

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 10-Q

(MARK ONE)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED JUNE 30, 1996

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE TRANSITION PERIOD FROM TO

COMMISSION FILE NO. 0-20570

SILVER KING COMMUNICATIONS, INC.
(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of
incorporation or organization)
2425 OLYMPIC BOULEVARD, SANTA MONICA, CALIFORNIA
(Address of principal executive offices)

59-2712887
(I.R.S. Employer
Identification No.)
90404
(Zip Code)

(310) 247-7905
(Registrant's telephone number, including area code)

12425 28TH STREET, NORTH, ST. PETERSBURG, FLORIDA 33716
(Former name, former address and former fiscal year,
if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of
1934 during the preceding 12 months (or for such shorter period that the
registrant was required to file such reports), and (2) has been subject to such
filing requirements for the past 90 days. Yes No .

APPLICABLE ONLY TO CORPORATE ISSUERS: Indicate the number of shares
outstanding of each of the issuer's classes of common stock as of the latest
practicable date.

Total number of shares of outstanding Common Stock as of August 5, 1996:

Common Stock..... 7,075,332
Class B Common Stock..... 2,415,945

PART 1 -- FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

SILVER KING COMMUNICATIONS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	JUNE 30, 1996	JUNE 30, 1995	JUNE 30, 1996	JUNE 30, 1995

	(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)			
REVENUE				
Broadcasting.....	\$ 10,658	\$ 10,680	\$ 21,388	\$ 21,197
Production.....	266	830	648	1,628
	-----	-----	-----	-----
Net revenue.....	10,924	11,510	22,036	22,825
COSTS AND EXPENSES				
Cost of production.....	65	134	193	271
General and administrative.....	5,875	5,566	11,774	11,079
Depreciation and amortization.....	3,404	3,669	6,862	7,361
	-----	-----	-----	-----
Total costs and expenses.....	9,344	9,369	18,829	18,711
	-----	-----	-----	-----
Operating profit.....	1,580	2,141	3,207	4,114
OTHER INCOME (EXPENSES)				
Interest income.....	591	2,205	1,210	2,544
Interest expense.....	(2,221)	(2,799)	(4,633)	(5,609)
Dividend income.....	--	--	--	463
Miscellaneous.....	194	(2)	331	(58)
	-----	-----	-----	-----
Total other income (expense).....	(1,436)	(596)	(3,092)	(2,660)
	-----	-----	-----	-----
Income before income taxes.....	144	1,545	115	1,454
Income tax provision.....	(596)	(725)	(1,173)	(481)
	-----	-----	-----	-----
Net income (loss).....	\$ (452)	\$ 820	\$ (1,058)	\$ 973
PER SHARE OF COMMON STOCK:				
NET INCOME (LOSS) PER COMMON SHARE.....	\$ (.05)	\$.09	\$ (.11)	\$.11
	=====	=====	=====	=====
WEIGHTED AVERAGE SHARES OUTSTANDING.....	9,484	8,916	9,471	8,910
	=====	=====	=====	=====

The accompanying notes are an integral part of these financial statements.

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SILVER KING COMMUNICATIONS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	JUNE 30, 1996	DECEMBER 31, 1995
	-----	-----
	(IN THOUSANDS)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents.....	\$ 19,837	\$ 19,140
Accounts receivable, net.....	283	1,402
Notes receivable.....	3,164	2,835
Other assets.....	632	1,199
Deferred income taxes.....	1,614	1,797
	-----	-----
Total current assets.....	25,530	26,373
PROPERTY, PLANT AND EQUIPMENT, AT COST		
Computer and broadcast equipment.....	73,674	76,033
Buildings and leasehold improvements.....	18,313	19,520
Furniture and other equipment.....	1,918	2,991
	-----	-----
	93,905	98,544
Less accumulated depreciation.....	(71,698)	(72,851)

	-----	-----
Land.....	22,207	25,693
Construction in progress.....	2,158	3,334
	158	244
	-----	-----
Net property plant and equipment.....	24,523	29,271
OTHER ASSETS		
Intangible assets, net.....	55,305	59,984
Capitalized bank fees, net.....	2,872	3,293
Notes receivable, net of current.....	17,321	12,188
	-----	-----
Long-term investments.....	5,140	5,135
Other.....	755	426
	-----	-----
Total other assets.....	81,393	81,026
	-----	-----
	\$ 131,446	\$ 136,670
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current maturities of long-term obligations.....	\$ 12,819	\$ 12,456
Accrued liabilities		
Payroll and payroll taxes.....	2,507	1,315
Rent.....	617	722
Interest.....	1,381	777
Other.....	1,455	2,217
Restructuring.....	401	1,333
	-----	-----
Total current liabilities.....	19,180	18,820
DEFERRED INCOME TAXES.....	14,595	14,399
LONG-TERM OBLIGATIONS, NET OF CURRENT MATURITIES.....	89,480	95,980
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Preferred stock -- \$.01 par value; 50,000 shares authorized, no shares issued and outstanding.....	--	--
Common stock -- \$.01 par value, 30,000,000 shares authorized, 7,075,332 and 6,996,332 shares issued and outstanding, respectively.....	71	70
Class B convertible common stock -- \$.01 par value; 2,415,945 shares authorized, issued, and outstanding.....	24	24
Additional paid-in capital.....	127,401	126,119
Note receivable from Key Executive for common stock issuance.....	(4,998)	(4,998)
Deficit.....	(111,181)	(110,123)
Unearned compensation.....	(3,126)	(3,621)
	-----	-----
Total stockholders' equity.....	8,191	7,471
	-----	-----
	\$ 131,446	\$ 136,670
	=====	=====

The accompanying notes are an integral part of these financial statements.

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SILVER KING COMMUNICATIONS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (UNAUDITED)

	COMMON STOCK \$.01 PAR VALUE	CLASS B CONVERTIBLE COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	NOTE RECEIVABLE FROM KEY EXECUTIVE FOR COMMON STOCK ISSUANCE	DEFICIT	UNEARNED COMPENSATION	TOTAL
	-----	-----	-----	-----	-----	-----	-----
	(IN THOUSANDS)						
BALANCE ON JANUARY 1, 1996.....	\$ 70	\$ 24	\$ 126,119	\$ (4,998)	\$ (110,123)	\$ (3,621)	\$ 7,471
Issuance of common stock upon exercise of stock options....	1	--	695	--	--	--	696
Income tax benefit relating to stock options exercised...	--	--	587	--	--	--	587
Amortization of unearned compensation related							

to grant of stock options to Key Executive.....	--	--	--	--	--	495	495
Net loss for the quarter ended June 30, 1996.....	--	--	--	--	(1,058)	--	(1,058)
	----	----	-----	-----	-----	-----	-----
BALANCE ON JUNE 30, 1996.....	\$ 71	\$24	\$ 127,401	\$ (4,998)	\$ (111,181)	\$ (3,126)	\$ 8,191
	=====	=====	=====	=====	=====	=====	=====

The accompanying notes are an integral part of these financial statements.

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SILVER KING COMMUNICATIONS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	SIX MONTHS ENDED	
	JUNE 30, 1996	JUNE 30, 1995
	-----	-----
	(IN THOUSANDS)	
CASH FLOWS -- OPERATING ACTIVITIES:		
Net income (loss).....	\$ (1,058)	\$ 973
Adjustments to reconcile net earnings (loss) to net cash provided by (used in) operating activities		
Depreciation and amortization.....	6,862	7,361
Non-cash interest expense.....	420	411
Provision for losses on accounts receivable.....	73	14
Amortization of unearned compensation related to grant of stock options to Key Executive.....	495	--
(Gain) loss on retirement or sale of fixed assets.....	(196)	58
Deferred income taxes.....	966	151
(Increase) decrease in other assets.....	25	(5)
Changes in current assets and liabilities:		
Decrease in accounts receivable.....	1,047	2,187
Decrease in other current assets.....	567	212
Increase in current liabilities.....	750	89
	-----	-----
NET CASH PROVIDED BY OPERATING ACTIVITIES.....	9,951	11,451
CASH FLOWS -- INVESTING ACTIVITIES:		
Capital expenditures.....	(311)	(914)
Proceeds from sale of fixed assets.....	2,320	--
Payment of merger costs.....	(622)	--
Long-term investments.....	(5)	--
Proceeds from long-term notes receivable.....	2,502	2,338
Investment in long-term notes receivable.....	(7,696)	(1,600)
	-----	-----
NET CASH USED IN INVESTING ACTIVITIES.....	(3,812)	(176)
CASH FLOWS -- FINANCING ACTIVITIES:		
Principal payments on long-term obligations.....	(6,138)	(5,238)
Proceeds from exercise of stock options.....	696	30
	-----	-----
NET CASH USED IN FINANCING ACTIVITIES.....	(5,442)	(5,208)
	-----	-----
INCREASE IN CASH AND CASH EQUIVALENTS.....	697	6,067
Cash and cash equivalents at beginning of period.....	19,140	12,554
	-----	-----
Cash and cash equivalents at end of period.....	\$ 19,837	\$ 18,621
	=====	=====

The accompanying notes are an integral part of these financial statements.

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SILVER KING COMMUNICATIONS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE A -- ORGANIZATION AND DISTRIBUTION

In July 1986, Silver King Broadcasting Company, Inc. ("SKBC") was incorporated in Delaware and began acquiring UHF television stations. SKBC was formed as part of a strategy to broaden the viewership of the retail sales programming produced by Home Shopping Club, Inc. ("HSC"), a wholly-owned subsidiary of Home Shopping Network, Inc. ("HSN") and a leader in the electronic retailing industry. HSC sells a variety of consumer goods and services by means of HSC's live, customer-interactive retail sales programming, which is received on a full-time or part-time basis by broadcast television stations, cable television systems and satellite dish receivers. SKBC subsequently changed its name to HSN Communications, Inc. ("HSNC") and, on August 25, 1992, HSNC changed its name to Silver King Communications, Inc. ("SKC" when referring to the parent company alone, but when referring to SKC and/or one or more of its direct or indirect wholly-owned subsidiaries, the "Company"). Currently, the Company owns and operates 12 independent full-power UHF television stations, including one television satellite station (the "Stations"), which affiliate with and primarily broadcast HSC retail sales programming. The Stations serve eight of the 13 largest metropolitan television markets in the United States. As of March 31, 1996, the Stations reached approximately 29.0 million television households, which is one of the largest audience reaches of any owned and operated independent television broadcasting group in the United States.

In addition, the Company owns 26 low power television ("LPTV") stations that broadcast HSC retail sales programming. The Company and HSC entered into a Master Low Power Television Affiliation Agreement as of May 1, 1996 covering all 26 LPTV stations. The Company will be paid up to \$550,000 annually under the agreement.

On December 28, 1992 (the "Distribution Date"), HSN distributed the capital stock (the "Distribution") of the Company to HSN's stockholders of record as of December 24, 1992 (the "Record Date"), in the form of a pro-rata stock dividend. The capital stock of Telemation, Inc. ("Telemation") was contributed to SKC prior to the Distribution. Telemation is a video production and post-production company providing a full range of communications services to corporations and advertising agencies, and Telemation also produces television shows and videos for the entertainment industry.

The Distribution resulted in 100% of the outstanding shares of the Company's Common Stock and the Company's Class B Common Stock being distributed to holders of HSN Common Stock and HSN Class B Common Stock on a pro-rata basis as of the Record Date.

Roy M. Speer indirectly controls the Company through the ownership, by RMS Limited Partnership ("RMSLP"), a Nevada limited partnership, of 100% of the Company's Class B Common Stock. On February 11, 1993, RMSLP entered into an agreement granting an assignable option to purchase 2,000,000 shares of its Class B Common Stock in the Company to Liberty Media Corporation ("Liberty"), controlling Shareholder of HSN. This agreement was subsequently amended on September 23, 1994, and Liberty retained its option to purchase 2,000,000 shares. Liberty and Barry Diller entered into an agreement pursuant to which Liberty and Mr. Diller have formed Silver Management Company ("SMC") to which Liberty intends to assign the option. On March 6, 1996, the Federal Communications Commission ("FCC") granted its approval of the transfer of control of SKC from Mr. Speer to SMC by the proposed consummation of the option. However, the FCC attached certain conditions to the grant and also adopted a stay order released on the same day as the grant delaying the effectiveness of the grant until the agency completed an investigation of allegations raised against SKC by Urban Broadcasting Corporation ("Urban") that questioned SKC's qualifications as an FCC licensee. SMC filed a pleading requesting that the FCC delete or modify one of the conditions to the grant which required prior FCC approval if Liberty's parent company, Tele-Communications, Inc. ("TCI"), materially increases its cable systems' percentage of subscribers in any of the 11 markets served by the Company's Stations. In a Memorandum Opinion and Order and Notice of Apparent Liability released June 14, 1996, the FCC lifted the stay order on its approval of the transfer of control applications and deleted the condition to the grant requiring FCC approval if Liberty's parent company, TCI, materially

SILVER KING COMMUNICATIONS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

increases its cable systems' percentage of subscribers in any of the 11 markets served by the Company's Stations. The ruling provides that the FCC must be notified at any time TCI acquires subscribers representing more than 50% of the television households in a Company Station market. The FCC also fined Urban \$25,000 for abdicating control of its station, WTMW (TV), Arlington, Virginia, to the Company during the station construction period. The Company was fined \$150,000 for assuming unauthorized control of the station during the construction period and for violating the FCC's duopoly rules during that time period as a result of the signal overlap between WTMW (TV) and the Company's Baltimore, Maryland Station, WHSW-TV, notwithstanding the agency's ruling that control of WTMW (TV) reverted back to Urban at the time the station commenced operations. The FCC also required that certain aspects of the contracts between Urban and the Company, as Urban's lender and a shareholder, be reformed. If a sale pursuant to exercise of the option is consummated between RMSLP and SMC, Mr. Speer will no longer control the Company. See "Note D -- Subsequent Events" regarding the exercise of such option by SMC.

The Company has changed its fiscal year end from August 31st to December 31st effective January 1, 1996.

NOTE B -- BASIS OF PRESENTATION

The accompanying Condensed Consolidated Financial Statements include the accounts of SKC and all subsidiaries, all of which are wholly-owned. All intercompany transactions and accounts have been eliminated. The Condensed Consolidated Financial Statements are unaudited and should be read in conjunction with the audited Consolidated Financial Statements and notes thereto for the transition Form 10-Q for the period ended December 31, 1995.

In the opinion of management, all adjustments necessary for a fair presentation of such Condensed Consolidated Financial Statements have been included. Such adjustments consist only of normal recurring items. Interim results are not necessarily indicative of results for a full year. The Condensed Consolidated Financial Statements and notes thereto are presented as permitted by the Securities and Exchange Commission and do not contain certain information included in the Company's annual Consolidated Financial Statements and notes thereto as discussed above.

NOTE C -- LITIGATION

On May 22, 1995, Silver King Broadcasting of Virginia, Inc. ("SKVA"), a wholly-owned subsidiary of the Company, and Urban Broadcasting Corporation ("Urban") and its principals settled a lawsuit relating to Urban's default on a note receivable of \$10.5 million to SKVA. Pursuant to the settlement, SKVA received approximately \$3.5 million on May 23, 1995, consisting of \$1.8 million in interest income and \$1.7 million in principal on SKVA's \$10.5 million loan to Urban. The principal balance of the receivable on December 31, 1995 was \$8.1 million. Additionally, SKVA forgave approximately \$.1 million of interest under the terms of the settlement and Urban dismissed its \$6.5 million Amended Counterclaim. Urban remained obligated to repay the outstanding principal balance of approximately \$8.8 million over the remaining term of the loan.

On July 3, 1995, Urban and Theodore M. White, the President, sole director and owner of all the voting stock of Urban, separately filed voluntary Chapter 11 bankruptcy petitions. On September 26, 1995, the bankruptcy court entered a final cash collateral order with respect to the Urban bankruptcy executed by Urban and SKVA that lasted until December 31, 1995 and will continue thereafter for successive periods of three months unless Urban or SKVA gives 30 days' notice of termination prior to the end of any such three-month period. To date, no such notice has been provided. Accordingly, the final cash collateral order shall remain in effect at least until September 30, 1996. Under the cash collateral order, the escrow agreement SKVA and Urban entered into pursuant to the settlement of SKVA's lawsuit against Urban remains in effect. Under the escrow agreement, HSC makes affiliation payments due Urban under its affiliation agreement with HSC into an escrow account. The escrow agents thereafter disburse the proceeds to SKVA in an amount equal to the loan payment due SKVA from Urban, and any remaining proceeds are disbursed to Urban. As of August 1,

SILVER KING COMMUNICATIONS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

1996, Urban is current on its loan payment obligations and the remaining principal balance is \$7.3 million. On June 24, 1996, the Court approved the disclosure statements of both Urban and the Official Committee of Unsecured Creditors. A hearing on confirmation of both plans of reorganization has been scheduled for September 5-6, 1996.

NOTE D -- SUBSEQUENT EVENTS

On August 13, 1996, the Company was informed that Liberty had assigned the option relating to 2,000,000 shares of the Company's Class B Common Stock to SMC and that SMC had exercised such option (see Note A -- Organization and Distribution). As a result of this exercise, Mr. Speer no longer indirectly controls the Company, and the Company is controlled by SMC.

On August 13, 1996, the Company entered into an Amendment to the merger agreement entered into as of November 27, 1995 among the Company, Savoy Pictures Entertainment, Inc. and a subsidiary of the Company. See Item 5 in this Form 10-Q for additional information concerning the terms and the status of the Merger.

NOTE E -- RESTRUCTURING

In 1995, the Company accrued \$2.0 million in restructuring charges (the "Restructuring"), which related to termination benefits (including severance and out placement assistance) and \$.1 million for the estimated charge to relocate the corporate headquarters to Los Angeles, California. The total number of employees to be terminated related to this Restructuring is 95. The actual termination benefits paid and charged against the accrual as of June 30, 1996 are approximately \$1.6 million. There were no adjustments to the original \$2.0 million accrual for the Restructuring during the transition period.

NOTE F -- RECLASSIFICATIONS

Certain amounts in the Company's balance sheet have been reclassified to reflect more recent information than was available when the transition Form 10-Q for the period ended December 31, 1995 was filed.

SILVER KING COMMUNICATIONS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

A. RESULTS OF OPERATIONS

The following is a discussion of material changes in the consolidated results of operations of Silver King Communications, Inc. and its subsidiaries ("SKC" when referring to the parent company alone, but when referring to SKC and/or one or more of its direct or indirect wholly-owned subsidiaries, the "Company") which occurred in the three and six months ended June 30, 1996 compared to the three and six months ended June 30, 1995. The Company's primary business is the operation of 12 independent full-power television stations which primarily broadcast Home Shopping Club ("HSC") retail sales programming.

THREE AND SIX MONTHS ENDED JUNE 30, 1996 VS. THREE AND SIX MONTHS ENDED JUNE 30, 1995

The operations and financial position of the Company will not be indicative of future financial results or conditions if one or both of the Savoy and HSN transactions discussed in Note A of the financial statements is consummated.

NET REVENUE

Net revenue decreased \$.6 million to \$10.9 million in the three months

ended June 30, 1996 from \$11.5 million in the three months ended June 30, 1995. Net revenue decreased \$.8 million to \$22 million in the six months ended June 30, 1996 from \$22.8 million in the six months ended June 30, 1995. The decrease for both three and six months ended June 30, 1996 primarily relates to the closing of the Denver Telemation facility in December 1995.

Each of the Company's Stations and then-owned LPTV stations entered into Affiliation Agreements with HSC on the Distribution Date. The Company has since entered into a Master Low Power Television Affiliation Agreement with HSC covering all 26 of its LPTV stations. The Affiliation Agreements with the Stations, which provide for payment to the Stations of a minimum affiliation fee for carriage of HSC programming, are the primary source of the Company's revenue. Station revenue can exceed the hourly affiliation fee if HSC's net sales credited to the Stations meet certain criteria. The Affiliation Agreements, as amended November 30, 1995, provide for the broadcast by each Station of HSC's electronic retail sales programming for 159 hours per week and the availability to the Stations of two and one-half minutes of broadcast time each hour. Each Affiliation Agreement has an initial term of five years and is renewable for two additional five-year terms at each Station's sole option. The Affiliation Agreements are cancelable by the Stations with 18 months' written notice prior to the end of any scheduled term. The Company and HSC have amended the Affiliation Agreements to extend the date by which the Stations must give notice of nonrenewal with respect to the next five-year term from June 28, 1996 until December 28, 1996. Under the Affiliation Agreements, each Station has nine hours per week available for non-HSC programming, which are currently used for one hour Monday through Friday and four hours each Sunday morning for the broadcast of issue-responsive, children's, ethnic, religious and/or paid informational programming. Additionally, under the Affiliation Agreements, the Stations may use two and one-half minutes of each broadcast hour for advertising inserts and public service programming. Each Station may also preempt HSC programming for an additional three hours per week (i.e., 156 hours per year) subject to forfeiture of twice the applicable hourly affiliation fee provided for in such Station's Affiliation Agreement. Notwithstanding anything else to the contrary, a Station may also preempt any amount of HSC programming for public interest reasons and in such event, such Station will forfeit twice the hourly affiliation fee for such preemption period.

The Station Affiliation Agreements provide for higher compensation to the Stations if a Station's Compensation Amount, which is based upon a formula involving HSC's net sales credited to the Station, exceeds the minimum affiliation fee based upon that Station's hourly affiliation rate. The determination is made on an annual basis within 30 days of each anniversary of the Affiliation Agreements. As a result of the

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SILVER KING COMMUNICATIONS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

July 2, 1993 Federal Communications Commission ruling that television stations with home shopping formats are eligible for "must carry" status, the Company believes that its Stations increased their viewership due to an increase in the number of cable systems that carried the Stations. Management believes this increased viewership, to some degree, increased the sales by HSC credited to the Stations during calendar year 1994, resulting in a portion of the additional affiliation fees received by the Company in January 1995. Based upon reported HSC sales performance for calendar year 1995, the Company received \$.8 million of additional affiliation fees in January 1996 accrued in December 1995 for sales by HSC credited to the Stations in calendar year 1995.

GENERAL AND ADMINISTRATIVE

General and administrative expenses increased \$.3 million to \$5.9 million in the three months ended June 30, 1996 from \$5.6 million in the three months ended June 30, 1995 and increased \$.7 million to \$11.8 million in the six months ended June 30, 1996 from \$11.1 million in the six months ended June 30, 1995. The Company recognized for the three and six months ended June 30, 1996 approximately \$.9 million and \$1.8 million, respectively of charges under the terms of the Equity and Bonus Compensation Agreement (the "Agreement") between the Company and its Chairman, Barry Diller. The increase in compensation for the three months and six months ended June 30, 1996 was offset by decreases of \$.8 million and \$1.6 million, respectively in payroll expenses due to the

Restructuring which took place in December 1995. The remaining increase for the three and six months ended June 30, 1996 is primarily due to additional consulting and legal expenses associated with the terms of the Agreement. The Company has recently hired certain experienced broadcast executives which will increase general and administrative expenses in future periods.

In the event one or both of the Savoy Merger and the acquisition of certain shares of the capital stock of HSN are not consummated, transaction costs of approximately \$4.0 million will be charged to operations and will increase general and administrative expenses.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization decreased \$.3 million to \$3.4 million in the three months ended June 30, 1996 from \$3.7 million in the three months ended June 30, 1995 and decreased \$.5 million to \$6.9 million in the six months ended June 30, 1996 from \$7.4 million in the six months ended June 30, 1995. The decrease for the three and six months ended June 30, 1996 was primarily due to the closure of the Denver Telemation facility in December 1995. The Company sold many of the assets of Telemation thereby decreasing the depreciation expense for the first six months of 1996.

OTHER INCOME (EXPENSE)

Other expense increased \$.8 million to \$1.4 million in the three months ended June 30, 1996 from \$.6 million in the three months ended June 30, 1995 and increased \$.4 million to \$3.1 million in the six months ended June 30, 1996 from \$2.7 million in the six months ended June 30, 1995. The increases for the three and six months ended June 30, 1996 are principally a result of the recognition in the prior year of additional interest income in May 1995 related to the settlement of the Company's lawsuit against Urban Broadcasting Corporation ("Urban") as discussed in Note C of the financial statements which offset interest expense.

INCOME TAXES

The Company's effective tax rate for periods presented differed from the statutory rate due primarily to the amortization of goodwill and other acquired intangible assets relating to acquisitions from prior years, other nondeductible items, and state income taxes.

SILVER KING COMMUNICATIONS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

State taxes are more significant than federal taxes for the Company as some of the Company's subsidiaries generate taxable income while others generate net operating losses. For federal tax purposes, the net operating losses offset the taxable income as the corporations file a consolidated federal tax return.

B. FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES

The Company had working capital of \$6.4 million as of June 30, 1996, compared with working capital of \$7.6 million as of December 31, 1995.

The Company historically has generated sufficient cash flow to fund its operating, investing and financing activities.

The Company has used its internally generated cash flow for investing activities to fund capital expenditures and investments in television broadcasting companies controlled by FCC-recognized minority groups. During the quarter ended June 30, 1996, the Company had capital expenditures of approximately \$.3 million. The Company expects to fund additional expenditures of approximately \$.7 million during the 1996 calendar year, although the Company has no contractual commitments with any parties.

The Company has used its internally generated cash flow for financing activities to service principal obligations under its Credit Agreement with Chemical Bank and other named Lenders (the "Bank Group"). During the six months ended June 30, 1996, the Company paid approximately \$6.1 million of principal obligations to the Bank Group and expects to pay approximately \$8.6 million

during the remainder of 1996, including a mandatory prepayment as a result of the sale of the corporate headquarters building. Under certain conditions, the Company's Borrowing Group, which consists of all Company entities with the exception of SKC, Silver King Investment Holdings, Inc., Thames Acquisition Corp. (which will be merged into Savoy if such transaction is consummated) and SKC Investments, Inc., is required to fund mandatory principal prepayments in advance of scheduled principal payments to the Bank Group. The Borrowing Group may at any time fund optional principal prepayments in satisfaction of mandatory principal prepayments or in advance of scheduled principal payments to the Bank Group.

Based on current projections, the Company expects that all operating, investing and financing activities for calendar year 1996 will be met from either internally generated cash flow or available cash. However, in the event that these projections are not met, the Borrowing Group has a revolving credit facility available from the Bank Group of \$15.0 million.

On, June 26, 1996, the Company sold its corporate headquarters building in St. Petersburg, Florida for \$2.3 million, net of expenses, all of which was held in a cash collateral account for purposes of the mandatory prepayment to the Bank Group. The Company recorded a gain on the sale of the building of approximately \$.2 million.

On April 26, 1996, an entity in which the Company holds a 49% nonvoting common stock interest consummated the acquisition of Station KPST-TV, Vallejo, California which serves the San Francisco market. SKC Investments, Inc., a subsidiary of the Company, loaned the purchasing entity \$7.9 million on similar terms to other loans of this nature to finance the acquisition. On August 1, 1996, the Company funded an additional \$.7 million and may fund an additional \$.3 million for construction of a new studio.

On May 8, 1996, the Company received a prepayment of approximately \$1.4 million in full satisfaction of the note receivable from RBC. The Company still retains a 45% nonvoting convertible common stock interest in RBC. In addition, during the six months ended June 30, 1996, collections from other notes receivable were \$1.1 million.

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SILVER KING COMMUNICATIONS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

C. OTHER SIGNIFICANT MATTERS

The Company has an option to purchase a 45% nonvoting common stock interest in Station WJYS(TV), Hammond, Indiana, serving the Chicago, Illinois television market. In a Memorandum Opinion and Order and Notice of Apparent Liability released June 14, 1996, the FCC ruled that, consistent with FCC regulations and policies, the Company may exercise that portion of the option which will provide it with a 33% nonvoting common stock interest in Station WJYS(TV). The Company has a loan agreement with the station licensee and the FCC also required that certain aspects of the loan documents between the licensee of WJYS(TV) and the Company be reformed. The licensee of WJYS(TV) has filed a petition with the FCC requesting clarification as to whether the agency intended to rewrite the option to permit a partial exercise and argues that if it did so intend, the FCC lacked the authority to do so. The Company has opposed that petition.

In a Memorandum Opinion issued May 14, 1996, the U.S. Court of Appeals for the Ninth Circuit refused to enforce an order of the National Labor Relations Board certifying the National Association of Broadcast Employees and Technicians as the collective bargaining agent of the employees of the Company's Ontario, California broadcast and Telemation facilities.

The Company and HSC entered into a Master Low Power Television Affiliation Agreement as of May 1, 1996 covering all of the Company's LPTV stations. The Company will be paid up to \$550,000 annually under the agreement.

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ITEM 1. LEGAL PROCEEDINGS.

See Part I, Item 1. Financial Statements. Note C -- Litigation

ITEM 5. OTHER INFORMATION.

On August 13, 1996, the Company, Savoy and Thames Acquisition Corp. ("Sub") entered into an Amendment ("Amendment No. 2") to the Merger Agreement.

Pursuant to, and subject to the terms and conditions of, the Merger Agreement as amended by Amendment No. 2, each issued and outstanding share of Common Stock of Savoy ("Savoy Common Stock"), other than shares owned by the Company, Sub or any other wholly owned subsidiary of the Company, will be, upon consummation of the Merger, converted into the right to receive 0.14 of a fully paid and nonassessable share of common stock, \$.01 par value per share, of the Company ("Company Common Stock"). Pursuant to Amendment No. 2, the Company and Savoy agreed to reduce the exchange ratio from 0.20 to 0.14 of a share of the Company Common Stock for each share of Savoy Common Stock in light of, among other things, the recent performance of Savoy's four television stations. No fractional shares of Company Common Stock will be issued upon consummation of the Merger; in lieu thereof, a cash payment will be made.

The Boards of Directors of the Company and Savoy each have, by a unanimous vote of those directors voting, approved Amendment No. 2 and recommended that the Company's and Savoy's stockholders, respectively, vote in favor of the Merger Agreement, as amended, and the transactions contemplated thereby.

In addition, Amendment No. 2 extended to December 31, 1996 (subject to extension in certain circumstances) the date after which the Merger Agreement may be terminated by either the Company or Savoy.

The foregoing description of the Merger Agreement, as amended, is qualified in its entirety by reference to the text of the Merger Agreement and Amendment No. 2. The text of the Merger Agreement (which was filed as Exhibit 3.2 to the Company's Form 8-K dated November 27, 1995) and Amendment No. 2 (which is attached hereto as Exhibit 2.1) is incorporated herein by reference.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) Exhibits

- 2.1 Amendment No. 2 to the Agreement and Plan of Merger, dated as of August 13, 1996 among Savoy Pictures Entertainment, Inc, Silver King Communications, Inc and Thames Acquisition Corp.
- 10.1 Waiver, dated as of December 14, 1995, to the Credit Agreement by and between the Company and Chemical Bank and other participating lenders.
- 10.2 Second Amendment and Waiver, dated as of June 6, 1996, to the Credit Agreement by and between the Company and Chemical Bank and other participating lenders.
- 10.3 Agreement, dated as of June 6, 1996, by and between SKC Investments, Inc. and Chemical Bank.
- 10.4 Master Low Power Television Affiliation Agreement, dated as of May 1, 1996, by and between the Company and Home Shopping Club, Inc.
- 27 Financial Data Schedule (for SEC use only)

(b) Reports on Form 8-K

The Company filed a report on Form 8-K on July 2, 1996 providing its audited consolidated financial statements for the four-month transition period ended December 31, 1995 together with an independent auditors' report with respect to such statements.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SILVER KING COMMUNICATIONS, INC.

(Registrant)

Date: August 14, 1996

/s/ JAMES J. MILLER

James J. Miller
Acting Chief Financial Officer
Vice President and Controller

AMENDMENT

AMENDMENT, dated as of August 13, 1996 (this "Amendment"), to the Agreement and Plan of Merger, by and among Silver King Communications, Inc. ("Parent"), Thames Acquisition Corp. ("Sub") and Savoy Pictures Entertainment, Inc. (the "Company"), dated as of November 27, 1995, as heretofore amended (the "Merger Agreement").

W I T N E S S E T H :

WHEREAS, pursuant to the Merger Agreement, Parent, Sub and the Company have approved the terms and conditions of the business combination between Parent and the Company to be effected by the merger (the "Merger") of Sub with and into the Company; and

WHEREAS, Parent, Sub and the Company have agreed that certain provisions of the Merger Agreement be amended in the manner provided for in this Amendment.

NOW, THEREFORE, the parties hereto hereby agree as follows:

I. Defined Terms. Terms defined in the Merger Agreement and used herein shall have the meanings given to them in the Merger Agreement.

II. Amendments to Merger Agreement.

1. Definitions. As used in the Merger Agreement, (a) the term "Agreement" shall mean the initial merger agreement among the parties hereto, dated as of November 27, 1995, and any and all amendments thereto entered into on or prior to the date hereof, (b) the term "Merger" shall mean the merger of Sub with and into the Company pursuant to the terms and conditions of the Agreement (as amended as of the date hereof), (c) the term "Company Voting Agreement" shall mean the voting agreement among certain stockholders of the Company listed on Annex A of the Agreement and Parent, as such agreement has been amended as of the date hereof, (d) the term "Parent Voting Agreement" shall mean the voting agreement among certain stockholders of Parent listed on Annex B of the Agreement and the Company, as such agreement has been amended as of the date hereof and (e) the terms "Company SEC Reports" and "Parent SEC Reports" shall mean each report, schedule, registration statement and definitive proxy statement filed by the Company or Parent,

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as the case may be, with the SEC on or after March 1, 1993 and prior to August 13, 1996.

2. Amendment to Article 2. The first sentence of Section 2.1(c) of the Merger Agreement is hereby amended by deleting it in its entirety and substituting in lieu thereof the following:

"Each share of common stock, \$.01 par value per share, of the Company ("Company Common Stock"), issued and outstanding (including Company Restricted Stock, pursuant to Section 2.3(b)) immediately prior to the Effective Time (other than shares of Company Common Stock to be cancelled pursuant to Section 2.1(b)), shall be converted into the right to receive 0.14 of a fully paid and nonassessable share of common stock, \$.01 par value per share, of Parent ("Parent Common Stock") (subject, in the case of Company Restricted Stock, to Section 2.3(b)) (the "Exchange Ratio")."

3. Amendment to Article 3. (a) Section 3.8 of the Merger Agreement is hereby amended by deleting the text thereof in its entirety and replacing such text with the following:

"SECTION 3.8. ABSENCE OF CERTAIN CHANGES OR EVENTS. Except as set forth in Section 3.8 of the Company Disclosure Letter, contemplated by this Agreement, disclosed in the Company SEC Reports or disclosed to Parent as referred to in Section 3.18 hereto, (a) since September 30, 1995, the Company and its subsidiaries have conducted their businesses only in the ordinary course and in a manner consistent with past practice and have not taken any of the actions set forth in paragraphs (a) through (j) of Section 5.2, and (b) there has not been (i) since August 13, 1996 and excluding in addition the matters set forth in Schedule A or the proximate consequences thereof, any event or condition (financial or otherwise) of any character, individually or in the aggregate, significantly impairing or which could reasonably be expected to significantly impair the long-term value of the Company (it being understood that this standard is very substantially in excess of a Material Adverse Effect), or (ii) since September 30, 1995, any material change by the Company in its accounting methods, principles or practices except as required by concurrent changes in GAAP."

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(b) Article 3 of the Merger Agreement is further amended by adding the following text after the conclusion of Section 3.17:

"SECTION 3.18. DISCLOSURE. On or prior to August 13, 1996, the Company has fully and accurately in all respects disclosed to Parent all material information regarding the business, financial and operating condition of the Company, including any such information known by the Chairman of the Board and Chief Executive Officer or Chief Operating Officer of the Company, and Dan W. Lufkin, a director of the Company. The historical financial information relating to the Company set forth in Schedule 3.18 hereto is, to the knowledge of the Company and such individuals as of August 13, 1996, true and complete in all material respects, and the projected financial information set forth in Schedule 3.18 reflects the best good faith estimate, as of such date, of the Company and such individuals. As of August 13, 1996, neither the Company nor any such individuals has knowledge of any other condition, circumstance or event relating to the Company, not so disclosed to Parent, that would, individually or in the aggregate, have a Material Adverse Effect."

4. Amendment to Article 5. Section 5.5 of the Merger Agreement is hereby amended by adding the following sentence as the last sentence thereof:

"Without limiting the generality of the foregoing, Parent and the Company agree to re-file the preliminary Proxy Statement with the SEC and to respond to any comments from the SEC, in each case as promptly as reasonably practicable."

5. Amendment to Article 7. Section 7.1 of the Merger Agreement is hereby amended by deleting subsection (b) thereof in its entirety and replacing such subsection with the following text:

"(b) by either Parent or the Company, if the Merger shall not have been consummated by December 31, 1996, provided that such date may be extended by either party if the definitive Proxy Statement is not mailed to stockholders of Parent and the Company by November 15, 1996 due to events related to the transaction relating to Home Shopping Network, Inc. ("HSN")

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referred to in the Parent Disclosure Letter (or another

transaction involving the capital stock of HSN) (the "HSN Transaction") to be described in the preliminary Proxy Statement, by such number of days after November 15, 1996 until the definitive Proxy Statement is so mailed, and provided further that the right to terminate this Agreement under this Section 7.1(b) (or to extend the termination date pursuant to the preceding clause) shall not be available to any party whose action or failure to act has been the cause of or resulted in the failure of the Merger to occur on or before such date and such action or failure to act constitutes a breach of this Agreement;".

6. Amendment to Article 6. Section 6.2(a) of the Merger Agreement is hereby amended by adding the following text after the text "as though made on and as of the Closing Date":

", provided that the representations and warranties in Section 3.6(a) shall exclude the matters set forth in Schedule A and the proximate consequences thereof and, provided further, that the representations and warranties in Sections 3.7(c) and 3.9 as they relate to the operations of the Company's business in the ordinary course shall be read as of the Closing Date without reference to any materiality standard set forth therein and shall be true and correct except to the extent their failure to be so true and correct shall not significantly impair, or could reasonably be expected to significantly impair, the long-term value of the Company (it being understood that this standard is very substantially in excess of a Material Adverse Effect)".

7. Parent Disclosure Letter. References in the Parent Disclosure Letter to the Exchange Agreement and related transactions shall be deemed to include any HSN Transaction.

III. General.

1. No Other Amendments. Except as expressly amended, modified and supplemented hereby, the provisions of the Merger Agreement are and shall remain in full force and effect.

2. Governing Law; Counterparts. (a) This Amendment shall be governed by, and construed in accordance with, the laws of the State of Delaware applicable to contracts made and to be performed therein, without giving effect to laws that

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might otherwise govern under applicable principles of conflicts of law.

(b) This Amendment may be executed by one or more of the parties to this Agreement on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

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IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered by their respective proper and duly authorized officers as of the day and year first above written.

SILVER KING COMMUNICATIONS, INC.

By: /s/ Barry Diller

Title: Chief Executive Officer

THAMES ACQUISITION CORP.

By: /s/ Michael Drayer

Title: Vice President

SAVOY PICTURES ENTERTAINMENT, INC.

By: /s/ Lewis J. Korman

Title: President

EXHIBIT 10.1

EXECUTION COPY

WAIVER dated as of December 14, 1995 (this "Waiver") to the Credit Agreement dated as of August 1, 1994, as amended as of August 31, 1994 (the "Credit Agreement"), among SILVER KING COMMUNICATIONS, INC., a Delaware corporation ("Holdings"), SKTV, INC., a Delaware corporation and a wholly owned subsidiary of Holdings (the "Borrower"), the financial institutions party thereto (the "Lenders") and CHEMICAL BANK, a New York banking corporation, as administrative agent (in such capacity, the "Administrative Agent") and as collateral agent (in such capacity, the "Collateral Agent") for the Lenders.

Holdings and certain other Persons wish to consummate certain transactions hereinafter described (collectively, the "Control Transactions") which would result in a Change of Control (such term and each other term used but not defined herein shall have the meaning assigned thereto in the Credit Agreement) under the Credit Agreement by virtue of one or both of Barry Diller and Tele-Communications, Inc., a Delaware Corporation ("TCI"), (collectively, the "Reporting Persons") acquiring control of Holdings.

On August 29, 1995, the Reporting Persons filed a Schedule 13D under the Securities and Exchange Act of 1934, attached as Exhibit A hereto (as amended to the date hereof, the "Schedule 13D"), in respect of the common stock, par value \$.01 per share of Holdings (the "Common Stock"). According to the Schedule 13D, the Reporting Persons constitute a "group" for purposes of Rule 13d-5 under the Securities Exchange Act of 1934, as amended, with respect to their beneficial ownership of Common Stock.

TCI currently holds 61,630 shares of Common Stock and Liberty Media Corporation, a Delaware corporation and a wholly owned subsidiary of TCI ("Liberty"), holds a transferable option to purchase 2,000,000 share of Holdings' Class B Common Stock, par value \$.01 per share ("Class B Stock"), from RMS Limited Partnership, a Nevada limited partnership and the controlling shareholder of Holdings ("RMS"), at a current exercise price of \$1.50 per share (the "Class B Option").

Pursuant to a definitive term sheet, dated as of August 24, 1995 (the "Equity Compensation Agreement", attached as an exhibit to the Schedule 13D), Barry Diller (a) acquired beneficial ownership of 220,994 shares of Common Stock at a purchase price of \$22.625 per share paid in cash, (b) acquired beneficial ownership of 220,994 additional shares of Common Stock at a purchase price of \$22.625 per share paid by delivery of a non-interest bearing promissory note of Barry Diller plus the sum of \$2,210 in cash, (c) acquired certain options to purchase up to

1,895,847 shares of Common Stock at an exercise price of \$22.625 per share (the "Options"), and (d) became the Chairman of the Board and Chief Executive Officer of Holdings.

Barry Diller and Liberty have entered into an agreement, dated as of August 24, 1995, with respect to their ownership of the equity securities of Holdings (the "Stockholders Agreement", attached as an exhibit to the Schedule 13D). Pursuant to the Stockholders Agreement, Liberty and Barry Diller have formed an entity (the "Silver Company"), to which Liberty will contribute the Class B Option as well as an amount in cash equal to the aggregate exercise price thereof, and Barry Diller will contribute an amount of cash to be agreed upon. Barry Diller will initially hold a common equity interest in the Silver Company constituting all of the voting stock of the Silver Company, and Liberty will hold a convertible nonvoting common equity interest. Barry Diller will control the equity securities of Holdings held by Silver Company, except that, subject to applicable law, the approval of both Liberty

and Barry Diller will be required in connection with certain Fundamental Matters (as set forth in the Stockholders Agreement). The Stockholders Agreement also provides that Barry Diller is entitled to exercise voting authority and authority to act by written consent over all securities of Holdings owned by any of the Reporting Persons and certain of their affiliates on all matters submitted to a vote of the Holdings' stockholders or by which the Holdings' stockholders may act by written consent. In connection therewith, Liberty will provide Barry Diller with a conditional proxy, which proxy shall be valid for the full term of the Stockholders Agreement and will be irrevocable.

Barry Diller and Holdings have filed all necessary applications with the Federal Communications Commission for transfer of control of Holdings to Silver Company. Upon receipt of such approval and other regulatory approvals as may be required, Barry Diller intends to cause the exercise of the Class B Option and to acquire voting control of Holdings. Following the exercise of the Class B Option, subject to applicable law, Barry Diller will have the right to cause the election of a majority of the Board of Directors of Holdings.

Pursuant to the terms of the Class B Option, upon exercise, the holder may elect to require RMS to convert all shares of Class B Stock owned by it which are not subject to the Class B Option into Common Stock. As a result, fewer than 2,280,000 shares of Class B Stock would be outstanding, and, pursuant to Holdings' Restated Certificate of Incorporation, the Reporting Persons believe that the holders of the Class B Stock would vote with the holders of the Common Stock as a single class on substantially all matters presented to the stockholders of Holdings, with each share of Class B Stock entitled to cast 10 votes upon matters considered for approval at any meeting of stockholders.

Assuming that Barry Diller and Liberty exercise the Class B Option and elect to require the holder of the remaining 415,945 shares of Class B Stock to convert such shares into Common Stock, the securities of Holdings beneficially owned by the Reporting Persons (not including the Options, none of which is currently vested and none of which is currently exercisable or becomes exercisable in the next 60 days) would constitute approximately 75% of the voting power of the outstanding equity securities of Holdings.

On November 27, 1995, Holdings entered into certain agreements pursuant to which it has agreed to acquire control of Home Shopping Network, Inc. In connection with these transactions, Holdings will issue additional Common Stock and Class B Stock and the Reporting Persons entered into an amendment to the Stockholders Agreement, all as described in an Amendment to the Schedule 13D, attached as part of Exhibit A hereto (the "Amendment").

The Control Transactions are more fully described in the Schedule 13D (including the Amendment), which is attached hereto and incorporated herein by reference.

The Administrative Agent, the Collateral Agent and the Lenders party hereto are willing, on the terms, subject to the conditions and to the extent set forth below, to grant such waivers.

In consideration of the premises and the agreements, provisions and covenants herein contained, the parties hereto hereby agree, on the terms and subject to the conditions set forth herein, as follows:

SECTION 1. Waiver. The Administrative Agent, the Collateral Agent and the Lenders party hereto hereby waive any Event of Default that will result pursuant to clause (m) of Article VII by

virtue of the Reporting Persons acquiring control of Holdings upon the consummation of any or all of the Control Transactions as described above and in the Schedule 13D. The Borrower explicitly acknowledges that, except as set forth in the preceding sentence, such clause (m) of Article VII and each other provision of the Credit Agreement remain in full force and effect, including with respect to any other or subsequent Change of Control (including any acquisition of control by any person or group other than one or more of the Reporting Persons) that may occur.

SECTION 2. Representations and Warranties. The Borrower represents and warrants to each of the Lenders and the Administrative Agent and the Collateral Agent that:

(a) Before and after giving effect to this Waiver, the representations and warranties set forth in Article III of the Credit Agreement are true and correct in all material respects with the same effect as if made on the date hereof, except to the extent such representations and warranties expressly relate to an earlier date.

(b) Before and after giving effect to this Waiver, no Event of Default or Default has occurred and is continuing.

SECTION 3. Condition to Effectiveness. This Waiver shall become effective as of the date first above written when the Administrative Agent shall have received counterparts of this Waiver that, when taken together, bear the signatures of the Borrower, the Collateral Agent and Lenders holding Loans and unused Commitments representing greater than 66-2/3% of the sum of (a) the aggregate principal amount of the Loans outstanding at such time and (b) the aggregate unused Commitments at such time.

SECTION 4. Credit Agreement. Except as specifically stated herein, the provisions of the Credit Agreement are and shall remain in full force and effect. As used therein, the terms "Agreement", "herein", "hereunder", "hereinafter", "hereto", "hereof" and words of similar import shall, unless the context otherwise requires, refer to the Credit Agreement as modified hereby.

SECTION 5. APPLICABLE LAW. THIS WAIVER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

SECTION 6. Counterparts. This Waiver may be executed in two or more counterparts, each of which shall constitute an original but all of which when taken together shall constitute but one contract.

SECTION 7. Expenses. The Borrower agrees to reimburse the Administrative Agent for its reasonable out-of-pocket expenses in connection with this Waiver, including the reasonable fees, charges and disbursements of Cravath, Swaine & Moore, counsel for the Administrative Agent.

IN WITNESS WHEREOF, the parties hereto have caused this Waiver to be duly executed by their respective authorized officers as of the day and year first written above.

SILVER KING COMMUNICATIONS, INC.,

by /s/ Steven H. Grant

Name: Steven H. Grant
Title: Executive Vice President

SKTV, INC.,

by

/s/ Michael Drayer

Name: Michael Drayer
Title: Vice President

CHEMICAL BANK, as a Lender, as
Administrative Agent and as Collateral Agent,

by

/s/ John J. Huber III

Name: John J. Huber III
Title: Managing Director

THE BANK OF NEW YORK,

by

/s/ Wade Layton

Name: Wade Layton
Title: Vice President

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FIRST UNION NATIONAL BANK OF NORTH
CAROLINA,

by

Name:
Title:

THE LONG-TERM CREDIT BANK OF
JAPAN, LTD.,

by

/s/ John J. Sullivan

Name: John J. Sullivan
Title: Joint General Manager

MERRILL LYNCH SENIOR FLOATING RATE
FUND, INC.,

by

/s/ John W. Fraser

Name: John W. Fraser
Title: Authorized Signatory

VAN KAMPEN AMERICAN CAPITAL PRIME RATE
INCOME TRUST,

by

/s/ Jeffrey W. Maillet

Name: Jeffrey W. Maillet
Title: Senior Vice President-
Portfolio Manager

PRIME INCOME TRUST,

by

Name:
Title:

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CERES FINANCE LTD.,

by CHANCELLOR SENIOR SECURED
MANAGEMENT, INC., as Financial
Manager

by /s/ Christopher A. Bondy

Name: Christopher A. Bondy
Title: Vice President

CREDITANSTALT BANKVERIEN,

by /s/ Bob Biringner

Name: Bob Biringner
Title: Senior Vice President

CREDITANSTALT BANKVERIEN,

by /s/ Scott Kray

Name: Scott Kray
Title: Senior Associate

MERRIL LYNCH PRIME RATE PORTFOLIO,

by MERRIL LYNCH ASSET
MANAGEMENT, L.P., as
Investment Advisor,

by /s/ John W. Fraser

Name: John W. Fraser
Title: Authorized Signatory

RESTRUCTURED OBLIGATIONS BACKED BY
SENIOR ASSETS B.V.,

by CHANCELLOR SENIOR SECURED
MANAGEMENT, INC., as Portfolio
Advisor,

by /s/ Christopher A. Bondy

Name: Christopher A. Bondy
Title: Vice President

STICHTING RESTRUCTURED OBLIGATIONS
BACKED BY SENIOR ASSETS 2 (ROSA 2),

by CHANCELLOR SENIOR SECURED
MANAGEMENT, INC., as Portfolio
Advisor,

by /s/ Christopher A. Bondy

Name: Christopher A. Bondy
Title: Vice President

SECOND AMENDMENT AND WAIVER dated as of June 6, 1996 (this "Amendment"), to the Credit Agreement dated as of August 1, 1994, as amended as of August 31, 1994 (the "Credit Agreement"), among SILVER KING COMMUNICATIONS, INC., a Delaware corporation ("Holdings"), SKTV, INC., a Delaware corporation and a wholly owned subsidiary of Holdings (the "Borrower"), the financial institutions party thereto (the "Lenders") and CHEMICAL BANK, a New York banking corporation, as administrative agent for the Lenders (in such capacity, the "Administrative Agent") and as collateral agent for the Lenders (in such capacity, the "Collateral Agent").

A. Silver King Capital Corporation, Inc., a Delaware corporation and a wholly owned subsidiary of the Borrower ("SKCC"), wishes to consummate certain transactions hereinafter described (collectively, the "Channel 66 Transactions"), which are not currently permitted under the Credit Agreement. Silver King Broadcasting of Northern California, Inc., a wholly owned subsidiary of the Borrower ("Silver King California"), was party to a Memorandum of Understanding, a copy of which is annexed hereto (the "Memorandum of Understanding"), with Whitehead Communications, Inc., relating to the acquisition (the "Acquisition") of KPST-TV, Vallejo, California ("KPST-TV") from Pan Pacific Television, Inc. All Silver King California's material rights and obligations under the Memorandum of Understanding have been assigned to, and assumed by, SKCC and, as described below, SKC Investments, Inc., a Delaware corporation and a wholly owned subsidiary of Holdings ("SKCI"). Pursuant to the Memorandum of Understanding, Channel 66 of Vallejo, California, Inc. ("Channel 66") has been formed as a Delaware corporation with one class of voting stock, comprising 51% of the equity of Channel 66, which is owned by Whitehead Media of California, Inc. ("Whitehead") and one class of convertible nonvoting stock (convertible into voting stock), comprising 49% of the equity of Channel 66, which is owned by SKCC. SKCC proposes to make a loan to SKCI in the approximate amount of \$4,900,000 (the "SKCI Loan"), of which \$1,400,000 will be made from Allowable Investment Proceeds as defined in the Credit Agreement; SKCI, in turn, proposes to make a loan to Channel 66 in the approximate amount of \$8,900,000

(the "Channel 66 Loan"), the proceeds of which will be utilized to finance the Acquisition, acquire or construct new studio facilities and provide working capital. The Channel 66 Loan will be secured by a pledge of Whitehead's 51% interest in Channel 66. Substantially simultaneously with the closing of the Acquisition, Channel 66 will enter into an affiliation agreement with Home Shopping Club, Inc.

B. The Memorandum of Understanding provides that, under certain circumstances and at certain times, (i) Whitehead will have the rights to put its shares in Channel 66 to SKCC and to otherwise be compensated for the transfer of such shares in connection with a foreclosure of the Channel 66 Loan (collectively, the "Whitehead Put Rights") and (ii) SKCC will have the right to purchase Whitehead's shares in Channel 66 (the "SK Call Rights"), in each case for a price equal to 51% of the excess of the appraised value of KPST-TV over its liabilities. All rights and obligations of SKCC in respect of the Whitehead Put Rights and the SK Call Rights will be assigned to, and assumed by, SKCI (the "Put-Call Assumption") and SKCC will have no further liability or obligation in connection therewith.

C. Holdings and the Borrower wish to change their fiscal year to a fiscal year ending December 31.

D. Holdings and the Borrower wish to amend the definition of EBITDA in the Credit Agreement to change the treatment of Capital Investment Payments.

E. The Borrower has requested that the Lenders consent to a deferral in the payment of preferred stock dividends by Blackstar Communications, Inc. to the Borrower or its subsidiaries.

F. Pursuant to a pre-existing contractual commitment to Roberts Broadcasting Company ("Roberts"), SKCC may be required to pledge its shares of stock in Roberts (the "Roberts Stock") to secure third party financing obtained by Roberts, and accordingly has requested that the Roberts Stock be released as Collateral under the Pledge Agreement in order to permit such pledge.

G. In connection with the foregoing, the Borrower and Holdings have requested that the Lenders enter into this Amendment in order to amend and to waive certain provisions of the Credit Agreement, and the Lenders are willing to

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enter into this Amendment, subject to the terms and conditions set forth herein. Capitalized terms used and not otherwise defined herein shall have the meanings assigned to them in the Credit Agreement.

Accordingly, in consideration of the mutual agreements contained in this Amendment and other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties hereto hereby agree as follows:

SECTION 1. Amendments of Credit Agreement. Upon the effectiveness of this Amendment in accordance with Section 4 hereof:

(a) Amendment to Section 1.01. Section 1.01 of the Credit Agreement shall be amended as set forth below:

(i) The definition of " Allowable Investments" shall be amended by inserting immediately after the reference to "fiscal year" the words "or period, as the case may be".

(ii) The definition of "EBITDA" shall be amended by deleting the words "(including Capital Investment Payments)", and inserting, immediately following the semi-colon after "extraordinary losses", the words "and plus the amount of Capital Investment Payments not in excess of \$75,000 for any fiscal quarter;".

(iii) The definition of " Excess Cash Flow" shall be amended by (x) deleting the words "for any fiscal year ending on or after August 31, 1995, EBITDA for such fiscal year" and inserting in place thereof the words "for the fiscal year ending August 31, 1995, for the period from and including September 1, 1995, to and including December 31, 1996, and for any fiscal year ending on or after December 31, 1997, EBITDA for such fiscal period" and (y) deleting the word "year" at the end of such definition and inserting in place thereof the word "period".

(iv) The definition of "Excess Cash Flow Percentage" shall be amended by adding immediately after each reference therein to "fiscal year" the words "(or other period in respect of which Excess Cash Flow is computed)".

(v) The following definition shall be added in proper alphabetical order:

"Stub Period" shall mean the fiscal period from and including September 1, 1995, through and including December 31, 1995."

(b) Amendment to Section 2.13(c). Paragraph (c) of Section 2.13 of the Credit Agreement shall be amended to read in its entirety as follows:

"(c) No later than 110 days after the end of each fiscal year of the Borrower ending on or after December 31, 1996, the Borrower shall prepay outstanding Loans in accordance with Section 2.13(d) in an aggregate principal amount equal to the Excess Cash Flow Percentage of Excess Cash Flow for such fiscal year or, in the case of the fiscal year ended December 31, 1996, for the period from and including September 1, 1995 through and including December 31, 1996, minus the sum of (a) prepayments of Term Loans during such period or fiscal year pursuant to Section 2.12 and (b) prepayments of Revolving Loans during such period or fiscal year pursuant to Section 2.12 but only to the extent that such Revolving Loans cannot by their terms be redrawn or reborrowed."

(c) Amendment to Section 5.04. Section 5.04 of the Credit Agreement shall be amended by inserting the words "and after the end of the Stub Period" in paragraphs (a), (g) and (f) immediately after the first references therein to "fiscal year" and by inserting the words "or Stub Period" after each other reference to "fiscal year" or "year" in paragraphs (a) and (b).

(d) Amendment to Section 5.09. Section 5.09 of the Credit Agreement shall be amended by deleting the reference to "August 31" and inserting in place thereof a reference to "December 31".

(e) Amendment of Section 6.12. The table appearing on Section 6.12 of the Credit Agreement shall be amended to read in its entirety as follows:

"From and Including: -----"	To and Including: -----"	Ratio: -----"
October 1, 1995	September 30, 1996	4.75 to 1.00
October 1, 1996	September 30, 1997	4.25 to 1.00
October 1, 1997	September 30, 1998	4.00 to 1.00
October 1, 1998	Thereafter	3.50 to 1.00"

(f) Amendment to Section 6.13. The table appearing on Section 6.13 of the Credit Agreement shall be amended to read in its entirety as follows:

"From and Including: -----"	To and Including: -----"	Ratio: -----"
October 1, 1995	September 30, 1996	2.50 to 1.00
October 1, 1996	September 30, 1997	2.75 to 1.00
October 1, 1997	Thereafter	3.00 to 1.00"

(g) Amendment to Section 6.14. Section 6.14 of the Credit Agreement shall be amended by deleting the reference to "August 31, 1997" and inserting in place thereof "September 30, 1997", and by deleting the reference to "September 1, 1997" and inserting in place thereof "October 1, 1997".

SECTION 2. Fiscal Quarters. Each reference in the Credit Agreement to a fiscal quarter or to fiscal quarters of Holdings or the Borrower (including in respect of fiscal quarters ending prior to the Effective Date) shall be deemed to refer to fiscal quarters ending on March 31, June 30, September 30 and December 31 of each year. The Borrower will prepare and deliver to the Administrative Agent and the Lenders, no later than ten days after the date on which the conditions to effectiveness set forth in Section 4 hereof have been satisfied, audited financial statements for the Stub Period and unaudited financial statements for the fiscal quarter ended March 31, 1996, in each case in accordance with the requirements of Section 5.04. For purposes of the Credit Agreement, such financial statements (and delivery thereof at the time required hereby) shall be deemed to have been required by and timely delivered pursuant to Section 5.04, in lieu of other financial statements covering such periods.

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SECTION 3. Waivers. (a) The Lenders hereby waive, subject to the conditions set forth below, compliance with the provisions of Sections 6.01 and 6.04 of the Credit Agreement to the extent, and only to the extent, necessary to permit (i) SKCC to acquire 49% of the stock of Channel 66 as contemplated by the Memorandum of Understanding, (ii) SKCC to make the SKCI Loan and (iii) SKCI to make the Channel 66 Loan. The foregoing waiver shall not constitute a waiver with respect to any purchase or acquisition by the Borrower or its Subsidiaries of any of Whitehead's shares in Channel 66, and any such purchase or acquisition will accordingly require the prior written consent of the Required Lenders. The foregoing waiver is specifically conditioned on (w) all the shares of Channel 66 at any time owned or acquired by the Borrower, SKCC or any other Subsidiary of the Borrower being pledged to the Lenders under the Pledge Agreement, (x) the SKCI Loan being evidenced by a note which is pledged to the Lenders under the Pledge Agreement at the time the SKCI Loan is made, (y) SKCI having entered into an agreement with the Administrative Agent, for the benefit of the Lenders, in form and substance satisfactory to the Administrative Agent, pursuant to which SKCI agrees not to sell, transfer or otherwise dispose of, or pledge or hypothecate, the Channel 66 Loan or any interest therein or promissory note relating thereto, until the earlier of the repayment in full of the SKCI Loan or the termination of the Credit Agreement and the repayment of all the Obligations and (z) the Put-Call Assumption, in form and substance satisfactory to the Administrative Agent, having been entered into by SKCC and SKCI and consented to by Whitehead and becoming effective.

(b) The Lenders hereby waive compliance with the provisions of Section 5.13 of the Credit Agreement to the extent, and only to the extent, necessary to permit the Borrower to agree to the deferral, for such period as the Borrower shall determine, of the payment of Blackstar Dividend Income.

(c) The Lenders hereby consent to the release of the Roberts Stock as Collateral under the Pledge Agreement for the sole purpose of permitting the Roberts Stock to be pledged to third-party lenders to Roberts pursuant to the requirements of the Shareholder Agreement dated April 28, 1989, among Roberts and certain stockholders thereof, including SKCC; provided, however, that such Roberts Stock shall promptly be repledged by SKCC under the Pledge

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Agreement in the event it is no longer required to be pledged to, or is released from the pledge in favor of, such third party lenders to Roberts.

SECTION 4. Conditions to Effectiveness. This Amendment shall become effective, retroactively to December 31, 1995, on the first date (the "Effective Date") on which (x) the Administrative Agent shall have received counterparts of this Amendment which, when taken together, bear the signatures of Holdings, the Borrower and Lenders holding Loans and unused Commitments representing at least 66 2/3% of the sum of (A) the aggregate principal amount of the Loans outstanding at such time and (B) the aggregate unused Commitments at such time and (y) the conditions to the waiver set forth in Section 3(a) have been satisfied.

SECTION 5. Representations and Warranties. Each of Holdings and the Borrower represents and warrants to the Administrative Agent, the Collateral Agent and each of the Lenders that:

(a) This Amendment, and the Credit Agreement as amended hereby, have been duly authorized, executed and delivered by them and constitute their legal, valid and binding obligations enforceable in accordance with their terms except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting the enforcement of creditors' rights generally, or by general equity principles, including but not limited to principles governing the availability of the remedies of specific performance and injunctive relief.

(b) The representations and warranties set forth in Article III of the Credit Agreement and in the other Loan Documents, after giving effect to this Amendment, are true and correct in all material respects with the same effect as if made on the date hereof, except to the extent such representations and warranties expressly relate to an earlier date, in which case they were true and correct in all material respects on and as of such earlier date.

(c) After giving effect to this Amendment, no Default or Event of Default has occurred and is continuing.

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For purposes of the foregoing representations, references to the Credit Agreement shall mean the Credit Agreement as amended hereby.

SECTION 6. Credit Agreement. Except as specifically amended or waived hereby, the Credit Agreement shall continue in full force and effect in accordance with the provisions thereof as in existence on the date hereof. After the date hereof, any reference to the Credit Agreement shall mean the Credit Agreement as amended hereby.

SECTION 7. APPLICABLE LAW. THIS AMENDMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

SECTION 8. Counterparts. This Amendment may be executed in two or more counterparts, each of which shall constitute an original, but all of which when taken together shall constitute but one contract.

SECTION 9. Expenses. Holdings and the Borrower agree to reimburse the Administrative Agent and the Collateral Agent for their reasonable out-of-pocket expenses in connection with this Amendment, including the reasonable

fees, charges and disbursements of Cravath, Swaine & Moore, counsel for the Administrative Agent and the Collateral Agent.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their respective authorized officers as of the day and year first written above.

SILVER KING COMMUNICATIONS, INC.,

by /s/ Michael Drayer

Name: Michael Drayer
Title: Executive Vice President

SKTV, INC.,

by /s/ Steven H. Grant

Name: Steven H. Grant
Title: President

CHEMICAL BANK, as a Lender, as Administrative Agent and as Collateral Agent,

by /s/ Judith E. Smith

Name: Judith E. Smith
Title: Vice President

THE BANK OF NEW YORK,

by /s/ Wade Layton

Name: Wade Layton
Title: Vice President

FIRST UNION NATIONAL BANK OF NORTH CAROLINA,

by /s/ J.R. Reed

Name:
Title: SVP

THE LONG-TERM CREDIT BANK OF

JAPAN, LTD.,

by

/s/ John J. Sullivan

Name: John J. Sullivan
Title: Joint General Manager

MERRILL LYNCH SENIOR FLOATING RATE
FUND, INC.,

by

Name:
Title:

VAN KAMPEN AMERICAN CAPITAL PRIME RATE
INCOME TRUST,

by

/s/ Jeffrey W. Maillet

Name: Jeffrey W. Maillet
Title: Senior Vice President-
Portfolio Manager

PRIME INCOME TRUST,

by

Name:
Title:

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CERES FINANCE LTD.,

by CHANCELLOR SENIOR SECURED
MANAGEMENT, INC., as Financial
Manager

by /s/ Darren R. Riley

Name: Darren P. Riley
Title: DIRECTOR

CREDITANSTALT BANKVERIEN,

by /s/ Joseph P. Longosz

Name: Joseph P. Longosz
Title: Vice President

CREDITANSTALT BANKVERIEN,

by /s/ Scott Kray

Name: Scott Kray
Title: Senior Vice President

MERRIL LYNCH PRIME RATE PORTFOLIO,

by MERRIL LYNCH ASSET
MANAGEMENT, L.P., as

Investment Advisor,

by

Name:
Title:

RESTRUCTURED OBLIGATIONS BACKED BY
SENIOR ASSETS B.V.,

by CHANCELLOR SENIOR SECURED
MANAGEMENT, INC., as
Portfolio Advisor,

by

Name:
Title:

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STICHTING RESTRUCTURED OBLIGATIONS
BACKED BY SENIOR ASSETS 2 (ROSA 2),

by CHANCELLOR SENIOR SECURED
MANAGEMENT, INC., as
Portfolio Advisor,

by

Name:
Title:

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ING CAPITAL ADVISORS, INC.,

by

/s/ Michael D. Hatley

Name: Michael D. Hatley
Title: Vice President & Portfolio Manager

AGREEMENT dated as of June 6, 1996, between SKC INVESTMENTS, INC. ("SKCI") and CHEMICAL BANK ("Chemical"), as Administrative Agent and Collateral Agent for the Lenders under the Credit Agreement referred to below.

Reference is made to (i) the Credit Agreement dated as of August 1, 1994, as amended as of August 31, 1994 (the "Credit Agreement"), among Silver King Communications, Inc. ("Holdings"), SKTV, Inc., a wholly owned subsidiary of Holdings (the "Borrower"), the financial institutions party thereto (the "Lenders") and Chemical, as administrative agent and collateral agent for the Lenders, and (ii) the Second Amendment and Waiver to the Credit Agreement (the "Amendment") dated as of June 6, 1996, among Holdings, the Borrower, the Lenders and Chemical. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to them in the Amendment and Credit Agreement.

Silver King Capital Corporation, Inc., a Delaware corporation and wholly owned subsidiary of the Borrower ("SKCC"), wishes to consummate the Channel 66 Transactions, described in the Amendment, which are not currently permitted under the Credit Agreement. Section 3(a) of the Amendment, which waives certain provisions of the Credit Agreement to the extent necessary to permit Holdings, the Borrower and SKCC to engage in the Channel 66 Transactions, is specifically conditioned on, among other things, the agreement of SKCI set forth herein.

Accordingly, SKCI agrees, for the benefit of the Lenders, from time to time under the Credit Agreement, not to sell, transfer or otherwise dispose of, or pledge, hypothecate or otherwise encumber, the Channel 66 Loan or any interest therein or promissory note relating thereto, until the earlier of the repayment in full of the SKCI Loan or the termination of the Credit Agreement and the repayment in full of all the Obligations.

This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which, when taken together, shall constitute but one instrument. Delivery of an executed counterpart of a signature page of this Agreement by facsimile transmission shall be as effective as delivery of a manually executed counterpart of this Agreement. This Agreement shall be

construed in accordance with and governed by the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

SKC INVESTMENTS, INC.,

by

/s/ Steven H. Grant

Name: Steven H. Grant

Title: Secretary/Treasurer

CHEMICAL BANK, as
Administrative Agent and
Collateral Agent, on behalf of
the Lenders,

by

/s/ Judith E. Smith

Name: Judith E. Smith
Title: Vice President

MASTER LOW POWER TELEVISION AFFILIATION AGREEMENT

This MASTER LOW POWER TELEVISION AFFILIATION AGREEMENT ("Affiliation Agreement") is entered into effective as of May 1, 1996 by and between HOME SHOPPING CLUB, INC. ("HSC") and SILVER KING COMMUNICATIONS, INC. ("Silver King") relating to the broadcast by Silver King's beneficially owned Low Power Television Stations (the "Stations") of HSC's daily television broadcast program services known as SPREE! and HOME SHOPPING NETWORK for the presentation and sale of products, as such programming may be revised from time to time at the sole discretion of HSC (hereinafter an "HSC Program Service" or "HSC Program Services," as applicable).

RECITALS

- I. HSC has previously entered into affiliation agreements with the Stations set forth on Schedule A.
- II. Silver King also beneficially owns certain Stations set forth on Schedule B that previously have not entered into affiliation agreements for carriage of an HSC Program Service.
- III. Silver King and HSC desire to enter into this Affiliation Agreement to provide that Stations will carry an HSC Programming Service under the terms set forth below.

Now therefore, HSC and Silver King agree as follows:

1. RECITALS. The Recitals are true and correct and are hereby made a part of this Affiliation Agreement.

2. PROGRAMMING. Silver King has determined that the public interest, convenience and necessity would be served by broadcast by its Stations of the HSC Program Services. Therefore, HSC will offer Stations the HSC Program Services as set forth in Schedule C to be broadcast on a network basis in the Nielsen Station Index Designated Market Area ("DMA") in the communities that the Stations are licensed by the Federal Communications Commission ("FCC") to serve. HSC reserves the right to air portions or all of HSC Program Services programming on other low power or full power television stations located within and without each Station's DMA. Silver King understands and agrees that HSC may switch any Station's programming service from an HSC Program Service to another HSC programming service, and HSC may also authorize carriage of any programming service delivered by HSC by any means of transmission, including broadcast television, cable television, secondary transmissions, direct broadcast satellite service, private or master antenna cable service or similar video or audio transmission services which serve communities located within a Station's DMA.

3. SCHEDULE. Each of the Stations shall, subject to the rights set forth under Section 5 below, broadcast the HSC Program Services, as available, 24 hours per day, seven days per week, 364 days per year.

4. BROADCAST IN ENTIRETY. Silver King agrees to broadcast the designated HSC Program Services in their entirety without any editing, delay, addition, alteration or deletion, including without limitation all network identifications, all promotional material (except promotional material which each Station, in its sole discretion, determines would be inconsistent with the public interest), all copyright notices, all credits and billings, and any other proprietary material of any kind or nature included therein. Each Station shall have the right to insert station identification announcements,

commercials as permitted herein . If each Station carries both the audio and the video portions of an HSC Program Service (whether compressed or not), Silver King shall be entitled to full compensation as set forth in this Agreement for such carriage.

5. STATION PROGRAMMING TIME. HSC agrees to make available to Station a minimum of four (4) minutes in each hour of the SPREE! HSC Program Service and a minimum of two (2) minutes in each hour of the Home Shopping Network HSC Program Service broadcast by Stations for use by Stations for the broadcast of commercials, news, or public affairs programming. This number of minutes may be amended by HSC and Silver King's mutual agreement from time to time. Silver King agrees that commercials other than those offered to Station by HSC or any of HSC's affiliates will not solicit direct response orders by a viewer in writing or by telephone unless carriage of such commercials is preapproved in writing by HSC.

6. COMPENSATION.

a. Within forty-five (45) days following the end of each month, HSC will compensate Silver King for broadcast by the Stations' HSC Program Services in the amount of \$45,833.33 (amounting to a total annual payment of approximately \$550,000). Silver King shall submit to HSC within thirty (30) business days after the end of each calendar month, upon forms acceptable to HSC, reports confirming each Station's broadcast of an HSC Program Service during the calendar month prior to the date of such report in accordance with the terms of this Agreement.

b. In the event that any Station incurs an outage (i.e., a Station is unable to deliver the audio and video portions of any HSC Program Service at full FCC authorized power and broadcast a picture and sound quality that complies with FCC broadcast engineering standards) which was within Silver King's reasonable control and Silver King failed to act in good faith to remedy the outage, then the payment to Silver King shall be proportionately adjusted based on the number of Stations covered under this Affiliation Agreement to reflect the length of each outage. Any outage of a period of 12 hours or more shall be considered an outage of a full day. Any outage of a period of less than 12 hours shall not be counted.

7. TERM; RENEWALS. This Agreement shall become effective at 12:01 a.m. on May 1, 1996, and it shall continue until 11:59 p.m. on April 30, 2000.

8. PROGRAM DELIVERY. HSC will deliver the HSC Program Services by means of one (1) or more domestic communications satellites or as otherwise agreed upon between the parties to each Station's processing equipment, and each Station shall be obligated to process and broadcast an HSC

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Program Service over its facilities. HSC shall give Silver King ninety (90) days advance written notice of any proposed change of satellite transmission.

9. PROMOTION. HSC and Station agree to promote the broadcast of the HSC Program Service in a cooperative manner. Silver King agrees that, to the extent it deems consistent with the public interest, convenience and necessity, it will promote the HSC Program Services in each Station's DMA. Such promotion may include, without limitation, on-the-air television or radio promotion, billboards and newspapers or other printed advertisements, announcements or other local publicity.

10. SERVICE MARKS. Silver King hereby acknowledges that HSC is a licensee of Home Shopping Network, Inc. ("HSN") with rights to sublicense the following trademarks, service marks and trade names: HSN, HSC, HOME SHOPPING NETWORK, HOME SHOPPING CLUB, SPREE, HOME SHOPPING SPREE, SPREE!, HSC1, HSC2, HSN1, HSN2, and SPENDABLE KASH (collectively, the "trademarks"). Station hereby

acknowledges that the trademarks are the property of HSN and that use of said trademarks by Silver King in connection with broadcasts by the Stations and any trademarks hereafter developed by HSN and used by Stations shall inure to the benefit of HSN. Silver King and Stations, in connection with broadcasts by the Stations, shall have the right to develop and distribute promotional materials incorporating such trademarks, provided, however, that any such promotional material (other than material obtained from HSC pursuant to this Agreement) shall clearly identify the trademarks as the property of HSN through the symbol "SM" or its legal equivalent and language identifying HSN as the owner thereof; and if requested by HSC, any use of the trademarks in specimens must be submitted in representative form for HSN's or HSC's prior written approval.

11. FAILURE OF PERFORMANCE. Neither Silver King nor HSC shall incur any liability hereunder because of HSC's failure to deliver or any Station's failure to broadcast an HSC Program Service due to labor disputes, satellite transmission problems beyond HSC's control, satellite reception problems beyond a Station's control, or other causes beyond the control of HSC or a Station.

12. CHANGES IN STATION FACILITIES. Silver King shall, within five (5) days of filing of any application with the Federal Communications Commission with respect to a Station, notify HSC in writing of any change in its transmitter location, power, community of license, or frequency and will notify HSC five (5) days prior to any planned change in hours of operation. In addition, Silver King shall notify HSC within twenty-four (24) hours of any change in a Station's operating power, transmitter or antenna, or any cessation of a Station's broadcast operations, whether voluntary or involuntary.

13. TRANSFER AND ASSIGNMENT. Silver King shall notify HSC within five (5) days of the filing of any application with the FCC seeking the FCC's consent to the transfer of control of any Station or the assignment of a Station's license. Except for transfer of control and assignment of licenses governed by Section 73.3540(f) of the FCC's current Rules and Regulations (or any successor provision thereto), HSC may terminate this Agreement as of the effective date of a transfer of control or assignment. Upon HSC's request, Silver King agrees that, prior to the effective date of any such transfer of control or assignment, it shall procure and deliver to HSC, in a form satisfactory to HSC, the agreement of the transferee or assignee to enter into an affiliation agreement with HSC.

14. LIMITATION ON USE OF HSC PROGRAM SERVICE. Silver King shall not authorize, cause, permit or enable anything to be done whereby an HSC Program Service provided pursuant to this Agreement may be used for any purpose other than broadcasting by a Station to that Station's DMA, which broadcast is intended for free over-the-air reception by the general public (but which may in turn be retransmitted by one or more cable systems). Silver King agrees that neither it nor the Stations will tape, record or otherwise duplicate an HSC Program Service for rebroadcast as promotional material without first securing HSC's prior written consent thereto.

15. LICENSES. Silver King represents that each Station shall maintain such licenses and authorizations, including performing rights licenses as now are or hereafter may be in general use and necessary for that Station's broadcast of an HSC Program Service. HSC will clear at the source any music in the repertory of ASCAP and BMI used on the HSC Program Services, thereby licensing the broadcasting of such music in such programs over the Stations. HSC shall be responsible for all music rights payments that may be required, other than music performance rights, with respect to any of the HSC Program Services. Silver King shall be responsible for all music license requirements for any commercial or other material inserted by the Stations and not supplied by HSC or any of its affiliates.

16. RIGHT OF REFUSAL. Nothing herein contained shall be construed to prevent or hinder a Station from rejecting or refusing such portions of an HSC Program Service which that Station reasonably believes to be unsatisfactory or unsuitable or contrary to the public interest or from substituting a program

which in a Station's opinion is of greater local or national importance. Silver King shall notify HSC, by the end of the calendar month in which any such rejection or substitution occurs, of such occurrence.

17. RIGHT TO ENTER INTO AGREEMENT. HSC and Silver King each represents and warrants to the other that it has the authority to enter into this Agreement and that there are no restrictions, agreements, or limitations on its ability to perform all its obligations thereunder.

18. LIABILITY FOR TAXES. HSC shall not be liable for any use, sales, excise, income, franchise, corporate or similar taxes which may be imposed upon or assessed against Silver King or any Station by virtue of the broadcast of an HSC Program Service. It is understood and agreed by the parties hereto that televised sales of product and merchandise are by HSC and not Silver King, and HSC shall be responsible for the collection and payment of all sales and/or use tax with respect to such sales, where applicable.

19. AMENDMENT AND WAIVERS. No provision hereof shall be changed or modified except by a written agreement signed by HSC and Silver King. No provisions hereof may be waived unless such waiver is in writing and is signed by the party against whom the waiver is asserted. No such waiver shall be deemed to be a waiver of any preceding or succeeding breach of the same or of any other provisions.

20. INDEMNIFICATION. HSC shall indemnify, defend and hold Silver King harmless against and from all claims, damages, liabilities, costs and expenses arising out of a Station's broadcast of an HSC Program Service in accordance with this Agreement, provided that Silver King notifies HSC

promptly (within thirty (30) days of Silver King's awareness) of any claim or litigation to which this indemnity shall apply, and cooperates fully with HSC in the defense or settlement of such claims or litigation; and provided further that this indemnity shall not extend to any action or proceeding by or before the FCC relating to a Station's broadcast of an HSC Program Service. Silver King shall indemnify, defend and hold HSC harmless from all claims, damages, liabilities, costs and expenses arising out of any actions by a Station related to that Station's programming operations and any actions by a Station unrelated to this Agreement.

21. NOTICE. Any notice required to be given hereunder shall be in writing and sent via United States mail to the appropriate party at the following address, or at such other address as may be given by notice hereunder or by delivering to such party in person at such address:

TO HSC:	With a copy (which shall not constitute notice) to:
Home Shopping Network, Inc. Broadcast Affiliations Attn: Nory LeBrun Executive Vice President P.O. Box 9090 Clearwater, Florida 34618-9090	Legal Department Home Shopping Network, Inc. P.O. Box 9090 Clearwater, Florida 34618-9090

TO SILVER KING:	With a copy (which shall not constitute notice) to:
Silver King Communications, Inc. Attn: Chief Financial Officer 2425 Olympic Blvd. Santa Monica, California 90404	Silver King Communications, Inc. Attn: General Counsel 12425 28th Street North St. Petersburg, Florida 33716

Where notice is sent by United States mail under this Agreement, it shall be effective three (3) business days after the date of mailing; and, if delivered by facsimile, by overnight service, or in person, such notice shall be

effective when so delivered.

22. GOVERNING LAW. The obligations of Silver King, the Stations and HSC are subject to applicable federal, state and local law, rules and regulations, including but not limited to, the Communications Act of 1934, as amended, and the Rules and Regulations of the FCC; and this Agreement, its interpretation, performance or any breach thereof, shall be construed in accordance with, and all questions with respect hereto shall be determined by such federal laws and by the laws of the State of Florida, as applicable.

23. DISCONTINUANCE OF SERVICE. HSC agrees to notify Silver King of any decision to discontinue an HSC Program Service being aired by one or more of the Stations within ten (10) days of such decision, and such service shall be simultaneously replaced with another HSC programming service as provided in Section 2 hereof. HSC agrees to notify Silver King at least 90 days prior to discontinuation of all HSC Program Services, and in such event, this Affiliation Agreement shall

terminate following expiration of the 90 day notice period.

24. HEADINGS. The headings of the sections of this Agreement are for convenience only and shall not in any way effect the interpretation hereof.

25. APPROVAL BY HSN. Notwithstanding anything to the foregoing, this Agreement between HSC and Silver King is expressly conditioned on the approval of HSN, and neither HSC nor Silver King shall have any right to terminate this Agreement except as provided in this Agreement, to take any action which may result in such termination under the terms of the Agreement except as permitted by this Agreement, or to make any substantial modification in this Agreement without the express prior written consent of HSN.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first above written.

HSC:
HOME SHOPPING CLUB, INC.

SILVER KING:
SILVER KING COMMUNICATIONS, INC.
on behalf of itself and the Stations set forth in
Schedule C hereof.

By: /s/ H.A. LeBrun

H. A. LeBrun

By: /s/ Michael Drayer

Michael Drayer

Its Executive Vice President

Its Executive Vice President

Agreed and Consented to by:
HOME SHOPPING NETWORK, INC.

By:/s/ Kevin J. McKeon

Kevin J. McKeon

Its Executive Vice President, Chief

Financial Officer & Treasurer

Schedule A

Stations With HSC Affiliation Agreements

Atlanta, W24AL
Columbus, W13BN
Huntington, W17BH
Kansas City, K26CR
Knoxville, W56CM
Minneapolis, K35CY
New Orleans, K14IE
New York, W60AI*
Springfield, W33AY
St. Louis, K21OD
St. Petersburg, W24BF
Tucson, K21CX
Wichita, K15DD

*Note: the New York LPTV station is paid as part of the full power stations' fee

Schedule B

Stations Without HSC Affiliation Agreements

Birmingham, W34BI
Champaign, W39BH
Des Moines, K41DD
Jacksonville, W36AJ
Mobile, W52BF
Pensacola, W31BB
Portsmouth, W56CS
Raleigh, W58CD
Roanoke, W56CP
Shreveport, K67FD
Spokane, K14IF
Toledo, W64BM
Tulsa, K39CW

Schedule C

Stations -----	HSC Program Service Carried by Stations -----
Atlanta, W24AL	SPREE!
Birmingham, W34BI	SPREE!
Champaign, W39BH	SPREE!
Columbus, W13BN	SPREE!
Des Moines, K41DD	SPREE!
Huntington, W17BH	SPREE!
Jacksonville, W36AJ	SPREE!
Kansas City, K26CR	SPREE!
Knoxville, W56CM	HSN
Minneapolis, K35CY	SPREE!
Mobile, W52BF	SPREE!
New Orleans, K14IE	SPREE!
New York, W60AI*	SPREE!
Pensacola, W31BB	SPREE!
Portsmouth, W56CS	SPREE!
Raleigh, W58CD	SPREE!
Roanoke, W56CP	SPREE!
Shreveport, K67FD	SPREE!
Spokane, K14IF	SPREE!
Springfield, W33AY	SPREE!
St. Louis, K21OD	SPREE!
St. Petersburg, W24BF	SPREE!
Toledo, W64BM	SPREE!
Tucson, K21CX	SPREE!
Tulsa, K39CW	SPREE!
Wichita, K15DD	SPREE!

*Note: the New York LPTV station paid as part of the full power stations' fee and does not receive compensation under this Affiliation Agreement. In the event that the New York full power stations cease to carry any HSC Program Service, the parties agree that they shall negotiate in good faith with respect to the compensation to be paid to the New York LPTV station.

<ARTICLE> 5

<LEGEND>

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FINANCIAL STATEMENTS OF SILVER KING COMMUNICATIONS FOR THE THREE MONTHS ENDED JUNE 30, 1996, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

</LEGEND>

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<SECURITIES>		0
<RECEIVABLES>		379
<ALLOWANCES>		96
<INVENTORY>		0
<CURRENT-ASSETS>		25,530
<PP&E>		96,221
<DEPRECIATION>		71,698
<TOTAL-ASSETS>		131,446
<CURRENT-LIABILITIES>		19,180
<BONDS>		0
<PREFERRED-MANDATORY>		0
<PREFERRED>		0
<COMMON>		95
<OTHER-SE>		8,096
<TOTAL-LIABILITY-AND-EQUITY>		131,446
<SALES>		0
<TOTAL-REVENUES>		22,036
<CGS>		0
<TOTAL-COSTS>		193
<OTHER-EXPENSES>		18,636
<LOSS-PROVISION>		73
<INTEREST-EXPENSE>		4,633
<INCOME-PRETAX>		115
<INCOME-TAX>		1,173
<INCOME-CONTINUING>		(1,058)
<DISCONTINUED>		0
<EXTRAORDINARY>		0
<CHANGES>		0
<NET-INCOME>		(1,058)
<EPS-PRIMARY>		(.11)
<EPS-DILUTED>		0