | \$1,893MM | \$5,208MM | \$782MM |
| % Internet Revenue | 28% | 24% | 33% |
| % Internet Growth | 24% | 4% | 18% |
| Gross Profit (2) | 33.9% | 36.5% | 34.7% |
| Households Reached | 90MM | 93MM | 69MM |
| Revenue per HH | \$21 | \$57 | \$11 |
| Average Selling Price | \$57 | \$46 | \$233 |
| Active Customer Base | 4.5MM | 7.4MM | 900K |

ELECTRONIC RETAILING MARKET SHARE' (2007)

(\$ in millions)



ELECTRONIC RETAILING MARKET SHARE' (Q1 2008)

(\$ in millions)



(1) Market share excludes privately held networks such as Jewelry TV and other smaller networks

(2) HSN's credit card fees are included in gross profit, which is approximately 1.8% of sales. If adjusted, HSN GP% would be 35.7%.



there's no place like... 

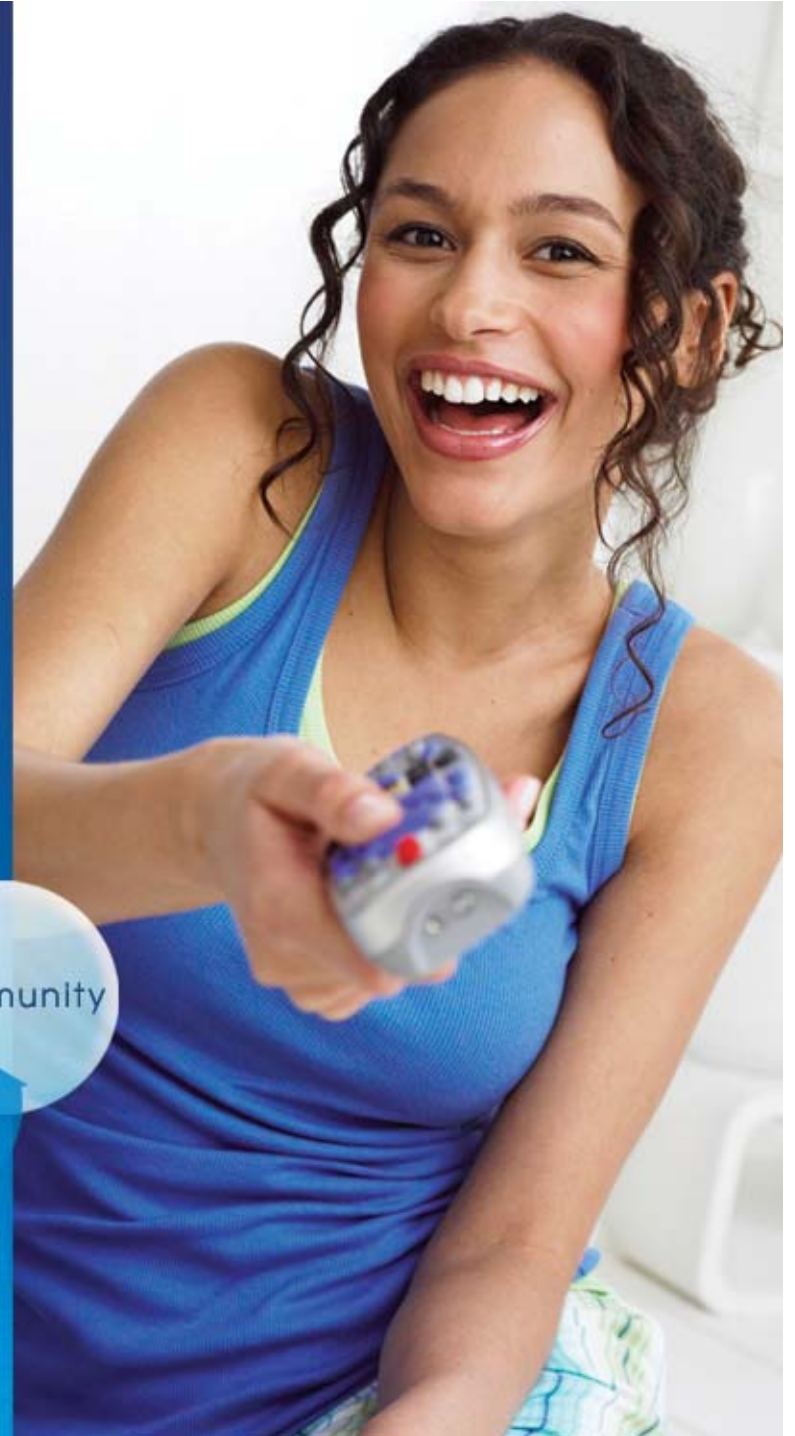
The future of shopping is here

consumer trends

- here/mine/now
- eclecticism
- experience economy
- celebrity culture/cult of celebrity
- impotence of abundance
- community of trust

technology

- online broadband adoption
- interactive television
- VOD and DVRs
- social networking



the ultimate product placement

- 30 years
- 90MM homes
- 4th largest cable network ⁽¹⁾
- live 24/7 television
- 37MM products shipped
- 3 distribution centers
- 2 call centers and work-at-home agent network
- 70K+ unique products
- top 10 trafficked eCommerce site ⁽²⁾
- advanced services platform

(1) November 2006 *Broadcasting and Cable magazine*
(2) *HitWise* March 2008



reaching a customer that defies expectations

Large, loyal customer base

- 4.5MM at year end 2007

82% female

25-64 years old

- 52% in the highly valued 35-54 age bracket

90+% homeowners

\$65,000+ household income

\$474 annual spend

3 largest markets: NY, LA, Chicago

Sources: Experian, February 2008 and internal company data



there's no place like...



where we compete



television shopping

- QVC, ShopNBC, JewelryTV, GemsTV



online retail

- Amazon, JC Penney



brick & mortar

- department stores, specialty stores, big box retail



catalog

- Land's End, William Sonoma



TV entertainment

- FoodNetwork, HGTV, DIY, Style

there's no place like...

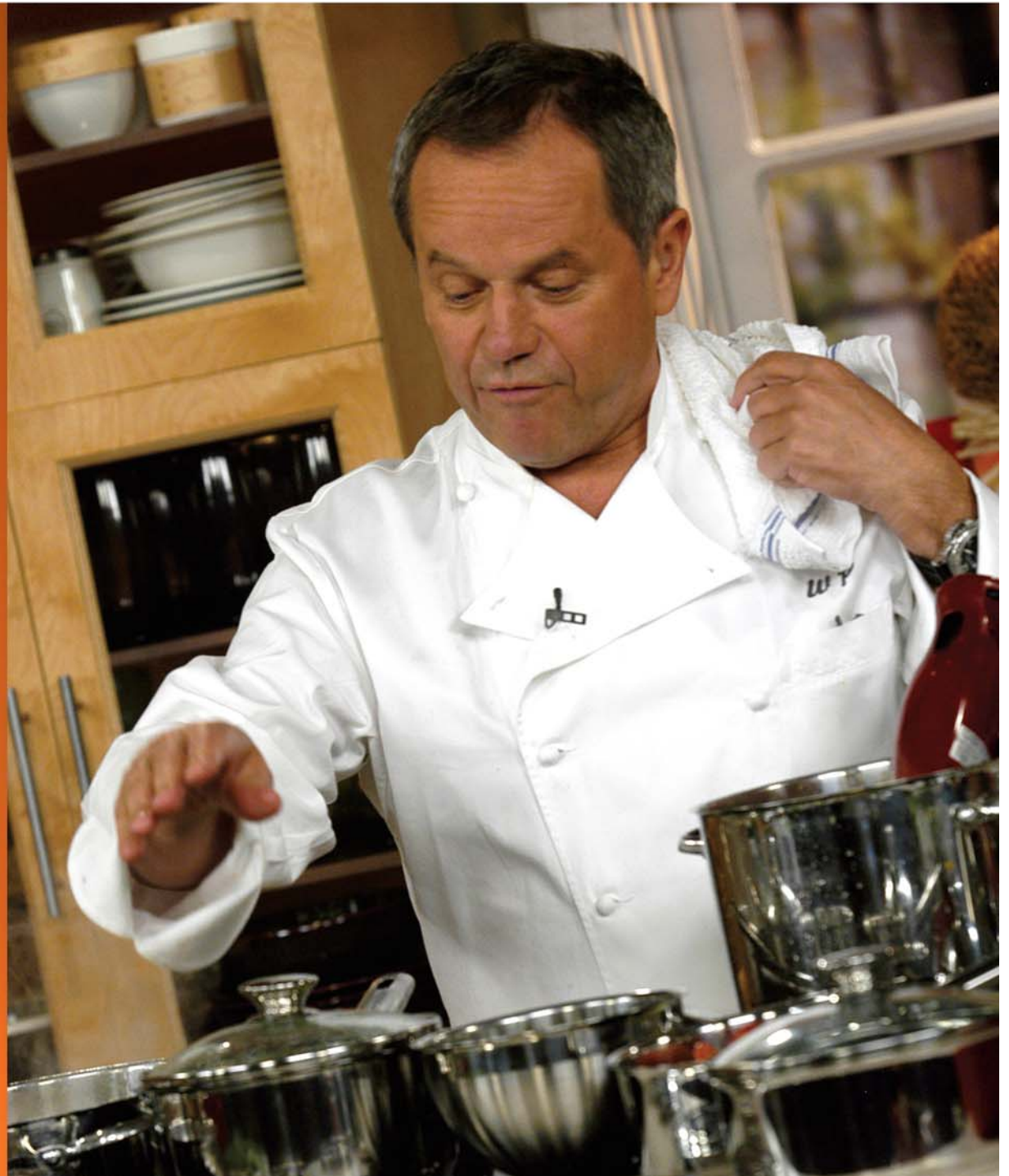


our strategy

- Lifestyle, editorial
programmed commerce
- Bringing the story to life

priorities

- Create a clear and
differentiated BRAND
position for HSN
- Build a BUSINESS strategy
that supports the brand
through product, experience
and communication and
execute against that strategy
- Build a world class TEAM
that implements and drives
sustainable business growth



HSN has a clear and differentiated brand position



product/personality



HSN tv



strategic alliances



off network tv



advanced services

HSN.com



public relations

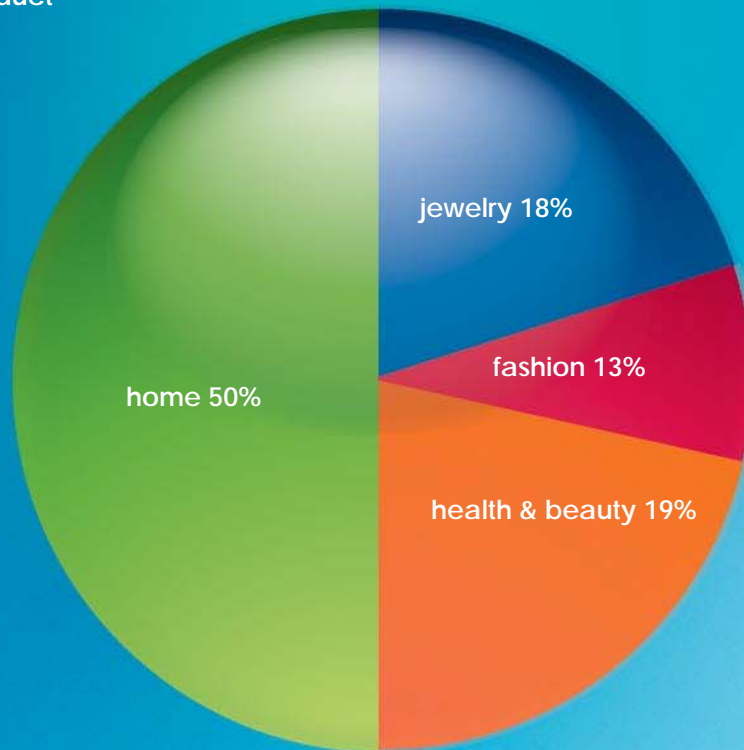


direct to consumer



unique proprietary and name brand merchandise

2007 sales breakdown by product



- Diverse supplier relationships allow us to not be dependent on any one vendor
- No one single vendor accounts for more than 6% of the business

apparel & accessories



MISS TINA



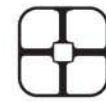
jewelry

MINE FINDS BY
JAY KING

EVERYDAY GOLD
by Michael Anthony®



TORI SPELLING
COLLECTION



IMAN

home



dyson

COLIN COWIE

iRobot®

BISSELL



health & beauty



GO SMILE™

M. Asam®



ProCaps

SEPHORA
THE BEAUTY AUTHORITY

FUSION BEAUTY™
TOMORROW'S TECHNOLOGY FOR BEAUTY TODAY

electronics

Canon



SONY



Kodak



JVC

LEXMARK

substantial growth in core and emerging brands



beauty

- Core
- Emerging
- Autoship



electronics

- Brands you can trust
- quality
- launch vehicle for new technology

substantial growth in core and emerging brands



cooking

- Curated assortment
- Differentiated and proprietary new product



fashion

- Aspirational accessibility
- Icons of style
- Eclecticism
- Fashion authority

Programming & TV strategy drives lift in sales

Events

- Thanksgiving Weekend +23%
- Memorial Day +13%
- Carol's Daughter Premire +29%

Appointment to View

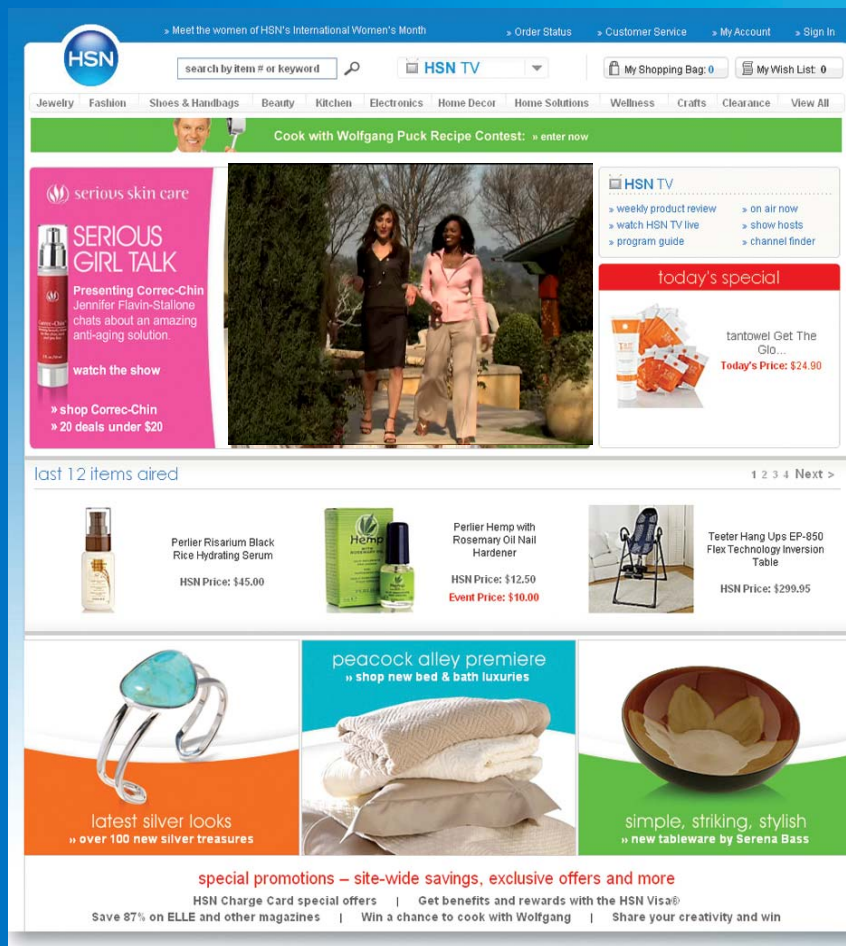
- Beauty Report +18%
- HSN Cooks +16%
- Spring Fashion Week +28%

new lifestyle show formats

- HSN Today launched June 2, 2008
- New customers - 41% increase over LY

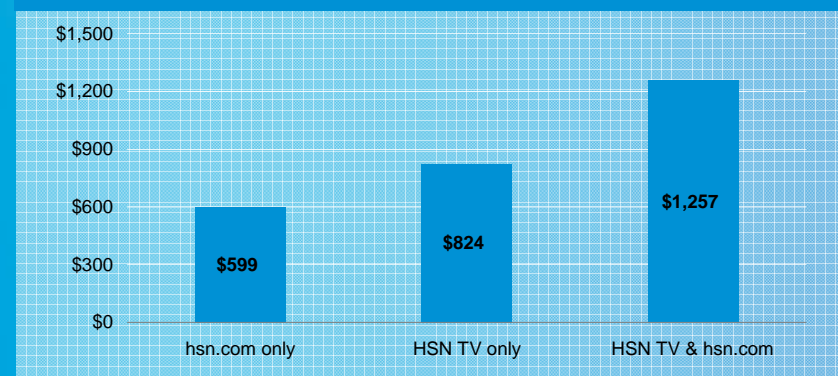


hsn.com offers a differentiated web experience



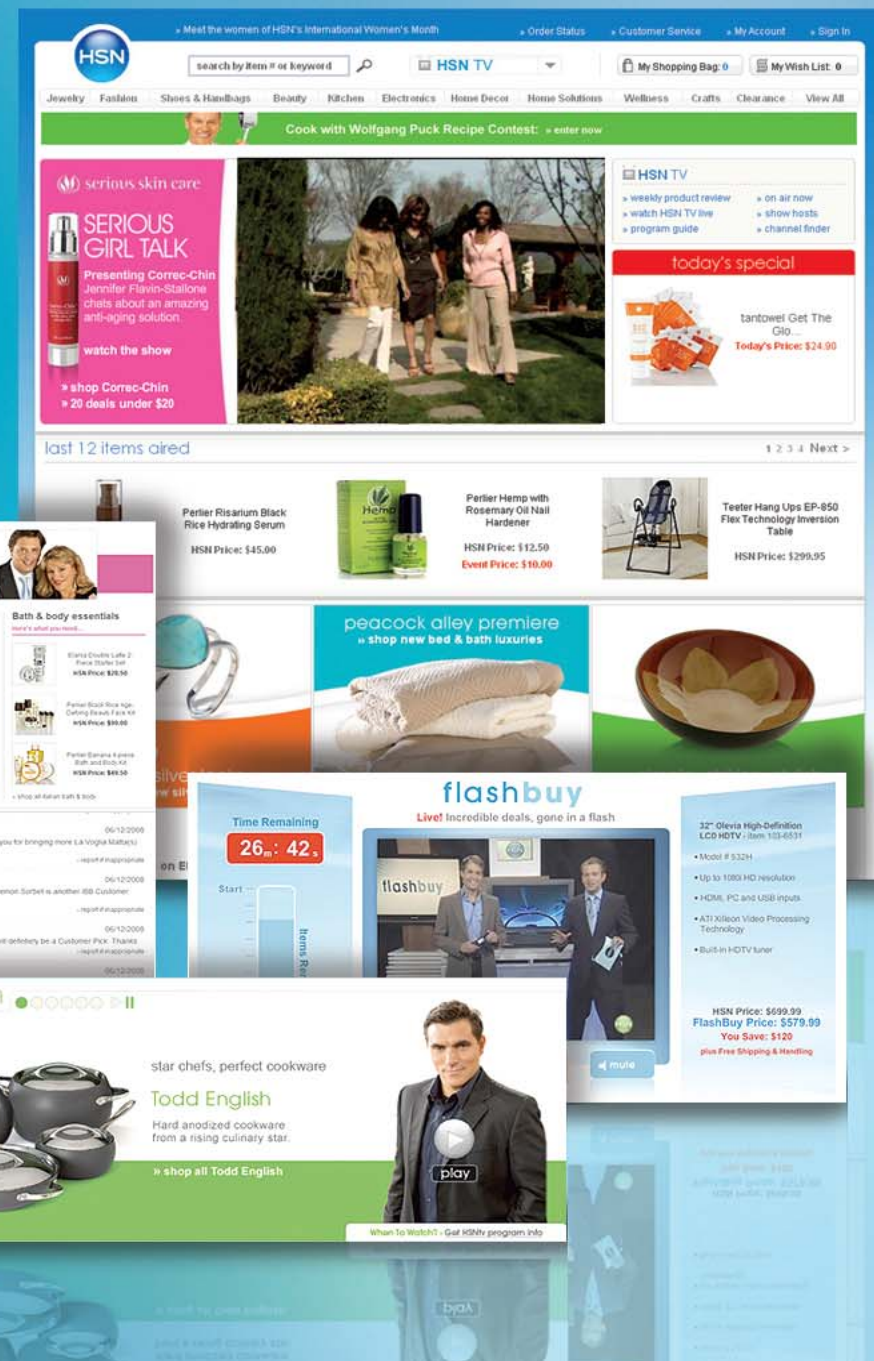
- TV programming and online content complement each other
 - hsn.com creates a second channel leveraging content, community and commerce
 - Pervasive video demonstrations on products available for sale
 - Blogs, video blogs, product demonstrations; how-to concepts and useful tips
 - Expanded product assortment with 70K unique products for sale
 - Product reviews, community forums foster customer interaction and loyalty
- Multi-channel customers are more fully engaged and have a higher value of \$1,257 per year
 - Currently 22% of multi buyers are multi channel customers

2007 REVENUE PER MULTI BUYER BY ORDERING METHOD



align site experience with new strategy

- Lead with personality
- Content drives commerce
- Engage the community
- Enhance/simplify the shopping experience
- Engage the TV audience with hsn.com
- Make it easy to shop
- Interactive/leverage .com and TV
- Further cross-market TV and .com



2008/2009 HSN.com growth strategy

existing-increase share of wallet

assortment, TV cross-promotion, DTC efforts, engagement



**expand assortment
around TV items/events**



**build a "never out"
assortment in key brands/biz**



**create discrete off-air sales
and marketing events**



**intelligently add seasonal
items to round out assortment**



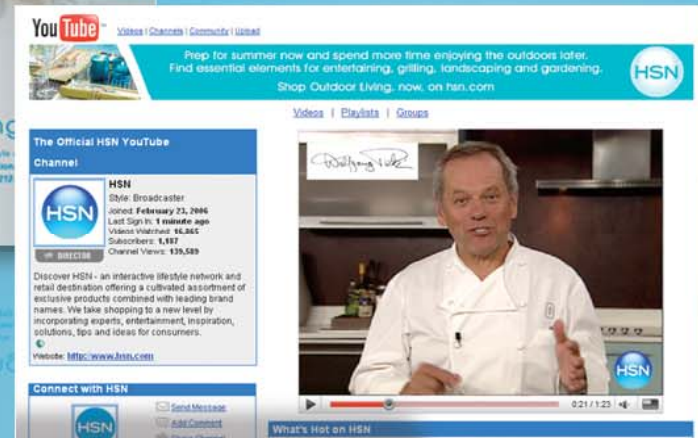
acquire new

search marketing, sweepstakes, tv/print ads, shopping feeds, interactive instant wins

advanced services

extending the HSN experience through multiple platforms

- customer in control of what, when, where
 - Shop by remote
 - Video on demand
 - HSN vision
 - HSN content on 3rd party websites (Youtube)
 - Off network programming



operations: cultivating customer loyalty by significantly improving customer service

sales



service



ship confirmed



total network



(1) CSL = Customer Service Level
(2) ABN = Call Abandonment rate

recent initiatives have lead to a rebound in customer trends





growth strategies

grow the active customer base and lifetime value of every customer

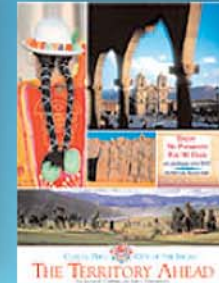
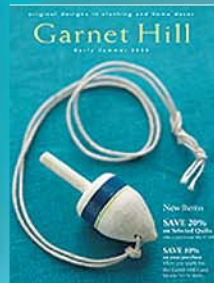
- Programming
- Product assortment
- One network
- Customer service

deliver consistent and sustainable gross profit improvement

- Product mix
- Improved IMU
- Inventory management
- Shipping & handling

total quality improvement

- End to end process
- Product quality
- Packaging & presentation
- Talent



a portfolio of strong multi-channel lifestyle brands leveraged by a common infrastructure

home = 65% of sales



apparel = 35% of sales



- Over 6 million total email addresses
- 4 million buyers < 12 months; 9 million buyers >12 months
- Differentiated brands with a common, leveraged operation
- Distributed 400 million catalogs in 2007
- eCommerce represents 48% of sales
- Unique and exclusive proprietary products
- Strong leadership team with 24 years average experience

strategies being employed to improve operating performance

merchandising, marketing and creative
direction being addressed at two of the brands



economic downturn addressed through...

cost
reductions

circulation
reduction

web and
catalog
promotions

selective
pricing
initiatives

reduction in
capital
expenditures

growth strategies

further
leverage
infrastructure

- Talent upgrade
- Systems upgrade
- Consolidated contracts
- Customer database & merge/purge
- Sourcing

e-commerce
expansion

- New web platform
- Internet exclusive products
- Drive to site advertising
- SEO optimization

leverage
brand
franchises

- Strategic alliances
- Advertising and media alliances
- Diversify product assortment

multi-channel
expansion

- Retail store optimization
- Relaunch HSN partnership
- Trade and commercial sales

margin
expansion

- Direct Sourcing
- Inventory management
- Cost reductions

HSNⁱ consolidated financial summary

HSNi: Turnaround at HSN in H2 '07 offset by decline in Q4 '07 at Cornerstone

ANNUAL REVENUE

(\$ In millions)



Y-o-Y Growth (%)

1% 1%

ANNUAL EBITDA (1)

(\$ In millions)



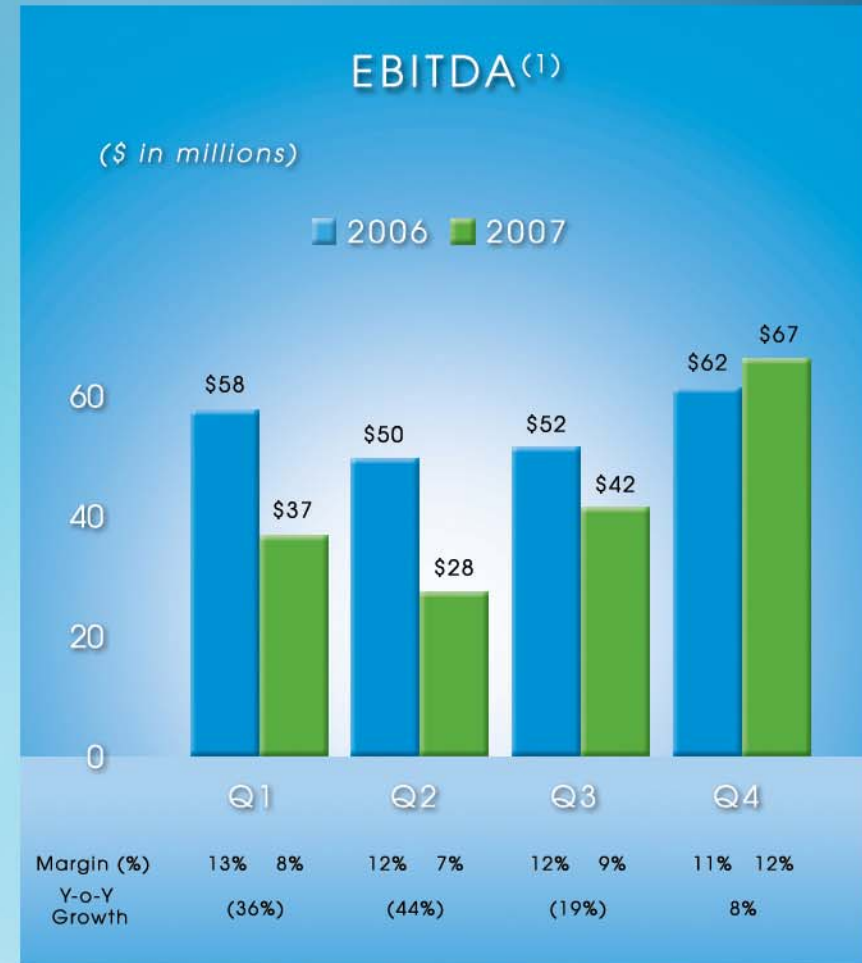
Margin (%)

10% 8%

(1) EBITDA figures are post corporate overhead. Refer to non GAAP reconciliation in appendix.

HSN financial summary

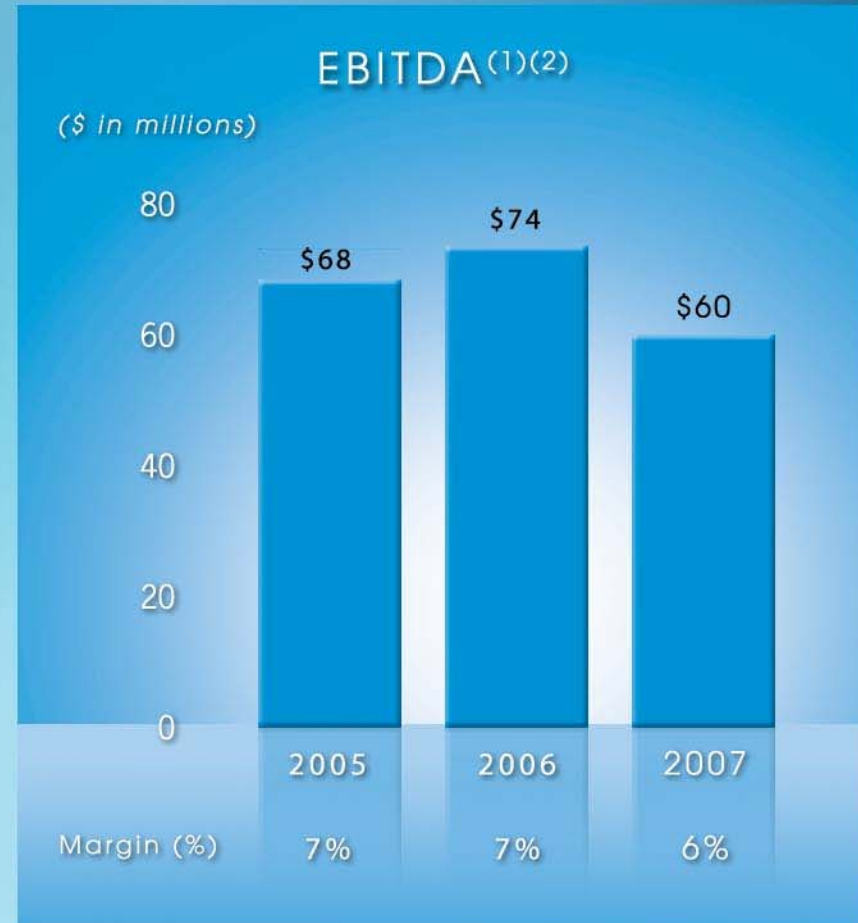
Accelerated sales momentum in H2 '07 resulting in flow through to EBITDA in Q4



(1) EBITDA figures are post corporate overhead. Refer to non GAAP reconciliation in appendix.

Cornerstone financial summary

- Stable growth and EBITDA margins until the economic downturn hurt operating performance in Q4 '07
- Strong performance at the Frontgate and Garnet Hill brands until Q4 '07, offset by self inflicted issues at the TravelSmith and Ballard Designs brands.



(1) EBITDA figures are post corporate overhead. Refer to non GAAP reconciliation in appendix.

(2) Results are pro forma as if HSNi had owned Cornerstone from 1/1/05 and also includes the results of the Improvements brand which was owned by HSN prior to its acquisition of the Cornerstone business



Pro Forma Capitalization – March 31, 2008 ⁽¹⁾ :

| | |
|------|-------|
| Cash | \$ 50 |
|------|-------|

| | |
|----------------------|-------|
| Total Long Term Debt | \$450 |
|----------------------|-------|

Operating and Credit Statistics:

| | |
|----------------------------|-------|
| 2007 EBITDA ⁽²⁾ | \$234 |
|----------------------------|-------|

| | |
|----------------------------------|-------|
| Total Debt/EBITDA ⁽³⁾ | 1.93x |
|----------------------------------|-------|

(\$ in millions)

- (1) Refer to the form 10 as filed on June 26, 2008. Numbers are on an unaudited, pro forma basis for the separation and financing.
- (2) Refer to non GAAP reconciliation in appendix.
- (3) Pro forma debt to 2007 EBITDA

appendix

experienced management team

Mindy Grossman – CEO and Director of HSNi

Ms. Grossman has served as CEO of IAC Retailing since April 2006. A 30-year veteran of the retail and apparel industries, Ms. Grossman joined IAC from Nike, Inc., where she served as Vice President and head of the company's global apparel business. Prior to Nike, Ms. Grossman was President and CEO at Polo Jeans Company. Ms. Grossman has also served as Vice President of New Business at Polo Ralph Lauren Corporation and President of the Chaps Ralph Lauren division of Warnaco's Menswear division.

Judy Schmeling – EVP and CFO of HSNi

Ms. Schmeling will serve as EVP and CFO of HSNi upon completion of the spin-offs. She currently serves as EVP and CFO of IAC Retailing, a position she has held since February 2002. Prior to her role as EVP and CFO, Ms. Schmeling served as SVP Finance. Ms. Schmeling has also served as COO of HSN's international operations and Vice President, Strategic Planning and Analysis of HSN. Ms. Schmeling served as Director of Investor Relations and Operating Vice President, Finance of HSN during the time in which HSN was a separately traded public company.

James P. Warner – EVP and General Counsel of HSNi

Mr. Warner will serve as EVP and General Counsel of HSNi upon completion of the spin-offs. Mr. Warner currently serves as Executive Vice President and General Counsel of IAC Retailing, a position he has held since March 2007. Prior to joining IAC Retailing, Mr. Warner was based in London and served as SVP, European Counsel of Ticketmaster, a subsidiary of IAC.

Mark P. Ethier – EVP and Chief Operations Officer of HSNi

Mr. Ethier has served as EVP and Chief Operations Officer of HSNi since December 2004. He had previously served as EVP of Operations. Prior to joining HSN, Mr. Ethier worked for The Walt Disney Company in the Disney Stores business unit as SVP Global Operations and Vice President/CIO. Prior to joining Walt Disney, Mr. Ethier held the position of Vice President of Operations at Pacific Linen, a specialty retailer of home goods.

William Lynch – EVP/General Manager—Marketing, Content & Dot Com of HSN

Mr. Lynch has served as EVP/General Manager—Marketing, Content & Dot Com of HSN since November 2007. Mr. Lynch has also been President and CEO of Gifts.com, Inc., a subsidiary of IAC. Prior to joining IAC, Mr. Lynch was a founder of Bandera Capital, an investment firm specializing in investing in the search marketing and e-commerce sector.

Lynne Ronon – EVP, Merchandising of HSN

Ms. Ronon has served as EVP, Merchandising of HSN since October 2007. Prior to joining HSN, Ms. Ronon was SVP North Asia for Burberry. Prior to joining Burberry, Ms. Ronon worked at Lane Crawford, a luxury department store based in Hong Kong, and held various positions at Saks Fifth Avenue, including SVP Chief Merchant, SVP General Merchandise Manager and Vice President Divisional Merchandise Manager.

Roxane Al-Fayez – President and CEO of Cornerstone Brands, Inc.

Ms. Al-Fayez has served as President and CEO of Cornerstone Brands, Inc., a subsidiary of HSN, since April 2007. Prior to this time, Ms. Al-Fayez served as EVP, Chief Marketing Officer of Victoria's Secret Direct and CAO of Bath & Body Works Direct, both divisions of Limited Brands Inc. Previously, Ms. Al-Fayez served as EVP of Direct Operations, Distribution and Information Technology of J. Crew Group.

a portfolio of strong multi-channel home lifestyle brands



- 17 years of outfitting America's finest homes
- Exceptional quality / service
- High income, loyal customer base
- Franchise expansion (i.e. Splash)
- 33% of Cornerstone sales
- Expand proprietary product development
- Interior and commercial sales
- Frontgate.com is destination and an authority for the luxury home owner



- 50 years of expertise
- Affordable problem solvers
- Strong sourcing and development capabilities
- Merged Alsto's catalog into Improvements
- Synergies with HSN.com

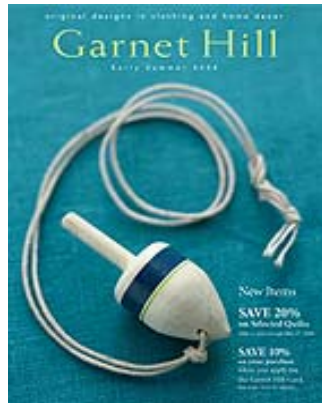


- 25 years of interior design expertise
- Focused on European inspired home products
- Design, product development and sourcing expertise
- Service consumers and interior designers
- Product and creative shifts in process
- Synergies with HSN in home décor and seasonal products

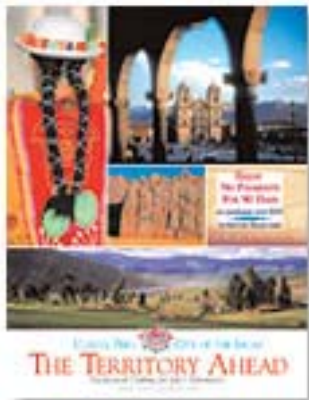


- 20 years of expertise in window coverings
- Proprietary product development and sourcing expertise
- Great quality, price, value
- Roll out of Shop at Home

a portfolio of strong multi-channel
apparel lifestyle brands



- Lifestyle brand for apparel and home products over 30 years
- Serving women's and kid's
- High income, loyal customer base
- Extensive design and product development expertise
- Exclusive licensee for Eileen Fisher Home
- Opportunity for wholesale



- Men's and Women's casual sportswear and accessories lifestyle brand
- 20 years, inspired by adventure and exploration
- All Women's catalog, Isabella Bird, lifestyle extension appealing to a more career-minded customer
- Operates 9 retail stores



- 16 years, the ultimate authority in clothing and gear for travelers
- Product and creative repositioning under way
- Closed IOS catalog

EBITDA to operating income reconciliation

| (\$ in millions) | | |
|----------------------------|--------------|--------------|
| | 2006 | 2007 |
| EBITDA | 296.4 | 233.5 |
| Depreciation Expense | 37.3 | 34.4 |
| OIBA | 259.1 | 199.1 |
| Amortization Expense | 34.2 | 12.7 |
| Non Cash Compensation | 11.7 | 12.2 |
| Non Cash Marketing Expense | - | 4.4 |
| Operating Income | 213.2 | 169.9 |

HSN EBITDA to operating income reconciliation

| (\$ in millions) | | | | | |
|----------------------------|-------------|-------------|-------------|-------------|--------------|
| | Q1 | Q2 | Q3 | Q4 | 2006 |
| EBITDA | 57.7 | 50.2 | 51.9 | 62.4 | 222.2 |
| Depreciation Expense | 8.2 | 7.7 | 6.9 | 6.3 | 29.1 |
| OIBA | 49.5 | 42.5 | 45.0 | 56.0 | 193.1 |
| Amortization Expense | 12.9 | 6.1 | 2.7 | 2.7 | 24.5 |
| Non Cash Compensation | 1.4 | 2.1 | (0.2) | 1.4 | 4.7 |
| Non Cash Marketing Expense | - | - | - | - | - |
| Operating Income | 35.2 | 34.3 | 42.5 | 51.9 | 163.9 |

| (\$ in millions) | | | | | |
|----------------------------|-------------|-------------|-------------|-------------|--------------|
| | Q1 | Q2 | Q3 | Q4 | 2007 |
| EBITDA | 36.6 | 28.1 | 42.1 | 66.8 | 173.6 |
| Depreciation Expense | 6.4 | 6.4 | 6.5 | 6.1 | 25.4 |
| OIBA | 30.2 | 21.7 | 35.6 | 60.7 | 148.2 |
| Amortization Expense | 1.7 | 0.6 | 0.1 | 0.1 | 2.6 |
| Non Cash Compensation | 1.2 | 1.9 | 1.3 | 2.1 | 6.4 |
| Non Cash Marketing Expense | - | 0.4 | 4.0 | - | 4.4 |
| Operating Income | 27.3 | 18.8 | 30.2 | 58.5 | 134.8 |

Cornerstone EBITDA to operating income reconciliation

| (\$ in millions) | | | |
|----------------------------|-------------|-------------|-------------|
| | 2005 | 2006 | 2007 |
| EBITDA | 67.4 | 74.2 | 59.7 |
| Depreciation Expense | 7.8 | 8.2 | 9.0 |
| OIBA | 59.6 | 66.0 | 50.7 |
| Amortization Expense | 7.5 | 9.7 | 10.1 |
| Non Cash Compensation | 5.6 | 7.0 | 5.7 |
| Non Cash Marketing Expense | - | - | - |
| Operating Income | 46.5 | 49.3 | 34.9 |



there's no place like... 

