SAFE HARBOR

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OUR MISSION

To transform the way people shop for their homes
A CLEAR ONLINE LEADER IN HOME GOODS

MASSIVE ONLINE CATALOG with over 7,000,000 home products
SUPPLIER DIRECT FULFILLMENT NETWORK connecting over 7,000 suppliers

$916 MILLION of net revenue in 2013 with minimal inventory
$1,206 MILLION of LTM net revenue as of September 30th, 2014
75% LTM GROWTH in direct retail, 50% total growth
LARGE SCALE WITH SIGNIFICANT GROWTH

- Founded as **CSN STORES** in 2002
- **BOOTSTRAPPED** for the first 9 years
- **FOUNDER-LED** since inception
- **REBRANDED AS WAYFAIR** in 2011
- **75% LTM DIRECT RETAIL GROWTH**; 50% total LTM growth

![Graph showing net revenue growth from 2002 to LTM Q3 '14]

- **Net Revenue ($M)**
  - 2002: $802
  - 2003: $916
  - 2004: $517
  - 2005: $601
  - 2006: $517
  - 2007: $601
  - 2008: $916
  - 2009: $1,206

- **Direct Retail**
- **Other**

- 240+ Niche Websites
- Platform Development
- Brand Consolidation
- Brand Building
FIVE DISTINCT HOME BRANDS

Typical customer: **35 to 65 year old woman** with an annual household income of **$60,000 to $175,000**
LARGE, HIGHLY FRAGMENTED MARKET MOVING ONLINE

**Source:** Euromonitor for market size, comScore for online statistics, eMarketer for millennial statistics, Furniture Today

**Top 10 Retailers:** Williams Sonoma, Ikea, Ashley’s, Berkshire Hathaway Companies, Rooms to Go, Pier 1, Restoration Hardware, Mattress Firm, Raymour & Flanigan, La-Z-Boy

** Millennials defined as individuals currently between the ages of 18 and 32**
WELL POSITIONED RELATIVE TO OTHER RETAILERS

High End ($175K+)

Mass Market ($60K-$175K)

Low End ($60K)

Design Centers

AllModern
DwellStudio
Birch Lane
Joss & Main

Wayfair.com

Restoration Hardware
Crate & Barrel
Pottery Barn
Ethan Allen

Lowes
Bed Bath & Beyond
Home Depot
Home Goods
Target
Amazon
Ebay

Target
Mcys
JCPenney
Ashley Furniture
Bob's Discount Furniture
Raymour & Flanigan
Havertys
Ikea
Walmart

Rooms to Go
HOME SHOPPERS DESIRE UNIQUENESS

We do not all sleep in the same style bed...

...but a lot of us own the same TV and view it as reassuring
HOME IS SHopped VISUALLY
HOME IS SHOPPED VISUALLY
DIFFICULT TO INVENTORY

Home Category Example: Lighting

CPG Category Example: Paper Towels

INDUSTRY SIZE: $7B

Source: Freedonia, Fisher International, Euromonitor
REQUIRES CUSTOM-BUILT TECHNOLOGY AND OPERATIONAL PLATFORM

Technology Platform

- Proprietary and purpose built
- Real-time data, dynamic changes
- Personalization
- Mobile optimized
- Running at massive scale
- 300+ engineers / data scientists

Operational Platform

- Over 14 million orders since inception
- Q3 2014 North America average time to ship of 2.1 days
- Extensive supplier integration and direct fulfillment network
- Proprietary transportation network
- Minimal inventory and capex
- 500+ customer service reps
US eCommerce Mobile Sales ($B)\(^1\)

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales ($B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>$41</td>
</tr>
<tr>
<td>2018</td>
<td>$131</td>
</tr>
</tbody>
</table>

26.2% CAGR

**Significant Opportunity Going Forward**

**27.9%**
Direct Retail orders via mobile in H1 2014\(^2\)

**43.5%**
Joss & Main orders via mobile in H1 2014, up from <37% a year ago

Source: eMarketer

\(^1\) Includes impact of smartphones and tablets.

\(^2\) Direct Retail orders generated primarily through the sites of our five brands.
INCREASING PERSONALIZATION DRIVES GROWTH AND REPEAT BEHAVIOR

Emails from 12/2; Ability to send 1M+ variations

“Prep for in-laws and overnight guests with holiday furniture for every room”

“Tikes’ top picks: Playroom furniture and toys by KidKraft”

“Purrr-fectly affordable finds for cats (and feline fans)”

“Tis the Season: Tote Skirts, Throws & More”

“UP TO 70% OFF Holiday Furnishings Blowout
SHOP NOW”

“UP TO 70% OFF Top Table & Floor Lamps
SHOP NOW”

“UP TO 45% OFF KidKraft Playroom Furniture & Toys
SHOP NOW”

“UP TO 65% OFF New Arrivals: Nursery Furniture
SHOP NOW”

“UP TO 50% OFF Cat Lover Blowout
SHOP NOW”

“UP TO 65% OFF "$150 Brand-Name Cookware
SHOP NOW”

“UP TO 75% OFF Kids’ Headboard Style Guide
SHOP NOW”

“UP TO 30% OFF Timeless & Traditional Rugs
SHOP NOW”

“UP TO 30% OFF Rustic Outdoor Storage Blowout
SHOP NOW”

“UP TO 50% OFF Kids’ Bedding Under $100
SHOP NOW”

“FROM $20 Calphalon Cookware from $20
SHOP NOW”

“UP TO 75% OFF Accent Furniture Under $250
SHOP NOW”

“UP TO 50% OFF Designer Picks: Rustic Dining Room
SHOP NOW”
TECHNOLOGY AND OPERATIONS ARE RUN AT SCALE: 1 DAY OF ORDERS
ACTIVE CUSTOMERS

1,775 (LTM Q3 '13) to 2,858 (LTM Q3 '14)

61% increase in Active Customers

REPEAT ORDERS

44.5% (LTM Q2 '13) to 49.1% (LTM Q2 '14)

88% increase in Repeat Orders

ADVERTISING SPEND

$92 (LTM Q3 '13) to $173 (LTM Q3 '14)

88% increase in Advertising Spend

NET REVENUE

$243 (LTM Q3 '13) to $559 (LTM Q3 '13)

$1206 (Total) in LTM Q3 '14

1 Defined as customers who have purchased at least once on our brands’ sites during the preceding 12 month period.
2 Defined as total orders delivered from repeat customers.
INVESTMENT IN ADVERTISING SPEND RESULTS IN HIGHER REVENUE/CUSTOMER...

Wayfair.com Gross Revenue Per Customer Over Time

- Customers acquired in more recent periods consistently spend more over time than customers acquired in older periods.
- For example in the 6th month post their initial order 2014 customers spent >2x 2011 customers.
...AND GROWING AWARENESS

Google Trends – Interest in “Wayfair” over time
Grew to 52% brand awareness since Wayfair launch in 2011

Source: Hanover Research
1 Aided Brand Awareness as of August 2014.
CUSTOMER ECONOMICS CONTINUE TO IMPROVE

- % Orders from Repeat Customers
- Net Revenue / Active Customer
- Active Customers

Q1 2012: $273, 30.7%
Q2 2012: $278, 35.2%
Q3 2012: $287, 41.1%
Q4 2012: $300, 40.2%
Q1 2013: $305, 47.3%
Q2 2013: $313, 48.0%
Q3 2013: $315, 47.1%
Q4 2013: $322, 46.8%
Q1 2014: $323, 50.7%
Q2 2014: $332, 51.6%
Q3 2014: $342

CAGR: 2.86%
CAPITAL EFFICIENT WITH MINIMAL INVENTORY

FCF Performance Consistently Better than Adjusted EBITDA
# Long-Term Target Model

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>Q3 2014</th>
<th>Long-Term Target</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Revenue</strong></td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Gross Margin</strong></td>
<td>24.2%</td>
<td>24.5%</td>
<td>23.3%</td>
<td>25 - 27%</td>
</tr>
<tr>
<td>Merchant Fees + Customer Service</td>
<td>4.3%</td>
<td>3.9%</td>
<td>4.2%</td>
<td>4.2%</td>
</tr>
<tr>
<td>Advertising</td>
<td>10.5%</td>
<td>11.8%</td>
<td>14.8%</td>
<td>6 - 8%</td>
</tr>
<tr>
<td>Other Sales and Marketing</td>
<td>4.0%</td>
<td>3.7%</td>
<td>4.0%</td>
<td>2 - 3%</td>
</tr>
<tr>
<td>General &amp; Administrative</td>
<td>7.3%</td>
<td>5.4%</td>
<td>5.9%</td>
<td>3 - 4%</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>26.1%</td>
<td>24.8%</td>
<td>28.8%</td>
<td>15 - 19%</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA</strong></td>
<td>(2.0)%</td>
<td>(0.3)%</td>
<td>(5.5)%</td>
<td>8 - 10%</td>
</tr>
</tbody>
</table>

Note: Other Sales and Marketing and General & Administrative have been adjusted to exclude equity based compensation expenses and depreciation and amortization expense. See GAAP to Non-GAAP Reconciliation Appendix.
CONTINUE BUILDING LEADING RETAIL HOME BRANDS

- Acquire More Customers
- Invest in Consumer Experience
- Increase Repeat Purchasing
- Add New Suppliers
- Invest in Technology and Operations

ADDITIONAL GROWTH STRATEGIES

- Expand Internationally
- Pursue Strategic Acquisitions
- Opportunistically Launch New Brands
<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>YTD Q3’13</th>
<th>YTD Q3’14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Loss</td>
<td>($21.055)</td>
<td>($15.526)</td>
<td>($11.369)</td>
<td>($75.544)</td>
</tr>
<tr>
<td>Equity-Based Compensation</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$5.528</td>
</tr>
<tr>
<td>Interest Income, net</td>
<td>($0.234)</td>
<td>($0.245)</td>
<td>($0.185)</td>
<td>($0.222)</td>
</tr>
<tr>
<td>Other (Expense) Income, net</td>
<td>($0.155)</td>
<td>($0.294)</td>
<td>($0.075)</td>
<td>$0.400</td>
</tr>
<tr>
<td>Taxes</td>
<td>$0.050</td>
<td>$0.046</td>
<td>($0.004)</td>
<td>$0.066</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA</strong></td>
<td><strong>($12.059)</strong></td>
<td><strong>($2.928)</strong></td>
<td><strong>($2.281)</strong></td>
<td><strong>($55.334)</strong></td>
</tr>
</tbody>
</table>
## RECONCILIATION OF FREE CASH FLOW
($ in millions)

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>YTD Q3’13</th>
<th>YTD Q3’14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Cash Provided by Operating Activities, Net of Acquisition</td>
<td>$3.945</td>
<td>$34.413</td>
<td>($6.425)</td>
<td>($50.837)</td>
</tr>
<tr>
<td>Site and Software Development Costs</td>
<td>($6.949)</td>
<td>($9.040)</td>
<td>($6.412)</td>
<td>($10.643)</td>
</tr>
<tr>
<td><strong>Free Cash Flow</strong></td>
<td>($11.035)</td>
<td>$18.634</td>
<td>($17.258)</td>
<td>($92.648)</td>
</tr>
</tbody>
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