

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-8

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933*

HSN, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

59-2712887
(I.R.S. Employer Identification No.)

11831 30th Court North, St. Petersburg, FL
(Address of Principal Executive Offices)

33716
(Zip Code)

AMENDED AND RESTATED SAVOY PICTURES ENTERTAINMENT, INC.
STOCK OPTION PLAN
SAVOY PICTURES ENTERTAINMENT, INC. 1995 STOCK OPTION PLAN
HOME SHOPPING NETWORK, INC. 1996 STOCK OPTION PLAN FOR EMPLOYEES
HOME SHOPPING NETWORK, INC. 1996 STOCK OPTION PLAN
FOR OUTSIDE DIRECTORS
HOME SHOPPING NETWORK, INC. 1986 STOCK OPTION PLAN FOR EMPLOYEES
HOME SHOPPING NETWORK, INC. 1986 STOCK OPTION PLAN
FOR OUTSIDE DIRECTORS
(Full title of the plans)

MICHAEL DRAYER
HSN, INC.
12425 28TH STREET NORTH
ST. PETERSBURG, FL 33716
(Name and address of agent for service)

(813) 573-0339
(Telephone number, including area code, of agent for service)

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED(1)	PROPOSED MAXIMUM OFFERING PRICE PER SHARE	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE	AMOUNT OF REGISTRATION FEE
Common Stock, par value \$.01 per share	8,602,033 shares	(2)	(2)	(2)

- (1) Also includes an indeterminable number of additional shares that may become issuable pursuant to the anti-dilution provisions of the Plans.
- (2) Not applicable. All filing fees payable in connection with the registration of the issuance of these securities were paid in connection with the filing of (a) preliminary proxy materials on Schedule 14A of the Registrant and Savoy Pictures Entertainment, Inc. on March 1, 1996, and of the Registrant, Savoy Pictures Entertainment, Inc. and Home Shopping Network, Inc. on October 10, 1996 and November 13, 1996 and (b) the Registrant's Registration Statement on Form S-4 (333-16437) on November 20, 1996.

PART II
INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

INTRODUCTORY STATEMENT

This Registration Statement on Form S-8 (the "Registration Statement") of HSN, Inc., a Delaware corporation

formerly known as Silver King Communications, Inc. (the "Company" or the "Registrant"), relates to up to 8,602,033 shares of the Registrant's common stock, par value \$.01 per share (the "Common Stock"), issuable in connection with the Savoy Pictures Entertainment, Inc. ("Savoy") 1995 Stock Option Plan and the Amended and Restated Savoy Stock Option Plan (collectively, the "Savoy Plans"), and in connection with the Home Shopping Network, Inc. ("HSN") 1996 Stock Option Plan for Employees, the HSN 1996 Stock Option Plan for Outside Directors, the HSN 1986 Stock Option Plan for Employees and the HSN 1986 Stock Option Plan for Outside Directors (collectively, the "HSN Plans," and together with the Savoy Plans, the "Plans"). All such shares of Common Stock were previously included in the Registration Statement on Form S-4 filed by the Registrant with the Securities and Exchange Commission on November 20, 1996 (No. 333-16437).

On December 19, 1996, Thames Acquisition Corp., a Delaware corporation and a wholly owned subsidiary of the Registrant ("Thames"), was merged with and into Savoy (the "Savoy Merger") pursuant to an Agreement and Plan of Merger, dated as of November 27, 1995, as amended as of March 22, 1996 and as amended as of August 13, 1996, among the Registrant, Thames and Savoy (the "Savoy Merger Agreement"). As a result of the Savoy Merger, each outstanding share of Savoy Common Stock (with certain specified exceptions) was converted into a fraction of a share of Common Stock pursuant to the exchange ratio (the "Savoy Exchange Ratio") set forth in the Savoy Merger Agreement. Also as a result of the Savoy Merger, shares of Savoy Common Stock are no longer issuable upon the exercise of options to purchase Savoy Common Stock ("Savoy Options") pursuant to the Savoy Plans. Instead, upon exercise of Savoy Options, participants in the Savoy Plans will receive that number of shares of Common Stock of the Registrant equal to the number of shares of Savoy Common Stock issuable immediately prior to the effective time of the Savoy Merger upon exercise of a Savoy Option multiplied by the Savoy Exchange Ratio, with an exercise price for each share of Common Stock equal to the exercise price for a share of Savoy Common Stock which existed under the corresponding Savoy Option divided by the Savoy Exchange Ratio (subject to adjustment as provided in the applicable Plan).

In addition, on December 20, 1996, House Acquisition Corp., a Delaware corporation and a subsidiary of the Registrant ("House"), was merged with and into HSN (the "HSN Merger") pursuant to an Agreement and Plan of Exchange and Merger, dated as of August 25, 1996, among the Registrant, House, HSN and Liberty HSN, Inc., a Colorado corporation (the "HSN Merger Agreement"). As a result of the HSN Merger, each outstanding share of HSN Common Stock (with certain specified exceptions) was converted into a fraction of a share of Common Stock of the Registrant pursuant to the exchange ratio (the "HSN Common Exchange Ratio") set forth in the HSN Merger Agreement. Also as a result of the HSN Merger, shares of HSN Common Stock are no longer issuable upon the exercise of options to purchase HSN Common Stock ("HSN Options") pursuant to the HSN Plans. Instead, upon exercise of HSN Options, participants in the HSN Plans will receive that number of shares of Common Stock of the Registrant equal to the number of shares of HSN Common Stock issuable immediately prior to the effective time of the HSN Merger upon exercise of a HSN Option multiplied by the HSN Common Exchange Ratio, with an exercise price for each share of Common Stock equal to

the exercise price for a share of HSN Common Stock which existed under the corresponding HSN Option divided by the HSN Common Exchange Ratio (subject to adjustment as provided in the applicable Plan).

ITEM 3. INCORPORATION OF DOCUMENTS BY REFERENCE.

The documents listed below are incorporated by reference in this Registration Statement. All documents filed by the Company pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), subsequent to the date of the filing of this Registration Statement and prior to the filing of a post-effective amendment that indicates that all securities registered hereunder have been sold, or that deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference in this Registration Statement and to be a part hereof from the date of the filing of such documents.

(a) The Company's Annual Report on Form 10-K for the fiscal year ended August 31, 1995;

(b) The Company's Quarterly Report on Form 10-Q for the quarters ended November 30, 1995, March 31, 1996, June 30, 1996 and September 30, 1996; the Company's Transition Report on Form 10-Q for the four-month period ended December 31, 1995; and the Company's Current Reports on Form 8-K dated October 25, 1995, November 27, 1995, February 13, 1996 (as amended on Form 8-K/A), July 2, 1996, August 25, 1996 and December 23, 1996;

(c) The information contained in the Company's Joint Proxy Statement/Prospectus, dated November 20, 1996, for its annual meeting of stockholders held on December 19, 1996, filed with the Commission on November 20, 1996; and

(d) The description of the Common Stock contained in the Company's Registration Statement on Form S-4 dated November 20, 1996, (No. 333-16437).

ITEM 6. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

The Registrant's Amended and Restated Certificate of Incorporation limits, to the maximum extent permitted by Delaware law, the personal liability of directors for monetary damages for breach of their fiduciary duties as directors. The Registrant's Bylaws provide that the directors, officers and certain other persons will be indemnified with respect to third-party actions or suits, provided such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Registrant. The Registrant's Bylaws further provide that directors, officers and certain other persons will be indemnified with respect to actions or suits by or in the right of the Registrant, provided that such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Registrant; except that no indemnification shall be made in the event that such person shall be adjudged to be liable to the Registrant, unless a court determines that indemnification is fair and reasonable in view of all the circumstances. The Registrant's Bylaws allow the Registrant to pay all expenses incurred by a director, officer, employee or agent in defending any proceeding within the scope of the indemnification provisions as such expenses are incurred in advance of its final disposition, subject to repayment if it is ultimately determined that such party was not entitled to indemnity by the Registrant. The Registrant believes that these agreements are necessary to attract and retain qualified persons as directors and officers.

Section 145 of the Delaware General Corporation Law provides that a corporation may indemnify a director, officer, employee or agent made a party to an action by reason of the fact that he was a director, officer or agent of the corporation or was serving at the request of the corporation against expenses actually and reasonably incurred by him in connection with such action if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation and, with respect to any criminal action, had no reasonable cause to believe his conduct was unlawful.

Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended (the "Securities Act"), may be permitted to directors, officers or persons controlling the Registrant pursuant to the foregoing provisions, the Registrant has been advised that in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

ITEM 8. EXHIBITS.

Exhibit

Number	Description of Exhibit
5.01	Opinion of Wachtell, Lipton, Rosen & Katz as to legality of the shares of Common Stock being registered
23.01	Consent of Wachtell, Lipton, Rosen & Katz (included in Opinion filed as Exhibit 5.01 hereto)
23.02	Consent of Deloitte & Touche LLP
23.03	Consent of Ernst & Young LLP
23.04	Consent of KPMG Peat Marwick LLP
24.01	Power of Attorney (included on Pages II-6 and II-7 of this Registration Statement)
99.01	Amended and Restated Savoy Pictures Entertainment, Inc. Stock Option Plan
99.02	Savoy Pictures Entertainment, Inc. 1995 Stock Option Plan
99.03	Home Shopping Network, Inc. 1996 Stock Option Plan for Employees
99.04	Home Shopping Network, Inc. 1996 Stock Option Plan for Outside Directors
99.05	Home Shopping Network, Inc. 1986 Stock Option Plan for Employees
99.06	Home Shopping Network, Inc. 1986 Stock Option Plan for Outside Directors

ITEM 9. UNDERTAKINGS.

A. The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement: (i) to include any prospectus required by Section 10(a)(3) of the Securities Act of 1933, as amended (the "Securities Act"); (ii) to reflect in the prospectus any facts or events arising after the effective date of the Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the Registration Statement; and (iii) to include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement; provided, however, that clauses (i) and (ii) do not apply if the information required to be included in a post-effective amendment by those clauses is contained in periodic reports filed with or furnished to the Securities and Exchange Commission by the Registrant pursuant to Section 13 or Section 15(d) of the Exchange Act that are incorporated by reference in the Registration Statement;

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof; and

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

B. The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act that is incorporated by reference in the Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

C. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the provisions described under Item 6 above or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing this Registration Statement on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, State of New York, on the 23rd day of December, 1996.

HSN, INC.

By: /s/ Barry Diller
Name: Barry Diller
Title: Chairman of the
Board and Chief
Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints James G. Gallagher and Michael Drayer, jointly and severally, his attorneys-in-fact, each with the power of substitution, for him in any and all capacities, to sign any amendments to this Registration Statement and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or his substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement on Form S-8 has been signed by the following persons in the capacities and on the dates indicated:

SIGNATURE	TITLE	DATE
/s/ Barry Diller Barry Diller	Chairman of the Board and Chief Executive Officer	December 23, 1996
/s/ James G. Held James G. Held	Director	December 23, 1996
/s/ Victor A. Kaufman Victor A. Kaufman	Director, Office of the Chairman	December 23, 1996
/s/ John E. Oxendine John E. Oxendine	Director	December 23, 1996
Bruce M. Ramer	Director	
H. Norman Schwarzkopf	Director	
/s/ Eli J. Segal Eli J. Segal	Director	December 23, 1996
Sidney J. Sheinberg	Director	
/s/ Richard E. Snyder Richard E. Snyder	Director	December 23, 1996

/s/ Kevin J. McKeon
Kevin J. McKeon

Principal December 23, 1996
financial and
accounting officer

EXHIBIT INDEX

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99.05	Home Shopping Network, Inc. 1986 Stock Option Plan for Employees
99.06	Home Shopping Network, Inc. 1986 Stock Option Plan for Directors

[LETTERHEAD OF WACHTELL, LIPTON, ROSEN & KATZ]

December 23, 1996

HSN, Inc.
11831 30th Court North
St. Petersburg, FL 33716

RE: REGISTRATION STATEMENT ON FORM S-8 OF HSN, INC.

Members of the Board:

We are acting as special counsel to HSN, Inc., a Delaware corporation formerly known as Silver King Communications, Inc. ("the Company"), in connection with the above-captioned Registration Statement on Form S-8 filed with the Securities and Exchange Commission (the "Registration Statement") with respect to the up to 8,602,033 shares of common stock, par value \$.01 per share (the "Common Stock"), of the Company pursuant to the Savoy Pictures Entertainment, Inc. ("Savoy") 1995 Stock Option Plan, the Amended and Restated Savoy Stock Option Plan, the Home Shopping Network, Inc. ("HSN") 1996 Stock Option Plan for Employees, the HSN 1996 Stock Option Plan for Outside Directors, the HSN 1986 Stock Option Plan for Employees and the HSN 1986 Stock Option Plan for Outside Directors (collectively, the "Plans").

In connection with this opinion, we have reviewed the Registration Statement and the exhibits thereto, and we have examined originals or copies, certified or otherwise identified to our satisfaction, of such corporate records, agreements, certificates of public officials and of officers of the Company, the Plans and other instruments, and such matters of law and fact as we have deemed necessary to render the opinion contained herein.

HSN, Inc.
December 23, 1996
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Based upon and subject to the foregoing, we are of the opinion that the shares of Common Stock available under the Plans, when issued, delivered and paid for in accordance with the terms and conditions of the respective Plans, will be validly issued, fully paid, and non-assessable.

We hereby consent to the filing of this opinion with the Securities and Exchange Commission as an exhibit to the Registration Statement. In giving such consent, we do not hereby admit that we are in the category of persons whose consent is required under Section 7 of the Securities Act of 1933, as amended.

Very truly yours,

/s/ WACHTELL, LIPTON, ROSEN & KATZ

[LETTERHEAD OF DELOITTE & TOUCHE LLP]

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in this Registration Statement on Form S-8 of HSN, Inc., formerly known as Silver King Communications, Inc. (the "Registrant") pertaining to the Savoy Pictures Entertainment, Inc. ("Savoy") 1995 Stock Option Plan, the Amended and Restated Savoy Stock Option Plan, the Home Shopping Network, Inc. ("HSN") 1996 Stock Option Plan for Employees, the HSN 1996 Stock Option Plan for Outside Directors, the HSN 1986 Stock Option Plan for Employees and the HSN 1986 Stock Option Plan for Outside Directors, of our report dated July 2, 1996, appearing in the Form 8-K dated July 2, 1996 of the Registrant and of our report dated November 13, 1995 appearing in the Annual Report on Form 10-K of the Registrant for the fiscal year ended August 31, 1995.

/s/ Deloitte & Touche LLP

December 23, 1996

CONSENT OF ERNST & YOUNG LLP

We consent to the incorporation by reference in this Registration Statement on Form S-8 of HSN, Inc., formerly known as Silver King Communications, Inc., pertaining to the Savoy Pictures Entertainment, Inc. ("Savoy") 1995 Stock Option Plan, the Amended and Restated Savoy Stock Option Plan, the Home Shopping Network, Inc. ("HSN") 1996 Stock Option Plan for Employees, the HSN 1996 Stock Option Plan for Outside Directors, the HSN 1986 Stock Option Plan for Employees and the HSN 1986 Stock Option Plan for Outside Directors, of our report dated February 9, 1996 (except for Notes 3 and 7, as to which the date is March 11, 1996), with respect to the consolidated financial statements and schedule of Savoy Pictures Entertainment, Inc. included in its Annual Report (Form 10-K) for the year ended December 31, 1995, filed with the Securities and Exchange Commission.

/s/ Ernst & Young LLP

New York, New York
December 18, 1996

CONSENT OF KPMG PEAT MARWICK LLP

The Board of Directors
HSN, Inc.

We consent to incorporation by reference in the Registration Statement on Form S-8 of HSN, Inc. (formerly known as Silver King Communications, Inc.) of our reports dated February 21, 1996 relating to the consolidated balance sheets of Home Shopping Network, Inc. and subsidiaries as of December 31, 1995 and 1994, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the years in the three-year period ended December 31, 1995, and the related consolidated financial statement schedule, which reports appear in the December 31, 1995 annual report on Form 10-K of Home Shopping Network, Inc.

/s/ KPMG Peat Marwick LLP

St. Petersburg, Florida
December 24, 1996

AMENDED AND RESTATED
SAVOY PICTURES ENTERTAINMENT, INC.

STOCK OPTION PLAN

ARTICLE I

DEFINITIONS

The terms used in this Stock Option Plan (the "Plan"), which provides for the issuance of non-qualified stock options ("Options"), shall, unless the context shall require otherwise, have the following meanings:

A. "Adjusted Fair Market Value" shall mean, in the event of a Change in Control, the greater of (i) the highest price per share of Common Stock paid to holders of the Common Stock in any transaction (or series of transactions) constituting or resulting in a Change of Control or (ii) the highest Fair Market Value of a share of Common Stock during the ninety (90) day period ending on the date of a Change in Control.

B. "Agreement" shall mean the written agreement between the Company and a Recipient evidencing the grant of an Option and setting forth the terms and conditions thereof.

C. A "Change of Control" shall occur, for purposes of this Plan, at such time as any person or group, other than stockholders of the Company specified in Annex I hereto (the "Stockholders") and any other entities that become stockholders before December 31, 1992 and their Permitted Transferees (as defined in the Stockholders Agreement), acquire beneficially at least 50% of the common stock of the Company, unless such event occurs as a result of sales to stock in one or more IPOs.

D. "Common Stock" shall refer to the Company's common stock.

E. The "Company" is Savoy Pictures Entertainment, Inc., a New York corporation, and any successors in interest by merger, operation of law, assignment, purchase or otherwise or all or substantially all of the property, assets and business of the Company.

F. The "Compensation Committee" shall mean the Compensation Committee designated by the Board of Directors of the Company.

G. An "Executive" shall include an elected or appointed executive of the Company in the position of "Vice President" or a position of greater authority, and shall also include any other employee of or consultant to the Company of any of its subsidiaries designated for participation by either (a) the unanimous written consent, dated March 2, 1992, of the Company's Board of Directors or (b) by the Compensation Committee at any time.

H. "Fair Market Value" of the Company's Common Stock shall mean the value established by the Board of Directors in good faith, after consultation with the Company's investment bankers, which shall not be less than book value as set forth in the then most current financial statements of the Company; provided, however, that, if the Common Stock is publicly traded in the over-the-counter market or on a recognized exchange, Fair Market Value shall be the average closing price

of the Shares for the 20 trading days immediately preceding the event which required the determination of Fair Market Value.

I. "IPO" shall mean the completion of one or more transactions, after giving effect to which, more than an aggregate of 20% of the then outstanding shares of the Company will have been sold to the public pursuant to a registration statement declared effective by the Securities Exchange Commission under the Securities Act of 1933, as amended.

J. A "Recipient" is an Executive whom the Board of Directors or Compensation Committee has designated to receive an Option pursuant to the terms of the Plan.

K. The "Stockholder Agreement" shall mean the Stockholders Agreement, dated as of March 2, 1992, between the Company and the Stockholders, as amended from time to time.

L. "Termination for Cause" shall mean termination for (a) conviction of any crime which constitutes a felony in the jurisdiction involved, (b) gross negligence or willful malfeasance in performing the Recipient's obligations to the Company or in following the instructions of the Company's Board of Directors, provided that the Company has given the Recipient written notice setting forth with specificity the nature of the Recipient's alleged gross negligence or malfeasance or (c) cause pursuant to the terms of any written employment agreement with the Company (or any of its subsidiaries) to which the Recipient is a party.

ARTICLE II

PURPOSE AND SCOPE

A. Purpose - The Plan is being adopted by the Company for the purpose of establishing incentives designed to attract and retain personnel with outstanding ability and experience to the Company, and to encourage the efforts and performance of the Company's Executives by increasing their proprietary interest in the Company.

B. Eligibility - Executives shall be eligible to receive Options under the Plan. The Compensation Committee, in its sole discretion (or the Board of Directors in the case of grants made on March 2, 1992) shall determine which Executives shall become Recipients, the number of Options which shall be granted to each Recipient, the date of the grant and the terms of exercise of each Option.

ARTICLE III

ADMINISTRATION

A. Administration - The Plan shall be administered by the Compensation Committee, which shall consist of members designated by the Board of Directors of the Company. Without limiting the generality of the foregoing, the Compensation Committee shall have authority, in its sole discretion (and its determinations shall be final and binding on the Company and Recipients of Options): to interpret conclusively the provisions of the Plan and decide questions of fact arising in its application; to adopt, amend and revoke rules and regulations relating to the Plan; to determine the Executives to whom Options shall be granted, the number of such Options, their date of grant and their exercise price; and to make any other determination necessary or desirable in the administration of the Plan, except for those determinations reserved to the Board of Directors of the Company; provided, however, that, with respect to decisions by the Board of Directors or the Compensation Committee with respect to grants of Options to the Chief Executive Officer or the Chief Operating Officer, the Chief Executive Officer and the Chief Operation Officer shall not vote and the action of the Compensation Committee with respect to them shall be submitted to the Board of Directors for ratification.

B. Committee Action - A majority of the Compensation Committee shall constitute a quorum, and a majority of a quorum may authorize any action.

C. Expenses - All costs of administering the Plan shall be borne by the Company.

ARTICLE IV

SHARES SUBJECT TO PLAN

A. Maximum Shares - The maximum number of shares of Common Stock which may be subject to Options under the Plan shall be 1,000,000, subject to adjustment as provided in Section 4.2 below. Either treasury stock or shares which have been authorized but not yet issued (or a combination of both) may be used to satisfy the Company's obligations under the Plan. If an Option is cancelled or expires for any reason (including forfeitures) prior to being exercised by its Recipient, all shares subject to such Option shall become available for future Options.

B. Adjustments - In the event of a stock split, stock dividend, merger, combination, reorganization, recapitalization, reclassification, consolidation, spin-off, split-up or substantially similar event affecting the number of shares of Common Stock outstanding, or the issuance to all holders of Common Stock of warrants or rights to buy Common Stock, the maximum number of shares which may be subject to Options shall be appropriately adjusted by the Compensation Committee.

ARTICLE V

TERMS AND CONDITIONS OF OPTIONS

Each Option shall be evidenced by an agreement (the "Agreement") between the Company and the Recipient evidencing the grant of an Option as herein provided. Each Agreement shall conform to the following terms and conditions:

A. Option Price - The purchase price per share under each Option granted by the Compensation Committee shall be set by the Compensation Committee on the date of grant, and shall not be less than the Fair Market Value of the Company's Common Stock on that date; provided, however, that the Compensation Committee with respect to options granted on or prior to March 2, 1993 may provide that the purchase price per share shall be \$12.

B. Duration of Option - The Compensation Committee shall determine the duration of each Option which it grants, and each Agreement shall specify the maximum period during

which the Option to which it relates may be exercised. No Option shall be exercisable more than ten years after the date it is granted, nor shall any Options be granted under the Plan after March 2, 2002.

C. Vesting - Each Option shall vest (become exercisable) in accordance with a determination by the Compensation Committee.

D. Exercise of Option - Subject to Article VI below, a Recipient who is vested with respect to all or part of an Option may exercise all or a part of such vested portion of an Option to the Company, at its principal executive office, written notice specifying the number of shares with respect to which the Option is being exercised, together with payment in full of the purchase price of the shares. Such payment shall be in cash or check or such other property (including shares of Common Stock) as may be acceptable to the Compensation Committee. The Compensation Committee shall prescribe the method of delivery of the notice. Vested Options may be exercised in any order of grant that the Recipients (or his personal representative, if applicable) elects.

E. Rights After Issue - Upon the issuance of stock certificates evidencing shares purchased under an Option, the Recipient shall have all of the rights of a stockholder of the Company with respect to the shares of Common Stock represented by the certificate, including the right to vote the shares and to receive all dividends and other distributions with respect thereto. Prior to such issuance, the Recipient shall not be entitled to any rights of a stockholder (including the right to vote or receive dividends or distributions). Upon the exercise of an Option, the Recipient shall become subject to the duties and obligations, and entitled to the rights and benefits, of the Stockholders Agreement, and the shares purchased under an Option shall be subject to the transfer restrictions and voting agreement contained in the Stockholders Agreement.

F. Non-Qualification - An Option granted pursuant to the Plan shall not qualify as an "Incentive Stock Option" under Section 422 of the Internal Revenue Code.

G. Non-Transferability - An Option granted pursuant to the Plan may not be transferred in any manner otherwise than by will or by the laws of descent and distribution and may be exercised during the lifetime of the Recipient only by the Recipient or by his guardian or legal representative. The terms of any such Option shall be binding upon the executors, administrators, heirs and successors of the Recipient.

H. Effect of Change in Control - Notwithstanding anything contained in the Plan or an Agreement to the contrary, in the event of a Change in Control, (i) all Options outstanding on the date of such Change in Control shall become immediately and fully exercisable and (ii) a Recipient will be permitted to surrender for cancellation, within sixty (60) days after such Change in Control, any Option or portion of an Option to the extent not yet exercised and the Recipient will be entitled to receive a cash payment in an amount equal to the excess, if any, of (x) the greater of (1) the Fair Market Value, on the date preceding the date of surrender, of the Common Stock subject to the Option or portion thereof surrendered or (2) the Adjusted Fair Market Value of the Common Stock subject to the Options or portion thereof surrendered over (y) the aggregate purchase price for such Common Stock under the Option or portion thereof surrendered; provided, however, that in the case of an Option granted within six (6) months prior to the Change in Control to any Recipient who may be subject to liability under Section 16(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), such Recipient shall be entitled to surrender for cancellation his or her Option during the sixty (60) day period commencing upon the expiration of six (6) months from the date of grant of any such Option.

ARTICLE VI

TERMINATION OF EMPLOYMENT

An Option may be exercised by a Recipient whose employment by the Company (or a subsidiary of the Company) has terminated only in accordance with the following rules:

1. In the event of the Recipient's Termination for Cause, he shall forfeit all vested and non-vested Options which have not been exercised at the date of termination.

2. If the Recipient's employment is terminated by reason of his death, permanent disability or retirement, then he or his personal representative may exercise any vested Option at any time before the earlier of the third anniversary of his termination of employment or the stated expiration date of such Option.

3. If the Recipient's employment terminates for any reason other than cause, death, disability or retirement, he may exercise any vested Option at any time before the earlier of the date six months after

such termination or the stated expiration date of such Option.

4. If the Recipient dies after his employment has terminated (whether by reason of disability or otherwise) but before the period in which he may exercise an Option has expired, then his personal representative may exercise any vested Option only during the period that the Recipient, if alive, may have exercised the Option.

ARTICLE VII

ADJUSTMENTS

1. Appropriate adjustments shall be made by the Compensation Committee to the number of shares covered by an Option, and to the purchase price per share, in the event of a change in the number of the Company's shares of Common Stock outstanding caused by a stock split, reverse stock split, stock dividend, merger, combination, reorganization, recapitalization, reclassification, consolidation, spin-off, split-up or substantially similar event, or the issuance to all holders of Common Stock of warrants or rights to buy Common Stock.

2. In the event of any conversion of Common Stock generally into securities of another corporation, or the consolidation of the Company with, or the merger of the Company with or into another corporation, or the sale of all or substantially all of the assets of the Company to another corporation, such Options not theretofore exercised prior to such transaction shall thereafter, upon exercise, represent the right to receive upon payment of the Option price in effect immediately prior to such transaction, the kind and amount of shares, security or property (including cash) which the holder of the Option would have been entitled to receive following consummation of such transaction had the Option been exercised immediately prior to such transaction (subject to subsequent adjustments as provided in paragraph (a) of this Article VII upon the occurrence of the events herein specified).

ARTICLE VII

TERMINATION AND AMENDMENT

A. Termination or Amendment - The Board of Directors of the Company may terminate or amend the Plan at any

time, except that an Option then outstanding shall not be affected thereby without the written consent and acquiescence of the Recipient holding such Option.

B. Stockholder Approval - The Board may make such amendments to the Plan as it shall deem advisable except that the approval of a majority of the stockholders of the Company, present or represented at a meeting duly held in accordance with the laws of the State of New York, shall be required for any amendment which would:

1. materially modify the requirements as to eligibility for Option under the Plan;
2. materially increase the maximum number of shares of Common Stock available under Paragraph 4.1 hereof; or
3. materially increase the benefits accruing to Recipients under the Plan.

ARTICLE IX

MISCELLANEOUS

A. Limitation of Liability - As illustrative of the limitations of the Company, but not intended to be exhaustive thereof, nothing in the Plan shall be construed to:

1. give any person any right to be granted an Option other than at the sole discretion of the Compensation Committee;
2. give any person any rights whatsoever with respect to shares of Common Stock except as specifically provided in the Plan;
3. limit in any way the right of the Company to terminate the employment of any person at any time; or
4. be evidence of any agreement or understanding, expressed or implied, that the Company will employ any person in any particular position at any particular rate of compensation or for any particular period of time.

B. Non-Exclusivity of Plan - Nothing contained in the Plan is intended to amend, modify or rescind any previously

approved compensation plans or programs entered into by the Company. The Plan shall be construed to be in addition to any and all such plans or programs. The adoption of the Plan shall not be construed as creating any limitations on the power or authority of the Board of Directors of the Company to adopt such other additional incentive or other compensation arrangements as the Board of Directors may deem necessary or desirable.

C. Withholding of Taxes - The Company shall have the right to deduct from any distribution of cash to any Recipient an amount equal to the federal, state and local income taxes and other amounts as may be required by law to be withheld (the "Withholding Taxes") with respect to any Option. If a Recipient is entitled to receive Common Stock upon exercise of an Option, the Recipient shall pay the Withholding Taxes to the Company prior to the issuance, or release from escrow, of such Common Stock. In satisfaction of the Withholding Taxes to the Company, the Recipient may make a written election (the "Tax Election"), which may be accepted or rejected in the discretion of the Compensation Committee, to have withheld a portion of the Common Stock issuable to him or her upon exercise of the Option having an aggregate Fair Market Value, on the date preceding the date of exercise, equal to the Withholding Taxes, providing that in respect of a Recipient who may be subject to liability under Section 16(b) of the Exchange Act either (i) (A) the Recipient makes the Tax Election at least six (6) months after the date the Option was granted, (B) the Option is exercised during the ten-day period beginning on the third business day and ending on the twelfth business day following the release for publication of the Company's quarterly or annual statements of earnings (a "Window Period") and (C) the Tax Election is made during the Window Period in which the Option is exercised or prior to such Window Period and subsequent to the immediately preceding Window Period or (ii) (A) the Tax Election is made at least six months prior to the date the Option is exercised and (B) the Tax Election is irrevocable with respect to the exercise of all Options which are exercised prior to the expiration of six months following an election to revoke the Tax Election. Notwithstanding the foregoing, the Compensation Committee may, by the adoption of rules or otherwise, (i) modify the provisions in the preceding sentence or impose such other restrictions or limitations on Tax Elections as may be necessary to ensure that the Tax Elections will be exempt transactions under Section 16(b) of the Exchange Act, and (ii) permit Tax Elections to be made at such other times and subject to such other conditions as the Compensation Committee determines will constitute exempt transactions under Section 16(b) of the Exchange Act.

D. Interpretation of the Program - 1. The headings of Articles and Sections in the Plan are for convenience only, and are not meant to modify the meaning of the text of each such Article and Section.

2. As used herein, pronouns in the masculine gender shall also include the feminine and the singular form of words may include the plural, unless the context clearly requires the contrary.

E. Effective Date - The Plan shall be effective as of March 2, 1992.

ANNEX I

STOCKHOLDERS

1. GKH Partners, L.P.
2. Allen & Company Incorporated
3. Allen Value Limited
4. Allen Value Partners, L.P.
5. American Home Assurance Company
6. Mitsui & Co., Ltd.
7. Mitsui & Co. (USA), Inc.
8. Toho-Towa Co., Ltd.
9. Valdi Corporation N.V.
10. Weinberg Fund
11. Victor A. Kaufman
and Loretta Kaufman
12. Lewis J. Korman
and Sharon Korman
13. Frank Price
14. Chargeurs S.A.
15. Pricel S.A.
16. Allied Filmmakers N.V.
17. HKW Voting Trust

SAVOY PICTURES ENTERTAINMENT, INC.

FORM OF

STOCK OPTION AGREEMENT

THIS AGREEMENT, made as of _____ (the "Grant Date") between Savoy Pictures Entertainment, Inc., a Delaware corporation (the "Company"), and _____ (the "Optionee").

WHEREAS, the Company has adopted the Savoy Pictures Entertainment, Inc. Stock Option Plan in order to provide additional incentive to certain officers and employees of, and consultants to, the Company and its subsidiaries; and

WHEREAS, the Company has determined to grant to option to the Optionee as provided herein;

NOW, THEREFORE, the parties hereto agree as follows:

1. Grant of Option.

1.1. The Company hereby grants to the Optionee the right and option (the "Option") to purchase, to the extent the Option becomes vested and exercisable, all or any part of an aggregate of _____ whole shares of common stock, par value \$.01 per share, of the Company ("Shares") subject to, and in accordance with, the terms and conditions set forth in this Agreement.

1.2. The Option is not intended to qualify as an Incentive Stock Option within the meaning of Section 422 of the Code.

2. Purchase Price.

The price at which the Optionee shall be entitled to purchase Shares upon the exercise of the Option shall be \$_____ per Share.

3. Duration of Option.

The Option shall be exercisable to the extent and in the manner provided herein for a period of ten (10) years from the Grant Date (the "Exercise Term"); provided, however, that the Option may be earlier terminated as provided in Section 6 hereof.

4. Vesting and Exercisability of Option.

The Option shall vest and become exercisable with respect to 33-1/3% of the Shares on the first anniversary of the Grant Date, and an additional 33-1/3% of the Option shall vest on each of the second and third anniversaries of the Grant Date if and only if the Optionee has remained employed (as an employee or consultant) by the Company until each of such dates. The entire Option shall vest immediately if (i) the Optionee dies or becomes permanently disabled while employed by the Company, (ii) the Optionee is terminated without Cause (as hereinafter defined), (iii) there occurs a Change of Control (as hereinafter defined) of the Company or (iv) the Compensation Committee of the Company so decides. The Option shall terminate to the extent it is unused.

5. Manner of Exercise and Payment.

5.1. Subject to the terms and conditions of this Agreement, the Option may be exercised by delivery of written notice to the Company, at its principal executive office. Such notice shall state that the Optionee is electing to exercise the Option and the number of Shares in respect of which the Option is being exercised.

5.2. The notice of exercise described in Section 5.1 shall be accompanied by the full purchase price for the Shares in respect of which the Option is being exercised, in cash or check or such other property as may be acceptable to the Board of Directors of the Company.

5.3. Upon receipt of notice of exercise and full payment for the Shares in respect of which the Option is being exercised, the Company shall take such action as may be necessary to effect the transfer to the Optionee of the number of Shares as to which such exercise was effective.

5.4. The Optionee shall not be deemed to be the holder of, or to have any of the rights of a holder with respect to any shares subject to the Option until (i) the Option shall have been exercised pursuant to the terms of this Agreement and the Optionee shall have paid the full purchase price for the number of Shares in respect of which the Option was exercised, (ii) the Company shall have issued and delivered the Shares to the Optionee, and (iii) the Optionee's name shall have been entered as a stockholder of record on the books of the Company, whereupon the Optionee shall have full voting and other ownership rights with respect to such Shares.

6. Death, Disability, Retirement or Other Termination of Employment or Consultancy.

If the employment or consultancy of the Optionee is terminated as a result of his death, disability or retirement, the Option shall continue to be exercisable in whole or in part at any time within three (3) years after the date of such termination of employment or consultancy, but in no event after the expiration of the Exercise Term. If the employment or consultancy of the Optionee terminates for any other reason, other than for Cause, this Option shall continue to be exercisable in whole or in part at any time within six (6) months after the date of such other termination or employment or consultancy, but in no event after the expiration of the Exercise Term. In the event of termination for Cause, all vested Options shall expire upon termination. In the event of the Optionee's death, the Option shall be exercisable by the legatee or legatees under his will, or by his personal representatives or distributees, and such person or persons shall be substituted for the Optionee each time the Optionee is referred to herein.

7. Nontransferability.

The Option shall not be transferable other than by will or by the laws of descent and distribution. During the lifetime of the Optionee, the Option shall be exercisable only by the Optionee.

8. No Right to Continued Employment or Consultancy.

Nothing in this Agreement shall be interpreted or construed to confer upon the Optionee any right with respect to continuance of employment or consultancy by the Company, nor shall this Agreement interfere in any way with the right of the Company to terminate the Optionee's employment or consultancy at any time.

9. Adjustments.

In the event of a Change in Capitalization (as hereinafter defined), appropriate adjustments shall be made (as determined in good faith by the Board of Directors of the Company) regarding the number and class of Shares or other stock or securities subject to the Option and the purchase price for such Shares or other stock or securities.

10. Termination Events.

In the event of (i) the liquidation or dissolution of the Company or (ii) a merger or consolidation of the Company (a

"Transaction"), the Option shall continue in effect in accordance with its terms for 90 days from the date of such transaction and the Optionee shall only be entitled to receive in respect of all Shares subject to the Option, upon exercise of the Option within such ninety (90) day period, the same number and kind of stock, securities, cash, property or other consideration that each holder of Shares was entitled to receive in the Transaction.

11. Withholding of Taxes.

Upon exercise of the Option, the Optionee shall pay the Withholding Taxes (as defined in Section 12) to the Company in cash or check prior to the issuance, or release from escrow, of such Shares. In satisfaction of the Withholding Taxes, the Optionee may make a written election (the "Tax Election"), which may be accepted or rejected in the discretion of the Company, to have withheld a portion of the Shares issuable to him or her upon exercise of the Option, having an aggregate Fair Market Value (as hereinafter defined) on the date preceding the Tax Date (as defined in Section 12) equal to the Withholding Taxes.

12. Definitions. For the purposes of this Agreement:

(a) "Agreement" shall mean this written agreement between the Company and the Optionee evidencing the grant of an Option and setting forth the terms and conditions hereof.

(b) "Change in Capitalization" shall mean an increase or reduction in the number of Shares by reason of reclassification, recapitalization, merger, consolidation, reorganization, spin-off, split-up, stock dividend, stock split or reverse stock split or a substantially similar event, or the issuance to all the holders of Shares of warrants or rights to purchase Shares.

(c) "Cause" shall mean (a) conviction of any crime which constitutes a felony in the jurisdiction involved or (b) gross negligence or willful malfeasance in performing the Optionee's obligations to the Company or in following the instructions of the Company's Board of directors, provided that the Company has given the Optionee written notice setting forth with specificity the nature of the Optionee's alleged gross negligence or willful malfeasance.

(d) "Change of Control" shall occur, for purposes of this Agreement, at such time as any person or group, other than the Stockholders of the Company specified in Annex I

hereto and any other entities that become stockholders before December 31, 1992 and their Permitted Transferees (as defined in the Stockholders Agreement between the Company and the Stockholders dated as of March 2, 1992, as amended) acquire beneficially at least 50% of the common stock of the Company, unless such event occurs as a result of sales or stock in one or more IPOs (as defined in the Stockholders Agreement between the Company and the Stockholders dated as of March 2, 1992, as amended).

(e) "Disability" shall mean a physical or mental infirmity which impairs the Optionee's ability to perform substantially his or her duties for a period of one hundred eighty (180) days in any calendar year.

(f) "Fair Market Value" shall mean the value established by the Board of Directors in good faith, after consultation with the Company's investment bankers.

(g) "Stockholders" shall mean the stockholders of the Company who are parties to the Stockholders Agreement, dated as of March 2, 1992, as amended.

(h) "Tax Date" shall mean the date that the amount of Withholding Taxes are determined.

(i) "Withholding Taxes" shall mean an amount, as determined by the Company, equal to the sum of federal, state and local income taxes and any other taxes as the Company may be required by law to withhold with respect to the exercise of the Option.

13. Modification of Agreement.

This Agreement may be modified, amended, suspended or terminated, and any terms or conditions may be waived, but only by a written instrument executed by the parties hereto.

14. Severability.

Should any provision of this Agreement be held by a court of competent jurisdiction to be enforceable or invalid for any reason, the remaining provisions of this Agreement shall not be affected by such holding and shall continue in full force in accordance with their terms.

15. Governing Law.

The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of New York without giving effect to the conflicts of laws principles thereof.

16. Successors in Interest.

This Agreement shall inure to the benefit of and be binding upon any successor to the Company. This Agreement shall inure to the benefit of the Optionee's legal representatives. All obligations imposed upon the Optionees and all rights granted to the Company under this Agreement shall be final, binding and conclusive upon the Optionee's heirs, executors, administrators and successors.

Savoy Pictures Entertainment, Inc.

Attest:

By:

Lewis J. Korman, President
and Chief Operating Officer

Terri Napolitani
Assistant Secretary

ANNEX I
STOCKHOLDERS

1. GKH Partners, L.P.
2. American Home Assurance Company
3. Allen & Company Incorporated
4. Allen Value Limited
5. Allen Value Partners, L.P.
6. Valdi Corporation N.V.
7. Mitsui & Co., Ltd.
8. Mitsui & Co. (USA), Inc.
9. Toho-Towa Co., Ltd.
10. Weinberg Fund
11. Weinberg Fund II
12. Victor A. Kaufman and Loretta Kaufman
13. Lewis J. Korman and Sharon Korman
14. Frank Price
15. Chargeurs S.A.
16. Pricel S.A.
17. Allied Filmmakers B.V.
18. HKW Voting Trust
19. Cecchi Gori Europa B.V.
20. Rete Europa B.V.
21. High Speed Video B.V.
22. Home Box Office Division of Time Warner Entertainment L.P.

[LETTERHEAD OF FRIED, FRANK, HARRIS, SHRIVER & JACOBSON]

October 22, 1993

830-8164
(FAX: 820-8587)

Savoy Pictures Entertainment, Inc.
Carnegie Hall Tower
152 West 57th Street
New York, New York 10019

Re: Savor Pictures Entertainment, Inc.
Registration Statement on Form S-8
- Stock Option Plan

Dear Sirs:

We are acting as counsel to Savoy Pictures Entertainment Inc., a Delaware corporation (the "Company"), in connection with the possible issuance of up to 1,000,000 shares (the "Shares") of common stock, par value \$0.01 per share, of the Company to officers, nonemployee directors, consultants and employees of the Company and its subsidiaries upon the exercise of options which may be granted to them pursuant to the Savoy Pictures Entertainment Inc. Stock Option Plan (the "Plan").

We have examined the originals, or certified, conformed or reproduction copies, of all such records, agreements, instruments and documents as we have deemed relevant or necessary as the basis of the opinion hereinafter expressed. In all such examinations, we have assumed the genuineness of all signatures on original or certified copies and the conformity to original or certified copies of all copies submitted to us as conformed or reproduction copies. As to various questions of fact relevant to such opinion, we have relied upon certificates and statements of public officials, officers or representatives of the Company and others.

Based upon the foregoing, and subject to the limitations set forth herein, we are of the opinion that the issuance of up to 1,000,000 Shares pursuant to the Plan has been duly authorized and that such Shares, when issued and paid for (with the consideration received by the Company being not less than the par value thereof) in accordance with the Plan, will be validly issued, fully paid and non-assessable.

October 22, 1993

The opinion expressed herein is limited to the federal laws of the United States, the laws of the State of New York and, to the extent required by the foregoing opinion, the General Corporation Law of the State of Delaware.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement on Form S-8 relating to the registration of the Shares. In giving this consent, we do not hereby admit that we are in the category of persons whose consent is required under Section 7 of the Securities Act of 1933.

Very truly yours,

FRIED, FRANK, HARRIS, SHRIVER & JACOBSON

By: /s/ David C. Golay
David C. Golay

CONSENT OF ERNST & YOUNG

We consent to the incorporation by reference in the Registration Statement (Form S-8) for the registration of 1,000,000 shares of common stock pertaining to the Stock Option Plan of Savoy Pictures Entertainment, Inc. of our report dated February 5, 1993, except as to Note 9, as to which the date is March 16, 1993, with respect to the consolidated financial statements and schedule of Savoy Pictures Entertainment, Inc. included in Amendment No. 2 to the Company's Registration Statement on Form S-1 (File No. 33-63192) for the year ended December 31, 1992, filed with the Securities and Exchange Commission.

/s/ Ernst & Young

ERNST & YOUNG

New York, New York
October 21, 1993

SAVOY PICTURES ENTERTAINMENT, INC.

1995 STOCK OPTION PLAN

ARTICLE 1

DEFINITIONS

The terms used in this Stock Option Plan (the "Plan"), which provides for the issuance of non-qualified stock options ("Options"), shall, unless the context shall require otherwise, have the following meanings:

1.1. "Adjusted Fair Market Value" shall mean, in the event of a Change in Control, the greater of (i) the highest price per share of Common Stock paid to holders of the Common Stock in any transaction (or series of transactions) constituting or resulting in a Change in Control or (ii) the highest Fair Market Value of a share of Common Stock during the ninety (90) day period ending on the date of a Change in Control.

1.2. "Agreement" shall mean the written agreement between the Company and a Recipient evidencing the grant of an option and setting forth the terms and conditions thereof.

1.3. A "Change of Control" shall occur, for purposes of this Plan, at such time as any person or group, other than stockholders of the Company specified in Annex I hereto and their Permitted Transferees (as defined in the Stockholders Agreement), acquire beneficially at least 50% of the common stock of the Company.

1.4. "Common Stock" shall refer to the Company's common stock.

1.5. The "Company" is Savoy Pictures Entertainment, Inc., a Delaware corporation, and any successors in interest by merger, operation of law, assignment, purchase or otherwise of all or substantially all of the property, assets and business of the Company.

1.6. The "Compensation Committee" shall mean the Compensation Committee designated by the Board of Directors of the Company.

1.7. "Disability" shall mean a physical or mental infirmity which impairs the Optionee's ability to perform substantially all his or her duties for a period of one hundred eighty (180) days in any calendar year.

1.8. An "Employee" shall mean any employee of or consultant to the Company or any of its subsidiaries designated for participation in the Plan by the Compensation committee at

any time, other than (i) any such person who is an executive officer or director of the Company or (ii) any officer of the Company other than an officer who at the time of the grant was not previously employed by the Company and with respect to whom the grant was an inducement essential to the individual's entering into an employment contract with the Company.

1.9. "Fair Market Value" of the Company's Common Stock shall mean the value established by the Board of Directors in good faith, after consultation with the Company's investment bankers, which shall not be less than book value as set forth in the then most current financial statements of the Company; provided, however, that, if the Common Stock is publicly traded in the over-the-counter market or on a recognized exchange, Fair market value shall be the average closing price of the Shares for the 20 trading days immediately preceding the event which required the determination of Fair Market Value.

1.10. A "Recipient" is an Employee whom the Board of Directors or Compensation Committee has designated to receive an Option pursuant to the terms of the Plan.

1.11. The "Stockholders Agreement" shall mean the Stockholders Agreement, dated as of March 2, 1992, between the Company and the Stockholders, as amended from time to time.

1.12. "Cause" shall mean (a) conviction of any crime which constitutes a felony in the jurisdiction involved, (b) gross negligence or willful malfeasance in performing the Recipient's obligations to the Company or in following the instructions of the Company's Board of Directors, provided that the Company has given the Recipient written notice setting forth with specificity the nature of the Recipient's alleged gross negligence or malfeasance or (c) cause pursuant to the terms of any written employment agreement with the Company (or any of its subsidiaries) to which the Recipient is a party.

ARTICLE 2

PURPOSE AND SCOPE

2.1. Purpose - The Plan is being adopted by the Company for the purpose of establishing incentives designed to attract and retain personnel with outstanding ability and experience to the Company, and to encourage the efforts and performance of the Company's Employees by increasing their proprietary interest in the Company.

2.2. Eligibility - Employees shall be eligible to receive options under the Plan. The Compensation Committee, in its sole discretion shall determine which Employees shall become Recipients, the number of Options which shall be granted

to each Recipient, the date of the grant and the terms of exercise of each Option.

ARTICLE 3

ADMINISTRATION

3.1. Administration - The Plan shall be administered by the Compensation Committee, which shall consist of members designated by the Board of Directors of the Company. Without limiting the generality of the foregoing, the Compensation Committee shall have authority, in its sole discretion (and its determinations shall be final and binding on the Company and Recipients of Options): to interpret conclusively the provisions of the Plan and decide questions of fact arising in its application; to adopt, amend and revoke rules and regulations relating to the Plan; to determine the Employees to whom options shall be granted, the number of such Options, their date of grant and their exercise price; and to make any other determination necessary or desirable in the administration of the Plan, except for those determinations reserved to the Board of Directors of the Company.

3.2. Committee Action - A majority of the Compensation Committee shall constitute a quorum, and a majority of a quorum may authorize any action.

3.3. Expenses - All costs of administering the Plan shall be borne by the Company.

ARTICLE 4

SHARES SUBJECT TO PLAN

4.1. Maximum Shares - The maximum number of shares of Common Stock which may be subject to Options under the Plan shall be 250,000, subject to adjustment as provided in Section 4.2 below. Either treasury stock or shares which have been authorized but not yet issued (or a combination of both) may be used to satisfy the Company's obligations under the Plan. If an option is cancelled or expires for any reason (including forfeiture) prior to being exercised by its Recipient, all shares subject to such Option shall become available for future Options.

4.2. Adjustments - In the event of a stock split, stock dividend, merger, combination, reorganization, recapitalization, reclassification, consolidation, spin-off, split-up or substantially similar event affecting the number of shares of Common Stock outstanding, or the issuance to all holders of common Stock of warrants or rights to buy Common Stock, the

maximum number of shares which may be subject to Options shall be appropriately adjusted by the Compensation Committee.

ARTICLE 5

TERMS AND CONDITIONS OF OPTIONS

Each Option shall be evidenced by an agreement (the "Agreement") between the Company and the Recipient evidencing the grant of an option as herein provided. Each Agreement shall conform to the following terms and conditions:

5.1. Option Price - The purchase price per share under each Option granted by the Compensation Committee shall be set by the Compensation Committee on the date of grant, and shall not be less than the Fair Market Value of the Company's Common Stock on that date.

5.2. Duration of Option - The Compensation Committee shall determine the duration of each Option which it grants, and each Agreement shall specify the maximum period during which the Option to which it relates may be exercised. No Option shall be exercisable more than ten years after the date it is granted, nor shall any Options be granted under the Plan after March 2, 2002.

5.3. Vesting - Each Option shall vest (become exercisable) in accordance with a determination by the Compensation Committee.

5.4. Exercise of Option - Subject to Article VI below, a Recipient who is vested with respect to all or part of an Option may exercise all or a part of such vested portion by delivering to the Company, at its principal executive office, written notice specifying the number of shares with respect to which the Option is being exercised, together with payment in full of the purchase price of the shares. Such payment shall be in cash or check or such other property (including shares of Common Stock) as may be acceptable to the Compensation Committee. The Compensation Committee shall prescribe the method of delivery of the notice. Vested options may be exercised in any order of grant that the Recipients (or his personal representative, if applicable) elects.

5.5. Rights After Issue - Upon the issuance of stock certificates evidencing shares purchased under an Option, the Recipient shall have all of the rights of a stockholder of the Company with respect to the shares of Common Stock represented by the certificate including the right to vote the shares and to receive all dividends and other distributions with respect thereto. Prior to such issuance, the Recipient shall not be entitled to any rights of a stockholder (including the right to vote or receive dividends or distributions). Upon the exercise

of an Option, the Recipient shall become subject to the duties and obligations, and entitled to the rights and benefits, of the Stockholders Agreement, and the shares purchased under an Option shall be subject to the transfer restrictions and voting agreement contained in the Stockholders Agreement.

5.6. Non-Qualification - An Option granted pursuant to the Plan shall not qualify as an "Incentive Stock Option" under Section 422 of the Internal Revenue Code.

5.7. Non-Transferability - An Option granted pursuant to the Plan may not be transferred in any manner otherwise than by will or by the laws of descent and distribution and may be exercised during the lifetime of the Recipient only by the Recipient or by his guardian or legal representative. The terms of any such Option shall be binding upon the executors, administrators, heirs and successors of the Recipient.

5.8. Effect of Change in Control - Notwithstanding anything contained in the Plan or an Agreement to the contrary, in the event of a change in control, (i) all Options outstanding on the date of such Change in Control shall become immediately and fully exercisable and (ii) a Recipient will be permitted to surrender for cancellation, within sixty (60) days after such Change in Control, any Option or portion of an Option to the extent not yet exercised and the Recipient will be entitled to receive a cash payment in an amount equal to the excess, if any, of (x) the greater of (1) the Fair Market Value, on the date preceding the date of surrender, of the Common Stock subject to the Option or portion thereof surrendered or (2) the Adjusted Fair Market Value of the Common Stock subject to the Option or portion thereof surrendered over (y) the aggregate purchase price for such Common Stock under the option or portion thereof surrendered; provided, however, that, in the case of an Option granted within six (6) months prior to the Change in Control to any Recipient who may be subject to liability under Section 16(b) of the Exchange Act at such time, such Recipient shall be entitled to surrender for cancellation his or her Option during the sixty (60) day period commencing upon the expiration of six (6) months from the date of grant of any such Option, unless some other treatment of the Option has been agreed to with such Recipient.

ARTICLE 6

TERMINATION OF EMPLOYMENT

An Option may be exercised by a Recipient whose employment by the Company (or a subsidiary of the Company) has terminated only in accordance with the following rules:

(a) In the event of the Recipient's termination for Cause, he shall forfeit all vested and non-vested Options which have not been exercised at the date of termination.

(b) If the Recipient's employment is terminated by reason of his death, permanent disability or retirement, then he or his personal representative may exercise any vested Option at any time before the earlier of the third anniversary of his termination of employment or the stated expiration date of such Option.

(c) If the Recipient's employment terminates for any reason other than cause, death, disability or retirement, he may exercise any vested Option at any time before the earlier of the date six months after such termination or the stated expiration date of such Option.

(d) If the Recipient dies after his employment has terminated (whether by reason of disability or otherwise) but before the period in which he may exercise an Option has expired, then his personal representative may exercise any vested Option only during the period that the Recipient, if alive, may have exercised the Option.

ARTICLE 7

ADJUSTMENTS

(a) Appropriate adjustments shall be made by the Compensation Committee to the number of shares covered by an Option, and to the purchase price per share, in the event of a change in the number of the Company's shares of Common Stock outstanding caused by a stock split, reverse stock split, stock dividend, merger, combination, reorganization, recapitalization, reclassification, consolidation, spin-off, split-up or substantially similar event, or the issuance to all holders of Common Stock of warrants or rights to buy Common Stock.

(b) In the event of any conversion of Common Stock generally into securities of another corporation, or the consolidation of the Company with, or the merger of the Company with or into another corporation, or the sale of all or substantially all of the assets of the Company to another corporation, such Options not theretofore exercised prior to such transaction shall thereafter, upon exercise, represent the right to receive upon payment of the Option price in effect immediately prior to such transaction, the kind and amount of shares, security or property (including cash) which the holder of the Option would have been entitled to receive following consummation of such transaction had the Option been exercised immediately prior to such transaction (subject to subsequent adjustments as provided in paragraph (a) of this Article VII upon the occurrence of the events herein specified).

ARTICLE 8

TERMINATION AND AMENDMENT

8.1. Termination or Amendment - The Board of Directors of the Company may terminate or amend the Plan at any time, except that any Option then outstanding shall not be affected thereby without the written consent and acquiescence of the Recipient holding such Option.

8.2. Stockholder Approval. The Board of Directors may make such amendments to the Plan as it shall deem advisable without the approval of the stockholders of the Company.

ARTICLE 9

MISCELLANEOUS

9.1. Limitation of Liability - As illustrative of the limitations of the Company, but not intended to be exhaustive thereof, nothing in the Plan shall be construed to:

(a) give any person any right to be granted an Option other than at the sole discretion of the Compensation Committee;

(b) give any person any rights whatsoever with respect to shares of Common Stock except as specifically provided in the Plan;

(c) limit in any way the right of the Company to terminate the employment of any person at any time; or

(d) be evidence of any agreement or understanding, expressed or implied, that the Company will employ any person in any particular position at any particular rate of compensation or for any particular period of time.

9.2. Non-Exclusivity of Plan - Nothing contained in the Plan is intended to amend, modify or rescind any previously approved compensation plans or programs entered into by the Company. The Plan shall be construed to be in addition to any and all such plans or programs. The adoption of the Plan shall not be construed as creating any limitations on the power or authority of the Board of Directors of the Company to adopt such other additional incentive or other compensation arrangements as the Board of Directors may deem necessary or desirable.

9.3. Withholding of Taxes - The Company shall have the right to deduct from any distribution of cash to any Recipient an amount equal to the federal, state and local income

taxes and other amounts as may be required by law to be withheld (the "Withholding Taxes") with respect to any option. If a Recipient is entitled to receive Common Stock upon exercise of an option, the Recipient shall pay the Withholding Taxes to the Company prior to the issuance, or release from escrow, of such Common Stock. In satisfaction of the Withholding Taxes to the Company, the Recipient may make a written election (the "Tax Election"), which may be accepted or rejected in the discretion of the Compensation Committee, to have withheld a portion of the Common Stock issuable to him or her upon exercise of the Option having an aggregate Fair Market Value, on the date preceding the date of exercise, equal to the Withholding Taxes, provided that in respect of a Recipient who may become subject to liability under Section 16(b) of the Exchange Act either (i) (A) the Recipient makes the Tax Election at least six (6) months after the date the Option was granted, (B) the Option is exercised during the ten-day period beginning on the third business day and ending on the twelfth business day following the release for publication of the Company's quarterly or annual statements of earnings (a "Window Period") and (C) the Tax Election is made during the Window Period in which the Option is exercised or prior to such Window Period and subsequent to the immediately preceding Window Period or (ii) (A) the Tax Election is made at least six months prior to the date the Option is exercised and (B) the Tax Election is irrevocable with respect to the exercise of all options which are exercised prior to the expiration of six months following an election to revoke the Tax Election. Notwithstanding the foregoing, the Compensation Committee may, by the adoption of rules or otherwise, (i) modify the provisions in the preceding sentence or impose such other restrictions or limitations on Tax Elections as may be necessary to ensure that the Tax Elections will be exempt transactions under Section 16(b) of the Exchange Act, and (ii) permit Tax Elections to be made at such other times and subject to much other conditions as the Compensation Committee determines will constitute exempt transactions under Section 16(b) of the Exchange Act.

9.4. Interpretation of the Program - (a) The headings of Articles and Sections in the Plan are for convenience only, and are not meant to modify the meaning of the text of each such Article and Section.

(b) As used herein, pronouns in the masculine gender shall also include the feminine and the singular form of words, and may include the plural, unless the context clearly requires the contrary.

9.5. Effective Date The Plan shall be effective as of May 3, 1995.

ANNEX I

STOCKHOLDERS

1. GKH Partners, L.P.
2. Allen & Company Incorporated
3. Allen Value Limited
4. Allen Value Partners, L.P.
5. American Home Assurance Company
6. Mitsui & Co., Ltd.
7. Mitsui & Co. (USA), Inc.
8. Toho-Towa Co., Ltd.
9. Valdi Corporation N.V.
10. Weinberg Fund I
11. Weinberg Fund II
12. Victor A. Kaufman
and Loretta Kaufman
13. Lewis J. Korman
and Sharon Korman
14. Frank Price
15. Chargeurs S.A.
16. Pricel S.A.
17. Allied Filmmakers N.V.
18. HKW Voting Trust
19. Ceechi Gori Europa B.V.
20. Rate Europa B.V.
21. High Speed Video B.V.
22. Home Box Office Division of
Time Warner Entertainment L.P.

SAVOY PICTURES ENTERTAINMENT, INC.

FORM OF

STOCK OPTION AGREEMENT

THIS AGREEMENT, made as of _____ (the "Grant Date"), between Savoy Pictures Entertainment, Inc., a Delaware corporation (the "Company"), and _____ (the "Optionee") (the "Agreement").

WHEREAS, the Company has adopted the Savoy Pictures Entertainment, Inc. 1995 Stock Option Plan, as amended (the "Plan") in order to provide additional incentive to certain officers and employees of, and consultants to, the Company and its subsidiaries; and

WHEREAS, the Compensation Committee (as defined in the Plan) has determined [as an inducement to Optionee to enter into employment with the Company,]1 to grant an option to the Optionee as provided herein;

NOW, THEREFORE, the parties hereto agree as follows:

1. Grant of Option.

1.1. The Company hereby grants to the Optionee the right and option (the "Option") to purchase, to the extent the Option becomes vested and exercisable, all or any part of an aggregate of _____ whole shares of common stock, par value \$.01 per share, of the Company ("Shares") subject to, and in accordance with, the terms and conditions set forth in this Agreement and the Plan. In the event of any conflict between the terms of the Plan and this Agreement, the terms of the Plan shall control (unless otherwise determined by the Compensation Committee).

1.2. The Option is not intended to qualify as an Incentive Stock Option within the meaning of Section 422 of the Code.

2. Purchase Price.

The price at which the Optionee shall be entitled to purchase Shares upon the exercise of the Option shall be \$ _____ per Share.

1 To be inserted for options granted to officers only.

3. Duration of Option.

The Option shall be exercisable to the extent and in the manner provided herein for a period of ten (10) years from the Grant Date (the "Exercise Term"); provided, however, that the Option may be earlier terminated as provided in Section 6 hereof.

4. Vesting and Exercisability of Option.

The Option shall vest and become exercisable with respect to 33-1/3% of the Shares on the first anniversary of the Grant Date, and an additional 33-1/3% of the Option shall vest on each of the second and third anniversaries of the Grant Date if and only if the Optionee has remained employed (as an employee or consultant) by the Company until each of such dates. The entire Option shall vest immediately if (i) the Optionee dies or becomes permanently disabled while employed by the Company, (ii) the Optionee is terminated without Cause (as hereinafter defined), (iii) there occurs a Change of Control (as hereinafter defined) of the Company or (iv) the Compensation Committee of the Company so decides. The Option shall terminate to the extent it is unused.

5. Manner of Exercise and Payment.

5.1. Subject to the terms and conditions of this Agreement, the Option may be exercised by delivery of written notice to the Company, at its principal executive office. Such notice shall state that the Optionee is electing to exercise the Option and the number of Shares in respect of which the Option is being exercised.

5.2. The notice of exercise described in Section 5.1 shall be accompanied by the full purchase price for the Shares in respect of which the Option is being exercised, in cash or check or such other property as may be acceptable to the Board of Directors of the Company.

5.3. Upon receipt of notice of exercise and full payment for the Shares in respect of which the option is being exercised, the company shall take such action as may be necessary to affect the transfer to the Optionee of the number of Shares as to which such exercise was effective.

5.4. The Optionee shall not be deemed to be the holder of, or to have any of the rights of a holder with respect to any Shares subject to the Option until (i) the Option shall have been exercised pursuant to the terms of this Agreement and the Optionee shall have paid the full purchase price for the number of Shares in respect of which the Option was exercised, (ii) the Company shall have issued and delivered the Shares to the Optionee, and (iii) the Optionee's name shall have been entered as a stockholder of record on the books of

the Company, whereupon the Optionee shall have full voting and other ownership rights with respect to such Shares.

6. Death, Disability, Retirement or Other Termination of Employment or Consultancy.

If the employment or consultancy of the Optionee is terminated, the Option shall be exercisable as set forth in Article 6 of the Plan.

7. Nontransferability.

The Option shall not be transferable other than by will or by the laws of descent and distribution. During the lifetime of the Optionee, the Option shall be exercisable only by the Optionee.

8. No Right to Continued Employment or Consultancy.

Nothing in this Agreement shall be interpreted or construed to confer upon the Optionee any right with respect to continuance of employment or consultancy by the Company, nor shall this Agreement interfere in any way with the right of the Company to terminate the Optionee's employment or consultancy at any time.

9. Adjustments.

In the event of a Change in Capitalization (as hereinafter defined), appropriate adjustments shall be made (as determined in good faith by the Board of Directors of the Company) regarding the number and class of Shares or other stock or securities subject to the Option and the purchase price for such Shares or other stock or securities.

10. Terminating Events.

In the event of (i) the liquidation or dissolution of the Company or (ii) a merger or consolidation of the company (a "Transaction"), the Option shall continue in effect in accordance with its terms for 90 days from the date of such transaction and the Optionee shall only be entitled to receive in respect of all Shares subject to the Option, upon exercise of the Option within such ninety (90) day period, the same number and kind of stock, securities, cash, property or other consideration that each holder of Shares was entitled to receive in the Transaction.

11. Withholding of Taxes.

Upon exercise of the Option, the Optionee shall pay the Withholding Taxes (as defined in Section 9.3 of the Plan) to the Company as provided in Section 9.3 of the Plan.

12. Definitions.

Unless otherwise defined herein, capitalized terms used in this Agreement shall have the meanings ascribed thereto in the Plan.

13. Modification of Agreement.

This Agreement may be modified, amended, suspended or terminated, and any terms or conditions may be waived, but only by a written instrument executed by the parties hereto.

14. Severability.

Should any provision of this Agreement be held by a court of competent jurisdiction to be unenforceable or invalid for any reason, the remaining provisions of this Agreement shall not be affected by such holding and shall continue in full force in accordance with their terms.

15. Governing Law.

The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of New York without giving effect to the conflicts of laws principles thereof.

16. Successors in Interest.

This Agreement shall inure to the benefit of and be binding upon any successor to the Company. This Agreement shall inure to the benefit of the Optionee's legal representatives. All obligations imposed upon the Optionee and all rights granted to the Company under this Agreement shall be final, binding and conclusive upon the Optionee's heirs, executors, administrators and successors.

SAVOY PICTURES ENTERTAINMENT, INC.

Attest:

Secretary

By:

Lewis J. Korman
President and Chief
Operating Officer

HOME SHOPPING NETWORK, INC.

1996 STOCK OPTION PLAN FOR EMPLOYEES

ESTABLISHMENT, PURPOSE AND TERM OF PLAN.

ESTABLISHMENT. The Home Shopping Network, Inc. 1996 Stock Option Plan for Employees (the "PLAN") is hereby established effective as of May 10, 1996 (the "EFFECTIVE DATE").

PURPOSE. The purpose of the Plan is to promote the success of the Company and its Subsidiaries by attracting and retaining employees by supplementing their cash compensation and providing a means for them to increase their holdings of Stock of the Company. The opportunity so provided and the receipt of Options as compensation are intended to foster in participants a strong incentive to put forth maximum effort for the continued success and growth of the Company for the benefit of customers and shareholders, to aid in retaining individuals who put forth such efforts, and to assist in attracting the best available individuals in the future.

TERM OF PLAN. The Plan shall continue in effect until the earlier of its termination by the Board or the date on which all of the shares of Stock available for issuance under the Plan have been issued. However, all Options shall be granted, if at all, within ten (10) years from the Effective Date. Notwithstanding the foregoing, if the maximum number of shares of Stock issuable pursuant to the Plan as provided in Section 3.1 has been increased at any time, all Options shall be granted, if at all, within ten (10) years from the date such amendment was adopted by the Board. On the effective date of the Plan, it shall supersede the 1986 Stock Option Plan for Employees, which shall terminate on that date.

1. DEFINITIONS AND CONSTRUCTION.

1.1 DEFINITIONS. Whenever used herein, the following terms shall have their respective meanings set forth below:

(a) "BOARD" means the Board of Directors of the Company or the Committee.

(b) "CODE" means the Internal Revenue Code of 1986, as amended, and any applicable regulations promulgated thereunder.

(c) "COMMITTEE" means the Compensation/Benefits Committee or other committee of the Board duly appointed to administer the Plan and having such powers as shall be

specified by the Board. Unless the powers of the Committee have been specifically limited, the Committee shall have all of the powers of the Board granted herein, including, without limitation, the power to amend or terminate the Plan at any time, subject to the terms of the Plan and any applicable limitations imposed by law.

(d) "COMPANY" means Home Shopping Network, Inc., a Delaware corporation, or any successor corporation thereto.

(e) "EMPLOYEE" means any person treated as an employee (including an officer or a director who is also treated as an employee) in the records of the Company and its Subsidiaries; provided, however, that neither service as a director nor payment of a director's fee shall be sufficient to constitute employment for purposes of the Plan. Notwithstanding the foregoing, the Chairman of the Board and any consultant approved by the Board shall be deemed an

Employee for purposes of the Plan; provided, however neither the Chairman nor a consultant may be issued Incentive Stock Options.

(f) "EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended.

(g) "FAIR MARKET VALUE" means, as of any date, the closing price of the Stock on the New York Stock Exchange, Inc. (as published by the Wall Street Journal, if published) on the day prior to such date, or if the Stock was not traded on such day, on the next preceding day on which the Stock was traded.

(h) "INCENTIVE STOCK OPTION" means an Option so denominated in the Option Agreement and which qualifies as an incentive stock option within the meaning of Section 422(b) of the Code.

(i) "NONQUALIFIED STOCK OPTION" means an Option so denominated or which does not qualify as an Incentive Stock Option.

(j) "OPTION" means a right to purchase Stock (subject to adjustment as provided in Section 3.2) pursuant to the terms and conditions of the Plan. An Option may be either an Incentive Stock Option or a Nonqualified Stock Option.

(k) "OPTION AGREEMENT" means a written agreement between the Company and an Optionee setting forth the terms, conditions and restrictions of the Option and/or SAR granted to the Optionee.

(l) "OPTIONEE" means a person who has been granted one or more Options and/or SAR's pursuant to the Plan.

(m) "RULE 16B-3" means Rule 16b-3 under the Exchange Act, as amended from time to time, or any successor rule or regulation.

(n) "STOCK" means the Company's common stock, \$.01 par value, as adjusted from time to time in accordance with Section 3.2.

(o) "STOCK APPRECIATION RIGHT (SAR)" means the right, granted by the Board (subject to adjustments provided in Section 3.2), pursuant to the terms of the Plan, to receive payment equal to the subsequent increase in the Fair Market Value of the Stock.

(p) "SUBSIDIARY" means any present or future "subsidiary corporation" of the Company, as defined in Section 424(f) of the Code.

(q) "TEN PERCENT OWNER OPTIONEE" means an Optionee who, at the time an Option is granted to the Optionee, owns stock constituting more than ten percent (10%) of the total combined voting power of all classes of stock of Company within the meaning of Section 422(b)(6) of the Code.

(r) "TRANSFER OF CONTROL" shall mean a transaction or a series of related transactions (collectively, the "TRANSACTION") wherein the shareholders of the Company immediately before the Transaction do not retain immediately after the Transaction, in substantially the same proportions as their ownership of shares of the Company's voting stock immediately before the Transaction, direct or indirect beneficial ownership of more than fifty percent (50%) of the total combined voting power of the outstanding voting stock of the Company or the corporation or corporations to which the assets of the Company were transferred (the "TRANSFeree CORPORATION(S)"), as the case may be, except for such a transaction pursuant to which Barry Diller, Liberty Media Corporation or any of their respective affiliates, is or becomes such a 50% owner. For purposes of the preceding sentence, indirect beneficial ownership shall include, without limitation, an interest resulting from ownership of the voting stock of one or more corporations which, as a result of the Transaction, own the Company or the Transferee Corporation(s), as the case may be, either directly or through one or more subsidiary corporations. The Board shall have the right to determine whether multiple sales or exchanges of the voting stock of the Company are related, and its determination shall be final, binding and conclusive.

1.2 CONSTRUCTION. Captions and titles contained herein are for convenience only and shall not affect the meaning or interpretation of any provision of the Plan. Except when otherwise indicated by the context, the singular shall include the plural, the plural shall include the singular, and

the term "or" shall include the conjunctive as well as the disjunctive.

2. ADMINISTRATION.

2.1 ADMINISTRATION BY THE BOARD. The Plan shall be administered by the Board, including any duly appointed committee of the Board. All questions of interpretation of the Plan or of any Option or SAR shall be determined by the Board, and such determinations shall be final and binding upon all persons having an interest in the Plan or such Option or SAR.

2.2 POWERS OF THE BOARD. In addition to any other powers set forth in the Plan and subject to the provisions of the Plan and restrictions regarding Incentive Stock Options set forth in the Code, the Board shall have the full and final power and authority, in its sole discretion:

(a) to determine the persons to whom, and the time or times at which, Options shall be granted and the number of shares of Stock to be subject to each Option which determination need not be uniform among persons similarly situated and may be made selectively among Employees;

(b) to designate Options as Incentive Stock Options or Nonqualified Stock Options;

(c) to determine the persons to whom, and the time or times at which, SAR's and the number thereof shall be granted which determination need not be uniform among persons similarly situated and may be made selectively among Employees;

(d) to determine the terms, conditions and restrictions applicable (which need not be identical) to each Option and SAR including, without limitation, (i) the exercise price of the Option or SAR, (ii) the method of payment for shares purchased upon the exercise of the Option, (iii) the method for satisfaction of any tax withholding obligation arising in connection with the Option or SAR, including by the withholding or delivery of shares of stock, (iv) the method of payment upon exercise of any SAR's, (v) the timing, terms and conditions of the exercisability of the Option or SAR, (vi) the time of the expiration of the Option or SAR, (vii) the effect of the Optionee's termination of employment or service with Company on any of the foregoing, and (viii) all other terms, conditions and restrictions applicable to the Option or SAR or such shares not inconsistent with the terms of the Plan;

(e) to approve one or more forms of Option Agreement;

(f) to amend the exercisability of any Option or SAR, including with respect to the period following an

Optionee's termination of employment or service with the Company;

(g) to prescribe, amend or rescind rules, guidelines and policies relating to the Plan, or to adopt supplements to, or alternative versions of, the Plan, including, without limitation, as the Board deems necessary or desirable to comply with the laws of, or to accommodate the tax policy or custom of, foreign jurisdictions whose citizens may be granted Options or SAR's; and

(h) to correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Option Agreement and to make all other determinations and take such other actions with respect to the Plan or any Option or SAR as the Board may deem advisable to the extent consistent with the Plan and applicable law.

2.3 DISINTERESTED ADMINISTRATION. The Plan shall be administered in compliance with the "disinterested administration" requirements of Rule 16b-3.

3. SHARES SUBJECT TO PLAN.

3.1 MAXIMUM NUMBER OF SHARES ISSUABLE. Subject to adjustment as provided in Section 3.2, the maximum aggregate number of shares of Stock that may be issued under the Plan and under the 1996 Stock Option Plan for Outside Directors shall be Eighteen Million Seven Hundred Thousand (18,700,000) and shall consist of authorized but unissued or reacquired shares of Stock or any combination thereof. If an outstanding Option or SAR for any reason expires or is terminated or canceled prior to being fully exercised, the shares of Stock allocable to the unexercised portion of such Option or SAR, shall again be available for issuance under the Plan.

3.2 ADJUSTMENTS FOR CHANGES IN CAPITAL STRUCTURE. In the event of any stock dividend, stock split, reverse stock split, recapitalization, combination, reclassification or similar change in the capital structure of the Company, appropriate adjustments shall be made in the number and class of shares subject to the Plan and to any outstanding Options and SAR's and in the exercise price per share of any outstanding Options and SAR's. If a majority of the shares which are of the same class as the shares that are subject to outstanding Options and SAR's are exchanged for, converted into, or otherwise become (whether or not pursuant to a Transfer of Control) shares of another corporation (the "NEW SHARES"), the Board shall amend the outstanding Options and SAR's to provide that such Options and SAR's are exercisable for or with respect to New Shares. In the event of any such amendment, the number of shares subject to, and the exercise price per share of, the outstanding Options and SAR's shall be

adjusted in a fair and equitable manner as determined by the Board, in its sole discretion. In the event of any merger, consolidation or other combination materially effecting the number of shares of Stock outstanding, the Board may, in its discretion, amend the outstanding Options to make appropriate adjustments in the number and class of shares subject to the Plan and to any outstanding Options and SAR's and in the exercise price per share of any outstanding Options and SAR's. Notwithstanding the foregoing, any fractional share resulting from an adjustment pursuant to this Section 3.2 shall be rounded up or down to the nearest whole number, as determined by the Board, and in no event may the exercise price be decreased to an amount less than the par value, if any, of the stock subject to the Option. The adjustments determined by the Board pursuant to this Section 3.2 shall be final, binding and conclusive.

4. ELIGIBILITY AND OPTION LIMITATIONS.

4.1 PERSONS ELIGIBLE FOR OPTIONS AND SAR'S. Options and SAR's may be granted only to Employees.

4.2 DIRECTORS SERVING ON COMMITTEE. No member of a committee established to administer the Plan in compliance with the "disinterested administration" requirements of Rule 16b-3, while a member, shall be eligible to be granted an Option or SAR.

4.3 FAIR MARKET VALUE LIMITATION. To the extent that the aggregate Fair Market Value of stock with respect to which options designated as Incentive Stock Options are exercisable by an Optionee for the first time during any calendar year (under all stock option plans of the Company, including the Plan) exceeds One Hundred Thousand Dollars (\$100,000), the portion of such Options which exceeds such amount shall be treated as Nonqualified Stock Options. For purposes of this Section 4.3, options designated as Incentive Stock Options shall be taken into account in the order in which they were granted, and the Fair Market Value of stock shall be determined as of the time the Option with respect to such stock is granted. If the Code is amended to provide for a different limitation from that set forth in this Section 4.3, such different limitation shall be deemed incorporated herein effective as of the date and with respect to such Options as required or permitted by such amendment to the Code. If an Option is treated as an Incentive Stock Option in part and as a Nonqualified Stock Option in part by reason of the limitation set forth in this Section 4.3, the Optionee may designate which portion of such Option the Optionee is exercising and may request that separate certificates representing each such portion be issued upon the exercise of the Option. In the absence of such designation, the Optionee shall be deemed to

have exercised the Incentive Stock Option portion of the Option first.

4.4 NO RIGHT OF EMPLOYMENT. Nothing in the Plan or in any Option or SAR granted shall confer any right on an Employee to continue in the employ of the Company or its Subsidiaries or shall interfere in any way with the right of the Company or its Subsidiaries to terminate such Employee's employment at any time.

5. TERMS AND CONDITIONS OF GRANTS. Options and SAR's shall be evidenced by Option Agreements specifying the number of shares of Stock covered thereby, in such form as the Board shall from time to time establish. SAR's may be granted alone or in tandem with an Option grant, in the Board's sole discretion (but at all times subject to the provisions of the Code). Option Agreements may incorporate all or any of the terms of the Plan by reference and shall comply with and be subject to the following terms and conditions:

5.1 EXERCISE PRICE. The exercise price for each Option and SAR shall be established in the sole discretion of the Board; provided, however, if the Option is an Incentive Stock Option that (a) the exercise price per share for an Option shall not be less than the Fair Market Value of a share of Stock on the effective date of grant of the Option; and (b) no Option granted to a Ten Percent Owner Optionee shall have an exercise price per share less than one hundred ten percent (110%) of the Fair Market Value of a share of Stock on the effective date of grant of the Option. The exercise price for a Nonqualified Stock Option and SAR shall be the same as provided above, unless otherwise determined by the Board (but at all times subject to the provisions of the Code). Notwithstanding the foregoing, an Option (whether an Incentive Stock Option or a Nonqualified Stock Option) may be granted with an exercise price lower than the minimum exercise price set forth above if such Option is granted pursuant to an assumption or substitution for another option in a manner qualifying under the provisions of Section 424(a) of the Code.

5.2 EXERCISE PERIOD. Options and SAR's shall be exercisable at such time or times, or upon such event or events, and subject to such terms, conditions, performance criteria, and restrictions as shall be determined by the Board and set forth in the Option Agreement evidencing such Option; provided, however, that (a) no Option or SAR shall be exercisable after the expiration of ten (10) years after the effective date of grant of such Option or SAR; and (b) no Incentive Stock Option granted to a Ten Percent Owner Optionee shall be exercisable after the expiration of five (5) years after the effective date of grant of such Option.

5.3 PAYMENT OF OPTION EXERCISE PRICE.

(a) FORMS OF CONSIDERATION AUTHORIZED. Except as otherwise provided below, payment of the exercise price for the number of shares of Stock being purchased pursuant to any Option shall be made (i) in cash, by check, or cash equivalent, (ii) by tender to the Company of shares of Stock owned by the Optionee having a Fair Market Value (as determined by the Company without regard to any restrictions on transferability applicable to such stock by reason of federal or state securities laws or agreements with an underwriter for the Company) not less than the exercise price, (iii) by the assignment of the proceeds of a sale or loan with respect to some or all of the shares being acquired upon the exercise of the Option (including, without limitation, through an exercise complying with the provisions of Regulation T as promulgated from time to time by the Board of Governors of the Federal Reserve System) (a "CASHLESS EXERCISE"), (iv) by such other consideration as may be approved by the Board from time to time to the extent permitted by applicable law or (v) by any combination thereof. The Board may at any time or from time to time, by adoption of or by amendment to the standard forms of Option Agreement described in Section 6, or by other means, grant Options which do not permit all of the foregoing forms of consideration to be used in payment of the exercise price or which otherwise restrict one or more forms of consideration.

(b) TENDER OF STOCK. Notwithstanding the foregoing, an Option may not be exercised by tender to the Company of shares of Stock to the extent such tender of Stock would constitute a violation of the provisions of any law, regulation or agreement restricting the redemption of the Company's stock. Unless otherwise provided by the Board, an Option may not be exercised by tender to the Company of shares of Stock unless such shares either have been owned by the Optionee for more than six (6) months or were not acquired, directly or indirectly, from the Company.

(c) CASHLESS EXERCISE. The Company reserves, at any and all times, the right, in the Company's sole and absolute discretion, to establish, decline to approve or terminate any program or procedures for the exercise of Options by means of a Cashless Exercise.

5.4 PAYMENT OF SAR'S. Upon exercise of a SAR the Company shall pay, subject to 5.5 below, the amount, if any, by which the Fair Market Value of a share of Stock on the date of exercise exceeds the Fair Market Value on the date of grant. The exercise of a SAR shall cancel any Option associated with it if said SAR was granted in tandem with an Option. The payment for SAR's shall be made in shares of Stock, valued at the Fair Market Value on the date of exercise or, at the sole discretion of the Board, in cash, or partly in cash and partly in Stock.

5.5 TAX WITHHOLDING. The Company shall have the right, but not the obligation, to deduct from the shares of Stock issuable upon the exercise of an Option, or to deduct from amounts due the Optionee upon exercise of a SAR or to accept from the Optionee the tender of, a number of whole shares of Stock having a Fair Market Value, as determined by the Company, equal to all or any part of the federal, state, local and foreign taxes, if any, required by law to be withheld by the Company with respect to such Option or SAR exercise. Alternatively, or in addition, in its sole discretion, the Company shall have the right to require the Optionee, through payroll withholding, cash payment or otherwise, including by means of a Cashless Exercise, to make adequate provision for any such tax withholding obligations of the Company arising in connection with the Option or SAR exercise. The Company shall have no obligation to deliver shares of Stock, money or to release shares of Stock from an escrow established pursuant to the Option Agreement until the Company's tax withholding obligations have been satisfied by the Optionee.

6. STANDARD FORMS OF OPTION AGREEMENT.

6.1 INCENTIVE STOCK OPTIONS. Unless otherwise provided by the Board at the time the Option is granted, an Option designated as an "Incentive Stock Option" shall comply with and be subject to the terms and conditions set forth in the appropriate form of Incentive Stock Option Agreement as adopted by the Board and as amended from time to time.

6.2 NONQUALIFIED STOCK OPTIONS. Unless otherwise provided by the Board at the time the Option is granted, an Option designated as a "Nonqualified Stock Option" shall comply with and be subject to the terms and conditions set forth in the appropriate form of Nonqualified Stock Option Agreement as adopted by the Board and as amended from time to time.

6.3 SAR'S. Unless otherwise provided by the Board at the time a SAR is granted, a SAR awarded either alone or in tandem with an Option shall comply with and be subject to the terms and conditions set forth in the appropriate form of SAR Option Agreement as adopted by the Board and as amended from time to time.

6.4 STANDARD TERM OF OPTIONS. Except as otherwise provided by the Board in the grant of an Option or SAR, any Option or SAR granted hereunder shall have a term of ten (10) years from the effective date of grant of the Option or SAR.

6.5 STANDARD VESTING PROVISIONS. Except as otherwise provided by the Board in the grant of an Option or SAR, any Options or SAR's granted hereunder shall become vested and exercisable at the rate of twenty percent (20%) per year, commencing upon the first anniversary of the effective date of

grant of the Option or SAR and each of the four (4) subsequent anniversaries thereafter.

6.6 AUTHORITY TO VARY TERMS. The Board shall have the authority from time to time to vary the terms of any of the standard forms of Option Agreement described in this Section 6 either in connection with the grant or amendment of an individual Option or SAR or in connection with the authorization of a new standard form or forms; provided, however, that the terms and conditions of any such new, revised or amended standard form or forms of Option Agreement shall be in accordance with the terms of the Plan. The Board, may in its discretion, provide for the extension of the exercise period of an Option or SAR, accelerate the vesting of an Option or SAR, eliminate or make less restrictive any restrictions contained in an Option Agreement or waive any restriction or provision of this Plan or an Option Agreement in any manner that is either (i) not adverse to the Optionee or (ii) consented to by the Optionee.

7. NONTRANSFERABILITY OF OPTIONS. During the lifetime of the Optionee, an Option or SAR shall be exercisable only by the Optionee or the Optionee's guardian or legal representative. No Option or SAR shall be assignable or transferable by the Optionee, except by will or by the laws of descent and distribution. Following an Optionee's death, the Option shall be exercisable to the extent provided in Section 8 below.

8. EFFECT OF TERMINATION OF SERVICE.

8.1 OPTION AND SAR EXERCISABILITY.

(a) DISABILITY. If the Optionee's service with the Company is terminated because of the disability of the Optionee, the Option, to the extent unexercised and exercisable on the date on which the Optionee's service terminated, may be exercised by the Optionee (or the Optionee's guardian or legal representative) at any time prior to the expiration of three (3) months after the date on which the Optionee's service terminated, but in any event no later than the Option expiration date.

(b) DEATH. If the Optionee's service with the Company is terminated because of the death of the Optionee, the Option, to the extent unexercised and exercisable on the date on which the Optionee's service terminated, may be exercised by the the Optionee's legal representative or other person who acquired the right to exercise the Option by reason of the Optionee's death at any time prior to the expiration of six (6) months after the date on which the Optionee's service terminated, but in any event no later than the Option Expiration Date. The Optionee's service shall be deemed to

have terminated on account of death if the Optionee dies within three (3) months after the Optionee's termination of service.

(c) TERMINATION OF SERVICE. If the Optionee's service with the Company terminates for any reason, except disability or death, the Option, to the extent unexercised and exercisable by the Optionee on the date on which the Optionee's service terminated, may be exercised by the Optionee within six (6) months after the date on which the Optionee's service terminated, but in any event no later than the Option Expiration Date. Notwithstanding the foregoing, the Company, may in its sole discretion, cancel the Options if the Optionee has been Terminated for Cause (as defined in Section 8.2).

(e) SAME CONDITIONS APPLICABLE TO SAR'S. The same terms and conditions applicable to Options shall apply to the exercisability of SAR's upon the occurrence of (a) - (d) above.

8.2 TERMINATION FOR CAUSE. "TERMINATION FOR CAUSE" shall mean termination by the Company of the Optionee's service with Company for any of the following reasons: (i) theft, dishonesty, or falsification of any employment or Company records; (ii) improper use or disclosure of Company's confidential or proprietary information; (iii) the Optionee's failure or inability to perform any reasonable assigned duties after written notice from Company of, and a reasonable opportunity to cure, such failure or inability; (iv) any material breach by the Optionee of any employment agreement between the Optionee and Company, which breach is not cured pursuant to the terms of such agreement; or (v) the Optionee's conviction of any criminal act which impairs Optionee's ability to perform his or her duties with Company. Termination for Cause pursuant to the foregoing shall be determined in the sole but reasonably exercised discretion of the Company.

9. EFFECT OF TRANSFER OF CONTROL. Except as otherwise provided by the Board in the grant of an Option or SAR, in the event of a Transfer of Control, any Options and SAR's outstanding as of the date such Transfer of Control is determined to have occurred, and which are not then exercisable and vested, shall become fully exercisable and vested to the full extent of the original grant; provided, however, in the case of any holder of SAR's who is subject to Section 16(b) of the Exchange Act, and whose SAR's are not already outstanding for at least six months at the date of the Transfer of Control, such SAR's shall not become fully exercisable and vested until they have been outstanding for six months.

10. INDEMNIFICATION. In addition to such other rights of indemnification as they may have as members of the Board or officers or employees of the Company, members of the Board and any officers or employees of the Company to whom

authority to act for the Board is delegated shall be indemnified by the Company against all reasonable expenses, including attorneys' fees, incurred in connection with the defense of any action, suit or proceeding, or in connection with any appeal therein, to which they or any of them may be a party by reason of any action taken or failure to act under or in connection with the Plan, Option, or any right granted hereunder, and against all amounts in settlement thereof (provided such settlement is approved by independent legal counsel selected by the Company) or paid in satisfaction of a judgment in any such action, suit or proceeding, except in relation to matters as to which it shall be adjudged in such action, suit or proceeding that such person is liable for gross negligence, bad faith or intentional misconduct in duties; provided, however, that within sixty (60) days after the institution of such action, suit or proceeding, such person shall offer to the Company, in writing, the opportunity at its own expense to handle and defend the same. Without limiting the generality of the foregoing, Company will pay the expenses (including reasonable counsel fees) of defending any such claim, action, suit or proceeding in advance of its final disposition, upon receipt of such person's written agreement to repay all amounts advanced if it should ultimately be determined that such person is not entitled to be indemnified under this Section.

11. TERMINATION OR AMENDMENT OF PLAN. The Board, without further approval of the shareholders, may terminate or amend this Plan at any time in any respect as the Board deems advisable, subject to any required stockholder or regulatory approval and to any conditions established by the terms of such amendment, provided that in no event shall the Plan be amended more than once every six (6) months other than to comply with changes in any applicable law or governmental regulation in the Code, the Employee Retirement Income Security Act, or the rules promulgated by the Securities and Exchange Commission. In any event, no termination or amendment of the Plan may adversely affect any then outstanding Option or SAR or any unexercised portion thereof, without the consent of the Optionee, unless such termination or amendment is required to enable an Option designated as an Incentive Stock Option to qualify as an Incentive Stock Option or is necessary to comply with any applicable law or government regulation.

12. DISSOLUTION OF COMPANY. Upon the dissolution of the Company, the Plan shall terminate and any and all Options previously granted shall lapse on the date of such dissolution.

13. RIGHTS AS SHAREHOLDERS. No Optionee, nor any beneficiary or other person claiming through an Optionee, shall have any interest in any shares of Stock allocated for the purposes of the Plan or subject to any Option or SAR until such shares of Stock shall have been issued to the Optionee or such beneficiary or other person. Furthermore, the existence of

the Options or the SAR's shall not affect the right or power of the Company or its shareholders to make adjustments, recapitalization, reorganizations, or other changes in the Company's capital structure or its business; issue bonds, debentures, preferred or prior preference stocks affecting the Stock of the Company or the rights thereof; dissolve the Corporation or sell or transfer any part of its assets or business; or do any other corporate act, whether of a similar character or otherwise.

14. GOVERNING LAW. The validity, interpretation, and administration of the Plan and of any rules, regulations, determinations, or decisions made thereunder, and the rights of any and all persons having or claiming to have any interest therein or thereunder, shall be determined exclusively in accordance with the laws of the State of Florida, without giving effect to choice of law provisions. Without limiting the generality of the foregoing, the period within which any action in connection with the Plan must be commenced shall be governed by the laws of the State of Florida, without regard to the place where the act or omission complained of took place or the residence of any party to such action.

15. ARBITRATION. Any action brought in connection with the Plan or an Option Agreement shall be settled exclusively by binding arbitration conducted in the City of Tampa, Florida in accordance with the commercial rules of the American Arbitration Association then in effect (the "Rules"), by a single, independent arbitrator selected by the Company and the other party to the action. If the parties cannot agree on an arbitrator, within thirty (30) days of the commencement of an arbitration proceeding hereunder, either party may request that the American Arbitration Association select an arbitrator, with experience in law relating to option plans, in accordance with the Rules. The decision of the arbitrator shall be final and binding. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The cost of any arbitration proceeding conducted hereunder shall be borne equally between the parties unless otherwise determined by the arbitrator.

16. SHAREHOLDER APPROVAL. The Plan or any increase in the maximum number of shares of Stock issuable thereunder as provided in Section 3.1 (the "MAXIMUM SHARES") shall be approved by the shareholders of the Company within twelve (12) months of the date of adoption thereof by the Board. Options granted prior to shareholder approval of the Plan or in excess of the Maximum Shares previously approved by the shareholders shall become exercisable no earlier than the date of shareholder approval of the Plan or such increase in the Maximum Shares, as the case may be.

IN WITNESS WHEREOF, the undersigned Secretary of the Company certifies that the foregoing Home Shopping Network, Inc. 1996 Stock Option Plan for Employees was duly adopted by the Board on February 12, 1996.

Secretary

HOME SHOPPING NETWORK, INC.
1996 STOCK OPTION PLAN FOR OUTSIDE DIRECTORS

I. Purpose

It is the belief of the management of Home Shopping Network, Inc. (the "Company") that the Board of Directors will effect decisions and render guidance to the Company which materially enhance the economic growth of the Company and provide material benefit to the Company. Accordingly, management believes that Directors should be afforded the opportunity to participate in the Company's growth by acquiring the Company's Common Stock on a regular basis. By providing this opportunity through the adoption of this Stock Option Plan for Outside Directors (the "Plan"), it is the intention of the Company to give appropriate recognition to these individuals who will have continuing responsibility for the Company's growth and profitability.

II. Eligibility

The only persons eligible to receive options (the "Options") for the Company's common stock, \$.01 par value ("Stock") under the Plan shall be the Company's existing and future Directors who are not also employees of the Company.

III. Shares Subject to the Plan

The maximum number of shares of Stock which may be issued upon exercise of Options granted under the Plan and under the Company's 1996 Stock Option Plan for Employees shall not exceed 18,700,000 shares. If any Option expires or terminates prior to being fully exercised, any shares of Stock allocable to the unexercised portion of such Option may again be issued subject to the terms of the Plan.

Appropriate adjustments shall be made in the number of shares of Stock available under the Plan and in the Option price per share to give effect to adjustments necessary as a result of a merger, consolidation, recapitalization, reclassification, combination, stock dividend, stock split or other relevant change in the capital structure of the Company. Such adjustments shall be determined by the Board of Directors in their good faith determination; to the maximum extent possible, such adjustments shall be consistent with adjustments made to options granted under the Company's 1996 Stock Option Plan for Employees.

IV. Terms and Conditions

(a) Grant of Options. Subject to the provisions of the Plan, Directors of the Company shall be granted

Nonqualified Stock Options for the purchase of shares of Stock as set forth in the Plan.

(b) Option Agreement. Each Option shall be evidenced by a written agreement between the Company and the Director specifying the number of shares of Stock that may be exercised by its purchase, and containing such other terms and provisions as may be approved by the Board of Directors.

(c) Date of Grant. The date on which an Option is granted shall be: (1) the first day upon which a Director who is not also an employee is first elected to the Board of Directors, or (2) the date on which an Option is issued in substitution for an option previously granted under the Plan or an Option previously granted that is subsequently amended, or (3) the anniversary of the date on which a Director was elected to the Board of Directors.

(d) Option Price. Each Option Agreement shall state the purchase price of each share of Stock which may be acquired upon exercising the Option, which price shall be the fair market value of each share as of the Date of Grant. Fair Market Value shall be deemed to be the closing price of the shares on the New York Stock Exchange, Inc. (or any other national securities exchange on which the shares are traded) on the trading day preceding the Date of Grant.

(e) Number of Shares Granted.

(1) Each Director shall receive a Nonqualified Stock Option to purchase 5,000 shares of Stock automatically on the date specified in paragraph (c) of this Article IV, exercisable in accordance with the provisions of paragraph (f) (1) of this Article IV.

(2) Each Director shall receive a Nonqualified Stock Option to purchase an additional 5,000 shares of Stock automatically on the date that such Director commences his second year of service as a director, and an additional 5,000 shares on the date that he commences each year of service as a director thereafter.

(f) Option Period and Restrictions of Exercise

(1) The Options granted pursuant to paragraph (e) shall be exercisable in the following manner for the periods specified: Options for 1,668 shares of the Stock shall first become exercisable on the date the Options are granted and must be fully exercised within five years from that date. Options for an additional 1,666 shares of the Stock shall become exercisable on the first and second anniversary of the date the Options were granted; such Options must be exercised within five years from the date they first become exercisable.

Any Options which are not exercised within the five year periods specified above shall expire.

(g) Manner of Exercise. Subject to the conditions and restrictions contained in paragraph IV (h) below, the Option shall be exercised by delivering written notice of exercise to the Secretary or Treasurer of the Company. Such notice is irrevocable and must be accompanied by payment in cash and a signed Option exercise form.

(h) Payment of Option Exercise Price.

(1) Forms of Consideration Authorized. Except as otherwise provided below, payment of the exercise price for the number of shares of Stock being purchased pursuant to any Option shall be made (i) in cash, by check, or cash equivalent, (ii) by tender to the Company of shares of Stock owned by the Optionee having a Fair Market Value (as determined by the Company without regard to any restrictions on transferability applicable to such stock by reason of federal or state securities laws or agreements with an underwriter for the Company) not less than the exercise price, (iii) by the assignment of the proceeds of a sale or loan with respect to some or all of the shares being acquired upon the exercise of the Option (including, without limitation, through an exercise complying with the provisions of Regulation T as promulgated from time to time by the Board of Governors of the Federal Reserve System) (a "Cashless Exercise"), or (iv) by any combination thereof.

(2) Tender of Stock. Notwithstanding the foregoing, an Option may not be exercised by tender to the Company of shares of Stock to the extent such tender of Stock would constitute a violation of the provisions of any law, regulation or agreement restricting the redemption of the Company's stock. An Option may not be exercised by tender to the Company of shares of Stock unless such shares either have been owned by the Optionee for more than six (6) months.

(3) Cashless Exercise. The Company reserves, at any and all times, the right, in the Company's sole and absolute discretion, to establish, decline to approve or terminate any program or procedures for the exercise of Options by means of a Cashless Exercise.

(i) Tax Withholding. The Company shall have the right, but not the obligation, to deduct from the shares of Stock issuable upon the exercise of an Option, or to accept from the Optionee the tender of, a number of whole shares of Stock having a Fair Market Value, as determined by the Company, equal to all or any part of the federal, state, local and foreign taxes, if any, required by law to be withheld by the Company with respect to such Option exercise. Alternatively,

or in addition, in its sole discretion, the Company shall have the right to require the Optionee, through cash payment or otherwise, including by means of a Cashless Exercise, to make adequate provision for any such tax withholding obligations of the Company arising in connection with the Option exercise. The Company shall have no obligation to deliver shares of Stock, money or to release shares of Stock from an escrow established pursuant to the Option Agreement until the Company's tax withholding obligations have been satisfied by the Optionee.

(j) Transferability and Termination of Option. Each Option granted hereunder may be exercised only by the individual to whom it is issued and only during the period in which he or she is serving as an outside Director of the Company or within the thirty (30) day period following his or her resignation or other termination of such service for any reason other than death. If such holder dies before fully exercising any portion of an option then exercisable, such Option may be exercised by such holder's legal representative(s), heir(s) or devisee(s) at any time within the six (6) month period following his or her death.

(k) Director Becoming Employee. In the event that an outside Director becomes a full-time employee of the Company, the outside Director shall not forfeit the Options granted pursuant to this Plan. However, the outside Director shall have to satisfy all other terms and provisions of this Plan with respect to the Options granted hereunder.

(l) Modification or Substitution of Options. Subject to the terms and conditions and within the limitations of the Plan, the members of the Board of Directors who are not eligible to participate in the Plan may modify outstanding Options granted under the Plan or accept the surrender and cancellation of outstanding Options and authorize the granting of new Options in substitution therefor. The foregoing notwithstanding, no modification, cancellation or substitution of an Option pursuant to this section shall alter or impair any rights or obligations under any Option theretofore granted under the Plan and no modification, cancellation or substitution may serve to increase the aggregate number of securities which may be issued under the Plan.

V. Effective Date and Term of Plan; Shareholder Approval

Subject to the approval of the Plan by an affirmative vote of the holders of a majority of the Company's outstanding stock entitled to vote thereon at the Annual Meeting of Shareholders to be conducted on May 9, 1996, the effective date of the Plan shall be May 10, 1996, and it shall remain in existence for a period of ten years thereafter. In the event of shareholder rejection of the Plan, any Option granted hereunder shall be void and of no legal effect. No

Option may be granted subsequent to the expiration date of the Plan, but Options then outstanding shall be exercisable in accordance with the terms hereof.

Any increase in the maximum number of shares of Stock issuable hereunder as provided in Article III (the "Maximum Shares") shall be approved by the shareholders of the Company within twelve (12) months of the date of adoption thereof by the Board. Options granted prior to shareholder approval of the Plan, or in excess of the Maximum Shares previously approved by the shareholders, shall become exercisable no earlier than the date of shareholder approval of the Plan or such increase in the Maximum Shares, as the case may be.

On the Effective Date of the Plan, it shall supersede the 1986 Stock Option Plan for Outside Directors, which shall terminate on that date.

VI. Amendment

The Board of Directors may at any time suspend or discontinue the Plan, but no amendment shall be authorized without shareholder approval which (i) materially increases the benefits accruing to participants under the Plan; (ii) materially increases the number of securities which may be issued under the Plan, except as otherwise provided in Article III; or (iii) materially modifies the requirements as to eligibility for participation in the Plan.

VII. Rights as Shareholders

No Optionee, nor any beneficiary or other person claiming through an Optionee, shall have any interest in any shares of Stock allocated for the purposes of the Plan or subject to any Option until such shares of Stock shall have been issued to the Optionee or such beneficiary or other person. Furthermore, the existence of the Options shall not affect the right or power of the Company or its shareholders to make adjustments, recapitalization, reorganizations, or other changes in the Company's capital structure or its business; issue bonds, debentures, preferred or prior preference stocks affecting the Stock of the Company or the rights thereof; dissolve the Corporation or sell or transfer any part of its assets or business; or do any other corporate act, whether of a similar character or otherwise.

VIII. Choice of Law

The validity, interpretation, and administration of the Plan and of any rules, regulations, determinations, or decisions made thereunder, and the rights of any and all persons having or claiming to have any interest therein or thereunder, shall be determined exclusively in accordance with the laws of the State of Florida, without giving effect to

choice of law principles thereof. Without limiting the generality of the foregoing, the period within which any action in connection with the Plan must be commenced shall be governed by the Laws of the State of Florida without regard to the place where the act or omission complained of took place or the residence of any party to such action. Any action in connection with the Plan must be brought in the State of Florida, in the County of Pinellas or Hillsborough.

IN WITNESS WHEREOF, the undersigned Secretary of the Company certifies that the foregoing Home Shopping Network, Inc. 1996 Stock Option Plan for Outside Directors was duly adopted by the Board on February 12, 1996.

Secretary

HOME SHOPPING NETWORK, INC.

1986 Stock Option Plan For Employees

This is the 1986 Stock Option/Stock Appreciation Rights Plan for Employees (the "Plan") of Home Shopping Network, Inc. (the "Corporation"), a Delaware corporation with its principal offices in Clearwater, Florida. The Plan has provisions under which options may be granted to full-time employees of the Corporation and its subsidiaries from time to time purchase shares of the Corporation's common stock, or that in lieu of exercising an Option, the employee may elect to exercise a Stock Appreciation Right (SAR), subject to the limitations, provisions, and requirements hereinafter set forth.

I. Plan Objectives

The Plan is intended to provide a method whereby full-time employees of the Corporation and its subsidiaries who are largely responsible for the management, growth, and protection of the business, and who are making and can continue to make substantial contributions to the success of the Corporation, may be encouraged to acquire stock ownership in the Corporation. This ownership increases plan members' proprietary interest in the business, provides them with greater incentive for their continued employments, and promotes the interests of the Corporation and all its shareholders. Stock Appreciation Rights serve to further align the interests of management with the interests of shareholders by offering a stock-related compensation vehicle.

Stock options granted under the Plan may be designated by the Stock Option Committee of the Corporation's Board of Directors (the "Committee") at its election as either Incentive Stock Options or Nonqualified Stock Options. Such designation as to whether an option is either an Incentive Stock Option or Nonqualified Stock Option shall be made on the date of grant, each evidenced by a separate written instrument.

II. Plan Definitions

The following definition will be established with the Plan text, and unless the text indicates otherwise, shall have the meanings set forth below.

"Board" means the Board of Directors of the Corporation.

"Code" means the Internal Revenue Code of 1954, as amended.

"Committee" means the Stock Option Committee of the Board, which is the designated administrator of the Plan.

"Common Stock" means the Corporation's common stock, at \$.01 par value per share, or such other class of shares or securities as to which the provisions of the Plan may be applicable.

"Fair Market Value" when used in connection with Common Stock on a certain date, means the reported closing price of the Common Stock based on the composite of transactions as reported on the American Stock Exchange (as published by the Wall Street Journal, if published) on the day prior to such date, or if the

Common Stock was not traded on such date, on the next preceding day on which the Common Stock was traded thereon.

"Grant Date" as used in reference to a particular Option, means the date which such Option is granted by the Committee pursuant to the Plan.

"Grantee" means the individual to whom an Option is granted by the Committee pursuant to the Plan.

"Incentive Stock Option" means an Option that qualifies as an Incentive Stock Option as described in Section 422A of the Code.

"Nonqualified Stock Option" means any Option granted under the Plan other than an Incentive Stock Option.

"Option" means an option granted by the Committee pursuant to the Plan to purchase shares of Common Stock, which may be designated as either an Incentive Stock Option or a Nonqualified Stock Option.

"Option Period" means the period beginning on the Grant Date and ending on the day prior to the tenth anniversary of the Grant Date or such shorter ending date as set by the Committee on the Grant Date.

"Stock Appreciation Right (SAR)" means the right, granted by the Committee pursuant to Section VII of the plan, to receive payment equal to the subsequent increases in the Fair Market Value of a share of Common Stock.

III. Administration of the Plan - the Committee

(a) Appointment of the Committee

The Plan shall be administered by the Stock Option Committee of the Board of Directors. The Committee shall never have less than three members, all of whom shall be "disinterested persons" within the meaning of rule 16b-3 of the Securities Exchange Act of 1934, as amended from time to time. No member of the Committee shall be eligible to receive Options or SARs pursuant to the Plan during the period which they serve on the Committee.

(b) Committee Powers

The Committee shall administer the Plan. Further, it shall have full power to construe and interpret the Plan, establish rules for the Plan's administration, determine the persons eligible to receive Options and SARs, and grant Options and SARs to eligible persons.

(c) Committee Action

A majority of the members of the Committee shall constitute a quorum for the transaction of business. All actions by the Committee at a meeting shall be the vote of a majority of those present at such meeting, but any action may be taken by the Committee without a meeting upon written consent signed by all members of the Committee. Members of the Committee may participate in a meeting by means of a conference telephone or similar communications equipment with which all persons participating in the meeting can hear each other.

(d) Committee Determinations Conclusive

All determinations of the Committee as to which persons shall receive Options and SARs, which

Options are to be designated as Incentive Stock Options, and the number of shares pursuant to each Option and SAR granted, shall be final, binding, and conclusive for all persons interested in the Plan.

The determination of the Committee as to the construction or interpretation of any terms and provisions of the Plan, including whether and when there has been a termination of an employee's employment, shall be final, binding, and conclusive upon all persons.

IV. Shares Subject to the Plan

The aggregate number of shares of Common Stock with respect to which Options and SARs may be granted shall not exceed 400,000 shares of Common Stock (the "Reserved Shares"), subject to the adjustment in accordance with Section IX of the Plan. In the event that any Option or SAR expires, lapses, or otherwise terminates prior to being fully exercised, any shares of Common Stock allocable to the unexercised portion of such Option or SAR may again be made subject to an Option or SAR.

V. Eligibility

(a) Eligible Employees

Options and SARs shall be granted only to persons who are key management employees of the Corporation or its subsidiaries as determined by the Committee. Directors or employees who are not full-time employees of the Corporation or its subsidiaries are not eligible to participate in the Plan.

(b) No Right of Employment

Nothing in the Plan or in any Option or SAR granted shall confer any right on an employee to continue in the employe of the Corporation or its subsidiaries or shall interfere in any way with the right of the corporation or its subsidiaries to terminate such employee's employment at any time.

VI. Options

(a) Grant of Options

The Committee may from time to time, subject to the provisions of the Plan, grant to employees of the Corporation or its subsidiaries either Incentive Stock Options or Nonqualified Stock Options, or both, for the purchase of shares of Common stock allotted in accordance with Section IV. At the time of grant, the Committee may designate any Option as either an Incentive Stock Option or a Nonqualified Stock Option, but must make such designation by the Grant Date. Any Option not designated as an Incentive Stock Option will be a Nonqualified Stock Option and must satisfy the requirements of Section VI(b) and (c), but shall not be subject to the requirements of section VI(d).

(b) Option Requirements

- (i) An Option shall be evidenced by a written instrument specifying the number of shares of Common stock that may be purchased by its exercise and containing such terms and conditions consistent with the Plan as the Committee shall determine. There shall be a separate written instrument for each Incentive Stock Option and each Nonqualified Stock Option.
- (ii) An Option shall not be granted on or after the tenth anniversary of the date upon which the Plan was adopted by the Committee.
- (iii) An Option shall not be exercisable after the expiration of the Option Period.
- (iv) The Option price per share of Common Stock shall be equal to the Fair Market Value of a share of Common Stock on the Grant Date.
- (v) An Option shall not be transferable other than by will or the laws of descent and distribution. During the Grantee's lifetime, an Option shall be exercisable only by the Grantee, except as otherwise provided herein. The Committee may permit the transfer, upon Grantee's death, to beneficiaries designated by the

Grantee and may permit the exercise, during Grantee's lifetime, by Grantees's guardian or legal representative, provided that the Committee determines that such transfer and such exercise are consonant with requirements for exemption from Section 16(b) of the Securities Exchange Act of 1934, as amended, and, with respect to an Incentive Stock Option, the requirements of Section 422A(b)(5) of the Code.

- (vi) In the event of voluntary termination of employment at the election of the employee or termination for cause at the election of the Corporation or its subsidiaries, all Options shall lapse forthwith.
- (vii) A person electing to exercise an Option shall give written notice, in such form as the Committee may require, of such election to the Corporation and shall tender to the Corporation the full purchase price for the shares of Common Stock for which the election is made. Payment of the purchase price shall be made in cash or in such other form as the Corporation may approve, including shares of Common Stock of the Corporation valued at the Fair Market Value on the date of exercise of the Option.

(c) Nonqualified Stock Option Requirements

In the event of retirement or the termination of employment due to total and permanent disability, a Nonqualified Stock Option shall lapse at the earlier of the end of the Option Period or at the end of a period of time after the date of such retirement or termination equal to one month for each full or partial year of employment with the Corporation or its subsidiaries of its subsidiaries from the most recent date of employment.

(d) Incentive Stock Option Requirements

- (i) An Option designated by the Committee as an Incentive Stock Option is intended to qualify as an "Incentive Stock Option" within the meaning of Subsection (b) of Section 422A of the Code and shall satisfy, in addition to the conditions of Section VI(b) of the Plan, the conditions set forth in this Section VI(d).

- (ii) An Incentive Stock Option shall not be granted to an individual who, on the Grant Date, owns stock possessing more than ten percent of the total combined voting power of all classes of stock of the Corporation. For purposes of this subparagraph VI(d)(ii), in determining stock ownership, an individual shall be considered as owning the stock owned, directly or indirectly, by or for his or her brothers and sisters, spouse, ancestors, and lineal descendants. Stock owned, directly or indirectly, by or for a corporation, partnership, estate, or trust shall be considered as being owned proportionately by or for its shareholders, partners, or beneficiaries. Stock with respect to which an individual holds an Option shall not be counted. "Outstanding stock" shall include all stock actually issued and outstanding immediately after the grant of the Option. "Outstanding stock" shall not include shares authorized for issue under outstanding options held by the Grantee or by any other person.

- (iii) An Incentive Stock Option shall not be exercisable while there is outstanding (within the meaning of Section 422A(c)(7) of the Code) any other "Incentive Stock Option," within the meaning of Subsection (b) of Section 422A of the Code, which was granted before the granting of the Incentive Stock Option to the grantee to purchase stock in the Corporation.

- (iv) The aggregate Fair Market Value, determined on the Grant Date, of the shares of Common Stock with respect to which any Grantee may be granted one or more Incentive Stock Options under the Plan (within the meaning of Subsection (b) of the Section 422A of the Code) in any calendar year shall not exceed \$100,000 plus any "unused limit carryover" to such year, determined in accordance with Section 422A(c)(4) of the Code. For purposes of this paragraph IV(d)(iv), an "unused limited carryover" shall be equal to one-half of the excess of (i) \$100,000 over (ii) the aggregate fair market value (determined on the date an Option is granted) of the stock for which the Grantee is granted Incentive Stock Options in such year under the Plan. The unused limit carry-

over arising in any calendar year may be carried over to any of the three consecutive calendar years next following such year but only to the extent not used in any earlier calendar year. The value of the Common stock for which Incentive Stock Options are granted under the Plan in any calendar year shall be applied first against the basis \$100,000 limit for each year and then against any unused limit carryovers which may be carried over to such year in the order of the calendar years in which such carryovers arose.

- (v) In the event of retirement, the Incentive Stock Option shall lapse at the earlier of the end of the Option period or three months after the date of retirement. In the event of termination of employment due to total and permanent disability, the Incentive Stock Option shall lapse at the earlier of the end of the Option Period or one year after the date of such termination.

VII. Stock Appreciation Rights (SARs)

- (a) Grant of Stock Appreciation Rights

In relation to any Option granted, the Committee may grant an SAR with respect to each share of Common Stock that may be purchased by the exercise of the Option. The grant of each SAR shall be subject to the same terms and provisions as to the underlying Option.

- (b) Exercise of Stock Appreciation Rights

In lieu of exercising an Option, a Grantee may elect to exercise an SAR for each Option granted, if such grant had SARs attached in relationship with that grant. Upon exercising the SAR, the Corporation shall pay the amount, if any, by which the Fair Market Value of a share of Common Stock on the date of exercise exceeds the Fair Market Value of a share of Common Stock on the Grant Date. The exercise of an SAR shall cancel the Option associated with that grant.

(c) Payment of Stock Appreciation Rights

The payment for SARs shall be made in shares of Common Stock, valued at Fair Market Value on the date of exercise or, at the sole discretion of the Committee, in cash, or partly in cash and partly in shares of Common Stock.

(d) Requirements of Stock Appreciation Rights

Stock Appreciation Rights (SARs) granted in relation to an Option shall be exercisable only to the extent that the Option is exercisable. Stock Appreciation Rights (SARs) shall be evidenced by a written instrument containing such terms and consistent with the underlying Option and the Plan as the Committee shall determine. A Grantee electing to exercise SARs shall give written notice, in such form as the Committee may require, of such election to the Corporation.

(e) Lapse of an Option

The lapse of an Option to purchase any number of shares of Common Stock shall cause a corresponding reduction in the same number of related SARs.

(f) Nontransferability of Stock Appreciation Rights

Stock Appreciation Rights (SARs) shall not be transferable other than by will or the laws of descent and distribution and, during the Grantee's lifetime, the SARs shall be exercisable only by the Grantee; except, that the Committee may permit:

- (i) exercise, during Grantee's lifetime, by a guardian or legal representative; or
- (ii) transfer, upon Grantee's death, to beneficiaries designated by the Grantee in a manner authorized by the Committee, provided that the Committee determines that such exercise or such transfer is consonant with requirements for exemption from Section 16(b) of the Securities Exchange Act of 1934, as amended.

VIII. Modification, Extension, or Renewal of Option

Subject to the terms and conditions and within the limitations of the Plan, the Committee may modify, extend, or

renew outstanding Options or SARs granted under the Plan or accept the surrender of outstanding Options or SARs (to the extent not theretofore exercised) and authorize the granting of new Options or SARs in substitution therefore. Without limiting the generality of the foregoing, the Committee may grant to Grantee, if he or she is otherwise eligible and consents thereto, a new or modified Option or SAR in lieu of an outstanding Option or SAR for a number of shares, at an exercise price and for a term which are greater or lesser than under the earlier Option or SAR, or may do so by cancellation and regrant, amendment, substitution, or otherwise, subject only to the general limitations and conditions of the Plan. The foregoing notwithstanding, no modification of an Option or SAR shall, without the consent of the Grantee, alter or impair any rights or obligations under any Option or SAR theretofore granted under the Plan.

IX. Changes in Capitalization

(a) Adjustment Provisions

In the event that:

- (i) a recapitalization, reclassification, split-up, or consolidation of Common Stock is effected;
- (ii) the outstanding shares of Common Stock are exchanged, in connection with a merger or consolidation of the Corporation or a sale by the Corporation of all or a part of its assets, for a different number or class of shares of stock or other securities of the Corporation or for shares of the stock or other securities of any other corporation;
- (iii) new, different, or additional shares or other securities of the Corporation or of another corporation are received by the holders of Common Stock; or
- (iv) any distribution is made to the holders of Common Stock other than a cash dividend;

then the Committee shall make the appropriate adjustments to:

- (i) the number and class of shares or other securities that may be issued pursuant to the exercise of Options;
- (ii) the purchase price to be paid per share under outstanding Options; and
- (iii) the number of shares covered by each outstanding Option.

(b) Dissolution

Upon the dissolution of the Corporation, the Plan shall terminate and all Options previously granted shall lapse on the date of such dissolution.

X. Legal Restrictions

The Corporation will not be obligated to issue shares of Common Stock if counsel to the Corporation determines that such issuance would violate any law or regulation of any governmental authority or any agreement between the Corporation and any national securities exchange upon which the Common Stock is listed. In connection with any stock issuance or transfer, the person acquiring the shares shall, if requested by the Corporation, give assurances satisfactory to counsel to the Corporation regarding such matters as the Corporation may deem desirable to assure compliance with all legal requirements. The Corporation shall in no event be obliged to take any action in order to cause the exercise of any Option or SAR.

XI. Rights as Shareholders

No Grantee, nor any beneficiary or other person claiming through a Grantee, shall have any interest in any shares of Common Stock allocated for the purpose of the Plan or subject to any Option or SAR until such shares of Common Stock shall have been issued to the Grantee or such person. Furthermore, the existence of the Options or the SARs shall not affect the right or power of the Corporation or its shareholders to make adjustments, recapitalizations, reorganizations, or other changes in the Corporation's capital structure or its business; issue bonds, debentures, preferred or prior preference stocks affecting the Common Stock of the Corporation or the rights thereof; dissolve the Corporation or sell or trans-

fer any part of its assets or business; or do any other corporate act, whether of a similar character or otherwise.

XIII. Choice of Law

The validity, interpretation and administration of the Plan and of any rules, regulations, determinations, or decisions made thereunder, and the rights of any and all persons having or claiming to have any interest therein or thereunder, shall be determined exclusively in accordance with the laws of the State of Florida. Without limiting the generality of the foregoing, the period within which any action in connection with the Plan must be commenced shall be governed by the Laws of the State of Florida without regard to the place where the act or omission complained of took place, the residence of any party to such action, or the place where the action may be brought.

XIII. Amendment, Suspension, or Termination of the Plan

The Committee may at any time terminate, suspend, or amend the Plan; however, no amendment shall, without the approval of shareholders of the Corporation:

- (i) increase the aggregate number of shares which may be issued in connection with Options or SARs;
- (ii) change the Option exercise price;
- (iii) increase the maximum period during which Options or SARs may be exercised;
- (iv) extend the effective date of the Plan; or
- (v) materially modify the requirements as to eligibility for participation in the Plan.

XIV. Duration of the Plan

No Option shall be granted under the Plan after July 31, 1996. Options granted before that date shall remain valid thereafter in accordance with their terms.

XV. Effective Date of the Plan

The Plan was adopted by the Board on August 1, 1986. It will become effective if and when approved by shareholders holding a majority of the Corporation's outstanding shares represented in person or by proxy and entitled to vote on the Plan at the Annual Meeting of Shareholders in 1986.

HOME SHOPPING NETWORK, INC.

FIRST AMENDMENT TO THE

1986 STOCK OPTION PLAN FOR EMPLOYEES

This is the First Amendment to the 1986 Stock Option Plan for Employees (the "Plan") of Home Shopping Network, Inc. (the "Corporation"), a Delaware corporation with its principal offices in Clearwater, Florida.

Paragraph IV of the Plan is hereby amended to read as follows:

IV Shares Subject to the Plan

The aggregate number of shares of Common Stock with respect to which Options and SARs may be granted shall not exceed 2,200,000 shares of Common Stock (the "Reserved Shares"), subject to the adjustment in accordance with Section IX of the Plan. In the event that any Option or SAR expires, lapses or otherwise terminates prior to being fully exercised, any shares of Common Stock allocable to the unexercised portion of such Option or SAR may again be made subject to an Option or SAR.

Dated this 21st day of November, 1986.

HOME SHOPPING NETWORK, INC.

SECOND AMENDMENT TO THE

1986 STOCK OPTION PLAN FOR EMPLOYEES

This is the Second Amendment to the 1986 Stock Option Plan for Employees (the "Plan") of Home Shopping Network, Inc. (the "Corporation"), a Delaware corporation with its principal offices in Clearwater, Florida.

Paragraph IV of the Plan is hereby amended to read as follows:

IV Shares Subject to the Plan

The aggregate number of shares of Common Stock with respect to which Options and SARs may be granted shall not exceed 10,000,000 shares of Common Stock (the "Reserved Shares"), subject to the adjustment in accordance with Section IX of the Plan. In the event that any Option or SAR expires, lapses or otherwise terminates prior to being fully exercised, any shares of Common Stock allocable to the unexercised portion of such Option or SAR may again be made subject to an Option or SAR.

Dated this 14th day of July, 1987.

HOME SHOPPING NETWORK, INC.

THIRD AMENDMENT TO THE
1986 STOCK OPTION PLAN FOR EMPLOYEES

This is the Third Amendment to the 1986 Stock Option Plan for Employees (the "Plan") of Home Shopping Network, Inc. (the "Corporation"), a Delaware corporation with its principal offices in St. Petersburg, Florida.

Section (vi) of Paragraph (b) of Article VI of the Plan is hereby amended to read as follows:

(vi) The Committee may, in its sole discretion, cancel options granted to an employee whose employment has been terminated for cause. Upon the termination of employment other than for cause, options granted under the Plan shall be cancelled only to the extent that such options were not exercisable as of the date of such termination.

The effective date of this amendment shall be August 1, 1986, the effective date of the Plan.

Adopted this 26th day of September 1988 by the Compensation/Benefits Committee of the Board of Directors of Home Shopping Network, Inc.

HOME SHOPPING NETWORK, INC.

FOURTH AMENDMENT TO THE
1986 STOCK OPTION PLAN FOR EMPLOYEES

This is the Fourth Amendment to the 1986 Stock Option Plan for Employees (the "Plan") of Home Shopping Network, Inc., a Delaware corporation (the "Corporation"), with its principal offices in St. Petersburg, Florida.

1. All references in the Plan to Section 422A of the Code shall be changed to Section 422 of the Code.

2. Section (iii) of Paragraph (d) of Article VI of the Plan is hereby amended to read as follows:

(iii) An Incentive Stock Option shall not be exercisable while there is outstanding (within the meaning of former Subsection 4322A(c)(7) of the Code) any other "Incentive Stock Option," within the meaning of Subsection 422(b) of the Code, which was granted before the granting of the Incentive Stock Option to the grantee to purchase stock in the Corporation; provided, however, that the foregoing clause requiring that Incentive Stock Options be exercised sequentially shall not apply to Incentive Stock options granted after the date of this Fourth Amendment, which Incentive Stock Options may be exercised without regard to previously granted and still outstanding Incentive Stock Options.

3. Section (iv) of Paragraph (d) of Article VI of the Plan is hereby amended to read as follows:

(iv) An optionee may hold and exercise more than one Incentive Stock Option, but only on the terms and subject to the restrictions hereafter set forth. The aggregate fair market value (determined as of the time an Incentive Stock Option is granted) of the Common Stock with respect to which Incentive Stock Options are exercisable for the first time by any employee in any calendar year under the Plan and under all other Incentive Stock Option plans of the Corporation and any parent and subsidiary corporations of the Corporation (as those terms are defined in Section 425 of the Internal Revenue Code of 1986, as amended) shall not exceed \$100,000.

The effective date of this amendment shall be the date adopted.

Adopted this 16th day of June, 1992 by the Compensation/
Benefits Committee of Home Shopping Network, Inc.

HOME SHOPPING NETWORK, INC.

1986 STOCK OPTION PLAN FOR OUTSIDE DIRECTORS

I. Purpose

It is the belief of the management of Home Shopping Network, Inc. (the "Corporation") that the Corporate Directors will effect decisions and render guidance to the Corporation which will materially enhance the stability and economic growth of the Corporation. Accordingly, subject to shareholder approval, Directors not also serving as employees of the Corporation should be afforded the opportunity to acquire shares of authorized common stock on a permissible exercise date. By providing this opportunity through the adoption of a Stock Option Plan for Outside Directors (the "Plan"), it is the intention of the Corporation to give appropriate recognition to a group who will have continuing responsibility for the Corporation's growth and profitability.

II. Eligibility

The only persons eligible to receive Options under the Plan shall include each of the Corporation's existing and future Directors who are not also employees of the Corporation.

III. Shares Subject to the Plan

The shares which shall be issued and delivered upon exercise of Options granted under the Plan shall be shares of the Corporation's common stock. The maximum number of shares which may be issued upon exercise of Options granted under the Plan shall not exceed 105,000 shares. If any Option expires or terminates prior to being fully exercised, any shares allocable to the unexercised portion of such Option may again be made subject to the terms of the Plan.

Appropriate adjustments in the number of shares available under the Plan and in the Option price per share shall give effect to adjustments made in the number of shares as a result of a merger, consolidation, recapitalization, reclassification, combination, stock dividend, stock split or other relevant change in the capital structure of the Corporation.

IV. Terms and Conditions

(a) Grant of Options

Subject to the provisions of the Plan, Directors of the Corporation shall be granted Nonqualified Stock Options for the purchase of shares of common stock of the Corporation.

(b) Option Agreement

Each Option shall be evidenced by a written agreement between the Corporation and the Director specifying the number of shares of common stock that may be exercised by its purchase.

(c) Date of Grant

The date on which an option is granted shall be either: (1) The date that the Plan has been adopted by the Board of Directors; or (2) The first day upon which a Director who is not also an employee is first elected to the Board of Directors.

(d) Option Price

Each Option Agreement shall state the purchase price

of each share of common stock which may be acquired upon exercising the Option, which price shall be the fair market value of each shares as of the Date of Grant. Fair Market Value shall be deemed to be the closing price of the shares on the applicable Date of Grant, as published by the national securities exchange on which the shares are traded. If such price is not published for the Date of Grant, such value shall be deemed to be the closing price on the trading date occurring the nearest to and before the valuation date.

- (e) Number of Shares Granted
Each Director shall receive a Nonqualified Stock Option to purchase 15,000 shares of Common Stock of the Corporation on the date of grant. This grant shall occur automatically on either: (1) The date that the Plan has been adopted by the Board of Directors; or (2) The first day upon which a Director who is not also an employee is first elected to the Board of Directors.

- (f) Option Period and Restrictions of Exercise
The 15,000 Option shares shall be exercisable in the following manner for the periods specified:

- 5,000 Option shares shall first become exercisable on the date of grant and must be fully exercised within two years from the date granted. The failure to exercise the 5,000 Option shares during this two-year period shall mean that such Options shall be forfeited.
- 5,000 Option shares shall become exercisable one year from the date such Option shares were granted and must be exercised within two years from the date such Option shares become first exercisable. The failure to exercise the 5,000 Option shares during this two-year period shall mean that such Options shall be forfeited.
- 5,000 Option shares shall become exercisable two years from the date such Option shares were granted and must be exercised within two years from the date such Option shares become first exercisable. The failure to exercise the 5,000 Option shares during this two-year period shall mean that such Options shall be forfeited.

(g) Manner of Exercise

Subject to the conditions and restrictions contained in paragraph IV(h) below, the Option shall be exercised by delivering written notice of exercise to the Corporate Secretary of Home Shopping Network, Inc. Such notice is irrevocable and must be accompanied by payment in cash and a signed Option exercise form. If prior authorization has been obtained, payment for the shares may be made by delivery of common stock.

(h) Transferability and Termination of Option

Each Option granted hereunder may be exercised only by the individual to whom it is issued and only during the period in which he or she is serving as an outside Director of the Corporation or within the thirty (30) day period following his or her resignation or other termination of such service for any reason other than death. If such holder dies before fully exercising any portion of an option then exercisable, such Option may be exercised by such holder's legal representative(s), heir(s) or devisee(s) at any time within the six (6) month period following his or her death.

In the event that an outside Director becomes a full-time employee of the Corporation, the outside

Director shall not have to forfeit the 15,000 Option shares granted pursuant to this Plan. However, the outside Director shall have to satisfy all other terms and provisions of this Plan with respect to the Options granted hereunder.

V. Effective Date and Term of Plan

Subject to the prospective approval of the Plan by an affirmative vote of the holders of a majority of the shares represented in person or by proxy at the Annual Meeting of Shareholders to be conducted on August 14, 1986, the effective date of the Plan shall be August 1, 1986, and it shall remain in existence for a period of ten years thereafter. In the event of shareholder rejection of the Plan, any Option granted hereunder shall be void and of no legal effect. No Option may be granted subsequent to the expiration date of the Plan, but Options then outstanding shall be exercisable in accordance with the terms hereof.

VI. Amendment

The Board of Directors may at any time suspend or discontinue the Plan, but no amendment shall be authorized without shareholder approval.

THIRD AMENDMENT OF THE OUTSIDE DIRECTORS PLAN
October 31, 1991

Extension of Exercise Period of Outstanding Director Options

WHEREAS, the terms of the 1986 Stock Option Plan for Outside Directors, as amended (the ("Plan")) of the Company permit the members of the Board of Directors who are not eligible to participate in the Plan to modify existing options;

WHEREAS, management deems it to be in the best interest of the Company to extend the exercise period of all Options held by persons who are outside directors on the date hereof;

NOW, THEREFORE, BE IT RESOLVED, that the exercise period of Options held by persons who are outside directors on the date hereto shall be extended so that the exercise period for each portion of Options is five (5) years.

FOURTH AMENDMENT TO THE HOME SHOPPING NETWORK, INC.
1986 STOCK OPTION PLAN FOR OUTSIDE DIRECTORS

This is the Fourth Amendment to the 1986 Stock Option Plan for Outside Directors (the "Plan") of Home Shopping Network, Inc., a Delaware corporation (the "Corporation"), with its principal offices in St. Petersburg, Florida.

1. The number of shares subject to the Plan as specified in Article III, Shares Subject to the Plan, of the Plan shall be increased to, and shall not exceed 1,630,000.

2. Paragraph (e) of Article IV, Terms and Conditions, of the Plan is hereby deleted in its entirety, and the following is substituted in lieu thereof:

- (e) (1) Each Director shall receive a Nonqualified Stock Option to purchase 90,000 shares of Common Stock of the Corporation automatically on the date specified in paragraph (c) of this Article IV, exercisable in accordance with the provisions of paragraph (f) (1) of this Article IV.
- (e) (2) Each Director who is commencing his sixth year of service as a director shall receive a Nonqualified Stock Option to purchase an additional 90,000 shares of Common Stock of the Corporation automatically on the later of (A) the date this Fourth Amendment is adopted by the Corporation's Board of Directors, subject to the proviso contained in paragraph 4 of this Fourth Amendment, or (B) the first day upon which a Director who is not also an employee is first elected to the Board of Directors, exercisable in accordance with the provisions of paragraph (f) (2) of this Article IV.
- (e) (3) Under no circumstances shall a Director pursuant to paragraphs (e) (1) and (e) (2) of this Article IV ever receive a Nonqualified Stock Option or Options for greater than 180,000 shares of the Common Stock of the Corporation.
- (e) (4) No amendment to this Article IV of the Plan may be made more than once every six months, other than to comport with changes in the Internal Revenue Code, the Employee Retirement Income Security Act, or the rules thereunder.

3. Paragraph (f) of Article IV, Terms and Conditions, of the Plan is hereby renumbered as paragraph (f)(1), and a new paragraph (f)(2) of Article IV of the Plan is hereby added as follows:

(f)(2) Option Period and Restrictions of Exercise

The 90,000 Option shares shall be exercisable in the following manner for the periods specified:

18,000 Option shares shall first become exercisable on the date of grant and must be fully exercised within five years from the date granted. The failure to exercise the 18,000 Option shares during this five-year period shall mean that such Options shall be forfeited.

18,000 Option shares shall become exercisable one year from the date such Option shares were granted and must be exercised within five years from the date such Option shares become first exercisable. The failure to exercise the 18,000 Option shares during this five-year period shall mean that such Options shall be forfeited.

18,000 Option shares shall become exercisable two years from the date such Option shares were granted and must be exercised within five years from the date such Option shares become first exercisable. The failure to exercise the 18,000 Option shares during this five-year period shall mean that such Options shall be forfeited.

18,000 Option shares shall become exercisable three years from the date such Option shares were granted and must be exercised within five years from the date such Option shares become first exercisable. The failure to exercise the 18,000 Option shares during this five-year period shall mean that such Options shall be forfeited.

18,000 Option shares shall become exercisable four years from the date such Option shares were granted and must be exercised within five years from the date such Option shares become first exercisable. The failure to exercise the 18,000 Option shares during this five-year period shall mean that such Options shall be forfeited.

4. The effective date of this Fourth Amendment to the Plan shall be the date on which this Fourth Amendment is approved by the stockholders of the Corporation; provided, however, that options (and any shares issued pursuant thereto) shall be granted conditionally pursuant to this Fourth Amendment immediately upon its adoption by the Board of Directors of the Corporation so long as stockholder approval is received at the next annual meeting of the stockholders.

DATE adopted by the Board of Directors: _____

DATE approved by the stockholders: _____