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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 1997

COMMISSION FILE NUMBER 0-20570

HSN, INC.
(Exact name of registrant as specified in its charter)

DELAWARE	59-2712887
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1 HSN DRIVE, ST. PETERSBURG, FLORIDA
(Address of principal executive offices)

33729
(Zip Code)

(813) 572-8585
(Registrant's telephone number, including area code)

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 [X] 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 stock as of November 3, 1997:

Common stock.........................	43,663,906
Class B common stock.................	12,227,647

PART I -- FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

HSN, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	Three Months Ended September 30, 1997	Three Months Ended September 30, 1996	Nine Months Ended September 30, 1997	Nine Months Ended September 30, 1996
	(In thousands, except per share data)			
NET REVENUES				
Home Shopping Network	$240,036	$ --	$752,405	$ --
Ticketmaster	67,331	--	67,331	--
Broadcasting	12,815	11,213	38,585	33,249
Other	6,074	--	13,172	--
Total net revenues	326,256	11,213	871,493	33,249
Operating costs and expenses:				
Cost of sales	156,041	78	464,159	271
Selling and marketing	66,477	--	134,987	--
General and administrative	37,491	2,840	84,210	8,583
Engineering and programming	17,859	3,205	54,119	9,236
Depreciation and amortization	25,703	3,316	67,194	10,178
Total operating costs and expenses	303,571	9,439	804,669	28,268
Operating profit	22,685	1,774	66,824	4,981
Other income (expense):				
Interest income	1,460	925	3,973	2,135
Interest expense	(8,611)	(2,228)	(22,101)	(6,861)
Miscellaneous	(3,023)	(177)	(9,283)	154
	(10,174)	(1,480)	(27,411)	(4,572)
Earnings before income taxes and minority interest	12,511	294	39,413	409
Income tax expense	(9,078)	(665)	(29,753)	(1,838)
Minority interest	83	--	98	--
NET EARNINGS (LOSS)	$ 3,516	$ (371)	$ 9,758	$(1,429)
Net earnings (loss) per common share	$ .06	$ (.04)	$ .18	$ (.15)
Weighted average shares outstanding	59,497	9,494	54,087	9,479

The accompanying notes are an integral part of these statements.

HSN, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

ASSETS	September 30, 1997	September 30, 1996	December 31, 1996
	(In thousands)		
CURRENT ASSETS			
Cash and cash equivalents	$ 106,121	$ 13,900	$ 42,606
Accounts and notes receivable, net	98,364	3,752	56,832
Inventories, net	155,844	--	100,527
Deferred income taxes	33,714	1,083	40,842
Other current assets, net	13,381	1,440	7,791
Total current assets	407,424	20,175	248,598
PROPERTY, PLANT AND EQUIPMENT			
Computer and broadcast equipment	140,136	73,543	95,472
Buildings and leasehold improvements	83,618	18,316	63,739
Furniture and other equipment	36,199	1,939	20,414
	259,953	93,798	179,625
Less accumulated depreciation and amortization	113,433	72,516	73,959
	146,520	21,282	105,666
Land	17,365	2,158	14,944
Projects in progress	9,806	237	1,365
	173,691	23,677	121,975
OTHER ASSETS			
Intangible assets, net	1,857,803	52,964	1,545,947
Cable distribution fees, net ($37,462; $0; and $40,892, respectively, to related parties)	104,137	--	113,594
Long-term investments ($17,267; $0; and $5,581, respectively, in related parties)	33,576	5,140	30,121
Notes receivable, net of current portion ($843; $0; and $1,639, respectively, from related parties)	11,552	17,130	17,741
Deferred income taxes	5,592	--	1,926
Deferred charges and other, net	43,530	3,588	36,330
	2,056,190	78,822	1,745,659
	$2,637,305	$122,674	$2,116,232

The accompanying notes are an integral part of these statements.

HSN, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

LIABILITIES AND STOCKHOLDERS' EQUITY	September 30, 1997	September 30, 1996	December 31, 1996
	(In thousands)		
CURRENT LIABILITIES			
Current maturities of long-term obligations	$ 11,263	$ 13,000	$ 42,906
Accounts payable	211,264	--	95,421
Programming fees ($8,474; $0; and $9,051, respectively, to related parties)	32,314	--	40,717
Other accrued liabilities	96,394	3,015	93,998
Total current liabilities	351,235	16,015	273,042
LONG-TERM OBLIGATIONS (net of current maturities)	428,754	83,922	271,430
DEFERRED INCOME TAXES	--	14,575	--
OTHER LONG-TERM LIABILITIES, NET	50,423	--	56,875
MINORITY INTEREST	365,355	--	356,136
COMMITMENTS AND CONTINGENCIES	--	--	--
STOCKHOLDERS' EQUITY			
Preferred stock -- $.01 par value; authorized 15,000,000; 50,000; and 15,000,000 shares, respectively, no shares issued and outstanding	--	--	--
Common stock -- $.01 par value; authorized 150,000,000; 30,000,000; and 150,000,000 shares, respectively; issued and outstanding 43,646,861; 7,082,332; and 35,992,903 shares, respectively	436	71	360
Class B -- convertible common stock -- $.01 par value; authorized 30,000,000; 2,415,945; and 30,000,000 shares, respectively; issued and outstanding 12,227,647; 2,415,945; and 10,225,056 shares, respectively	122	24	102
Additional paid-in capital	1,556,589	127,493	1,285,277
Accumulated deficit	(106,904)	(111,552)	(116,662)
Unearned compensation	(3,707)	(2,876)	(5,330)
Note receivable from key executive for common stock issuance	(4,998)	(4,998)	(4,998)
	1,441,538	8,162	1,158,749
	$2,637,305	$ 122,674	$2,116,232

The accompanying notes are an integral part of these statements.

HSN, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (UNAUDITED)

(In thousands)

	Common Stock	Class B Convertible Common Stock	Additional Paid-In Capital	Accumulated Deficit	Unearned Compen-sation	Note Receivable from Key Executive for Common Stock Issuance	Total
BALANCE AT JANUARY 1, 1996........	$ 70	$ 24	$ 126,119	$(110,123)	$(3,621)	$(4,998)	$ 7,471
Issuance of common stock upon exercise of stock options.......	1	--	716	--	--	--	717
Income tax benefit related to stock options exercised.........	--	--	658	--	--	--	658
Amortization of unearned compensation related to grant of stock options to key executive	--	--	--	--	745	--	745
Net loss for the nine months ended September 30, 1996.............	--	--	--	(1,429)	--	--	(1,429)
BALANCE AT SEPTEMBER 30, 1996.....	$ 71	$ 24	$ 127,493	$(111,552)	$(2,876)	$(4,998)	$ 8,162
BALANCE AT JANUARY 1, 1997........	$360	$102	$1,285,277	$(116,662)	$(5,330)	$(4,998)	$1,158,749
Issuance of common stock upon exercise of stock options.......	4	--	5,988	--	--	--	5,992
Income tax benefit related to stock options exercised.........	--	--	2,599	--	--	--	2,599
Issuance of stock in connection with business acquisition.......	72	20	262,725	--	--	--	262,817
Amortization of unearned compensation related to grant of stock options to key executive	--	--	--	--	745	--	745
Expense related to executive stock award program and stock options.........................	--	--	--	--	113	--	113
Expense related to employee equity participation plan..............	--	--	--	--	765	--	765
Net earnings for the nine months ended September 30, 1997........	--	--	--	9,758	--	--	9,758
BALANCE AT SEPTEMBER 30, 1997.....	$436	$122	$1,556,589	$(106,904)	$(3,707)	$(4,998)	$1,441,538

The accompanying notes are an integral part of these statements.

HSN, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Nine Months Ended September 30, 1997	Nine Months Ended September 30, 1996
	(In thousands)	
Cash flows from operating activities:		
Net earnings (loss)	$ 9,758	$ (1,429)
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:		
Depreciation and amortization	52,798	10,178
Deferred income taxes	15,462	1,547
Amortization of cable distribution fees	14,327	--
Non-cash operating expense	(14,083)	--
Equity in losses of unconsolidated affiliates	9,257	--
Non-cash interest expense	3,163	629
Inventory carrying adjustment	(1,726)	--
Amortization of unearned compensation	1,623	745
Provision for losses on accounts and notes receivable	433	69
(Gain) loss on retirement or sale of fixed assets	125	(19)
Minority interest	(98)	--
Changes in current assets and liabilities:		
(Increase) decrease in accounts receivable	(13,521)	872
Increase in inventories	(49,310)	--
(Increase) decrease in other current assets	4,020	(241)
Increase in accounts payable	23,636	--
Decrease in accrued liabilities	(36,115)	(2,721)
Increase in cable distribution fees	(4,870)	--
Decrease in deferred charges and other	2,724	25
NET CASH PROVIDED BY OPERATING ACTIVITIES	17,603	9,655
Cash flows from investing activities:		
Capital expenditures	(31,013)	(500)
Increase in long-term investments and notes receivable	(14,786)	(8,370)
Capital contributions received	9,000	--
Payment of merger costs	(6,349)	(791)
Proceeds from long-term notes receivable	5,635	3,234
Proceeds from sale of fixed assets	412	2,328
NET CASH USED IN INVESTING ACTIVITIES	(37,101)	(4,099)
Cash flows from financing activities:		
Principal payments on long-term obligations	(243,784)	(11,513)
Proceeds from long-term obligations	231,142	--
Cash acquired in the Ticketmaster Transaction	89,663	--
Proceeds from issuance of common stock	5,992	717
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	83,013	(10,796)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	63,515	(5,240)
Cash and cash equivalents at beginning of period	42,606	19,140
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$106,121	$ 13,900

The accompanying notes are an integral part of these statements.

HSN, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE A -- BASIS OF PRESENTATION

The interim Condensed Consolidated Financial Statements of HSN, Inc. and Subsidiaries (the "Company") are unaudited and should be read in conjunction with the audited Consolidated Financial Statements and Notes thereto for the year ended December 31, 1996.

In the opinion of the Company, all adjustments necessary for a fair presentation of such Condensed Consolidated Financial Statements have been included. Such adjustments consist of normal recurring items. Interim results are not necessarily indicative of results for a full year. The interim 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 audited Consolidated Financial Statements and Notes thereto.

The Condensed Consolidated Financial Statements include the operations of Savoy Pictures Entertainment, Inc. and subsidiaries ("Savoy") and the operations of Home Shopping Network, Inc. and subsidiaries ("Home Shopping") from the dates of acquisition (collectively, the "Mergers"). The Condensed Consolidated Financial Statements also include the operations and cash flows of Ticketmaster Group, Inc. and subsidiaries ("Ticketmaster") for the 75 days ending July 31, 1997, see Note C.

NOTE B -- RECLASSIFICATION

Certain amounts in the Condensed Consolidated Financial Statements for September 30, 1996, were reclassified to conform to the 1997 presentation.

NOTE C -- TICKETMASTER TRANSACTION

On July 17, 1997, the Company announced the consummation of the acquisition of approximately 49.6% of the outstanding equity of Ticketmaster, from Paul G. Allen, by issuing 7,238,507 shares of the Company's common stock at a price of $28.44 per share (the "Ticketmaster Transaction"). Subsequently, the Company purchased an additional 206,000 shares of Ticketmaster stock, for $3.3 million, in the open market resulting in a 50.1% interest in Ticketmaster's outstanding equity. In connection with the issuance of new shares to Mr. Allen, the Company also issued 2,002,591 shares of the Company's Class B common stock in accordance with Liberty Media Corporation's contingent right to receive such shares as part of the Home Shopping merger in 1996.

The Ticketmaster Transaction has been accounted for using the purchase method of accounting. The acquisition price of $210.0 million, including expenses, was preliminarily allocated to the assets and liabilities of Ticketmaster based on their respective values at the acquisition date. The fair market values of the assets and liabilities consolidated in the statement of financial position as of September 30, 1997, along with the excess of the purchase price over the fair value of net assets, which has preliminarily been assigned to goodwill, are summarized below:

	Ticketmaster
	(In thousands)
Current assets	$139,897
Non-current assets	180,375
Goodwill	189,493
Current liabilities	129,525
Non-current liabilities	149,423

Ticketmaster is on a fiscal year ending January 31 and accordingly, the Company has adopted the practice of consolidating Ticketmaster's most recent quarterly results of operations, adjusted for any significant subsequent transactions, with those of the Company's current quarterly results. For the quarter and nine

HSN, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) -- (CONTINUED)

months ended September 30, 1997, the Company has consolidated the operations of Ticketmaster for the 75 days ended July 31, 1997.

The following unaudited pro forma condensed consolidated financial information for the quarter and nine months ended September 30, 1997, is presented to show the results of the Company for the full three and nine month periods, as if the Ticketmaster Transaction and the Mergers occurred at the beginning of the years presented. The pro forma results include certain adjustments, including increased amortization related to goodwill, the reduction of cable and broadcast fees for fair value adjustments related to purchase accounting and the elimination of inter-company revenues and expenses, and are not necessarily indicative of what the results would have been had the Ticketmaster Transaction and the Mergers actually occurred on the aforementioned dates.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1997	1996	1997	1996
	(In thousands, except per share data)			
Net revenues	$347,198	$328,038	$1,058,457	$1,010,741
Net earnings (loss)	3,323	(1,428)	8,216	(13,882)
Net earnings (loss) per common share	.05	(.03)	.12	(.25)

NOTE D -- LONG-TERM OBLIGATIONS

In connection with the Ticketmaster Transaction, consolidated long-term obligations increased by the following:

	September 30, 1997
	(In thousands)
$175.0 million revolving note payable, collateralized by substantially all of Ticketmaster's assets, payable December 1999; bearing interest at the London Inter-Bank Offered Rate ("LIBOR"), plus an applicable margin	$134,000
Term loan, collateralized by a building, principal and interest payable monthly, maturing May 2007; interest at 9.2%	9,000
Term loan, collateralized by substantially all of the assets of a Ticketmaster subsidiary, interest and principal payable monthly with balance due June 1999; bearing interest at prime plus 0.25% or LIBOR plus 225 basis points	7,500
Other	49
	$150,549

In addition to the above Ticketmaster debt, on May 1, 1997, the Company entered into a new $275.0 million Revolving Credit Facility (the "New Facility") with a $35.0 million sub-limit for letters of credit. The New Facility, which replaced both the Home Shopping Revolving Credit Facility and the Company's Secured Senior Term Loans, expires on May 1, 2002. The New Facility is unsecured and the interest rate on borrowings is tied to LIBOR plus an applicable margin. At September 30, 1997, there were $80.0 million in outstanding borrowings under the New Facility, and $169.8 million was available for borrowing after taking into account outstanding letters of credit.

A waiver of certain covenants related to the SF Broadcast Facility was obtained for the third quarter of 1997. The Company was in compliance with all other terms and covenants related to its credit facilities and debt instruments at September 30, 1997.

In connection with the Mergers, the Company became a joint and several obligor with respect to the Home Shopping Network 5 7/8% Convertible Subordinated Debentures and to the Savoy Pictures Entertain-

HSN, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) -- (CONTINUED)

ment, Inc. 7% Convertible Subordinated Debentures. The liability of Home Shopping and Savoy is subordinated under these debentures.

NOTE E -- INCOME TAXES

The Company had taxable income for the quarter and nine months ended September 30, 1997, which was offset in part by net operating loss carryforwards.

On June 23, 1997, the Internal Revenue Service ("IRS") completed the examination of Home Shopping's federal income tax returns for fiscal years 1992, 1993 and 1994. The IRS proposed adjustments resulting in a potential tax deficiency of $9.3 million, primarily related to the disallowance of deductions pertaining to a legal settlement and stock options exercised under the 1986 Cable Operators Stock Option Plan. On July 23, 1997, the Company made a payment of $1.3 million of tax and $.3 million of interest for all undisputed issues. These undisputed issues were related to inter-period allocations of tax deductions, which will reverse in subsequent periods. To minimize interest expense in the event of an unfavorable outcome of the disputed items, the Company deposited $2.8 million with the IRS during July 1997. The Company maintains it has meritorious positions with respect to the disputed adjustments and on August 22, 1997, filed a protest with the IRS.

In addition, the IRS reversed its position on an issue with respect to a former related party, which will result in a refund of $5.0 million in taxes and interest related to fiscal years 1986 to 1989.

The effects of the settlement of undisputed items, the potential impact of the disputed items, and the $5.0 million refund were included in previous years' tax provisions and, accordingly, had no impact on the income tax provision for the quarter and nine months ended September 30, 1997.

The Company believes it has made adequate provision for all outstanding tax issues.

NOTE F -- EARNINGS (LOSS) PER SHARE

Primary earnings (loss) per common share is based on net earnings (loss) divided by the weighted average number of common shares outstanding, giving effect to stock options and convertible debt, when applicable, and the impact of common stock equivalents of Ticketmaster. Fully diluted earnings (loss) per common share is considered to be the same as primary earnings (loss) per common share since the effect of certain potentially dilutive securities is anti-dilutive in all periods presented.

In February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128, "Earnings per Share" ("FAS 128") which will become effective in the fourth quarter of 1998. FAS 128 replaces the presentation of earnings per share reflected on the Statement of Operations with a dual presentation of Basic Earnings per Share ("Basic EPS") and Diluted Earnings per Share ("Diluted EPS"). Basic EPS excludes dilution and is computed by dividing net income by the weighted average number of common shares outstanding during the period. Diluted EPS reflects the potential dilution that could occur if stock options and other commitments to issue common stock were exercised resulting in the issuance of common stock that then shared in the earnings of the Company. FAS 128 does not permit early application; however, it requires, when implemented in the fourth quarter, the restatement of previously reported earnings

HSN, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) -- (CONTINUED)

per share for each income statement presented. Pro forma disclosure of earnings per share information as if the Company implemented FAS 128 are as follows:

PRO FORMA EARNINGS PER SHARE

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	1997	1996	1997	1996
	(IN THOUSANDS, EXCEPT PER SHARE INFORMATION)			
Net earnings (loss)	$ 3,516	$ (371)	$ 9,758	$(1,429)
Weighted average shares	55,010	9,494	51,008	9,479
Basic earnings (loss) per share	$ .06	$ (.04)	$ .19	$ (.15)
Weighted average shares including the effect of stock options (4,487 and 3,079 for the three and nine months ended September 30, 1997, respectively)	59,497	9,494	54,087	9,479
Diluted earnings (loss) per share	$ .06	$ (.04)	$ .18	$ (.15)

NOTE G -- CONSOLIDATED STATEMENTS OF CASH FLOWS

For purposes of reporting cash flows, cash and cash equivalents include cash and short-term investments. Short-term investments consist primarily of auction preferred shares, money market funds and certificates of deposit with original maturities of less than 91 days.

Supplemental disclosures of cash flow information:

	Nine Months Ended September 30,	
	1997	1996
	(In thousands)	
CASH PAID FOR:		
Interest	$17,316	$7,019
Income taxes	13,055	295
CASH RECEIVED FOR:		
Income tax refund	201	--

- - During July 1997, the Company acquired an interest in Ticketmaster by issuing stock as discussed in Note C.

HSN, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) -- (CONTINUED)

NOTE H -- SAVOY SUMMARIZED FINANCIAL INFORMATION (UNAUDITED)

The Company has not presented separate financial statements and other disclosures concerning Savoy because management has determined that such information is not material to holders of the Savoy debentures, all of which have been assumed by the Company as a joint and several obligor. The information presented is reflected at Savoy's historical cost basis.

Summarized Operating Information	Nine Months Ended September 30, 1997	Nine Months Ended September 30, 1996
	(In thousands)	
Net revenue	$50,816	$ 98,848
Operating expenses	52,063	168,543
Operating loss	(8,309)	(69,695)
Net loss	(6,534)	(84,720)

Summarized Balance Sheet Information	September 30, 1997	September 30, 1996	December 31, 1996
		(In thousands)	
Current assets	$ 39,777	$124,338	$ 61,901
Non-current assets	289,171	317,003	302,195
Current liabilities	33,563	37,846	60,176
Non-current liabilities	116,360	177,067	124,198
Minority interest	119,091	95,170	112,717

NOTE I -- RELATED PARTY TRANSACTION

The Company deferred repayment of a $5.0 million secured, non-recourse promissory note due from the Company's Chairman and CEO, from September 5, 1997 to September 5, 2007.

NOTE J -- SUBSEQUENT EVENTS

On October 20, 1997, the Company and Universal Studios, Inc. ("Universal"), a subsidiary of The Seagram Company, Ltd., announced an agreement to contribute the majority of Universal's television assets to the Company in a transaction in which Universal will receive $4.1 billion in value in the form of 45% of the Company's outstanding common equity equivalents and $1.2 billion in cash. In addition, upon consummation of the transaction, the Company intends to change its corporate name to USA Networks, Inc. The transaction, which is expected to close in the first quarter of 1998, is subject to customary conditions, including the approval of the Company's stockholders. The Universal assets to be contributed include all the domestic operations and 50% of the international operations of USA Network and the Sci-Fi Network, as well as Universal's domestic production and distribution operations.

On October 31, 1997, the Company announced its proposal to acquire all publicly held shares of common stock of Ticketmaster in a tax-free merger transaction in which each share of Ticketmaster would be exchanged for .506 of a share of the Company's common stock, subject to adjustment in certain circumstances. The Company and Ticketmaster have not entered into a definitive agreement regarding the Company's proposal.

On November 12, 1997, the Company invested $20.0 million for an 11.0% interest in City Search, Inc., an Internet based company. The investment will be accounted for using the cost method.

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

GENERAL

HSN, Inc. (the "Company" or "HSNi") is a holding company, the subsidiaries of which conduct the operations of the Company's various business activities. During the third quarter of 1997, the Company acquired 50.1% of the outstanding equity of Ticketmaster Group, Inc. and subsidiaries ("Ticketmaster") (the "Ticketmaster Transaction"). During 1996, the Company merged with Savoy Pictures Entertainment, Inc. ("Savoy") and Home Shopping Network, Inc. ("Home Shopping") (collectively, the "Mergers"). The Ticketmaster Transaction and the Mergers were accounted for using the purchase method of accounting. The Company's principal areas of business are electronic retailing, ticketing operations and television broadcasting. The electronic retailing business operates two services, The Home Shopping Network ("HSN") and America's Store, through an indirect wholly-owned subsidiary, Home Shopping Club, Inc. ("HSC"). The ticketing operations business sells over 70 million tickets a year through 2,900 retail center outlets, 25 telephone call centers and an Internet site and is the leading provider of automated ticketing services in the U.S. The television broadcasting business owns and operates twelve full-power UHF television stations (the "SKTV Stations") and four full-power VHF television stations ("SF Broadcasting"). SF Broadcasting is 50% owned by each of Savoy and Fox Broadcasting Company ("Fox").

THIS REPORT INCLUDES FORWARD-LOOKING STATEMENTS. THESE ARE SUBJECT TO CERTAIN RISKS AND UNCERTAINTIES, INCLUDING THOSE IDENTIFIED BELOW, WHICH COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM SUCH STATEMENTS. THE WORDS "BELIEVE," "EXPECT," "ANTICIPATE," "OPTIMISTIC," "INTEND," "AIM," "WILL," AND SIMILAR EXPRESSIONS IDENTIFY FORWARD-LOOKING STATEMENTS. READERS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON THESE FORWARD-LOOKING STATEMENTS, WHICH SPEAK ONLY AS OF THE DATE ON WHICH THEY ARE MADE. THE COMPANY UNDERTAKES NO OBLIGATION TO UPDATE PUBLICLY OR REVISE ANY FORWARD-LOOKING STATEMENTS. FACTORS THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THE FORWARD-LOOKING STATEMENTS, AS WELL AS AFFECT THE COMPANY'S ABILITY TO ACHIEVE ITS GOALS REFERRED TO HEREIN, INCLUDE BUT ARE NOT LIMITED TO, THE FOLLOWING: BUSINESS AND GENERAL ECONOMIC CONDITIONS, MEDIA COVERAGE WHICH MIGHT DISRUPT VIEWERSHIP PATTERNS, COMPETITIVE FACTORS, CHANNEL SPACE AVAILABILITY, THE COST AND AVAILABILITY OF APPROPRIATE MERCHANDISE AND DELIVERY SERVICES, CONSOLIDATION WITHIN THE CABLE INDUSTRY, COST OF CARRIAGE OF THE COMPANY'S PROGRAMMING AND CHANGES IN THE REGULATORY ENVIRONMENT.

A. CONSOLIDATED RESULTS OF OPERATIONS

The following discussions present the material changes in the consolidated results of operations of the Company for the quarter and nine months ended September 30, 1997, compared with the same periods in 1996. The operations for the quarter and nine months ended September 30, 1996, consist solely of the operations of the SKTV Stations. To provide a more meaningful comparison of operating results, a separate pro forma section is included as supplemental information. These pro forma results are not necessarily indicative of what the results would have been had the Ticketmaster Transaction and the Mergers actually occurred at the beginning of 1997 and 1996. Reference should also be made to the Condensed Consolidated Financial Statements included herein.

QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 1997 VS. QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 1996

NET REVENUES

For the quarter and nine months ended September 30, 1997, total revenues of the Company increased $315.0 million and $838.2 million, respectively, compared to the same periods in 1996. These significant increases were primarily the result of the Company's acquisition of its interests in Ticketmaster in the third quarter of 1997 and Home Shopping in late December 1996.

OPERATING COSTS AND EXPENSES

For the quarter and nine months ended September 30, 1997, total operating costs and expenses increased $294.1 million and $776.4 million, respectively, compared to the same periods in 1996. As shown in the table below, operating costs and expenses for Home Shopping for the quarter and nine months ended September 30, 1997, excluding purchase accounting effects and including the elimination of intercompany engineering and programming expenses, accounted for 75.7% and 87.8%, respectively of the increases.

	Three Months Ended September 30, 1997		Nine Months Ended September 30, 1997	
	Increase from 1996	Home Shopping	Increase from 1996	Home Shopping
	(In millions)			
Operating costs and expenses:				
Cost of sales	$156.0	$144.3	$463.9	$444.0
Selling and marketing	66.5	33.5	135.0	100.9
General and administrative	34.6	23.2	75.6	70.6
Engineering and programming	14.6	13.0	44.9	39.3
Depreciation and amortization	22.4	8.6	57.0	26.5
Total operating costs and expenses	$294.1	$222.6	$776.4	$681.3

The increases in selling and marketing expense for the quarter and nine months ended September 30, 1997, include $32.6 million of Ticketmaster expense in both periods. The increases in depreciation and amortization expense for the quarter and nine months ended September 30, 1997, also include $12.7 million and $28.1 million, respectively, of goodwill amortization associated with the Company's acquisitions of Ticketmaster, Home Shopping and Savoy.

OTHER INCOME (EXPENSE), NET

For the quarter and nine months ended September 30, 1997, interest income increased $.5 million and $1.8 million, respectively, due to higher combined cash balances of the consolidated and merged entity.

For the quarter and nine months ended September 30, 1997, interest expense increased $6.4 million and $15.2 million, respectively, compared to the same periods in 1996, due to the higher combined debt balance of the consolidated and merged entity and non-cash interest expense related to preliminary purchase accounting adjustments arising from the Mergers.

For the quarter and nine months ended September 30, 1997, the Company had net miscellaneous expense of $3.0 million and $9.3 million, respectively, primarily due to equity losses relating to the Company's investments in Home Order Television GmbH & Co. KG ("HOT") and Jupiter Shop Channel Co;. Ltd.

INCOME TAXES

The Company's effective tax rate for the quarter and nine months ended September 30, 1997, of 73% and 75%, respectively, calculated on earnings before income taxes and minority interest, is higher than the statutory rate due primarily to the amortization of non-deductible goodwill and other acquired intangibles, the non-recognition of net operating losses from less than 80% owned subsidiaries and state income taxes. The Company's effective tax rate is expected to exceed the statutory rate for the remainder of 1997.

MINORITY INTEREST

For the quarter and nine months ended September 30, 1997, minority interest represents Liberty HSN, Inc.'s ("Liberty HSN") 19.9% interest in Home Shopping's results of operations, Fox's 50% interest in SF Broadcasting's results of operations and 49.9% of Ticketmaster's results of operations for the 75 days ended July 31, 1997.

PRO FORMA NET REVENUES AND COST OF REVENUES FOR THE QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 1997 VS. PRO FORMA NET REVENUES AND COST OF REVENUES FOR THE QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 1996

The Ticketmaster Transaction and the Mergers resulted in significant changes in the Company's results of operations. Accordingly, the following discussion of revenues and cost of revenues is presented for illustrative purposes only. The pro forma information is not necessarily indicative of the revenues and cost of revenues which would have actually been reported had the Ticketmaster Transaction and the Mergers occurred on the dates described below, nor is it necessarily indicative of future revenues and cost of revenues.

The pro forma revenues and cost of revenues for the three and nine months ended September 30, 1997 and 1996, have been prepared to show results of the Company for the full three and nine month periods, as if the Ticketmaster Transaction and the Mergers had occurred at the beginning of 1997 and 1996. Revenues and cost of revenues specifically related to Savoy's motion picture operations are excluded from the 1996 pro forma amounts as these activities ceased prior to the Mergers. Any future revenue or expense from Savoy's motion picture operations will relate to the winding up of these operations and are expected to be insignificant.

For the quarter and nine months ended September 30, 1997 pro forma net revenues for the Company increased $19.2 million, or 5.8%, to $347.2 million from $328.0 million and $47.7 million, or 4.7%, to $1.1 billion from $1.0 billion, respectively, compared to the same periods in 1996. For the quarter and nine months ended September 30, 1997, pro forma cost of revenues increased $13.0 million, or 8.9%, to $158.1 million from $145.1 million, and $1.0 million, or .2%, to $480.7 million from $479.7 million, respectively, compared to the same periods in 1996.

The discussion that follows provides an analysis of the aforementioned increases in pro forma revenues and cost of revenues by significant component.

HOME SHOPPING NETWORK

Net sales for Home Shopping increased $5.7 million, or 2.4%, and $18.5 million, or 2.5%, respectively, for the quarter and nine months ended September 30, 1997, compared to the same periods in 1996. Net sales of HSC, the primary source of Home Shopping revenues, increased $17.2 million, or 8.3%, and $56.4 million, or 8.7% for the quarter and nine months ended September 30, 1997, respectively, compared to the same periods in 1996. HSC's sales reflect increases of 7.9% and 11.2% in the number of packages shipped and decreases of 2.5% and 7.1% in the average price per unit sold for the quarter and nine months ended September 30, 1997, respectively, compared to the same periods in 1996. The increase in HSC net sales was offset by planned decreases in net sales of wholly-owned subsidiaries, HSN Mail Order, Inc. ("Mail Order"), and the retail outlet stores of $8.7 million and $2.6 million, respectively, for the quarter ended September 30, 1997, and $25.8 million and $7.8 million, respectively, for the nine months then ended, compared to the same periods in 1996.

The Company believes that the improved sales for the quarter and nine months ended September 30, 1997, compared to the same periods in 1996, were primarily the result of ongoing changes made to the Company's merchandising and programming strategies. Management is continuing to take additional steps to improve sales by changing the mix of products sold, introducing new products, optimizing the average price per unit, creating exciting programming, taking measures to increase the frequency of the customer's purchases and attracting new customers. Additional personnel have been hired to assist in implementing these new merchandising and programming strategies. There can be no assurance that the additional changes to the Company's merchandising and programming strategies will achieve management's intended results.

For the quarter and nine months ended September 30, 1997, HSC's merchandise return percentage decreased to 22.8% from 23.2% and to 22.7% from 24.3%, respectively, compared to the same periods in 1996. Management believes that the lower return rate is primarily attributable to the decrease in the average price per unit and the mix of products sold, which may vary in subsequent quarters.

At September 30, 1997 and 1996, HSC had approximately 4.6 million active customers. An active customer is one who has completed a transaction within the last eighteen months or placed an order within the last seven months. In addition, 61.3% of active customers have made more than one purchase in the last eighteen months, compared to 59.4% at September 30, 1996.

The following table highlights the changes in the estimated unduplicated television household reach of HSN, the Company's primary service, for the twelve months ended September 30, 1997:

	Cable*	Broadcast	Satellite	Total
	(In thousands of households)			
Households -- September 30, 1996	46,956	18,921	3,788	69,665
Net additions/(deletions)	3,220	(1,017)	--	2,203
Shift in classification	449	(449)	--	--
Change in Nielsen household counts	--	(701)	--	(701)
Households -- September 30, 1997	50,625	16,754	3,788	71,167

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* Households capable of receiving both broadcast and cable transmissions are included under cable and therefore are excluded from broadcast to present unduplicated household reach. Cable households included 3.8 million and 1.8 million direct broadcast satellite ("dbs") households at September 30, 1997 and 1996, respectively, and therefore, these households are excluded from satellite.

According to industry sources, as of September 30, 1997, there were 96.9 million homes in the United States with a television set, 64.4 million basic cable television subscribers and 3.8 million homes with satellite dish receivers, excluding dbs.

In addition, as of September 30, 1997, approximately 10.4 million cable television households could be reached by America's Store, of which 3.8 million are on a part-time basis. Of the total cable television households receiving America's Store, 9.0 million also receive HSN.

During the remainder of 1997, cable system contracts covering 2.3 million cable subscribers are subject to termination or renewal. This represents 4.5% of the total number of unduplicated cable households receiving HSN. The Company is pursuing both renewals and additional cable television system contracts, but channel availability, competition, consolidation within the cable industry and cost of carriage are some of the factors affecting the negotiations for cable television system contracts. Although management cannot determine the percentage of expiring contracts that will be renewed or the number of households that will be added through new contracts, management believes that a majority of these contracts will be successfully renegotiated.

The Company, as part of its disengagement strategy, has selected its Miami, Florida station as the initial station which will cease broadcasting HSN and commence broadcasting its new local programming format in the Spring of 1998. Management is continuing to evaluate the effects that the disaffiliation will have on Home Shopping's ability to reach some of its existing customers in the Miami area including a reduction in revenues or additional expenses to secure carriage of HSN. The Company believes that the process of disaffiliation can be successfully managed to minimize adverse consequences. Upon disaffiliation, the Company plans on carrying predominantly its own local programming. There can be no assurance that the Company will be successful in its strategy to develop and broadcast its new programming format.

As a percentage of net sales, Home Shopping's cost of sales increased to 60.1% from 58.4% and decreased to 59.0% from 61.8%, for the quarter and nine months ended September 30, 1997, respectively, compared to the same periods in 1996. Cost of sales of HSC increased $15.5 million and $18.1 million, respectively, for the quarter and nine months ended September 30, 1997, due to increases in sales. This was offset by decreases for the quarter and nine months ended September 30, 1997, compared to the same periods in 1996, of $9.1 million and $26.2 million, respectively, in cost of sales of Mail Order and the retail outlet stores as a result of the planned reduction in revenues for these subsidiaries. As a percentage of HSC's net sales, cost of sales for the quarter and nine months ended September 30, 1997, increased to 61.5% from 59.1% and decreased to 60.2% from 62.6%, respectively, compared to the same periods in 1996. These increases were due to planned product mix changes and promotional activities related to Home Shopping's 20th Anniversary celebration. In addition, Home Shopping had special promotional pricing in reaction to the temporary decrease in viewership resulting from television coverage of the death of Princess Diana and anticipated customer reluctance to order during the UPS strike.

TICKETMASTER

For the quarter and nine months ended September 30, 1997, pro forma Ticketmaster revenues increased $7.7 million, or 9.6% and $14.9 million, or 6.2%, respectively, compared to the same periods in 1996 and can be attributed primarily to increases in the number of tickets sold and the average per ticket operations revenue. Ticketmaster's primary source of revenue is ticketing operations which are primarily comprised of convenience charges which Ticketmaster generates by providing clients with access to Ticketmaster's extensive distribution capabilities, including Ticketmaster-owned call centers, an independent network of sales outlets remote to the client's box office and non-traditional distribution channels such as the Internet. Other components of ticket operations revenue include handling fees attributed to the sale and distribution of tickets through channels other than remote sales outlets, credit card fee reimbursements and licensing fees. Through continued acquisitions and growth, management expects continued increases in ticketing operations revenues.

Other sources of Ticketmaster revenue, are relatively consistent, on a pro forma basis, when comparing the same periods for 1997 to 1996, and include revenues from concession control system sales; publications; and merchandising businesses. Concession inventory control systems and associated service contracts are marketed to movie theaters, stadiums, arenas and general admission facilities. Ticketmaster produces and distributes publications, primarily the Live! magazine, and the Entertainment Guide included therein, and recognizes revenue from the sale of subscriptions. The merchandising business, Entertainment To Go, is designed to leverage Ticketmaster's inbound call center traffic, its database of consumers, and its relationships with the music and entertainment industries to effectively sell, at retail prices, music, tour, and entertainment related merchandise products to consumers.

The pro forma costs of revenues associated with ticketing operations and publications were $8.0 million and $22.4 million, respectively, for the quarter and nine months ended September 30, 1997 and were consistent when compared to the same periods in 1996.

BROADCASTING

For the quarter and nine months ended September 30, 1997, pro forma broadcasting revenues of $12.8 million and $38.6 million, respectively, and cost of revenues of $1.3 million and $3.3 million, respectively, were consistent when compared to the same periods in 1996. Broadcasting operations relates to the operations of the SKTV Stations and SF Broadcasting.

OTHER

For the quarter and nine months ended September 30, 1997, $6.1 million and $13.2 million, respectively, of pro forma other revenue related to the Savoy motion picture business which was discontinued in 1996. The costs associated with these revenues were $4.5 million and $10.3 million, respectively, for the quarter and nine months ended September 30, 1997. The Company does not expect significant additional revenues or costs from the motion picture business.

EBITDA AND ATTRIBUTABLE EBITDA

Earnings before interest, income taxes, depreciation and amortization ("EBITDA") is defined as operating profit plus depreciation and amortization. EBITDA is presented here as a management tool and as a valuation methodology for the companies in the media, entertainment and communications industries. EBITDA does not purport to represent cash provided by operating activities. EBITDA should not be considered in isolation or as a substitute for measures of performance prepared in accordance with generally accepted accounting principles. The Company owns 50% of the common equity and 100% of the voting stock of SF Broadcasting and 50.1% of both the common equity and voting stock of Ticketmaster. As a result of voting and management control, the operating results of Ticketmaster and SF Broadcasting are consolidated with the Company's operating results. For the quarter and nine months ended September 30, 1997, EBITDA for the Company was $48.4 million and $134.0 million, respectively, compared to $44.7 million and $117.2 million, respectively, for the same periods in 1996 on a pro forma basis. Attributable EBITDA reflects 50.1% of Ticketmaster's pro rata share of EBITDA of its consolidated businesses and unconsolidated joint ventures and 50% of SF Broadcasting's EBITDA based on the Company's common equity ownership. Attributable EBITDA for the Company for the quarter and nine months ended September 30, 1997, was $42.7 million and $125.9 million, respectively, compared to $38.0 million and $99.7 million, respectively, for the same periods in 1996 on a pro forma basis.

B. FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES

Net cash provided by operating activities was $19.9 million for the twelve months ended September 30, 1997. In addition, the Company acquired cash of $142.4 million in connection with the Ticketmaster Transaction and the Mergers and received capital contributions of $9.0 million. These cash proceeds were used to reduce outstanding borrowings by $40.9 million, pay for capital expenditures of $31.7 million and pay cable distribution fees of $12.3 million. Net earnings adjusted for non-cash items totaled $92.6 million and working capital increased by $52.0 million for the twelve months ended September 30, 1997.

Net cash provided by operating activities was $17.6 million for the nine months ended September 30, 1997. In addition, the Company acquired cash of $89.7 million in connection with the Ticketmaster Transaction and received capital contributions of $9.0 million. These cash proceeds were used principally to reduce outstanding borrowings by $12.6 million, pay for capital expenditures of $31.0 million and pay cable distribution fees of $10.2 million. Net earnings adjusted for non-cash items totaled $91.0 million and working capital increased by $80.6 million for the nine months ended September 30, 1997.

Capital expenditures for the nine months ended September 30, 1997, primarily relate to Home Shopping's plan to improve and expand the capabilities of its computer systems. Consolidated capital expenditures are expected to range from $20.0 million to $30.0 million for the remainder of 1997.

As discussed in Pro Forma Net Revenues and Cost of Revenues, in connection with the new broadcasting of independent programming in the Miami, Florida area, the Company expects to incur capital expenditures for the buildout of the Miami station. These amounts, which are included above, are anticipated to range from $10.0 million to $13.0 million for the remainder of 1997.

On May 1, 1997, the Company entered into a new $275.0 million Revolving Credit Facility (the "New Facility") with a $35.0 million sublimit for letters of credit. The New Facility, which replaced both the Home Shopping Revolving Credit Facility and the Company's Secured Senior Term Loans, expires on May 1, 2002. The New Facility is unsecured, and the interest rate on borrowings is tied to the London Interbank Offered Rate, plus an applicable margin. At November 1, 1997, there were $80.0 million of outstanding borrowings under the New Facility and $173.2 million was available for borrowing after taking into account outstanding letters of credit.

Amounts available to Ticketmaster under its credit agreement are limited to the lower of the $175.0 million commitment amount or a borrowing base calculated as a multiple of cash flows as defined. At November 1, 1997, Ticketmaster had $134.0 million in outstanding borrowings under its credit agreement and $41.0 million was available for borrowing. The maximum amount available under the credit agreement will decrease to $165.0 million as of December 31, 1997 and will further decrease to $150.0 million at December 31, 1998.

In September 1997, the Company paid the final $5.0 million of subscriptions payable related to its investment in HOT. The Company also has certain ongoing funding obligations.

During the remainder of 1997, management expects to pay cable distribution fees of $11.0 million to $14.0 million, relating to new and current contracts with cable systems operators to carry Home Shopping's programming.

During the nine months ended September 30, 1997, the Company received cash proceeds of $6.0 million from the exercise of .4 million options to purchase the Company's common stock. At October 31, 1997, 16.6 million options to purchase the Company's common stock were outstanding and exercisable at prices ranging between $2.00 and $148.21. The exercise of such options would result in a cash inflow to the Company of $71.2 million.

During July and August 1997, the Company purchased a total of 206,000 shares of Ticketmaster stock in the open market for $3.3 million.

On November 12, 1997, the Company invested $20.0 million for an 11% equity interest in City Search, Inc., a company that produces and delivers comprehensive local city guides on the Worldwide Web of the Internet, providing up-to-date information regarding arts and entertainment, community activities and events, recreation, business and news/sports/weather to consumers in major metropolitan areas. The funds to make this investment were obtained from borrowings under the New Facility.

Ticketmaster spent $9.0 million in connection with business acquisitions using existing funds.

In management's opinion, available cash, internally generated funds and available borrowings will provide sufficient capital resources to meet the Company's foreseeable needs.

During the quarter and nine months ended September 30, 1997, the Company did not pay any cash dividends, and none are permitted under the Company's existing credit facility.

SEASONALITY

The Company believes seasonality does impact its retailing segment but not to the same extent it impacts the retail industry in general and does not significantly impact its other businesses.

PART II -- OTHER INFORMATION

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

2(c)-On July 17, 1997, the Company acquired from Paul G. Allen 12,283,014 shares of Ticketmaster common stock, no par value, in exchange for 7,238,507 shares for the Company's common stock, par value $.01 per share ("Common Stock"), subject to the issuance of up to an additional 3,257,328 shares of Common Stock to be reserved for contingent issuance in July 1998 if the average market price of Common Stock over a specified period prior to such date is below $29 per share, pursuant to the terms of a Stock Exchange Agreement between Mr. Allen and the Company dated May 20, 1997 (the "Stock Exchange Agreement"). The issuance of Common Stock by the Company to Mr. Allen was a private placement under Section 4(2) of the Securities Act of 1933, as amended, which did not involve any public offering of the Common Stock. The full text of the Stock Exchange Agreement was filed as Exhibit 1 to the Company's Current Report on Form 8-K dated July 17, 1997, and is incorporated herein by reference.

ITEM 6(A) -- EXHIBITS

Exhibit 27 -- Financial Data Schedule (for SEC use only).

ITEM 6(B) -- REPORTS ON FORM 8-K

A report on Form 8-K filed July 29, 1997, reported completion on July 17, 1997, of the acquisition by the Company of Paul G. Allen's interest in Ticketmaster in a stock-for-stock transaction.

SIGNATURES

Pursuant to the requirement 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.

	/s/ HSN, INC. (Registrant)
Dated November 13, 1997	/s/ BARRY DILLER Barry Diller Chairman of the Board and Chief Executive Officer
Dated November 13, 1997	/s/ VICTOR A. KAUFMAN Victor A. Kaufman Office of the Chairman and Chief Financial Officer (Principal Financial Officer)
Dated November 13, 1997	/s/ BRIAN J. FELDMAN Brian J. Feldman Controller (Chief Accounting Officer)

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE COMPANY'S FINANCIAL STATEMENTS ON FORM 10-Q FOR THE QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 1997 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FORM 10-Q.

9-MOS
DEC-31-1997
JAN-01-1997
SEP-30-1997
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