SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13D/A

Under the Securities Exchange Act of 1934*

USA Networks, Inc.
(Name of Issuer)

Common Stock, par value $.01 per share
(Title of Class of Securities)

902984 10 3
(CUSIP Number)

Stephen M. Brett, Esq.
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General Counsel
Tele-Communications, Inc.
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51 West 52nd Street
New York, New York 10019
(212) 403-1000

Karen Randall, Esq.
Universal Studios, Inc.
100 Universal City Plaza
Universal City, CA 91608
(818) 777-1000

(Name, Address and Telephone Number of Person Authorized
to Receive Notices and Communications)

February 12, 1998
(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(b)(3) or (4), check the following box [ ].

Note: Six copies of this statement, including all exhibits, should be filed with the Commission. See Rule 13d-1(a) for other parties to whom copies are to be sent.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

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* Note: This statement constitutes the original filing of a Report on Schedule 13D of the reporting group consisting of Tele-Communications, Inc., Barry Diller, The Seagram Company Ltd. and Universal Studios, Inc. This statement also constitutes the original filing of a Report on Schedule 13D of BDTV IV INC. This statement also constitutes Amendment No. 12 of a Report on Schedule 13D of Tele-Communications, Inc., Amendment No. 10 of a Report on Schedule 13D of Barry Diller, Amendment No. 6 of a Report on Schedule 13D of BDTV INC., Amendment No. 4 of a Report on Schedule 13D of BDTV II INC., and Amendment No. 1 of a Report on Schedule 13D of BDTV III INC.

(1) Names of Reporting Persons S.S. or I.R.S. Identification Nos. of Above Persons

Tele-Communications, Inc.
84-1260157

(2) Check the Appropriate Box if a Member of a Group (a) [ ] (b) [x]

(3) SEC Use Only

(4) Source of Funds

WC

(5) Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e) [ ]

(6) Citizenship or Place of Organization

Delaware

Number of Shares Beneficially Owned by Each Reporting Person With:	(7)	Sole Voting Power	None; see Items 3 and 5(a)
	(8)	Shared Voting Power	23,952,401 shares
	(9)	Sole Dispositive Power	None; see Items 3 and 5(a)
	(10)	Shared Dispositive Power	23,952,401 shares

(11) Aggregate Amount Beneficially Owned by Each Reporting Person

23,952,401 shares

(12) Check if the Aggregate Amount in Row (11) Excludes Certain Shares [x]

Excludes shares beneficially owned by the executive officers and directors of TCI, Seagram and Universal. Excludes options to purchase an aggregate of 9,002,924 shares of Common Stock granted to Mr. Diller, none of which is currently vested or exercisable and none of which becomes exercisable within 60 days. Excludes (i) Liberty Exchange Shares issuable to TCI, (ii) 54,237,170 shares of Common Stock or Class B Common Stock issuable to Universal upon exchange of shares of USANi LLC ("LLC Shares"), and (iii) 5 shares of Common Stock issuable to Liberty upon exchange of LLC Shares, each of which is subject to terms and conditions set forth in the Liberty Exchange Agreement (as defined herein) and the Transaction Agreements (as defined herein), including the limitations of the Communications Act of 1934, as amended (the "Communications Act"). See Item 6.

(13) Percent of Class Represented by Amount in Row (11)

35.5%

Assumes conversion of all shares of Class B Common Stock beneficially owned by the Reporting Persons into shares of Common Stock and the exercise of 4,252,924 options to purchase shares of Common Stock which are currently exercisable by Mr. Diller. Because each share of Class B Common Stock generally is entitled to ten votes per share and each share of Common Stock is entitled to one vote per share, the Reporting Persons may be deemed to beneficially own equity securities of the Company representing approximately 77.6% of the voting power of the Company.

(14) Type of Reporting Person (See Instructions)

CO

3

(1) Names of Reporting Persons

The Seagram Company Ltd.

(2) Check the Appropriate Box if a Member of a Group (a) [ ] (b) [x]

(3) SEC Use Only

(4) Source of Funds

00

(5) Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e) [ ]

(6) Citizenship or Place of Organization

Canada

Number of Shares Beneficially Owned by Each Reporting Person With:	(7)	Sole Voting Power	None; see Items 3 and 5(a)
	(8)	Shared Voting Power	23,952,401 shares
	(9)	Sole Dispositive Power	None; see Items 3 and 5(a)
	(10)	Shared Dispositive Power	23,952,401 shares

(11) Aggregate Amount Beneficially Owned by Each Reporting Person

23,952,401 shares

(12) Check if the Aggregate Amount in Row (11) Excludes Certain Shares [x]

Excludes shares beneficially owned by the executive officers and directors of TCI, Seagram and Universal. Excludes options to purchase an aggregate of 9,002,924 shares of Common Stock granted to Mr. Diller, none of which is currently vested or exercisable and none of which becomes exercisable within 60 days. Excludes (i) Liberty Exchange Shares issuable to TCI, (ii) 54,237,170 shares of Common Stock or Class B Common Stock issuable to Universal upon exchange of LLC Shares, and (iii) 5 shares of Common Stock issuable to Liberty upon exchange of LLC Shares, each of which is subject to terms and conditions set forth in the Liberty Exchange Agreement and the Transaction Agreements including the limitations of the Communications Act. See Item 6.

(13) Percent of Class Represented by Amount in Row (11)

35.5%

Assumes conversion of all shares of Class B Common Stock beneficially owned by the Reporting Persons into shares of Common Stock and the exercise of 4,252,924 options to purchase shares of Common Stock which are currently exercisable by Mr. Diller. Because each share of Class B Common Stock generally is entitled to ten votes per share and each share of Common Stock is entitled to one vote per share, the Reporting Persons may be deemed to beneficially own equity securities of the Company representing approximately 77.6% of the voting power of the Company.

(14) Type of Reporting Person (See Instructions)

CO

(1) Names of Reporting Persons

Universal Studios, Inc.
95-2011468

(2) Check the Appropriate Box if a Member of a Group (a) [ ] (b) [x]

(3) SEC Use Only

(4) Source of Funds

00

(5) Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e) [ ]

(6) Citizenship or Place of Organization

Delaware

Number of Shares Beneficially Owned by Each Reporting Person With:	(7)	Sole Voting Power	None; see Items 3 and 5(a)
	(8)	Shared Voting Power	23,952,401 shares
	(9)	Sole Dispositive Power	None; see Items 3 and 5(a)
	(10)	Shared Dispositive Power	23,952,401 shares

(11) Aggregate Amount Beneficially Owned by Each Reporting Person

23,952,401 shares

(12) Check if the Aggregate Amount in Row (11) Excludes Certain Shares [x]

Excludes shares beneficially owned by the executive officers and directors of TCI, Seagram and Universal. Excludes options to purchase an aggregate of 9,002,924 shares of Common Stock granted to Mr. Diller, none of which is currently vested or exercisable and none of which becomes exercisable within 60 days. Excludes (i) Liberty Exchange Shares issuable to TCI, (ii) 54,237,170 shares of Common Stock or Class B Common Stock issuable to Universal upon exchange of LLC Shares, and (iii) 5 shares of Common Stock issuable to Liberty upon exchange of LLC Shares, each of which is subject to terms and conditions set forth in the Liberty Exchange Agreement and the Transaction Agreements including the limitations of the Communications Act. See Item 6.

(13) Percent of Class Represented by Amount in Row (11)

35.5%

Assumes conversion of all shares of Class B Common Stock beneficially owned by the Reporting Persons into shares of Common Stock and the exercise of 4,252,924 options to purchase shares of Common Stock which are currently exercisable by Mr. Diller. Because each share of Class B Common Stock generally is entitled to ten votes per share and each share of Common Stock is entitled to one vote per share, the Reporting Persons may be deemed to beneficially own equity securities of the Company representing approximately 77.6% of the voting power of the Company.

(14) Type of Reporting Person (See Instructions)

CO

5

(1) Names of Reporting Persons S.S. or I.R.S. Identification Nos. of Above Persons

Barry Diller

(2) Check the Appropriate Box if a Member of a Group (a) [ ] (b) [x]

(3) SEC Use Only

(4) Source of Funds

(5) Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e) [ ]

(6) Citizenship or Place of Organization

United States

Number of Shares Beneficially Owned by Each Reporting Person With:	(7)	Sole Voting Power	None; see Items 3 and 5(a)
	(8)	Shared Voting Power	23,952,401 shares
	(9)	Sole Dispositive Power	None; see Items 3 and 5(a)
	(10)	Shared Dispositive Power	23,952,401 shares

(11) Aggregate Amount Beneficially Owned by Each Reporting Person

23,952,401 shares

(12) Check if the Aggregate Amount in Row (11) Excludes Certain Shares [x]

Excludes shares beneficially owned by the executive officers and directors of TCI, Seagram and Universal. Excludes options to purchase an aggregate of 9,002,924 shares of Common Stock granted to Mr. Diller, none of which is currently vested or exercisable and none of which becomes exercisable within 60 days. Excludes (i) Liberty Exchange Shares issuable to TCI, (ii) 54,237,170 shares of Common Stock or Class B Common Stock issuable to Universal upon exchange of LLC Shares, and (iii) 5 shares of Common Stock issuable to Liberty upon exchange of LLC Shares, each of which is subject to terms and conditions set forth in the Liberty Exchange Agreement and the Transaction Agreements including the limitations of the Communications Act. See Item 6.

(13) Percent of Class Represented by Amount in Row (11)
35.5%
Assumes conversion of all shares of Class B Common Stock beneficially owned by the Reporting Persons into shares of Common Stock and the exercise of 4,252,924 options to purchase shares of Common Stock which are currently exercisable by Mr. Diller. Because each share of Class B Common Stock generally is entitled to ten votes per share and each share of Common Stock is entitled to one vote per share, the Reporting Persons may be deemed to beneficially own equity securities of the Company representing approximately 77.6% of the voting power of the Company.

(14) Type of Reporting Person (See Instructions)

IN

(1) Names of Reporting Persons S.S. or I.R.S. Identification Nos. of Above Persons

BDTV INC.
84-1260157

(2) Check the Appropriate Box if a Member of a Group (a) [ ] (b) [x]

(3) SEC Use Only

(4) Source of Funds

(5) Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e) [ ]

(6) Citizenship or Place of Organization

Delaware

Number of Shares Beneficially Owned by Each Reporting Person With:	(7)	Sole Voting Power	None; see Items 3 and 5(a)
	(8)	Shared Voting Power	23,952,401 shares
	(9)	Sole Dispositive Power	None; see Items 3 and 5(a)
	(10)	Shared Dispositive Power	23,952,401 shares

(11) Aggregate Amount Beneficially Owned by Each Reporting Person

23,952,401 shares

(12) Check if the Aggregate Amount in Row (11) Excludes Certain Shares [x]

Excludes shares beneficially owned by the executive officers and directors of TCI, Seagram and Universal. Excludes options to purchase an aggregate of 9,002,924 shares of Common Stock granted to Mr. Diller, none of which is currently vested or exercisable and none of which becomes exercisable within 60 days. Excludes (i) Liberty Exchange Shares issuable to TCI, (ii) 54,237,170 shares of Common Stock or Class B Common Stock issuable to Universal upon exchange of LLC Shares, and (iii) 5 shares of Common Stock issuable to Liberty upon exchange of LLC Shares, each of which is subject to terms and conditions set forth in the Liberty Exchange Agreement and the Transaction Agreements, including the limitations of the Communications Act. See Item 6.

(13) Percent of Class Represented by Amount in Row (11)
35.5%

Assumes conversion of all shares of Class B Common Stock beneficially owned by the Reporting Persons into shares of Common Stock and the exercise of 4,252,924 options to purchase shares of Common Stock which are currently exercisable by Mr. Diller. Because each share of Class B Common Stock generally is entitled to ten votes per share and each share of Common Stock is entitled to one vote per share, the Reporting Persons may be deemed to beneficially own equity securities of the Company representing approximately 77.6% of the voting power of the Company.

(14) Type of Reporting Person (See Instructions)

CO

(1) Names of Reporting Persons S.S. or I.R.S. Identification Nos. of Above Persons

BDTV II INC.
84-1260157

(2) Check the Appropriate Box if a Member of a Group (a) [ ] (b) [x]

(3) SEC Use Only

(4) Source of Funds

(5) Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e) [ ]

(6) Citizenship or Place of Organization

Delaware

Number of Shares Beneficially Owned by Each Reporting Person With:	(7)	Sole Voting Power	None; see Items 3 and 5(a)
	(8)	Shared Voting Power	23,952,401 shares
	(9)	Sole Dispositive Power	None; see Items 3 and 5(a)
	(10)	Shared Dispositive Power	23,952,401 shares

(11) Aggregate Amount Beneficially Owned by Each Reporting Person

23,952,401 shares

(12) Check if the Aggregate Amount in Row (11) Excludes Certain Shares [x]

Excludes shares beneficially owned by the executive officers and directors of TCI, Seagram and Universal. Excludes options to purchase an aggregate of 9,002,924 shares of Common Stock granted to Mr. Diller, none of which is currently vested or exercisable and none of which becomes exercisable within 60 days. Excludes (i) Liberty Exchange Shares issuable to TCI, (ii) 54,237,170 shares of Common Stock or Class B Common Stock issuable to Universal upon exchange of LLC Shares, and (iii) 5 shares of Common Stock issuable to Liberty upon exchange of LLC Shares, each of which is subject to terms and conditions set forth in the Liberty Exchange Agreement and the Transaction Agreements including the limitations of the Communications Act. See Item 6.

(13) Percent of Class Represented by Amount in Row (11)
35.5% Assumes conversion of all shares of Class B Common Stock beneficially owned by the Reporting Persons into shares of Common Stock and the exercise of 4,252,924 options to purchase shares of Common Stock which are currently exercisable by Mr. Diller. Because each share of Class B Common Stock generally is entitled to ten votes per share and each share of Common Stock is entitled to one vote per share, the Reporting Persons may be deemed to beneficially own equity securities of the Company representing approximately 77.6% of the voting power of the Company.

(14) Type of Reporting Person (See Instructions)

CO

(1) Names of Reporting Persons S.S. or I.R.S. Identification Nos. of Above Persons

BDTV III INC.
84-1260175

(2) Check the Appropriate Box if a Member of a Group (a) [ ] (b) [x]

(3) SEC Use Only

(4) Source of Funds

(5) Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e) [ ]

(6) Citizenship or Place of Organization

Delaware

Number of Shares Beneficially Owned by Each Reporting Person With:	(7)	Sole Voting Power	None; see Items 3 and 5(a)
	(8)	Shared Voting Power	23,952,401 shares
	(9)	Sole Dispositive Power	None; see Items 3 and 5(a)
	(10)	Shared Dispositive Power	23,952,401 shares

(11) Aggregate Amount Beneficially Owned by Each Reporting Person

23,952,401 shares

(12) Check if the Aggregate Amount in Row (11) Excludes Certain Shares [x]

Excludes shares beneficially owned by the executive officers and directors of TCI, Seagram and Universal. Excludes options to purchase an aggregate of 9,002,924 shares of Common Stock granted to Mr. Diller, none of which is currently vested or exercisable and none of which becomes exercisable within 60 days. Excludes (i) Liberty Exchange Shares issuable to TCI, (ii) 54,237,170 shares of Common Stock or Class B Common Stock issuable to Universal upon exchange of LLC Shares, and (iii) 5 shares of Common Stock issuable to Liberty upon exchange of LLC Shares, each of which is subject to terms and conditions set forth in the Liberty Exchange Agreement and the Transaction Agreements, including the limitations of the Communications Act. See Item 6.

(13) Percent of Class Represented by Amount in Row (11)
35.5%
Assumes conversion of all shares of Class B Common Stock beneficially owned by the Reporting Persons into shares of Common Stock and the exercise of 4,252,924 options to purchase shares of Common Stock which are currently exercisable by Mr. Diller. Because each share of Class B Common Stock generally is entitled to ten votes per share and each share of Common Stock is entitled to one vote per share, the Reporting Persons may be deemed to beneficially own equity securities of the Company representing approximately 77.6% of the voting power of the Company.

(14) Type of Reporting Person (See Instructions)

CO

(1) Names of Reporting Persons S.S. or I.R.S. Identification Nos. of Above Persons

BDTV IV INC.
84-1260175

(2) Check the Appropriate Box if a Member of a Group (a) [ ] (b) [x]

(3) SEC Use Only

(4) Source of Funds

00

(5) Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e) [ ]

(6) Citizenship or Place of Organization

Delaware

Number of Shares Beneficially Owned by Each Reporting Person With:	(7)	Sole Voting Power	None; see Items 3 and 5(a)
	(8)	Shared Voting Power	23,952,401 shares
	(9)	Sole Dispositive Power	None; see Items 3 and 5(a)
	(10)	Shared Dispositive Power	23,952,401 shares

(11) Aggregate Amount Beneficially Owned by Each Reporting Person

23,952,401 shares

(12) Check if the Aggregate Amount in Row (11) Excludes Certain Shares [x]

Excludes shares beneficially owned by the executive officers and directors of TCI, Seagram and Universal. Excludes options to purchase an aggregate of 9,002,924 shares of Common Stock granted to Mr. Diller, none of which is currently vested or exercisable and none of which becomes exercisable within 60 days. Excludes (i) Liberty Exchange Shares issuable to TCI, (ii) 54,237,170 shares of Common Stock or Class B Common Stock issuable to Universal upon exchange of LLC Shares, and (iii) 5 shares of Common Stock issuable to Liberty upon exchange of LLC Shares, each of which is subject to terms and conditions set forth in the Liberty Exchange Agreement and the Transaction Agreements including the limitations of the Communications Act. See Item 6.

(13) Percent of Class Represented by Amount in Row (11)

35.5%

Assumes conversion of all shares of Class B Common Stock beneficially owned by the Reporting Persons into shares of Common Stock and the exercise of 4,252,924 options to purchase shares of Common Stock which are currently exercisable by Mr. Diller. Because each share of Class B Common Stock generally is entitled to ten votes per share and each share of Common Stock is entitled to one vote per share, the Reporting Persons may be deemed to beneficially own equity securities of the Company representing approximately 77.6% of the voting power of the Company.

(14) Type of Reporting Person (See Instructions)

CO

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13D/A

Statement Of

TELE-COMMUNICATIONS, INC.,
BARRY DILLER,
UNIVERSAL STUDIOS, INC.,
THE SEAGRAM COMPANY LTD.,
BDTV INC.,
BDTV II INC.,
BDTV III INC.
and
BDTV IV INC.
Pursuant to Section 13(d) of the
Securities Exchange Act of 1934

in respect of

USA NETWORKS, INC.
(formerly named HSN, Inc.)

This Report on Schedule 13D (the "Schedule 13D") relates to the common stock, par value $.01 per share (the "Common Stock"), of USA Networks, Inc., a Delaware corporation (the "Company", which was formerly named HSN, Inc.). The Report on Schedule 13D originally filed by Tele-Communications, Inc., a Delaware corporation ("TCI"), on August 15, 1994, as amended and supplemented by the amendments thereto previously filed with the Commission (collectively, the "TCI Schedule 13D"), is hereby amended and supplemented to include the information contained herein, and this Report constitutes Amendment No. 12 to the TCI Schedule 13D. In addition, the Report on Schedule 13D originally filed by Mr. Barry Diller (the "Barry Diller Schedule 13D") on August 29, 1995, as amended and supplemented by the amendments thereto previously filed with the Commission, is hereby amended and supplemented to include the information contained herein, and this Report constitutes Amendment No. 10 to the Barry Diller Schedule 13D. This Report on Schedule 13D also constitutes the original Report (the "Universal Schedule 13D") of Universal Studios, Inc., a Delaware corporation ("Universal"), and The Seagram Company Ltd., a Canadian corporation ("Seagram"). This Report on Schedule 13D also constitutes Amendment No. 6 to the Report on Schedule 13D of BDTV INC., a Delaware corporation ("BDTV"), originally filed with the Commission on August 16, 1996 (the "BDTV Schedule 13D"). This Report on Schedule 13D also constitutes Amendment No. 4 to the Report on Schedule 13D of BDTV II INC., a Delaware corporation ("BDTV II"), originally filed with the Commission on December 24, 1996 (the "BDTV

II Schedule 13D"). This Report on Schedule 13D also constitutes Amendment No. 1 to the Report on Schedule 13D of BDTV III INC., a Delaware corporation ("BDTV III"), originally filed with the Commission on July 28, 1997 (the "BDTV III Schedule 13D"). This Report on Schedule 13D also constitutes the original Report of each of BDTV IV INC., a Delaware corporation ("BDTV IV") (the "BDTV IV Schedule 13D"), and the Reporting Group (as defined herein) (the "Reporting Group Schedule 13D"). Barry Diller, TCI, Universal, Seagram, BDTV I, BDTV II, BDTV III and BDTV IV (each, a "Reporting Person") constitute a "group" for purposes of 13d-5 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), with respect to their beneficial ownership of the Common Stock and are collectively referred to hereinafter as the "Reporting Group." The TCI Schedule 13D, the Barry Diller Schedule 13D, the BDTV Schedule 13D, the BDTV II Schecule 13D, the BDTV III Schedule 13D and the Liberty Schedule 13D are collectively referred to as the "Schedule 13D." Capitalized terms not defined herein have the meanings given to such terms in the prior Reports on Schedule 13D referred to in this paragraph.

The summary descriptions contained in this Report of certain agreements and documents are qualified in their entirety by reference to the complete texts of such agreements and documents, filed as Exhibits hereto and incorporated herein by reference. Information contained herein with respect to each Reporting Person and its executive officers, directors and controlling persons is given solely by such Reporting Person, and no other Reporting Person has responsibility for the accuracy or completeness of information supplied by such other Reporting Person.

ITEM 1. Security and Issuer

The information contained in Item 1 of the Schedule 13D is hereby amended and supplemented by adding the following information (and such information also constitutes Item 1 of the Universal Schedule 13D, the BDTV IV Schedule 13D and the Reporting Group Schedule 13D):

This statement relates to shares of the common stock, $0.01 par value (the "Common Stock"), of USA Networks, Inc. (formerly named HSN, Inc.) (the "Company"). The principal executive office and mailing address of the Company is 152 West 57th Street, New York, New York 10019.

ITEM 2. Identity and Background

The information contained in Item 2 of the Schedule 13D is hereby amended and supplemented by adding the following information (and such information also constitutes Item 2 of the Universal Schedule 13D, the BDTV IV Schedule 13D and the Reporting Group Schedule 13D):

The principal executive offices of Seagram are located at 1430 Peel Street, Montreal, Quebec, Canada H3A 1S9 and the principal executive offices of Universal are located at 100 Universal City Plaza, Universal City, California 91608.

Seagram operates in two global segments: beverages and entertainment. The beverage businesses are engaged principally in the production and marketing of distilled spirits, wines, fruit juices, coolers, beers and mixers throughout more than 150 countries and territories. The entertainment company, Universal, produces and distributes motion picture, television and home video products; produces and distributes recorded music; and operates theme parks and retail stores.

Descendants of the late Samuel Bronfman and trusts established for their benefit (collectively, the "Bronfman Family") beneficially own directly or indirectly approximately 35.8% of the outstanding common shares without nominal or par value of Seagram (the "Seagram Common Shares"). Of that amount, Bronfman Associates, a partnership of which Edgar M. Bronfman, his children and a trust for the benefit of Edgar M. Bronfman and his descendants are the sole partners and of which Edgar M. Bronfman is the managing partner, along with a second trust for the benefit of Edgar M. Bronfman and his descendants, own directly approximately 17.6% of the Seagram Common Shares, trusts for the benefit of Charles R. Bronfman and his descendants own directly approximately 14.9% of the Seagram Common Shares, trusts for the benefit of the family of the late Minda de Gunzburg and members of her immediate family own directly or indirectly approximately 1.8% of the Seagram Common Shares, Phyllis Lambert owns directly or indirectly approximately 0.29% of the Seagram Common Shares, a charitable foundation of which Charles R. Bronfman is among the directors owns approximately 0.95% of the Seagram Common Shares, another charitable foundation of which Charles R. Bronfman is among the directors owns approximately 0.17% of the Seagram Common Shares, a charitable foundation of which Edgar M. Bronfman and Charles R. Bronfman are among the trustees owns approximately 0.07% of the Seagram Common Shares, a charitable foundation of which Phyllis Lambert is one of the directors owns less than 0.01% of the Seagram Common Shares and Edgar M. Bronfman, Charles R. Bronfman and their respective spouses and children own directly approximately 0.02% of the Seagram Common Shares. In addition, such persons hold currently exercisable options to purchase an additional 0.99% of the Seagram Common Shares, calculated pursuant to Rule 13d-3 of the Rules and Regulations under the Act. Percentages set forth in this Item 2 are based on the number of Seagram Common Shares outstanding as of January 31, 1998.

Edgar M. Bronfman is Chairman of the Board of Seagram and a director of Seagram. Charles R. Bronfman is Co-Chairman of the Board and Chairman of the Executive Committee of Seagram and a director of Seagram. Edgar M. Bronfman, Charles R. Bronfman, Phyllis Lambert and the late Minda de Gunzburg are siblings.

Pursuant to a voting trust agreement, Charles R. Bronfman serves as voting trustee for Seagram Common Shares beneficially owned directly or indirectly by Bronfman Associates, the aforesaid trusts for the benefit of Edgar M. Bronfman and his descendants, the aforesaid trusts for the benefit of Charles R. Bronfman and his descendants, the first two of the four aforesaid charitable foundations and Charles R. Bronfman. Pursuant to another voting trust agreement, Edgar M. Bronfman and Charles R. Bronfman are among the voting trustees for Seagram Common Shares beneficially owned directly or indirectly by trusts for the benefit of the family of the late Minda de

Gunzburg and members of her immediate family. Neither voting trust agreement contains restrictions on the right of the voting trustees to vote the deposited Seagram Common Shares.

The Bronfman Family may be deemed to be in control of Seagram. Information concerning the foregoing persons and entities, together with information concerning the directors and executive officers of Universal and Seagram, is contained in Schedule 1 attached hereto.

During the last five years, neither Seagram nor Universal, nor to the best knowledge of Seagram or Universal, any of their respective directors or executive officers (or any other person or entity set forth in Schedule 1), has been (i) convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (ii) a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding has been or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

The principal office and business address of BDTV IV INC. is c/o USA Networks, Inc., 2425 Olympic Boulevard, 6th Floor, West Tower, Santa Monica, California 90404. BDTV IV is a company formed by TCI and Mr. Diller to hold Company securities.

The name, business address and present principal occupation of employment and the name, address and principal business of any corporation or other organization in which such employment is conducted of each of the executive officers and directors of BDTV IV are set forth in Schedule 2 attached hereto and incorporated herein by reference.

During the last five years neither BDTV IV, nor, to the best knowledge of BDTV IV, any of the persons named on Schedule 2, has been (i) convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (ii) a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding has been or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws. To the best knowledge of BDTV IV, each of its executive officers and directors is a citizen of the United States, except as specifically set forth in Schedule 2 hereto.

ITEM 3. Source of Funds or Other Consideration

The information contained in Item 3 of the Schedule 13D is hereby amended and supplemented by adding the following information (and such information also constitutes Item 3 of the Universal Schedule 13D, the BDTV IV Schedule 13D and the Reporting Group Schedule 13D):

The information set forth in Item 6 of this Schedule 13D is hereby incorporated by reference herein.

ITEM 4. Purpose of Transaction

The information contained in Item 4 of the Schedule 13D is hereby amended and supplemented by adding the following information (and such information also constitutes Item 4 of the Universal Schedule 13D, the BDTV IV Schedule 13D and the Reporting Group Schedule 13D):

The information set forth in Item 6 of this Schedule 13D is hereby incorporated by reference herein.

Depending on market conditions and other factors, and subject to any restrictions described in Item 6 or contained in the agreements attached as Exhibits hereto, the Reporting Persons or their respective subsidiaries may purchase additional shares of Common Stock in the open market or in private transactions. Alternatively, depending on market conditions and other factors, and subject to any restrictions described in Item 6 or contained in the agreements attached as Exhibits hereto, the Reporting Persons or their respective subsidiaries may sell all or some of their shares of Common Stock.

Except as described in Item 6 or contained in the agreements attached as Exhibits hereto, neither any Reporting Person nor, to the best of their knowledge, any of their respective directors or officers has plans or proposals that relate to or would result in any of the actions set forth in clauses (a) through (j) of Item 4.

ITEM 5. Interest in Securities of the Issuer

The information contained in Item 5 of the Schedule 13D is hereby amended and supplemented by adding the following information (and such information also constitutes Item 5 of the Universal Schedule 13D, the BDTV IV Schedule 13D and the Reporting Group Schedule 13D):

The information set forth in Item 6 of this Schedule 13D is hereby incorporated by reference herein.

The Company's Proxy Statement on Schedule 14A filed on January 13, 1998 (the "Company's Schedule 14A") reports that as of December 30, 1997 (the "Record Date") there were 43,701,098 shares of Common Stock outstanding and 12,227,647 shares of Class B Common Stock outstanding. After giving effect to the transactions described in Item 6 of this Schedule 13D and other issuances of Common Stock upon the exercise of employee options since the Record Date, there are 47,297,248 shares of Common Stock and 16,006,808 shares of Class B Common Stock outstanding. The Reporting Group beneficially owns 23,952,401 shares of Common Stock, representing approximately 35.5% of the shares of Common Stock. This figure assumes (i) the conversion of all shares of Class B Common Stock beneficially owned by the Reporting Persons into shares of Common Stock and (ii) the exercise of 4,252,924 currently exercisable options to purchase shares of Common Stock by Mr. Diller. In addition, (i) Universal beneficially owns 54,327,170 LLC Shares exchangeable for 36,810,000 shares of Class B Common Stock and 17,517,170 shares of

Common Stock and (ii) TCI beneficially owns 5 LLC Shares exchangeable for 5 shares of Common Stock. In each case, the exchange of LLC shares is subject to terms and conditions set forth in the Transaction Agreements, including the limitations of the Communications Act. As disclosed previously, Liberty HSN has the right, under certain circumstances set forth in the Liberty Exchange Agreement (as defined below) as amended by the Investment Agreement (as described below), to acquire the Liberty Exchange Shares.

As a result of its ownership of an indirect 84% interest in Universal, Seagram may also be deemed to beneficially own the shares of Common Stock beneficially owned by Universal. Except as set forth in the cover pages of the Schedule 13D and as described below, neither Universal or Seagram nor, to the best knowledge of Universal and Seagram, any of their respective directors or executive officers (or any other person or entity set forth in Schedule 2 attached hereto) has the power to vote or direct the vote or to dispose or to direct the disposition of any shares of Common Stock. John D. Borgia, Executive Vice President, Human Resources of Seagram, beneficially owns, directly and indirectly, 200 shares of Common Stock, representing less than .01% of the outstanding shares of Common Stock. Frank J. Biondi, Jr., the Chairman and Chief Executive Officer of Universal and a director of Universal, Seagram and the Company, beneficially owns, directly and indirectly, through a retirement account, 1,350 shares of Common Stock, representing less than .01% of the outstanding shares of Common Stock. Mr. Borgia has shared power to vote and to dispose of the shares of Common Stock and Mr. Biondi has the sole power to vote and to dispose of the shares of Common Stock reported to be owned by such person.

Each Reporting Person disclaims beneficial ownership of the shares of Common Stock beneficially owned by each of the other Reporting Persons.

Mr. Diller has granted to certain persons economic interests in the after-tax profits upon the sale for cash of the shares of Common Stock acquired by Mr. Diller upon the exercise of his Options as follows: Mr. Jaroslaw Bukowski (with respect to 5,500 shares), (ii) Mr. Michael Conover and Ms. Julie Schaefer (each with respect to 1,000 shares) and (iii) Messrs. Timothy Kertis, John Aitchison, Carl Tookey and Roy Kemp (each with respect to 500 shares).

ITEM 6. Contracts, Arrangements, Understandings or Relationships with Respect to the Securities of the Issuer

The information contained in Item 6 of the Schedule 13D is hereby amended and supplemented by adding the following information (and such information also constitutes Item 6 of the Universal Schedule 13D, the BDTV IV Schedule 13D and the Reporting Group Schedule 13D):

On February 12, 1998 (the "Closing"), pursuant to an Investment Agreement among Universal, the Company, Home Shopping Network, Inc. and Liberty, dated as of October 19, 1997 and amended and restated as of December 18, 1997 (the "Investment Agreement"), the Company consummated the transaction (the "Transaction") through which USA Networks Partner, Inc., a subsidiary of Universal, sold its 50% interest in USA Networks, a New York general partnership ("USA Networks") to the Company and Universal contributed the remaining 50% interest in USA Networks and its domestic television production and distribution operations to the Company. In connection with the Transaction, the Reporting Persons became parties to a number of other agreements relating to, among other things, (i) the management of the Company, (ii) the purchase and sale or other transfer of voting securities of the Company, including securities

convertible or exchangeable for voting securities of the Company, and (iii) the voting of such securities. Such agreements include (a) the Governance Agreement, dated as of October 19, 1997, among the Company, Universal and Liberty, (b) the Stockholders Agreement, dated as of October 19, 1997, among Universal, Liberty, Mr. Diller, the Company and Seagram, (c) the Spinoff Agreement, dated as of October 19, 1997, among Liberty, Universal and the Company, (d) the Exchange Agreement, dated as of October 19, 1997, among the Company, Home Shopping Network, Inc., Universal, Liberty and Mr. Diller and (e) the Amended and Restated LLC Operating Agreement of USANi LLC, dated as of February 12, 1998, by and among the Company, Home Shopping Network, Inc., Universal, Liberty and Mr. Diller (the "LLC Agreement") (collectively, the "Transaction Agreements"). The summary descriptions contained in this Report of the Transaction Agreements are qualified in their entirety by reference to the complete texts of such agreements, filed as Exhibits hereto and incorporated herein by reference.

I. INVESTMENT AGREEMENT

A. General

At the Closing, Universal was issued 3,190,000 shares of Class B Common Stock, 3,560,000 shares of Common Stock and 54,327,170 LLC Shares of USANi LLC, a limited liability company (the "LLC") formed to hold all of the businesses of the Company and its subsidiaries, except for its broadcasting business and its equity interest in Ticketmaster Group, Inc. ("Ticketmaster") and received a cash payment of $1,331,913,200. Pursuant to the LLC Exchange Agreement (as defined below), 36,810,000 of the LLC Shares issued to Universal are each exchangeable for one share of Class B Common Stock and the remainder of the LLC Shares issued to Universal are each exchangeable for one share of Common Stock.

At the Closing, Liberty was issued 589,161 shares of Class B Common Stock, representing all of the remaining Contingent Rights Shares. Of such shares, 400,000 shares of Class B Common Stock were contributed to BDTV IV, in which Mr. Diller owns all of the voting equity interests and TCI owns a non-voting equity interest (which non-voting interest constitutes substantially all of the equity of BDTV IV). In addition, Liberty purchased 5 LLC Shares at the Closing for an aggregate purchase price of $200. Liberty has also agreed to contribute $300 million in cash to the LLC by June 30, 1998 in exchange for an aggregate of 7,500,000 LLC Shares and/or shares of Common Stock. Liberty's cash purchase price will increase at an annual interest rate of 7.5% beginning from the date of the Closing through the date of Liberty's purchase of such securities (the "Liberty Closing"). Pursuant to the LLC Exchange Agreement, each LLC Share issued or to be issued to Liberty is exchangeable for one share of Common Stock.

In addition, the Company, Universal and Liberty have agreed that, before June 30, 1998, if the parties agree on assets owned by Liberty that are to be contributed to the LLC, Liberty will contribute those assets in exchange for LLC Shares valued at $40 per share. If Liberty contributes such additional assets, Liberty has the right to elect to reduce the number of LLC Shares it is obligated to purchase for cash by an amount having a value equal to 45% of the value of the total Liberty asset contribution. If Liberty exercises the option to reduce its cash contribution, Universal

will have a mandatory preemptive right, at $40 per share, with respect to the net value of the Liberty asset contribution. In addition, Universal will have an optional preemptive right, valued at $40 per share, with respect to any part of a Liberty asset contribution which is not applied towards reducing Liberty's cash contribution.

B. Preemptive Rights

In connection with the Transaction, each of Universal and Liberty has been granted a preemptive right with respect to future issuances of the Company's capital stock, subject to certain limitations, to maintain their respective percentage ownership interests in the Company that they had immediately prior to such issuances. In addition, with respect to issuances of the Company's capital stock in certain specified circumstances, Universal will be obligated to maintain its percentage ownership interest in the Company that it had immediately prior to such issuances.

1. Universal

General. In the event that following the Closing the Company issues any shares of capital stock, Universal has the right to purchase for cash the number of shares of Common Stock (or, if Universal requests, LLC Shares or a combination of Common Stock and LLC Shares) so that Universal will maintain the identical percentage equity ownership interest (but not in excess of the lesser of the percentage ownership interest limitations applicable pursuant to the Governance Agreement described below and 57.5%) in the Company that Universal owned immediately prior to such issuance. Universal will not have a preemptive right with respect to issuances of shares of the Company's securities in a Sale Transaction, and issuances of restricted stock or issuances of the Company's securities upon conversion of shares of Class B Common Stock or in respect of LLC Shares. A "Sale Transaction" is defined as a merger, consolidation or amalgamation between the Company and a non-affiliate of the Company in which the Company is acquired by such other entity or a sale of all or substantially all of the assets of the Company to another entity which is not a subsidiary of the Company.

Universal's preemptive right percentage is currently 45%. To the extent that, during the first four years after the Closing, Universal sells shares of the Company's capital stock (or LLC Shares) or does not exercise its preemptive rights, its preemptive right percentage will be reduced, and subsequent purchases of capital stock of the Company by Universal will not result in an increase in that percentage. After this four-year period, Universal's preemptive right percentage will increase or decrease to the extent Universal buys or sells the Company's capital stock (or LLC Shares), as permitted by the Stockholders Agreement and the Governance Agreement described below.

In measuring the percentage equity or voting interest owned by Universal (or Liberty) for purposes of the exercise of preemptive rights and the standstill provisions under the Governance Agreement, the LLC Shares and the additional shares of Common Stock issuable to Liberty under certain circumstances pursuant to the Exchange Agreement, dated as of December 20, 1996, by and

between Liberty HSN and the Company (the "Liberty Exchange Agreement"), will be regarded as outstanding shares on an as-exchanged basis (the "Assumptions").

Mandatory Preemptive Right. Universal will be obligated to exercise its preemptive right in full (a "Mandatory Purchase Event") for (i) additional issuances caused by the conversion of Home Shopping Networks, Inc.'s 5 7/8% Convertible Subordinated Debentures due March 1, 2006 (the "Convertible Subordinated Debentures") into Common Stock, which debentures the Company has called for redemption effective on March 2, 1998, (ii) additional issuances within four months of the Closing in the aggregate amount of up to $200 million in Common Stock and (iii) additional issuances in the aggregate amount up to 6.3 million shares of Common Stock in connection with the acquisition by the Company of additional equity of Ticketmaster. Universal's purchase price for these securities will be $40 in cash per share. These Mandatory Purchase Events are in addition to Universal's mandatory preemptive right in connection with a Liberty contribution.

Universal Voting Threshold. If, in connection with the exercise by Universal of its optional preemptive right, its voting power in the Company would be less than 67% (based on the Assumptions), Universal may elect to purchase, in connection with a preemptive right exercise, shares of Class B Common Stock (or LLC Shares exchangeable for shares of Class B Common Stock). However, if Universal has previously declined to exercise its optional preemptive right, then the voting threshold will be reduced to the lower percentage voting threshold owned by Universal at such time.

In addition, the Company has a right to purchase Universal's LLC Shares to the extent that the Company purchases or redeems Company securities, to maintain Universal's ownership percentage at the levels set forth in the Governance Agreement.

2. Liberty

In the event that the Company issues any securities under the circumstances described in the first paragraph under Section A.1. above, Liberty will be entitled to purchase the number of shares of Common Stock or LLC Shares exchangeable for shares of Common Stock so that Liberty will maintain the identical percentage equity beneficial ownership interest in the Company that Liberty owned immediately prior to such issuance (but not in excess of the percentage equity beneficial ownership interest that Liberty owned immediately following the Closing or the Liberty Closing). Liberty, unlike Universal, will not be obligated to maintain its percentage equity beneficial ownership interest in the Company in connection with a Mandatory Purchase Event, but Liberty may elect to do so at a cash purchase price of $40 per share. Liberty will only be entitled to purchase LLC Shares (as opposed to shares of Common Stock) if and to the extent the total number of Company securities then owned directly or indirectly by Liberty would exceed the amount allowable under applicable FCC regulations.

B. Management and Ownership of the LLC

After giving effect to the Liberty Closing (assuming for such purposes that Liberty purchases 7.5 million LLC Shares), Universal will own 45.8% of the LLC, Liberty will own about 6% and the Company (primarily through a subsidiary) will own the remaining 48% interest. Except with respect to certain fundamental changes related to the LLC, the Company will manage and operate the businesses of the LLC in the same manner as it would if such businesses were wholly owned by the Company. Following the CEO Termination Date (as hereinafter defined) or Mr. Diller's becoming Disabled (as hereinafter defined), Universal (unless Liberty's beneficial ownership of Company securities and LLC Shares represents more than 5% in excess of the voting power of the Company represented by the Company securities and LLC Shares then beneficially owned by Universal) will designate the manager of the LLC who will generally be responsible for managing the businesses of the LLC. If Liberty and Universal together do not own Company securities representing at least 40% of the total voting power of the Company securities (and which represent a greater percentage than the amount owned by any other person), then the Company will select the manager of the LLC.

The LLC Shares are exchangeable for shares of Common Stock or Class B Common Stock (in the case of Universal) and shares of Common Stock (in the case of Liberty). In the case of Liberty, this exchange obligation is generally mandatory and will occur prior to any exchange of Liberty HSN's shares of Home Shopping Network, Inc. stock pursuant to the Liberty Exchange Agreement. The exchange agreement relating to LLC Shares (the "LLC Exchange Agreement") provides customary anti-dilution adjustments relating to the capital stock and assets of the Company (except to the extent that dividends or other distributions of Company stock are accompanied by pro rata distributions with respect to LLC Shares held by Universal and Liberty, which the LLC is generally obligated to do pursuant to the Investment Agreement and the LLC Agreement).

If the Company issues additional Company securities, the Company is obligated to purchase an equal number of LLC Shares for the same consideration as received by the Company for the issued Company securities. If the Company repurchases or redeems shares of its own stock, the Company will sell to the LLC an equal number of LLC Shares for the same consideration (or for cash, if the LLC cannot provide the same consideration). The net effect of these provisions is to cause the LLC generally to hold the proceeds of any Company equity sales or to fund the costs of any Company equity redemptions.

The LLC Exchange Agreement also contains provisions regarding the exchange or other conversion of LLC Shares in connection with a tender offer, merger or similar extraordinary transaction, which permit Universal and Liberty to participate with respect to their LLC Shares in such a transaction as if they held Company stock. LLC Shares owned by Universal and Liberty are not transferable, except to each other in connection with transactions permitted by the Stockholders Agreement or to their respective controlled affiliates or in connection with certain extraordinary transactions relating to the Company or the LLC.

C. Spinoff of Broadcast Assets

The Company has agreed that, generally, following the CEO Termination Date or Mr. Diller becoming Disabled, at the request of Universal and subject to applicable law and the Spinoff Agreement (as described below), the Company will distribute those subsidiaries which engage in broadcasting or other regulated businesses (the "Spinoff Company") in a distribution to its stockholders (the "Spinoff") as promptly as practicable on terms and conditions that are reasonably satisfactory to Universal. Prior to effecting the Spinoff, the Company will enter into ten-year affiliation agreements with the Spinoff Company that will provide that the Spinoff Company will broadcast programming produced by the Company on customary terms and conditions, including arm's-length payment obligations.

II. GOVERNANCE AGREEMENT

A. General

The Company, Universal, Liberty and Mr. Diller are parties to the Governance Agreement dated as of October 19, 1997 (the "Governance Agreement"), which sets forth certain restrictions on the acquisition of additional securities of the Company, on the transfer of Company securities and other conduct restrictions, in each case, applicable to Universal. In addition, the Governance Agreement governs Universal's and Liberty's rights to representation on the Company's Board of Directors and Universal's, Liberty's and Mr. Diller's right to approve certain actions by the Company or any subsidiary of the Company (including the LLC) (the "Fundamental Changes").

B. Restrictions on the Acquisition of Additional Voting Securities

The Governance Agreement provides that, for a four-year period commencing on the Closing (the "Standstill Period"), without the approval of the Company's Board, Universal will not acquire additional beneficial ownership of the Company's common equity other than through the exercise of Universal's preemptive right to maintain its percentage equity beneficial ownership interest and will not beneficially own in excess of 45.8% of the Company's common equity (which amount will increase to 48.5% between the Closing and the Liberty Closing) or a lesser percentage to the extent Universal transfers Company equity securities or fails to exercise its preemptive right (except, in any case, to the extent caused by the Company's redemption or purchase of Company securities). Following expiration of the Standstill Period, subject to applicable law, Universal may acquire additional Company securities to increase its beneficial ownership of the Company's common equity up to 50.1% of the Company's outstanding equity securities. In addition, following the first anniversary of the expiration of the Standstill Period and subject to compliance with applicable law, Universal can acquire up to 57.5% of the Company's outstanding equity securities, but not in excess of 1.5% in any 12-month period. Following the CEO Termination Date, Universal also can propose a Permitted Business Combination (as defined in the Governance Agreement). The maximum permissible ownership percentages set forth in this

paragraph exclude any shares Universal may acquire from Liberty or Mr. Diller pursuant to the Stockholders Agreement. (These percentages are all based on the Assumptions.)

If, during the Standstill Period, Mr. Diller no longer serves as Chief Executive Officer of the Company (provided that he does not hold a proxy to vote Universal's Company equity securities under the Stockholders Agreement) or becomes Disabled, the Standstill Period will be deemed expired and the transfer restrictions summarized below will terminate. The date that is the later of the date that Mr. Diller no longer serves as Chief Executive Officer and such date that Mr. Diller no longer holds the Universal proxy under the Stockholders Agreement is referred to as the "CEO Termination Date." In addition, the restrictions described above generally terminate:

(i) if any person or group (other than Universal) beneficially owns more than one-third of the Company's equity securities (excluding, among other things, any securities acquired from Universal, Liberty or Mr. Diller in accordance with the Stockholders Agreement so long as Universal was offered (and did not accept) a reasonable opportunity to buy such equity securities or from the Company); or

(ii) if any person or group (other than the Company or Universal) commences a tender or exchange offer for more than a majority of the Company's outstanding equity securities, which is not recommended against by the Company's Board. In the case of such an offer by Liberty in breach of its standstill obligations under the Stockholders Agreement, this provision applies only if Universal is unsuccessful after using good faith efforts in enforcing its standstill with Liberty described below.

"Disabled," when used in the Governance Agreement or the Stockholders Agreement, means a disability after the expiration of more than 180 consecutive days which is determined by a designated physician to be total and permanent (i.e., a mental or physical incapacity that prevents Mr. Diller from managing the business affairs of the Company) and which continues after 90 days following receipt of notice from the Company that a disability has occurred.

C. Transfer Restrictions

The Governance Agreement also restricts, until the earlier of the CEO Termination Date or Mr. Diller becoming Disabled, Universal's ability to transfer Company securities to another party by providing that during the Standstill Period and subject to the Stockholders Agreement that further restricts Universal's ability to transfer Company securities, Universal may only transfer Company securities in limited circumstances, including as follows:

(i) in a widely dispersed public offering pursuant to registration rights to be granted to Universal or a pro rata distribution to Universal's stockholders (which, in the case of Seagram, must be to its public stockholders);

(ii) in a sale in accordance with Rule 144 under the Securities Act of 1933, as amended (the "Securities Act"), except generally not to a transferee who would beneficially own more than 5% of the Company's equity following such purchase;

(iii) in a tender or exchange offer that is not rejected by the Company Board or to the Company in connection with a self-tender offer;

(iv) in transfers of up to 5% in the aggregate to any institutional or financial investors, not exercisable on more than two occasions in any six-month period;

(v) in pledges in connection with bona fide financings with a financial institution; and

(vi) in transfers to Liberty, Mr. Diller or any controlled affiliate of Universal that signs the Governance Agreement.

At any time that Universal beneficially owns at least 20% of the Company's equity securities, any transfers by Universal, other than the transfers permitted during the Standstill Period, will be subject to a right of first refusal in favor of the Company which right is secondary to the right of first refusal of Mr. Diller (to the extent applicable) provided in the Stockholders Agreement.

In addition, the Governance Agreement provides that LLC Shares cannot be transferred by Universal or Liberty to non-affiliates, other than to each other. Accordingly, prior to a permitted transfer, any LLC Shares intended to be transferred by either Universal or Liberty generally must first be exchanged for Class B Common Stock or Common Stock, as the case may be. The Stockholders Agreement further provides that, as long as the CEO Termination Date has not occurred and Mr. Diller is not Disabled, Universal or Liberty, as the case may be, must first offer Mr. Diller (or his designee) the opportunity to exchange shares of Class B Common Stock owned by the transferring party for shares of Common Stock. If Mr. Diller (or his designee) does not exchange such shares (or if the CEO Termination Date has occurred or Mr. Diller is Disabled), any shares of Class B Common Stock to be transferred by Universal must first be exchanged into shares of Common Stock unless the transferee agrees to be bound by the restrictions contained in the Governance Agreement applicable to Universal to the extent that the transferee owns 10% or more of the Total Voting Power. Such a transferee would be subject to the remaining limitations on Universal's acquisition of the Company's securities and conduct restrictions contained in the Governance Agreement.

D. Universal Conduct Restrictions

Universal has agreed not to propose to the Company Board any merger, tender offer or other business combination involving the Company. Universal also has agreed to related restrictions on its conduct, such as:

(i) not seeking to influence the management of the Company, other than as permitted by the Governance Agreement and the Stockholders Agreement;

(ii) not entering into agreements relating to the voting of the Company's securities, except as permitted by the Governance Agreement and the Stockholders Agreement;

(iii) generally not initiating or proposing any stockholder proposal in opposition to the recommendation of the Company Board; and

(iv) not joining with others (other than Liberty and Mr. Diller pursuant to the Transaction Agreements) for the purpose of acquiring, holding, voting or disposing of any Company securities.

The foregoing restrictions terminate on the earlier of the CEO Termination Date and such time as Mr. Diller becomes Disabled.

E. Representation on the Company Board

Pursuant to the Governance Agreement, Universal is permitted initially to designate four persons, reasonably satisfactory to the Company, to the Company Board, of whom no more than one can be a non-affiliate of Universal, and generally will have the right to designate one Company Board member for each 10% ownership of Company equity (including LLC Shares) up to a maximum of four directors. The four Universal designees serving as directors of the Company since the Closing are Edgar Bronfman, Jr., Robert W. Matschullat, Frank J. Biondi, Jr. and Samuel Minzberg.

In addition, pursuant to the Governance Agreement, provided that Liberty's Company stock ownership remains at certain levels and subject to applicable law, Liberty will have the right to designate up to two directors of the Company at such time as Liberty is no longer prohibited from having representation on the Company Board. Pursuant to FCC law and regulations, Liberty is not currently permitted to have a designee on the Company Board. The Company has also agreed in the LLC Agreement that, subject to the same ownership thresholds, Liberty will be permitted to designate, depending on its ownership level, one or two directors to the Board of Directors of the LLC, to the extent that Liberty is not permitted to designate directors of the Company. The two Liberty designees serving as directors of the LLC since the Closing are Robert R. Bennett and Leo J. Hindery, Jr. The other members of the Board of Directors of the LLC are the Company's directors.

F. Fundamental Changes

The Company has agreed that neither the Company nor any subsidiary of the Company (including the LLC) will effect a Fundamental Change without the prior approval of Universal, Liberty and Mr. Diller (each, a "Stockholder") so long as such Stockholders beneficially own certain minimum amounts of Company securities. The Fundamental Changes are as follows:

(i) Any transaction not in the ordinary course of business, launching new or additional channels or engaging in any new field of business which will result in or is reasonably likely to result in such Stockholder's being required under law to divest itself of all or any part of its Company securities, LLC Shares or any material assets or render any such ownership illegal or subject such Stockholder to any fines, penalties or material additional restrictions or limitations.

(ii) Any combination of the following, in any case, in one transaction or a series of transactions during a six-month period, with a value of 10% or more of the market value of the Company's outstanding equity securities at the time of such transaction (assuming that all LLC Shares and Additional Liberty Shares are converted or exchanged into Company securities):

(A) acquiring or disposing of any assets or business, provided that the matters contemplated by the Investment Agreement, including with respect to the Spinoff (conducted in accordance with the Spinoff Agreement (as defined herein)), will not require the prior approval of Liberty;

(B) granting or issuing any debt or equity securities of the Company or any of its subsidiaries (including the LLC) other than as contemplated by, among other things, the Investment Agreement;

(C) redeeming, repurchasing or reacquiring any debt or equity securities of the Company or any of its subsidiaries (including the LLC) other than as contemplated by, among other things, the Investment Agreement; or

(D) incurring any indebtedness.

(iii) For a five-year period following the Closing, disposing of any interest in USA Networks or, other than in the ordinary course of business, its assets, provided that matters set forth in this clause (iii) will constitute a Fundamental Change only with respect to Mr. Diller and Universal and will not require the approval of Liberty.

(iv) Disposing of or issuing any LLC Shares except as contemplated by the Transaction Agreements or pledges in connection with financings.

(v) Voluntarily commencing any liquidation, dissolution or winding up of the Company or any material subsidiary (including the LLC).

(vi) Making any material amendments (other than as contemplated by the Investment Agreement and the Stockholders Agreement) to the Amended and Restated Certificate of Incorporation of the Company, the Amended and Restated By-Laws of the Company, the LLC Agreement or the By-Laws of the LLC.

(vii) Engaging in any line of business other than media, communications and entertainment products, services and programming, and electronic retailing, or other businesses engaged in by the Company on the date of the Investment Agreement or as contemplated by the Investment Agreement, provided that neither the Company nor the LLC shall engage in theme park, arcade or film exhibition businesses so long as Universal is restricted from competing in such lines of business under non-compete or similar agreements and such agreements would be applicable to the Company and/or the LLC, as the case may be, by virtue of Universal's ownership therein. The matters set forth in the foregoing proviso will constitute a Fundamental Change only with respect to Mr. Diller and Universal and will not require the approval of Liberty.

(viii) Settling of any litigation, arbitration or other proceeding which is other than in the ordinary course of business and which involves any material restriction on the conduct of business by the Company or such Stockholder or the continued ownership of assets by the Company or such Stockholder.

(ix) Engaging in any transaction (other than those contemplated by the Investment Agreement) between the Company and its affiliates, on the one hand, and Mr. Diller, Universal or Liberty, and their respective affiliates, on the other hand, subject to exceptions relating to the size of the proposed transaction and except for those transactions which are otherwise on an arm's-length basis.

(x) Adopting any stockholder rights plan (or any other plan or arrangement that could reasonably be expected to disadvantage any stockholder on the basis of the size or voting power of its shareholding) that would adversely affect such Stockholder.

(xi) Entering into any agreement with any holder of the Company's equity securities or LLC Shares in such stockholder's or interest holder's capacity as such, as the case may be, which grants such stockholder with approval rights similar in type and magnitude to those set forth in these Fundamental Changes.

(xii) Entering into any transaction that could reasonably be expected to impede the Company's ability to engage in the Spinoff or cause it to be taxable.

G. Registration Rights

The Governance Agreement provides that Universal, Liberty and Mr. Diller are entitled to customary registration rights (including six, four and two "demand" rights for Universal, Liberty and Mr. Diller, respectively) relating to the Company securities they own.

III. STOCKHOLDERS AGREEMENT

A. General

Universal, Liberty, Mr. Diller, the Company and Seagram are parties to a Stockholders Agreement, dated October 19, 1997 (the "Stockholders Agreement"), which governs the ownership, voting, transfer or other disposition of Company securities owned by Universal, Liberty and Mr. Diller (and their respective affiliates) and pursuant to which Mr. Diller will generally exercise voting control over the equity securities of the Company held by such persons and certain of their affiliates. The Stockholders Agreement supersedes as of the Closing, in its entirety, the agreement, dated as of August 24, 1995, between Mr. Diller and Liberty, as amended by the letter agreement, dated as of August 25, 1996, relating to the securities of the Company.

B. Voting Authority

Pursuant to the Stockholders Agreement, each of Universal and Liberty has granted to Mr. Diller an irrevocable proxy with respect to all Company securities owned by Universal, Liberty and certain of their affiliates for all matters, except for Fundamental Changes, which require the consent of each of Mr. Diller, Universal and Liberty. The proxy will generally remain in effect until the earlier of the CEO Termination Date or such date that Mr. Diller becomes Disabled, provided that Mr. Diller continues to beneficially own at least 5,000,000 shares of Common Stock (including options to acquire shares of Common Stock, whether or not exercisable).

Universal, Liberty and Mr. Diller have also agreed to vote all Company securities over which they have voting control in favor of the respective designees of Universal and Liberty to the Company Board, as provided in the Transaction Agreements. In addition, Universal, Liberty and Mr. Diller have each agreed not to consent to any Fundamental Change to which any other such party entitled to consent thereto does not consent.

Mr. Diller has agreed with Universal that, after the CEO Termination Date or such date that Mr. Diller becomes Disabled, and so long as he beneficially owns Company securities representing at least 7.5% of the Total Voting Power (excluding securities beneficially owned by Universal or Liberty), at Universal's option he will either vote his shares in his own discretion or in proportion to the vote of the Public Stockholders (as defined in the Stockholders Agreement).

C. Liberty Conduct Limitations; Board Representation

Liberty has agreed with Universal that it will not beneficially own more than the greater of (i) 20% of the outstanding Company securities or (ii) the percentage of Company securities

beneficially owned by it following the Liberty Closing (up to 25%), which percentage will be reduced to reflect sales of Company equity by Liberty or in the event that Liberty does not exercise its preemptive right pursuant to the Investment Agreement (provided that if Liberty's initial ownership percentage is less than 20%, such reduction is calculated as if it were 20%). Liberty also has agreed with Universal not to propose to the Company Board the acquisition by Liberty, in a merger, tender offer or other business combination, of the outstanding Company securities. These restrictions terminate upon the earlier of such time as Liberty beneficially owns less than 5% of the outstanding Company securities or the date that Universal beneficially owns fewer shares than Liberty beneficially owns (the "Standstill Termination Date").

Liberty has agreed to related restrictions on its conduct, such as:

(i) not seeking to elect directors to the Company Board or otherwise to influence the management of the Company, other than as permitted by the Transaction Agreements;

(ii) not entering into agreements relating to the voting of Company securities, except as permitted by the Stockholders Agreement;

(iii) generally not initiating or proposing any stockholder proposal in opposition to the recommendation of the Company Board; and

(iv) not joining with others (other than Universal and Mr. Diller pursuant to the Transaction Agreements) for the purpose of acquiring, holding, voting or disposing of any Company securities.

The foregoing restrictions terminate on the earlier of such time as Liberty beneficially owns less than 5% of the outstanding Company securities) or the Standstill Termination Date.

Liberty is not permitted to designate for election to the Company Board more than two directors, subject to applicable law. This restriction terminates on the Standstill Termination Date.

D. Restrictions on Transfers

Until the earlier of the CEO Termination Date or such date that Mr. Diller becomes Disabled, neither Liberty nor Mr. Diller can transfer shares of Company stock, other than (i) transfers by Mr. Diller to pay taxes relating to certain Company incentive compensation and stock options, (ii) transfers to each party's respective affiliates, (iii) certain pledges relating to financings and (iv) transfers of Options or Company stock in connection with "cashless exercises" of Mr. Diller's Options. These restrictions are subject to a number of exceptions (which exceptions are subject to rights of first refusal as described below), including the following:

(i) after August 24, 2000, Liberty or Mr. Diller may generally sell all or any portion of their Company securities;

(ii) following the CEO Termination Date or such time as Mr. Diller becomes Disabled, Mr. Diller may transfer his Company stock; and

(iii) either stockholder may transfer Company stock so long as, in the case of Mr. Diller, Mr. Diller continues to beneficially own at least 1,100,000 shares of Company securities (including stock options) and, in the case of Liberty, Liberty continues to beneficially own at least 1,000,000 shares of Company securities and, in the case of a transfer of the shares of Class B Common Stock by BDTV or BDTV II (which together hold 9,809,111 shares of Class B Common Stock), after such transfer, Liberty, Universal and Mr. Diller collectively control 50.1% of the Total Voting Power.

Universal has agreed that, until August 24, 2000, it will not transfer shares of Company stock (or convert Class B Common Stock into Common Stock) so that owns a number of shares with fewer votes than if owed immediately following the Closing, subject to certain exceptions.

E. Rights of First Refusal and Tag-Along Rights

Each of Universal and Mr. Diller has a right of first refusal with respect to certain sales of Company securities by the other party. Liberty's rights in this regard are secondary to any Universal right of first refusal on transfers by Mr. Diller. Liberty and Mr. Diller each also generally has a right of first refusal with respect to certain transfers by the other party. In addition, Universal has a right of first refusal (subject to Mr. Diller not having exercised his right of first refusal) with respect to sales by Liberty prior to August 24, 2000 of a number of shares of Company stock having the aggregate number of votes represented by the shares of Common Stock and Class B Common Stock received by Universal at the Closing. Rights of first refusal may be exercised by the Stockholder or the Stockholder's designee, subject to the terms of the Stockholders Agreement.

In addition, Mr. Diller has agreed to grant to Liberty a right to "tag along" (i.e., participate on a pro rata basis) on certain sales of Company stock by Mr. Diller. These tag-along rights are subject to a number of exceptions, including relating to the quantity of shares sold or the permitted transfers described in paragraph III.D above.

In the event that Universal transfers a substantial amount of its Company stock (more than 50% of its interest as of the Closing or an amount that results in a third party owning (i) a greater percentage of the Company equity than that owned by (x) Universal and (y) Liberty or any other stockholder and (ii) at least 25% of the Total Voting Power), Universal has granted a tag-along right to each of Liberty and Mr. Diller.

Under the Governance Agreement, transfers of Company securities by Universal (whether before or after the CEO Termination Date or such date as Mr. Diller becomes Disabled) are subject to a right of first refusal in favor of the Company (but secondary to the rights of first refusal provided in the Stockholders Agreement), as long as Universal beneficially owns at least 20% of the total Company securities. This right of first refusal does not apply to transfers by Universal under the Governance Agreement that are permitted prior to the Standstill termination of the Standstill period Date.

F. Put and Call Rights

Universal, Liberty and Mr. Diller have agreed to certain put and call arrangements, pursuant to which one party has the right to sell (or the other party has the right to acquire) shares of Company stock held by another party.

Liberty/Universal Put and Call Rights. Prior to the CEO Termination Date or such date as Mr. Diller becomes Disabled, Universal generally has the right to acquire substantially all of Liberty's Company securities in the event that Mr. Diller and Universal agree to take an action that would constitute a Fundamental Change described in clause (ii) under "Fundamental Changes" in paragraph II.F above and Liberty has the right to consent to such Fundamental Change but does not provide its consent. In addition, at any time after the CEO Termination Date or such date as Mr. Diller becomes Disabled, Liberty has the right to require Universal to purchase substantially all of Liberty's Company securities, and Universal has the reciprocal right to elect to acquire such shares. Universal may effect these acquisitions through a designee. The Stockholders Agreement sets forth provisions to establish the purchase price and conditions for these transactions.

Universal also has certain rights and obligations to acquire Liberty's Company securities in connection with a Permitted Business Combination, in the event that Universal using its best efforts cannot provide Liberty with tax-free consideration in connection with such a transaction. This provision effectively means that, after such a transaction, Liberty would not own in excess of 20% of the outstanding equity of the resulting company.

Diller Put. Following the CEO Termination Date or such date as Mr. Diller becomes Disabled (the "Put Event"), Mr. Diller has the right, during the one-year period following the Put Event, to require Universal to purchase for cash shares of Company stock beneficially owned by Mr. Diller and that were acquired by Mr. Diller from the Company (e.g. pursuant to the exercise of stock options). If the Put Event occurs prior to the fourth anniversary of the Closing, the purchase price will be a weighted average market price for the Common Stock for a period following public announcement of the Put Event. If the Put Event occurs after that four-year period, but Mr. Diller exercises his put right within 10 business days of the Put Event, the price will be based on a weighted average market price of the Common Stock prior to public announcement of the Put Event. In all other cases, the price per share received by Mr. Diller will be a weighted average market price for a period immediately preceding the exercise of the put.

Mr. Diller's put right must be transferred by Universal in the event that it sells a certain amount of its Company securities to a third party. Universal's obligations with respect to the put terminate at the time that Universal no longer beneficially owns at least 10% of the Company equity. Liberty does not have a tag-along right with respect to the Put Event exercise.

G. Transfers of Shares of Class B Common Stock

During the term of the Stockholders Agreement, transfers of shares of Class B Common Stock are generally prohibited (other than to another Stockholder party or between a Stockholder and

its affiliates). If a stockholder proposes to transfer these shares, Mr. Diller is entitled to first swap any shares of Common Stock he owns for such shares of Class B Common Stock and, thereafter, any other non-transferring Stockholder (with Universal's right preceding Liberty's) may similarly swap shares of Common Stock for shares of Class B Common Stock proposed to be transferred. To the extent there remain shares of Class B Common Stock that the selling stockholder would otherwise transfer to a third party, such shares must be converted into shares of Common Stock prior to the transfer. This restriction does not apply to, among other transfers, a transfer by Universal after the CEO Termination Date. Under the Governance Agreement, a transferee of Universal's shares of Class B Common Stock must agree to the conduct and securities ownership restrictions applicable to Universal, if such transferee would own at least 10% of the Total Voting Power.

H. BDTV Entity Arrangements

Mr. Diller and Liberty will continue to have substantially similar arrangements with respect to the voting control and ownership of the equity of BDTV, BDTV II, BDTV III, BDTV IV and any other BDTV entity that may be formed (collectively, the "BDTV Entities"), which hold a substantial majority of the Total Voting Power. These arrangements effectively provide that Mr. Diller controls the voting of Company securities held by these entities, other than with respect to Fundamental Changes, and Liberty retains substantially all of the equity interest in such entities. If applicable law permits Liberty to hold directly the shares of Company stock held by the BDTV Entities, then Liberty may purchase Mr. Diller's nominal equity interest in these entities for a fixed price, in which case the shares of Company stock then held by Liberty would otherwise be subject to the proxy described above held by Mr. Diller with respect to Liberty's and Universal's shares of Company stock pursuant to the Stockholders Agreement.

I. Termination of Stockholders Agreement

Universal's rights and obligations under the Stockholders Agreement generally terminate at such time as Universal no longer beneficially owns at least 10% of the Company equity.

Mr. Diller's and Liberty's rights and obligations under the Stockholders Agreement generally terminate (other than with respect to Mr. Diller's put right) at such time as, in the case of Mr. Diller, he no longer beneficially owns at least 1,100,000 shares of Company equity securities, and, in the case of Liberty, 1,000,000 shares. Certain of Liberty's rights and obligations relating to its put/call arrangements with Universal and its tag-along rights terminate when it no longer has the right to consent to Fundamental Changes under the Governance Agreement. Mr. Diller's rights and obligations (other than with respect to Mr. Diller's put right) also generally terminate upon the CEO Termination Date or such date as Mr. Diller becomes Disabled.

Transferees of Company securities as permitted by the Stockholders Agreement and who would beneficially own in excess of 15% of the Total Voting Power generally are not entitled to any rights of the transferring stockholder under the agreement but are, generally for a certain period of time, subject to the obligations regarding the election of directors among others. These transferees must also vote with respect to Fundamental Changes in the manner agreed upon by the other two stockholders. In addition, a

transferee of Liberty or Mr. Diller who would own that amount of the Total Voting Power would also be subject, generally for a certain period of time to the limitations on acquisitions of additional Company securities summarized above.

IV. SPINOFF AGREEMENT

Universal, Liberty and the Company are parties to the Spinoff Agreement, dated as of October 19, 1997 (the "Spinoff Agreement"), which generally provides for interim arrangements relating to management of the Company and efforts to achieve the Spinoff or a sale of the Company's broadcast stations and, in the case of a Spinoff, certain arrangements relating to their respective rights (including preemptive rights) in the Company resulting from the Spinoff. The provisions of the Spinoff Agreement do not become operative until the earlier of the CEO Termination Date or such date as Mr. Diller becomes Disabled.

Liberty and Universal have agreed to use their reasonable best efforts to cause an interim CEO to be appointed, who is mutually acceptable to them and is independent of Liberty and Universal. If Universal elects, within 60 days of the CEO Termination Date or such date as Mr. Diller becomes Disabled, to effect a sale of the Company's broadcast stations, this designated CEO would generally have a proxy to vote Liberty's Company Stock, at Universal's option (or, if Liberty beneficially owns a greater percentage of Company securities than Universal, Liberty's option), either in such CEO's discretion or in the same proportion as the public stockholders, pending completion of the station divestiture.

If Universal elects to complete the station divestiture, Liberty and Universal (and the Company) have agreed to use best efforts to cause the divestiture to be structured as a tax-free distribution to the Company's stockholders (the Spinoff). If a tax-free Spinoff is not available, the Company has agreed to use its best efforts to sell the stations, except that if the Company Board (other than any designees of Universal or Liberty) determines that a taxable spinoff, when compared with a sale, represents a superior alternative the Company will consummate a taxable spinoff. Universal has agreed to reimburse Liberty in connection with any such taxable spinoff in an amount up to $50 million with respect to any actual tax liability incurred by Liberty in such a transaction.

If Universal makes the election described above, Liberty has agreed not to transfer, directly or indirectly, any of its Common Stock or Class B Common Stock for a period of fourteen months after the CEO Termination Date or such date as Mr. Diller becomes Disabled if such transfer would result in Universal and Liberty ceasing to own at least 50.1% of the outstanding Company voting power (as long as Universal has not transferred more than 3% of the outstanding Company securities following the Closing).

The Company has agreed that, subject to the terms of the Spinoff Agreement and its obligations under the Investment Agreement, so long as (i) Universal beneficially owns at least 40% of the total equity securities of the Company and no other stockholder owns more than the amount owned by Universal, or (ii) Liberty and Universal together own at least 50.1% of such equity securities, the Company will use its reasonable best efforts to enable Universal and Liberty to achieve the purposes of the Spinoff Agreement.

The foregoing summary descriptions of the Transaction Agreements are qualified in their entirety by reference to the Transaction Agreements, which are attached hereto as Exhibits and incorporated herein by reference.

ITEM 7. MATERIAL TO BE FILED AS EXHIBITS.

The information contained in Item 7 of the TCI Schedule 13D and the Barry Diller Schedule 13D is hereby amended and supplemented by adding the following information (and such information also constitutes Item 7 of the Universal Schedule 13D):

The following documents are filed as exhibits to this statement:

32. Investment Agreement among Universal Studios, Inc., HSN, Inc., Home Shopping Network, Inc. and Liberty Media Corporation, dated as of October 19, 1997 as amended and restated as of December 18, 1997.

33. Governance Agreement among HSN, Inc., Universal Studios, Inc., Liberty Media Corporation and Barry Diller, dated as of October 19, 1997.

34. Stockholders Agreement among Universal Studios, Inc., Liberty Media Corporation, Barry Diller, HSN, Inc. and The Seagram Company Ltd. dated as of October 19, 1997.

35. Spinoff Agreement among Liberty Media Corporation, Universal Studios, Inc. and HSN, Inc. dated as of October 19, 1997.

36. Exchange Agreement among HSN, Inc., Universal Studios, Inc. and Liberty Media Corporation, dated as of October 19, 1997.

37. Amended and Restated LLC Operating Agreement of USANi LLC, by and among USA Networks, Inc., Home Shopping Network, Inc., Universal Studios, Inc., Liberty Media Corporation and Barry Diller, dated as of February 12, 1998.

38. Letter Agreement between Liberty HSN, Inc. and HSN, Inc., dated as of October 19, 1997.

39. Fourth Amended and Restated Joint Filing Agreement between Tele-Communications, Inc., Universal Studios, Inc., The Seagram Company Ltd. and Barry Diller, dated as of February 23, 1998.

40. Certificate of Incorporation of BDTV IV INC.

SIGNATURE

After reasonable inquiry and to the best of his knowledge and belief, the undersigned certifies that the information in this statement is true, complete and correct.

Dated: February 23, 1998

TELE-COMMUNICATIONS, INC.

By: /s/ Stephen M. Brett

Name: Stephen M. Brett
Title: Senior Vice President and General Counsel

/s/ Barry Diller

Barry Diller

UNIVERSAL STUDIOS, INC.

BY: /s/ Brian C. Mulligan

NAME: Brian C. Mulligan
TITLE: Senior Vice President

THE SEAGRAM COMPANY LTD.

By: /s/ Daniel R. Paladino

Name: Daniel R. Paladino
Title: Executive Vice President

BDTV INC.

By: /s/ Barry Diller

Name: Barry Diller
Title: President

BDTV II INC.

By: /s/ Barry Diller

Name: Barry Diller
Title: President

BDTV III INC.

By: /s/ Barry Diller

Name: Barry Diller
Title: President

BDTV IV INC.

By: /s/ Barry Diller

Name: Barry Diller
Title: President

INDEX TO EXHIBITS

SEQ. PAGE NO.

12. Letter Agreement, dated March 22, 1996, by and between Liberty Media Corporation and Barry Diller./*/
13. In re Applications of Roy M. Speer and Silver Management Company, Federal Communications Commission Memorandum and Order, adopted March 6, 1996 and released March 11, 1996./*/
14. In re Applications of Roy M. Speer and Silver Management Company, Request for Clarification of Silver Management Company, dated April 10, 1996./*/
15. In re Applications of Roy M. Speer and Silver Management Company, Federal Communications Commission Memorandum Opinion and Order and Notice of Apparent Liability, adopted June 6, 1996 and released June 14, 1996./*/
16. Amended and Restated Joint Filing Agreement of TCI, Mr. Diller and BDTV./*/
17. Amended and Restated Certificate of Incorporation of BDTV INC./*/
18. Press Release issued by the Company and Home Shopping Network, Inc., dated August 26, 1996./*/
19. Agreement and Plan of Exchange and Merger, dated as of August 25, 1996, by and among the Company, Home Shopping Network, Inc., House Acquisition Corp., and Liberty HSN, Inc./*/
20. Termination Agreement, dated as of August 25, 1996, among the Company, BDTV Inc., Liberty Program Investments, Inc., and Liberty HSN, Inc./*/
21. Voting Agreement, dated as of August 25, 1996, by and among Certain Stockholders of Home Shopping Network, Inc. and the Company./*/
22. Voting Agreement, dated as of August 25, 1996, by and among Barry Diller, Liberty Media Corporation, Arrow Holdings, LLC, BDTV Inc., and Home Shopping Network, Inc./*/

22. Voting Agreement, dated as of August 25, 1996, by and among Barry Diller, Liberty Media Corporation, Arrow Holdings, LLC, BDTV Inc., and Home Shopping Network, Inc./*/
23. Letter Agreement, dated as of August 25, 1996, by and between Liberty Media Corporation and Barry Diller./*/
24. Second Amended and Restated Joint Filing Agreement by and between TCI, Mr. Diller, BDTV Inc. and BDTV II Inc./*/
25. Stock Exchange Agreement, dated as of December 20, 1996, by and between the Company and Liberty HSN, Inc./*/
26. Letter Agreement, dated as of February 3, 1997, by and between BDTV INC. and David Geffen./*/
27. Stock Exchange Agreement, dated as of May 20, 1997, by and between HSN, Inc. and Mr. Allen./*/
28. Stockholders Agreement, dated as of May 20, 1997, by and among, Mr. Diller, Mr. Allen and Liberty Media Corporation./*/
29. Letter Agreement, dated as of May 20, 1997, by and between Mr. Diller and Liberty Media Corporation./*/
30. Third Amended and Restated Joint Filing Agreement by and between TCI, Mr. Diller, BDTV Inc., BDTV II Inc. and BDTV III Inc./*/
31. Certificate of Incorporation of BDTV III Inc./*/
32. Investment Agreement among Universal Studios, Inc., HSN, Inc., Home Shopping Network, Inc. and Liberty Media Corporation, dated as of October 19, 1997 as amended and restated as of December 18, 1997.
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39. Fourth Amended and Restated Joint Filing Agreement between Tele-Communications, Inc., Universal Studios, Inc., The Seagram Company Ltd. and Barry Diller, dated as of February 23, 1998.
40. Certificate of Incorporation of BDTV IV INC.

/*/ Previously filed.

SCHEDULE 1

1. Set forth below is the name, business address, principal occupation or employment and citizenship of each director and executive officer of Universal. The name of each person who is a director of Universal is marked with an asterisk. Unless otherwise indicated, the business address of each person listed below is 100 Universal City Plaza, Universal City, California 91608.

Name and Business Address	Principal Occupation or Employment	Citizenship
EDGAR BRONFMAN, JR.* 375 Park Avenue New York, New York 10152	Chief Executive Officer and President of Seagram and Chairman of the Executive Committee of Universal	United States
SAMUEL BRONFMAN II* 2600 Campus Drive Suite 160 San Mateo, CA 94403	President of Seagram Chateau & Estate Wines Company (a division of a subsidiary of Seagram)	United States
ARNOLD M. LUDWICK* c/o Claridge Inc. 1170 Peel Street 8th Floor Montreal, Quebec Canada H3B 4P2	Vice President of Seagram	Canada
ROBERT W. MATSCHULLAT* 375 Park Avenue New York, New York 10152	Vice Chairman and Chief Financial Officer of Seagram	United States
YASUO NAKAMURA*	General Manager, Matsushita Entertainment & Media Liaison Office at Universal	Japan
FRANK J. BIONDI, JR.*	Chairman and Chief Executive Officer of Universal	United States
RON MEYER*	President and Chief Operating Officer of Universal	United States

Name and Business Address	Principal Occupation or Employment	Citizenship
HOWARD L. WEITZMAN	Executive Vice President, Corporate Operations of Universal	United States
BRUCE L. HACK*	Executive Vice President and Chief Financial Officer of Universal	United States
DOUGLAS P. MORRIS	Executive Vice President	United States
CATHY A. NICHOLS	Executive Vice President	United States
CASEY SILVER	Executive Vice President	United States
KAREN RANDALL	Senior Vice President and General Counsel of Universal	United States
KENNETH L. KAHRS	Senior Vice President, Human Resources of Universal	United States
DEBORAH S. ROSEN	Senior Vice President, Corporate Communications and Public Affairs of Universal	United States
BRIAN C. MULLIGAN	Senior Vice President of Universal	United States
HELLENE S. RUNTAGH	Senior Vice President of Universal	United States
JAY E. SHECTER	Vice President, Strategic Sourcing of Universal	Canada
PAUL BUSCEMI 800 Third Avenue New York, New York 10022	Vice President, Tax of Joseph E. Seagram & Sons, Inc. and Vice President of Universal	United States
MAREN CHRISTENSEN	Vice President of Universal	United States
H. STEPHEN GORDON	Vice President of Universal	United States
MARC PALOTAY	Vice President of Universal	United States

Name and Business Address	Principal Occupation or Employment	Citizenship
WILLIAM A. SUTMAN	Vice President and Controller of Universal	United States
SHARON S. GARCIA	Secretary of Universal	United States
PAMELA F. CHERNEY	Treasurer of Universal	United States
LEW R. WASSERMAN*	Chairman Emeritus of Universal	United States

2. Set forth below are the name, business address, principal occupation or employment and citizenship of each director and executive officer of Seagram. The name of each person who is a director of Seagram is marked with an asterisk. Unless otherwise indicated, the business address of each person listed below is 375 Park Avenue, New York, New York 10152.

Name and Business Address	Principal Occupation or Employment	Citizenship
EDGAR M. BRONFMAN*	Chairman of the Board of Seagram	United States
THE HON. CHARLES R. BRONFMAN, P.C., C.C.* 501 North Lake Way Palm Beach, Florida 33480	Co-Chairman of the Board and Chairman of the Executive Committee of Seagram	Canada
EDGAR BRONFMAN, JR.*	Chief Executive Officer and President of Seagram	United States
SAMUEL BRONFMAN II* 2600 Campus Drive Suite 160 San Mateo, CA 94403	President of Seagram Chateau & Estate Wines Company (a division of a subsidiary of Seagram)	United States

Name and Business Address	Principal Occupation or Employment	Citizenship
MATTHEW W. BARRETT, O.C.* First Bank Tower 68th Floor First Canadian Place 100 King Street West Toronto, Ontario M5X 1A1	Chairman and Chief Executive Officer of Bank of Montreal (a financial institution)	Canada
LAURENT BEAUDOIN, C.C.* 800 Rene-Levesque Blvd. West 30th Floor Montreal, Quebec Canada H3B 1Y8	Chairman and Chief Executive Officer of Bombardier Inc. (a transportation, aerospace and motorized products company)	Canada
FRANK J. BIONDI, JR.* 100 Universal City Plaza Universal City, CA 91608	Chairman and Chief Executive Officer of Universal Studios, Inc.	United States
RICHARD H. BROWN 124 Theobolds Road London, England WC1X 8RX	Chief Executive of Cable and Wireless plc (a provider of international telecommunications services)	United States
THE HON. WILLIAM G. DAVIS, P.C., C.C., Q.C. Suite 3000, Aetna Tower 79 Wellington Street West Toronto, Ontario Canada M5K 1N2	Counsel to Tory Tory DesLauriers & Binnington (attorneys)	Canada
ANDRE DESMARAIS* 751 Victoria Square Montreal, Quebec Canada H2Y 2J3	President and Co-Chief Executive Officer of Power Corporation of Canada (a holding and management company) and Deputy Chairman of Power Financial Corporation	Canada

Name and Business Address	Principal Occupation or Employment	Citizenship
BARRY DILLER* c/o USA Networks, Inc. 2425 Olympic Boulevard 6th Floor West Tower Santa Monica, California 90404	Chairman and Chief Executive Officer of USA Networks, Inc.	United States
MICHELE J. HOOPER* 2211 Sanders Road Northbrook, IL 60062	Corporate Vice President, Caremark International Inc. (a health care services provider)	United States
DAVID L. JOHNSTON, C.C.* 3690 Peel Street Room 200 Montreal, Quebec Canada H3A 1W9	Professor of Law at McGill University (an educational institution)	Canada
THE HON. E. LEO KOLBER, SENATOR* c/o Claridge Inc. 1170 Peel Street 8th Floor Montreal, Quebec Canada H3B 4P2	Member of The Senate of Canada	Canada
MARIE-JOSEE KRAVIS, O.C.* 625 Park Avenue New York, NY 10021	Senior Fellow of The Hudson Institute Inc. (a non-profit economics research institute)	Canada
ROBERT W. MATSCHULLAT*	Vice Chairman and Chief Financial Officer of Seagram	United States
C. EDWARD MEDLAND* 121 King Street West Suite 2525 Toronto, Ontario Canada M5H 3T9	President of Beauwood Investments Inc. (a private investment company)	Canada

Name and Business Address	Principal Occupation or Employment	Citizenship
SAMUEL MINZBERG* 1170 Peel Street 8th Floor Montreal, Quebec Canada H3B 4P2	President and Chief Executive Officer of Claridge Inc. (a management company)	Canada
JOHN S. WEINBERG* 85 Broad Street New York, NY 10004	General Partner of Goldman, Sachs & Co. (investment bankers)	United States
JOHN D. BORGIA	Executive Vice President, Human Resources of Seagram	United States
STEVEN J. KALAGHER	Executive Vice President of Seagram and President and Chief Executive Officer, The Seagram Spirits And Wine Group (a division of a subsidiary of Seagram)	United States
ELLEN R. MARRAM	Executive Vice President of Seagram and President and Chief Executive Officer, Tropicana Beverage Group (a division of a subsidiary of Seagram)	United States
DANIEL R. PALADINO	Executive Vice President, Legal and Environmental Affairs of Seagram	United States
GABOR JELLINEK 1430 Peel Street Montreal, Quebec Canada H3A 1S9	Vice President, Production of Seagram and Executive Vice President, Manufacturing, The Seagram Spirits And Wine Group (a division of a subsidiary of Seagram)	Canada

Name and Business Address	Principal Occupation or Employment	Citizenship
ARNOLD M. LUDWICK c/o Claridge Inc. 1170 Peel St. 8th Floor Montreal, Quebec Canada H3B 4P2	Vice President of Seagram	Canada
JOHN R. PRESTON	Vice President, Finance of Seagram	United States
MICHAEL C.L. HALLOWS	Secretary of Seagram	Canada

3. The trustees of the trusts for the benefit of Edgar M. Bronfman and his descendants are Edgar M. Bronfman, Edgar Bronfman, Jr., Matthew Bronfman, Harold R. Handler, Mayo O. Shattuck III and John L. Weinberg. The trustees of the trusts for the benefit of Charles R. Bronfman and his descendants are Stephen R. Bronfman, Ellen J. Bronfman Hauptman, Trevor Carmichael, Neville LeRoy Smith, Bruce I. Judelson, Gary J. Gartner, Steven H. Levin, Arnold M. Ludwick, Jeffrey D. Scheine and Robert S. Vineberg. The trustees of the trusts for the benefit of the family of the late Minda de Gunzburg are Stanley N. Bergman, Dr. Guido Goldman and Leonard M. Nelson. The directors of the first two charitable foundations referenced in Item 2 include Charles R. Bronfman, Stephen R. Bronfman and Arnold M. Ludwick, the trustees of the third charitable foundation include Edgar M. Bronfman, Charles R. Bronfman, Samuel Bronfman II, Edgar Bronfman, Jr., Robert W. Matschullat and Daniel R. Paladino and the directors of the fourth charitable foundation include Phyllis Lambert, Matthew Bronfman and Stephen R. Bronfman. Set forth below or under Part 2 above are the address, principal occupation or employment and citizenship of each person named in this Part 3.

Name and Business Address	Principal Occupation or Employment	Citizenship
PHYLLIS LAMBERT 1920 Baile Street Montreal, Quebec Canada H3H 2S6	Architect	Canada
MATTHEW BRONFMAN 30 West 26th Street 2nd Floor New York, NY 10010	Chief Executive Officer of Perfumes Isabell, L.L.C. (a perfume company)	United States
STEPHEN R. BRONFMAN c/o Claridge Inc. 1170 Peel Street 8th Floor Montreal, Quebec Canada H3B 4P2	Private Investor	Canada
ELLEN J. BRONFMAN HAUPTMAN c/o Withers Solicitors 12 Gough Square London, England EC4A 3DE	Private Investor	Canada
HAROLD R. HANDLER 425 Lexington Avenue New York, NY 10017	Attorney whose professional corporation is of counsel to Simpson Thacher & Bartlett (attorneys)	United States
MAYO O. SHATTUCK III Alex Brown & Sons Incorporated 135 East Baltimore Street Baltimore, MD 21202	President and Chief Operating Officer of Alex. Brown & Sons Incorporated (investment bankers)	United States
JOHN L. WEINBERG 85 Broad Street New York, NY 10004	Senior Chairman of Goldman, Sachs & Co. (investment bankers)	United States

Name and Business Address	Principal Occupation or Employment	Citizenship
ROBERT S. VINEBERG 1501 McGill College Avenue 26th Floor Montreal, Quebec Canada H3A 3N9	Partner of Goodman Phillips & Vineberg (barristers and solicitors)	Canada
GARY J. GARTNER 430 Park Avenue 10th Floor New York, NY 10022	Resident Counsel of Goodman Phillips & Vineberg (attorneys)	Canada
STEVEN H. LEVIN 430 Park Avenue 10th Floor New York, NY 10022	Resident Counsel of Goodman Phillips & Vineberg (attorneys)	United States
JEFFREY D. SCHEINE 430 Park Avenue 10th Floor New York, NY 10022	Resident Counsel of Goodman Phillips& Vineberg (attorneys)	United States
TREVOR CARMICHAEL, Q.C. Chancery Chambers, Chancery House High Street Bridgetown, Barbados	Barrister, Chancery Chambers (attorneys)	Barbados
NEVILLE LEROY SMITH Sunset Drive Pine Gardens St. Michael, Barbados	Managing Director of Royal Bank of Canada Financial Corporation (a financial institution)	Barbados
BRUCE I. JUDELSON 157 Church Street New Haven, CT 06510	Partner of Bergman, Horowitz & Reynolds, P.C. (attorneys)	United States
STANLEY N. BERGMAN 157 Church Street New Haven, CT 06510	Partner of Bergman, Horowitz & Reynolds, P.C. (attorneys)	United States

Name and Business Address	Principal Occupation or Employment	Citizenship
DR. GUIDO GOLDMAN First Spring Corporation 499 Park Avenue New York, NY 10022	Director of German Studies at the Center for European Studies at Harvard University and Chairman of First Spring Corporation (an investment company)	United States
LEONARD M. NELSON 100 Middle Street Portland, ME 04104	Shareholder of Bernstein, Shur, Sawyer & Nelson, P.C. (attorneys)	United States

SCHEDULE 2

Set forth below is the name, business address, principal occupation or employment and citizenship of each director and executive officer of BDTV IV.

Name	Principal Occupation and Business Address	Principal Business of Organization in which such Business is Conducted	Citizenship
BARRY DILLER	Chairman of the Board, Chief Executive Officer and Director of USA Networks, Inc., 2425 Olympic Boulevard, Santa Monica, CA 90404; Chairman of the Board, President and Director of BDTV, BDTV II, BDTV III and BDTV IV	Ownership and operation of media and entertainment related businesses	United States

Exhibit 99.32
[CONFORMED COPY]

INVESTMENT AGREEMENT

among

UNIVERSAL STUDIOS, INC.,
for itself and on behalf of certain of its Subsidiaries

HSN, INC.,

HOME SHOPPING NETWORK, INC.

and

LIBERTY MEDIA CORPORATION,
for itself and on behalf of certain of its Subsidiaries

dated as of October 19, 1997,
as amended and restated as of December 18, 1997

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INVESTMENT AGREEMENT

INVESTMENT AGREEMENT (the "Agreement") dated as of October 19, 1997, as amended and restated as of December 18, 1997, among UNIVERSAL STUDIOS, INC., for itself and on behalf of certain of its Subsidiaries ("Investor"), HSN, INC. ("Parent"), HOME SHOPPING NETWORK, INC. ("Sub"), a direct subsidiary of Parent, and LIBERTY MEDIA CORPORATION, for itself and on behalf of certain of its Subsidiaries ("Holder") (Investor, Holder, Parent and Sub, collectively, the "Parties"). The Parties agree to consummate the following transactions (the "Transactions") upon the terms and subject to the conditions set forth herein. Capitalized terms used herein without definition have the meanings ascribed to such terms in Article 13 hereof.

ARTICLE 1.
THE TRANSACTIONS

1.1. Formation of LLC. On or prior to the Closing Date, Parent agrees to cause Sub to, and Sub agrees to, organize a new Delaware limited liability company (the "LLC"). Upon formation of the LLC pursuant to this Section 1.1, the LLC shall become a party to this Agreement, shall be bound by all the terms and conditions hereunder and shall constitute a "Party" hereunder.

1.2. Formation of Investor Newcos. On or prior to the Closing Date, Investor agrees to organize and form one or more holding companies, or to designate one or more existing companies reasonably acceptable to Parent (each, an "Investor Newco" and collectively, the "Investor Newcos") solely for the purpose of acquiring an equity interest in LLC. Investor agrees that except as contemplated hereby, during the term of this Agreement it shall be the sole owner of all of the outstanding equity interest of Investor Sub and each Investor Newco, and it shall cause Investor Sub and each Investor Newco not to (i) engage in any other business, except the Transactions contemplated hereby, or (ii) incur any liability.

1.3. Parent and Sub Contributions. On or before the Closing, Parent and Sub shall, subject to Section 1.11(b), contribute, transfer, assign and convey (collectively, "Contribute") or cause to be Contributed to the LLC, (i) all of the assets, rights and businesses owned, held or conducted by Parent and Sub described on Schedule 1.3 ("Contributed Businesses"), (ii) the portion of the Acquired Partnership Interest described in Section 1.5(b)(ii) and (iii) an agreement to contribute the stock or assets of an agreed-upon Subsidiary of Parent (the "Excluded Sub") as promptly as practicable consistent with tax efficiencies, in exchange for an aggregate number of LLC Shares to be issued to Parent or Sub equal to the Parent LLC Shares Number.

1.4. Assumption of Liabilities. On or before the Closing, the LLC will assume, and agree to pay and discharge, as and when they become due, or otherwise take subject to, all liabilities of Parent and Sub, other than the liabilities set forth on Schedule 1.4 (collectively, the "Assumed Liabilities").

1.5. Closing. (a) Subject to the conditions set forth below, the closing of the transactions contemplated hereby (the "Closing") shall take place at the offices of Wachtell, Lipton, Rosen & Katz, 51 West 52nd Street, New York, New York 10019 at 10:00 a.m. on the date three days after satisfaction or waiver of all of the conditions to the Parties' respective obligations to consummate the transactions contemplated hereby (other than those requiring the delivery of documents or the taking of other action at the Closing) or such earlier date as may be agreed upon by the parties. The date on which the Closing is consummated is hereinafter called the "Closing Date".

(b) At the Closing, USA Networks Partner, Inc. ("Investor Sub") shall sell (i) to the LLC a portion of the Acquired Partnership Interest in exchange for (A) a payment of cash equal to the Cash Amount (but such payment shall not exceed $1.43 billion) to an account specified by Investor Sub in writing not less than three days prior to the Closing, and (B) a number of LLC Shares equal to the Acquired LLC Amount, and (ii) to Parent the remainder of the Acquired Partnership Interest in exchange for 6.75 million shares of Parent Class B Stock (provided, however that if FCC Regulations prevent Investor from acquiring 6.75 million shares of Parent Class B Stock, then any amount in excess of such amount so permitted shall consist of Parent Common Stock, and provided, further, that Parent shall cooperate with Investor to provide Investor with the same voting power that it would have in the absence of FCC Regulations at such time, if any, as FCC Regulations would permit, including, without limitation, agreeing to exchange Parent Common Stock for Parent Class B Stock) (the "Parent Stock Number"), issued to Investor Sub.

(c) At the Closing, Investor shall Contribute or cause to be Contributed to the LLC by the Investor Newcos, (i) the Owned Partnership Interest and (ii) all of the assets, rights and businesses owned, held or conducted by Investor and its Subsidiaries in its one-hour as well as certain half-hour domestic television production business and domestic television distribution business, including and excluding, as the case may be, those described on Schedule 1.5 (the "UT Contributed Business"), and the LLC will assume, and agree to pay and discharge, as and when they become due, or otherwise take the UT Contributed Business subject to, all liabilities of the UT Contributed Business set forth on Schedule 1.5 excluding any liabilities for Taxes except as provided in Article 8 hereof (the "Assumed UT Liabilities") in exchange for a number of LLC Shares equal to the Owned LLC Amount and issued in such names and denominations as Investor shall request in writing not less than three days prior to the Closing.

(d) To the extent that the Cash Amount exceeds the amount of cash paid under Section 1.5(b), such excess shall be distributed in cash pro rata to the Investor Newcos in proportion to their LLC Shares and indebtedness of the LLC shall be allocated to such Investor Newcos in the amount of such distribution for purposes of Sections 707 and 752 of the Code.

(e) Notwithstanding the foregoing, LLC may, at its option, substitute LLC Shares valued at $40 per share for up to $75 million in cash payable pursuant to paragraph (b) above. In addition, at the Closing, the LLC shall reduce the cash to be paid or distributed to Investor and the Investor Newcos pursuant to Sections 1.5(b) and 1.5(d) by $300 million, which amount shall be paid or distributed or applied to reduce any amount payable by Universal in connection with the exercise of its preemptive rights on or prior to the Holder Closing (as defined

below), as the case may be, together with interest thereon from the date of the Closing to the date of payment at a rate per annum equal to the average rate of borrowing of Investor's ultimate parent company plus 50 basis points, upon the earlier of the Holder Closing or June 30, 1998, provided that Investor, in its sole discretion, may elect to waive the interest described in this sentence after considering various factors that (and to the extent) Investor deems appropriate. Amounts to be distributed at Closing pursuant to Section 1.5(d) shall be reduced before amounts payable under Section 1.5(b) are reduced.

(f) (i) No later than June 30, 1998, the parties shall consummate a transaction relating to Holder as follows:

(A) Subject to the provisions of this Section, Holder agrees to purchase, for cash, 7.5 million in the aggregate of LLC Shares and/or of Parent Common Shares at an initial purchase price of $40 per share, which price shall increase by 7.5% per annum from the date of the Closing through the date of the closing of the Holder transaction described in this paragraph (the "Holder Closing"). The Holder Closing (with respect to the cash and shares described in this subparagraph) shall be subject only to the conditions that (i) the LLC or Parent, as the case may be, deliver properly evidenced LLC Shares and/or Parent Common Shares, duly authorized and issued against payment therefor; (ii) the condition set forth in Section 10.1(a) was satisfied as of the Closing; (iii) the conditions described in Sections 10.1(b)-(j) are satisfied (as appled to Holder, the Holder Closing and the transactions described by this Section, mutatis mutandis) and (iv) the Closing has occurred. Holder shall be entitled to reduce the number of shares (valued for this purpose at $40 per share) to be acquired pursuant to this subparagraph (A) by the product of 0.45 and the Holder Asset Value.

(B) Following the date hereof, Parent and Holder shall discuss the possibility of a contribution by Holder at the Holder Closing of assets acceptable to Parent, Holder and Investor in exchange for LLC Shares. If the Parties (including Investor) reach agreement on the terms of any such contribution (including on appropriate and reasonable representations, warranties, covenants or other terms and conditions with respect to such contribution), this Agreement shall be amended to provide for such contribution, subject to the conditions so agreed upon. The purchase price for each LLC Share acquired by Holder pursuant to this subparagraph (B) shall be $40 (the aggregate value (at $40 per share) of the LLC Shares issued to Holder pursuant to this subparagraph being the "Holder Asset Value").

(C) Shares acquired by Holder at the Holder Closing shall be issued in such names and denominations as Holder shall request in writing not less than three days prior to the Closing. Holder shall be entitled to acquire any such LLC Shares through one or more newly-formed Subsidiaries on terms comparable to the Investor Newcos as set forth in Section 1.2, mutatis mutandis, above (each, a "Holder Newco"), as agreed upon by Parent and Holder.

(ii) Investor shall not have any preemptive right with respect to the first 7.5 million in the aggregate of LLC Shares and/or Parent Common Shares issued to Holder at the Holder Closing. Investor shall have a preemptive right (at 45% and at $40 per LLC Share) with respect to shares issued to Holder in excess of such amount. Investor's preemptive right shall be mandatory to the extent that Holder elects to reduce the number of shares purchased under Section 1.5(f)(i)(A), with respect to the net related asset contribution by Holder under Section 1.5(f)(i)(B) that resulted in such reduction (e.g., if Holder elects with respect to a nominal $100 million asset contribution to reduce the shares purchased for cash by $45 million, Investor shall have a mandatory preemptive right with respect to 1,375,000 shares ($55 million divided by $40)).

(iii) It is contemplated that Holder's total net contribution to the LLC or Parent pursuant to this Section 1.5 would be in an amount that, assuming Universal exercises its preemptive right with respect to such contribution, would result in Holder's aggregate equity beneficial ownership interest (including all LLC Shares and Parent Common Shares acquired by Holder pursuant to this Section 1.5) in Parent (based on the Assumptions) not exceeding 25%. Subject to tax efficiencies and regulatory requirements, Holder agrees to acquire Parent Common Shares to the extent possible.

1.6. Parent Shares. (a) Nothing set forth in this Agreement shall be construed to prevent Parent from issuing additional Parent Common Shares or any other capital stock to any other person or entity.

(b) From and after the Closing Date, at such time that Parent shall issue any additional Parent Common Shares (including, without limitation, upon exercise of options or warrants or conversion of convertible securities, other than shares of Parent Common Stock issued either upon conversion of shares of Parent Class B Stock or upon issuance of Parent Common Shares pursuant to Holder's Contingent Shares or Exchange Shares), Parent or Sub shall purchase from the LLC a number of LLC Shares equal to the number of Parent Common Shares issued, at a price per share equal to the Issue Price received by Parent for such Parent Common Shares issued. Parent shall pay the LLC for such LLC Shares with the same form of consideration as Parent or Sub receives in connection with the issuance of such Parent Common Shares.

(c) From and after the Closing Date, at such time that Parent shall repurchase or redeem any Parent Common Shares, Parent or Sub shall sell to the LLC a number of LLC Shares equal to the number of Parent Common Shares so repurchased or redeemed, for an amount per share equal to the Redemption Price per Parent Common Share paid by Parent for the Parent Common Shares so repurchased or redeemed. The LLC shall pay Parent for such LLC Shares with the same form of consideration as Parent or Sub pays in connection with the repurchase or redemption of such Parent Common Shares, or if such form of consideration is not available to the LLC, with cash.

1.7. Investor's Preemptive Right. (a) (i) In the event that after the Closing Date (and in addition to the mandatory and optional preemptive rights of Investor pursuant to

Section 1.5(f)(ii)), Parent issues or proposes to issue (other than pursuant to an Excluded Issuance) (I) any Parent Common Shares (including Parent Common Shares issued upon exercise, conversion or exchange of options, warrants and convertible securities, but excluding (w) shares of Parent Common Stock issued upon conversion of shares of Parent Class B Stock, (x) Parent Common Shares issued upon exercise of the Exchange Options with respect to LLC Shares issued to Investor Sub, the Investor Newcos, Holder and the Holder Newcos, (y) Contingent Shares and Exchange Shares issued in accordance with the Holder Exchange Agreement and (z) shares of Parent Common Stock issued pursuant to a public offering described in clause (ii) of the definition of "Stock Amount") or (II) LLC Shares (other than to Parent and its Affiliates, or to Investor and its Affiliates), and such issuance in clause (I) or (II), together with any prior issuances of less than 1% with respect to which Investor had no rights under this Section 1.7(a)(i), shall be in excess of 1% of the total number of Parent Common Shares (based on the Assumptions) outstanding after giving effect to such issuance, Parent shall give written notice to Investor not later than five business days after the issuance (an "Additional Issuance"), specifying the number of Parent Common Shares issued or to be issued and the Issue Price (if known) per share. Investor shall have the right (but, subject to the provisions of paragraphs (ii) and (iii) of this Section 1.7(a), not the obligation) to cause Investor Sub and/or one or more Investor Newcos to purchase for cash a number (but not less than such number) of shares of Parent Common Stock, or at the request of the Investor, LLC Shares, or any combination thereof, so that Investor Sub and the Investor Newcos shall collectively maintain the identical percentage equity beneficial ownership interest (but not in excess of 45%) or such other percentage equity beneficial ownership as in effect from time to time pursuant to the standstill provisions contained in the Governance Agreement (defined below) (but without giving effect to the exceptions to the thresholds therein)) (it being agreed that under no circumstances shall the preemptive rights granted to Investor under this Section 1.7 permit Investor to maintain a percentage equity beneficial ownership interest in excess of 57.5%) in Parent that Investor Sub and Investor Newcos collectively owned immediately prior to the notice from Parent to Investor described in the first sentence of this paragraph (assuming that all Parent Common Shares issuable upon the exercise of Exchange Options with respect to LLC Shares have been issued and all Contingent Shares and Exchange Shares not yet issued are outstanding, with such assumptions being referred to herein as the "Assumptions") after giving effect to such Additional Issuance and to shares of Parent Common Stock and/or LLC Shares that are to be issued to the Investor Newcos pursuant to this Section 1.7(a) and to Holder in accordance with Section 1.8 below by sending an irrevocable written notice to Parent not later than fifteen business days after receipt of such notice (or, if later, two business days following the determination of the Issue Price) from Parent that it elects to cause one or more Investor Newcos to purchase all of such shares of Parent Common Stock or LLC Shares, as the case may be (the "Additional Shares"). The closing of the purchase of Additional Shares shall be the later of ten business days after the delivery of the notice of election by Investor and five business days after receipt of any necessary regulatory approvals.

(ii) Notwithstanding anything to the contrary contained in paragraph (i) of this Section 1.7(a), Investor shall be required to exercise its preemptive right in full (a "Mandatory Purchase Event") for (A) Additional Issuances caused by the conversion of Sub's 5-7/8% Convertible Subordinated Debentures due March 1, 2006 ("Sub Convertible Debt") into Parent Common Stock, at a cash Issue Price to Investor of $40 per Additional Share, (B) Addi-

tional Issuances within 4 months of the Closing Date in the aggregate amount of up to $200 million in Parent Common Stock at a cash Issue Price to Investor of $40 per Additional Share and (C) the transactions described in Section 1.5(f)(i), to the extent described in Section 1.5(f)(ii). The closing of the purchase of Additional Shares shall be the later of (x) ten business days after the delivery to Investor of a written notice by Parent ("Mandatory Purchase Notice") specifying that an Additional Issuance has occurred and that such Additional Issuance was caused by a Mandatory Purchase Event and (y) five business days after receipt of any necessary regulatory approvals, including under FCC regulations.

(iii) Notwithstanding anything to the contrary contained in paragraph (i) of this Section 1.7(a), a Mandatory Purchase Event also shall occur by reason of Additional Issuances in the aggregate amount up to 6.3 million Parent Common Shares in connection with the purchase of additional equity in the Excluded Sub, whether by exchange offer, merger or otherwise (a "Merger Transaction"), at a cash Issue Price to Investor of $40 per Additional Share. If the Company issues more than 6.3 million Parent Common Shares in the Merger Transaction, such excess Additional Issuances shall not be deemed to be a Mandatory Purchase Event, and Investor shall have the right but not the obligation to exercise its preemptive right in respect of such excess in accordance with paragraph (i) of this Section 1.7(a). The closing of the purchase referred to in this paragraph (iii) shall occur on the later to occur of (v) the events specified in clauses (x) and (y) of paragraph (ii) above and (w) in accordance with paragraph (i) above.

(iv) Notwithstanding anything to the contrary contained in paragraphs (i) through (iii) above, in the event that as a result of any Additional Issuance and the issuance of Parent Common Stock to the Investor Newcos pursuant to Section 1.7(a) and to Holder pursuant to Section 1.8, Investor's percentage voting power in Parent (based on the Assumptions) would be below 67 percent, the Investor Newcos shall have the right to purchase Parent Class B Stock pursuant to Section 1.7(a) in lieu of the number of shares of Parent Common Stock permitted to be purchased pursuant to Section 1.7(a) in order to maintain 67 percent voting power in Parent (based on the Assumptions); provided that if such percentage voting power in Parent has been reduced due to the failure of Investor to elect to exercise previously its rights pursuant to Section 1.7(a), Investor Sub and the Investor Newcos shall only be permitted to maintain such lower percentage voting power.

(v) Subject to subparagraph (vi) below, when calculating the percentage ownership of Parent that Investor Sub and the Investor Newcos beneficially own in connection with determining the percentage for a preemptive right event (or an event covered by paragraph (c) below), (A) prior to the Standstill Termination Date (as defined in the Governance Agreement)), transfers of Parent Securities shall be taken into account, but acquisitions by Investor of such securities shall not be included, other than in the case of acquisitions from Parent or otherwise pursuant to this Section 1.7, and (B) after the Standstill Termination Date, acquisitions and dispositions of Parent Securities by Investor at such times and in such amounts permitted under the Governance Agreement shall be taken into account in calculating the applicable percentage for the exercise of the rights under this Section 1.7.

(vi) Notwithstanding any other provision of this Agreement or the Governance Agreement, Investor's percentage for purposes of the preemptive rights (and for Parent's ability to redeem or purchase Investor's LLC Shares) (A) shall be 45% for the period from and after the Closing through the Holder Closing and (B) shall not take into account the effects of the exercise by Parent of its option described in Section 1.5(e).

(b) In the event that Parent or any of its Affiliates purchases or redeems, or proposes to purchase or redeem, any Parent Common Shares (other than shares of Parent Class B Stock that may be deemed to be purchased or redeemed upon conversion into shares of Parent Common Stock) following the Closing Date, and such purchase or redemption, together with any prior purchases or redemptions of less than 1% with respect to which Investor had no rights under this Section 1.7(b), shall be in excess of 1% of the total number of Parent Common Shares (based on the Assumptions) outstanding prior to such purchase or redemption, Parent shall give written notice to Investor not later than five business days prior to the purchase or redemption, specifying the number of Parent Common Shares to be purchased or redeemed and the purchase or redemption price (the "Redemption Price") (if known) per share. Parent shall have the right to cause the LLC to purchase for cash a number of LLC Shares from, at Investor's Option, Investor Sub and/or the Investor Newcos so that Investor Sub and the Investor Newcos shall collectively beneficially own no greater than a 45 percent equity beneficial ownership (adjusted to reflect Section 1.5(e)) or such other percentage as in effect from time to time pursuant to the standstill provisions contained in the Governance Agreement attached hereto as Exhibit A (or any successor agreement, the "Governance Agreement") (but without giving effect to the exceptions to the thresholds therein) (based on the Assumptions) after giving effect to such purchases or redemptions of Parent Common Shares by Parent and to purchases from Investor Sub and the Investor Newcos pursuant to this Section 1.7(b), at a price per share equal to the Redemption Price, by sending an irrevocable written notice to Investor not later than five business days prior to the purchase or redemption that it elects to cause the LLC to purchase all of such number of LLC Shares or, at Investor's election or to the extent required under applicable FCC Regulations (but only to the extent of the percentage increase in Investor's beneficial ownership of Parent Common Shares that would otherwise result from such event), Parent Common Shares. The closing of such purchase of LLC Shares and/or Parent Common Shares, as the case may be, shall be simultaneous with the purchase or redemption of Parent Common Shares.

(c) In the event that there should occur (i) an event, circumstance or condition with respect to which Investor has been granted a preemptive right under Section 1.7(a) hereof but Investor is not permitted by law, rule or regulation from exercising such right, or (ii) another event, circumstance or condition (but not of the type included or excluded from the preemptive right in Section 1.7(a)) occurs (excluding sales or transfers of Parent Common Shares or LLC Shares by Investor and its Affiliates) that results in the percentage of equity beneficial ownership in Parent of Investor (based on the Assumptions) being reduced, then, subject to the last sentence of this paragraph (c), Parent shall promptly agree to sell, at Investor's election, to Investor Sub and/or one or more of the Investor Newcos a number (but not less than such number) of shares of Parent Common Stock or, at the request of Investor, LLC Shares (or a combination thereof) so that Investor, Investor Sub and the Investor Newcos shall collectively maintain the identical percentage equity beneficial ownership interest described in Section 1.7(a) with respect to an

event that would give rise to a preemptive right. The purchase price for the shares of Parent Common Stock or LLC Shares shall be the Issue Price (if such event, circumstance or condition is identifiable and such Issue Price is measurable) or the Fair Market Value of the Parent Common Stock (or LLC Shares, based on the Fair Market Value of the Parent Common Stock and the then-applicable Exchange Rate (as defined in the Exchange Agreement)). The purchase price shall be paid in cash. The other procedures described in Section 1.7(a) regarding the exercise and consummation of Investor's preemptive right shall apply to Investor's purchase under this paragraph. In the event that Parent does not promptly (upon receipt of any required regulatory approvals or consents so long as there is a reasonable prospect of such approvals or consents being obtained) sell to Investor shares of Parent Common Stock or LLC Shares, then Investor shall be permitted to purchase in the open market, in broker transactions, a number of shares of Parent Common Stock that Investor would have purchased from Parent hereunder. If an event, circumstance or condition described in the first sentence of this paragraph shall occur and Investor elects not to exercise the purchase right contained herein within a reasonable period of time, then Investor's preemptive right percentage shall be reduced as though such event were an event as to which the preemptive right in Section 1.7(a) arose and Investor elected not to exercise such right.

1.8. Holder's Preemptive Right. (a) Subject to paragraphs (b) and (c) of this Section 1.8, in the event that Parent issues any Parent Common Shares or LLC Shares (other than to Parent and its Affiliates or Holder and its Affiliates) under the circumstances set forth in Section 1.7(a)(i) above applicable to Investor, Holder shall be entitled to purchase, or cause one or more Holder Newcos to purchase, for cash a number (but not less than such number) of shares of Parent Common Stock so that the Holder and the Holder Newcos shall collectively maintain the identical percentage equity beneficial ownership interest in Parent that Holder and the Holder Newcos collectively owned immediately prior to the notice from Parent described in Section 1.7(a) (which shall be in substance the same as the notice provided to Investor pursuant to Section 1.7(a) and subject to the terms thereof but shall be addressed to Holder) of a contemplated Additional Issuance (but not in excess of the percentage equity beneficial ownership interest in Parent that Holder and the Holder Newcos collectively owned immediately following the Closing or following Holder's contribution pursuant to Section 1.5(f)) on the same terms and conditions specified therein and in Section 1.7(c); provided, that Holder shall only be entitled to purchase LLC Shares if and to the extent the total number of Parent Common Shares then owned directly or indirectly by Holder would exceed the Holder Limit after giving effect to the closing of the purchase of Parent Common Stock by Holder, in which event at such closing, Holder shall be entitled to purchase a number of LLC Shares at the Issue Price equal to such excess in lieu of the purchase of shares of Parent Common Stock.

(b) No Additional Issuance shall be a Mandatory Preemptive Event for Holder. Additional Issuances in Section 1.7(a)(ii) and (iii), Additional Issuances (i) caused by the conversion of Sub Convertible Debt as described in Section 1.7(a)(ii) or (ii) in the aggregate amount up to 6.3 million Parent Common Shares in connection with a Merger Transaction as described in Section 1.7(a)(iii) shall be governed by the terms applicable to permissive exercise of the preemptive right under Section 1.7(a)(i), provided that (i) the Issue Price to Holder shall be

$40 per share in cash of Parent Common Stock and (ii) any such issuance shall, in any event, be subject to the proviso set forth in the last sentence of Section 1.8(a).

(c) The purchase or redemption of any Parent Common Shares by Parent or any of its Affiliates shall not result in an increase in the percentage of Parent equity that Holder may be entitled to acquire pursuant to the preemptive right in paragraph (a) above. For purposes of exercise of Holder's preemptive right pursuant to this Secton 1.8 prior to the Holder Closing, Holder shall be deemed to own (and there shall be deemed to be outstanding) an additional 7.5 million LLC Shares.

1.9. Holder To Exchange LLC Shares. Following the issuance or expiration of all Contingent Shares and prior to the exchange of any Exchange Shares pursuant to Article 2 of the Holder Exchange Agreement, Holder shall be required, subject to the terms and conditions described in Section 6.1(a) or as may be set forth in the Exchange Agreement (including the future condition with respect to a Holder Newco that such exchange is tax-free to Holder on terms similar to those contained in the Holder Exchange Agreement), to consummate transactions under the Exchange Agreement having the effect of exchanging that number of LLC Shares for shares of Parent Common Stock equal to the then Available Parent Amount (the "Holder Mandatory Exchange"); provided, however, (i) if applicable, any such exchange shall only be exercised as to all shares held by any individual Holder Newco and (ii) that Parent shall have the option, which may be exercised at any time (or from time to time) after the issuance or expiration of all Contingent Shares, to suspend the Holder Mandatory Exchange and/or Holder's right to exchange shares of Sub for Parent Common Shares under the Holder Exchange Agreement, in either case in connection with future issuances of Parent Common Shares, in order to permit Parent to purchase or redeem (in each case in compliance with applicable law, including without limitation, FCC Regulations) up to 10 million Parent Common Shares, which suspension shall remain in effect so long as Parent continues to make diligent efforts to effect such purchase or redemption and to complete such repurchases as promptly as reasonably practicable. Holder and Parent agree to take appropriate action to amend the Holder Exchange Agreement to reflect the provisions of this Section 1.9 (which shall not include a waiver or consent by Holder of any conditions to an exchange thereunder or of any other rights of Holder under such agreement other than the re-ordering of the order of the exchanges contemplated by the Exchange Agreement and the Holder Exchange Agreement and to reflect the Parent option described above). Capitalized terms used and not defined in this paragraph shall have the meanings ascribed to them in the Holder Exchange Agreement.

1.10. Issuance of LLC Shares to Parent or Sub. Neither Parent nor Sub shall, and Parent and Sub shall cause the LLC not to, issue any LLC Shares to Parent or Sub or any of their Affiliates, except pursuant to and in accordance with the terms of this Agreement.

1.11. Business of the LLC. (a) From and after the Closing, Parent and Sub shall conduct, subject to this clause (a) and clause (b) below, all future business, whether now existing or hereafter created, in the LLC, other than the Excluded Businesses, the Excluded Sub (but subject to Section 1.3) or any other business which Parent reasonably determines should be conducted in a separate company or corporate entity for regulatory or significant tax reasons

(such business to be deemed an Excluded Business), provided that at such time, if any, as such regulatory or significant tax restrictions no longer exist (it being agreed that Parent shall use all reasonable best efforts to (i) avoid businesses being deemed Excluded Businesses and (ii) eliminate the tax or regulatory restrictions as soon as practicable with respect to any such Excluded Businesses), such businesses shall not be Excluded Businesses and shall be conducted in the LLC as promptly as reasonably practicable following the elimination of such restrictions and compliance with applicable regulatory requirements, and provided further that Parent shall not be restricted in any manner, except as expressly set forth herein, including the Exhibits hereto, from causing the LLC to engage in any transaction with any third party or Parent or any subsidiary of Parent, including, without limitation, subsidiaries which engage in Excluded Businesses (the "Regulated Subsidiaries").

(b) If any consent or approval is required in connection with, or the terms or operation of law do not permit, the contribution to the LLC of any agreement, lease, right, permit, franchise, authorization or other property or asset relating to the Contributed Businesses or the UT Contributed Business, other than the Regulated Subsidiaries (a "Consent Asset"), each of Parent, Sub, Investor and each Investor Newco, as the case may be, agrees to use its reasonable efforts to obtain any necessary consents or approvals for the transfer of all Consent Assets contemplated to be transferred to the LLC; provided that notwithstanding such efforts, if such consent or approval is not obtained prior to the Closing and such Consent Asset is not contributed, each of Parent, Sub, Investor and the Investor Newcos, as the case may be, in lieu of contributing (or causing the contribution of) such Consent Asset, may hold such Consent Asset for the use and benefit of the LLC (any Consent Asset so held is referred to herein as a "Beneficial Asset"). In such event, Parent, Sub, Investor or an Investor Newco, as the case may be, shall take all reasonable actions necessary so that the LLC shall be afforded the full economic benefits intended to be conferred by such Beneficial Asset, subject to the LLC satisfying all of the transferor's liabilities in connection with such Beneficial Asset and all of such transferor's duties, obligations and responsibilities incident thereto, including without limitation, by assigning to the LLC the right to receive all cash flow derived from such Beneficial Asset on and after the Closing, such cash flow to be paid to the LLC as soon as reasonably practicable but in no event more than 45 days after the end of each fiscal quarter of the entity holding such Beneficial Asset. Following the Closing, Parent, Sub, Investor and the Investor Newcos each agrees to continue to use its reasonable efforts to obtain any consent or approval necessary to effectuate the contribution to the LLC of any Consent Asset not contributed to the LLC on the Closing, and shall take all reasonable action to effectuate the contributions of such Consent Asset after such consent or approval is obtained.

(c) For purposes of Section 1.11(b), the Excluded Sub shall be treated as a Beneficial Asset until such time as Parent Contributes the stock or assets of the Excluded Sub to the LLC in accordance with the terms of Section 1.3.

ARTICLE 2.
REPRESENTATIONS AND WARRANTIES OF INVESTOR

Investor represents and warrants to Parent and the LLC as follows:

2.1. Organization, Standing, and Authority. (a) Each of Investor and Investor Sub is and, upon formation in accordance with Section 1.2 hereof, each Investor Newco will be, a corporation duly organized, validly existing, and in good standing under the laws of their respective jurisdictions of incorporation. Each of Investor and Investor Sub has and, upon formation in accordance with Section 1.2 hereof, each Investor Newco will have, all requisite corporate power and authority (i) to own, lease, and use as now owned, leased, and used by them all of their respective assets, (ii) to conduct the business and operations of the UT Contributed Business as now conducted by Investor, and (iii) to execute and deliver this Agreement and the documents contemplated hereby (to the extent a party to this Agreement or such documents), and to perform and comply with all of the terms, covenants, and conditions to be performed and complied with by them hereunder and thereunder. Investor, Investor Sub and each Investor Newco are, or will be, qualified to transact business in each jurisdiction in which the nature of their businesses makes such qualification necessary, except where failure to be so qualified would not have a Material Adverse Effect on Investor and its Subsidiaries considered as a whole.

(b) The Partnership is a partnership duly organized, validly existing, and in good standing under the laws of the State of New York. The partnership agreement (as amended, and together with all other documents governing the operation of the Partnership, the "Partnership Agreement") has previously been provided to Parent, and is in full force and effect. The Partnership has all requisite power and authority (i) to own, lease, and use as now owned, leased, and used by it all of its assets, and (ii) to conduct the business and operations of the Partnership as now conducted by it. The Partnership is qualified to transact business in each jurisdiction in which the nature of its business makes such qualification necessary except where failure to be so qualified would not have a Material Adverse Effect on the Partnership.

2.2. Authorization and Binding Obligation. The execution, delivery, and performance of this Agreement and the consummation of the transactions contemplated hereby, and each of the agreements contemplated hereby, by Investor (with respect to such agreements to which it is a party) have been duly authorized by all necessary corporate action on the part of Investor. The performance of this Agreement and the consummation of the transactions contemplated hereby and each of the agreements contemplated hereby by Investor Sub and each Investor Newco (with respect to such agreements to which it is a party) will be duly authorized by all necessary corporate action on the part of such entity. This Agreement has been duly executed and delivered by Investor and constitutes the legal, valid, and binding obligation of Investor enforceable against Investor in accordance with its terms, except to the extent limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting creditors' rights generally and by general equity principles regardless of whether such enforceability is considered in a proceeding in equity or at law.

2.3. Absence of Conflicting Agreements; Consents. Except as set forth on Schedule 2.3 and except for any filings, notices, applications and other information as may be required to be made or supplied pursuant to the HSR Act or the Exchange Act, the execution, delivery, and performance of this Agreement and the consummation of the transactions contemplated hereby by Investor, Investor Sub and the Investor Newcos (with or without the giving of notice, the lapse of time, or both): (a) do not require any notices, reports or other filings with any

public or governmental authority to be made by Investor, Investor Sub, any Investor Newco or the Partnership; (b) do not require the consent of any third party (including any governmental or regulatory authority) (other than consents that would not, if not given, have a Material Adverse Effect on the UT Contributed Business and the Partnership considered as a whole); (c) will not conflict with any provision of the Certificate of Incorporation, By-Laws, Partnership Agreement or other organizational document, as the case may be, of Investor, Investor Sub, any Investor Newco or the Partnership; (d) will not violate or result in a breach of, or contravene any law, judgment, order, ordinance, injunction, decree, rule, regulation, or ruling of any court or governmental instrumentality applicable to any of Investor, Investor Sub, any Investor Newco or the Partnership; (e) will not violate, conflict with, or result in a breach of any terms of, constitute grounds for termination of, constitute a default under, or result in the acceleration of any performance required by the terms of, any mortgage, indenture, lease, contract, agreement, instrument, license, or permit to which any of Investor, Investor Sub, any Investor Newco or the Partnership is a party or by which any of Investor, Investor Sub, any Investor Newco or the Partnership or their respective properties may be bound; and (f) will not create any claim, liability, mortgage, lien, pledge, condition, charge, encumbrance, or other security interest (collectively, "Liens") upon any of the assets owned by Investor, Investor Sub, any Investor Newco or the Partnership, except, in the case of clauses (a), (d), (e) or (f), for violations, breaches, contraventions, conflicts, termination or acceleration or Liens which would not have a Material Adverse Effect on the Partnership and the UT Contributed Business considered as a whole, or would impair, in any material respect, the ability of Investor to perform its obligations under this Agreement and the other documents contemplated hereby.

2.4. Licenses. Schedule 2.4 is a true and complete list as of the date of this Agreement of all material Licenses of the Partnership and the UT Contributed Business. Each material License has been validly issued, and the UT Contributed Business or the Partnership is the authorized legal holder thereof. The material Licenses are in full force and effect, and the conduct of the business and operations of the UT Contributed Business and the Partnership is in accordance therewith in all material respects. As of the date of this Agreement, there is no proceeding pending or, to Investor's knowledge, threatened, seeking the revocation or limitation of any material Licenses. Each of the UT Contributed Business and the Partnership is the holder of all material Licenses necessary to enable it to continue to conduct its respective business as now conducted.

2.5. Real Property. Schedule 2.5 contains a complete and accurate description of all the Real Property providing individually for annual lease payments in excess of $1 million (the "Material Real Property") of the UT Contributed Business and the Partnership, and the respective interests of the UT Contributed Business and the Partnership therein (including street address, legal description, owner, and the use thereof). No fee estates are included in the Material Real Property. Except as set forth on Schedule 2.5, the UT Contributed Business or the Partnership has good title to all Material Real Property, free and clear of all Liens or other restrictions on the Material Real Property, except for Permitted Liens. Except for that portion of the Material Real Property subject to leases where the Partnership is lessor or sublessor (as identified on Schedule 2.5), the UT Contributed Business or the Partnership is in possession of the Material Real Property. As of the date of this Agreement there are no pending or, to the knowl-

edge of Investor, threatened condemnation or appropriation proceedings against any of the Material Real Property. The UT Contributed Business or the Partnership has full legal and practical access to all Material Real Property. With respect to each leasehold or subleasehold interest included in the Material Real Property, the UT Contributed Business or the Partnership has enforceable rights to nondisturbance and quiet enjoyment, and no third party holds any interest in the leased premises with the right to foreclose upon the UT Contributed Business' or the Partnership's leasehold or subleasehold interest.

2.6. [Intentionally omitted]

2.7. Contracts. Schedule 2.7 is a true and complete list of all Contracts of the UT Contributed Business and the Partnership as of the date of this Agreement, which (i) at the time entered into, were outside the ordinary course of business as then conducted by the business comprising the UT Contributed Business or the Partnership, as applicable, or (ii) are (a) cable television system affiliation agreements ("Affiliation Agreements") or other Contracts providing for payments to or from the Partnership to cable television system operators in excess of $1 million in any twelve month period, (b) Contracts (other than with writer producers) with respect to the production, development, broadcast, or distribution, of television programs with respect to which the UT Contributed Business or the Partnership, as applicable, has a commitment to pay in excess of $10 million ("Programming Agreements"), (c) agreements with writer producers with respect to which the UT Contributed Business or the Partnership, as applicable, has a commitment to pay in excess of $2 million per year, and (d) agreements to buy or sell advertising where the required payments to or from the UT Contributed Business or the Partnership, as applicable, are in excess of $10 million (the Contracts described in the foregoing clauses (i) and (ii), collectively the "Material Contracts"). Investor has delivered or made available to Parent true and complete copies of all Material Contracts. Except as disclosed on Schedule 2.7, all of the Material Contracts are in full force and effect and are valid and binding agreements of the Investor and, to the knowledge of the Investor, the other parties thereto, enforceable in accordance with their terms. Except as disclosed on Schedule 2.7, to the knowledge of Investor, no party is in default in any material respect under any of the Material Contracts, nor does any condition exist that with notice or the lapse of time or both would constitute such a default. Except for the need to obtain the consents listed on Schedule 2.3, the transactions contemplated hereby will not affect the validity or enforceability of any of the Material Contracts. Except as disclosed on Schedule 2.7, as of the date of this Agreement, no party to any Material Contract has informed Investor or, to Investor's knowledge, its Affiliates or the Partnership, of its intention (a) to terminate such Material Contract or amend the material terms thereof, (b) to refuse to renew the Material Contract upon expiration of its term, or (c) to renew the Material Contract upon expiration only on terms and conditions that are more onerous to the Partnership or the UT Contributed Business, as the case may be, than those now existing.

2.8. Intangible Property. Schedule 2.8 is a list of (a) any intellectual property asset (other than such property licensed to the UT Contributed Business or the Partnership, as applicable), with a value, as reflected on the balance sheet of the UT Contributed Business or the Partnership of $2.5 million or more and (b) all material patents, trademarks, trade names, service marks, brand marks, brand names, proprietary computer programs, proprietary databases, indus-

trial design, copyrights or any pending application therefor (collectively, (a) and (b), the "Intangible Property") of the UT Contributed Business and the Partnership and indicates, with respect to each such item of Intangible Property, whether it is registered or unregistered, the owner thereof and, if applicable, the name of the licensor and licensee thereof. Except as set forth on Schedule 2.8, to the knowledge of Investor, no other person has any claim of ownership or right of use with respect thereto. The use of such Intangible Property by the UT Contributed Business or the Partnership does not, and immediately after the Closing will not, conflict with, infringe upon, violate, or interfere with or constitute an appropriation of any right, title, interest, or goodwill, including any intellectual property right, patent, trademark, trade name, service mark, brand mark, brand name, computer program, database, industrial design, copyright, or any pending application therefor of any other Person (except for such conflicts, infringements, violations or appropriations as would not have a Material Adverse Effect on the Partnership and the UT Contributed Business considered as a whole), and, to the knowledge of Investor, there have been no claims made, and the UT Contributed Business or the Partnership has not received any written notice, that any such item of Intangible Property is invalid or conflicts with the asserted rights of any Person (other than such invalidity or conflicts as would not have a Material Adverse Effect on the Partnership and the UT Contributed Business considered as whole). Except as set forth on Schedule 2.8, neither the UT Contributed Business nor the Partnership is party to or bound by any material contract, license, or other agreements relating to such Intangible Property other than those entered into in the ordinary course of the business. As of the Closing, none of Investor or its Affiliates shall have any rights to, or ownership interest in, any of the trademarks or trade names relating to the "USA Networks," "USA Network," "Sci-Fi" and "Sci-Fi Channel" names and the related trade names and trademarks, logos, brand marks and brandnames, including those listed on Schedule 2.8, except pursuant to the International Joint Venture Agreement attached hereto as Exhibit C.4 (or any successor agreement). Prior to the Closing, Investor shall effect any assignments or other filings in order to satisfy the representation contained in the preceding sentence.

2.9. Financial Statements. Investor has furnished Parent with true and complete copies of unaudited balance sheets and income statements for the Partnership as at and for the fiscal years ended December 31, 1996 and December 31, 1995, and as at and for the eight months ended August 31, 1997 (collectively, the "Investor Financial Statements"). The Investor Financial Statements present fairly as of their respective dates, in all material respects, the consolidated financial position of the Partnership as at the dates thereof and the consolidated results of its operations and its consolidated cash flows for each of the respective periods, in conformity with GAAP, except that the eight-month financial statements referred to above are subject to normal year-end adjustments, none of which are expected to be material.

Except as and to the extent expressly set forth in the Investor Financial Statements, (i) as of August 31, 1997, the Partnership did not have any material liabilities or obligations (whether absolute, contingent, accrued or otherwise) and (ii) since the August 31, 1997 balance sheet the Partnership has not incurred any such material liabilities or obligations other than in the ordinary course of business.

2.10. Personnel. (a) Schedule 2.10 contains a true and complete list as of the date of this Agreement of all active employees of the UT Contributed Business and the Partnership who are currently engaged in the respective businesses and operations of the UT Contributed Business and the Partnership (including any employee on vacation, leave of absence, short-term disability, or layoff with recall rights, but excluding retired employees of the UT Contributed Business and any employee on long-term disability) (collectively, the "Business Employees"). Schedule 2.10 also contains a true and complete list of all material employee benefit plans or arrangements that cover any Business Employee and any material employee benefit plans or arrangements that cover any former employee of the Partnership, including any employment, severance, or other similar contract, arrangement, or policy and each plan or arrangement (written or oral) providing for insurance coverage (including any self-insured arrangements), workers' compensation, disability benefits, supplemental unemployment benefits, vacation benefits, or retirement benefits or for deferred compensation, profit-sharing, bonuses, stock options, stock appreciation rights, stock purchases, or other forms of incentive compensation or post-retirement insurance, compensation, or benefits (collectively, "Benefit Arrangements"). Schedule 2.10 denotes all Benefit Arrangements sponsored or maintained by the Partnership ("Partnership Plans").

(b) Except as set forth on Schedule 2.10(b), (i) no Benefit Arrangement is an "employee pension benefit plan," as defined in Section 3(2) of ERISA (a "Pension Plan"), that is subject to Title IV of ERISA or Section 412 of the Code, and no Benefit Arrangement provides post-retirement welfare benefits, except as required by law and (ii) neither Investor nor the Partnership has incurred or expects to incur any liability or lien under Title IV of ERISA or Section 412 of the Code, which liability or lien would be reasonably expected to have a Material Adverse Effect on the Partnership and the UT Contributed Business considered as a whole.

(c) Without limiting the generality of Section 2.10(b) and except as set forth on Schedule 2.10(c), no Benefit Arrangement is a "multiemployer pension plan," as defined in Section 3(37) of ERISA and neither Investor nor the Partnership has incurred or expects to incur any liability or lien with respect to any multiemployer pension plan which liability or lien would be reasonably expected to have a Material Adverse Effect on the Partnership and the UT Contributed Business considered as a whole.

(d) Except as set forth on Schedule 2.10(d), none of Investor, any of its Affiliates, the Partnership or any entity required to be combined with any of the foregoing entities under Section 414(b), Section 414(c), Section 414(m), or Section 414(o) of the Code (an "ERISA Affiliate") has incurred, or expects to incur solely as a result of the consummation of the Transactions (including any termination of employment in connection therewith), any cost, fee, expense, liability, claim, suit, obligation, or other damage with respect to any Pension Plan or any Benefit Arrangement that could give rise to the imposition of any liability, cost, fee, expense, or obligation on the LLC or any of its Affiliates, which would be reasonably expected to have a Material Adverse Effect on the Partnership and the UT Contributed Business considered as a whole, and, to Investor's knowledge, no facts or circumstances exist that could give rise to any such cost, fee, expense, liability, claim, suit, obligation, or other damage, which would be reasonably expected to have a Material Adverse Effect on the Partnership and the UT Contributed

Business considered as a whole. Except as set forth on Schedule 2.10(d), neither the execution and delivery of this Agreement nor the consummation of the Transactions (including any terminations of employment in connection therewith) will (i) increase any benefits otherwise payable under any Benefit Arrangement, which would be reasonably expected to have a Material Adverse Effect on the Partnership and the UT Contributed Business considered as a whole or (ii) result in the acceleration of the time of payment or vesting of any such payment, which would be reasonably expected to have a Material Adverse Effect on the Partnership and the UT Contributed Business considered as a whole.

(e) Investor will deliver or make available to Parent, within ten days hereafter, true and complete copies of each of the following documents:

(i) Each Benefit Arrangement (and, if applicable, related trust agreements) and all amendments thereto, and (if applicable) each summary plan description together with any summary of material modifications;

(ii) Each written Benefit Arrangement and written descriptions thereof that have been distributed to Business Employees or any former employee of the Partnership, (including descriptions of the number and level of employees covered thereby); and

(iii) Each employee handbook or similar document describing any Benefit Arrangement.

(f) Except as set forth on Schedule 2.10, no controversies, disputes, or proceedings are pending or, to Investor's knowledge, threatened, between Investor, any of its Affiliates, or the Partnership and any Business Employee or any former employee of the Partnership, which would be reasonably expected to have a Material Adverse Effect on the Partnership and the UT Contributed Business considered as a whole. Except as set forth on Schedule 2.10(f), no labor union or other collective bargaining unit represents or, to Investor's knowledge, claims to represent any of the Business Employees or any former employees of the Partnership and, to Investor's knowledge, there is no union campaign being conducted to solicit cards from employees to authorize a union to request a National Labor Relations Board Certification election with respect to any of the Business Employees.

(g) Except where any such failure would not be reasonably expected to have a Material Adverse Effect on the Partnership and the UT Business considered as a whole, all Benefit Arrangements (i) comply in all material respects with applicable law, including but not limited to ERISA and the Code, and (ii) have been administered in all material respects in accordance with their terms, and all required contributions have been made to such Benefit Arrangements. Except as set forth on Schedule 2.10(g), all Partnership Plans that are intended to be qualified under Section 401(a) of the Code have received a favorable determination letter from the Internal Revenue Service, and neither Investor nor the Partnership has knowledge of any events that would cause such letter to be revoked.

2.11. Claims and Legal Actions. Except as set forth in Schedule 2.11, there are no judicial, administrative or arbitral actions, suits, claims, inquiries, investigations or pro-

ceedings in respect of the UT Contributed Business or the Partnership (whether of a public or private nature) pending or, to the knowledge of Investor, threatened against the UT Contributed Business or the Partnership which, individually or in the aggregate, would have a Material Adverse Effect on the UT Contributed Business and the Partnership considered as a whole.

2.12. Compliance with Laws. Each of the UT Contributed Business and the business of the Partnership has been and is presently being conducted in compliance with all applicable laws, except for any noncompliance that would not have a Material Adverse Effect on the UT Contributed Business and the Partnership considered as a whole, or impair or hinder the ability of Investor, Investor Sub or any Investor Newco to perform in any material respect their respective obligations under this Agreement and the documents and agreements contemplated hereunder.

2.13. Transactions with Affiliates; Completeness of Assets. (a) Except as set forth on Schedule 2.13(a) or pursuant to agreements on arms-length terms, there are no material agreements relating to the business or operations of the UT Contributed Business or the Partnership between the UT Contributed Business or the Partnership, on the one hand, and Investor or any of its Affiliates, on the other hand, and (b) except as set forth on Schedule 2.13(b), neither the UT Contributed Business nor the Partnership has engaged in any material business arrangement or relationship with Investor or any of its Affiliates. With respect to the UT Contributed Business, neither Investor nor any of its Affiliates owns any right, tangible or intangible, relating to the shows listed on Schedule 2.13 and related agreements (other than as expressly contemplated by this Agreement to be entered into between two or more of the Parties) and, with respect to the Partnership, neither Investor nor any of its Affiliates owns any asset, property or right, tangible or intangible, that is primarily used in the business or operations of the Partnership, other than, in each case, such assets, properties and rights that are being Contributed to the LLC in accordance with this Agreement.

2.14. Cable Subscribers. Schedule 2.14 sets forth, with respect to each cable television system operator with which the Partnership has an Affiliation Agreement, under the column "Network Subsidiary" the number of cable system subscribers to such cable television system operator as most recently reported to the Partnership. Schedule 2.14 also designates those cable television system operators that, to Investor's knowledge, make the USA Networks available to subscribers without an Affiliation Agreement.

2.15. Ownership of the Partnership. Investor owns directly or indirectly all of the issued and outstanding Owned Partnership Interest and following Closing of the transactions contemplated by the Partnership Interest Purchase Agreement (for purposes of this Section 2.15, the term Closing shall have the meaning set forth in the Partnership Interest Purchase Agreement), Investor Sub will own, directly or indirectly, all of the issued and outstanding Acquired Partnership Interest which, together, constitute 100% of the ownership interest in the Partnership, subject to no Liens. There exist no other outstanding options, convertible securities or other rights to acquire partnership or other interests in the Partnership. Immediately upon the Closing, the LLC will own a 100% ownership interest in the Partnership, subject to no Liens other than

any Liens created by Parent or LLC. Except as set forth on Schedule 2.15, the Partnership has no subsidiaries and owns no interest in any other entity.

2.16. Investment. Each of Investor, Investor Sub and each Investor Newco (a) understands that the LLC Shares and Parent Common Shares to be issued to it pursuant to this Agreement have not been, and will not be, registered under the Securities Act or under any state securities laws, and are being offered and sold in reliance upon federal and state exemptions for transactions not involving any public offering, and (b) to the extent it or any of its Affiliates acquires any of the LLC Shares or Parent Common Shares issued pursuant to this Agreement, it or such Affiliate will be acquiring such shares solely for its own account for investment purposes, and not with a view to the distribution thereof.

2.17. Conduct of Business. Since August 31, 1997, the UT Contributed Business and the business of the Partnership have been conducted in all material respects in the ordinary course and there has not occurred any event or condition having, or that would have, a Material Adverse Effect on the UT Contributed Business and the business of the Partnership considered as a whole. Without limiting the generality of the foregoing, other than as is disclosed on Schedule 2.17 hereto, since August 31, 1997 there has not occurred:

(a) any change or agreement to change the character or nature of the business of the UT Contributed Business or the Partnership in any material respect;

(b) any purchase, sale, transfer, assignment, conveyance or pledge of the assets or properties of the UT Contributed Business or the Partnership, except in the ordinary course of business and except for the purchase of the Acquired Partnership Interest pursuant to the Partnership Interest Purchase Agreement;

(c) any waiver or modification by Investor, the Partnership or any of their respective Subsidiaries, in respect of the UT Contributed Business or the Partnership, of any right or rights of substantial value, or any payment, direct or indirect, in satisfaction of any liability, in each case, having a Material Adverse Effect on the UT Contributed Business and the Partnership considered as a whole;

(d) any loan, advance or capital expenditure by the UT Contributed Business, the Partnership or any of its Subsidiaries, except for loans, advances and capital expenditures made in the ordinary course of business;

(e) any change in the accounting principles, methods, practices or procedures followed in connection with the UT Contributed Business or the Partnership or any change in the depreciation or amortization policies or rates theretofore adopted in connection with the UT Contributed Business or the Partnership; or

(f) other than sweeping cash in the ordinary course of business, any declaration or payment of any dividends, or other distributions in respect of the outstanding equity interest of the Partnership;

(g) any issuance of any equity interest of the Partnership;

(h) any grant or award of any options, warrants, conversion rights or other rights to acquire any equity interest of the Partnership by the Partnership;

(i) except for any changes made as a result of the consummation of the purchase pursuant to the Partnership Interest Purchase Agreement, which changes shall be consistent with the methods employed by other Subsidiaries, any change in the methods of collecting receivables or paying payables with respect to the Partnership; or

(j) any agreement with respect to any of the foregoing.

2.18. Brokers. No broker, finder or investment banker (other than Goldman, Sachs & Co., the fees of which shall be the responsibility of Investor) is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Investor or its Affiliates.

ARTICLE 3.
REPRESENTATIONS AND WARRANTIES OF PARENT

Parent represents and warrants to Investor and the LLC and, to the extent Holder acquires any additional LLC Shares in accordance with this Agreement, Holder, as follows:

3.1. Organization and Good Standing. Parent is a corporation duly organized, validly existing and in good standing under the laws of Delaware, and is duly qualified to transact business as a foreign corporation and is in good standing in each jurisdiction in which the nature of the business transacted by it or the character or location of the properties owned or leased by it requires such qualification, except where the failure to be so qualified or in good standing would not have a Material Adverse Effect on Parent and its Subsidiaries considered as a whole. Each of Parent and Sub has full corporate power and authority (i) to own, lease and use as now owned, leased and used by it all of its assets, (ii) to conduct the business and operations of Parent as now conducted by it, and (iii) to execute and deliver this Agreement and the documents contemplated hereby (to the extent a party to this Agreement or such documents), and to perform and comply with all of the terms, covenants and conditions to be performed and complied with by it

hereunder and thereunder. The copies of Parent's certificate of incorporation (the "Parent Certificate") and by-laws (as amended and/or restated through the date hereof), heretofore delivered to Investor, are true, complete and correct copies thereof. Upon formation, the LLC will be a limited liability company duly organized, validly existing and in good standing under the laws of Delaware and will be duly qualified to transact business as a foreign corporation and will be in good standing in each jurisdiction in which the nature of the business transacted by it or the character or location of the properties owned or leased by it requires such qualification, except where the failure to be so qualified or in good standing would not have a Material Adverse Effect on the LLC. The LLC will have full corporate power and authority to execute and deliver this Agreement and the documents contemplated hereby, and to perform and comply with all of the terms, covenants and conditions to be performed and complied with by it hereunder and thereunder. Except as set forth on Schedule 3.1, each of the Subsidiaries of Parent is duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation or organization and has the power and authority to own or lease its properties and to conduct its business as now conducted, except as would not result in any Material Adverse Effect on Parent and its Subsidiaries considered as a whole. All outstanding shares of the capital stock of each of Parent's Subsidiaries have been validly issued and are fully paid and nonassessable. Except as set forth in the Parent Form 10-K or Schedule 3.1 or as contemplated by this Agreement, there are no outstanding options, warrants, rights, agreements or commitments of any nature whatsoever of any third party to subscribe for or purchase any equity security of any of Parent's Subsidiaries or to cause any of such Subsidiaries to issue any such equity security.

3.2. Capitalization. (a) The authorized capitalization of Parent as of the date hereof consists of: 150,000,000 shares of Common Stock, $.01 par value per share ("Parent Common Stock"), 30,000,000 shares of Parent Class B Common Stock, $.01 par value per share ("Parent Class B Stock"), and 15,000,000 shares of preferred stock, $.01 par value per share, of Parent ("Parent Preferred Stock"), of which, as of August 8, 1997, there were 43,526,372 shares of Parent Common Stock outstanding, 12,227,647 shares of Parent Class B Stock outstanding and no shares of Parent Preferred Stock outstanding. All such shares outstanding on the date hereof are, duly authorized, validly issued and fully paid and nonassessable. Other than (a) options to purchase an aggregate of approximately 11,572,649 shares of Parent Common Stock issued pursuant to employee benefit plans and agreements of Parent as of the date hereof and options granted by Parent on the date hereof as set forth on Schedule 3.2, (b) rights to acquire shares of Parent Class B Stock and Parent Common Stock under this Agreement, (c) Contingent Shares entitling Holder to acquire 589,161 shares of Parent Class B Stock and Exchange Shares entitling Holder to acquire 399,136 shares of Parent Class B Stock and 7,905,016 shares of Parent Common Stock, each under agreements (the "Holder Agreements") described in a Joint Proxy Statement/Prospectus dated November 20, 1996 filed by Parent with the Commission on Form S-4 (the "Parent Form S-4"), (d) 28,449,846 shares of Parent Common Stock issuable upon conversion of the Savoy Debentures (each such term as defined in the Parent Form S-4), and (e) shares of Parent Common Stock issuable under the Stock Exchange Agreement between Paul Allen and Parent dated May 20, 1997 and the letter agreement by and between Parent and Fred Rosen dated May 20, 1997 (the Stock Exchange Agreement and the letter agreement together, the "TKTM Agreements"), as of the date hereof, there are no outstanding options, warrants, rights, puts, calls, commitments, or other contracts, arrangements, or understandings issued by or binding upon Parent requiring or providing for, and there are no outstanding debt or equity securities of Parent which upon the conversion, exchange or exercise thereof would require or provide for, the issuance by Parent of any new or additional shares of Parent Common Stock (or any other securities of Parent) which, with notice, lapse of time and/or payment of monies, are or would be convertible into or exercisable or exchangeable for Parent Common Shares. There are no preemptive or other similar rights available to the existing holders of Parent Common Stock or other securities of Parent except as contemplated by this Agreement.

(b) As of the Closing Date, the authorized capitalization of the LLC will consist of a number of LLC Shares, consisting of one or more classes of interests as set forth in the LLC Operating Agreement. As of the Closing Date, other than contemplated by this Agreement,

there will be no outstanding or authorized options, warrants, rights, puts, calls, commitments, or other contracts, arrangements, or understandings issued by or binding upon the LLC requiring or providing for, and there are no outstanding debt or equity securities of the LLC which upon the conversion, exchange or exercise thereof would require or provide for, the issuance by the LLC of any new or additional LLC Shares (or any other securities of LLC, which, with notice, lapse of time and/or payment of monies, are or would be convertible into or exercisable or exchangeable for LLC Shares). As of the Closing Date, there will be no preemptive or other similar rights available to the holders of LLC Shares or other securities of the LLC except as contemplated by this Agreement.

3.3. Due Authorization; Execution and Delivery. The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by Parent's board of directors (including such authorization as may be required so that no state anti-takeover statute or similar statute or regulation including, without limitation, Section 203 of the Delaware General Corporation Law, is or becomes operative with respect to this Agreement or the transactions contemplated hereby or with respect to Investor and its affiliates (as defined in Section 203) as of October 19, 1997) and, when authorized by the Requisite Stockholder Vote and the Certificate Amendment is filed with the Delaware Secretary of State, no other corporate proceedings on the part of Parent are necessary to authorize this Agreement and to consummate the transactions contemplated hereby. The performance of this Agreement and the consummation of the transaction contemplated hereby by LLC (with respect to such agreements to which it is a party) will be duly authorized by all necessary corporate action on the part of LLC. This Agreement has been duly executed and delivered by Parent and Sub and constitutes the legal, valid and binding obligation of Parent and Sub, enforceable against Parent and Sub in accordance with its terms, except to the extent limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting creditors' rights generally and by general equity principles regardless of whether such enforceability is considered in a proceeding in equity or at law.

3.4. Absence of Breach; No Conflict. Except as set forth on Schedule 3.4 hereto, the execution, delivery, and performance of this Agreement by Parent, and the consummation by Parent of the transactions contemplated hereby, (a) will not require the consent of any third party (including any governmental or regulatory authority) (other than consents that would not, if not given, have a Material Adverse Effect on Parent and its Subsidiaries considered as a whole); (b) will not conflict with any provision of the Certificate of Incorporation, By-Laws or limited liability company agreement, as the case may be, of Parent, Sub or the LLC; (c) will not violate or result in a breach of, or contravene any law, judgment, order, ordinance, injunction, decree, rule, regulation, or ruling of any court or governmental instrumentality applicable to any of Parent, Sub or the LLC; (d) will not violate, conflict with, or result in a breach of any terms of, constitute grounds for termination of, constitute a default under, or result in the acceleration of any performance required by the terms of, any mortgage, indenture, lease, contract, agreement, instrument, license, or permit to which any of Parent, Sub or the LLC is a party or by which any of Parent, Sub or the LLC or their respective properties may be bound; and (e) will not create any Liens upon any of the assets owned by any of Parent, Sub or the LLC, except, in the case of clause (c), (d) or (e), for violations, breaches, contraventions, conflicts, termination or accelera-

tion or Liens which would not have a Material Adverse Effect on Parent and its Subsidiaries considered as a whole, or would impair, in any material respect, the ability of Parent to perform its obligations under this Agreement and the other documents contemplated hereby.

3.5. Shares to Be Issued. The LLC Shares and the Parent Common Shares to be issued pursuant to the transactions contemplated hereby, when authorized by the Requisite Stockholder Vote and issued in accordance with Articles 1 and 6, will be duly authorized and legally and validly issued, fully paid and nonassessable.

3.6. Investment Purpose. Parent is acquiring the Partnership solely for the purpose of investment and not with view to, or for offer or sale in connection with, any distribution thereof. Parent acknowledges and understands that the Partnership may not be sold except in compliance with the registration requirements of the Securities Act, unless an exemption therefrom is available.

3.7. Brokers. Other than Allen & Company Incorporated, the fees of which shall be the responsibility of Parent, no broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Parent or its Affiliates.

3.8. Commission Documents; Financial Information. The Parent Form 10-K in respect of the fiscal year ended December 31, 1996 (the "Parent Form 10-K"), and each report, schedule, proxy, information statement or registration statement (including all exhibits and schedules thereto and documents incorporated by reference therein) filed by Parent with the Commission following the date thereof and on or before the Closing Date are collectively referred to as the "Parent Commission Documents." As of their respective filing dates, the Parent Commission Documents complied (or will comply) in all material respects with the requirements of the Exchange Act and the rules and regulations of the Commission thereunder applicable to such Parent Commission Documents, and as of their respective dates none of the Parent Commission Documents contained (or will contain) any untrue statement of a material fact or omitted (or will omit) to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The financial statements of Parent included in the Parent Commission Documents comply (or will comply) as of their respective dates as to form in all material respects with applicable accounting requirements and the published rules and regulations of the Commission with respect thereto (except as may be indicated in the notes thereto or, in the case of the unaudited statements, as permitted by Form 10-Q promulgated by the Commission), and present fairly (or will present fairly) as of their respective dates, in all material respects, the consolidated financial position of Parent and its Subsidiaries as at the dates thereof and the consolidated results of their operations and their consolidated cash flows for each of the respective periods, in conformity with GAAP, except that interim financial statements are subject to normal year-end adjustments, none of which are expected to be material. As used in this Agreement, the consolidated balance sheet of Parent and its Subsidiaries at June 30, 1997 included in the Parent Form 10-Q filed with the Commission in respect of the fiscal quarter ended June 30, 1997 is hereinafter

referred to as the "Parent Balance Sheet," and June 30, 1997 is hereinafter referred to as the "Parent Balance Sheet Date."

Except as and to the extent expressly set forth in the Parent Balance Sheet, (i) as of June 30, 1997, Parent did not have any material liabilities or obligations (whether absolute, contingent, accrued or otherwise) and (ii) since the date of the Parent Balance Sheet, Parent has not incurred any material liabilities or obligations other than in the ordinary course of business or as contemplated by the transactions contemplated hereby.

3.9. Approvals. Except (a) as set forth on Schedule 3.9(a) hereof, (b) for any filings, notices, applications and other information as may be required to be made or supplied pursuant to the HSR Act or the Exchange Act, (c) for filing of the Certificate Amendment with the Delaware Secretary of State, and (d) the filing of documents relating to Holder's investment in, and relationship with, Parent and Mr. Diller, no notices, reports or other filings are required to be made by Parent, or any of its Subsidiaries (including the LLC) with, nor are any consents, registrations, applications, approvals, permits, licenses or authorizations required to be obtained by Parent or any of its Subsidiaries (including the LLC) from, any public or governmental authority or other third party in connection with the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby (other than consents that would not, if not given, have a Material Adverse Effect on Parent and its Subsidiaries considered as a whole) or impair the ability of Parent or Sub to perform its respective obligations under this Agreement and the other documents contemplated hereby.

3.10. Personnel. (a) Schedule 3.10 contains a true and complete list of all material employee benefit plans or arrangements that cover any employee of Parent and its Subsidiaries (the "Parent Employees") including any employment, severance, or other similar contract, arrangement, or policy and each plan or arrangement (written or oral) providing for insurance coverage (including any self-insured arrangements), workers' compensation, disability benefits, supplemental unemployment benefits, vacation benefits, or retirement benefits or for deferred compensation, profit-sharing, bonuses, stock options, stock appreciation rights, stock purchases, or other forms of incentive compensation or post-retirement insurance, compensation, or benefits (collectively, "Parent Benefit Arrangements").

(b) No Parent Benefit Arrangement is an "employee pension benefit plan," as defined in Section 3(2) of ERISA (a "Parent Pension Plan"), that is subject to Title IV of ERISA or Section 412 of the Code, and no Parent Benefit Arrangement provides post-retirement welfare benefits, except as required by law. Neither Parent nor any of its Subsidiaries has incurred or expects to incur any liability or lien under Title IV of ERISA or Section 412 of the Code, which liability or lien would be reasonably expected to have a Material Adverse Effect on Parent and its Subsidiaries considered as a whole.

(c) Without limiting the generality of Section 3.10(b) except as set forth on Schedule 3.10(c), neither Parent nor any of its Subsidiaries nor any entity required to be combined with Parent or any of its Subsidiaries under Section 414(b), Section 414(c), Section 414(m), or Section 414(o) of the Code (a "Parent ERISA Affiliate") is a "multiemployer pension

plan," as defined in Section 3(37) of ERISA and neither Parent nor any of its Subsidiaries has incurred or expects to incur any liability or lien with respect to any multiemployer pension plan which liability or lien would be reasonably expected to have a Material Adverse Effect on Parent and its Subsidiaries considered as a whole.

(d) Except as set forth on Schedule 3.10(d), none of Parent, any of its Subsidiaries, or any Parent ERISA Affiliate has incurred, or expects to incur solely as a result of the consummation of the Transactions (including any termination of employment in connection therewith), any cost, fee, expense, liability, claim, suit, obligation, or other damage with respect to any Parent Pension Plan, or any Parent Benefit Arrangement that could give rise to the imposition of any liability, cost, fee, expense, or obligation on the LLC or any of its Affiliates, which would be reasonably expected to have a Material Adverse Effect on the Parent and its Subsidiaries considered as a whole, and, to Parent's knowledge, no facts or circumstances exist that could give rise to any such cost, fee, expense, liability, claim, suit, obligation, or other damage, which would be reasonably expected to have a Material Adverse Effect on Parent and its Subsidiaries considered as a whole. Except as set forth on Schedule 3.10(d), neither the execution and delivery of this Agreement nor the consummation of the Transactions (including any terminations of employment in connection therewith) will (i) increase any benefits otherwise payable under any Parent Benefit Arrangement, which would be reasonably expected to have a Material Adverse Effect on the Parent and its Subsidiaries considered as a whole or (ii) result in the acceleration of the time of payment or vesting of any such payment, which would be reasonably expected to have a Material Adverse Effect on Parent and its Subsidiaries considered as a whole.

(e) Parent will deliver or make available to Investor, within ten days hereafter true and complete copies of each of the following documents:

(i) Each Parent Benefit Arrangement (and, if applicable, related trust agreements) and all amendments thereto, and (if applicable) each summary plan description together with any summary of material modifications;

(ii) Each written Parent Benefit Arrangement and written descriptions thereof that have been distributed to Parent Employees (including descriptions of the number and level of employees covered thereby); and

(iii) Each employee handbook or similar document describing any Parent Benefit Arrangement applicable to Parent Employees.

(f) Except as set forth on Schedule 3.10, no controversies, disputes, or proceedings are pending or, to Parent's knowledge, threatened, between Parent, any of its Subsidiaries, or any Parent Employee, which would be reasonably expected to have a Material Adverse Effect on Parent and its Subsidiaries considered as a whole. Except as set forth on Schedule 3.10(f), no labor union or other collective bargaining unit represents or, to Parent's knowledge, claims to represent any of the Parent Employees and, to Parent's knowledge, there is no union campaign being conducted to solicit cards from employees to authorize a union to request a National Labor Relations Board Certification election with respect to any of the Parent Employees.

(g) Except where any such failure would not be reasonably expected to have a Material Adverse Effect on Parent and its Subsidiaries considered as a whole, all Benefit Arrangements (i) comply in all material respects with applicable law, including but not limited to ERISA and the Code, and (ii) have been administered in all material respects in accordance with their terms, and all required contributions have been made to such Parent Benefit Arrangements. Except as set forth on Schedule 3.10(g), all Parent Pension Plans that are intended to be qualified under Section 401(a) of the Code have received a favorable determination letter from the Internal Revenue Service, and Parent has no knowledge of any events that would cause such letter to be revoked.

3.11. Conduct of Business. Except as disclosed in the Parent Commission Documents, since the Parent Balance Sheet Date, Parent and its Subsidiaries have, in all material respects, conducted their business operations in the ordinary course and there has not occurred any event or condition having or that would have a Material Adverse Effect on Parent and its Subsidiaries considered as a whole. Without limiting the generality of the foregoing, other than as is disclosed in the Parent Commission Documents filed prior to the date hereof or on Schedule 3.11 hereto, since the Parent Balance Sheet Date there has not occurred:

(a) any change or agreement to change the character or nature of the business of Parent or any of its Subsidiaries in any material respects;

(b) any purchase, sale, transfer, assignment, conveyance or pledge of the assets or properties of Parent or its Subsidiaries;

(c) any waiver or modification by Parent or any Parent Subsidiary of any right or rights of substantial value, or any payment, direct or indirect, in satisfaction of any liability, in each case, having a Material Adverse Effect on Parent and its Subsidiaries considered as a whole;

(d) any loan, advance or capital expenditure by Parent or any of its Subsidiaries, except for loans, advances and capital expenditures made in the ordinary course of business;

(e) any change in the accounting principles, methods, practices or procedures followed by Parent in connection with the business of Parent or any change in the depreciation or amortization policies or rates theretofore adopted by Parent in connection with the business of Parent and its Subsidiaries;

(f) any declaration or payment of any dividends, or other distributions in respect of the outstanding shares of capital stock of Parent or any Parent Subsidiary (other than dividends declared or paid by wholly-owned Subsidiaries);

(g) other than pursuant to the Holder Agreements, the TKTM Agreements or in connection with the exercise of employee stock options or the conversion of outstanding convertible debt instruments, any issuance of any shares of capital stock of Parent or any Parent Subsidiary or any other change in the authorized capitalization of the Company or any Parent Subsidiary, except as contemplated by this Agreement;

(h) any grant or award of any options, warrants, conversion rights or other rights to acquire any shares of capital stock of Parent or any Parent Subsidiary, except as contemplated by this Agreement or except pursuant to employee benefit plans, programs or arrangements in the ordinary course of business; or

(i) any agreement with respect to any of the foregoing.

3.12. Licenses. Except as set forth on Schedule 3.12, each material License of Parent and its Subsidiaries has been validly issued, and Parent or its Subsidiaries are the authorized legal holder thereof. The material Licenses are in full force and effect, and the conduct of the business and operations of Parent and its Subsidiaries is in accordance therewith in all material respects. As of the date of this Agreement, there is no proceeding pending or, to Parent's knowledge, threatened, seeking the revocation or limitation of any material Licenses. Each of Parent and its Subsidiaries is the holder of all material Licenses necessary to enable it to continue to conduct its respective business as now conducted.

3.13. Claims and Legal Actions. Except as set forth in Schedule 3.13, there are no judicial, administrative or arbitral actions, suits, claims, inquiries, investigations or proceedings in respect of Parent or its Subsidiaries (whether of a public or private nature) pending or, to the knowledge of Parent, threatened against Parent or its Subsidiaries, which, individually or in the aggregate, would have a Material Adverse Effect on Parent and its Subsidiaries considered as a whole.

3.14. Compliance with Laws. Except as set forth on Schedule 3.14, each of Parent and its Subsidiaries has been and is presently being conducted in compliance with all applicable laws, except for any noncompliance that would not have a Material Adverse Effect on Parent and its Subsidiaries considered as a whole or impair or hinder the ability of Parent and its Subsidiaries to perform in any material respect their respective obligations under this Agreement and the documents and agreements contemplated hereunder.

ARTICLE 4.
REPRESENTATIONS AND WARRANTIES OF HOLDER

Holder represents and warrants to Parent, Investor and the LLC as follows:

4.1. Organization, Standing, and Authority. Holder is and, upon formation in accordance with Section 1.5(f) hereof, each Holder Newco will be, a corporation duly organized, validly existing, and in good standing under the laws of its jurisdiction of incorporation. Holder has and, upon formation in accordance with Section 1.5(f) hereof, each Holder Newco will have, all requisite corporate power and authority (i) to own, lease, and use as now owned, leased, and used by them all of their respective assets, (ii) to conduct the business and operations of Holder as now conducted by Holder, and (iii) to execute and deliver this Agreement and the documents contemplated hereby (to the extent a party to this Agreement or such documents), and to perform and comply with all of the terms, covenants, and conditions to be performed and complied with by them hereunder and thereunder. Holder and each Holder Newco is qualified to transact busi-

ness in each jurisdiction in which the nature of their businesses makes such qualification necessary except where failure to be so qualified would not have a Material Adverse Effect on Holder and its Subsidiaries considered as a whole.

4.2. Authorization and Binding Obligation. The execution, delivery, and performance of this Agreement, and each of the agreements contemplated hereby, and the consummation of the transactions contemplated hereby by Holder (with respect to such agreements to which it is a party) has been duly authorized by all necessary corporate action on the part of Holder. The performance of this Agreement and each of the Agreements contemplated hereby and the consummation of the transactions contemplated hereby by each Holder Newco, if any (with respect to such agreements to which it is a party), will be duly authorized by all necessary corporate action on the part of each Holder Newco. This Agreement has been duly executed and delivered by Holder and constitutes the legal, valid, and binding obligation of Holder, enforceable against Holder in accordance with its terms, except to the extent limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting creditors' rights generally and by general equity principles regardless of whether such enforceability is considered in a proceeding in equity or at law.

4.3. Absence of Conflicting Agreements; Consents. Subject to obtaining the consents listed on Schedule 4.3 and for any filings, notices, applications and other information as may be required to be made or supplied pursuant to the HSR Act or the Exchange Act, the execution, delivery, and performance of this Agreement and the documents contemplated hereby by Holder and the Holder Newcos (with or without the giving of notice, the lapse of time, or both): (a) do not require any notices, reports or other filings to be made by Holder or any Holder Newco with any public or governmental authority; (b) do not require the consent of any third party (including any governmental or regulatory authority) (c) will not conflict with any provision of the Certificate of Incorporation or By-Laws of Holder or any Holder Newco, if any; and (d) will not violate or result in a breach of, or contravene any law, judgment, order, ordinance, injunction, decree, rule, regulation, or ruling of any court or governmental instrumentality applicable to Holder or any Holder Newco except, in the case of clauses (a), (b) and (d), for violations, breaches, contraventions or conflicts, which would not have a Material Adverse Effect on Holder or would impair, in any material respect, the ability of Holder to perform its obligations under this Agreement and the other documents contemplated hereby.

ARTICLE 5.
INTERCOMPANY TRANSFER OF FUNDS

5.1. General. Parent shall cause the LLC to keep records of all movement of funds between the LLC, on the one hand, and Parent and its Subsidiaries, on the other hand. Parent shall cause all Excess Cash held by Parent and its Subsidiaries from time to time (but not less frequently than the last business day of each month) to be transferred to LLC in accordance with the terms of this Article 5.

5.2. Transfers from LLC. Subject to Section 5.4, all transfers of funds from the LLC to Parent and its Subsidiaries (other than distributions on, or redemptions of, the LLC

Shares or payment of interest on indebtedness owed or assumed by the LLC) shall either be (i) evidenced by a demand note from the recipient of such funds payable to LLC or (ii) applied to repay indebtedness owed by LLC to such recipient.

5.3. Transfers to LLC. Subject to Section 5.4, all transfers of funds from Parent and its Subsidiaries (other than contributions of capital in connection with the acquisition of the LLC Shares or payment of interest on indebtedness owed to the LLC) shall either be (i) evidenced by a demand note from the LLC payable to the transferor of such funds or (ii) applied to repay indebtedness owed by such transferor to the LLC.

5.4. Other Transactions. The provisions of Sections 5.2 and 5.3 shall not apply to the payment of funds in respect of (i) the acquisition or disposition of rights, property and interests by or to the LLC, on the one hand, and by or to Parent and its Subsidiaries, on the other hand, (ii) the rights, property and interests referred to in clause (i) of this Section 5.4, (iii) the Beneficial Assets (which shall be contributed to the LLC in accordance with Section 1.11(b)) or the Excluded Sub (which shall be contributed to the LLC in accordance with Section 1.3), or (iv) the issuance of Parent Common Shares in which case additional LLC Shares shall be issued to Parent at the Issue Price. Parent shall cause any transactions between the LLC, on the one hand, and the Regulated Subsidiaries, on the other hand, to be on terms, in the aggregate, which are no less favorable to the LLC than the terms which the LLC would have received in a transaction with an unaffiliated third party.

5.5. Interest. The outstanding demand notes referred to in Sections 5.2 and 5.3 shall bear interest at the Interest Rate from time to time and interest shall be payable monthly in arrears.

ARTICLE 6.
INVESTOR EXCHANGE OPTIONS; DISTRIBUTIONS; STOCK DIVIDENDS, SPLITS, ETC.

6.1 Exchange Options. (a) Subject to the following provisions and, in the case of Holder, to Section 1.9, Parent hereby grants, effective as of the Closing, (i) to Investor and Holder the right (the "Exchange Options"), exercisable from time to time by written notice given to Parent with the number of Exchange Options to be exercised, to cause the exchange of each outstanding LLC Share held by Investor Sub, each Investor Newco or Holder or each Holder Newco, as the case may be, for one Parent Common Share (it being agreed and understood that as of the Closing Date the Parent Common Shares underlying such Exchange Options for Investor shall consist of 40 million shares of Parent Class B Stock (less any shares of Parent Class B Stock issued to Investor pursuant to Section 1.5(b) and not including any shares of Parent Class B Stock issued to Investor that are subsequently converted by Investor into shares of Parent Common Stock in order to acquire additional shares of Parent Common Stock pursuant to Sections 1.01(b) and (c) of the Governance Agreement or to otherwise acquire Parent Common Shares permitted to be acquired pursuant to the Governance Agreement or the Stockholders Agreement), and the remainder in shares of Parent Common Stock and for Holder shall consist solely of shares of Parent Common Stock) in accordance with the terms of the Exchange Agree-

ment, it being understood that the applicable Parties shall negotiate in good faith and enter into an Exchange Agreement (the "Exchange Agreement") on such terms and conditions customary to such agreements and with a general view to the terms of the Holder Exchange Agreement. In lieu of exchanging LLC Shares for Parent Common Shares, Investor may, at its option, either (a) merge Investor Sub and/or one or more Investor Newcos with and into Parent (or any wholly owned Subsidiary) pursuant to which each share of Investor Sub's or each such Investor Newco's common stock will be converted into a number of Parent Common Shares equal to the quotient of (i) the number of LLC Shares owned by Investor Sub or such Investor Newco divided by (ii) the number of shares of common stock of Investor Sub or such Investor Newco issued and outstanding or (b) cause the exchange by Parent for each outstanding share of common stock of Investor Sub and/or one or more Investor Newcos of a number of Parent Common Shares equal to the quotient of (i) the number of LLC Shares owned by Investor Sub or such Investor Newco divided by (ii) the number of shares of common stock of Investor Sub or such Investor Newco issued and outstanding. To the extent applicable, Holder (and each Holder Newco) shall have the same right described in the immediately preceding sentence. Exchanges pursuant to the exercise of Exchange Options shall be consummated within five business days of Parent's reasonable satisfaction that there have been obtained, received or effected (and all applicable waiting and termination periods, if any, including any extensions thereof, under any applicable law, statute, regulation or rule shall have expired or terminated) all authorizations, consents, approvals, licenses, franchises, permits and certificates by or of, and shall have made all filings and effected all notifications, registrations and qualifications with, all federal, state and local governmental and regulatory authorities necessary for the consummation of the exchange.

(b) (i) Subject to applicable law, each of Investor Sub, the Investor Newcos and Holder and the Holder Newcos agree to immediately exercise the Exchange Options in the manner set forth in Section 6.1(a) with respect to all LLC Shares held by it simultaneously with the consummation of a merger, consolidation or amalgamation between Parent and another entity (other than an Affiliate of Parent) in which Parent is acquired by such other entity or a person who controls such entity, or a sale of all or substantially all of the assets of Parent to another entity, other than a subsidiary of Parent (a "Sale Transaction"); provided that if such Sale Transaction can be effected as a tax-free exchange involving a merger or exchange of shares of Investor Sub, the Investor Newcos, Holder or Holder Newcos, as the case may be, the Sale Transaction shall be structured in such manner in lieu of Investor Sub, the Investor Newcos, Holder or the Holder Newcos, as the case may be, exercising the Exchange Options and, in lieu of receiving Parent Common Shares upon exercise of the Exchange Options, such persons shall be entitled to receive the type and amount of consideration that such persons would have received had they exercised the Exchange Options immediately prior to the Sale Transaction unless such structure would materially adversely affect the ability of Parent to consummate such Sale Transaction.

(ii) To the extent that Investor Sub, an Investor Newco, Holder or a Holder Newco is not permitted by law (including FCC Regulations) to take the actions described in paragraph (b)(i) above, in connection with a Sale Transaction, the Exchange Options shall be converted into the right to receive for each Parent Common Share (the "Exchange Options

Shares") issuable under the Exchange Options, the same consideration per share to be received by the holders of Parent Common Stock in the Sale Transaction.

(c) If a tender offer has been commenced for Parent Common Stock (other than by Parent or a subsidiary of Parent) and, to the extent permissible under the terms of the Governance Agreement, either Investor or Holder wishes to tender their respective LLC Shares or the stock of Investor Sub, the Investor Newcos or the Holder Newcos, as the case may be, in such tender offer, Investor or Holder may at its option, either: (i) simultaneously tender its Exchange Options Shares to the exchange agent in such tender offer and exercise such Exchange Options in accordance with the provisions of Section 6.1(a) and the terms of the Exchange Agreement; provided that any such exercise of the Exchange Options shall be conditioned on, and subject to, the consummation of such tender offer; provided, further, that in the event that fewer than all tendered Exchange Options Shares are purchased in the tender offer, the exchange shall only occur with respect to such Exchange Options Shares that are purchased in the tender offer and the remaining Exchange Options Shares shall be returned to Investor or Holder, as the case may be, or (ii) transfer such LLC Shares or the stock of Investor Sub, the Investor Newcos or the Holder Newcos, as the case may be, to a person or entity (the "Transferee") which is not considered to be a foreign owner for purposes of the Communications Act of 1934, as amended, and the FCC alien ownership rules and who would otherwise be permitted to lawfully hold the Parent Common Shares underlying the Exchange Option and who agrees to be bound by the terms of this Agreement and such Transferee shall exercise such Exchange Option immediately prior to the closing of the tender offer solely for purposes of participating in such tender offer and pay the proceeds to Investor or Holder, as the case may be. In the case of clause (ii) above, in the event that less than all the LLC Shares are purchased in such tender offer or the tender offer is not consummated, at Parent's election, either (x) Transferee shall exchange with Parent the portion of the LLC Shares not purchased in the tender offer for a number of LLC Shares equal to the number of shares not so purchased and a new exchange option (which shall have the same terms as the original Exchange Option) for each such LLC Share and Parent shall deliver such shares and issue such replacement Exchange Options to Transferee and Transferee shall transfer such LLC Shares and Exchange Option to Investor or Holder, as the case may be, or (y) permit Investor or Holder, as the case may be, to hold the portion of the LLC Shares not purchased in the tender offer.

(d) Except as set forth above and subject to Section 6.1(e), the Exchange Options shall not be transferable by Investor Sub, any Investor Newco, Holder or any Holder Newco.

(e) Without limiting the foregoing, Parent shall cooperate with Investor Sub, the Investor Newcos and the Holder Newcos to ensure that, by virtue of holding LLC Shares, neither Investor nor Holder is disadvantaged in connection with a Sale Transaction or tender or exchange offer.

6.2. Distributions to LLC Stockholders. Simultaneously with (or in the case of clause (b)(ii) below, not later than five business days after the determination of Fair Market Value of the property distributed) the making of any distributions of cash or property on the

shares of Parent Common Stock or consummation of a tender offer by Parent or any of its Subsidiaries for shares of Parent Common Stock (a "Self Tender Offer"), the LLC shall make distributions on the LLC Shares in the following manner:

(a) for each cash dividend paid by Parent on its Parent Common Shares, LLC shall pay an identical dividend per share on each LLC Share;

(b) for distributions of property (including, without limitation, stock, options or other securities of Subsidiaries of Parent), other than cash, on Parent Common Shares, the LLC shall (i) in the case of distributions of property other than distributions of stock, options to purchase stock or other securities in a Regulated Subsidiary, make an equivalent distribution of property per share on the LLC Shares and (ii) in the case of distributions of assets, shares, options or other securities of Regulated Subsidiaries, distribute in cash to the LLC stockholders for each LLC Share an amount equal to the Fair Market Value per Parent Common Share of the distribution made on Parent Common Shares or, if the parties agree, an appropriate adjustment to the exchange ratio; provided that, the distributions on the LLC Shares pursuant to this clause (b) may be made in the form of a demand note of the LLC. Notwithstanding the previous sentence, Parent shall use its best efforts to make such distributions in cash with respect to LLC Shares; and

(c) in connection with a Self Tender Offer, not later than five business days after receipt of notice from Parent of a proposed Self Tender Offer, Investor and Holder shall each give irrevocable written notice of the number (the "Tender Number") of Exchange Options Shares, if it owned such shares of Parent Common Stock, it would want to have purchased in such tender offer (which number shall be no greater than the product of the percentage of the total outstanding LLC Shares owned by Investor, Investor Sub and the Investor Newcos or Holder and the Holder Newcos, as the case may be, and the number of shares of Parent Common Stock offered to be purchased in such Self Tender Offer), and the LLC shall make a distribution to the Investor or Holder, as the case may be, on the LLC Shares equal (in the aggregate) to the Tender Number times the average price per share paid in the Self Tender Offer in redemption of a number of LLC Shares equal to its respective Tender Number. In connection with a Self Tender Offer for shares of Parent Common Stock, simultaneously with the consummation of the tender offer a number of LLC Shares held by Sub or Parent equal to the number of shares of Parent Common Stock purchased in the tender offer shall be redeemed at the average price per share paid in the Self Tender Offer.

(d) The adjustments described in this section shall take into account (i) any related distributions to holders of LLC Shares in connection with a distribution by the LLC to Parent related to such event, and (ii) changes in the exchange rate for the LLC Shares, with the intention being that a holder of LLC Shares shall receive or be entitled to receive what such holder would have received had it exchanged LLC Shares for Parent Common Shares immediately prior to such event (including any related distributions to holders of LLC Shares).

6.3. Tax Treatment. The Parties intend that LLC be treated as a partnership for United States federal income tax purposes and agree to take no actions inconsistent with such treatment.

6.4. Anti-dilution. If Parent: (i) pays a dividend or makes a distribution on Parent Common Shares in Parent Common Shares; (ii) subdivides its outstanding shares of Parent Common Shares into a greater number of shares; (iii) combines its outstanding Parent Common Shares into a smaller number of shares; (iv) makes a distribution on Parent Common Shares in shares of its capital stock, other than Parent Common Shares, or rights, options or warrants to purchase or acquire Parent Common Shares; (v) issues by reclassification of its common stock any shares of its capital stock; or (vi) takes any other action not described above (other than actions pursuant to which Investor or Holder has rights pursuant to Sections 1.7, 1.8, 6.1 and/or 6.2) which would cause Investor Sub, each Investor Newco, Holder or each Holder Newco (based on the Assumptions) not to have an identical percentage equity ownership interest of Parent following such action, then the LLC simultaneously shall effect a comparable transaction on the LLC Shares or an appropriate adjustment to the Exchange Options, in which case appropriate adjustments will be made, mutatis mutandis, to Article 1 and Section 6.1 as well as any other provision of this Agreement requiring appropriate adjustments, so that after such transaction, Investor Sub, each Investor Newco, Holder and each Holder Newco, will have an identical percentage beneficial equity ownership interest of Parent and the LLC as it had before such transaction (based on the Assumptions).

ARTICLE 7.
TRANSFERABILITY; ISSUANCE TO OTHER PARTIES

7.1. No Transfer of Shares of the LLC. Except in connection with the exercise of the Exchange Options (including a transfer pursuant to Section 6.1(b) or 6.1(c)), or the hypothecation, pledge or creation of a lien or security interest in LLC Shares by Parent, except as specifically contemplated by this Agreement or the Governance Agreement, none of Parent, Sub, Investor, Investor Sub, any Investor Newco, Holder or any Holder Newco shall directly or indirectly transfer, pledge or create a lien or security interest in their respective LLC Shares to any other person or entity and any attempt to make or create such transfer, pledge, lien or security interest shall be null and void and of no force and effect.

7.2. Transfer by Investor or Holder. Except as permitted pursuant to Section 6.1 hereof, Investor shall not sell or otherwise transfer any of its shares in Investor Sub or any Investor Newco and Holder shall not sell or otherwise transfer any of its shares in any Holder Newco. Parent shall not sell or otherwise transfer any of its shares in Sub.

ARTICLE 8.
TAX MATTERS

8.1. Tax Representations. (a) Investor represents and warrants to Parent and the LLC that all material Returns required to be filed for taxable periods ending on or prior to the Closing Date by, or with respect to any activities of the Partnership and the UT Contributed

Business have been or will be filed in accordance with all applicable laws, and all Taxes due have been or will be paid, except where the failure to so file or so pay would not, in the aggregate, have a Material Adverse Effect on the Partnership and the UT Contributed Business considered as a whole.

(b) Parent represents and warrants to Investor, Holder and the LLC that all material Returns required to be filed for taxable periods ending on or prior to the Closing Date by Parent and its Subsidiaries have been or will be filed in accordance with all applicable laws, and all Taxes due have been or will be paid, except where the failure to so file or so pay would not, in the aggregate, have a Material Adverse Effect to Parent and its Subsidiaries considered as a whole.

8.2. Tax Indemnification by Investor. Investor shall be liable for, and shall hold Parent and the LLC and any successor thereto or Affiliates thereof harmless from and against the following Taxes:

(a) any and all Taxes with respect to the Partnership or the UT Contributed Business for any taxable period ending (or deemed pursuant to Section 8.4 to end) on or before the Closing Date; and

(b) any several liability under Treasury Regulation Section 1.1502-6 or under any comparable or similar provision under state, local or foreign laws or regulations for periods ending on or prior to the Closing Date.

8.3. Tax Indemnification by Parent. Parent shall be liable for, and shall hold Investor harmless from and against, the following Taxes with respect to the Partnership and the UT Contributed Business: (a) any and all Taxes (other than Taxes attributable to the transactions contemplated by this Agreement or the ownership of LLC Shares by Investor or Investor Newco) for any taxable period beginning (or deemed pursuant to Section 8.4 to begin) on or after the Closing Date, due or payable with respect to the Partnership or the UT Contributed Business, and (b) any and all Taxes not incurred in the ordinary course of business attributable to the acts or omissions of Parent after the Closing.

8.4. Allocation of Certain Taxes. (a) The Parties agree that if any entity transferred to the LLC is permitted but not required under applicable foreign, state or local Income Tax laws to treat the day before the Closing Date or the Closing Date as the last day of a taxable period, such day shall be treated as the last day of a taxable period.

(b) For purposes hereof, in the case of any Taxes that are imposed on a periodic basis and are payable for a period that begins before the Closing Date and ends after the Closing Date, the portion of such Tax that shall be deemed to be payable for the portion of the period ending on the Closing Date shall (i) in the case of any Taxes, other than Taxes based upon or related to income or receipts, be deemed to be the amount of such Taxes for the entire period (or, in the case of such Taxes determined on an arrears basis, the amount of such Taxes for the immediately preceding period), whether actually paid before, during, or after such period, multiplied by a fraction the numerator of which is the number of calendar days in the period ending on

(and including) the Closing Date and the denominator of which is the number of calendar days in the entire period, and (ii) in the case of any Taxes based upon or related to income or receipts (including but not limited to withholding Taxes), be deemed equal to the amount which would be payable if the taxable year ended on the close of business on the Closing Date. Any credits for such a period shall be prorated, based upon the fraction employed in clause (i) of the preceding sentence. Such clause (i) shall be applied with respect to Taxes for such period relating to capital (including net worth or long-term debt) or intangibles by reference to the level of such items on the Closing Date. In the event that Investor or any of its Affiliates has prepaid any Taxes referred to herein to the extent that such Taxes exceed Investor's share of such Taxes under this Section 8.4, Parent shall pay Investor the amount of such excess within thirty (30) days of the Closing Date upon receipt from Investor at the Closing of a statement detailing such prepayments. Such statement and the calculations contained therein shall be reviewed within such 30-day period by a nationally recognized accounting firm selected by and paid for by Parent and the determination of such accounting firm shall be final.

8.5. Filing Responsibility. (a) Investor shall prepare and file or shall cause to be prepared and filed the following Returns (and no other Returns) with respect to the Partnership and the UT Contributed Business:

(i) all Tax Returns for any taxable period ending on or before the Closing Date other than Returns subject to Section 8.4(b); and

(ii) all other Returns required to be filed (taking into account extensions) prior to the Closing Date.

(b) With respect to any Income Tax Return for taxable periods beginning before the Closing Date and ending after the Closing Date, Parent shall consult with Investor concerning such Return and shall report all items with respect to the period ending on the Closing Date in accordance with the instructions of Investor, unless otherwise agreed by Investor and Parent. Parent shall provide Investor a copy of its proposed Return at least 30 days prior to the filing of such Return, and Investor may provide comments to Parent, which comments shall be delivered to Parent within 15 days of receiving such copies from Parent.

8.6. Refunds. (a) Investor shall be entitled to any refunds or credits of Taxes attributable to or arising in taxable periods ending (or deemed pursuant to Section 8.4 to end) on or before the Closing Date with respect to the Partnership or the UT Contributed Business.

(b) Parent shall promptly forward to Investor or reimburse Investor for any refunds or credits due Investor (pursuant to the terms of this Article) after receipt thereof, and Investor shall promptly forward to Parent or reimburse Parent for any refunds or credits due Parent (pursuant to the terms of this Article) after receipt thereof.

8.7. Cooperation and Exchange of Information. (a) As soon as practicable, but in any event within thirty (30) days after Investor's request, from and after the Closing Date, Parent shall provide Investor with such cooperation and shall deliver to Investor such information and data concerning the pre-Closing operations of the Partnership and the UT Contributed

Business and make available such knowledgeable employees of the Partnership and the UT Contributed Business as Investor may reasonably request, in order to enable Investor to complete and file all Returns which it may be required to file with respect to the operations and business of the Partnership and the UT Contributed Business through the Closing Date or to respond to audits by any Taxing Authorities with respect to such operations and to otherwise enable Investor to satisfy its internal accounting, tax and other legitimate requirements. Such cooperation and information shall include provision of powers of attorney for the purpose of signing Returns and defending audits and promptly forwarding copies of appropriate notices and forms or other communications received from or sent to any Taxing Authority which relate to the Partnership and the UT Contributed Business, and providing copies of all relevant Returns, together with accompanying schedules and related workpapers, documents relating to rulings or other determinations by any Taxing Authority and records concerning the ownership and tax basis of property, which Parent or its Affiliates may possess. Parent shall make its employees and facilities available on a mutually convenient basis to provide explanation of any documents or information provided hereunder.

(b) For a period of seven (7) years after the Closing Date or such longer period as may be required by law, Parent shall, and shall cause its Affiliates to, retain, and neither destroy nor dispose of, all Returns, books and records (including computer files) of, or with respect to the activities of, the Partnership and the UT Contributed Business for all taxable periods ending on or prior to the Closing Date. Thereafter, Parent shall not destroy or dispose of any such Returns, books or records unless it first offers such Returns, books and records to Investor in writing at Investor's expense and Investor fails to accept such offer within sixty (60) days of its being made.

(c) Parent and Investor and their respective Affiliates shall cooperate in the preparation of all Returns relating in whole or in part to taxable periods ending on or before or including the Closing Date that are required to be filed after such date. Such cooperation shall include, but not be limited to, furnishing prior years' Returns or return preparation packages illustrating previous reporting practices or containing historical information relevant to the preparation of such Returns, and furnishing such other information within such party's possession requested by the party filing such Returns as is relevant to their preparation. In the case of any state, local or foreign joint, consolidated, combined, unitary or group relief system Returns, such cooperation shall also relate to any other taxable periods in which one party could reasonably require the assistance of the other party in obtaining any necessary information.

(d) Investor shall have the right, at its own expense, to control any audit or examination by any Taxing Authority ("Tax Audit"), initiate any claim for refund, contest, resolve and defend against any assessment, notice of deficiency, or other adjustment or proposed adjustment relating to any and all Taxes for any taxable period ending on or before the Closing Date with respect to the Partnership or the UT Contributed Business. Parent shall have the right, at its own expense, to control any other Tax Audit, initiate any other claim for refund, and contest, resolve and defend against any other assessment, notice of deficiency, or other adjustment or proposed adjustment relating to all other Taxes with respect to the Partnership or the UT Contributed Business. Investor shall furnish Parent and its Affiliates with its cooperation in a man-

ner comparable to that described in paragraph (a) of this Section to effect the purposes of this Section.

8.8. Section 754 Election. Investor shall cause an appropriate Investor Newco to make an election for the taxable year of the Partnership that includes the Closing Date under Section 754 of the Internal Revenue Code of 1986, as amended, and shall not revoke or cause or permit any Investor Newco to revoke such election.

8.9. Certificate of Non-Foreign Status. The Investor Sub that sells the Acquired Partnership Interest to the LLC under Section 1.5(b) shall deliver to the LLC at or prior to the Closing, a certificate of non-foreign status meeting the requirements of Treasury Regulation Section 1.1445-2(b)(2).

8.10. Definitions. For purposes of this Article, the following terms shall have the meanings ascribed to them below:

(a) "Income Taxes" means all taxes based upon or measured by income.

(b) "Returns" means returns, reports and forms required to be filed with any domestic or foreign taxing authority.

(c) "Taxes" means (i) all taxes (whether federal, state, local or foreign) based upon or measured by income and any other tax whatsoever, including gross receipts, profits, sales, use, occupation, value added, ad valorem, transfer, franchise, withholding, payroll, employment, excise, or property taxes, together with any interest or penalties imposed with respect thereto and (ii) any obligations under any agreements or arrangements with respect to any Taxes described in clause (i) above.

(d) "Taxing Authority" means any government authority having jurisdiction over the assessment, determination, collection, or other imposition of Tax.

ARTICLE 9.
ADDITIONAL COVENANTS

9.1 Annual or Special Meeting. (a) As soon as practicable following the execution of this Agreement, Parent shall prepare and file with the Securities and Exchange Commission (the "Commission") preliminary proxy materials, in form and substance reasonably satisfactory to Investor, with respect to the matters described below. Parent agrees to use its reasonable best efforts, after consultation with the other Parties hereto, to respond promptly to any comments of the Commission and to cause the proxy materials approved by the Commission to be mailed to its stockholders at the earliest practicable time. Parent shall notify Investor promptly of the receipt of any comments from the Commission or its staff and of any request by the Commission or its staff for any amendments or supplements to the proxy materials. The proxy materials shall comply in all material respects with all applicable requirements of law. Whenever any event occurs which is required to be set forth in an amendment or supplement to the proxy statement, Parent shall promptly inform Investor and Holder of such occurrence and

cooperate in filing with the Commission or its staff and/or the mailing to stockholders of Parent, such amendment or supplement. Such proxy materials shall include the recommendation of the Transactions of the Board of Directors of Parent.

(b) Parent shall take all steps necessary in accordance with its certificate of incorporation and by-laws to call, give notice of, convene and hold a meeting of its stockholders as soon as practicable after the filing of definitive proxy materials relating to such meeting, for the purpose of (a) approving and adopting an amendment to the certificate of incorporation of Parent (the "Certificate Amendment") reasonably acceptable to Investor to (i) increase the number of authorized Parent Common Shares necessary to effect the transactions contemplated hereby, and (ii) avoid the loss or non-renewal of a broadcast or similar license as a result of shareholder alien ownership in violation of FCC Regulations or applicable law and (b) authorizing the issuance of Parent Common Shares in accordance with this Agreement under the Bylaws of the NASD.

9.2. HSR Filings. Following the date hereof, Investor and Parent shall file promptly any forms required under applicable law and take any other action reasonably necessary in connection with obtaining the expiration or termination of the waiting periods under the HSR Act applicable to the Transactions.

9.3. Related Agreements. Prior to the Closing, the Parties shall in good faith negotiate, to the extent not already provided for in the attached definitive agreements and otherwise consistent with the terms therein and in the stockholders agreement among Investor, Holder and Mr. Diller, dated as of the date hereof, any additional terms with respect to the Governance Agreement, the LLC Operating Agreement, the Ancillary Business Agreements, the Stockholders Agreement and the Exchange Agreement; provided, that the agreements attached hereto and the stockholders agreement referred to in this sentence shall otherwise be binding and definitive.

9.4. Other Businesses. (a) Neither anything contained in this Agreement, nor the ownership of Parent Common Shares, LLC Shares or Exchange Options Shares, shall (i) restrict Investor or Holder or any of their respective Affiliates from engaging in or owning an interest in any business which competes with Parent, any Subsidiaries of Parent, or the LLC, or (ii) restrict Parent, any Subsidiaries of Parent, or the LLC from engaging in or owning an interest in any business which competes with Investor or Holder or any of their respective Affiliates.

(b) Following the date hereof, Parent, LLC and Investor shall negotiate in good faith the terms of a transition services agreement to the extent not set forth in Exhibit C.5. (the "Transition Services Agreement") between LLC and Investor or one of its Affiliates to be executed and delivered on the Closing Date pursuant to which Investor or such Affiliate will agree to provide LLC with services currently performed by Investor or its Affiliates and as requested by Parent on behalf of the Partnership or the UT Contributed Business following the Closing Date (i) until the 6 month anniversary of the Closing Date, on the basis of fully allocated cost to Investor or such Affiliate of such services and (ii) following the 6 month anniversary of the Closing Date, such cost plus 5%, and subject to such termination provisions, all as may be agreed upon by Parent, LLC and Investor. In the event that the parties cannot agree on the terms

of the Transition Services Agreement prior to the Closing, the Closing shall not be delayed, the term sheet attached hereto shall be definitive and the parties shall in their good faith promptly reach agreement with respect to such matters (and in the interim such term sheet shall govern the provision of any services).

9.5. Information and Access. (a) From the date hereof and continuing until the Closing, each of Investor, as to itself and its Subsidiaries and Affiliates, and Parent, as to itself and its Subsidiaries, agrees that it shall afford and, with respect to clause (b) below, shall cause its independent auditors to afford, (a) to the officers, independent auditors, counsel and other representatives of the other reasonable access to its properties, books, records (including Tax Returns filed and those in preparation) and personnel in order that the other may have a full opportunity to make such investigation as it reasonably desires to make of the other, and (b) to the independent auditors of the other, reasonable access to the audit work papers and other records of its independent auditors. No investigation pursuant to this Section 9.5 shall affect or otherwise obviate or diminish any representations and warranties of any party or conditions to the obligations of any party. Except as required by law or stock exchange or NASD regulation, any information furnished pursuant to this Section 9.5 (including any information furnished to the other prior to the date hereof) shall be held in confidence (except for such information as has otherwise been made public (other than by reason of a violation of this Section 9.5)).

(b) From and after the Closing, each of LLC and Investor, as to itself and its Subsidiaries and Affiliates, agrees that it shall afford to the officers, independent auditors, counsel and other representatives of the other reasonable access to its books, records and personnel for reasonable business purposes, for example in order that the party requesting access can prepare tax and other filings with respect to any periods prior to Closing, or respond to, negotiate, settle or litigate any claims related to the UT Contributed Business or the Partnership for which the requesting party has any liability hereunder.

9.6. Reservation. Parent hereby covenants to Investor and Holder that it shall reserve and keep available out of its authorized but unissued Parent Common Shares (including any Parent Common Shares held by Parent in its corporate treasury), such number of its duly authorized Parent Common Shares as shall be sufficient to issue upon the exercise of all of the Exchange Options, if any, held by each such party. All Parent Common Shares to be issued pursuant to this Agreement shall, upon issuance, be duly qualified for quotation for trading on NASDAQ.

9.7. Further Action. (a) Each of the parties hereto shall use all reasonable efforts to take, or cause to be taken, all appropriate action, do or cause to be done all things necessary, proper or advisable under applicable law, and execute and deliver such documents and other papers, as may be required to carry out the provisions of this Agreement and consummate and make effective the transactions contemplated by this Agreement.

(b) In the event that at any time or from time to time (whether prior to or after the Closing), any Party (or its Affiliates), shall receive or otherwise possess any asset that is intended to be Contributed, assigned or otherwise transferred at the Closing to another Party

hereto, such Party shall promptly use all reasonable efforts (but, with respect to matters covered by Section 9.17, such efforts shall not include the expenditure of funds other than for incidental expenses) to transfer, or cause to be transferred, such asset to the Party so entitled thereto. Prior to any such transfer, the Party (or its Affiliates) possessing such asset shall hold such asset (and all earnings generated by such asset from and after the Closing) in trust for any such other Party.

9.8. [Intentionally omitted]

9.9. Employees. (a) Except as otherwise agreed to by Parent and Investor, the active participation of Business Employees in Benefit Arrangements that are not Partnership Plans shall cease as of the Closing Date, and no additional benefits shall accrue thereunder for such Business Employees.

(b) From the date hereof to the Closing, except in the ordinary course of business consistent with past practice or as required by law or other contractual obligations existing on the date hereof, or as set forth in Schedule 9.9(b), neither the UT Contributed Business nor the Partnership shall (i) increase the base compensation of or enter into any new bonus or incentive arrangement with any of the Business Employees, (ii) pay or agree to pay any pension, retirement allowance or similar employee benefit to any Business Employee or former employees of the Partnership, (iii) enter into any new employment, severance, consulting, or other compensation agreement with any Business Employee or (iv) commit itself to any additional employee benefit or compensation arrangement with respect to Business Employees or former employees of the Partnership.

(c) Following the Closing Date, the LLC shall use its reasonable best efforts to develop or maintain employee benefit plans which, among other things, treat similarly situated employees of the Contributed Businesses, the Partnership and the UT Contributed Business on a substantially equivalent basis, taking into account all relevant factors, including, without limitation, duties, geographic location, tenure, qualifications and abilities. In view of the changed nature of the benefit programs which may be applicable to certain of such employees after the Closing Date, the LLC shall use its reasonable best efforts to develop equitable transition rules relating to the benefits to be provided to one or more groups of such employees.

(d) The parties hereto intend that there shall be continuity of employment with respect to all of the Business Employees and Parent Employees. LLC shall offer employment, commencing on the Closing Date, to all Business Employees (other than employees of the Partnership) and Parent Employees, including any active employee as of the Closing Date who is hired by Investor and its Affiliates or Parent and its Affiliates after the date of this Agreement, and excluding any Business Employee or Parent Employee who is terminated for any reason from employment with Investor and its Affiliates or Parent and its Affiliates prior to the Closing Date (any such employee who accepts such offer is hereinafter referred to as a "Continued Employee"), on substantially the same terms (including salary, job responsibility and location) as those provided to such employees immediately prior to the Closing Date.

(e) LLC will (i) waive all limitations as to preexisting conditions, exclusions and waiting periods with respect to participation and coverage requirements applicable to

Continued Employees under any welfare plan that such employees may be eligible to participate in after the Closing Date, to the extent that such conditions would have been waived under the corresponding welfare plan in which any such employee participated in immediately prior to the Closing Date, (ii) provide each Continued Employee with credit for any co-payments and deductibles paid prior to the Closing Date, for the calendar year in which the Closing Date occurs, in satisfying any applicable deductible or out-of-pocket requirements under any welfare plans that such employees are eligible to participate in after the Closing Date, and (iii) provide each Continued Employee with credit for all service for purposes of eligibility, vesting and the calculation of severance benefits (but not for benefit accruals under any other benefit plan) with the Investor and its affiliates or Parent and its Subsidiaries, as applicable, under each employee benefit plan, program, or arrangement of the LLC or its affiliates in which such employees are eligible to participate in after the Closing Date; provided, however, that in no event shall the employees be entitled to any credit to the extent that it would result in a duplication of benefits with respect to the same period of service.

(f) Parent and Investor agree to cooperate reasonably and in good faith to lower any costs that may be borne by Parent, Investor or the LLC as a result of the contemplated Transactions (e.g., severance costs, and multiemployer withdrawal liability to the extent agreed by Parent and Investor in good faith) and to cooperate on other transition matters relating to the Continued Employees and their benefits; provided, however, that nothing in this provision shall require the LLC to continue to contribute to any benefit plans or arrangements that existed prior to the Closing Date.

(g) Notwithstanding anything contained herein to the contrary, from and after the Closing Date, Investor and its Affiliates shall jointly and severally indemnify and hold harmless Parent, Parent's Affiliates and the LLC and its Affiliates (other than Investor and its Affiliates) from any joint and several "Controlled Group Liability" of Investor or its Affiliates. For this purpose, "Controlled Group Liability" shall mean any and all claims, losses, expenses, costs or obligations arising out of or relating to (i) Title IV of ERISA; (ii) Section 302 of ERISA; (iii) Sections 412 and 4971 of the Code; and (iv) the continuation coverage requirements of Section 601 et seq. of ERISA and Section 4980B of the Code, with respect to any plan or program of Investor or its Affiliates which is not a Benefit Arrangement and which becomes a liability of Parent, Parent's Affiliates or the LLC solely as a result of the purchase of the UT Contributed Business pursuant to the Transaction.

9.10. Investor Give-Back Provision. (a) Within 15 business days after the preparation of the Statement or, if the accuracy of the Statement is contested by Investor, within 15 business days after any differences have been resolved in the manner set forth below, Investor shall pay to the LLC, in the manner described below, an amount, if positive, equal to (i) $150 million minus (ii) U-TV's EBITDA for the Determination Period; provided, however, that in no event shall Investor be required to pay more than $75 million pursuant to this Section. Any payment required to be made pursuant to this Section shall be made by wire transfer of same day funds to an account or accounts specified in writing by the LLC to Investor at least two business days prior to the date of any such payment.

(b) For purposes of this Agreement, "U-TV's EBITDA" shall mean the sum of (a) the net income of the Current Programs (but excluding Current Programs that are half-hour situation comedies) and made for television movies included in the UT Contributed Business (including future made for television movies) (the "U-TV Assets"), as determined in accordance with generally accepted accounting principles as applied in the United States as of the date hereof and consistent with accounting policies and procedures applied historically by Investor, plus the sum of depreciation, amortization (excluding television production and distribution amortization) income tax expense and interest expense related to the U-TV Assets and (b) to the extent not included in the previous clause, distribution fees received by the LLC pursuant to the Distribution Agreements. In calculating U-TV's EBITDA, U-TV's EBITDA shall not be reduced by more than $17 million of marketing costs (which are a "below the contribution line" cost), $13 million of development costs and $30 million of selling, general and administrative costs; provided that U-TV's EBITDA shall not be reduced by any allocated corporate overhead expenses (although selling, general and administrative costs shall include expenses paid by the corporate office on behalf of U-TV). For purposes of calculating U-TV's EBITDA, sales by the LLC to USA Networks, Inc. shall not be eliminated and shall be determined pursuant to the agreements in effect on the date hereof. U-TV's EBITDA shall be prepared on a U-TV historical basis excluding the effects of purchase accounting and any severance costs in connection with the Transactions and shall otherwise be determined based on the practices and principles used by Investor in the consolidated audited financial statements as at and for the year ended June 30, 1997. Neither Parent nor the LLC shall (i) amend any Contract existing on the date of this Agreement relating to the U-TV Assets to cause any revenue that would otherwise be recognized in the Determination Period to be recognized after the end of the Determination Period or (ii) prepay, accelerate or incur any expense that would ordinarily be paid, due or incurred after the end of the Determination Period to be paid, incurred or accrued during the Determination Period; provided that in the event that any such Contract were so amended, or expense so accelerated, for purposes of this Section, U-TV's EBITDA shall include such revenue as if recognized in such period and shall exclude such expense or prepayment.

(c) U-TV's EBITDA for the three year periods ending on December 31, 1998, December 31, 1999 and December 31, 2000 (such three year period, the "Determination Period") shall be determined annually by Parent and shall be set forth in a Statement of U-TV's EBITDA (the "Statement"). Each Statement shall be accompanied by a certificate prepared by Ernst & Young LLP, or another nationally recognized independent public accountant chosen by Parent, to the effect that such Statement was prepared in accordance with this Agreement. A copy of each such Statement and the certificate shall be delivered to Investor no later than 120 days after the end of such period. Investor shall have the option, at its expense, to have each Statement reviewed by a different major independent certified public accounting firm of its choice within 60 calendar days after receipt thereof. If any material differences exist between such accounting firms in the determination of the Statement, the items in dispute shall be submitted to a mutually acceptable third major firm of independent certified public accountants for its determination, which shall be binding on Investor and the LLC. The fees of such third accounting firm shall be shared equally by Investor and the LLC.

9.11. Disclosure Schedules. The parties acknowledge that for business reasons, none of the parties has been able to deliver to the other party the final schedules referred to in Articles 1, 2 and 3 of this Agreement. On or before November 10, 1997, Investor shall deliver to Parent and Parent shall deliver to Investor such final schedules or any additional schedules that either party determines shall be necessary or appropriate. Each of Parent and Investor shall have five business days to review such final schedules and to notify the other party in writing of any objections to the items listed in such schedules. If either Parent or Investor fails to so notify Investor or Parent of any objections within such five-business-day period, then such final schedules shall be deemed to have been accepted by Parent and Investor. After the delivery by Parent or Investor of notice of objection to the other party, Parent and Investor shall have five days to consult with each other with respect to any such objections and, during such period, shall negotiate in good faith to resolve any disagreements with respect to any such objections. Upon expiration of such five-day period, either objecting party may terminate this Agreement on five business days' written notice if the Board of Directors of such objecting party determines in its reasonable good faith judgment that the net adverse effect of the total mix of the additional information which was not otherwise known to it prior to the date of this Agreement, individually or in the aggregate, would materially decrease the economic benefit of the Transactions to such party (after giving effect to any increases in value that are attributable to positive aspects of any additional information made known to such party after the date of this Agreement).

9.12. Financing. Parent shall use its best efforts to cause financing necessary to consummate the transactions contemplated hereby to be obtained.

9.13. Representations and Warranties. From the date hereof until the Closing Date, no Party will take any action that would cause a breach of the representation and warranty of such Party as set forth in Articles 2 or 3, as the case may be, under the heading "Conduct of Business." In addition, from the date hereof through the Closing Date, Parent shall not take any action that would constitute a Fundamental Change pursuant to the Governance Agreement.

9.14. Spinoff of Regulated Subsidiaries. Upon the occurrence of the CEO Termination Date (as defined in the Governance Agreement) or BD becoming Disabled (as defined in the Governance Agreement) and as long as Investor has the right to appoint at least two directors of Parent pursuant to the Governance Agreement (or would, after such time that Mr. Diller has exercised the Diller Put, as defined in the Stockholders Agreement, beneficially own at least such amount of Parent Common Shares including shares subject to the Diller Put), at the request of Investor, Parent shall, subject to applicable law (including FCC regulations) and subject to the agreement, dated as of October 19, 1997, among Holder, Investor and Parent, distribute the Regulated Subsidiaries (collectively, the "Spinoff Company") in a distribution to the stockholders of Parent (the "Spinoff"). Upon receipt of such notice, Parent shall effect the Spinoff as promptly as practicable on terms and conditions that are reasonably satisfactory to Investor. Prior to effecting the Spinoff, Parent shall enter into ten-year affiliation agreements with the Spinoff Company that will provide that the Spinoff Company shall broadcast programming produced by Parent on customary terms and conditions, including arm's-length payment obligations. The foregoing provisions shall not be deemed to amend the Holder Exchange Agreement or waive any rights or obligations of Holder under the Holder Exchange Agreement.

9.15. Partnership Interest Purchase Agreement. Investor shall perform its obligations in all material respects under the terms of the Partnership Interest Purchase Agreement.

9.16. USA Network Cash. Notwithstanding any other provision of this Agreement, following the date hereof, Investor and its Affiliates shall only sweep cash and shall manage payables and receivables relating to the business of the Partnership in the ordinary course of business and consistent with past practices. At the Closing, Investor shall cause to remain in the Partnership as of the Closing Date $5 million. If, at the end of the 30-day period following the Closing (the "Post Closing Period"), the cash flow of the Partnership during the Post Closing Period (adding back cash expenditures for furniture, fixtures and equipment and extraordinary items) is (a) less than zero, then Investor shall contribute to the LLC an additional $5 million, (b) between zero and $5 million, then Investor shall contribute an amount equal to $5 million minus the cash flow or (c) more than $5 million, then Investor shall have no further obligation to contribute additional cash to the LLC. During the Post Closing Period, Parent will operate the Partnership in a manner consistent with past practice for matters relating to cash and shall not intentionally take or fail to take any action for purposes of affecting the foregoing calculation. In determining the cash flow during the Post Closing Period, as well as the $5 million to remain in the Partnership as of the Closing, the following rules shall also govern:

(i) payments (net of attorneys' fees, accountant's fees and other related costs, if any) received prior to the Closing by the Partnership relating to that certain settlement of carriage fees between the Partnership and Comcast Corporation ("Comcast Payments") shall be divided equally between Investor and the Partnership, with the Partnership portion remaining in the Partnership at the Closing but not included for purposes of the initial $5 million;

(ii) Comcast Payments received after the Closing shall be for the benefit of the Partnership only and shall not be included in measuring the cash flow during the Post Closing Period; and

(iii) payments by the Partnership to the former owners of the Sci-Fi Channel in respect of deferred purchase price pursuant to agreements in place prior to the date hereof shall (A) be included (to the extent of 50% of such payments) in determining the initial $5 million and (B) shall not be deducted in measuring the cash flow during the Post Closing Period.

9.17. Consents. Promptly following the date hereof, Investor shall make diligent efforts to identify those Material Contracts, assets and other rights that are included in the UT Contributed Business or the Partnership and the transfer of which to the LLC pursuant to this Agreement may in the reasonable judgment of Investor require the consent, approval, waiver or other action by a third party or otherwise would have been required to have been included as an exception to Section 2.3(a) ("Consents"). Parent in consultation with Investor shall thereafter identify those Consents which Parent elects to attempt to obtain prior to the Closing Date. Investor shall use all reasonable best efforts to obtain (but shall not be obligated to expend any funds in connection therewith other than incidental expenses) such Consents.

9.18. Viacom Non-Competition Covenant. Investor shall take all reasonable efforts to enforce Article 7 ("Article 7") of the Partnership Interest Purchase Agreement for the benefit of the LLC, including, without limitation, promptly providing to Viacom Inc., at the written request of Parent or the LLC, a notice of violation in accordance with Section 7.1(f) thereof, and shall not amend, reduce, modify or waive any rights of Investor under Article 7 without the prior written consent of Parent. Investor shall promptly advise Parent of any knowledge it may have of breaches of Article 7 and shall consult closely with Parent regarding any actions to be taken in connection therewith. Investor and Parent shall enter into appropriate agreements regarding the conduct of any disputes relating to Article 7, including with respect to reimbursement of expenses and management of the dispute, all of which shall be consistent with the terms of Article 7 and Investor's rights thereunder. In the event that Investor merges, consolidates or otherwise effects a transaction with a third party that results in such party succeeding to Investor's rights under Article 7, Investor shall obtain the written agreement of such party that it will comply with Investor's obligations under this Section.

9.19. Ownership of Licenses. Parent agrees that, so long as FCC Regulations or other applicable law prohibits or limits the foreign ownership of entities that directly hold broadcast licenses (in a manner that differs from such prohibitions or limitations if held indirectly), it will not directly hold such licenses and shall do so through subsidiaries or other controlled affiliates.

ARTICLE 10.
CONDITIONS

10.1. Conditions to Investor's Obligations. The obligations hereunder of Investor to consummate the Transactions, are subject to the satisfaction, at or before the Closing, of each of the following conditions. These conditions are for the sole benefit of Investor and may be waived by Investor (in whole or in part) at any time in its sole discretion.

(a) Subject to the final disclosure schedules delivered pursuant to Section 9.11, the representations and warranties of Parent contained in Article 3 which are not qualified as to materiality shall be true and correct in all material respects and the representations and warranties contained in Article 3 which are qualified as to materiality shall be true and correct, in each case, as of the date when made and as of the Closing Date, as though made on such date (except that representations and warranties made as of a specific date need be true and correct only as of such date), and Investor shall have received a certificate attesting thereto signed by a duly authorized officer or agent of Parent.

(b) Each of Parent, Sub and LLC shall have performed, satisfied and complied with, in all material respects, all covenants, agreements, and conditions required by this Agreement to be performed, satisfied or complied with by it on or prior to the Closing Date, and Investor shall have received a certificate attesting thereto signed by a duly authorized officer or agent of Parent, Sub and LLC.

(c) The waiting periods under the HSR Act applicable to the Transactions shall have expired or have been terminated.

(d) No temporary, preliminary or permanent injunction or any order by any federal or state court of competent jurisdiction shall have been issued which prohibits or otherwise seeks to prohibit, restrain, enjoin or delay the consummation of any of the transactions contemplated by this Agreement.

(e) Parent stockholders shall have approved the transactions contemplated hereunder by the Requisite Stockholder Vote and the Certificate Amendment shall have been duly filed and become effective.

(f) There shall be no action, suit, investigation or proceeding pending with, or to the knowledge of Investor, threatened by, any public or governmental authority, against or affecting Parent or Investor or their respective properties or rights, before any court, arbitrator or administrative or governmental body which (a) seeks to restrain, enjoin or prevent the consummation of the transactions contemplated by this Agreement, or (b) challenges the validity or legality of any transactions contemplated by this Agreement or seeks to recover damages or to obtain other relief in connection with any such transactions.

(g) BD shall not have ceased serving Parent as its Chief Executive Officer.

(h) Parent shall have duly obtained, received or effected (and all applicable waiting and termination periods, if any, including any extensions thereof, under any applicable law, statute, regulation or rule shall have expired or terminated) all authorizations, consents, approvals, licenses, franchises, permits and certificates by or of, and shall have made all filings and effected all notifications, registrations and qualifications with, all federal, state and local governmental and regulatory authorities necessary for the consummation of the transactions contemplated hereby.

(i) All corporate and other proceedings to be taken by Parent and Sub in connection with the transactions contemplated by this Agreement and all documents reflecting or evidencing such proceedings shall be reasonably satisfactory in scope, form and substance to Investor and its legal counsel, and Investor and its legal counsel shall have received all such duly executed counterpart originals or certified or other copies of such documents and instruments as they may reasonably request.

(j) Investor Sub shall have acquired the Acquired Partnership Interest in accordance with the terms of the Partnership Interest Purchase Agreement.

10.2. Conditions to Parent's Obligations. The obligations of Parent and Sub hereunder to consummate the Transactions are subject to the satisfaction, at or before the Closing, of each of the following conditions. These conditions are for the sole benefit of Parent and Subsidiary and may be waived (in whole or in part) at any time in their sole discretion.

(a) Subject to the final disclosure schedules delivered pursuant to Section 9.11, the representations and warranties of Investor and the Investor Newcos contained in Article 2 hereof shall be true and correct in all material respects and the representations and warranties contained in Article 2 which are qualified as to materiality shall be true and correct, in each case, as of the date when made and as of the Closing Date, as though made on such date (except that representations and warranties made as of a specific date need be true and correct only as of such date), and Parent shall have received a certificate attesting thereto signed by Investor.

(b) Each of Investor and each Investor Newco shall have performed, satisfied and complied with, in all material respects, all covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with on or prior to the Closing Date, and Parent shall have received a certificate attesting thereto signed by Investor and Investor Newco.

(c) There shall be no action, suit, investigation or proceeding pending with, or to the knowledge of Parent, threatened by, any public or governmental authority, against or affecting the UT Contributed Business or the Partnership or their respective properties or rights, before any court, arbitrator or administrative or governmental body which (a) seeks to restrain, enjoin or prevent the consummation of the transactions contemplated by this Agreement, or (b) challenges the validity or legality of any transactions contemplated by this Agreement or seeks to recover damages or to obtain other relief in connection with any such transactions.

(d) No temporary, preliminary or permanent injunction or any order by any federal or state court of competent jurisdiction shall have been issued which prohibits or otherwise seeks to prohibit, restrain, enjoin or delay the consummation of any of the transactions contemplated by this Agreement.

(e) Investor and its Subsidiaries and the Partnership, as applicable, shall have duly obtained, received or effected (and all applicable waiting and termination periods, if any, including any extensions thereof, under any applicable law, statute, regulation or rule, shall have expired or terminated) all authorizations, consents, approvals, licenses, franchises, permits and certificates by or of, and shall have made all filings and effected all notifications, registrations and qualifications with, all federal, state and local governmental and regulatory authorities necessary for the consummation of the transactions.

(f) The waiting periods under the HSR Act applicable to the Transactions shall have expired or have been terminated.

(g) Parent's stockholders shall have approved the transactions contemplated hereunder by the Requisite Stockholder Vote and the Certificate Amendment shall have been duly filed and become effective.

(h) All corporate and other proceedings to be taken by Investor and the Investor Newcos in connection with the transactions contemplated by this Agreement and all documents reflecting or evidencing such proceedings shall be reasonably satisfactory in scope, form and substance to Parent and its legal counsel, and Parent and its legal counsel shall have

received all such duly executed counterpart originals or certified or other copies of such documents and instruments as they may reasonably request.

(i) Debt or equity financing shall have been obtained, on terms reasonably acceptable to Parent, sufficient to pay the Cash Amount.

10.3. Conditions to Holder's Obligations and Option. Subject to the provisions of Section 1.5(f)(i)(A) (which specifies the only conditions applicable to a purchase by Holder of LLC Shares for cash), Holder's obligation to contribute assets at the Holder Closing shall be subject to the satisfaction, at or before the closing, of appropriate conditions, to be mutually agreed upon and based on Sections 10.1 (other than Sections 10.1(a)) and 10.2.

ARTICLE 11.
SURVIVAL AND INDEMNIFICATION

11.1. Survival. All representations, warranties and covenants and agreements (other than those described in the penultimate sentence of this paragraph) of the parties contained in this Agreement, including indemnity or indemnification agreements contained herein, or in any Schedule hereto, or any certificate, document or other instrument delivered in connection herewith shall survive the Closing until March 31, 1999. No Action or proceeding may be brought with respect to any of the representations and warranties, or any of the covenants or agreements which survive until March 31, 1999 unless written notice thereof, setting forth in reasonable detail the claimed misrepresentation or breach of warranty or breach of covenant or agreement, shall have been delivered to the party alleged to have breached such representation or warranty or such covenant or agreement prior to March 31, 1999. Notwithstanding the foregoing, Investor's indemnification obligations in respect of any breach of the representations and warranties set forth in Article 8 hereof, or any related Schedule, or other certificate, document or instrument delivered in connection therewith, shall survive the Closing until the sixth anniversary of the Closing. Those covenants or agreements that contemplate or may involve actions to be taken or obligations in effect after the Closing shall survive in accordance with their terms. Other than as set forth herein, indemnification pursuant to this Article shall be the exclusive remedy for any breach of representations and warranties in this Agreement by either party.

11.2. Indemnification by Investor, Holder or Parent. (a) From and after the Closing Date, Investor and its Subsidiaries shall jointly and severally indemnify and hold harmless (i) Parent, Parent's Affiliates, each of their respective directors, officers, employees and agents, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "Parent Indemnified Parties") from and against any and all damages, claims, losses, expenses, costs, obligations, and liabilities including, without limiting the generality of the foregoing, liabilities for all reasonable attorneys' fees and expenses (including, but not limited to, attorney and expert fees and expenses incurred to enforce the terms of this Agreement) net of tax benefits and any recovery from any third party including, without limitation, insurance proceeds and taking into account tax costs (collectively, "Loss and Expenses") suffered, directly or indirectly (other than through any equity interest in the LLC) by any Parent Indemnified Party, and (ii) the LLC and its managers, officers, employees and agents, and each of the heirs, execu-

tors, successors and assigns of any of the foregoing (collectively, the "LLC Indemnified Parties") from and against any and all Loss and Expenses suffered, directly or indirectly by any LLC Indemnified Party by reason of, or arising out of, (x) any breach of representation or warranty (without regard to any materiality standard contained therein) made by Investor or any Investor Newco pursuant to this Agreement (but excluding a breach of the representation contained in Section 2.3(b) relating to a Consent), (y) any failure by Investor or any Investor Newco to perform or fulfill any of its covenants or agreements set forth in this Agreement (other than Sections 9.10 and 9.16), or (z) any failure by Investor and its Subsidiaries to comply with the covenant contained in Section 9.16 or to pay, perform or discharge any liabilities of the UT Contributed Business other than the Assumed UT Liabilities but only (with respect to items described in Sections 11.2(a)(x) and 11.2(a)(y)) to the extent that the aggregate amount of all such Loss and Expenses of all such Parent Indemnified Parties exceeds $50 million.

(b) From and after the Closing Date, Holder and its Subsidiaries shall jointly and severally indemnify and hold harmless (i) the Parent Indemnified Parties from and against any and all Loss and Expenses suffered, directly or indirectly (other than through any equity interest in the LLC) by any Parent Indemnified Party, and (ii) the LLC Indemnified Parties from and against any and all Loss and Expenses suffered, directly or indirectly by any LLC Indemnified Party, by reason of, or arising out of, (x) any breach of representation or warranty (without regard to any materiality standard contained therein) made by Holder pursuant to this Agreement, or (y) any failure by Holder to perform or fulfill any of its covenants or agreements set forth in this Agreement but only to the extent that the aggregate amount of all such Loss and Expenses of all such Parent Indemnified Parties exceeds $50 million.

(c) From and after the Closing Date, Parent and its Subsidiaries shall jointly and severally indemnify and hold harmless (i) Investor, Investor's Affiliates, each of their respective directors, officers, employees and agents, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "Investor Indemnified Parties"), and (ii) Holder, Holder's Affiliates, each of their respective directors, officers, employees and agents and each of the heirs, executors, successors and assigns of any of the foregoing, (collectively, the "Holder Indemnified Parties") from and against any and all Loss and Expenses suffered, directly or indirectly by any Investor Indemnified Parties, and (ii) the Holder Indemnified Parties from and against any and all Loss and Expenses suffered, directly or indirectly by any Holder Indemnified Party, by reason of, or arising out of, (x) any breach of representation or warranty (without regard to any materiality standard contained therein) made by Parent pursuant to this Agreement, (y) any failure by Parent to perform or fulfill any of its covenants or agreements set forth in this Agreement, or (z) any failure by Parent and its Subsidiaries to pay, perform or discharge any liabilities (I) of the Contributed Businesses other than the Assumed Liabilities or (II) of the Regulated Subsidiaries, but only (with respect to items described in Sections 11.2(c)(x) and 11.2(c)(y)) to the extent that the aggregate amount of all such Loss and Expenses of all such Investor Indemnified Parties and Holder Indemnified Parties exceeds $50 million.

(d) Except with respect to third-party claims being defended in good faith or claims for indemnification with respect to which there exists a good faith dispute, the indemni-

fying party shall satisfy its obligations hereunder within 30 days of receipt of the indemnified party's notice of a claim under this Article 11.

(e) The provisions of this Section 11.2 shall not affect the obligations and benefits of the parties set forth in Sections 8.2 and 8.3 of this Agreement.

11.3. Third-Party Claims. If a claim by a third party is made against an indemnified party (i.e., a Parent Indemnified Party, Investor Indemnified Party, Holder Indemnified Party or LLC Indemnified Party), and if such indemnified party intends to seek indemnity with respect thereto under this Article, such indemnified party shall promptly notify the indemnifying party in writing of such claims setting forth such claims in reasonable detail. The indemnifying party shall have twenty (20) days after receipt of such notice to undertake, through counsel of its own choosing and at its own expense, the settlement or defense thereof, and the indemnified party shall cooperate with it in connection therewith; provided, however, that the indemnified party may participate in such settlement or defense through counsel chosen by such indemnified party, provided that the fees and expenses of such counsel shall be borne by such indemnified party unless the indemnified party shall have reasonably determined that representation by the same counsel would be inappropriate under the applicable standards of appropriate conduct due to actual or potential differing interests between them, and in that event, the fees and expenses of such counsel shall be paid by the indemnifying party. If the indemnifying party assumes such defense, the indemnified party shall have the right to participate in the defense thereof and to employ counsel, at its own expense, separate from the counsel employed by the indemnifying party, it being understood that the indemnifying party shall control such defense. In the event that the indemnifying party assumes such defense, the indemnified party shall cooperate with the indemnifying party in such defense and make available to the indemnifying party, at the indemnifying party's expense, all pertinent records, materials and information in its possession or under its control relating thereto as is reasonably required by the indemnifying party. The indemnified party shall not pay or settle any claim which the indemnifying party is contesting without the prior written consent of the indemnifying party, which consent shall not be unreasonably withheld. The indemnifying party shall not settle any claim unless it contains an unconditional release of the indemnified party from any and all liability with respect to such third party claim without the prior written consent of the indemnifying party, which consent shall not be unreasonably withheld. Notwithstanding the foregoing, the indemnified party shall have the right to pay or settle any such claim, provided that in such event it shall waive any right to indemnity therefor by the indemnifying party. If the indemnifying party does not notify the indemnified party within twenty (20) days after the receipt of the indemnified party's notice of a claim of indemnity hereunder that it elects to undertake the defense thereof, the indemnified party shall have the right to contest, settle or compromise the claim but shall not thereby waive any right to indemnity therefor pursuant to this Agreement.

ARTICLE 12.
TERMINATION; LIQUIDATION

12.1. Termination by Mutual Written Consent. This Agreement may be terminated and the transactions contemplated hereby may be abandoned, for any reason, at any time prior to the Closing Date, by the mutual written consent of the Parties.

12.2. Termination by Parent or Investor. This Agreement may be terminated and the transactions contemplated hereby may be abandoned by action of Parent or Investor if and to the extent that (a) the Closing shall not have occurred at or prior to 5:00 p.m., Eastern time, on June 30, 1998; provided, however, that the right to terminate this Agreement under this Section 12.2 shall not be available to any party whose failure to fulfill any obligation under this Agreement has been the cause of, or resulted in, the failure of the Closing Date to occur on or before such date; or (b) any court or governmental authority of competent jurisdiction shall have issued an order, decree, writ or ruling or taken any other action, or there shall be in effect any statute, rule or regulation permanently restraining, enjoining or otherwise prohibiting the Transactions.

12.3. Termination by Parent. This Agreement may be terminated and the transactions contemplated hereby may be abandoned by action of Parent, at any time prior to the Closing Date, if (a) Investor or its Affiliates shall have failed to comply in any material respect with any of the covenants or agreements contained in this Agreement to be complied with or performed by Investor and its Affiliates at or prior to such date of termination, and Investor shall not, within a reasonable period of time after notice of such failure, have cured or commenced prompt and diligent measures which would promptly cure such failure, (b) there shall have been a misrepresentation or breach by Investor with respect to any representation or warranty made by it in this Agreement which would entitle Parent not to consummate the Transactions and such misrepresentation or breach cannot be cured prior to the Closing Date or (c) on or before the close of business on November 17, 1997 if Parent shall not be reasonably satisfied with the results of its due diligence investigation of the Partnership and the UT Contributed Business and shall have determined, in its reasonable good faith judgment, that the net adverse effect of the total mix of the additional information not otherwise known to it prior to the date of this Agreement, individually or in the aggregate, would materially decrease the economic benefit of the Transactions to Parent (after giving effect to any increases in value that are attributable to positive aspects of any additional information first made known to Parent after the date of this Agreement).

12.4. Termination by Investor. This Agreement may be terminated and the transactions contemplated hereby may be abandoned by action of Investor, at any time prior to the Closing Date, if (a) Parent or its Subsidiaries shall have failed to comply in any material respect with any of the covenants or agreements contained in this Agreement to be complied with or performed by Parent and its Affiliates at or prior to such date of termination and Parent shall not, within a reasonable period of time after notice of such failure, have cured or commenced prompt and diligent measures which would promptly cure such failure, (b) there shall have been a misrepresentation or breach by Parent with respect to any representation or warranty made by it

in this Agreement which would entitle Investor not to consummate the Transactions and such misrepresentation or breach cannot be cured prior to the Closing Date, (c) BD shall have ceased serving Parent as its Chief Executive Officer, (d) the Fair Market Value (as defined in the Stock Exchange Agreement, dated May 20, 1997, between Paul Allen ("Allen") and Parent) during any seven out of the nine consecutive trading days ending on the third trading day immediately prior to the Closing Date would not have resulted in the extinguishment of Parent's obligation to issue additional Parent Common Stock to Allen or (e) on or before the close of business on November 17, 1997 if Investor shall not be reasonably satisfied with the results of its due diligence investigation of the Contributed Businesses and shall have determined, in its reasonable good faith judgment, that the net adverse effect of the total mix of the additional information not otherwise known to it prior to the date of this Agreement, individually or in the aggregate, would materially decrease the economic benefit of the Transactions to Investor (after giving effect to any increases in value that are attributable to positive aspects of any additional information first made known to Investor after the date of this Agreement).

12.5. Termination Following Closing. If not earlier terminated, the provisions of this Agreement (other than Sections 1.6(a), 1.7, 1.8, 1.9, Article 8, Sections 9.4, 9.5, 9.6, 9.7, 9.9(c), (e), (f), (g), 9.10, 9.14, 9.18 and 9.19 and Articles 11 and 13 (other than Sections 13.2 and 13.3)) shall terminate on the date all of the Exchange Options are exercised.

12.6. Effect of Termination. In the event of termination of this Agreement as provided herein prior to the Closing, this Agreement shall be of no further force or effect, except (a) as provided in the last sentence of Section 9.5, this Section 12.6 and Article 13, each of which shall survive termination of this Agreement, and (b) nothing herein shall relieve any party from liability for any breach of this Agreement.

ARTICLE 13.
GENERAL

13.1. Definitions. The capitalized terms used herein shall have the respective meanings assigned to such terms set forth below (such definitions to be equally applicable to both the singular and plural forms of the terms defined):

(a) "Acquired LLC Amount" shall mean a number of LLC Shares (if any) equal to 35.75 million less the quotient obtained by dividing the amount of cash (if any) payable pursuant to Section 1.5(b)(i)(A) by 40;

(b) "Acquired Partnership Interest" shall mean that certain 50% partnership interest in the Partnership acquired by Investor Sub pursuant to the Partnership Interest Purchase Agreement;

(c) "Additional Issuance" shall have the meaning set forth in Section 1.7(a)(i);

(d) "Additional Shares" shall have the meaning set forth in Section 1.7(a)(i);

(e) "Affiliate" shall mean, with respect to any person, any direct or indirect subsidiary of such person, and any other person that directly, or through one or more intermediaries, is controlled by or is under common control with such first person, and, if such a person is an individual, any member of the immediate family (including parents, spouse and children) of such individual and any trust whose principal beneficiary is such individual or one or more members of such immediate family and any person who is controlled by any such member or trust. As used in this definition, "control" (including, with correlative meanings, "controlled by" and "under common control with") shall mean possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise);

(f) "Affiliation Agreements" shall have the meaning set forth in Section 2.7;

(g) "Agreement" shall have the meaning set forth in the Preamble;

(h) "Allen" shall have the meaning set forth in Section 12.4;

(i) "Ancillary Business Agreements" shall mean the agreements attached as Exhibit C hereto (or any successor agreements);

(j) "Assumed Liabilities" shall have the meaning set forth in Section 1.4;

(k) "Assumed UT Liabilities" shall have the meaning set forth in Section 1.5;

(l) "Assumptions" shall have the meaning set forth in Section 1.7(a)(i);

(m) "Available Parent Amount" shall mean, as of a given date of determination, the number equal to the difference between (x) the Holder Limit, and (y) the number of Parent Common Shares then Owned (for purposes of the FCC Regulations) by such holder of LLC Shares, giving effect to the voting power of the stock Owned or to be Owned by such holder (and including, with respect to Holder, all Parent Common Shares, held by the entities known as "BDTV Entities");

(n) "BD" shall mean Barry Diller;

(o) "Beneficial Asset" shall have the meaning set forth in Section 1.11;

(p) "Benefit Arrangements" shall have the meaning set forth in Section 2.10(a);

(q) "Business Employees" shall have the meaning set forth in Section 2.10(a);

(r) "Cash Amount" shall mean a dollar amount equal to the difference between (i) $4,075,000,000 and (ii) the product of (x) $40 and (y) the Stock Amount;

(s) "Certificate Amendment" shall have the meaning set forth in Section 9.1(b);

(t) "Closing" shall have the meaning set forth in Section 1.5;

(u) "Closing Date" shall have the meaning set forth in Section 1.5;

(v) "Code" shall mean the Internal Revenue Code of 1986, as amended;

(w) "Consent Asset" shall have the meaning set forth in Section 1.11;

(x) "Consents" shall have the meaning set forth in Section 9.17;

(y) "Contingent Shares" shall have the meaning set forth in the Holder Exchange Agreement;

(z) "Continued Employee" shall have the meaning set forth in Section 9.9(d);

(aa) "Contracts" shall mean all executory written agreements, contracts, commitments, understandings and other instruments or arrangements;

(bb) "Contribute" shall have the meaning set forth in Section 1.3;

(cc) "Contributed Businesses" shall have the meaning set forth in Section 1.3;

(dd) "Current Programs" shall mean the "Current Programs" as defined in Schedule 1.5 and, for purposes of Section 9.10, shall include all other programming included in the UT Contributed Business produced during the Determination Period (other than half-hour situation comedies) and derived from, or which continues, a "Current Program" for purposes of Section 9.10;

(ee) "Determination Period" shall have the meaning set forth in Section 9.10(c);

(ff) "disabled" shall have the meaning as to be defined in the definitive Governance Agreement;

(gg) "ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended;

(hh) "ERISA Affiliate" shall have the meaning set forth in Section 2.10(d);

(ii) "Excess Cash" shall mean cash held by an entity (including from the proceeds of borrowings) on the last business day of each month which is reasonably determined by such entity not to be needed by such entity to fund its operations or repay indebtedness owed by such entity during the immediately succeeding month;

(jj) "Exchange Act" shall mean the Securities Exchange Act of 1934 and the regulations promulgated thereunder, each as amended;

(kk) "Exchange Agreement" shall have the meaning set forth in Section 6.1(a);

(ll) "Exchange Options" shall have the meaning set forth in Section 6.1(a);

(mm) "Exchange Options Shares" shall have the meaning set forth in Section 6.1(b)(ii);

(nn) "Exchange Shares" shall mean the Silver King Exchange Shares as defined in the Holder Exchange Agreement;

(oo) "Excluded Businesses" shall mean, at any time, the businesses of Parent and its Subsidiaries other than the Contributed Businesses;

(pp) "Excluded Issuance" shall mean any issuance of Parent Common Stock (i) in a Sale Transaction, or (ii) which is "restricted stock" or the ownership of which is otherwise subject to forfeiture ("Restricted Stock"), provided that for purposes of this definition any stock covered by the provisions of clause (ii) shall be deemed to have been issued on the date (the "Lapse Date") the restrictions on such stock lapse or on which the stock is no longer subject to forfeiture;

(qq) "Excluded Sub" shall have the meaning set forth in Section 1.3;

(rr) "Fair Market Value" for a security publicly traded in the over-the-counter market (on either NASDAQ-NMS or NASDAQ) or on a recognized exchange shall be the average closing price of such security for the three trading days ending on the applicable day (or, if such day is not a trading day, the trading day immediately preceding the applicable day), and for all other securities or property "Fair Market Value" shall be determined, by a nationally recognized investment banking firm which has not been engaged by Parent, Investor, Holder (if Holder or a Holder Newco then holds LLC Shares), the holder of stock of any Investor Newco (or Holder Newco, if applicable) or their Affiliates for the prior three years selected by (i) Parent and (ii) Investor and Holder (to the extent Holder at such time holds LLC Shares); provided that, if Parent and Investor (or Investor and Holder, if applicable) cannot agree on such an investment banking firm within 10 business days, such investment banking firm shall be selected by a panel designated in accordance with the rules of the American Arbitration Association. The fees, costs and expenses of the American Arbitration Association and the investment banking firm so selected shall be borne equally by the LLC and Investor (or Investor and Holder, if applicable);

(ss) "FCC" shall mean the U.S. Federal Communications Commission;

(tt) "FCC Regulations" shall have the meaning set forth in the Holder Exchange Agreement;

(uu) "GAAP" shall mean United States generally accepted accounting principles;

(vv) "Governance Agreement" shall have the meaning set forth in Section 9.3;

(ww) "Holder" shall have the meaning set forth in the Preamble;

(xx) "Holder Agreements" shall have the meaning set forth in Section 3.2;

(yy) "Holder Exchange Agreement" shall mean the Exchange Agreement, dated as of December 20, 1996, by and between Parent and Holder;

(zz) "Holder Indemnified Parties" shall have the meaning set forth in Section 11.2(c);

(aaa) "Holder Limit" shall mean the maximum number of Parent Common Shares which the holder of the LLC Shares would, under the FCC Regulations then in effect, then be permitted to Own (in accordance with FCC Regulations);

(bbb) "Holder Mandatory Exchange" shall have the meaning set forth in Section 1.9;

(ccc) "HSR Act" shall mean the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the regulations promulgated thereunder;

(ddd) "Intangible Property" shall have the meaning set forth in Section 2.8;

(eee) "Interest Rate" shall mean (i) with respect to demand notes representing loans which were funded from the proceeds of indebtedness owed to entities other than Parent, its Subsidiaries and the LLC, the interest rate on such indebtedness, (ii) with respect to demand notes representing loans the proceeds of which are invested in interest bearing instruments issued by entities other than Parent, its Subsidiaries and the LLC, the blended rate on such instruments and (iii) with respect to demand notes representing all other loans, 30-day LIBOR from time to time as determined on the first business day of each month in accordance with the credit agreement of Parent in effect from time to time (or if none is in effect, the last effective credit agreement) plus the applicable margin set forth in such credit agreement;

(fff) "Investor" shall have the meaning set forth in the Preamble;

(ggg) "Investor Financial Statements" shall have the meaning set forth in Section 2.9;

(hhh) "Investor Indemnified Parties" shall have the meaning set forth in Section 11.2(c);

(iii) "Investor Newco" shall have the meaning set forth in Section 1.2;

(jjj) "Investor Sub" shall have the meaning set forth in Section 1.5;

(kkk) "Issue Price" shall mean the price per share equal to (i) except as otherwise provided in clause (iii) below, in connection with an underwritten offering of shares of Parent Common Shares, the initial price at which the stock is offered to the public or other investors, (ii) in connection with other sales of Parent Common Shares for cash (other than sales covered by clause (iii) below), the cash price paid for such stock, (iii) in connection with the issuance of Parent Common Shares for cash within 4 months of the Closing, $40 per share, (iv) in connection with the deemed issuances of Restricted Stock, the Fair Market Value of the stock on the Lapse Date (as defined in the definition of "Excluded Issuance" below), (v) in connection with the issuance of Parent Common Shares as consideration in an acquisition by Parent (other than a Merger Transaction), the average of the Fair Market Value of the stock for the five trading days ending on the third trading day immediately preceding the closing of the acquisition and in case of a Merger Transaction, $40 per share, (vi) in connection with a compensatory issuance of shares of Parent Common Stock, in the case of Parent and its Affiliates, the amount received per share by Parent, and with respect to Investor and Holder and their respective Affiliates, the Fair Market Value of the Parent Common Stock, and (vii) in all other cases, including, without limitation, in connection with the issuance of Parent Common Shares pursuant to an option, warrant or convertible security (other than in connection with the conversion of the Sub Convertible Debt, in which case the Issue Price shall be $40 per share, or in connection with issuances described in clause (vi) above), the Fair Market Value of the Parent Common Shares on the date of issuance;

(lll) "LLC" shall have the meaning set forth in Section 1.1;

(mmm) "LLC Indemnified Parties" shall have the meaning set forth in Section 11.2(a);

(nnn) "LLC Operating Agreement" shall mean the LLC Operating Agreement attached as Exhibit B hereto (or any successor agreement);

(ooo) "LLC Shares" shall mean shares representing a proportionate interest in the capital and profits and losses of the LLC;

(ppp) "Licenses" means all licenses, permits, construction permits, registrations, and other authorizations issued by any federal, state, or local governmental authorities for use in connection with the conduct of the business or operations of the relevant business, and all applications therefor, together with any renewals, extensions, modifications, or additions thereto between the date of this Agreement and the Closing Date;

(qqq) "Liens" shall have the meaning set forth in Section 2.3;

(rrr) "Loss and Expenses" shall have the meaning set forth in Section 11.2(a);

(sss) "Mandatory Purchase Event" shall have the meaning set forth in Section 1.7(a)(ii);

(ttt) "Mandatory Purchase Notice" shall have the meaning set forth in Section 1.7(a)(ii);

(uuu) "Material Adverse Effect" shall mean any event, occurrence, fact, condition, change or effect that is materially adverse to the business, operations, results of operations, prospects, condition (financial or otherwise), properties (including intangible properties), assets (including intangible assets) or liabilities of the relevant business, taken as a whole;

(vvv) "Material Contracts" shall have the meaning set forth in Section 2.7;

(www) "Material Real Property" shall have the meaning set forth in Section 2.5;

(xxx) "Merger Transaction" shall have the meaning set forth in Section 1.7(a)(iii);

(yyy) "NASD" shall mean the National Association of Securities Dealers;

(zzz) "Owned LLC Amount" shall mean a number of LLC Shares equal to the difference between (i) the Stock Amount and (ii) 6.75 million plus the Acquired LLC Amount;

(aaaa) "Owned Partnership Interest" shall mean that certain partnership interest in the Partnership owned by Investor since the inception of the Partnership;

(bbbb) "Parent" shall have the meaning set forth in the Preamble;

(cccc) "Parent Balance Sheet" shall have the meaning set forth in Section 3.8;

(dddd) "Parent Balance Sheet Date" shall have the meaning set forth in Section 3.8;

(eeee) "Parent Benefit Arrangements" shall have the meaning set forth in Section 3.10;

(ffff) "Parent Certificate" shall have the meaning set forth in Section 3.1;

(gggg) "Parent Class B Stock" shall have the meaning set forth in Section 3.2;

(hhhh) "Parent Commission Documents" shall have the meaning set forth in Section 3.8;

(iiii) "Parent Common Shares" shall mean shares of Parent Common Stock and Parent Class B Stock;

(jjjj) "Parent Common Stock" shall have the meaning set forth in Section 3.2;

(kkkk) "Parent Employees" shall have the meaning set forth in Section 3.10(a);

(llll) "Parent ERISA Affiliate" shall have the meaning set forth in Section 3.10(c);

(mmmm) "Parent Form S-4" shall have the meaning set forth in Section 3.2;

(nnnn) "Parent Form 10-K" shall have the meaning set forth in Section 3.8;

(oooo) "Parent Indemnified Parties" shall have the meaning set forth in Section 11.2(a);

(pppp) "Parent LLC Shares Number" shall mean the aggregate number of outstanding Parent Common Shares as of the fifth business day prior to the Closing Date (assuming that all Parent Common Shares issuable pursuant to the Contingent Shares and Exchange Shares have been issued and any Parent Common Shares issued pursuant to a public offering consummated between the fifth business day prior to Closing Date and the Closing Date are outstanding) less 8.25 million;

(qqqq) "Parent Pension Plan" shall have the meaning set forth in Section 3.10(b);

(rrrr) "Parent Preferred Stock" shall have the meaning set forth in Section 3.2;

(ssss) "Parent Securities" shall mean Parent Common Shares and LLC Shares;

(tttt) "Parent Stock Number" shall mean 6.75 million;

(uuuu) "Parties" shall have the meaning set forth in the Preamble;

(vvvv) "Partnership" shall mean USA Networks, a New York partnership;

(wwww) "Partnership Agreement" shall have the meaning set forth in Section 2.1;

(xxxx) "Partnership Interest Purchase Agreement" shall mean the Partnership Interest Purchase Agreement by and among Universal Studios, Inc., Universal City Studios, Inc., Viacom, Inc. and Eighth Century Corporation, dated as of September 22, 1997;

(yyyy) "Partnership Plans" shall have the meaning set forth in Section 2.10(a);

(zzzz) "Pension Plan" shall have the meaning set forth in Section 2.10(b);

(aaaaa) "Permitted Liens" shall mean, collectively, (1) all statutory or other liens for taxes or assessments which are not yet due or the validity of which is being contested in

good faith by appropriate proceedings, (2) all mechanics', materialmen's, carriers', workers' and repairers' liens, and other similar liens imposed by law, incurred in the ordinary course of business, which allege unpaid amounts that are less than 30 days delinquent or which are being contested in good faith by appropriate proceedings, and (3) all other Liens which do not materially detract from or materially interfere with the marketability, value or present use of the asset subject thereto or affected thereby;

(bbbbb) "Post Closing Period" shall have the meaning set forth in Section 9.16;

(ccccc) "Programming Agreements" shall have the meaning set forth in Section 2.7;

(ddddd) "Real Property" shall mean real estate and buildings and other improvements thereon and leases and leasehold interests, leasehold improvements, fixtures and trade fixtures;

(eeeee) "Redemption Price" shall have the meaning set forth in Section 1.7(b);

(fffff) "Regulated Subsidiaries" shall have the meaning set forth in Section 1.11;

(ggggg) "Requisite Stockholder Vote" shall mean the affirmative vote of (x) the holders of a majority of the outstanding shares of Parent Common Stock and Parent Class B Stock, voting as separate classes, to the amendment to Parent's certificate of incorporation increasing the authorized capital stock, and (y) the holders of a majority of the voting power represented by the outstanding Parent Common Shares, voting together as a single class, voting at the special meeting (provided a quorum is present under the NASD by-laws) for the issuance of shares of Parent Common Stock in accordance with this Agreement;

(hhhhh) "Sale Transaction" shall have the meaning set forth in Section 6.1(b);

(iiiii) "Securities Act" shall mean the Securities Act of 1933 and the regulations promulgated thereunder, each as amended;

(jjjjj) "Self Tender Offer" shall have the meaning set forth in Section 6.2;

(kkkkk) "Spinoff" shall have the meaning set forth in Section 9.14;

(lllll) "Spinoff Company" shall have the meaning set forth in Section 9.14;

(mmmmm) "Statement" shall have the meaning set forth in Section 9.10;

(nnnnn) "Stock Amount" shall mean an amount equal to 45% of the sum of (i) the aggregate number of Parent Common Shares outstanding as of the fifth business day prior to the Closing Date (assuming that all Parent Common Shares issuable pursuant to the Contingent

Shares and Exchange Shares have been issued), (ii) any shares issued pursuant to a public offering consummated between the fifth business day prior to the Closing Date and the Closing Date, (iii) 7.5 million and (iv) the Stock Amount;

(ooooo) "Sub" shall have the meaning set forth in the Preamble;

(ppppp) "Sub Convertible Debt" shall have the meaning set forth in Section 1.7(a)(ii);

(qqqqq) "Subsidiaries" shall mean, with respect to any person, each of the direct or indirect subsidiary of such person;

(rrrrr) "Tax Audit" shall have the meaning set forth in Section 8.7;

(sssss) "Tender Number" shall have the meaning set forth in Section 6.2(c);

(ttttt) "TKTM Agreements" shall have the meaning set forth in Section 3.2;

(uuuuu) "Transactions" shall have the meaning set forth in the Preamble;

(vvvvv) "Transferee" shall have the meaning set forth in Section 6.1;

(wwwww) "Transition Services Agreement" shall have the meaning set forth in Section 9.4;

(xxxxx) "Unit" shall mean one LLC Share and one Preferred Share;

(yyyyy) "UT Contributed Business" shall have the meaning set forth in Section 1.5;

(zzzzz) "U-TV Assets" shall have the meaning set forth in Section 9.10(b);

(aaaaaa) "U-TV's EBITDA" shall have the meaning set forth in Section 9.10(b).

13.2. Efforts to Proceed Promptly. Each of the Parties agrees to use their respective reasonable best efforts to take all such action (including, without limitation, executing such other agreements and instruments, and making such filings, including filings required under the HSR Act) as may be necessary or appropriate in order to effectuate the Transactions as promptly as practicable. Each Party to this Agreement agrees to execute, acknowledge, deliver, file and record such further certificates, amendments, instruments, agreements and documents and to do all such other acts and things, as may be required by law or as, in the opinion of the Parties, may be necessary or advisable to carry out the intent and purposes of this Agreement. Each Party agrees that it will act diligently and in good faith to carry out its respective obligations under this Agreement.

13.3. Maintenance of Business. Between the date of this Agreement and the Closing, Parent and Sub agree that they shall continue to operate their businesses in the customary and ordinary manner. Between the date of this Agreement and the Closing, Investor agrees to operate the UT Contributed Business in the customary and ordinary manner and to cause the Partnership to operate its business in the customary and ordinary manner.

13.4. Notices. Any notices, requests, demands or other communications to be given by a Party hereunder shall be in writing and shall be deemed to have been duly given when delivered personally or by facsimile transmission, in either case with receipt acknowledged, or three days after being sent by registered or certified mail, return receipt requested, postage prepaid, addressed (until another address is supplied by notice duly given hereunder) as follows:

If given to Parent or Sub:

HSN, Inc.
1 HSN Drive
St. Petersburg, Florida 33729
Attention: General Counsel
Telephone: (813) 572-8585
Facsimile: (813) 573-0866

with a copy to:

Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, New York 10019
Attention: Pamela S. Seymon, Esq.
Telephone: (212) 403-1000
Facsimile: (212) 403-2000

If given to the Holder:

Liberty Media Corporation
8101 East Prentice Avenue
Suite 500
Englewood, Colorado 80111
Attention: President
Telephone: (303) 721-5400
Facsimile: (303) 841-7344

with a copy to:

Baker & Botts, L.L.P.
599 Lexington Avenue
Suite 2900
New York, New York 10022-6030
Attention: Frederick H. McGrath, Esq.
Telephone: (212) 705-5000
Facsimile: (212) 705-5125

If given to Investor or the Investor Newcos:

Universal Studios, Inc.
100 Universal City Plaza
Universal City, California 91608
Attention: Karen Randall, Esq.
Telephone: (818) 777-7100
Facsimile: (818) 866-3444

with a copy to:

Simpson Thacher & Bartlett
425 Lexington Avenue
New York, New York 10017
Attention: John Finley, Esq.
Telephone: (212) 455-2000
Facsimile: (212) 455-2502

13.5. Specific Enforcement. The Parties hereto recognize and agree that, in the event that any of the provisions of this Agreement are not performed in accordance with their specific terms or otherwise are breached, immediate irreparable injury would be caused for which there is no adequate remedy at law. It is accordingly agreed that in the event of a failure by a party to perform its obligations under this Agreement, the nonbreaching party shall be entitled to specific performance through injunctive relief to prevent breaches of the provisions of this Agreement and to enforce specifically the provisions of this Agreement in any action instituted in any court having subject matter jurisdiction, in addition to any other remedy to which such party may be entitled, at law or in equity.

13.6. Severability. Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, the provision shall be interpreted to be only so broad as is enforceable. The exercise of any rights or obligations hereunder shall be subject to such rea-

sonable delay as may be required to prevent a party from incurring any liability under the federal securities laws, and the parties agree to cooperate in good faith in respect thereof.

13.7. Entire Agreement. This Agreement, the schedules and exhibits hereto and any documents delivered hereunder constitute the entire agreement between the parties and supersede any prior agreement or understanding between the parties with respect to the subject matter hereof. Except as specifically set forth herein, nothing in this Agreement shall constitute a waiver, amendment or termination of the terms of any Holder Agreement.

13.8. Amendment; Waiver. Except as provided otherwise herein, this Agreement may not be amended nor may any rights hereunder be waived except by an instrument in writing signed by Investor and Parent, and Holder (but only to the extent that any such amendment would adversely affect the rights and obligations of Holder). Parent hereby agrees with Holder that it will not enter into or permit any material amendment to, or waiver or modification of material rights or obligations under, this Agreement (including the exhibits attached hereto) without the prior written consent of Holder, which shall not be unreasonably withheld.

13.9. Headings; References. Article headings are inserted for convenience and reference purposes only, and are not and shall not be deemed to be a part of this Agreement or affect any meaning or interpretation hereof. References herein to "the date hereof," "the date of this Agreement," and similar references are to October 19, 1997.

13.10. Expenses. Each Party shall pay all of its own legal and accounting fees and other expenses incurred in connection with the negotiation, preparation and execution of the Transactions and any agreements associated therewith.

13.11. Counterparts. This Agreement may be executed in one or more counterpart copies and by facsimile; each of which shall be considered an original, but together shall constitute one agreement.

13.12. Governing Law. This Agreement and all matters collateral hereto shall be governed by and construed in accordance with the laws of the State of New York except as and to the extent such laws are superseded by the Federal laws of the United States, including the rules, regulations and published policies of the FCC.

13.13. Public Announcement. So long as this Agreement is in effect, each of Parent and Investor agree to consult with the others before issuing any press release or otherwise making any public statement with respect to the Transactions; and neither Parent nor Investor (or their respective Affiliates) will issue any press release or make any such public statement with respect to the Transactions without the consent of the other Party, except as may be required by law (including, without limitation, disclosure required in public filings required to be made by Parent or any Affiliates of Investor) or the requirements of any securities exchange.

13.14. No Third Party Beneficiaries. Nothing contained in this Agreement is intended to or shall confer upon any person other than the Parties any rights or remedies hereunder.

* * * * * *

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

HSN, INC.

/s/ Barry Diller

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

HOME SHOPPING NETWORK, INC.

/s/ James G. Held

By: James G. Held
Title: President and Chief Executive Officer

UNIVERSAL STUDIOS, INC.,
for itself and on behalf of certain of its Subsidiaries

/s/ Brian C. Mulligan

By: Brian C. Mulligan
Title: Senior Vice President

LIBERTY MEDIA CORPORATION

/s/ Robert R. Bennett

By: Robert R. Bennett
Title: President

Exhibit 99.33

[CONFORMED COPY]

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GOVERNANCE AGREEMENT

among

HSN, Inc.,

Universal Studios, Inc.,

Liberty Media Corporation

and

Barry Diller

dated as of October 19, 1997

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GOVERNANCE AGREEMENT

Agreement dated as of October 19, 1997 among HSN, Inc., a Delaware corporation ("HSNi" or the "Company"), Universal Studios, Inc., for itself and on behalf of the members of its Stockholders Group ("Universal"), Liberty Media Corporation, for itself and on behalf of the members of its Stockholders Group ("Liberty"), and Mr. Barry Diller ("Mr. Diller") for himself and on behalf of the members of his Stockholders Group. Capitalized terms used herein without definition have the meanings ascribed to such terms in the Transaction Agreement (as hereinafter defined).

WHEREAS, HSNi, Universal and Liberty are parties to an Investment Agreement dated as of the date hereof (the "Transaction Agreement") pursuant to which, among other things, subject to the terms and conditions contained in the Transaction Agreement, Universal will acquire Beneficial Ownership (as defined in Article IV hereof) of Parent Common Shares and LLC Shares (together, the "Shares"), representing 45% (or such greater percentage as may result under Section 1.5(e) or 1.5(f) of the Transaction Agreement) of the Total Equity Securities immediately following the Closing (such percentage, the "Initial Percentage") (the Initial Percentage or such Ownership Percentage as may be permitted under the terms of this Agreement to be Beneficially Owned by Universal from time to time being referred to herein as the "Permitted Investment Percentage"), in exchange for the transfer of the UT Contributed Business and the Partnership;

WHEREAS, under the terms of the Transaction Agreement, Liberty may at the Closing (or from time to time thereafter) acquire additional LLC Shares and/or Parent Common Stock; and

WHEREAS, HSNi, Universal, Liberty and Mr. Diller desire to establish in this Agreement certain terms and conditions concerning the acquisition and disposition of securities of the Company by Universal, and certain additional provisions concerning Universal's, Liberty's and Mr. Diller's relationships with the Company, none of which shall become effective until the Closing.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements contained herein, and intending to be legally bound hereby, the Company, Universal, Liberty and Mr. Diller hereby agree, effective as of the Closing, as follows:

ARTICLE I

STANDSTILL AND VOTING

Section 1.01. Acquisition of Voting Securities. (a) Until the fourth anniversary of the Closing (the "Standstill Termination Date"), Universal covenants and agrees that, except with the prior approval of the HSNi Board of Directors (or the CEO so long as Mr. Diller is the CEO), neither Universal nor its Affiliates will Beneficially Own any Equity Securities except for (i) the Shares and (ii) additional Equity Securities of the Company acquired in accordance with Article 1 of the Transaction Agreement. Notwithstanding anything to the contrary contained in this Agreement (including the definition of Permitted Investment Percentage), any Equity Securities purchased from Liberty and Mr. Diller not in violation of the Stockholders Agreement shall be excluded from the calculation of Universal's Ownership Percentage for purposes of determining whether the Permitted Investment Percentage has been exceeded.

(b) Following the Standstill Termination Date, subject to applicable law (including FCC Regulations), the Permitted Investment Percentage shall be increased to 50.1

percent, and Universal may acquire Beneficial Ownership of an additional amount of Equity Securities so long as its Ownership Percentage does not exceed the Permitted Investment Percentage as so increased.

(c) In addition to the foregoing, subject to compliance with applicable law (including FCC Regulations), (i) on the first anniversary of the Standstill Termination Date, the Permitted Investment Percentage shall be increased to 57.5 percent, and Universal may acquire Beneficial Ownership of an additional amount of Equity Securities so long as its Ownership Percentage does not exceed the Permitted Investment Percentage as so increased (but in no event shall Universal acquire more than 1.5 percent of the Total Equity Securities in any 12-month period) and (ii) at any time following the CEO Termination Date, Universal may propose to the Company's Board of Directors (and, subject to Section 2.04, thereafter effect) the acquisition by Universal or its Affiliates of the then outstanding Equity Securities not owned by Universal in a Permitted Business Combination.

(d) Except as expressly provided herein, neither Universal nor any Affiliate thereof shall permit any entity in which it Beneficially Owns, directly or indirectly, in excess of 50% of the outstanding voting securities (regardless of whether Universal or such Affiliate acquires Beneficial Ownership of such entity after the date of this Agreement) to Beneficially Own any Equity Securities. Notwithstanding the foregoing, the acquisition (whether by merger, consolidation or otherwise) by Universal or an Affiliate thereof of any entity that Beneficially Owns Equity Securities shall not constitute a violation of the Permitted Investment Percentage; provided that a significant purpose of any such transaction is not to avoid the provisions of this Agreement; and provided further that the provisions of paragraph (e) below are complied with.

(e) Except as set forth in the next sentence, if at any time Universal becomes aware that it and its Affiliates Beneficially Own more than the Permitted Investment Percentage (including by virtue of acquisitions referred to in paragraph (d) above), then Universal shall as soon as is reasonably practicable (but in no manner that would require Universal to incur liability under Section 16(b) of the Exchange Act) take all action necessary to reduce the amount of Equity Securities Beneficially Owned by such Persons to an amount not greater than the Permitted Investment Percentage. If the Ownership Percentage of Universal and its Affiliates exceeds the Permitted Investment Percentage solely by reason of repurchases of Equity Securities by the Company, then, subject to the provisions of the Transaction Agreement, Universal shall not be required to reduce the amount of Equity Securities Beneficially Owned by such Persons.

(f) If prior to the Standstill Termination Date, Mr. Diller no longer serves as CEO (provided that if Mr. Diller no longer serves as CEO but continues to hold a proxy from Universal in respect of Parent Common Shares under the Stockholders Agreement, Mr. Diller shall not be deemed to no longer serve as CEO until the later of (i) such time as he no longer serves as CEO and (ii) such time as Mr. Diller no longer holds the Universal proxy, with the later of such times being referred to as the "CEO Termination Date") or becomes Disabled, the Standstill Termination Date shall be deemed to occur effective as of the CEO Termination Date or such date that Mr. Diller becomes Disabled.

(g) The restrictions on additional purchases of Equity Securities described in this Section 1.01 shall terminate: (i) if any Person or group (other than Universal or its Affiliates) Beneficially Owns more than 33-1/3% of the outstanding Total Equity Securities; provided that this clause (i) shall not apply (x) to Beneficial Ownership by Liberty and its Affiliates, if

Universal amends, modifies or waives the standstill obligations of Liberty under Section 2.1 of the Stockholders Agreement in a manner that would cause such Beneficial Ownership by Liberty and its Affiliates not to be a violation of Liberty's standstill obligations under Section 2.1 of the Stockholders Agreement or Universal does not attempt in good faith to enforce such standstill provisions, (y) to any Equity Securities Beneficially Owned by Mr. Diller but in which he does not have a pecuniary interest or (z) if such Equity Securities were acquired from the Company; and provided, however, that in calculating the 33-1/3% of the Total Equity Securities of any Person or group, any Equity Securities transferred to such Person or group by Universal, Liberty or Mr. Diller in accordance with the terms of the Stockholders Agreement shall be disregarded if Universal elected not to purchase such Equity Securities after being provided a reasonable opportunity to buy such Equity Securities or (ii) if any Person or group (other than the Company, Universal or its Affiliates) commences a tender or exchange offer for more than a majority of the outstanding Total Equity Securities, provided that such termination of the foregoing restriction shall only occur if (x) the Company's Board of Directors does not recommend against the tender or exchange offer within the time frame under the Exchange Act that the Board of Directors must legally respond and (y) in the case of a tender or exchange offer by Liberty or its Affiliates in breach of its or their standstill obligations under Section 2.1 of the Stockholders Agreement, in addition to (x) above, Universal is unsuccessful after good faith efforts in enforcing its rights against Liberty under Section 2.1 of the Stockholders Agreement and, then, the foregoing restriction shall terminate only to the extent necessary to permit Universal to commence a competing tender or exchange offer; provided that if Universal has used such good faith efforts, such restriction shall terminate no later than six business days prior to the expiration date of a tender offer or exchange offer that has a reasonable possibility of being consummated.

(h) The Company agrees that to the extent that regulatory restrictions prevent Universal from acquiring the levels of ownership permitted under Article I of this Agreement, the Company will cooperate in good faith with Universal in order to permit Universal to increase its Ownership Percentage. Such cooperation may include without limitation exchanging additional LLC Shares with Universal for Parent Common Shares. Notwithstanding the foregoing, the Company shall not be required to take any action that would or could reasonably be expected to have substantial adverse tax, accounting or financial consequences to the Company or its Subsidiaries (including the LLC).

Section 1.02. Restrictions on Transfer. (a) Prior to the Standstill Termination Date, subject to the terms of the Stockholders Agreement, Universal will not Transfer any Equity Securities except for: (i) Transfers of Parent Common Stock in a widely dispersed public offering pursuant to exercise of the registration rights set forth in Section 5.07 hereof; (ii) Transfers of Parent Common Stock pursuant to Rule 144 under the Securities Act, provided that no such Transfers under this clause (ii) are made to any Person (including its Affiliates and any Person or entities which are, to Universal's knowledge after inquiry of the Company, part of any 13D Group that includes such transferee or any of its Affiliates) that, after giving effect to such Transfer, would, to the knowledge of Universal, Beneficially Own Equity Securities representing more than 5% of the Total Equity Securities (other than a Permitted Transferee); (iii) Transfers of Equity Securities and/or LLC Shares (x) in accordance with Sections 6.1(c) and 6.1(e) of the Transaction Agreement or the terms of the Exchange Agreement pursuant to any tender or exchange offer to acquire Parent Common Stock that the Company's Board of Directors does not recommend against within the time frame under the Exchange Act that the Board of Directors must le-

gally respond or (y) as contemplated by Section 6.1(b) of the Transaction Agreement or the terms of the Exchange Agreement; (iv) Transfers of Parent Common Stock to Matsushita Electric Industrial Co., Ltd. and to the public stockholders of Seagram by means of a pro rata dividend or other pro rata distribution; (v) Transfers of Parent Common Stock to any Permitted Transferee; (vi) Transfers of Parent Common Stock in an aggregate amount up to 5% of the Total Equity Securities to any institutional or financial investors, not exercisable more often than on two occasions in any six-month period, under an exemption from the Securities Act or pursuant to registration rights from the Company; (vii) Transfers of Equity Securities and/or LLC Shares to the Company or a Subsidiary of the Company pursuant to a self tender offer or otherwise by the Company; (viii) pledges of (or granting security interests in) Parent Common Stock in connection with bona fide financings with a financial institution (provided that such financial institution agrees that, upon exercise of its rights, the Parent Common Stock would continue to be subject to the restrictions on transfer contained herein); and (ix) Transfers of Equity Securities and/or LLC Shares by Universal to any of its controlled Affiliates, provided that such Affiliate becomes a signatory to this Agreement.

(b) If the CEO Termination Date has occurred or Mr. Diller becomes Disabled, the Universal transfer restrictions set forth in paragraph (a) of this Section 1.02 shall terminate immediately, subject to a Right of First Refusal in favor of the Company (which Right of First Refusal shall apply so long as Universal Beneficially Owns, directly or indirectly, Equity Securities representing 20% or more of the Total Equity Securities irrespective of the occurrence of the Standstill Termination Date and Mr. Diller's status with the Company but secondary to the rights of first refusal provided for in the Stockholders Agreement), provided that the Right of First Re-

fusal shall not be applicable to any Transfers that would be permitted prior to the Standstill Termination Date.

(c) No Transfers of the LLC Shares by Universal or Liberty to non-Affiliates thereof shall be permitted, except as permitted pursuant to Section 6.1 of the Transaction Agreement and the Exchange Agreement or between each other and their respective Affiliates (subject to the terms of the Stockholders Agreement). Universal and Liberty, as the case may be, must exchange LLC Shares for Parent Common Shares prior to permitted Transfers, except (i) as permitted pursuant to Section 6.1 of the Transaction Agreement and the terms of the Exchange Agreement and (ii) for Transfers between Liberty and Universal and their respective Affiliates not in violation of the Stockholders Agreement to the extent that the applicable Transferee could not in accordance with applicable law directly own the Parent Common Shares into which such LLC Shares are exchangeable. To the extent provided for by the Stockholders Agreement, (x) so long as the CEO Termination Date has not occurred and Mr. Diller has not become Disabled, prior to permitted Transfers, Universal and Liberty must offer Mr. Diller (or his designee) the opportunity to exchange Parent Class B Stock owned by Universal or Liberty, as the case may be, for Parent Common Stock, and (y) to the extent that, in accordance with the Stockholders Agreement or otherwise, Mr. Diller (or his designee) does not exchange Parent Common Stock for Parent Class B Stock (or if the CEO Termination Date has occurred or Mr. Diller is Disabled), Parent Class B Stock to be transferred by Universal must be converted into Parent Common Stock unless the transferee agrees to be bound by the restrictions contained in Article I herein then applicable to Universal to the extent that the transferee Beneficially Owns at least 10% of the voting power of the outstanding Voting Securities.

Section 1.3. Further Restrictions on Conduct. Universal covenants and agrees that until the CEO Termination Date or such time as Mr. Diller becomes Disabled:

(a) except by virtue of Universal's representation on the Board of Directors of the Company and as otherwise contemplated under this Agreement and the other agreements contemplated by the Transaction Agreement or as otherwise permitted by the Board of Directors of the Company or the CEO so long as Mr. Diller is CEO, neither Universal nor any Affiliate thereof will otherwise act, alone or in concert with others, to seek to affect or influence the control of the management or Board of Directors of the Company or the business, operations or policies of the Company (it being agreed that this paragraph shall not prohibit Universal, its Affiliates and their respective employees from engaging in ordinary course business activities with the Company);

(b) other than to a Permitted Transferee, neither Universal nor any Affiliate thereof shall deposit any Equity Securities or LLC Shares in a voting trust or subject any Equity Securities or LLC Shares to any proxy, arrangement or agreement with respect to the voting of such securities or other agreement having similar effect, except for agreements or arrangements with a Permitted Designee reasonably acceptable to the other Stockholders and not inconsistent with or for the purpose of evading the terms of this Agreement or the Stockholders Agreement;

(c) other than as is permitted by this Agreement, neither Universal nor any Affiliate thereof shall propose any merger, tender offer or other business combination involving the Company or any of its Affiliates (including the LLC); provided, that discus-

sions relating to the possibility of such a proposal in which Mr. Diller participates shall not be deemed to be a breach of this covenant;

(d) neither Universal nor any Affiliate thereof shall initiate or propose any stockholder proposal or make, or in any way participate in, directly or indirectly, any "solicitation" of "proxies" to vote, or seek to influence any Person with respect to the voting of, any Equity Securities, or became a "participant" in a "solicitation" (as such terms are defined in Regulation 14A under the Exchange Act) in opposition to the recommendation of the majority of the directors of the Company with respect to any matter except (i) in response to a solicitation by a third party and (ii) to facilitate a tender or exchange offer by Universal or an Affiliate permitted under Section 1.01(g)(ii) of this Agreement;

(e) other than as is contemplated by this Agreement, the Transaction Agreement, the Stockholders Agreement and the other agreements contemplated by the Transaction Agreement, neither Universal nor any Affiliate thereof shall join a partnership, limited partnership, syndicate or other group, or otherwise act in concert with any other Person (other than a Permitted Transferee), for the purpose of acquiring, holding, voting or disposing of Equity Securities or LLC Shares, or otherwise become a "person" within the meaning of Section 13(d)(3) of the Exchange Act; and

(f) neither Universal nor any Affiliate thereof shall, directly or indirectly, request that the Company or its Board of Directors amend or waive any of the provisions of this Section 1.03.

Section 1.04. Reports. Universal shall deliver to the Company, promptly after any acquisition or Transfer of Equity Securities representing more than a 1% change in the Ownership Percentage, an accurate written report specifying the amount and class of Equity Securities acquired or Transferred in such transaction and the amount of each class of Equity Securities owned by Universal and its Affiliates after giving effect to such transaction; provided, however, that no such report need be delivered with respect to any such acquisition or Transfer of Equity Securities by Universal or its Affiliates that is reported in a statement on Schedule 13D filed with the Commission and delivered to the Company by Universal in accordance with Section 13(d) of the Exchange Act. The Company shall be entitled to rely on such reports and statements on Schedule 13D for all purposes of this Agreement.

Section 1.05. Transferees. No Third Party Transferee shall have any rights or obligations under this Agreement, except as specifically provided for in this Agreement and except that if such Third Party Transferee shall acquire Beneficial Ownership of more than 5% of the outstanding Total Equity Securities upon consummation of any Transfer or series of related Transfers from a Stockholder, to the extent such Stockholder assigns such right in connection with a Transfer, such Third Party Transferee shall have the right to initiate one or more Demand Registrations pursuant to Section 5.07 or any registration rights agreement that replaces or supersedes Section 5.07 (and shall be entitled to such other rights that a Stockholder would have applicable to such Demand Registration), subject to the obligations of such Stockholder applicable to such demand (and the number of Demand Registrations to which such Stockholder is entitled under Section 5.07 hereof shall be correspondingly decreased).

ARTICLE II

BOARD OF DIRECTORS AND RELATED MATTERS

Section 2.01. Initial Composition of Board of Directors. Prior to the Closing, the HSNi Board of Directors shall take such action as is required under applicable law to cause to be elected to the HSNi Board of Directors, effective upon the Closing, four Satisfactory Nominees, of whom no more than one shall be an Independent Director proposed by Universal and the remainder of whom shall be Universal Directors, each of whom shall be identified by Universal prior to the mailing of the proxy statement referred to in Section 9.1 of the Transaction Agreement.

Section 2.02. Proportionate Representation. (a) Following the Closing, the Company shall use its best efforts to cause the composition of the HSNi Board to continue to reflect the proportionate representation of Universal Directors and Independent Director set forth in Section 2.02(b).

(b) Following the Closing, the Company shall take such action as may be required under applicable law to include in the slate of nominees recommended by the HSNi Board of Directors and to otherwise cause to be elected to the HSNi Board of Directors the number of Satisfactory Nominees that Universal shall be entitled to nominate pursuant to this paragraph (b). The number of Satisfactory Nominees which Universal shall be entitled to nominate at any annual meeting of the Company's stockholders following the Closing shall be as follows:

(i) X = the amount of Equity Securities Beneficially Owned by Universal and its controlled Affiliates as of the record date for such annual meeting

Y = Total Equity Securities as of such date

		Number of Satisfactory Nominees
If X is equal to or more than .40Y	=	4
If X is less than .40Y but equal to or more than .30Y	=	3
If X is less than .30Y but equal to or more than .20Y	=	2
If X is less than .20Y but equal to or more than .10Y	=	1
If X is less than .10Y	=	0

; provided, that following the CEO Termination Date or such time as Mr. Diller becomes Disabled, the number of Satisfactory Nominees (without regard to the proviso in the definition thereof) that Universal shall have the right to nominate at any meeting of the Company's stockholders at which directors are to be elected shall be at least the number of Satisfactory Nominees (without regard to the proviso in the definition thereof) resulting from the provisions set forth above.

Whenever necessary to maintain the proportionality required by the formulas set forth above, one or more, as appropriate, Satisfactory Nominees who would otherwise stand for election at the next annual meeting of the Company's stockholders (as agreed to by Universal and HSNi) shall not be included as a nominee on the HSNi Board of Directors' slate of directors.

(c) Other than as set forth in paragraph (b) above, the Company shall cause each Satisfactory Nominee to be included in the slate of nominees recommended by the Board of Directors to the Company's stockholders for election as directors at each annual meeting of the

stockholders of the Company and shall use all reasonable efforts to cause the election of each such Satisfactory Nominee, including soliciting proxies in favor of the election of such persons. Within a reasonable time prior to the filing with the Commission of its proxy statement or information statement with respect to each meeting of stockholders at which directors are to be elected, the Company shall, to the extent such Person is entitled to representation on the Company's Board of Directors in accordance with this Agreement, provide Universal and Liberty, as applicable, with the opportunity to review and comment on the information contained in such proxy or information statement applicable to the director nominees designated by such Person.

(d) In the event that a vacancy is created at any time by the death, disability, retirement, resignation or removal (with or without cause) of any Satisfactory Nominee or Liberty Director, Universal or Liberty, as the case may be, shall have the right to designate a replacement Satisfactory Nominee or Liberty Director to fill such vacancy, and the Company agrees to use its best efforts to cause such vacancy to be filled with the replacement Satisfactory Nominee or Liberty Director so designated. Upon the written request of Universal or Liberty, each Stockholder shall vote (and cause each of the members of its Stockholders Group (as defined in the Stockholders Agreement) to vote, if applicable), or act by written consent with respect to, all Equity Securities Beneficially Owned by it and otherwise take or cause to be taken all actions necessary to remove the director designated by such requesting party and to elect any replacement director designated by such party as provided in the first sentence of this Section 2.02(d).

(e) Except as permitted by the HSNi Board of Directors, the parties agree that the HSNi directors who are Satisfactory Nominees shall not participate in any action taken by the HSNi Board of Directors or the Company relating to any business transaction between the Com-

pany and Universal (including its Affiliates), or relating to this Agreement or the Transaction Agreement, including, without limitation, any amendment, modification or waiver hereof or thereof.

(f) Following the Closing, the parties agree that, at such time as representation on the HSNi Board of Directors by representatives of Liberty is not prohibited, the Company shall take such action as may be required under applicable law and the HSNi Certificate of Incorporation and By-laws to include two Liberty Directors in the slate of nominees recommended by the Board of Directors and to otherwise cause to be elected to the HSNi Board of Directors two Liberty Directors and, thereafter, to use all reasonable efforts to cause the election of two Liberty Directors, with the provisions of paragraphs (c) and (d) of this Section 2.02 applicable to Universal to apply, mutatis mutandis, to Liberty. Liberty shall have the right to nominate up to two Liberty Directors so long as the number of Equity Securities Beneficially Owned by Liberty is at least equal to 100% of the number of Equity Securities Beneficially Owned by Liberty immediately prior to the Closing (appropriately adjusted to reflect any stock splits and the like) (so long as the Ownership Percentage of Liberty is at least equal to the lesser of (x) 17% of the Total Equity Securities and (y) the percentage that is five percentage points less than the percentage of the Total Equity Securities Beneficially owned by Liberty immediately following the Closing). Liberty shall have the right to nominate one Liberty Director so long as Liberty Beneficially Owns a number of Equity Securities at least equal to two-thirds of the number of Equity Securities Beneficially Owned by it immediately prior to the Closing (appropriately adjusted to reflect any stock splits and the like) (so long as Liberty's Ownership Percentage is at least equal to 5% of the Total Equity Securities).

Section 2.03. Management of the Business. Following the Closing and except as indicated in Section 2.04 below, as required by Delaware law or the Certificate of Incorporation of the Company and the By-Laws or as contemplated by the Transaction Agreement and the agreements contemplated thereby, Mr. Diller, so long as he is CEO and has not become Disabled, will continue to have full authority to operate the day-to-day business affairs of the Company to the same extent as prior to the Closing. The Executive Committee (or any similar committee) of the Board will not be used in a manner that usurps the overall responsibility of the Company's Board of Directors under Delaware law to manage or direct the business and affairs of the Company.

Section 2.04. Fundamental Changes. So long as (a) in the case of Universal, the Ownership Percentage of Universal is at least 20 percent (or, in the event that Universal has not transferred to a non-Affiliate Equity Securities representing more than one-half of the Initial Percentage, 15 percent), (b) in the case of Liberty, Liberty Beneficially Owns at least two-thirds of the number of Equity Securities Beneficially Owned by it (including the Contingent Shares, the Exchange Shares and through its equity ownership of BDTV Entities) immediately prior to the Closing (appropriately adjusted to reflect any stock splits and the like) (so long as such Ownership Percentage equals at least 5% of the Total Equity Securities), and (c) in the case of Mr. Diller, Mr. Diller Beneficially Owns at least five million Parent Common Shares with respect to which he has a pecuniary interest (appropriately adjusted to reflect any stock splits and the like) and the CEO Termination Date has not occurred and Mr. Diller has not become Disabled, neither the Company nor any Subsidiary (including the LLC) shall take any of the actions set forth be-

low without the prior approval of Mr. Diller, Universal and/or Liberty (each, a "Stockholder"), as applicable:

(i) Any transaction not in the ordinary course of business, launching new or additional channels or engaging in any new field of business, in any case, which will result in, or will have a reasonable likelihood of resulting in, such Stockholder or any Affiliate thereof being required under law to divest itself of all or any part of its Equity Securities or LLC Shares, or interests therein, or any other material assets of such Person, or which will render such Person's continued ownership of such securities, shares, interests or assets illegal or subject to the imposition of a fine or penalty or which will impose material additional restrictions or limitations on such Person's full rights of ownership (including, without limitation, voting) thereof or therein.

(ii) Acquisition or disposition (including pledges), directly or indirectly, by the Company or any of its Subsidiaries (including the LLC) of any assets (including debt and/or equity securities) or business (by merger, consolidation or otherwise), provided that the transactions contemplated by the Transaction Agreement, including the matters contemplated by Section 9.14 thereof (to the extent conducted in all material respects in accordance with the letter agreement relating to such matters dated as of the date hereof among Liberty, Universal and the Company, as such agreement may be amended or modified), shall not require the prior approval of Liberty pursuant to this Section 2.04, the grant or issuance of any debt or equity securities of the Company or any of its Subsidiaries (including the LLC, other than, in any of the foregoing, as contemplated by the Transaction Agreement and the Exchange Agreement or the Contingent Shares and the Ex-

change Shares), the redemption, repurchase or reacquisition of any debt or equity securities of the Company or any of its Subsidiaries (including the LLC, other than as contemplated by the Transaction Agreement and the Exchange Agreement or the Contingent Shares and the Exchange Shares) by the Company or any such Subsidiary (including the LLC), or the incurrence of any indebtedness, or any combination of the foregoing, in any such case, in one transaction or a series of transactions in a six-month period, with a value of 10% or more of the market value of the Total Equity Securities at the time of such transaction, provided that the prepayment, redemption, repurchase or conversion of prepayable, callable, redeemable or convertible securities (including LLC Shares) in accordance with the terms thereof shall not be a transaction subject to this paragraph.

(iii) For a five-year period following the Closing, disposition of any interest in the Partnership or, other than in the ordinary course of business, its assets, directly or indirectly (by merger, consolidation or otherwise), provided that matters set forth in this clause (iii) will not constitute a "Fundamental Change" with respect to Liberty and shall not require its approval unless it otherwise would constitute a "Fundamental Change" under one of the other items of this Section 2.04 with respect to which Liberty's consent is required.

(iv) Disposition or issuance (including pledges), directly or indirectly, by the Company of any LLC Shares except as contemplated by the Transaction Agreement, the Governance Agreement, the Stockholders Agreement and the Exchange Agreement or pledges in connection with financings.

(v) Voluntarily commencing any liquidation, dissolution or winding up of the Company or any material Subsidiary (including the LLC).

(vi) Any material amendments (other than as contemplated by the Transaction Agreement and the Stockholders Agreement) to the Certificate of Incorporation or Bylaws of the Company (including the issuance of blank check preferred stock containing super voting rights or class votes on any matter (except to the extent such class vote is required by Delaware law or to the extent the holder of such preferred stock may have the right to elect directors upon the occurrence of a default in payment of dividends or a redemption price)) or to the operating agreement or bylaws of the LLC.

(vii) Engagement by the Company or the LLC in any line of business other than media, communications and entertainment products, services and programming, and electronic retailing, or other businesses engaged in by the Company as of the date hereof or as contemplated by the Transaction Agreement, provided, that neither the Company nor the LLC shall engage in theme park, arcade or film exhibition businesses so long as Universal is restricted from competing in such lines of business under non-compete or similar agreements in effect on the date hereof and such agreements would be applicable to the Company and/or the LLC, as the case may be, by virtue of Universal's ownership therein, provided that the matters set forth in the foregoing proviso shall not constitute a "Fundamental Change" with respect to Liberty and shall not require its approval.

(viii) Settlement of any litigation, arbitration or other proceeding which is other than in the ordinary course of business and which involves any material restriction on the

conduct of business by the Company or such Stockholder or any of their respective Affiliates or the continued ownership of assets by the Company or such Stockholder or any of their respective Affiliates.

(ix) Engagement in any transaction (other than those contemplated by the Transaction Agreement) between the Company and its Affiliates (excluding Mr. Diller, Universal and Liberty), on the one hand, and Mr. Diller, Universal or Liberty, and their respective Affiliates, on the other hand, subject to exceptions relating to the size of the proposed transaction and except for those transactions which are otherwise on an arm's-length basis.

(x) Adopting any stockholder rights plan (or any other plan or arrangement that could reasonably be expected to disadvantage any stockholder on the basis of the size or voting power of its shareholding) that would adversely affect such Stockholder.

(xi) Entering into any agreement with any holder of Equity Securities or LLC Shares in such stockholder's or interest holder's capacity as such, as the case may be, which grants such stockholder approval rights similar in type and magnitude to those set forth in this Section 2.04.

(xii) Entering into any transaction that could reasonably be expected to impede the Company's ability to engage in the Spinoff or cause it to be taxable.

Section 2.05. Notice of Events. In the event that (a) the Company intends to engage in a transaction of a type that is described in any of paragraphs (i) through (xii) of Section

2.04, and (b) the Company does not intend to seek consent from those parties that are required to consent to a Fundamental Change (a "Consenting Party") due to the Company's good faith belief that the specific provisions of such paragraphs do not require such consent but that reasonable people acting in good faith could differ as to whether consent is required pursuant to such paragraphs, the Company shall notify the Consenting Parties as to the material terms of the transaction (including the Company's estimate of the timing thereof) by written notice delivered as far in advance of engaging in such transaction as is reasonably practicable unless such transaction was previously publicly disclosed.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

Section 3.01. Representations and Warranties of the Company. The Company represents and warrants to Mr. Diller, Universal and Liberty that (a) the Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has the corporate power and authority to enter into this Agreement and to carry out its obligations hereunder, (b) the execution and delivery of this Agreement by the Company and the consummation by the Company of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of the Company and no other corporate proceedings on the part of the Company are necessary to authorize this Agreement or any of the transactions contemplated hereby, (c) this Agreement has been duly executed and delivered by the Company and constitutes a valid and binding obligation of the Company, and, assuming this Agreement constitutes a valid and binding obligation of each Stockholder, is enforceable against the Company in accordance with its terms, (d) neither the execution, delivery or performance of

this Agreement by the Company constitutes a breach or violation of or conflicts with the Company's Certificate of Incorporation or By-laws or any material agreement to which the Company is a party and (e) none of such material agreements would impair in any material respect the ability of the Company to perform its obligations hereunder.

Section 3.02. Representations and Warranties of the Stockholders. Each Stockholder, as to itself (and, in the case of Mr. Diller, as applicable), represents and warrants to the Company and the other Stockholders that (a) it is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of organization and he or it, as the case may be, has the power and authority (corporate or otherwise) to enter into this Agreement and to carry out his or its obligations hereunder, (b) the execution and delivery of this Agreement by such Stockholder and the consummation by such Stockholder of the transactions contemplated hereby have been duly authorized by all necessary action on the part of such Stockholder and no other proceedings on the part of such Stockholder are necessary to authorize this Agreement or any of the transactions contemplated hereby, (c) this Agreement has been duly executed and delivered by the Stockholder and constitutes a valid and binding obligation of the Stockholder, and, assuming this Agreement constitutes a valid and binding obligation of the Company, is enforceable against the Stockholder in accordance with its terms, (d) neither the execution, delivery or performance of this Agreement by such Stockholder constitutes a breach or violation of or conflicts with its certificate of incorporation or by-laws (or similar governing documents) or any material agreement to which such Stockholder is a party and (e) none of such material agreements would impair in any material respect the ability of such Stockholder to perform its obligations hereunder.

ARTICLE IV

DEFINITIONS

For purposes of this Agreement, the following terms shall have the following meanings:

Section 4.01. "Affiliate" shall have the meaning set forth in Rule 12b-2 under the Exchange Act (as in effect on the date of this Agreement). For purposes of this definition, Matsushita Electric Industrial Co., Ltd. ("MEI") shall not be considered an Affiliate of Universal or any Subsidiary of Universal so long as MEI does not materially increase its influence over Universal following the date hereof, and natural persons (other than, in the case of Universal, any descendant of Samuel Bronfman who is a director or executive officer of Seagram) shall not be deemed to be Affiliates.

Section 4.02. "Assumptions" shall have the meaning set forth in the definition of Total Equity Securities.

Section 4.03. "BDTV Entities" shall have the meaning specified in the Stockholders Agreement.

Section 4.04. "Beneficial Ownership" or "Beneficially Own" shall have the meaning given such term in Rule 13d-3 under the Exchange Act and a Person's Beneficial Ownership of Parent Common Shares or LLC Shares shall be calculated in accordance with the provisions of such Rule; provided, however, that for purposes of determining Beneficial Ownership, (a) a Person shall be deemed to be the Beneficial Owner of any Equity Securities (including any Contingent Shares or Exchange Shares) which may be acquired by such Person (disregarding any

legal impediments to such Beneficial Ownership), whether within 60 days or thereafter, upon the conversion, exchange or exercise of any warrants, options (which options held by Mr. Diller shall be deemed to be exercisable), rights or other securities (including LLC Shares) issued by the Company or any Subsidiary thereof, (b) no Person shall be deemed to Beneficially Own any Equity Securities solely as a result of such Person's execution of this Agreement (including by virtue of holding a proxy with respect to such Equity Securities), the Transaction Agreement or the Stockholders Agreement, or with respect to which such Person does not have a pecuniary interest, and (c) Liberty shall be deemed to be the Beneficial Owner of the proportionate number of Parent Common Shares represented by Liberty's equity interest in a BDTV Entity (as defined in the Stockholders Agreement); provided, further, that for purposes of calculating Beneficial Ownership, the number of outstanding Parent Common Shares shall be deemed to include the number of Parent Common Shares that would be outstanding if all outstanding LLC Shares were exchanged for Parent Common Shares pursuant to the Exchange Agreement and all Contingent Shares and Exchange Shares were issued.

Section 4.05. "CEO" shall mean the Chief Executive Officer of HSNi or any successor entity.

Section 4.06. "CEO Termination Date" shall have the meaning specified in Section 1.01(f) of this Agreement.

Section 4.07. "Commission" shall mean the Securities and Exchange Commission.

Section 4.08. "Consenting Party" shall have the meaning set forth in Section 2.05 of this Agreement.

Section 4.09. "Demand Registration" shall have the meaning set forth in Section 5.07(b) of this Agreement.

Section 4.10. "Disabled" shall mean the disability of Mr. Diller after the expiration of more than 180 consecutive days after its commencement which is determined to be total and permanent by a physician selected by Universal (or, if the Universal Termination Date has occurred, by Liberty) and reasonably acceptable to Mr. Diller, provided that Mr. Diller shall be deemed to be disabled only following the expiration of 90 days following receipt of a written notice from the Company and such physician specifying that a disability has occurred if within such 90-day period he fails to return to managing the business affairs of the Company. Total disability shall mean mental or physical incapacity that prevents Mr. Diller from managing the business affairs of the Company.

Section 4.11. "Equity Securities" shall mean the equity securities of the Company calculated on a Parent Common Stock equivalent basis, including the Parent Common Shares, the Contingent Shares and the Exchange Shares and those shares issuable upon exchange of the LLC Shares and upon exercise, conversion or redemption of other securities of the Company not otherwise included in this definition.

Section 4.12. "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission promulgated thereunder.

Section 4.13. "Exchange Agreement" shall mean the Exchange Agreement dated as of October 19, 1997 by and among the Company, Universal and Liberty.

Section 4.14. "FCC Regulations" shall mean as of any date, all applicable federal communications statutes and all rules, regulations, orders, decrees and written policies (including opinions and orders of the Federal Communications Commission applicable to the stockholder or the Company and its subsidiaries) as then in effect, and any interpretations or waivers thereof or modifications thereto.

Section 4.15. "Independent Director" shall mean a person independent of and not an affiliate of Universal or Seagram, who is not an officer or director of Universal or Seagram. No person proposed as an Independent Director shall serve as a director unless such individual has such business or technical experience, stature and character as is commensurate with service on the board of a publicly held enterprise.

Section 4.16. "Liberty Director" shall mean (a) any officer or director of either Telecommunications, Inc. ("TCI") or Liberty designated by Liberty to serve on the Company's Board of Directors, provided that the Company's Board of Directors is not unable, in the exercise of its fiduciary responsibilities, to recommend that the Company's stockholders elect such individual to serve on the Company's Board of Directors, or (b) any other Person designated by Liberty who is reasonably acceptable to the Company.

Section 4.17. "Ownership Percentage" means, with respect to any Stockholder, at any time, the ratio, expressed as a percentage, of (i) the Total Equity Securities Beneficially Owned by such Stockholder (disregarding any legal impediments to such Beneficial Ownership) and its Affiliates to (ii) the sum of (x) the Total Equity Securities and (y) with respect to such Stockholder, any Parent Common Shares included in clause (i) that are issuable upon conversion, exchange or exercise of Equity Securities that are not included in clause (x).

Section 4.18. "Permitted Business Combination" shall mean (x) a tender or exchange offer by Universal or an Affiliate for all Parent Common Shares that is accepted by a majority of the Company's Public Stockholders or (y) a merger (other than a merger following a tender or exchange offer complying with (x) above) involving the Company and Universal or any Affiliate thereof or successor thereto that is approved, in addition to any vote required by law, by a majority of the Company's Public Stockholders so long as, in the case of (x) and (y) above, a committee of HSNi directors (excluding any Persons who are Satisfactory Nominees and Liberty Directors pursuant to the terms of this Agreement, as it may be amended, modified or waived from time to time, and any other directors who have a conflict of interest) determines that the tender offer, exchange offer or merger, as the case may be, is fair to the Company's stockholders (other than Universal and its Affiliates).

Section 4.19. "Permitted Investment Percentage" shall have the meaning set forth in the preambles to this Agreement.

Section 4.20. "Permitted Transferee" shall mean Liberty or Mr. Diller and the members of their respective Stockholder Groups.

Section 4.21. "Person" shall mean any individual, partnership, joint venture, corporation, trust, unincorporated organization, government or department or agency of a government.

Section 4.22. "Public Stockholder" shall mean any stockholder of the Company that, together with its Affiliates (a) has sole or shared voting power with respect to Voting Securities representing no more than 10% of the voting power on the applicable vote or (b) has sole or shared power to dispose of Equity Securities representing no more than 10% of the Equity

Securities to be tendered or exchanged in any applicable tender or exchange offer, as the case may be.

Section 4.23. "Right of First Refusal" shall mean the right of the Company (or its designee) to purchase Equity Securities Beneficially Owned by Universal under the circumstances and upon the terms described below and in Section 1.02(b) of this Agreement. In the event that Universal desires to sell Equity Securities Beneficially Owned by it to which the Right of First Refusal applies and it has received a bona fide offer from a third party to purchase such Equity Securities, Universal shall provide the Company with written notice (the "Sales Notice") of the terms of such third party offer (including price, conditions, the identity of such third party and the written contract providing for such sale). The Company (or its designee) shall be entitled to, by written notice delivered by the Company to Universal within 10 business days following receipt of the Sales Notice (or in the case of a third party tender offer or exchange offer, not later than five business days prior to the expiration date of such offer, provided that all conditions to such offer (other than with respect to the number of Equity Securities tendered) shall have been satisfied or waived and the Sales Notice shall have been provided at least ten business days prior to the expiration date of such offer), agree to purchase the Equity Securities that are the subject of the Sales Notice for cash on the terms of the third party offer if such offer is for cash or, if not for cash, the Fair Market Value of the consideration to be paid pursuant to such third party offer, which notice shall include the date scheduled for the closing of such purchase, which date shall be no later than 60 days following delivery of such election notice. If the Company does not deliver to Universal the written notice required hereunder, agreeing to the purchase of the Equity Securities subject to the Sales Notice, Universal shall be entitled to consummate the sale to the

third party identified in, and on the terms and subject to the conditions set forth in, the Sales Notice, provided such sale is consummated within 90 days after the latest of (a) the expiration of the foregoing response time periods or (b) the receipt by Universal of the election notice or, in the case of (a) or (b), if later (i) five business days following receipt of all required regulatory approvals; provided that the closing shall only be delayed pending receipt of required regulatory approvals if (x) Universal and the proposed third party transferee are using all reasonable efforts to obtain the required regulatory approvals and (y) there is a reasonable prospect of receiving such regulatory approvals or (ii) the expiration or termination of a third party tender or exchange offer if the intended method of sale set forth in the Sales Notice were such third party tender or exchange offer.

Section 4.24. "Satisfactory Nominee" shall mean each person who is either a Universal Director or an Independent Director proposed by Universal, provided that in no case shall there be more than one Independent Director.

Section 4.25. "Seagram" shall mean The Seagram Company Ltd.

Section 4.26. "Securities Act" shall mean the Securities Act of 1933, as amended, and the rules and regulations of the Commission promulgated thereunder.

Section 4.27. "Shares" shall have the meaning set forth in the preambles to this Agreement.

Section 4.28. "Stockholders Agreement" shall mean the stockholders agreement dated as of the date hereof among Liberty, Universal and Mr. Diller.

Section 4.29. "Stockholders Group" shall mean (a) in respect of Universal, the Universal Stockholders Group (as defined in the Stockholders Agreement), (b) in respect of Liberty, the Liberty Stockholders Group (as defined in the Stockholders Agreement) and (c) in respect of Diller, the Diller Stockholders Group (as defined in the Stockholders Agreement).

Section 4.30. "Subsidiary" shall mean, as to any Person, any corporation at least a majority of the shares of stock of which having general voting power under ordinary circumstances to elect a majority of the Board of Directors of such corporation (irrespective of whether or not at the time stock of any other class or classes shall have or might have voting power by reason of the happening of any contingency) is, at the time as of which the determination is being made, owned by such Person, or one or more of its Subsidiaries or by such Person and one or more of its Subsidiaries.

Section 4.31. "Third Party Transferee" shall have the meaning ascribed to such term in the Stockholders Agreement.

Section 4.32. "13D Group" shall mean any group of Persons acquiring, holding, voting or disposing of Voting Securities which would be required under Section 13(d) of the Exchange Act and the rules and regulations thereunder (as in effect, and based on legal interpretations thereof existing, on the date hereof) to file a statement on Schedule 13D with the Commission as a "person" within the meaning of Section 13(d)(3) of the Exchange Act if such group Beneficially Owned Voting Securities representing more than 5% of any class of Voting Securities then outstanding.

Section 4.33. "Total Equity Securities" at any time shall mean, subject to the next sentence, the total number of the Company's outstanding equity securities calculated on a

Parent Common Stock equivalent basis (assuming (the "Assumptions") that all Contingent Shares, Exchange Shares and Parent Common Shares issuable in respect of the LLC Shares have been issued). Any Equity Securities Beneficially Owned by a Person that are not outstanding Voting Securities but that, upon exercise, conversion or exchange, would become Voting Securities (other than the Contingent Shares, the Exchange Shares and the LLC Shares, which shall be deemed to be outstanding Equity Securities for all purposes), shall be deemed to be outstanding for the purpose of computing Total Equity Securities and the percentage of the Equity Securities owned by such Person but shall not be deemed to be outstanding for the purpose of computing Total Equity Securities and the percentage of the Equity Securities owned by any other Person.

Section 4.34. "Transfer" shall mean, directly or indirectly, to sell, transfer, assign, pledge, encumber, hypothecate or similarly dispose of, either voluntarily or involuntarily, or to enter into any contract, option or other arrangement or understanding with respect to the sale, transfer, assignment, pledge, encumbrance, hypothecation or similar disposition of, any Parent Common Shares Beneficially Owned by such Stockholder or any interest in any Parent Common Shares Beneficially Owned by such Stockholder, provided, however, that, a merger or consolidation in which a Stockholder is a constituent corporation shall not be deemed to be the Transfer of any Parent Common Shares Beneficially Owned by such Stockholder (provided, that a significant purpose of any such transaction is not to avoid the provisions of this Agreement). For purposes of this Agreement, the conversion of Parent Class B Stock into Parent Common Stock shall not be deemed to be a Transfer.

Section 4.35. "Universal Director" shall mean any officer or director of Universal or Seagram designated by Universal to

serve on the Company's Board of Directors, provided that the Company's Board of Directors is not unable, in the exercise of its fiduciary responsibilities to the Company's stockholders, to recommend that the Company's stockholders elect such individual to serve on the Company's Board of Directors.

Section 4.36. "Voting Securities" shall mean at any particular time the shares of any class of capital stock of the Company which are then entitled to vote generally in the election of directors.

ARTICLE V

MISCELLANEOUS

Section 5.01. Notices. All notices, requests and other communications to any party hereunder shall be in writing (including telecopy) and shall be given,

if to Universal, to:

Universal Studios, Inc.
100 Universal City Plaza
Universal City, California 91608
Attention: Karen Randall
Telephone: (818) 777-7100
Facsimile: (818) 866-3444

with a copy to:

Simpson Thacher & Bartlett
425 Lexington Avenue
New York, New York 10017
Attention: John G. Finley
Telephone: (212) 455-2000
Facsimile: (212) 455-2502

if to Liberty, to:

Liberty Media Corporation
8101 East Prentice Avenue
Suite 500
Englewood, Colorado 80111
Attention: President
Telephone: (303) 721-5400
Facsimile: (303) 841-7344

with a copy to:

Baker & Botts, L.L.P.
599 Lexington Avenue
Suite 2900
New York, New York 10022-6030
Attention: Frederick H. McGrath
Telephone: (212) 705-5000
Facsimile: (212) 705-5125

if to Mr. Diller, to:

Barry Diller
1940 Coldwater Canyon Drive
Beverly Hills, California 90210
Telephone: (310) 246-1411
Facsimile: (310) 247-9153

if to the Company, to:

HSN, Inc.
1 HSN Drive
St. Petersburg, Florida 33729
Attention: General Counsel
Telephone: (813) 572-8585
Facsimile: (813) 573-0866

with a copy to:

Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, New York 10019
Attention: Pamela S. Seymon
Telephone: (212) 403-1000
Facsimile: (212) 403-2000

or such address or facsimile number as such party may hereafter specify for the purpose by notice to the other parties hereto. Each such notice, request or other communication shall be effec-

tive when delivered personally, telegraphed, or telecopied, or, if mailed, five business days after the date of the mailing.

Section 5.02. Amendments; No Waivers. (a) Any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by the party whose rights or obligations hereunder are affected by such amendment, or in the case of a waiver, by the party or parties against whom the waiver is to be effective. Approval by Liberty of any amendment to this Agreement (or any waiver of any provision hereof) shall be required only if it relates to Section 1.05, Article II or, provided Liberty Beneficially Owns at least 12 1/2% of the Total Equity Securities, Sections 1.01 and 1.03(c) of this Agreement, or if such amendment or waiver would adversely affect any rights of Liberty provided hereunder or under the Stockholders Agreement. Any amendment or waiver by the Company shall be authorized by a majority of the Board of Directors (excluding for this purpose any director who is a Satisfactory Nominee or Liberty Director as provided for in this Agreement).

(b) No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

Section 5.03. Successors and Assigns. Except as provided in Section 1.05, neither this Agreement nor any of the rights or obligations under this Agreement shall be assigned, in whole or in part (except by operation of law pursuant to a merger of Universal or Lib-

erty with another Person a significant purpose of which is not to avoid the provisions of this Agreement), by any party without the prior written consent of the other parties hereto. Subject to the foregoing, the provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

Section 5.04. Governing Law; Consent to Jurisdiction. This Agreement shall be construed in accordance with and governed by the internal laws of the State of Delaware, without giving effect to the principles of conflicts of laws. Each of the parties hereto hereby irrevocably and unconditionally consents to submit to the non-exclusive jurisdiction of the courts of the State of Delaware, for any action, proceeding or investigation in any court or before any governmental authority ("Litigation") arising out of or relating to this Agreement and the transactions contemplated hereby and further agrees that service of any process, summons, notice or document by U.S. mail to its respective address set forth in this Agreement shall be effective service of process for any Litigation brought against it in any such court. Each of the parties hereto hereby irrevocably and unconditionally waives any objection to the laying of venue of any Litigation arising out of this Agreement or the transactions contemplated hereby in the courts of the State of Delaware, and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such Litigation brought in any such court has been brought in an inconvenient forum. Each of the parties irrevocably and unconditionally waives, to the fullest extent permitted by applicable law, any and all rights to trial by jury in connection with any Litigation arising out of or relating to this Agreement or the transactions contemplated hereby.

Section 5.05. Counterparts; Effectiveness. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement shall become effective when each party hereto shall have received counterparts thereof signed by the other parties hereto.

Section 5.06. Specific Performance. The Company, Mr. Diller, Universal and Liberty each acknowledges and agrees that the parties' respective remedies at law for a breach or threatened breach of any of the provisions of this Agreement would be inadequate and, in recognition of that fact, agrees that, in the event of a breach or threatened breach by the Company, Universal or Liberty of the provisions of this Agreement, in addition to any remedies at law, Mr. Diller, Universal, Liberty and the Company, respectively, without posting any bond shall be entitled to obtain equitable relief in the form of specific performance, a temporary restraining order, a temporary or permanent injunction or any other equitable remedy which may then be available.

Section 5.07. Registration Rights. (a) Universal, Liberty and Mr. Diller shall be entitled to customary registration rights relating to Parent Common Stock (including the ability to transfer registration rights in connection with the sale or other disposition of Parent Common Stock as set forth in this Agreement).

(b) If requested by a Stockholder, the Company shall be required promptly to cause the Parent Common Stock owned by such Stockholder or its Affiliates to be registered under the Securities Act in order to permit such Stockholder or such Affiliate to sell such shares in one or more (but not more than (i) in the case of Universal, six, (ii) in the case of Liberty, four

and (iii) in the case of Mr. Diller, two) registered public offerings (each, a "Demand Registration"). Each Stockholder shall also be entitled to customary piggyback registration rights. If the amount of shares sought to be registered by a Stockholder and its Affiliates pursuant to any Demand Registration is reduced by more than 25% pursuant to any underwriters' cutback, then such Stockholder may elect to request the Company to withdraw such registration, in which case, such registration shall not count as one of such Stockholder's Demand Registrations. If a Stockholder requests that any Demand Registration be an underwritten offering, then such Stockholder shall select the underwriter(s) to administer the offering, provided that such underwriter(s) shall be reasonably satisfactory to the Company. If a Demand Registration is an underwritten offering and the managing underwriter advises the Stockholder initiating the Demand Registration in writing that in its opinion the total number or dollar amount of securities proposed to be sold in such offering is such as to materially and adversely affect the success of such offering, then the Company will include in such registration, first, the securities of the initiating Stockholder, and, thereafter, any securities to be sold for the account of others who are participating in such registration (as determined on a fair and equitable basis by the Company). In connection with any Demand Registration or inclusion of a Stockholder's or its Affiliate's shares in a piggyback registration, the Company, such Stockholder and/or its Affiliates shall enter into an agreement containing terms (including representations, covenants and indemnities by the Company and such Stockholder), and shall be subject to limitations, conditions, and blackout periods, customary for a secondary offering by a selling stockholder. The costs of the registration (other than underwriting discounts, fees and commissions) shall be paid by the Company. The Company shall not be required to register such shares if a Stockholder would be permitted to sell the Parent Com-

mon Stock in the quantities proposed to be sold and at such time within a three-month period under Rule 144 of the Securities Act or under another comparable exemption therefrom.

(c) If the Company and a Stockholder cannot agree as to what constitutes customary terms within 10 days of such Stockholder's request for registration (whether in a Demand Registration or a piggyback registration), then such determination shall be made by a law firm of national reputation mutually acceptable to the Company and such Stockholder.

Section 5.9. Termination. Except as otherwise provided in this Section, this Agreement shall terminate (a) prior to the Closing upon any termination of the Transaction Agreement in accordance with its terms and (b) thereafter, (i) as to Universal, at such time that Universal Beneficially Owns Equity Securities representing less than 10% of the Total Equity Securities, (ii) as to Liberty, at such time that Liberty Beneficially Owns Equity Securities representing less than 5% of the Total Equity Securities and (iii) as to Mr. Diller, at such time that the CEO Termination Date has occurred or at such time as he becomes Disabled. In respect of "Fundamental Changes," such provisions shall terminate as to Mr. Diller, Universal and Liberty as set forth therein, and a Stockholder's registration rights shall terminate when such Stockholder can sell all its shares under Rule 144 under the Securities Act, except as provided in Section 1.05 of this Agreement.

Section 5.10. Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated, provided that the

parties hereto shall negotiate in good faith to attempt to place the parties in the same position as they would have been in had such provision not been held to be invalid, void or unenforceable.

Section 5.11. Cooperation. Each of Universal, Liberty and Mr. Diller covenants and agrees with the other to use its reasonable best efforts to cause the Company to fulfill the Company's obligations under this Agreement.

Section 5.12. Entire Agreement. Except as otherwise expressly set forth herein, this Agreement, the Stockholders Agreement, the Liberty Exchange Agreement, the agreement relating to the Contingent Shares, the Transaction Agreement and each of the other agreements contemplated by the Transaction Agreement (including the letter agreement referenced in Section 2.04 hereof) embody the complete agreement and understanding among the parties hereto with respect to the subject matter hereof and supersede and preempt any prior understandings, agreements or representations by or among the parties, written or oral, that may have related to the subject matter hereof in any way (including, without limitation, effective upon the Closing, all stockholders agreements relating to HSNi (other than the Stockholders Agreement) between Liberty and Mr. Diller). Without limiting the generality of the foregoing, to the extent that any of the terms hereof are inconsistent with the rights or obligations of any party under any other agreement with any other party, the terms of this Agreement shall govern.

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

HSN, INC.

By: /s/ Victor A. Kaufman

Title: Office of the Chairman

UNIVERSAL STUDIOS, INC.

By: /s/ Brian C. Mulligan

Title: Senior Vice President

LIBERTY MEDIA CORPORATION

By: Robert R. Bennett

Title: President and CEO

/s/ Barry Diller

Barry Diller

Exhibit 99.34
[CONFORMED COPY]

STOCKHOLDERS AGREEMENT

AMONG

UNIVERSAL STUDIOS, INC.,
LIBERTY MEDIA CORPORATION,
BARRY DILLER,
HSN, INC.
AND
THE SEAGRAM COMPANY LTD.

DATED AS OF OCTOBER 19, 1997

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STOCKHOLDERS AGREEMENT

STOCKHOLDERS AGREEMENT dated as of October 19, 1997 among Universal Studios, Inc., a Delaware corporation ("Universal"), for itself and on behalf of the members of the Universal Stockholders Group, Liberty Media Corporation, a Delaware corporation ("Liberty"), for itself and on behalf of the members of the Liberty Stockholders Group, Barry Diller ("Diller"), for himself and on behalf of the members of the Diller Stockholders Group, HSN, Inc., a Delaware corporation (the "Company") (solely for purposes of Sections 4.4(g), 4.5(d) and 6.3) and The Seagram Company Ltd., a Canadian corporation ("SCL") (solely for purposes of Sections 4.2(f) and 6.4). Capitalized terms used herein without definition have the meanings ascribed to such terms in the Investment Agreement.

WHEREAS, Universal, Liberty, the Company and Home Shopping Network, Inc. have entered into an Investment Agreement, dated as of October 19, 1997 (as amended and restated, as of December 18, 1997, the "Investment Agreement"), pursuant to which (i) Universal will contribute certain domestic production and distribution television production assets, and certain other television assets to a newly formed subsidiary of the Company (the "LLC") in exchange for cash and securities of the Company and the LLC, (ii) Liberty has the right under certain circumstances to contribute assets to the LLC in exchange for securities of the Company or the LLC and/or to purchase additional securities of the Company and/or the LLC for cash, and (iii) Universal, Liberty, Diller and the Company will enter into certain other agreements and arrangements referred to in the Investment Agreement (collectively, the "Transactions");

WHEREAS, the parties under the Investment Agreement have agreed that Universal, Liberty, Diller, the Company (solely for purposes of Sections 4.4(g), 4.5(d) and 6.3) and SCL (solely for purposes of Sections 4.2(f) and 6.4) shall enter into this Agreement in order to specify certain of their respective rights and obligations; and

WHEREAS, the parties hereto desire to enter into certain arrangements relating to the Company, to be effective as of the Closing, except that the agreements in Section 3.3(e) shall be effective as of the date hereof.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and obligations hereinafter set forth, the parties hereto hereby agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.1 Certain Defined Terms. As used herein, the following terms shall have the following meanings:

"Affiliate" means, with respect to any Person, any other Person that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common

control with, such specified Person, for so long as such Person remains so associated to the specified Person. For purposes of this definition, (i) Matsushita Electric Industrial Co., Ltd. ("MEI") shall not be considered an Affiliate of Universal or any Subsidiary of Universal so long as MEI does not materially increase its influence over Universal or any such Subsidiary following the date hereof and (ii) natural persons shall not be deemed to be Affiliates (other than, in the case of Universal, any descendant of Samuel Bronfman who is a director or executive officer of SCL).

"Agreement" means this Stockholders Agreement as it may be amended, supplemented, restated or modified from time to time.

"Approved Shares" has the meaning ascribed to such term in Exhibit A to the Merger Agreement.

"beneficial owner" or "beneficially own" has the meaning given such term in Rule 13d-3 under the Exchange Act and a Person's beneficial ownership of Common Shares, LLC Shares or Voting Securities shall be calculated in accordance with the provisions of such Rule; provided, however, that for purposes of determining beneficial ownership, (i) a Person shall be deemed to be the beneficial owner of any equity (including all Contingent Shares and Exchange Shares) which may be acquired by such Person (disregarding any legal impediments to such beneficial ownership), whether within 60 days or thereafter, upon the conversion, exchange or exercise of any warrants, options (which options held by Diller shall be deemed to be exercisable, other than with respect to the Diller Put), rights or other securities (including LLC Shares) issued by the Company or any Subsidiary thereof, (ii) no Person shall be deemed to beneficially own any equity solely as a result of such Person's execution of this Agreement (including by virtue of holding a proxy with respect to any shares or having a put obligation or call right with respect to any shares) or any other Transaction Agreement, (iii) Liberty shall be deemed to be the beneficial owner of the proportionate number of Common Shares represented by Liberty's equity interest in a BDTV Entity, other than for purposes of Articles III and V of this Agreement and (iv) Universal shall be deemed to be the beneficial owner of any shares subject to an option pursuant to Section 4.1(d); provided, further, that for purposes of calculating beneficial ownership, the number of outstanding Common Shares of the Company shall be deemed to include the number of Common Shares that would be outstanding if all outstanding LLC Shares were exchanged for Common Shares pursuant to the Exchange Agreement and all Contingent Shares and Exchange Shares were issued. Notwithstanding the foregoing, for purposes of calculating the Minimum Stockholder Amount, a person shall be deemed to be the beneficial owner only of outstanding Common Shares.

"BDTV I" means BDTV, Inc., a Delaware corporation.

"BDTV II" means BDTV II, Inc., a Delaware corporation.

"BDTV III" means BDTV III, Inc., a Delaware corporation.

"BDTV Entities" means, collectively, the BDTV Limited Entities and the BDTV Unrestricted Entities.

"BDTV Limited Entities" means, collectively, BDTV I and BDTV II.

"BDTV Unrestricted Entities" means BDTV III and each other BDTV Entity that may be formed subsequent to the date hereof; provided that each of Liberty and Diller acknowledges and agrees that any corporation, partnership, limited liability company or other business association hereafter formed by Diller and Liberty to hold Common Shares will be a BDTV Unrestricted Entity and will be a corporation, partnership, limited liability company or other business association having a capital structure and governance rights substantially similar to that of BDTV III.

"Board" means the Board of Directors of the Company.

"Business Day" shall mean any day that is not a Saturday, a Sunday or other day on which banks are required or authorized by law to be closed in The City of New York.

"Capital Stock" means, with respect to any Person at any time, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) of capital stock, partnership interests (whether general or limited) or equivalent ownership interests in or issued by such Person.

"Cause" means (i) the conviction of, or pleading guilty to, any felony, or (ii) the wilful, continued and complete failure to attend to managing the business affairs of the Company, after written notice of such failure from the Board and reasonable opportunity to cure.

"CEO" means the Chief Executive Officer of the Company.

"CEO Termination Date" means the later of (i) such time as Diller no longer serves as CEO and (ii) such time as Diller no longer holds the Universal Proxy.

"Class B Common Stock" means the Class B common stock, par value $.01 per share, of the Company and any securities issued in respect thereof, or in substitution therefor, in connection with any stock split, dividend or combination, or any reclassification, recapitalization, merger, consolidation, exchange or other similar reorganization (other than Common Stock).

"Closing" has the meaning ascribed to such term in the Investment Agreement.

"Commission" means the Securities and Exchange Commission, and any successor commission or agency having similar powers.

"Common Shares" means, collectively, the Common Stock and the Class B Common Stock.

"Common Stock" means the common stock, par value $.01 per share, of the Company and any securities issued in respect thereof, or in substitution therefor, in connection with any stock split, dividend or combination, or any reclassification, recapitalization, merger, consolidation, exchange or other similar reorganization.

"Contingent Right" means the right of Liberty HSN to receive the Contingent Shares pursuant to the Merger Agreement.

"Contingent Shares" means the shares of Class B Common Stock (or other securities) which the Company is obligated to issue to Liberty HSN following the Effective Time (as defined in the Merger Agreement) pursuant to Exhibit A to the Merger Agreement.

"control" (including the terms "controlled by" and "under common control with"), with respect to the relationship between or among two or more Persons, means the possession, directly or indirectly, of the power to direct or cause the direction of the affairs or management of a Person, whether through the ownership of voting securities, as trustee or executor, by contract or otherwise.

"Current Market Value" means, with respect to any security, the average of the daily closing prices on the Nasdaq National Market (or the principal exchange or market on which such security may be listed or may trade) for such security for the 20 consecutive trading days commencing on the 22nd trading day prior to the date as of which the Current Market Value is being determined. The closing price for each day shall be the closing price, if reported, or, if the closing price is not reported, the average of the closing bid and asked prices as reported by the Nasdaq National Market (or such principal exchange or market) or a similar source selected from time to time by the Company for such purpose. In the event such closing prices are unavailable, the Current Market Value shall be the Fair Market Value of such security established by independent investment banking firms in accordance with the procedures specified in Section 4.2(d). For purposes of this Agreement, the Current Market Value of a share of Class B Common Stock shall be equal to the Current Market Value of a share of Common Stock.

"Diller Interest Purchase Price" means the cash amount (or cash value of equity) invested by Diller in a BDTV Entity plus interest, from the date of such contribution to the date of purchase, on such amount at the rate of interest per annum in effect from time to time and publicly announced by The Bank of New York as its prime rate of interest, compounded annually. For purposes of BDTV I, BDTV II and BDTV III, the cash amount (or cash value of equity) invested by Diller is $100.

"Diller Note" means the promissory note by Diller in favor of the Company, dated as of August 24, 1995.

"Diller Stockholder Group" means Diller and Diller's 90% owned and controlled Affiliates.

"Director" means any member of the Board.

"Disabled" means the disability of Diller after the expiration of more than 180 consecutive days after its commencement which is determined to be total and permanent by a physician selected by Universal (or if the Universal Termination Date has occurred, Liberty) and reasonably acceptable to Diller; provided that Diller shall be deemed to be disabled only following the expiration of 90 days following receipt of a written notice from the Company and such physician specifying that a disability has occurred if within such 90-day period he fails to return to managing the business affairs of the Company. A total disability shall mean mental or physical incapacity that prevents Diller from managing the business affairs of the Company.

"Eligible Stockholder Amount" means, in the case of Diller, the equivalent of 1,100,000 Common Shares and, in the case of Liberty (including, in the case of Liberty, the proportionate number of Common Shares represented by Liberty's equity interest in any BDTV Entity and Common Shares issuable to Liberty or a member of the Liberty Stockholder Group pursuant to the Contingent Rights and the Holder Exchange Agreement), 1,000,000 shares of Common Stock, in each case determined on a fully diluted basis (taking into account, in the case of Diller, all unexercised Options, whether or not then exercisable).

"Equity" means any and all shares of Capital Stock of the Company, securities of the Company convertible into, or exchangeable for, such shares (including, without limitation, the Contingent Shares, the Exchange Shares and the LLC Shares), and options, warrants or other rights to acquire such shares.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Exchange Agreement" means the exchange agreement, of even date herewith, among Universal, Liberty and the Company, as it may be amended, supplemented, restated or modified from time to time.

"Exchange Shares" means the Silver King Exchange Shares as defined in the Holder Exchange Agreement.

"Fair Market Value" means, as to any securities or other property, the cash price at which a willing seller would sell and a willing buyer would buy such securities or property in an arm's-length negotiated transaction without time constraints.

"FCC" means the Federal Communications Commission or its successor.

"FCC Regulations" means, as of any date, all federal communications statutes and all rules, regulations, orders, decrees and policies of the FCC as then in effect, and any interpretations or waivers thereof or modifications thereto.

"Fundamental Changes" shall have the meaning ascribed to such term in the Governance Agreement.

"Governance Agreement" means the Governance Agreement, among the Company, Diller, Universal and Liberty, dated as of even date herewith, as it may be amended, supplemented, restated or modified from time to time.

"Group" shall have the meaning assigned to it in Section 13(d)(3) of the Exchange Act.

"Holder Exchange Agreement" means the Exchange Agreement, dated as of December 20, 1996, by and between the Company and Liberty.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

"Independent Investment Banking Firm" means an investment banking firm of nationally recognized standing that is, in the reasonable judgment of the Person engaging such firm, qualified to perform the task for which it has been engaged.

"Initial Interest" means, with respect to any Stockholder, all of the Common Shares beneficially owned by such Stockholder and its Permitted Transferees immediately following the Closing.

"Liberty HSN" means Liberty HSN, Inc., a Colorado corporation.

"Liberty Stockholder Group" means Liberty and those Subsidiaries of Liberty or TCI that, from time to time, hold Equity subject to this Agreement.

"Liquid Securities" means (i) common equity securities of the Universal Parent Company which are publicly traded on a national securities exchange or quoted on the Nasdaq National Market of the class or series with the largest public float of any class or series of such securities or (ii) securities of Universal (or any holding company of Universal that directly or indirectly beneficially owns 100% of the equity of Universal (Universal or any such holding company being hereinafter referred to as the "Issuer")) which are publicly traded on a national securities exchange or quoted on the Nasdaq National Market; provided that the aggregate market value of the Universal Liquid Securities received by Liberty pursuant to Section 4.2 or 4.3 shall, on the date of receipt, represent not more than one-third of the aggregate market value of all such outstanding securities on such date (other than the securities beneficially owned by any Affiliate of the Issuer or Liberty) (such securities of the Issuer, the "Universal Liquid Securities").

"LLC" means USANi, LLC, a Delaware limited liability company and a subsidiary of the Company, and any of its successors.

"LLC Shares" means shares representing a proportionate interest in the capital and profits and losses of the LLC.

"Market Sale" means a "brokers' transaction" within the meaning of Section 4(4) of the Securities Act.

"Merger Agreement" means the Agreement and Plan of Exchange and Merger, dated as of August 25, 1996, among the Company (formerly Silver King Communications, Inc.), House Acquisition Corp., Liberty HSN and Home Shopping Network, Inc.

"Minimum Stockholder Amount" means Common Shares representing at least 50.1% of the outstanding voting power of the outstanding Common Shares.

"Non-Liquid Securities" means securities of the Issuer other than Liquid Securities.

"Options" means options to acquire capital stock of the Company granted by the Company to Diller and outstanding from time to time.

"Permitted Business Combination" shall mean (x) a tender or exchange offer by Universal or an Affiliate for all the Common Shares of the Company that is accepted by a majority of the Company's Public Stockholders or (y) a merger (other than a merger following a tender or exchange offer complying with (x) above) involving the Company and Universal or an Affiliate that is approved, in addition to any vote required by law, by a majority of the Company's Public Stockholders so long as, in the case of (x) and (y) above, a committee of the Directors (excluding any Directors designated by Universal or Liberty pursuant to the terms of the Governance Agreement, as it may be amended, modified or waived from time to time, and any other directors who have a conflict of interest) determines that the tender offer, exchange offer or merger, as the case may be, is fair to the Company's stockholders (other than Universal and its Affiliates).

"Permitted Designee" means any Person designated by a Stockholder, who shall be reasonably acceptable to the other Stockholders, to exercise such Stockholder's rights pursuant to Section 4.2, 4.4, 4.8 or 4.9.

"Permitted Transferee" means (i) with respect to Liberty, any of its Subsidiaries or any Subsidiary of TCI, (ii) with respect to Universal, the Universal Parent Company and any Subsidiary of the Universal Parent Company, and (iii) with respect to Diller, any of his 90% owned and controlled Affiliates. In addition, each of Liberty, Universal and Diller shall each be a Permitted Transferee of its respective Permitted Transferees.

"Person" means any individual, corporation, limited liability company, limited or general partnership, joint venture, association, joint-stock company, trust, unincorporated organization, government or any agency or political subdivisions thereof or any Group comprised of two or more of the foregoing.

"Public Stockholders" means any stockholder of the Company that, together with its Affiliates (a) has sole or shared voting power with respect to Voting Securities representing no more than 10% of the voting power on the applicable vote or (b) has sole or

shared power to dispose of Equity representing no more than 10% of the Equity to be tendered or exchanged in any applicable tender or exchange offer, as the case may be.

"Put Provision" means the right of Liberty to cause Universal to purchase Non-Liquid Securities described in Section 4.2(f).

"Reference Rate" means, for any day, a fixed rate per annum equal to the yield, expressed as a percentage per annum, obtained at the official auction of 90-day United States Treasury Bills most recently preceding the date thereof plus 100 basis points.

"Securities Act" means the Securities Act of 1933, as amended.

"Spin-Off Agreement" means the agreement, dated as of October 19, 1997, among Universal, Liberty and the Company relating to the disposition of certain businesses of the Company in certain circumstances, as it may be amended, supplemented, restated or modified from time to time.

"Stockholder" means each of Universal, Liberty and Diller.

"Stockholder Group" means one or more of the Diller Stockholder Group, the Liberty Stockholder Group and the Universal Stockholder Group. For purposes of this Agreement, (i) prior to the time that Liberty acquires Diller's interest in a BDTV Entity, each BDTV Entity shall be deemed to be a member of the Liberty Stockholder Group except as otherwise expressly set forth herein and (ii) a Permitted Designee shall be deemed to be a member of a Stockholder's Stockholder Group (other than for purposes of Section 4.1(a)(x)).

"Subsidiary" means, with respect to any Person, any corporation or other entity of which at least a majority of the voting power of the voting equity securities or equity interest is owned, directly or indirectly, by such Person.

"TCI" means Tele-Communications, Inc., a Delaware corporation and the parent of Liberty.

"Third Party Transferee" means any Person to whom a Stockholder (including a Third Party Transferee subject to this Agreement pursuant to Sections 4.12(b) and 4.12(c)) or a Permitted Transferee Transfers Common Shares, other than a Permitted Transferee of such Stockholder or a member of another Stockholder Group.

"Transaction Agreements" means each of the agreements specified in or contemplated by Sections 9.3 and 9.4(b) of the Investment Agreement.

"Transfer" means, directly or indirectly, to sell, transfer, assign, pledge, encumber, hypothecate or similarly dispose of, either voluntarily or involuntarily, or to enter into any contract, option or other arrangement or understanding with respect to the sale, transfer, assignment, pledge, encumbrance, hypothecation or similar disposition of, any Common Shares beneficially owned by a Stockholder or any interest in any Common Shares

beneficially owned by a Stockholder, provided, however, that a merger or consolidation in which a Stockholder is a constituent corporation shall not be deemed to be the Transfer of any Common Shares beneficially owned by such Stockholder (provided, that a significant purpose of any such transaction is not to avoid the provisions of this Agreement). For purposes of this Agreement, the conversion of shares of Class B Common Stock into shares of Common Stock shall not be deemed to be a Transfer.

"Universal Parent Company" means SCL and any of its successors.

"Universal Standstill Termination Date" means the Standstill Termination Date as defined in the Governance Agreement.

"Universal Stockholder Group" means Universal, together with the Universal Parent Company and any Subsidiary of the Universal Parent Company that, from time to time, hold Equity subject to this Agreement.

"Voting Securities" means at any time shares of any class of capital stock of the Company which are then entitled to vote generally in the election of Directors.

SECTION 1.2 Other Defined Terms. The following terms shall have the meanings defined for such terms in the Sections set forth below:

Term	Section
Aggrieved Stockholder	Section 6.11(c)
Appraisal	Section 4.2(d)
Appraised Value	Section 4.2(c)
Call Notice	Section 4.2(a)
Call Right	Section 4.2(a)
Cash Consideration	Section 4.2(g)
Company	Preamble
Covered Market Sale	Section 4.8(a)
Diller	Preamble
Diller Departure	Section 4.2(c)
Diller Loan Amount	Section 4.1(f)
Diller Put	Section 4.4(a)
Diller Put Closing Date	Section 4.4(d)
Diller Put Event	Section 4.4(a)
Diller Put Event Date	Section 4.4(a)
Diller Put Event Shares	Section 4.4(a)
Diller Put Notice	Section 4.4(a)
Diller Put Shares	Section 4.4(a)
Diller Share Put Price	Section 4.4(b)
Diller Tag-Along Notice	Section 4.7(a)
Diller Tag-Along Sale	Section 4.7(a)
Diller Tag-Along Shares	Section 4.7(a)

Diller Termination Date	Section 6.2(a)
Escrow	Section 4.4(f)
Excess Interest	Section 4.3
Exchange Notice	Section 4.11(a)
Investment Agreement	Recitals
L/D Offer Notice	Section 4.9(b)
L/D Offer Price	Section 4.9(c)
L/D Other Party	Section 4.9(b)
L/D Transferring Party	Section 4.9(a)
Liberty	Preamble
Liberty Proxy	Section 3.6(a)
Liberty Proxy Shares	Section 3.6(a)
Liberty Purchase Price	Section 4.2(c)
Liberty Put Right	Section 4.2(b)
Liberty Termination Date	Section 6.2(b)
Litigation	Section 6.12
Market Value	Section 4.2(f)
Net Proceeds	Section 4.2(g)
Non-Liquid Purchase Price	Section 4.2(f)
Non-Transferring Stockholder	Section 4.11(a)
Offer Notice	Section 4.8(b)
Offer Price	Section 4.8(c)
Other Stockholder	Section 4.8(b)
Ownership Percentage	Section 2.1
Permitted Ownership Percentage	Section 2.1
Prime Rate	Section 4.4(f)
Publicly Traded	Section 4.2(f)
Put Notice	Section 4.2(b)
Put Provision	Section 4.2(f)
Put Provision Notice	Section 4.2(f)
Sale Period	Section 4.2(g)
SCL Threshhold	Section 4.2(f)
Shortfall Amount	Section 4.2(g)
Shortfall Provisions	Section 4.2(g)
Specified Votes	Section 4.1(c)
Standstill Termination Date	Section 2.1
Stockholder Tag-Along Notice	Section 4.6(b)
Stockholder Tag-Along Sale	Section 4.6(b)
Stockholder Tag-Along Shares	Section 4.6(b)
Tag-Along Offeree	Section 4.5(a)
Transactions	Preamble
Transferring Party	Section 4.8(a)
Transferring Stockholders	Section 4.11(a)
Universal	Preamble
Universal Proxy	Section 3.5(a)
Universal Proxy Shares	Section 3.5(a)

Universal Tag-Along Notice	Section 4.5(a)
Universal Tag-Along Sale	Section 4.5(a)
Universal Tag-Along Shares	Section 4.5(a)
Universal Termination Date	Section 6.2(a)
Weighted Average Market Price	Section 4.4(b)

SECTION 1.3 Other Definitional Provisions. (a) The words "hereof", "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Article and Section references are to this Agreement unless otherwise specified.

(b) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

(c) For purposes of calculating the amount of outstanding Common Shares or Equity as of any date and the number of Common Shares or Equity beneficially owned by any Person as of any date, (i) any Common Shares held in the Company's treasury or owned by any Subsidiaries of the Company shall be disregarded, (ii) all LLC Shares beneficially owned by Universal and Liberty shall be assumed to have been converted into Common Shares in accordance with the provisions of the Exchange Agreement and (iii) all Contingent Shares and Exchange Shares and any other securities of the Company issued to Liberty or Universal in accordance with the exercise of its respective preemptive rights pursuant to Section 1.8 or 1.7 of the Investment Agreement, respectively, shall be assumed to have been converted into Common Shares. Notwithstanding the foregoing, for purposes of calculating the Minimum Stockholder Amount and the voting power for purposes of Section 4.4(f) (other than clause (B)(x) thereof) and 4.5(a) (other than clause (ii)(x) thereof), only the number of Common Shares actually outstanding shall be included in such calculation.

ARTICLE II

STANDSTILL

SECTION 2.1 Liberty Standstill with Universal. Liberty covenants and agrees with Universal that, from and after the Closing and until the earlier to occur of (i) the Liberty Termination Date and (ii) such date as Universal beneficially owns fewer Common Shares than Liberty beneficially owns (the "Standstill Termination Date"):

(a) neither Liberty nor any of its Affiliates will (x) acquire, directly or indirectly, the beneficial ownership of any additional Equity of the Company such that the Common Shares beneficially owned by Liberty and its Affiliates (the "Ownership Percentage") following such acquisition would represent in the aggregate more than the greater of (A) 20% and (B) the percentage of Common Shares beneficially owned by Liberty following any Holder Closing (as defined in Section 1.5(f) of the Investment Agreement) up to 25% (the "Permitted Ownership Percentage") of all outstanding Common Shares; provided that if Liberty (i) fails to elect to exercise its preemptive rights pursuant to Section 1.8 of the Investment Agreement or (ii) prior to the Universal Standstill Termination Date, Transfers any

Equity, the Permitted Ownership Percentage shall be reduced to reflect such lower Ownership Percentage of Liberty following such failure to elect or such Transfer (provided, that if Liberty's initial Ownership Percentage is less than 20%, such reduction shall be calculated as if Liberty's initial Ownership Percentage were 20%) or (y) propose to the Board the acquisition by Liberty and its Affiliates of the then outstanding Equity not owned by Liberty in a merger, tender offer or other business combination.

(b) Notwithstanding anything to the contrary herein, (i) except as expressly provided herein, neither Liberty nor any Affiliate thereof shall permit any entity in which it beneficially owns, directly or indirectly, in excess of 50% of the outstanding voting securities (regardless of whether Liberty or such Affiliate acquires beneficial ownership of such entity after the date of this Agreement) to beneficially own any Common Shares. Notwithstanding the foregoing, the acquisition (whether by merger, consolidation or otherwise) by Liberty or any Affiliate thereof of any entity that beneficially owns Common Shares shall not constitute a violation of the Permitted Ownership Percentage; provided that a significant purpose of any such transaction is not to avoid the provisions of this Agreement; and provided, further that the provisions of clause (ii) below are complied with and (ii) except as set forth in the next sentence, if at any time Liberty becomes aware that it and its Affiliates beneficially own more than the Permitted Ownership Percentage (including by virtue of acquisitions referred to in clause (i) above), then Liberty, subject to the next sentence, shall as soon as is reasonably practicable (but in no manner that would require Liberty to incur liability under Section 16(b) of the Exchange Act) take all action necessary to reduce the amount of Common Shares beneficially owned by such Persons to an amount not greater than the Permitted Ownership Percentage. If the Ownership Percentage of Liberty and its Affiliates exceeds the Permitted Ownership Percentage solely by reason of repurchases of Common Shares by the Company, then Liberty shall not be required to reduce the amount of the Common Shares beneficially owned by such Persons (except that Liberty shall not exercise its preemptive rights under the Investment Agreement to maintain such higher Ownership Percentage).

ARTICLE III

CORPORATE GOVERNANCE

SECTION 3.1 Liberty Board Representation. From and after the Closing and until the Standstill Termination Date, Liberty shall not be entitled to designate for nomination more than two directors for election to the Board, subject to applicable law, including FCC Regulations.

SECTION 3.2 Certain Restrictions. Except as set forth in the Investment Agreement and the Transaction Agreements, without the prior written consent of Universal, prior to the earlier of the Liberty Termination Date and the Standstill Termination Date, Liberty agrees not to, and to cause each of its Affiliates not to, directly or indirectly, alone or in concert with others:

(a) seek election to, seek to place a representative on, or seek the removal (other than for cause) of any member of, the Board, act alone or in concert with others to

seek to affect or influence the control of the management or Board or the business, operations or policies of the Company except by virtue of Liberty's representation on the Board of the Company or LLC Board pursuant to Section 2.02(e) of the Governance Agreement and as otherwise contemplated by the Governance Agreement (including the right to consent to Fundamental Changes pursuant to Section 2.04 of the Governance Agreement) and the other Transaction Agreements (it being agreed that this paragraph shall not prohibit Liberty, its Affiliates and their respective employees from engaging in ordinary course business activities with the Company);

(b) other than to a Permitted Transferee or pursuant to this Agreement, deposit any Equity in a voting trust or subject any Equity to any proxy, arrangement or agreement with respect to the voting of such securities or other agreement having a similar effect, except for agreements or arrangements with a Permitted Designee reasonably acceptable to the other Stockholders and not inconsistent with or for the purpose of evading the terms of this Agreement;

(c) other than as is permitted by this Agreement, propose any acquisition of the Company (whether by merger, tender offer or otherwise);

(d) except as permitted by Section 4.3, initiate or propose any stockholder proposal or make, or in any way participate in, directly or indirectly, any "solicitation" of "proxies" to vote, or seek to influence any Person with respect to the voting of, any Equity, or become a "participant" in a "solicitation" (as such terms are defined in Regulation 14A under the Exchange Act) in opposition to the recommendation of the majority of the Directors with respect to any matter except (x) in response to a solicitation by a third party and (y) to facilitate a tender or exchange offer by Liberty or an Affiliate permitted under the Governance Agreement in response to a third party tender or exchange offer for more than a majority of the outstanding Common Shares, provided such third party tender or exchange offer is being recommended against by the Board;

(e) other than as is contemplated by this Agreement, the Governance Agreement, the Investment Agreement and the Transaction Agreements, join a partnership, limited partnership, syndicate or other Group, or otherwise act in concert with any other Person (other than a Permitted Transferee or Universal or Diller), for the purpose of acquiring, holding, voting or disposing of Equity, or otherwise become a "person" within the meaning of Section 13(d)(3) of the Exchange Act; or

(f) request that the Company or the Board amend or waive any of the provisions of this Section 3.2;

provided, that Liberty will not be deemed to be in violation of this Section 3.2 as a result of any action by Diller (including by a BDTV Entity as a result of an action by Diller) that is not within Liberty's control.

SECTION 3.3 Voting on Certain Matters. (a) In connection with any vote or action by written consent of the stockholders of the Company relating to any matter that

constitutes a Fundamental Change, subject to Section 4.2 hereof, each Stockholder agrees (and agrees to cause each member of its Stockholders Group, if applicable), with respect to any Common Shares with respect to which it or he has the power to vote (whether by proxy, the ownership of voting securities of a BDTV Entity or otherwise) (including all shares held by any BDTV Entity), to vote against (and not act by written consent to approve) such Fundamental Change (including not voting or not executing a written consent with respect to the Common Shares beneficially owned by a BDTV Entity) if any Stockholder has not consented to such Fundamental Change in accordance with the provisions of the Governance Agreement and to take or cause to be taken all other reasonable actions required, to the extent permitted by law, to prevent the taking of any action by the Company with respect to a Fundamental Change without the consent of each such Stockholder who has the right to consent to such Fundamental Change pursuant to the terms of the Governance Agreement.

(b) Each of Liberty and Diller agrees to vote (and cause each member of its or his Stockholder Group to vote, if applicable), or act by written consent with respect to any Common Shares with respect to which it or he has the power to vote (whether by proxy, the ownership of voting securities of a BDTV Entity or otherwise) (including all shares held by any BDTV Entity) in favor of each of the designees of Universal which Universal has a right to designate pursuant to the Governance Agreement. At such time as Liberty shall be entitled to designate directors to the Board pursuant to the terms of the Governance Agreement, each of Universal and Diller agrees to vote (and cause each member of its or his Stockholders Group to vote, if applicable), or act by written consent with respect to, any Common Shares with respect to which it or he has the power to vote (whether by proxy, the ownership of voting securities of a BDTV Entity or otherwise) (including all shares held by any BDTV Entity) in favor of each of the designees of Liberty.

(c) Upon the written request of Universal or Liberty, each Stockholder, in such Stockholder's capacity as a stockholder only, agrees to vote (and cause each member of its Stockholders Group to vote, if applicable), or act by written consent with respect to any Common Shares with respect to which it or he has the power to vote (whether by proxy, the ownership of voting securities of a BDTV Entity or otherwise) (including all shares held by any BDTV Entity) and otherwise take or cause to be taken all actions necessary to remove any Director designated by such requesting party and to elect any replacement Director designated by such party as provided in the Governance Agreement. Unless all the Stockholders otherwise agree, no Stockholder or any member of its Stockholders Group shall take any action to cause the removal of any Director designated by Universal or any Director designated by Liberty except (i) in the case of a Director designated by Universal, upon the written request of Universal, and (ii) in the case of a Director designated by Liberty, upon the written request of Liberty; provided, however, that any required approval of the FCC shall have been obtained prior to so doing.

(d) Subject to applicable law, Universal and Diller agree that following the CEO Termination Date or such date that Diller becomes Disabled and so long as Diller beneficially owns Voting Securities representing at least 7.5% of the outstanding Voting Securities (excluding Voting Securities beneficially owned by Liberty and Universal), Diller shall vote (and cause each member of his Stockholders Group to vote, if applicable), or act by

written consent with respect to any Common Shares beneficially owned by him or with respect to which he has the power to vote (whether by proxy, ownership of voting securities of a BDTV Entity or otherwise), at Universal's option exercised by written notice to Diller delivered at least 5 Business Days prior to the date of the meeting applicable to the vote or the date by which consents in writing must be delivered, either (i) in his own discretion or (ii) in the same proportion as the Public Stockholders vote their shares of Common Stock. In the event that Universal elects clause (ii) of this paragraph (d), it shall be Universal's responsibility to coordinate with the Company's tabulation agent so that Diller's vote in accordance with such clause shall be given effect. The rights and obligations of Universal and Diller under this Section 3.3(d) shall terminate when Universal is no longer entitled to designate at least two Directors. In addition to the foregoing, Diller agrees, subject to his Disability, to use his reasonable efforts to facilitate any FCC approvals required in connection with the transactions or events contemplated by the Spin-Off Agreement or this Agreement in the event of the CEO Termination Date or his Disability.

(e) For purposes of Sections 3.3 and 3.6 and Article V of this Agreement as well as the stockholders agreement in effect as of the date hereof between Liberty and Diller, each of Liberty and Diller hereby consents and agrees to the taking of any action by any of Diller, a BDTV Entity or Liberty, which action is reasonably necessary or appropriate to approve and consummate the transactions pursuant to the Investment Agreement (other than a spin-off in accordance with Section 9.14 of the Investment Agreement) and the Transaction Agreements (and including the additional incentive compensation arrangements relating to Diller). Neither Diller nor Liberty shall enter into, or permit any material amendment to, or waiver or modification of material rights or obligations under the Investment Agreement or the Transaction Agreements (including by the Company) without the prior written consent of the other Stockholder. The consent granted by the first sentence of this paragraph is intended to be specifically limited by the foregoing sentence.

(f) Liberty will not be deemed to be in violation of paragraphs (a), (b) or (c) of this Section 3.3 as a result of any action by Diller (including by a BDTV Entity as a result of an action by Diller) that is not within Liberty's control.

SECTION 3.4 Restrictions on Other Agreements. No Stockholder or any of its or his Permitted Transferees shall enter into or agree to be bound by any stockholder agreements or arrangements of any kind with any Person with respect to any Equity (including, without limitation, the deposit of any Common Shares in a voting trust or forming, joining or in any way participating in or assisting in the formation of a Group with respect to any Common Shares, other than any such Group consisting exclusively of Liberty, Universal and Diller and any of their respective Affiliates and Permitted Transferees) and no Stockholder (other than Universal or Liberty or any of their respective Permitted Transferees) or any of its or his Permitted Transferees shall enter into or agree to be bound by any agreements or arrangements of any kind with any Person to incur indebtedness for purposes of purchasing Equity (other than to exercise Options or to purchase Common Shares pursuant to Section 4.8 or 4.9 of this Agreement), except (i) for such agreements or arrangements as are now in effect or as are contemplated by the Transaction Agreements, (ii) as contemplated by or in connection with the Stock Exchange Agreement, dated May 20, 1997, between Paul

G. Allen and the Company, (iii) in connection with a proposed sale of BDTV Entity securities or Common Shares otherwise permitted hereunder or (iv) for such agreements or arrangements with a Permitted Designee reasonably acceptable to the other Stockholders and not inconsistent with or for the purpose of evading the terms of this Agreement.

SECTION 3.5 Irrevocable Proxy of Universal. (a) Subject to paragraphs (b) and (c) below, until the earlier of the date that (x) Diller is no longer CEO or (y) Diller is Disabled, Diller shall be entitled to exercise voting authority and authority to act by written consent over all Common Shares beneficially owned by each member of the Universal Stockholder Group (the "Universal Proxy Shares") on all matters submitted to a vote of the Company's stockholders or by which the Company's stockholders may act by written consent pursuant to a conditional proxy (which proxy is irrevocable and coupled with an interest for purposes of Section 212 of the Delaware General Corporation Law) (the "Universal Proxy"); provided, that in the event that Diller is removed by the Board as CEO for any reason other than Cause, Diller shall be deemed to continue to be CEO hereunder and shall be entitled to exercise the Universal Proxy set forth herein until the earlier of (A) such time as he has abandoned efforts to cause his reinstatement as CEO and (B) the next stockholders meeting of the Company at which he had an adequate opportunity to nominate and elect his slate of directors (unless at such stockholders meeting Diller's slate of directors is elected and Diller is promptly thereafter reinstated as CEO).

(b) Notwithstanding the foregoing, the Universal Proxy shall not be valid with respect to any of the Universal Proxy Shares in connection with any vote for (or consent to approve) any matter that is a Fundamental Change which Universal has the right to consent to pursuant to the terms of the Governance Agreement and with respect to which Universal has not consented.

(c) The Universal Proxy shall terminate as provided for in Section 3.5(a) or, if earlier, (i) immediately upon a material breach by Diller of the terms of Section 3.3(a), the first sentence of Section 3.3(b), Section 3.3(c) (as applicable to Universal) or Section 3.5(b) of this Agreement, (ii) at such time as Diller has been convicted of, or has pleaded guilty to, any felony involving moral turpitude or (iii) at such time as Diller ceases to beneficially own 5,000,000 Common Shares with respect to which he has a pecuniary interest; provided, in the case of clauses (ii) and (iii) above, that Universal sends notice of such termination to Diller within 30 days after the event giving rise to such termination, in which case the Universal Proxy shall terminate immediately upon the receipt of such notice.

(d) Notwithstanding anything to the contrary set forth in this Agreement, the Universal Proxy is personal to Diller and may not be assigned by Diller by operation of law or otherwise and shall not inure to Diller's successors without the prior written consent of Universal.

SECTION 3.6 Irrevocable Proxy of Liberty. (a) Until the earlier of such time as Diller ceases to be entitled to exercise rights under this Section 3.6 pursuant to Section 6.2(c) or the Liberty Termination Date, Diller shall be entitled to exercise voting authority and authority to act by written consent over all Common Shares beneficially owned by each

member of the Liberty Stockholder Group (the "Liberty Proxy Shares"), on all matters submitted to a vote of the Company's stockholders or by which the Company's stockholders may act by written consent pursuant to a conditional proxy (which proxy is irrevocable and coupled with an interest for purposes of Section 212 of the Delaware General Corporation Law) (the "Liberty Proxy"); provided, that in the event that Diller is removed by the Board as CEO for any reason other than Cause, Diller shall be deemed to continue to be CEO hereunder and shall be entitled to exercise the Liberty Proxy set forth herein until the earlier of (A) such time as he has abandoned efforts to cause his reinstatement as CEO and (B) the next stockholders meeting of the Company at which he had an adequate opportunity to nominate and elect his slate of directors (unless at such stockholders meeting Diller's slate of directors is elected and Diller is promptly thereafter reinstated as CEO).

(b) Notwithstanding the foregoing, the Liberty Proxy shall not be valid with respect to any of the Liberty Proxy Shares in connection with any vote for (or consent to approve) any matter that is a Fundamental Change which Liberty has the right to consent to pursuant to the terms of the Governance Agreement with respect to which Liberty has not consented.

(c) Notwithstanding the foregoing, so long as Liberty holds its Eligible Stockholder Amount and after termination of Liberty's consent right with respect to Fundamental Changes as provided in the Governance Agreement, Diller, with respect to matters that constitute Fundamental Changes, will vote the Liberty Proxy Shares in the manner directed by Liberty.

(d) The Liberty Proxy shall terminate as provided for in Section 3.6(a) or, if earlier, (i) immediately upon a material breach by Diller of the terms of Section 3.3(a), the second sentence of Section 3.3(b), Section 3.3(c) (as applicable to Liberty) or Section 3.6(b) of this Agreement, (ii) at such time as Diller has been convicted of, or has pleaded guilty to, any felony involving moral turpitude or (iii) at such time as Diller ceases to beneficially own 5,000,000 Common Shares with respect to which he has a pecuniary interest; provided, in the case of clauses (ii) and (iii) above, that Liberty sends notice of such termination to Diller within 30 days after receiving notice of the event giving rise to such termination, in which case the Liberty Proxy shall terminate immediately upon the receipt of such notice.

(e) Notwithstanding anything to the contrary set forth herein, the Liberty Proxy is personal to Diller and may not be assigned by Diller and shall not inure to Diller's successors without the prior written consent of Liberty.

SECTION 3.7 Cooperation. Each Stockholder shall vote (or act or not act by written consent with respect to) all of its Common Shares (and any Common Shares with respect to which it has the power to vote (whether by proxy or otherwise) and shall, as necessary or desirable, attend all meetings in person or by proxy for purposes of obtaining a quorum, and execute all written consents in lieu of meetings, as applicable, to effectuate the provisions of this Article III.

ARTICLE IV

TRANSFER OF COMMON SHARES

SECTION 4.1 Restrictions on Transfer by Liberty and Diller. (a) Until the CEO Termination Date or such time as Diller becomes Disabled, subject to the other provisions of this Agreement, neither Liberty nor Diller shall Transfer or otherwise dispose of (including pledges), directly or indirectly, any Common Shares beneficially owned by its Stockholder Group other than (w) Transfers of Common Shares by Diller in order to pay taxes arising from the granting, vesting and/or exercise of the Options and/or the payment of bonuses on repayment of the Diller Note, (x) Transfers of Common Shares by Liberty to members of the Liberty Stockholder Group or by Diller to members of the Diller Stockholder Group, (y) a pledge or grant of a security interest in vested Common Shares (other than the pledge of certain Common Shares pursuant to prior arrangements between Diller and the Company) or pledges by a member of the Liberty Stockholder Group of securities of a BDTV Entity that Liberty is entitled to Transfer under (b)(iii) below in connection with bona fide indebtedness in which the pledgee of the applicable Common Shares (or securities of such BDTV Entity) agrees that, upon any default or exercise of its rights under such pledge or security arrangement, it will offer to sell the pledged Common Shares (or securities of such BDTV Entity) to the non-pledging Stockholder(s) (or its or his designee) for an amount equal to the lesser of the applicable amount of such indebtedness and the fair market value of such pledged Common Shares (or securities of such BDTV Entity), and (z) Transfers of Options or Common Shares to the Company by Diller or his Affiliates in connection with a "cashless" exercise of the Options (including Options granted to Diller on the date hereof or in the future).

(b) Notwithstanding the restrictions contained in subsection (a) above (and in addition to the foregoing exceptions, but subject to the right of first refusal described in Section 4.9 on behalf of Diller (or his designee) with respect to Transfers by members of the Liberty Stockholder Group and to a right of first refusal on behalf of Liberty (or its designee) with respect to Transfers by members of the Diller Stockholder Group (which rights shall be assignable)): (i) following August 24, 2000 either Liberty or Diller may Transfer all or any portion of the Common Shares beneficially owned by its Stockholder Group (and, in the case of Liberty only, its entire interest in the BDTV Entities) to an unaffiliated third party, provided, however, that a Transfer by Diller to a third party or to Universal (other than in connection with the Diller Put) shall be subject to the Diller Tag-Along Right pursuant to Section 4.7, (ii) following the CEO Termination Date or such time as Diller becomes Disabled, Diller may, Transfer all or any portion of the Common Shares held by his Stockholder Group to an unaffiliated third party, and (iii) either Liberty or Diller may Transfer any portion of the Common Shares (including, in the case of Liberty, all or a portion of a BDTV Entity interest) held by its Stockholder Group to an unaffiliated third party, provided that, (a) following such Transfer such Stockholder Group retains its Eligible Stockholder Amount of Common Shares and (b) in the case of the Transfer of an interest in or Common Shares held by a BDTV Limited Entity as of the date hereof, following such Transfer, Liberty, Diller and Universal and each of their respective Stockholder Groups collectively beneficially own the Minimum Stockholder Amount. Notwithstanding the previous sentence and the restrictions contained in paragraph (a) above and subject to the requirement, with respect to a Transfer by Liberty of an interest in or Common Shares held

by a BDTV Limited Entity as of the date hereof, that the Stockholders and their respective Stockholder Groups collectively beneficially own the Minimum Stockholder Amount, either Liberty or Diller may transfer any of its Common Shares in one or more transactions that comply with the requirements of Rule 144 or 145 (as applicable) under the Securities Act.

(c) Until August 24, 2000, Universal shall not voluntarily Transfer any Common Shares or convert any shares of Class B Common Stock into shares of Common Stock such that it directly or indirectly owns a number of Common Shares having an aggregate number of votes that is less than the number of votes represented by the Common Shares it so owns immediately following the Closing (the "Specified Votes"); provided that this restriction shall not prohibit Universal from converting any shares of Class B Common Stock into shares of Common Stock so long as, within 60 days of such conversion, Universal purchases a number of shares of Common Stock such that it directly or indirectly owns a number of Common Shares having the Specified Votes; provided, further, that this restriction shall not be applicable to a Transfer of all Common Shares that Universal beneficially owns.

(d) With respect to any Transfer by Liberty with respect to which Diller would have a right pursuant to Section 4.9 that would result, after giving effect to such Transfer, in the Stockholders and their respective Stockholder Groups beneficially owning less than the Minimum Stockholder Amount, and with respect to which Diller does not elect to exercise his right to purchase the Liberty Common Shares proposed to be Transferred, Diller shall not fail to respond to the L/D Offer Notice or elect not to exercise his rights under such Section prior to offering Universal the opportunity to cause Diller to purchase such shares, subject to the terms and conditions described below. If Universal (or, at Universal's option, a member of its Stockholder Group) shall elect to cause Diller to purchase the Liberty Common Shares proposed to be Transferred, Universal shall loan Diller an amount of cash equal to the purchase price for the Liberty Common Shares proposed to be Transferred and Diller shall purchase such Common Shares in accordance with the terms of Section 4.9. Such loan shall be represented by a non-recourse note which shall be secured by the Liberty Common Shares to be purchased and shall contain such other terms and conditions as shall be reasonably satisfactory to Diller and Universal. Diller shall grant to Universal an option to acquire such Common Shares, exercisable at Universal's option at any time at an exercise price equal to the purchase price for such shares, which exercise price may be satisfied by the cancellation of the note referred to above and which option shall be transferable to the same extent as the Common Shares underlying the option would be transferable; provided that Universal shall not Transfer the option so long as Diller retains the Universal Proxy if it is necessary to retain such shares in order to maintain the Minimum Stockholder Amount (except that Universal may Transfer the option or the underlying Common Shares in connection with a Transfer of all Common Shares that Universal beneficially owns). Diller shall vote such shares as if they were subject to the Universal Proxy. To the extent that applicable law prohibits Universal and Diller from entering into the arrangements described above, Diller and Universal shall cooperate in good faith and use commercially reasonable efforts to enter into alternative arrangements to maintain the Minimum Stockholder Amount in a manner that provides for minimal disruption to the existing governance arrangements and fairly balances each Stockholder's interest.

SECTION 4.2 Universal Purchase of Liberty Equity. (a) Universal, or, at Universal's option, its Permitted Designee, may elect to purchase from Liberty all (but not less than all) of Liberty's Equity (it being understood that, for purposes of this Section 4.2, Liberty's Equity shall not include the Contingent Rights) (the "Call Right") (i) prior to the CEO Termination Date or such time as Diller becomes Disabled, if (x) Diller and Universal consent to the taking of any action by the Company which would constitute a Fundamental Change described in Section 2.04(ii) of the Governance Agreement, and (y) Liberty has the right to consent to but does not consent to such Fundamental Change pursuant to the terms of the Governance Agreement (other than a merger or similar business combination between the Company and Universal or any of their respective Affiliates so long as the Liberty Stockholder Group collectively beneficially owns more than 12.5% of the outstanding Common Shares) and (ii) at any time on or after the CEO Termination Date or such time as Diller becomes Disabled. Universal may exercise the Call Right by, in the case of clause (a)(i), requesting Diller to, and Diller shall, upon Universal's request, deliver written notice (a "Call Notice") to Liberty or, in the case of clause (a)(ii), by delivering a Call Notice to Liberty. Such Call Notice shall state that Universal has elected to exercise its Call Right and, subject to paragraph (e) below, shall set forth the form of consideration proposed to be used by Universal to pay the Liberty Purchase Price. Universal's right to use a Permitted Designee shall be subject to Universal's obligations under the first sentence of paragraphs (e) and (f) hereof.

(b) In the event that the CEO Termination Date has occurred or Diller has become Disabled, Liberty may elect to require Universal or, at Universal's option, its designee, to purchase all (but not less than all) of Liberty's Equity (except for the Contingent Rights) (the "Liberty Put Right") at any time, by delivering a written notice (a "Put Notice") to Universal stating that Liberty elects to exercise the Liberty Put Right.

(c) The purchase price (the "Liberty Purchase Price") to be paid by Universal to Liberty for Liberty's Equity pursuant to paragraph (a) or (b) above shall equal the Appraised Value (plus, in the event the closing is delayed pursuant to the second sentence of paragraph (h), accrued interest at the Reference Rate from the date that is 20 Business Days following the date of the Put Notice or the Call Notice through the date of the closing), determined as of the date of that the Call Notice or the Put Notice is delivered, and shall be payable in the form of consideration specified in paragraphs (e) or (f), as applicable, below. The "Appraised Value" shall be determined on the basis of the private market value of the Company and shall take into account Liberty's significant influence in the Company at the time of such purchase, including consent rights on Fundamental Changes pursuant to the Governance Agreement (regardless of whether such rights have terminated under Section 4.3 or clause (e)(ii) below), entitlement to representation on the LLC Board of Directors and the Board and similar governance rights; provided that such basis shall not assume (and the Independent Investment Banking Firms described in paragraph (d) making the Appraisal will be instructed not to consider) the value of the Company in an "auction" proceeding; provided, further that the Appraised Value shall be modified to reflect any consideration received or receivable in respect of any distribution to Liberty in connection with a spin-off contemplated by Section 9.14 of the Investment Agreement. If such payment occurs in connection with the CEO Termination Date or Diller becoming Disabled (the "Diller Departure"), the impact of

the Diller Departure shall be taken into account by the Independent Investment Banking Firms.

(d) Promptly upon receipt by Universal of the Put Notice or by Liberty of the Call Notice, each of Universal and Liberty shall select an Independent Investment Banking Firm each of which shall promptly make a determination (each such determination, an "Appraisal") of the Appraised Value of Liberty's Equity in accordance with the provisions of paragraph (c) above. If the higher of such Appraisals is less than or equal to 110% of the lower of such Appraisals, then the Appraised Value shall be equal to the average of such Appraisals. If the higher of such Appraisals is greater than 110% of the lower of such Appraisals, then a third Independent Investment Banking Firm (which shall be an Independent Investment Banking Firm that shall not have been engaged by the Company, Liberty or Universal for the three years prior to the date of such selection) shall be selected by the first two Independent Investment Banking Firms, which third Independent Investment Banking Firm shall promptly make a determination of the Appraised Value. The Appraised Value shall equal the average of the two of such three Appraisals closest in value (or if there are no such two, then of all three Appraisals).

(e) If Universal elects to exercise its Call Right, Universal shall use its best efforts to make tax-free consideration consisting of Liquid Securities available to Liberty in a tax-free transaction; provided that Universal may provide, in lieu of Liquid Securities, Non-Liquid Securities the receipt of which constitutes tax-free consideration and that are subject to the Put Provision described in Section 4.2(f). If, notwithstanding Universal's best efforts, such a tax-free transaction is not available, (i) Universal shall not be entitled to exercise the Call Right, (ii) Liberty shall cease to have any right to consent to any action that constitutes a Fundamental Change described in Section 2.04(ii) of the Governance Agreement (other than a merger or similar business combination between the Company and Universal or any of their respective Affiliates so long as the Liberty Stockholder Group collectively beneficially owns more than 12.5% of the outstanding Common Shares) and if any such failure to consent to any such Fundamental Change (other than a Fundamental Change described in the parenthetical in clause (ii) above) triggered Universal's Call Right pursuant to clause (a)(i) of this Section 4.2, Liberty shall be deemed to have consented to the Fundamental Change, and (iii) Liberty shall be entitled to exercise the Liberty Put Right on the terms described in paragraph (b) above, notwithstanding whether or not the CEO Termination Date has occurred or Diller has become Disabled.

(f) In the event that Universal provides Non-Liquid Securities to Liberty, Liberty may at any time or from time to time elect to require Universal (or, if Universal is not the Issuer of such securities, the Issuer) to purchase all or a portion of such Non-Liquid Securities (the "Put Provision") at any time by delivering a written notice (a "Put Provision Notice") to Universal stating that Liberty elects to exercise the Put Provision; provided that Universal shall guarantee any obligation of the Issuer hereunder but shall not be relieved of any of its obligations hereunder as a result of any Issuer being required to purchase such Non-Liquid Securities; provided, further, that in no event shall Liberty be entitled to exercise the Put Provision on more than two occasions. The purchase price (the "Non-Liquid Purchase Price") to be paid by Universal to Liberty for Liberty's Non-Liquid Securities shall equal the

Market Value, determined as of the date that the Put Provision Notice is delivered, and shall be payable in cash. The "Market Value" shall be determined on the basis of (i) if the Non-Liquid Securities are publicly traded on a national securities exchange or quoted on the Nasdaq National Market ("Publicly Traded"), the average of the daily closing prices for such securities on the principal exchanges or market on which such securities may be listed or may be traded at such time for the five trading days prior to the date of the Put Provision Notice or (ii) if the Non-Liquid Securities are not Publicly Traded, the appraised value of such securities determined in accordance with the procedures set forth in Section 4.2(d) on the basis of what a willing buyer would pay for such securities in an arm's length transaction with a willing seller, taking into account, among other factors, an appropriate minority discount. In the event that the Non-Liquid Securities are Publicly Traded and Liberty has delivered the Put Provision Notice, Universal may elect, in lieu of satisfying all or a portion of the Put Provision, to have Liberty sell the Non-Liquid Securities over a reasonable period to be mutually agreed upon by Universal and Liberty and otherwise in accordance with the Shortfall Provisions, with the term "Market Value" substituted for the term "Liberty Purchase Price" for such purposes. In the event that Universal lacks sufficient funds (or is otherwise unable) to satisfy the Put Provision, SCL agrees, subject to the existing MEI arrangements and applicable law, that so long as SCL beneficially owns, directly or indirectly, at least 66- 2/3% of the Equity of Universal (excluding any Equity beneficially owned by Liberty or its Affiliates) (the "SCL Threshhold"), SCL shall provide funds to Universal (for debt or equity securities of Universal on commercially reasonable terms) in an amount sufficient to satisfy the Non-Liquid Purchase Price or, at SCL's option, purchase from Liberty (on terms and conditions reasonably satisfactory to the parties) the applicable Non-Liquid Securities in exchange for the Non-Liquid Purchase Price; provided that if neither Universal nor SCL satisfies the Put Provision and the Issuer of the Non-Liquid Securities has outstanding a class of Publicly Traded securities, Liberty may cause the Issuer to register the Non-Liquid Securities to be sold over a reasonable period to be mutually agreed upon by Universal and Liberty and otherwise in accordance with the Shortfall Provisions, with the term "Market Value" substituted for the term "Liberty Purchase Price" for such purposes. In lieu of providing all or a portion of the cash to Universal or to Liberty, SCL may substitute a number of Liquid Securities of SCL determined in the manner set forth in paragraph 4.2(h) and subject to sale by Liberty in accordance with the Shortfall Provisions, with the term "Market Value" substituted for the term "Liberty Purchase Price" for such purposes. The obligation of SCL set forth in the preceding sentence with respect to any outstanding Non-Liquid Securities shall terminate upon 10 Business Days' notice to Liberty that SCL's beneficial ownership of the Equity of Universal will decrease below the SCL Threshhold, which notice shall include reasonable detail of the transaction which will cause such decrease.

(g) If Liberty exercises the Liberty Put Right, Universal shall use its reasonable best efforts to make tax-free consideration consisting of Liquid Securities available to Liberty in a tax-free transaction; provided that Universal may provide, in lieu of Liquid Securities, Non-Liquid Securities that are subject to the Put Provision described in Section 4.2(f). If, notwithstanding Universal's reasonable best efforts, such consideration cannot be made available, the consideration payable in respect of the Liberty Purchase Price shall consist solely of cash ("Cash Consideration") and/or Liquid Securities in respect of which Liberty shall receive customary registration rights. If Liberty receives Liquid Securities

pursuant to this paragraph (f) in connection with a taxable transaction, and, within three months of the receipt of such Liquid Securities (or within such shorter period as Liberty shall elect by giving written notice of such election to Universal pursuant to the final sentence of this paragraph (f)) (any such period, the "Sale Period"), Liberty shall sell such Liquid Securities and shall receive in consideration therefor aggregate cash proceeds on a per share basis (net of any underwriting discounts or commissions or other reasonable out-of-pocket selling expenses) (the "Net Proceeds") which, together with any Cash Consideration, are less on a per share basis than the Liberty Purchase Price, Universal shall pay to Liberty, within ten Business Days of the receipt by Universal of written notice from Liberty of the amount of such Net Proceeds, at Universal's option, an amount of cash by wire transfer of same day funds and/or additional Liquid Securities equal to the difference between (x) the Liberty Purchase Price on a per share basis and (y) the sum of the Net Proceeds and the Cash Consideration on a per share basis (such difference, the "Shortfall Amount"). Liberty shall in good faith seek to minimize the Shortfall Amount. If Universal elects to pay all or any part of the Shortfall Amount with Liquid Securities, Liberty shall have the rights with respect to such Liquid Securities set forth in the immediately preceding sentence to the extent that the Net Proceeds from the sale of such Liquid Securities within the Sale Period applicable thereto, together with any cash received in respect of the Shortfall Amount, do not equal the Shortfall Amount. If the Net Proceeds from the sale of any Liquid Securities during the applicable Sale Period (including any Liquid Securities received in respect of the Shortfall Amount) received by Liberty pursuant to this paragraph (f) are greater than the Liberty Purchase Price on a per share basis, Liberty shall promptly pay to Universal, by wire transfer of same day funds, an amount equal to the difference between the Net Proceeds and the Liberty Purchase Price. To the extent Liberty only sells a portion of the Liquid Securities during any applicable Sale Period, the provisions of this paragraph (f) with respect to Liquid Securities shall be applied on a pro rata basis to the portion of the Liquid Securities that are so sold. Notwithstanding the foregoing, Liberty shall be entitled by written notice to Universal on the date Liberty receives the Liquid Securities to terminate the Sale Period as to any or all Liquid Securities received by Liberty pursuant to this paragraph (f) in which event neither Liberty nor Universal shall have any obligation to the other under this paragraph (f) to the extent that the Net Proceeds on a per share basis from the sale of any such Liquid Securities as to which Liberty has so terminated the Sale Period is greater or less than the applicable Liberty Purchase Price on a per share basis. The provisions of this paragraph (g) (other than the first two sentences are referred to herein as the "Shortfall Provisions."

(h) Subject to the next succeeding sentence, the closing of any purchase of Liberty's Equity pursuant to the Call Right or the Liberty Put Right shall occur no later than two Business Days following the later to occur of (i) the determination of the Appraised Value and (ii) the receipt of any necessary approvals (including, without limitation, any required approval of the stockholders of Universal or the Universal Parent Company or any applicable regulatory approvals) with respect to the purchase of Liberty's Equity or the issuance of Liquid Securities or the purchase thereof by Liberty. If Liberty exercises the Liberty Put Right or Universal exercises the Call Right during the 60-day period described in Section 2 of the Spin-Off Agreement (and Universal elects to require the Company to effect the spin-off within such period) or following Universal's election within such period to effect the spin-off but prior to the consummation of such spin-off, then, notwithstanding anything to

the contrary set forth herein, Universal may delay the closing of such purchase until the earlier to occur of (i) the fourteen month anniversary of the CEO Termination Date and (ii) consummation of such spin-off. The number of Liquid Securities or publicly traded Non-Liquid Securities to be delivered to Liberty at the closing of the Call Right or the Liberty Put Right shall be determined based upon weighted average daily closing prices of such securities on the principal exchange or market on which such shares may be listed or may be traded at such time for the 60 trading days immediately prior to the second trading day prior to such closing date. For purposes of determining such weighted average market price, the closing price for each day shall be the closing price, if reported, or, if the closing price is not reported, the average of the high and low sales prices as reported by such principal exchange or market or a similar source selected from time to time by the Company for such purpose. In the case of Non-Liquid Securities which are not Publicly Traded, the number of securities to be delivered shall be the appraised value of such securities determined in accordance with the procedures set forth in Section 4.2(d) on the basis of what a willing buyer would pay for such securities in an arm's length transaction with a willing seller, taking into account, among other factors, an appropriate minority discount

(i) Universal shall only be required to purchase shares of a BDTV Entity or any other Person holding Equity in connection with the exercise of the Call Right or the Liberty Put Right if such BDTV Entity or such other Person is a wholly-owned Subsidiary of Liberty (or its applicable Affiliate) and Universal receives representations and warranties, reasonably satisfactory in form and substance to Universal, that such BDTV Entity or such other Person does not own assets or liabilities other than the Equity and customary indemnities with respect thereto.

SECTION 4.3 Going-Private Transaction. If Universal (i) proposes to purchase all of the shares of Common Stock held by the Public Stockholders of the Company in a Permitted Business Combination, (ii) agrees to acquire all of Liberty's Equity in exchange for the Liberty Purchase Price described in Section 4.2(c) and calculated in the manner described in Section 4.2(d) and (iii) shall have used its best efforts to make tax-free consideration consisting of Liquid Securities available to pay the Liberty Purchase Price in a tax-free transaction to Liberty (provided that Universal may provide, in lieu of Liquid Securities, Non-Liquid Securities that are subject to the Put Provision described in Section 4.2(f), mutatis mutandis), then Liberty shall consent to such transaction if such transaction constitutes a Fundamental Change and shall not dissent from, abstain from voting with respect to or vote its Common Shares against the proposed transaction; provided in the event that Liberty's stock ownership were such as to qualify Liberty as a Public Stockholder, for purposes of the vote required under the definition of Permitted Business Combination, Liberty's vote shall be disregarded for the Public Stockholder vote required pursuant thereto. If, notwithstanding Universal's best efforts, such a tax-free transaction is not available, Liberty shall be permitted to retain its Equity in the Company (or the surviving entity of such Permitted Business Combination) and its rights under the Governance Agreement (other than the right described in Section 2.04(ii) thereof (other than with respect to a merger or similar business combination between the Company and Universal or any of their respective Affiliates so long as the Liberty Stockholder Group collectively beneficially owns more than 12.5% of the outstanding Common Shares)) in connection with such Permitted Business

Combination; provided that, if Liberty would beneficially own 20% or more of the outstanding Equity (such excess being the "Excess Interest")) after giving effect to such Permitted Business Combination, then Universal shall purchase, and Liberty shall sell to Universal, the Excess Interest on terms and conditions reasonably acceptable to Liberty and which shall be no less favorable to Liberty than the price paid to the Public Stockholders in such Permitted Business Combination; provided, further, that Universal shall reimburse Liberty for 50% of any actual tax liability incurred or payable (including to TCI under Liberty's tax-sharing agreement with TCI) by Liberty in connection with Universal's acquisition of the Excess Interest. To the extent that Liberty would own 20% or less of the outstanding Equity representing a greater percentage of voting power, Liberty shall convert such number of shares of Class B Common Stock into shares of Common Stock in order to reduce its voting power to an equivalent percentage of the outstanding Equity. Universal shall continue to have the rights described in Section 4.2(a) (mutatis mutandis) and Liberty shall continue to have the rights described in Section 4.2(b) (mutatis mutandis) with respect to any Equity in the Company (or such surviving entity) that is retained by Liberty following any such Permitted Business Combination and Universal's purchase of any Excess Interest; provided that Universal makes tax-free consideration consisting of Liquid Securities available to Liberty in a tax-free transaction.

SECTION 4.4 Diller Right to Put Shares. (a) Following the CEO Termination Date or such time as Diller becomes Disabled (each such event, a "Diller Put Event"), Diller shall have the right (the "Diller Put") to require Universal or, at Universal's option, its designee, to purchase for cash all (but not less than all) of the Common Shares beneficially owned by Diller that were acquired from the Company (other than securities of any BDTV Entity) in which he has a pecuniary interest (the "Diller Put Shares"), for the Diller Share Put Price as is specified in paragraphs (b) and (c) below. Diller may exercise the Diller Put by delivering a written notice (the "Diller Put Notice") at any time following the date of the applicable Diller Put Event (the "Diller Put Event Date") and on or prior to the first anniversary of the Diller Put Event Date to Universal stating that Diller elects to exercise the Diller Put, and upon receipt of such Diller Put Notice, Universal, or at Universal's option, its designee, shall purchase such Diller Put Shares, subject to the terms of this Section 4.4. So long as Diller is not disadvantaged as determined in his good faith judgment, with respect to any options to be exercise by Diller in connection with his exercise of the Diller Put, Universal shall be permitted to determine whether Diller shall exercise such options through "cashless" exercise option.

(b) If the Diller Put Event occurs at any time prior to the fourth anniversary of the Closing, the purchase price per Diller Put Share (the "Diller Share Put Price") shall be equal to the weighted average daily closing prices of a share of the Common Stock on the Nasdaq National Market (or such principal exchange or market on which such shares may be listed or may be traded at such time) (the "Weighted Average Market Price") for the five trading days immediately following the date on which a public announcement of the Diller Put Event is made. For purposes of determining the Weighted Average Market Price, the closing price for each day shall be the closing price, if reported, or, if the closing price is not reported, the average of the high and low sales prices as reported by the Nasdaq National Market (or such principal exchange or market) or a similar source selected from time to time

by the Company for such purpose. In the event such prices are unavailable, the Weighted Average Market Price shall be the Fair Market Value of such security established by Independent Investment Banking Firms in accordance with the procedures specified in Section 4.2(d) (with Diller having the rights of Liberty in such Section, mutatis mutandis).

(c) If the Diller Put Event occurs at any time on or after the fourth anniversary of the Closing, the Diller Share Put Price shall be equal to (i) if the Diller Put is exercised no later than 10 Business Days after the Diller Put Event Date, the Weighted Average Market Price for the five trading days immediately preceding public announcement of the Diller Put Event or (ii) if the Diller Put is exercised after the tenth Business Day following the Diller Put Event Date and on or prior to the first anniversary of the Diller Put Event Date, the Weighted Average Market Price for the five trading days immediately prior to the exercise of the Diller Put.

(d) Subject to the receipt of applicable regulatory approvals and subject to paragraph (f) below, the closing of the sale of the Diller Put Shares shall occur as soon as reasonably practicable, and in any case no later than 20 Business Days following receipt of the Diller Put Notice (such date or such later date as set forth in paragraph (f) below, the "Diller Put Closing Date"). The aggregate Diller Share Put Price shall be payable by wire transfer of same day funds to an account specified by Diller no less than two Business Days prior to the Diller Put Closing Date. Prior to the Diller Put Closing Date, Diller shall exercise any Options (whether on a cashless exercise basis or otherwise) necessary in order to deliver Common Shares to Universal (or such any other transferee pursuant to paragraph (f) below) in connection with the Diller Put. In the event of any stock split, stock dividend or similar distribution following the date of determination of the Diller Share Put Price, the Diller Share Put Price shall be appropriately adjusted.

(e) In the case, prior to the Diller Put Event Date, Universal or a Permitted Transferee of Universal Transfers to a Third Party Transferee (A) more than 50% of Universal's Initial Interest or (B) an amount of Equity such that (x) the percentage voting power of the Common Shares beneficially owned by the Third Party Transferee and its Affiliates after giving effect to such transaction or transactions would be greater than that beneficially owned by Universal and its Stockholder Group after giving effect to such transaction or transactions, (y) the percentage voting power of the Common Shares beneficially owned by the Third Party Transferee and its Affiliates after giving effect to such transaction or transactions would be greater than that beneficially owned by Liberty and the members of its Stockholder Group or any other stockholder and (z) the percentage voting power of the Common Shares beneficially owned by the applicable transferee and its Affiliates after giving effect to such transaction would be greater than 15% of the voting power of the outstanding Common Shares of the Company, such Third Party Transferee shall have, and such Transfer shall be conditioned upon such Third Party Transferee expressly assuming in writing (which shall be reasonably satisfactory to Diller), the obligations of Universal set forth in Section 4.4 and Universal shall cease to have any obligations pursuant to Section 4.4. Notwithstanding the foregoing, Universal shall cease to have any obligation pursuant to Section 4.4 if, prior to the Diller Put Event Date, it ceases to beneficially own more than 10% of the Common Shares. Transfers of Common Shares by Universal or its

Permitted Transferees on or after the Diller Put Event Date shall not affect the obligations of such parties pursuant to this Section.

(f) In the event that regulatory restrictions prevent or could be reasonably expected to prevent Universal from acquiring Diller Put Shares at such time as Diller exercises the Diller Put, Universal and Diller each agrees as follows:

(i) Upon receipt of the Diller Put Notice, Universal shall use its reasonable best efforts, including promptly making all required regulatory filings, so that the Diller Put can be consummated as promptly as reasonably practicable.

(ii) Upon receipt of the Diller Put Notice, Universal shall use its best efforts to enter into an escrow arrangement (the "Escrow") (subject to applicable law and the availability of a suitable escrow agent on commercially reasonable terms and conditions) pursuant to which Diller would deposit the Diller Put Shares in an escrow account and title to the Diller Put Shares would be transferred to the escrow agent, for the benefit of Universal (provided that such shares would continue to be subject to the Universal Proxy in accordance with Section 3.5). The escrow arrangements shall further provide that the Diller Put Shares shall be released to Universal, at the option of Universal, at any time and subject to applicable law, without the consent of Diller, whether for sale to a third party or otherwise. Any dividends or distributions on the Diller Put Shares from and after the time that the Diller Put Shares are deposited in the escrow account shall be similarly held for the benefit of Universal. At the time the Diller Put Shares are deposited in an escrow account, Universal shall pay to Diller the aggregate Diller Share Put Price in the manner set forth in paragraph (d) above). Diller agrees to cooperate in good faith with Universal to the extent necessary to facilitate the escrow arrangements described herein.

(iii) In the event that Universal is not able to arrange the Escrow in accordance with clause (ii) above within 20 Business Days of the date of the Diller Put Notice (which period may be extended at Diller's option), (x) Universal shall, subject to applicable law, use its reasonable best efforts to make a non-recourse loan (the "Diller Loan Amount") to Diller in an aggregate amount not to exceed 45% of the aggregate Diller Share Put Price, which loan shall be secured by the Diller Put Shares (including any distributions with respect thereto) and which shall contain other terms and conditions subject to applicable law and otherwise reasonably satisfactory to Universal and Diller and (y) Universal shall begin to pay to Diller interest on the amount equal to the difference between the aggregate Diller Share Put Price and the Diller Loan Amount at the prime rate in effect from time to time as announced by The Chase Manhattan Bank (the "Prime Rate") which interest rate shall be increased by 100 basis points on each of the six month and one year anniversary of the date of the Diller Put Notice; provided that such interest rate shall not exceed

the greater of (x) the Prime Rate and (y) 10%. Interest shall cease to accrue and become payable at any such time as Universal is able to either consummate the Escrow (including paying Diller the remainder of the Diller Share Put Price) or otherwise pays to Diller the remainder of the Diller Share Put Price. Interest shall be paid monthly, on each monthly anniversary of the date on which interest begins to accrue, with any remaining accrued interest paid at the closing. The Diller Share Put Price payable at the closing shall be reduced by the amount of any loan pursuant to this paragraph (iii).

(iv) To the extent that Universal is unable to consummate the Diller Put within eighteen months of the date of the Diller Put Notice, Universal shall make arrangements for a financial institution to sell the Diller Put Shares to a third party, within 10 trading days following such eighteen-month period, with the net proceeds thereof to be paid to Diller; provided that if such net proceeds are less than the Diller Put Price (including any interest accrued but unpaid to the date of payment to Diller), Universal shall pay to Diller, in cash, an amount equal to such deficiency; provided, further, that if such net proceeds are greater than the Diller Put Price (including any interest accrued but unpaid to the date of payment to Diller), Diller shall pay to Universal, in cash, an amount equal to such excess.

(v) If the Escrow is not effected and the spin-off occurs, Diller and Universal shall cooperate in good faith to enter into appropriate arrangements to ensure that the Diller Put Price reflects the value of the shares of the regulated subsidiary being spun off and any other dividend or distribution, as appropriate, without Diller taking market risk on the spun-off shares (and without having the benefit of any increase in the value of the spun-off shares). Diller and Universal will cooperate in good faith to enter into any agreement with respect to such arrangements and voting arrangements with respect to the spun-off shares prior to the Closing.

(vi) Diller shall in good faith cooperate with Universal to consummate the Diller Put and, subject to the foregoing obligations of Universal, to provide a means of consummating the Diller Put which, to the extent reasonably practicable, would permit Universal to own and vote the Diller Put Shares to the extent permitted by law.

In connection with the foregoing, the Company agrees to cooperate in good faith with Universal in order to permit Universal to acquire beneficial ownership of the Diller Put Shares which may include, without limitation, exchanging additional LLC Shares with Universal for the Diller Put Shares or granting an option to purchase shares of Common Stock in a number equal to the number of Diller Put Shares; provided that the Company shall not be required to take any action that would or could reasonably be expected to have substantial adverse tax, accounting or financial consequences to the Company or its Subsidiaries (including the LLC)). In addition, each of Diller and the Company agree that, so long as there would not be any substantial adverse tax or accounting consequences to the

Company or Diller, at Universal's option, they will use their reasonable best efforts to transfer options to Universal in lieu of Common Shares.

(g) Liberty acknowledges and agrees that Transfers by Diller to Universal pursuant to this Section 4.4 shall not result in any right of first refusal by Liberty pursuant to Section 4.9.

SECTION 4.5 Tag-Along for Diller and Liberty for Transfers by Universal. (a) Subject to prior compliance by Universal with Section 4.8, if Universal or any members of its Stockholder Group shall desire to Transfer in one transaction or a series of related transactions either

(i) more than 50% of Universal's Initial Interest or

(ii) an amount of Equity such that (x) the percentage voting power of the Common Shares beneficially owned by the applicable transferee and its Affiliates after giving effect to such transaction or transactions would be greater than that beneficially owned by Universal and its Affiliates after giving effect to such transaction or transactions, (y) the percentage voting power of the Common Shares beneficially owned by the applicable transferee and its Affiliates after giving effect to such transaction or transactions would be greater than that held by Liberty and its Stockholder Group or any other stockholder and (z) the percentage voting power of the Common Shares beneficially owned by the applicable transferee and its Affiliates after giving effect to such transaction would be greater than 25% of the voting power of the outstanding Equity of the Company

to any Person (including any Group), other than to a Person that was a Permitted Transferee of Universal prior to the occurrence of such transaction and other than pursuant to Section 4.8 to the extent that Liberty previously received a Universal Tag-Along Notice pursuant to this Section 4.5 (with respect to the transaction which gave rise to the proposed transaction pursuant to Section 4.8) and did not exercise its rights thereunder (either such transaction or series of related transactions, a "Universal Tag-Along Sale"), Universal shall give prior written notice of such intended Transfer to Liberty and Diller (each, a "Tag-Along Offeree") no later than the date on which Universal gives the Offer Notice to Diller pursuant to Section 4.8(b). Such notice (the "Universal Tag-Along Notice") shall set forth the terms and conditions of such proposed Transfer, including the name of the proposed transferee, the amount of Equity proposed to be Transferred (including the number of securities previously or proposed to be Transferred to the applicable transferee or its Affiliates in a related transaction) (the "Universal Tag-Along Shares"), the purchase price per Common Share on an equivalent basis proposed to be paid therefor and the payment terms and type of Transfer to be effectuated.

(b) Within 10 Business Days after delivery of the Universal Tag-Along Notice by Universal to the Tag-Along Offerees, each Tag-Along Offeree shall, by written notice to Universal, each have the opportunity and right to sell to the transferee in such proposed

Transfer (upon the same terms and conditions as Universal or the most favorable terms and conditions to Universal provided for in any one of a series of related transactions) up to that number of Common Shares beneficially owned by such Tag-Along Offeree as shall equal the product of (x) a fraction, the numerator of which is the number of Universal Tag-Along Shares and the denominator of which is the aggregate number of Common Shares beneficially owned as of the date of the Universal Tag-Along Notice by Universal and its Stockholder Group, multiplied by (y) the number of Common Shares beneficially owned by such Tag-Along Offeree and its Stockholder Group as of the date of the Universal Tag-Along Notice. In the event that the proposed transferee is unwilling to purchase all of the Common Shares that Universal, Diller and Liberty propose to Transfer hereunder, the number of Common Shares that a Stockholder, including Universal, may sell pursuant to Section 4.5(a) shall be determined by multiplying the maximum number of Common Shares that the proposed transferee of the Universal Tag-Along Shares is willing to purchase on the terms set forth in the Universal Tag-Along Notice by a fraction, the numerator of which is the number of Common Shares that such Stockholder and its Stockholder Group proposes to sell hereunder (subject to the maximum amount for each Stockholder calculated pursuant to the preceding sentence) and the denominator of which is the aggregate number of Common Shares that all Stockholders exercising rights under this Section 4.5, including Universal, and the members of their respective Stockholder Groups propose to sell hereunder.

(c) At the closing of any proposed Transfer in respect of which a Universal Tag-Along Notice has been delivered, each Tag-Along Offeree shall deliver, free and clear of all liens, to the proposed transferee certificates evidencing the Common Shares to be sold thereto duly endorsed with Transfer powers and shall receive in exchange therefore the consideration to be paid by the proposed transferee in respect of such Common Shares. No transferee shall be required to purchase shares of a BDTV Entity (or any form of Equity other than Common Shares) in connection with the Universal Tag-Along Sale and each of Liberty and Diller shall cooperate so that any transferor will be able to purchase directly any Common Shares held by a BDTV Entity and not the shares of any BDTV Entity.

(d) The Company shall cooperate with Universal and Liberty to deliver Common Shares upon exchange by Universal or Liberty or any member of their respective Stockholder Groups of LLC Shares or Exchange Shares in connection with any such Transfer.

(e) This Section 4.5 shall not be applicable to any Transfer pursuant to Section 4.8 to the extent that Liberty previously received a Universal Tag-Along Notice pursuant to this Section 4.5 (with respect to the transaction which gave rise to the proposed transaction pursuant to Section 4.8) and did not exercise its rights thereunder.

(f) No Transfer or Transfers by Universal or any member of its Stockholder Group constituting a Universal Tag-Along Sale shall be effected absent compliance with this Section 4.5.

SECTION 4.6 Tag-Along for Liberty for Transfers by Diller to Universal. (a) If Universal or any member of its Stockholder Group shall desire to purchase from Diller or any member of his Stockholder Group, and Diller or any member of his Stockholder Group

shall desire to Transfer to Universal or any member of its Stockholder Group, any Common Shares beneficially owned by him , other than as set forth in paragraph (e) below, (a "Stockholder Tag-Along Sale"), Universal shall give not less than 10 Business Days' prior written notice to Liberty of such intended Transfer. Such notice (the "Stockholder Tag-Along Notice") shall set forth the terms and conditions of such proposed Transfer, including the number of Common Shares proposed to be Transferred (the "Stockholder Tag-Along Shares"), the purchase price per Common Share proposed to be paid therefor and the payment terms and type of Transfer to be effectuated.

(b) Within 10 days after delivery of the Stockholder Tag-Along Notice by Universal to Liberty, Liberty shall, by written notice to Universal, have the opportunity and right to sell to Universal or its designee in such proposed Transfer (upon the same terms and conditions as Diller) up to that number of Common Shares beneficially owned by Liberty (including Liberty's pro rata portion of any shares held by a BDTV Entity) as shall equal the product of (x) a fraction, the numerator of which is the number of Stockholder Tag-Along Shares and the denominator of which is the aggregate number of Common Shares beneficially owned as of the date of the Stockholder Tag-Along Notice by Diller and his Stockholder Group (excluding shares held by any BDTV Entity that were not contributed by Diller), multiplied by (y) the number of Common Shares beneficially owned by Liberty and its Stockholder Group (including Liberty's pro rata portion of any shares held by a BDTV Entity) as of the date of the Stockholder Tag-Along Notice. The number of Common Shares that Diller or Liberty may sell to Universal pursuant to Section 4.6(a) shall be determined by multiplying the maximum number of Stockholder Tag-Along Shares that Universal is willing to purchase on the terms set forth in the Stockholder Tag-Along Notice by a fraction, the numerator of which is the number of Common Shares that such Stockholder and its Stockholder group proposes to sell hereunder (subject to the maximum amount for Liberty calculated pursuant to the preceding sentence) and the denominator of which is the aggregate number of Common Shares that Diller and Liberty and their respective Stockholder Groups propose to sell hereunder.

(c) At the closing of any proposed Transfer in respect of which a Stockholder Tag-Along Notice has been delivered, Liberty shall deliver, free and clear of all liens, to Universal certificates evidencing the Common Shares to be sold thereto duly endorsed with Transfer powers and shall receive in exchange therefore the consideration to be paid by Universal in respect of such Common Shares as described in the Stockholder Tag-Along Notice. Neither Universal nor any member of its Stockholder Group shall be required to purchase shares of a BDTV Entity in connection with the Universal Tag-Along Sale and each of Liberty and Diller shall cooperate so that any transferee will be able to purchase directly any Common Shares held by a BDTV Entity and not the shares of any BDTV Entity.

(d) Diller and the members of his Stockholders Group shall not effect any Transfer or Transfers constituting a Stockholder Tag-Along Sale absent compliance with this Section 4.6.

(e) This Section 4.6 shall not be applicable to (i) any Transfer by Diller to Universal pursuant to the exercise of the Diller Put Right, (ii) any Transfer by Diller to

Universal of an aggregate of not more than 1,000,000 Common Shares within any rolling twelve-month period (including any shares Transferred pursuant to Section 4.7(e)(i)), (iii) any Transfer by Diller to Universal in connection with Section 4.8 to the extent that Liberty received a Diller Tag-Along Notice pursuant to Section 4.7 and did not exercise its rights thereunder, (iv) any Transfer by Diller to Universal of any Common Shares acquired by Diller from Liberty or (v) pursuant to Section 4.1(a)(w) or 4.1(a)(z).

SECTION 4.7 Tag-Along for Liberty for Transfers by Diller to a Third Party. (a) If Diller shall desire to Transfer to any third party other than Universal and the members of its Stockholder Group any of the Common Shares beneficially owned by him or any member of his Stockholder Group (other than as set forth in paragraph (e) below or other than as covered by Section 4.6), in one transaction or a series of related transactions (the "Diller Tag-Along Sale"), Diller shall give prior written notice to Liberty of such intended Transfer no later than the date on which Diller gives the Offer Notice to Universal pursuant to Section 4.8(b). Such notice (the "Diller Tag-Along Notice") shall set forth the terms and conditions of such proposed Transfer, including the number of Common Shares proposed to be Transferred (the "Diller Tag-Along Shares"), the purchase price per Common Share proposed to be paid therefor and the payment terms and type of Transfer to be effectuated.

(b) Within 10 days after delivery of the Diller Tag-Along Notice by Diller to Liberty, Liberty shall, by written notice to Diller, have the opportunity and right to sell to such third party in such proposed Transfer (upon the same terms and conditions as Diller) up to that number of Common Shares beneficially owned by Liberty (including Liberty's pro rata portion of any shares held by a BDTV Entity) as shall equal the product of (x) a fraction, the numerator of which is the number of Diller Tag-Along Shares and the denominator of which is the aggregate number of Common Shares beneficially owned as of the date of the Diller Tag-Along Notice by Diller and his Affiliates (excluding shares held by any BDTV Entity that were not contributed by Diller), multiplied by (y) the number of Common Shares beneficially owned by Liberty (including Liberty's pro rata portion of any shares held by a BDTV Entity) as of the date of the Diller Tag-Along Notice. The number of Common Shares that Diller or Liberty may sell to a third party pursuant to Section 4.7(a) shall be determined by multiplying the maximum number of Diller Tag-Along Shares that such third party is willing to purchase on the terms set forth in the Diller Tag-Along Notice by a fraction, the numerator of which is the number of Common Shares that such Stockholder proposes to sell hereunder (subject to the maximum amount for Liberty calculated pursuant to the preceding sentence) and the denominator of which is the aggregate number of Common Shares that Diller and Liberty propose to sell hereunder.

(c) At the closing of any proposed Transfer in respect of which a Diller Tag-Along Notice has been delivered, Liberty shall deliver, free and clear of all liens, to such third party certificates evidencing the Common Shares to be sold thereto duly endorsed with Transfer powers and shall receive in exchange therefore the consideration to be paid by such third party in respect of such Common Shares as described in the Diller Tag-Along Notice. No transferee shall be required to purchase shares of a BDTV Entity in connection with the Diller Tag-Along Sale and each of Liberty and Diller shall cooperate so that any transferee

will be able to purchase directly any Common Shares held by a BDTV Entity and not the shares of any BDTV Entity.

(d) Diller and the members of his Stockholders Group shall not effect any Transfer or Transfers constituting a Diller Tag-Along Sale absent compliance with this Section 4.7.

(e) This Section 4.7 shall not be applicable to the Transfer by Diller or any member of his Stockholder Group (i) of an aggregate of not more than 1,000,000 Common Shares within any rolling twelve-month period (including any shares Transferred pursuant to Section 4.6(e)(ii)), (ii) pursuant to Section 4.1(a)(w) or 4.1(a)(z), (iii) in a Market Sale or (iv) following such time as Diller is no longer CEO other than any Transfer made in connection with Diller ceasing to be CEO.

SECTION 4.8 Right of First Refusal between Universal and Diller. (a) Any Transfer of Common Shares by Universal or Diller or members of each of their respective Stockholder Groups (the "Transferring Party") will be subject to the right of first refusal provisions of this Section 4.8 other than a Transfer (i) between Universal and any member of the Universal Stockholder Group or between members of the Universal Stockholder Group, (ii) by Diller permitted by Section 4.1(a) hereof, (iii) in connection with any Market Sale (other than any Market Sale (a "Covered Market Sale") involving the Transfer of 250,000 or more Common Shares in any rolling twelve month period) or (iv) a Transfer of an aggregate of not more than 1,000,000 Common Shares within any rolling twelve-month period (including any shares Transferred pursuant to Section 4.6(e)(ii) and Section 4.7(e)(i).

(b) Prior to effecting any Transfer described in Section 4.8(a), the Transferring Party shall deliver a written notice (the "Offer Notice") to Diller, if the Transferring Party is Universal or an Affiliate thereof, or to Universal, if the Transferring Party is Diller or an Affiliate thereof (the recipient of such notice, the "Other Stockholder"), which Offer Notice shall specify (i) the Person to whom the Transferring Party proposes to make such Transfer or the proposed manner of Transfer in the case of a public offering or a Covered Market Sale, (ii) the number or amount and description of the Common Shares to be Transferred, (iii) except in the case of a public offering or a Covered Market Sale, the Offer Price (as defined below), and (iv) all other material terms and conditions of the proposed Transfer, including a description of any non-cash consideration sufficiently detailed to permit valuation thereof, and which Offer Notice shall be accompanied by any written offer from the prospective transferee to purchase such Common Shares, if available and permitted pursuant to the terms thereof. The Offer Notice shall constitute an irrevocable offer to the Other Stockholder or its designee, for the period of time described below, to purchase all (but not less than all) of such Common Shares upon the same terms specified in the Offer Notice, subject to Section 4.8(g) and as otherwise set forth in this Section 4.8. The Other Stockholder may elect to purchase all (but not less than all) of the Common Shares at the Offer Price (or, if the Offer Price includes property other than cash, the equivalent in cash of such property as determined in accordance with Section 4.8(g)) and upon the other terms and conditions specified in the Offer Notice.

(c) For purposes of this Section 4.8, "Offer Price" shall be defined to mean on a per share or other amount of Common Shares basis (i) in the case of a third party tender offer or exchange offer, the tender offer or exchange offer price per Common Share taking into account any provisions thereof with respect to proration and any proposed second step or "back-end" transaction, (ii) in the case of a public offering or a Covered Market Sale, the Current Market Value per Common Share as of the date the election notice of the Other Stockholder hereinafter described is delivered and (iii) in the case of a privately-negotiated transaction, the proposed sale price per Common Share.

(d) If the Other Stockholder elects to purchase the offered Common Shares, it shall give notice to the Transferring Party within 10 Business Days of its receipt of the Offer Notice of its election (or in the case of a third party tender offer or exchange offer, not later than five Business Days prior to the expiration date of such offer, provided that all conditions to such offer (other than with respect to the number of Common Shares tendered) shall have been satisfied or waived and the Offer Notice shall have been provided at least ten Business Days prior to the expiration date of such offer), which shall constitute a binding obligation, subject to standard terms and conditions for a stock purchase contract between two significant stockholders of an issuer (provided that the Transferring Party shall not be required to make any representations or warranties regarding the business of the Company), to purchase the offered Common Shares, which notice shall include the date set for the closing of such purchase, which date shall be no later than 20 Business Days following the delivery of such election notice, or, if later, five Business Days after receipt of all required regulatory approvals; provided that the closing shall only be delayed pending receipt of required regulatory approvals if (i) the Other Stockholder is using reasonable efforts to obtain the required regulatory approvals, (ii) there is a reasonable prospect of receiving such regulatory approvals and (iii) if such closing is delayed more than 90 days after the date of the Other Stockholder's notice of election to purchase, then the Other Stockholder agrees to pay interest at the Reference Rate to the Transferring Party from such date to the closing date. Notwithstanding the foregoing, such time periods shall not be deemed to commence with respect to any purported notice that does not comply in all material respects with the requirements of this Section 4.8(d). The Other Stockholder may assign its rights to purchase under this Section 4.8 to any Person who is a Permitted Designee.

(e) Subject to Section 4.8(f) in the case of a Covered Market Sale, if the Other Stockholder does not respond to the Offer Notice within the required response time period or elects not to purchase the offered Common Shares, the Transferring Party shall be free to complete the proposed Transfer (to the same proposed transferee, in the case of privately- negotiated transaction) on terms no less favorable to the Transferring Party or its Affiliate, as the case may be, than those set forth in the Offer Notice, provided that (x) such Transfer is closed within (I) 90 days after the latest of (A) the expiration of the foregoing required response time periods, or (B) the receipt by the Transferring Party of the foregoing election notice or, in the case of (A) or (B), if later, five Business Days following receipt of all required regulatory approvals; provided that the closing shall only be delayed pending receipt of required regulatory approvals if (i) the Transferring Stockholder is using reasonable efforts to obtain the required regulatory approvals and (ii) there is a reasonable prospect of receiving such regulatory approvals or, (II) in the case of a public offering, within 20 days of the

declaration by the Commission of the effectiveness of a registration statement filed with the Commission pursuant to this Agreement, and (y) the price at which the Common Shares are transferred must be equal to or higher than the Offer Price (except in the case of a public offering, in which case the price at which the Common Shares are sold (before deducting such approvals underwriting discounts and commissions) shall be equal to at least 90% of the Offer Price).

(f) If the Other Stockholder does not respond to the Offer Notice with respect to a Covered Market Sale within the required response time period or elects not to purchase the offered Common Shares, the Transferring Party shall be free to complete the proposed Covered Market Sale in one or more transactions during the 90-day period commencing on the latest of (i) the expiration of the required response time period described in Section 4.8(d) or (ii) receipt by the Transferring Party of the election notice described in Section 4.8(d), provided that the price at which each Common Share is transferred (excluding brokerage commissions) shall be at least equal to 90% of the Offer Price.

(g) If (i) the consideration specified in the Offer Notice consists of, or includes, consideration other than cash or a publicly traded security for which a closing market price is published for each Business Day, or (ii) any property other than Common Shares is proposed to be transferred in connection with the transaction to which the Offer Notice relates, then the price payable by the Other Stockholder under this Section 4.8 for the Common Shares being transferred shall be equal to the Fair Market Value of such consideration which shall be determined in the manner set forth in Section 4.2(d) (with Diller or Universal having the rights of Liberty in such Section, mutatis mutandis). Notwithstanding anything to the contrary contained in this Section 4.8, the time periods applicable to an election by the Other Stockholder to purchase the offered securities set forth in Section 4.8(a) shall not be deemed to commence until the Fair Market Value has been determined, provided that, in the case of a third party tender offer or exchange offer, in no event shall any such election be permitted later than five Business Days prior to the latest time by which Common Shares shall be tendered in order to be accepted pursuant to such offer or to qualify for any proration applicable to such offer if all conditions to such offer (other than the number of shares tendered) have been satisfied or waived. Each of Diller and Universal agrees to use its best efforts to cause the Fair Market Value to be determined as promptly as practicable but in no event later than 10 Business Days after the receipt by the Other Stockholder of the Offer Notice.

(h) Liberty acknowledges and agrees that Transfers by Diller to Universal pursuant to this Section 4.8 shall not result in any right of first refusal by Liberty pursuant to Section 4.9.

SECTION 4.9 Right of First Refusal between Liberty and Diller. (a) Any Transfer of Common Shares by a member of the Liberty Stockholder Group or a member of the Diller Stockholder Group (the "L/D Transferring Party") will be subject to the right of first refusal provisions of this Section 4.9, other than a Transfer by a member of the Liberty Stockholder Group or the Diller Stockholder Group permitted by Section 4.1(a) hereof, a Transfer by Liberty pursuant to Section 4.2, 4.3, 4.5 hereof, a Transfer by Diller with respect

to which Liberty has a right pursuant to Section 4.6, a Transfer that is a sale described in Sections 4.6(e)(ii) and 4.7(e)(i) or a Market Sale that is not a Covered Market Sale.

(b) Prior to effecting any Transfer referred to in Section 4.9(a), the L/D Transferring Party shall deliver written notice (the "L/D Offer Notice") to Diller, if the L/D Transferring Party is a member of the Liberty Stockholder Group, or to Liberty, if the L/D Transferring Party is a member of the Diller Stockholder Group (the recipient of such notice, the "L/D Other Party"), which Offer Notice shall specify (i) the Person to whom the L/D Transferring Party proposes to make such Transfer or the proposed manner of Transfer in the case of a public offering or a Covered Market Sale, (ii) the number or amount and description of the Common Shares to be Transferred, (iii) except in the case of a public offering or a Covered Market Sale, the L/D Offer Price (as defined below), and (iv) all other material terms and conditions of the proposed Transfer, including a description of any non-cash consideration sufficiently detailed to permit valuation thereof, and which Offer Notice shall be accompanied by any written offer from the prospective transferee to purchase such Common Shares, if available and permitted pursuant to the terms thereof. The L/D Offer Notice shall constitute an irrevocable offer to the L/D Other Party, for the period of time described below, to purchase all (but not less than all) of such Common Shares.

(c) For purposes of this Section 4.9, "L/D Offer Price" shall mean the purchase price per Common Share to be paid to the L/D Transferring Party in the proposed transaction (as it may be adjusted in order to determine the net economic value thereof). In the event that the consideration payable to the L/D Transferring Party in a proposed transaction consists of securities, the purchase price per share shall equal the fair market value of such securities divided by the number of Common Shares to be Transferred. Such fair market value shall be the market price of any publicly traded security and, if such security is not publicly traded, the fair market value shall be equal to the appraised value (calculated in accordance with the method described in Section 4.2(d)) of such security.

(d) If the L/D Other Party elects to purchase the offered Common Shares, it shall give notice to the L/D Transferring Party within ten Business Days after receipt of the L/D Offer Notice of its election (or in the case of a third party tender offer or exchange offer, not later than five Business Days prior to the expiration date of such offer, provided that all conditions to such offer (other than with respect to the number of Common Shares tendered) shall have been satisfied or waived and the L/D Offer Notice shall have been provided at least ten Business Days prior to the expiration date of such offer), which shall constitute a binding obligation, subject to standard terms and conditions for a stock purchase contract between two significant stockholders of an issuer (provided that the L/D Transferring Party shall not be required to make any representations or warranties regarding the business of the Company), to purchase the offered Common Shares, which notice shall include the date set for the closing of such purchase, which date shall be no later than 20 Business Days following the delivery of such election notice, or, if later, five Business Days after receipt of all required regulatory approvals; provided that the closing shall only be delayed pending receipt of required regulatory approvals if (i) the L/D Other Party is using reasonable efforts to obtain the required regulatory approvals, (ii) there is a reasonable prospect of receiving such regulatory approvals and (iii) if such closing is delayed more than 90 days after the date

of the L/D Other Party's notice of election to purchase, then the L/D Other Party agrees to pay interest at the Reference Rate to the L/D Transferring Party from such date to the closing date. Notwithstanding the foregoing, such time periods shall not be deemed to commence with respect to any purported notice that does not comply in all material respects with the requirements of this Section 4.9(d). Liberty and Diller may assign their respective rights to purchase under this Section 4.9 to any Person who is a Permitted Designee.

(e) Subject to Section 4.9(f) in the case of a Covered Market Sale, if the L/D Other Stockholder does not respond to the L/D Offer Notice within the required response time period or elects not to purchase the offered Common Shares, the L/D Transferring Party shall be free to complete the proposed Transfer (to the same proposed transferee, in the case of a privately-negotiated transaction) on terms no less favorable to the L/D Transferring Party or its Affiliate, as the case may be, than those set forth in the L/D Offer Notice, provided that (x) such Transfer is closed within (I) 90 days after the latest of (A) the expiration of the foregoing required response time periods, or (B) the receipt by the L/D Transferring Party of the foregoing election notice or, in the case of (A) or (B), if later, five Business Days following receipt of all required regulatory approvals; provided that the closing shall only be delayed pending receipt of required regulatory approvals if (i) the L/D Transferring Stockholder is using reasonable efforts to obtain the required regulatory approvals and (ii) there is a reasonable prospect of receiving such regulatory approvals, or (II) in the case of a public offering, within 20 days of the declaration by the Commission of the effectiveness of a registration statement filed with the Commission pursuant to this Agreement, and (y) the price at which the Common Shares are transferred must be equal to or higher than the L/D Offer Price (except in the case of a public offering, in which case the price at which the Common Shares are sold (before deducting underwriting discounts and commissions) shall be equal to at least 90% of the L/D Offer Price).

(f) If the L/D Other Stockholder does not respond to the L/D Offer Notice with respect to a Covered Market Sale within the required response time period or elects not to purchase the offered Common Shares, the L/D Transferring Party shall be free to complete the proposed Covered Market Sale in one or more transactions during the 90-day period commencing on the latest of (i) the expiration of the required response time period described in Section 4.9(d) or (ii) receipt by the L/D Transferring Party of the election notice described in Section 4.9(d), provided that the price at which each Common Share is transferred (excluding brokerage commissions) shall be at least equal to 90% of the L/D Offer Price.

(g) If the L/D Other Party elects to exercise its right of first refusal under this Section 4.9, the L/D Other Party shall pay the L/D Offer Price in cash (by wire transfer of immediately available funds) or by the delivery of marketable securities having an aggregate fair market value equal to the L/D Offer Price, provided, that if the securities to be so delivered by the L/D Other Party would not, in the L/D Transferring Party's possession, have at least the same general degree of liquidity as the securities the L/D Transferring Party was to receive in such proposed transaction (determined by reference to the L/D Transferring Party's ability to dispose of such securities (including, without limitation, the trading volume of such securities and the L/D Other Party's percentage ownership of the issuer of such securities)), then the L/D Other Party shall be required to deliver securities having an

appraised value (calculated in accordance with the method described in Section 4.2(d)) equal to the L/D Offer Price. If the L/D Other Party delivers securities in payment of the L/D Offer Price, it will cause the issuer of such securities to provide the L/D Transferring Party with customary registration rights related thereto (if, in the other transaction, the L/D Transferring Party would have received cash, cash equivalents, registered securities or registration rights). Each of Diller and Liberty agrees to use his or its commercially reasonable efforts (but not to expend any money) to preserve for the other Stockholder, to the extent possible, the tax benefits available to it in such proposed transaction, and to otherwise seek to structure such transaction in the most tax efficient method available. Notwithstanding the foregoing, if Diller pays the L/D Offer Price in securities, such securities must be securities that Liberty is permitted to own under applicable FCC Regulations.

(h) Notwithstanding anything to the contrary contained in this Section 4.9, the time periods applicable to an election by the L/D Other Party to purchase the offered securities shall not be deemed to commence until the fair market value has been determined, provided that, in the case of a third party tender offer or exchange offer, in no event shall any such election be permitted later than five Business Days prior to the latest time by which Common Shares shall be tendered in such offer if all conditions to such offer (other than the number of shares tendered) have been satisfied or waived. Each of Diller and Liberty agrees to use his and its best efforts to cause the fair market value to be determined as promptly as practicable, but in no event later than ten Business Days after the receipt by the L/D Other Stockholder of the L/D Offer Notice.

SECTION 4.10 Right of First Refusal of Universal. (a) Subject to the right of first refusal of Diller pursuant to Section 4.9, any direct or indirect Transfer of Common Shares by a member of the Liberty Stockholder Group prior to August 24, 2000 with respect to which Diller would have a right of first refusal pursuant to Section 4.9 will be subject to a right of first refusal by Universal on the same terms and conditions as are applicable to Diller pursuant to Section 4.9, mutatis mutandis.

(b) Universal acknowledges and agrees that its right of first refusal pursuant to this Section 4.10 is subject to the right of first refusal by Diller pursuant to Section 4.9.

(c) This Section 4.10 shall only be applicable to the initial Transfer by Liberty of a number of Common Shares having an aggregate number of votes equal to the Specified Votes.

SECTION 4.11 Transfers of Class B Shares. (a) Subject to the rights of first refusal pursuant to Sections 4.8, 4.9 and 4.10 and subject to paragraph (c) below, in the event that any Stockholder (the "Transferring Stockholder") proposes to Transfer any shares of Class B Common Stock, such Stockholder shall send a written notice (which obligation may be satisfied by the delivery of the applicable Offer Notice) (the "Exchange Notice") to each other Stockholder (the "Non-Transferring Stockholders"), that such Transferring Stockholder intends to Transfer shares of Class B Common Stock, including the number of such shares proposed to be Transferred. Each Non-Transferring Stockholder shall give notice to the Transferring Stockholder within 20 days of its receipt of the Exchange Notice of its desire to

exchange some or all of such shares of Class B Common Stock proposed to be Transferred for an equivalent number of shares of Common Stock. If each of the Non-Transferring Stockholders desires to exchange some or all of such shares and to the extent that such shares are not otherwise Transferred to any Stockholder (or its Permitted Designee) pursuant to Section 4.8, 4.9 or 4.10, such shares of Class B Common Stock shall be exchanged (i) if the Transferring Stockholder is other than Diller, first with Diller (to the extent he elects to exchange), second, with respect to any remaining shares, with Universal (to the extent that Universal elects to exchange) (if Universal is not the Transferring Stockholder) and third, with Liberty and (ii) if the Transferring Stockholder is Diller, then with Universal (to the extent that Universal elects to exchange), with any remaining shares of Class B Common Stock exchanged with Liberty (to the extent that Liberty elects to exchange). Except to the extent necessary to avoid liability under Section 16(b) of the Exchange Act and subject to applicable law, any such exchange shall be consummated immediately prior to the consummation of any such Transfer.

(b) If any shares of Class B Common Stock proposed to be Transferred are not exchanged pursuant to the provisions of paragraph (a) above, prior to any such Transfer, the Transferring Stockholder shall convert, or cause to be converted, such shares of Class B Common Stock into shares of Common Stock (or such other securities of the Company into which such shares are then convertible).

(c) The provisions of Section 4.11(a) and 4.11(b) shall not be applicable to any Transfers (i) to a member of such Stockholder's Stockholder Group, (ii) by Universal to a Permitted Designee of Universal; provided that (x) Universal and all members of its Stockholder Group were precluded by FCC Regulations from purchasing the shares purchased by such Permitted Designee and (y) such Permitted Designee is reasonably satisfactory to Diller, (iii) pursuant to a pledge or grant of a security interest in compliance with clause (y) of Section 4.1(a), (iv) from one Stockholder or its Stockholder Group to the other Stockholder or its Stockholder Group subject to the terms of this Agreement, (v) any sale by Universal that would constitute a Universal Tag-Along Sale, (vi) any sale by Liberty in connection with a Universal Tag-Along Sale or following the Standstill Termination Date or (vii) by Universal following the CEO Termination Date.

SECTION 4.12 Transferees. (a) Any Permitted Transferee or Permitted Designee of a Stockholder shall be subject to the terms and conditions of this Agreement as if such Permitted Transferee or Permitted Designee were Universal (if Universal or a Permitted Transferee of Universal is the transferor), Liberty (if Liberty or a Permitted Transferee of Liberty is the transferor) or Diller (if Diller or a Permitted Transferee of Diller is the transferor). Prior to the initial acquisition of beneficial ownership of any Common Shares by any Permitted Transferee (or a Permitted Designee), and as a condition thereto, each Stockholder agrees (i) to cause its respective Permitted Transferees or Permitted Designees to agree in writing with the other parties hereto to be bound by the terms and conditions of this Agreement to the extent described in the preceding sentence and (ii) that such Stockholder shall remain directly liable for the performance by its respective Permitted Transferees or Permitted Designees of all obligations of such Permitted Transferees or Permitted Designees under this Agreement. Except as otherwise contemplated by this Agreement (i) each of

Universal, Diller and Liberty agrees not to cause or permit any of its respective Permitted Transferees to cease to qualify as a member of such Stockholder's Stockholders Group so long as such Permitted Transferee beneficially owns any Common Shares, and if any such Permitted Transferee shall cease to be so qualified, such Permitted Transferee shall automatically upon the occurrence of such event cease to be a "Permitted Transferee" for any purpose under this Agreement and (ii) each Stockholder agrees not to Transfer any Common Shares to any Affiliate other than a Permitted Transferee of such Stockholder.

(b) No Third Party Transferee shall have any rights or obligations under this Agreement, except:

(i) in the case of a Third Party Transferee of Liberty (or any member of the Liberty Stockholder Group) who acquires shares of Common Stock and who (together with its Affiliates) would not be a Public Stockholder if at such time Universal proposed a Permitted Business Combination (provided that for purposes of this clause, the percentage referred to in the definition of Public Stockholder shall be 15% in lieu of 10%), such Third Party Transferee shall be subject to the obligations of Liberty (but subject to the other terms and conditions of this Agreement) pursuant to Article II (but only for 18 months following the acquisition of such shares), Section 3.2 (but only for 18 months following the acquisition of such shares), Section 3.3(a) (but shall not have the right to consent to any Fundamental Changes), the first sentence of Section 3.3(b), Section 3.3(c), Section 3.7, as applicable, this Section 4.12 and Article VI; provided that notwithstanding any time periods set forth above, such Third Party Transferee shall only be subject to such obligations for so long as it would not be a Public Stockholder determined in the manner set forth above;

(ii) in the case of a Third Party Transferee of Universal (or any member of the Universal Stockholder Group) who (together with its Affiliates) upon consummation of any Transfer would not be a Public Stockholder if at such time Universal proposed a Permitted Business Combination (provided that for purposes of this clause, the percentage referred to in the definition of Public Stockholder shall be 15% in lieu of 10%), such Third Party Transferee shall be subject to the obligations of Universal (but subject to the other terms and conditions of this Agreement) pursuant to Section 3.3(a) (but shall not have the right to consent to any Fundamental Changes), Section 3.3(c), Section 3.4 (but only for 18 months following the acquisition of such shares), Section 3.7, Section 4.4 (to the extent provided in Section 4.4(f), this Section 4.12 and Article VI; provided that notwithstanding any time periods set forth above, such Third Party Transferee shall only be subject to such obligations for so long as it would not be a Public Stockholder determined in the manner set forth above; and

(iii) in the case of a Third Party Transferee of Diller (or any member of the Diller Stockholder Group) who (together with its Affiliates) upon consummation of any Transfer would not be a Public Stockholder if at such

time Universal proposed a Permitted Business Combination (provided that for purposes of this clause, the percentage referred to in the definition of Public Stockholder shall be 15% in lieu of 10%), such Third Party Transferee shall be subject to the obligations of Diller (but subject to the other terms and conditions of this Agreement) pursuant to Section 3.3(a) (but shall not have the right to consent to any Fundamental Changes), the first sentence of Section 3.3(b), Section 3.3(c), Section 3.7, this Section 4.12 and Article VI and the obligations under Article II as if Diller had the obligations of Liberty under such Article (but only for 18 months following the acquisition of such shares) and the obligations under Section 3.2 as if Diller had the obligations of Liberty under such Section (but only for 18 months following the acquisition of such shares); provided that notwithstanding any time periods set forth above, such Third Party Transferee shall only be subject to such obligations for so long as it would not be a Public Stockholder determined in the manner set forth above.

(c) Prior to the consummation of a Transfer described in Section 4.12(b) to the extent rights and obligations are to be assigned, and as a condition thereto, the applicable Third Party Transferee shall agree in writing with the other parties hereto to be bound by the terms and conditions of this Agreement to the extent described in Section 4.12(b). To the extent the Third Party Transferee is not an "ultimate parent entity" (as defined in the HSR Act), the ultimate parent entity of such Third Party Transferee shall agree in writing to be directly liable for the performance of the Third Party Transferee to the same extent Universal or Liberty would be liable for their respective Permitted Transferees.

SECTION 4.13 Notice of Transfer. To the extent any Stockholder and its Permitted Transferees shall Transfer any Common Shares, such Stockholder shall, within three Business Days following consummation of such Transfer, deliver notice thereof to the Company and the other Stockholders, provided, however, that no such notice shall be required to be delivered unless the aggregate Common Shares transferred by such Stockholder and its Permitted Transferees since the date of the last notice delivered by such Stockholder pursuant to this Section 4.13 exceeds 1% of the outstanding Common Shares.

SECTION 4.14 Compliance with Transfer Provisions. Any Transfer or attempted Transfer of Common Shares in violation of any provision of this Agreement shall be void.

ARTICLE V

BDTV ENTITY ARRANGEMENTS

SECTION 5.1 Management. The business and affairs of each BDTV Entity will be managed by a Board of Directors elected by the holders of a majority of the voting equity interests in such BDTV Entity. Notwithstanding the foregoing, the taking of any action by a BDTV Entity with respect to (i) to the extent permitted by applicable law, any Fundamental Change (as applied to such BDTV Entity, mutatis mutandis) or (ii) any acquisition or disposition (including pledges) of any Common Shares held by such BDTV

Entity, in either case, will require the unanimous approval of the holders of all voting and non-voting equity interests in such BDTV Entity.

SECTION 5.2 Treatment of Contingent Shares and Exchange Shares. If as a result of any issuance of shares of Class B Common Stock to Liberty HSN pursuant to its Contingent Right, Liberty HSN would otherwise Own (for purpose of the FCC Regulations) Common Shares (other than any such shares held by a BDTV Limited Entity or, to the extent Liberty HSN is not deemed to have an "attributable interest" therein, a BDTV Unrestricted Entity) which would represent an "attributable interest" in the Company under applicable FCC Regulations, (i) Liberty HSN will contribute to a newly-formed BDTV Unrestricted Entity all such Contingent Shares in exchange for non-voting equity securities of such BDTV Entity (in an amount based on the market price of the Common Stock as of the date of such contribution) and (ii) Diller will contribute to such BDTV Unrestricted Entity a number of whole shares of Common Stock equal to (A) $100, divided by (B) the market price of the Common Stock as of the date of such contribution, rounded up to the nearest whole number.

In the event that a holder of Exchange Securities would be entitled to hold directly shares of Class B Common Stock issuable upon an exchange of shares of Liberty Surviving Class B Stock but for the limitation imposed by the FCC Regulations relating to a person's aggregate voting power in the Company, and if such person would, under the FCC Regulations, be permitted to hold directly a number of shares of Common Stock equal to the number of shares of Class B Common Stock so issuable, then in connection with such exchange, such holder will be required to offer to exchange such shares of Class B Common Stock so receivable by it for Class B Common Stock owned by the Diller Stockholder Group and, if Diller does not accept such offer to exchange, or if such exchange with the Diller Stockholder Group cannot be accomplished on a tax-free basis (and the exchange of such Exchange Securities for Common Shares would not otherwise be taxable), then such holder shall be entitled to exchange such Exchange Securities for shares of Class B Common Stock and thereafter convert such shares of Class B Common Stock into shares of Common Stock.

Nothing in this Agreement shall obligate Liberty HSN to contribute any Common Shares received pursuant to the Investment Agreement, the Holder Exchange Agreement or upon exchange or other conversion of LLC Shares pursuant to the Investment Agreement to a BDTV Entity.

SECTION 5.3 Changes to BDTV Structures. Liberty and Diller agree, subject to applicable law and FCC Regulations, to take such actions as may be reasonably necessary, including but not limited to amending the certificate of incorporation of the BDTV Entities, in order to provide Liberty with the ability to transfer, directly or indirectly, such amounts of Common Shares Liberty is permitted to sell pursuant to Section 4.1(b)(iii).

SECTION 5.4 Transfers of BDTV Interests. Except as otherwise specifically provided in this Agreement (including Section 4.1(b)), no transfers or other dispositions (including pledges), directly or indirectly, of any interest in (a) any BDTV Limited Entity by Liberty or (b) any BDTV Entity by Diller will be permitted without the consent of the other; provided, that (i) Liberty shall be entitled to transfer all or part of its interest in a BDTV

Entity to members of the Liberty Stockholder Group, (ii) at such time Liberty becomes the owner of any voting securities of any BDTV Limited Entity, such BDTV Limited Entity shall be deemed to be a BDTV Unrestricted Entity, and (iii) in connection with any sale by Universal or Diller entitling Liberty to a right pursuant to Section 4.5, 4.6 or 4.7, an exercise of the Liberty Put Right or the Call Right by Universal, to the extent Liberty elects to exercise its right pursuant to such Section or is otherwise selling Common Shares to Universal pursuant to Section 4.2, Liberty and Diller shall take such reasonable action as may be required in order for such interest in a BDTV Limited Entity to be sold in any such transaction. Without the prior written consent of Liberty, Diller shall not Transfer any interest in a BDTV Entity (other than to Liberty or, subject to Liberty's reasonable consent, a member of the Diller Stockholder Group).

For purposes of determining whether Liberty is permitted to transfer the Common Shares held by a BDTV Unrestricted Entity, (i) such BDTV Unrestricted Entity shall be deemed to be a member of the Liberty Stockholder Group and the restrictions on transfers of interests in BDTV Entities shall not apply to Liberty (subject, however, to the other restrictions on transfer of Common Shares set forth herein, including the Right of First Refusal) and (ii) in connection with any proposed sale by Liberty HSN of the Common Shares held by a BDTV Entity (or its equity interest in such BDTV Entity), Liberty shall be entitled to purchase Diller's entire interest in such BDTV Entity for an amount in cash equal to the Diller Interest Purchase Price (formerly the "Dodgers Interest Purchase Price") or, at its election, require Diller to sell his interest in such BDTV Entity to any such transferee for a pro rata portion of the consideration to be paid by the applicable transferee in such transaction.

At such time as (i) the CEO Termination Date has occurred or Diller becomes Disabled or (ii) the Diller Stockholder Group ceases to own its Eligible Stockholder Amount of Common Shares, Diller shall be required to sell his entire interest in the BDTV Entities to Liberty (or Liberty's designee) at a price equal to the Diller Interest Purchase Price.

ARTICLE VI

MISCELLANEOUS

SECTION 6.1 Conflicting Agreements. Each of the Stockholders and the Company represents and warrants that such party has not granted and is not a party to any proxy, voting trust or other agreement that is inconsistent with or conflicts with any provision of this Agreement.

SECTION 6.2 Duration of Agreement. Except as otherwise provided in this Agreement, the rights and obligations of a Stockholder under this Agreement shall terminate as follows:

(a) Universal shall cease to be entitled to exercise any rights and shall cease to have any obligations under this Agreement as of the date that it ceases to have the right under

the Governance Agreement to designate any directors to the Board (the "Universal Termination Date").

(b) Subject to Section 4.4 which shall survive until the termination of the period for exercise (and, if exercised, until consummation) of the Diller Put specified in Section 4.4, each of Liberty and Diller shall cease to be entitled to exercise any rights and shall cease to have any obligations under this Agreement as of the date that its Stockholder Group collectively ceases to own its Eligible Stockholder Amount of Common Shares; provided that Liberty shall cease to be entitled to exercise any rights and shall cease to have any obligations under Sections 4.2, 4.3, 4.5, 4.6 and 4.7 at such time as the Liberty Stockholder Group ceases to beneficially owns at least 5% of the outstanding Common Shares (the "Liberty Termination Date").

(c) Diller and each member of his Stockholder Group shall cease to be entitled to exercise any rights (other than the Diller Put Right) under this Agreement if the CEO Termination Date has occurred or Diller has become Disabled (the "Diller Termination Date").

In addition, at such time as the CEO Termination Date has occurred or Diller has become Disabled, neither the Diller Stockholder Group nor the Liberty Stockholder Group shall have any obligation under this Agreement with respect to the matters covered under Sections 3.6, 4.1 and 4.9.

SECTION 6.3 Further Assurances. At any time or from time to time after the date hereof, the parties agree to cooperate with each other, and at the request of any other party, to execute and deliver any further instruments or documents and to take all such further action as the other party may reasonably request in order to evidence or effectuate the consummation of the transactions contemplated hereby and to otherwise carry out the intent of the parties hereunder. Without limiting the generality of the foregoing, if, in connection with the purchase of any Equity by Universal or Liberty pursuant to Article IV, to the extent that Universal shall be restricted by FCC Regulations from owning Common Shares, the Stockholders agree to cooperate, and cause the Company to cooperate, and the Company agrees to cooperate in structuring the purchase so that Universal shall acquire LLC Shares (in lieu of Common Shares) in the transaction; provided that the transferee shall not be required to suffer adverse tax consequences as a result of the foregoing.

SECTION 6.4 SCL Agreement to Cooperate. SCL agrees to cooperate in good faith with Universal to satisfy Universal's obligation with respect to providing Liquid Securities to Liberty pursuant to Sections 4.2 and 4.3 with SCL common stock, subject to (i) SCL continuing to beneficially own, directly or indirectly, at least 80% of the Equity of Universal, (ii) existing MEI arrangements, and (iii) fiduciary duties of SCL directors.

SECTION 6.5 Amendment and Waiver. Except as otherwise provided herein, no modification, amendment or waiver of any provision of this Agreement shall be effective against any Stockholder unless such modification, amendment or waiver is approved in writing by each Stockholder; provided that with respect to any provision containing an

agreement between only two Stockholders, such provision may be modified or waived by approval in writing by such Stockholders, without the consent of the third Stockholder unless such modification or waiver adversely affects the rights of such third Stockholder as provided under this Agreement or the Governance Agreement; provided, further, each amendment, modification or waiver of the provisions of Section 2.1 by Universal without the consent of the Company shall be subject to the terms and conditions of the Governance Agreement. The failure of any party to enforce any of the provisions of this Agreement shall in no way be construed as a waiver of such provisions and shall not affect the right of such party thereafter to enforce each and every provision of this Agreement in accordance with its terms.

SECTION 6.6 Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, but this Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

SECTION 6.7 Effective Date. Other than with respect to Section 3.3(e) which shall be effective as of the date hereof, this Agreement shall become effective immediately upon the Closing.

SECTION 6.8 Entire Agreement. Except as otherwise expressly set forth herein, this document and the Transaction Agreements embody the complete agreement and understanding among the parties hereto with respect to the subject matter hereof and supersede and preempt any prior understandings, agreements or representations by or among the parties, written or oral, that may have related to the subject matter hereof in any way. Without limiting the generality of the foregoing, to the extent that any of the terms hereof are inconsistent with the rights or obligations of any Stockholder under any other agreement with any other Stockholder or the Company, the terms of this Agreement shall govern. Upon the Closing, the stockholders agreements between Liberty and Diller, dated as of August 24, 1995 and August 25, 1996 shall terminate and shall be superseded by this Agreement.

SECTION 6.9 Successors and Assigns. Neither this Agreement nor any of the rights or obligations under this Agreement shall be assigned, in whole or in part (except by operation of law pursuant to a merger whose purpose is not to avoid the provisions of this Agreement), by any party without the prior written consent of the other parties hereto. Subject to the foregoing, this Agreement shall bind and inure to the benefit of and be enforceable by the parties hereto and their respective successors and assigns.

SECTION 6.10 Counterparts. This Agreement may be executed in separate counterparts each of which shall be an original and all of which taken together shall constitute one and the same agreement.

SECTION 6.11 Liabilities Under Federal Securities Laws. The exercise by any Stockholder (or its Affiliates or Stockholder Group, if applicable) (and including, in the case

of the Liberty Stockholder Group, its exercise of the rights relating to the Contingent Right or the Holder Exchange Agreement) of any rights under this Agreement shall be subject to such reasonable delay as may be required to prevent any Stockholder or its respective Stockholder Group from incurring any liability under the federal securities laws and the parties agree to cooperate in good faith in respect thereof.

SECTION 6.12 Remedies. (a) Each party hereto acknowledges that money damages would not be an adequate remedy in the event that any of the covenants or agreements in this Agreement are not performed in accordance with its terms, and it is therefore agreed that in addition to and without limiting any other remedy or right it may have, the non-breaching party will have the right to an injunction, temporary restraining order or other equitable relief in any court of competent jurisdiction enjoining any such breach and enforcing specifically the terms and provisions hereof.

(b) All rights, powers and remedies provided under this Agreement or otherwise available in respect hereof at law or in equity shall be cumulative and not alternative, and the exercise or beginning of the exercise of any thereof by any party shall not preclude the simultaneous or later exercise of any other such right, power or remedy by such party.

SECTION 6.13 Notices. Any notice, request, claim, demand or other communication under this Agreement shall be in writing, shall be either personally delivered, delivered by facsimile transmission, or sent by reputable overnight courier service (charges prepaid) to the address for such Person set forth below or such other address as the recipient party has specified by prior written notice to the other parties hereto and shall be deemed to have been given hereunder when receipt is acknowledged for personal delivery or facsimile transmission or one day after deposit with a reputable overnight courier service.

If to Universal:

Universal Studios, Inc.
100 Universal City Plaza
Universal City, CA 91608
Attention: Karen Randall, Esq.
Telephone: (818) 777-1000
Facsimile: (818) 866-3444

with a copy to:

Simpson Thacher & Bartlett
425 Lexington Avenue
New York, NY 10017-3909
Attention: John G. Finley, Esq.
Telephone: (212) 455-2000
Facsimile: (212) 455-2502

If to Liberty:

Liberty Media Corporation
8101 East Prentice Avenue
Suite 500
Englewood, Colorado 80111
Attention: President
Telephone: (303) 721-5400
Facsimile: (303) 841-7344

with a copy to:

Baker & Botts LLP
599 Lexington Avenue
Suite 2900
New York, New York 10022-6030
Attention: Frederick H. McGrath, Esq.
Telephone: (212) 705-5000
Facsimile: (212) 705-5125

If to Diller:

c/o HSN, Inc.
1 HSN Drive
St. Petersburg, Florida 33729
Attention: General Counsel
Telephone: (813) 572-8585
Facsimile: (813) 573-0866

with a copy to:

Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, New York 10019
Attention: Pamela S. Seymon, Esq.
Telephone: (212) 403-1000
Facsimile: (212) 403-2000

If to SCL:

The Seagram Company Ltd.
1430 Peel Street
Montreal, Quebec
H3A 1S9 Canada
Attention: Vice President, Legal and Environmental Affairs
Telephone: (514) 987-5000

Facsimile: (514) 987-5232

with copies to:

Joseph E. Seagram & Sons, Inc.
375 Park Avenue
New York, NY 10152
Attention: Vice President--Legal Affairs, General Counsel
Telephone: (212) 572-7000
Facsimile: (212) 572-1398

Simpson Thacher & Bartlett
425 Lexington Avenue
New York, NY 10017-3909
Attention: John G. Finley, Esq.
Telephone: (212) 455-2000
Facsimile: (212) 455-2502

SECTION 6.14 Governing Law; Consent to Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without giving effect to the principles of conflicts of law. Each of the parties hereto hereby irrevocably and unconditionally consents to submit to the non-exclusive jurisdiction of the courts of the State of Delaware for any action, proceeding or investigation in any court or before any governmental authority ("Litigation") arising out of or relating to this Agreement and the transactions contemplated hereby and further agrees that service of any process, summons, notice or document by U.S. mail to its respective address set forth in this Agreement shall be effective service of process for any Litigation brought against it in any such court. Each of the parties hereto hereby irrevocably and unconditionally waives any objection to the laying of venue of any Litigation arising out of this Agreement or the transactions contemplated hereby in the courts of the State of Delaware, and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such Litigation brought in any such court has been brought in an inconvenient forum. Each of the parties irrevocably and unconditionally waives, to the fullest extent permitted by applicable law, any and all rights to trial by jury in connection with any Litigation arising out of or relating to this Agreement or the transactions contemplated hereby.

SECTION 6.15 Interpretation. The table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words "include", "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation". Whenever it is necessary for purposes of this Agreement to determine whether an exchange is tax-free or taxable, such determination shall be made without regard to any interest imputed pursuant to Section 483 of the Code.

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

UNIVERSAL STUDIOS, INC.

By:/s/ Brian C. Mulligan

Name: Brian C. Mulligan
Title: Senior Vice President

LIBERTY MEDIA CORPORATION

By:/s/ Robert R. Bennett

Name: Robert R. Bennett
Title: President and CEO

BARRY DILLER

/s/ Barry Diller

HSN, INC. (with respect to Sections 4.4(g), 4.5(d) and 6.3)

By:/s/ Victor A. Kaufman

Name: Victor A. Kaufman
Title: Office of Chairman

THE SEAGRAM COMPANY LTD. (with respect to Sections 4.2(f) and 6.4)

By:/s/ Robert W. Matschullat

Name: Robert W. Matschullat
Title: Vice Chairman and Chief Financial Officer

Exhibit 99.35
[CONFORMED COPY]

AGREEMENT

AGREEMENT, dated as of October 19, 1997, between Liberty Media Corporation, a Delaware corporation ("Liberty") and Universal Studios, Inc., a Delaware corporation ("Universal"). Capitalized terms used herein without definition have the meanings ascribed to such terms in the Stockholders Agreement (as defined below).

WHEREAS, Liberty and Universal are parties to that certain Investment Agreement, dated as of October 19, 1997 (as amended and restated as of December 18, 1997, the "Investment Agreement"), among Universal, Liberty, HSN, Inc. (the "Company") and Home Shopping Network, Inc., the Governance Agreement, dated as of October 19, 1997 (the "Governance Agreement"), among Universal, Liberty, Barry Diller ("Diller") and the Company, and the Stockholders Agreement, dated as of October 19, 1997 (the "Stockholders Agreement"), among Universal, Liberty, Diller and the Company;

WHEREAS, pursuant to the Investment Agreement, the Governance Agreement, the Stockholders Agreement and the other agreements contemplated by the Investment Agreement, Liberty and Universal have specified certain of their respective rights and obligations with respect to the Company and each other; and

WHEREAS, in furtherance of the foregoing, and consistent with FCC requirements, Liberty and Universal desire to confirm certain agreements relating to the Company to become effective at such time as Diller is no longer Chief Executive Officer ("CEO") of the Company or has become Disabled (as defined in the Governance Agreement);

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and obligations hereinafter set forth, the parties hereto hereby agree as follows:

1. Interim Arrangements. Following the CEO Termination Date or such time as Diller becomes Disabled, subject to any required FCC approvals, Liberty and Universal shall cooperate in good faith and use their respective reasonable best efforts to appoint an interim CEO (the "Interim CEO") of the Company who shall be mutually acceptable to them and shall be independent of each of Liberty and Universal. If Universal elects, within the time period set forth in Section 2 below, to effect the Station Divestiture pursuant to Section 2 below, subject to the receipt of any required FCC approvals, Liberty shall grant such interim CEO a proxy to vote its Common Shares pending the completion of the Station Divestiture (whereupon such proxy would be automatically revoked). Liberty shall cause the Interim CEO to vote its Common Shares, at Universal's option (or, if Liberty Beneficially Owns (as defined in the Governance Agreement) a greater percentage of the Total Equity Securities (as defined in the Governance Agreement) than Universal, at Liberty's option), (i) at his discretion or (ii) in the same proportion as the public stockholders. Liberty and Universal shall cooperate to cause the Company not to present any matters for a vote of stockholders (or request its stockholders to vote by written consent) pending completion of the Station Divestiture, except as may be necessary to complete the Station Divestiture in accordance with paragraph 2 below.

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2. Station Divestiture. Following the CEO Termination Date or such time as Diller becomes Disabled, if Universal so elects by written notice (the "Divestiture Notice") to the Company and Liberty within 60 days following the first to occur of either such date, subject to applicable law, the Company shall cause a divestiture of the Company's television stations (the "Station Divestiture") to occur as promptly as practicable as provided under Section 9.14 of the Investment Agreement. In such event, the Company, Liberty and Universal agree to use their respective best efforts to cause the Station Divestiture to be structured as a pro rata distribution (the "Spin-Off") of 100% of the common equity interests in the Regulated Subsidiary (as defined in the Investment Agreement) to the holders of the Common Shares as of the record date for such distribution which would be tax-free to the stockholders of the Company and in which the stockholders of the Company would receive, subject to applicable law, common equity securities having equivalent voting rights to their respective shares of the Parent Common Stock and the Parent Class B Stock. If notwithstanding such best efforts such distribution cannot be accomplished on a tax-free basis to the stockholders of the Company, the Company will use its best efforts to sell the Regulated Subsidiary; provided that if the Board of Directors of the Company (other than any directors who are nominees of Universal or Liberty) determines that a taxable Spin-Off of the Regulated Subsidiary, when compared with a sale, would represent a superior alternative based upon, among other factors, the advice from an independent investment banking firm that a taxable Spin-Off would represent a superior alternative from a financial point of view, the Company shall consummate a taxable Spin-Off. In connection with any taxable Spin-Off, (i) Universal agrees to reimburse Liberty for any actual tax liability incurred or payable by Liberty (including to TCI under Liberty's tax sharing agreement with TCI) as a result of the Spin-Off with respect to the equity interest in the Regulated Subsidiary received by Liberty held by Liberty in an amount not to exceed $50 million and (ii) the Company, Universal and Liberty will use their reasonable best efforts to minimize the tax liability incurred by stockholders of the Company as a result of such Spin-Off. In connection with the Station Divestiture, the Company will enter into a ten-year affiliation agreement with the Regulated Subsidiary which, subject to clause (ii) of the preceding sentence, will provide that the Regulated Subsidiary will broadcast programming produced by the Company on customary terms and conditions, including arms' length payment obligations. If required in order to accomplish the Station Divestiture as a Spin-Off, Liberty agrees to, at its election, do one or more of the following in order to facilitate such distribution: (i) accept regular voting common equity securities of the Regulated Subsidiary in respect of its shares of the Parent Class B Stock, (ii) grant a proxy to the CEO of the Regulated Subsidiary to vote its shares of the Regulated Subsidiary, or (iii) contribute all or part of its shares of the Regulated Subsidiary to an entity similar to a BDTV Unrestricted Entity of which the CEO of the Regulated Subsidiary would have voting control; provided that if Liberty takes any of the actions specified in clauses (i), (ii) or (iii) of this Section 2, the CEO of the Regulated Subsidiary shall be mutually acceptable to Liberty and Universal, notwithstanding Section 4(i) to the contrary. In making its selection among the actions described in clauses (i), (ii) and (iii) of the preceding sentence, Liberty shall balance in good faith the benefits and burdens of such action or inaction to Liberty, the Company and Universal.

3. Transfer. If Universal elects to effect the Station Divestiture within the time period set forth in Section 2, Liberty agrees not to Transfer, directly or indirectly, any Common Shares for fourteen months following the CEO Termination Date or such date as

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Diller becomes Disabled if such Transfer would result in Universal and Liberty (and their respective Stockholder Groups) ceasing to own the Minimum Stockholder Amount so long as Universal does not voluntarily Transfer at any time following the Closing in one or more transactions an aggregate of more than 3% of the outstanding Common Shares (determined as of the date of the consummation of the closing pursuant to Section 1.5(f) of the Investment Agreement).

4. Post-Spin-Off Arrangements with Respect to the Regulated Subsidiary. Following the Spin-Off, there will be no voting agreement, rights or obligations between Universal and Liberty with respect to the Regulated Subsidiary except Universal and Liberty agree that: (i) they will cooperate in good faith and use their reasonable best efforts to select the person who shall initially become the CEO of the Regulated Subsidiary immediately following the Spin-Off and who shall be mutually acceptable to them; provided that if (x) one party Beneficially Owns less than 15% of the Total Equity Securities and (y) the other party Beneficially Owns (a) more than 15% of the Total Equity Securities and (b) at least 5% more of Total Equity Securities than the party described in (x), then the party described in (y) shall select the CEO who shall be reasonably satisfactory to the party described in (x), (ii) the veto rights with respect to the Regulated Subsidiary shall be substantially similar to the Fundamental Changes contained in the Governance Agreement, provided that if either party's Beneficial Ownership of equity in the Regulated Subsidiary is less than 10%, such party will cease to have veto rights; (iii) they will each have the right to nominate directors of the Regulated Subsidiary on a pro rata basis with their equity ownership, subject to applicable law, provided that if either party's Beneficial Ownership of equity in the Regulated Subsidiary is less than 5%, such party will cease to have the right to nominate any directors, (iv) they will each have registration rights with respect to the equity securities of the Regulated Subsidiary that they receive in the Spin-Off on a basis consistent with the registration rights that they have with respect to the Common Stock of the Company in Section 5.07 of the Governance Agreement and (v) they will each have preemptive rights with respect to the equity securities of the Regulated Subsidiary on a consistent basis with the preemptive rights set forth in the Investment Agreement. Calculations of all Beneficial Ownership amounts in Section 4(i) and in Sections 8 and 9 below shall be determined in accordance with the terms of the Governance Agreement. The rights specified in clauses (ii), (iii) and (v) shall not be transferable. Calculations of all Beneficial Ownership amounts in Section 4.(ii) and (iii) shall be determined in accordance with Rule 13d-3 under the Exchange Act, except that Universal or Liberty, as the case may be, shall be deemed to be the beneficial owner of any equity securities which may be acquired by it, whether within 60 days or thereafter, upon the conversion, exchange or exercise of any warrants, options, rights or other securities issued by the Company or any Subsidiary thereof.

5. Post-Spin-Off Arrangements with Respect to the Company. Following the Spin-Off, Liberty and Universal agree that they shall continue to have the same respective rights and obligations under the Stockholders Agreement, subject to Section 6.2 thereof. In addition, each of Liberty and Universal shall continue to be entitled to the same number of Board seats as they are entitled to under the Governance Agreement from time to time following the CEO Termination Date.

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6. Preservation of FCC Licenses. Each of Liberty and Universal agree that they will not take any action pursuant to this Agreement that would not be permitted by applicable law or would cause the loss or termination of the Company's FCC licenses or cause the FCC to fail to renew such licenses; provided that Liberty and Universal will use their commercially reasonable efforts to enter into alternative arrangements to preserve such licenses for the Company.

7. Arrangements Absent Station Divestiture. If Universal has not given the Divestiture Notice within the 60-day period set forth in Section 2, that it intends to effect the Station Divestiture, Liberty and Universal shall, at the request of Universal, negotiate in good faith, based on their respective equity interests and with a view toward their respective rights under the Stockholders Agreement and the Governance Agreement, mutually satisfactory arrangements and agreements with respect to each other and the Company, consistent with FCC requirements, it being understood that, the party with a greater equity interest in the Company shall be entitled to relatively more influence with respect to the business and affairs of the Company.

8. Reasonable Best Efforts by the Company. Subject to Section 2 and the Company's obligations under the Investment Agreement, so long as either (i) Universal and the members of its Stockholder Group Beneficially Own at least 40% of the Total Equity Securities of the Company and no other stockholder of the Company Beneficially Owns a greater percentage of the Total Equity Securities of the Company than Universal or (ii) Liberty and Universal and the respective members of their Stockholder Groups collectively Beneficially Own at least 50.1% of the Total Equity Securities of the Company, the Company agrees to use its reasonable best efforts to enable the parties to achieve the purposes of this Agreement.

9. Duration of Agreement. (a) Universal shall cease to be entitled to any rights and shall cease to have any obligations under this Agreement upon the earlier to occur of (i) such time as Universal no longer has rights under Section 9.14 of the Investment Agreement or (ii) such time as Universal shall cease to Beneficially Own Equity Securities representing at least 7.5% of the voting power of the Total Equity Securities.

(b) Liberty shall cease to be entitled to any rights and shall cease to have any obligations under this Agreement upon the earlier to occur of (i) the Liberty Termination Date or (ii) such time as Liberty shall cease to Beneficially Own Equity Securities representing at least 7.5% of the voting power of the Total Equity Securities.

(c) The Company shall cease to have any obligations under this Agreement at such time as Universal and Liberty no longer have any rights or obligations under this Agreement in accordance with (a) and (b) above.

10. Definitive Agreements. Universal, Liberty and the Company agree that, in connection with implementing the Spin-Off, they will cooperate in good faith to prepare definitive documents containing the terms set forth herein and other terms as they may mutually agree to the extent not inconsistent with the terms set forth herein; provided that if definitive agreements are not executed, this Agreement shall continue to be binding in all respects.

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11. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, but this Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

12. Counterparts. This Agreement may be executed in separate counterparts each of which shall be an original and all of which taken together shall constitute one and the same agreement.

13. Remedies. Each party hereto acknowledges that money damages would not be an adequate remedy in the event that any of the covenants or agreements in this Agreement are not performed in accordance with its terms, and it is therefore agreed that in addition to and without limiting any other remedy or right it may have, the non-breaching party will have the right to an injunction, temporary restraining order or other equitable relief in any court of competent jurisdiction enjoining any such breach and enforcing specifically the terms and provisions hereof. All rights, powers and remedies provided under this Agreement or otherwise available in respect hereof at law or in equity shall be cumulative and not alternative, and the exercise or beginning of the exercise of any thereof by any party shall not preclude the simultaneous or later exercise of any other such right, power or remedy by such party.

14. Notices. Any notice, request, claim, demand or other communication under this Agreement shall be in writing, shall be either personally delivered, delivered by facsimile transmission, or sent by reputable overnight courier service (charges prepaid) to the address for such Person set forth below or such other address as the recipient party has specified by prior written notice to the other parties hereto and shall be deemed to have been given hereunder when receipt is acknowledged for personal delivery or facsimile transmission or one day after deposit with a reputable overnight courier service.

If to Universal:

Universal Studios, Inc.
100 Universal City Plaza
Universal City, CA 91608
Attention: Karen Randall, Esq.
Telephone: (818) 777-1000
Facsimile: (818) 866-3444

with a copy to:

Simpson Thacher & Bartlett
425 Lexington Avenue
New York, NY 10017-3909
Attention: John G. Finley, Esq.

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Telephone: (212) 455-2000
Facsimile: (212) 455-2502

If to Liberty:

Liberty Media Corporation
8101 East Prentice Avenue
Suite 500
Englewood, Colorado 80111
Attention: President
Telephone: (303) 721-5400
Facsimile: (303) 841-7344

with a copy to:

Baker & Botts LLP
599 Lexington Avenue
Suite 2900
New York, New York 10022-6030
Attention: Frederick H. McGrath, Esq.
Telephone: (212) 705-5000
Facsimile: (212) 705-5125

If to the Company:

c/o HSN, Inc.
1 HSN Drive
St. Petersburg, Florida 33729
Attention: General Counsel
Telephone: (813) 572-8585
Facsimile: (813) 573-0866

with a copy to:

Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, New York 10019
Attention: Pamela S. Seymon, Esq.
Telephone: (212) 403-1000
Facsimile: (212) 403-2000

15. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without giving effect to the principles of conflicts of law.

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

UNIVERSAL STUDIOS, INC.

By:/s/ Brian C. Mulligan

Name: Brian C. Mulligan
Title: Senior Vice President

LIBERTY MEDIA CORPORATION

By:/s/ Robert R. Bennett

Name: Robert R. Bennett
Title: President and CEO

HSN, INC. (with respect to Sections 2 and 8)

By:/s/ Victor A. Kaufman

Name: Victor A. Kaufman
Title: Office of the Chairman

Exhibit 99.36

[CONFORMED COPY]

EXCHANGE AGREEMENT

DATED AS OF OCTOBER 19, 1997

BY AND AMONG

HSN, INC.,
(to be renamed
USA Networks, Inc.)

UNIVERSAL STUDIOS, INC.
(and certain of its subsidiaries)

AND

LIBERTY MEDIA CORPORATION
(and certain of its subsidiaries)

TABLE OF CONTENTS

EXCHANGE AGREEMENT

EXCHANGE AGREEMENT, dated as of October 19, 1997, by and among HSN, INC., a Delaware corporation ("HSN"), UNIVERSAL STUDIOS, INC. (for itself and on behalf of Universal Sub and the Universal Newcos), a Delaware corporation ("Universal"), and LIBERTY MEDIA CORPORATION (for itself and on behalf of the Liberty Newcos), a Delaware corporation ("Liberty").

RECITALS

WHEREAS, HSN, Universal and Liberty have entered into an Investment Agreement, dated as of the date hereof (the "Investment Agreement"), pursuant to which, among other things, subject to the terms and conditions contained therein, Universal will acquire (i) shares of HSN Common Stock, par value $.01 per share ("HSN Common Stock"), and/or HSN Class B Common Stock, par value $.01 per share ("HSN Class B Stock" and, together with the HSN Common Stock, "HSN Stock"), and (ii) Class B shares of USAN LLC, a Delaware limited liability company to be formed in connection with consummation of the transactions contemplated by the Investment Agreement ("LLC", and such shares, "Class B LLC Shares"), which may be exchanged from time to time pursuant to the terms hereof and of the Investment Agreement for shares of HSN Common Stock or HSN Class B Common Stock;

WHEREAS, pursuant to the Investment Agreement (or any amendment thereto), Liberty will, at the Holder Closing (as defined in the Investment Agreement), contribute cash or other assets to HSN or the LLC in exchange for shares of HSN Common Stock and/or Class C shares of the LLC ("Class C LLC Shares" and, together with the Class B LLC Shares, the "LLC Shares"), which shares will be mandatorily exchangeable, subject to the terms and conditions hereof, into shares of HSN Common Stock;

WHEREAS, the parties hereto desire to establish in this Agreement certain rights and obligations relating to the exchange of LLC Shares for shares of HSN Stock (as described in Article 6 of the Investment Agreement) and other matters relating to the LLC Shares; and

WHEREAS, the parties have entered into this Agreement in connection with the execution and delivery of the Investment Agreement;

NOW, THEREFORE, in consideration of the premises and the respective representations, warranties, covenants and agreements set forth herein, the parties hereto agree, effective, with respect to Universal and HSN, upon the Closing Date and, with respect to Liberty, upon the Holder Closing (as defined in the Investment Agreement), as follows:

ARTICLE 1

DEFINITIONS

Section 1.1 Defined Terms. The definitions set forth in this Article shall apply to the following terms when used with initial capital letters in this Agreement.

"Agreement to Transfer" shall mean an agreement by a holder of LLC Shares to transfer, directly or indirectly, the HSN Stock to be issued upon an Exchange to one or more third parties who are entitled or otherwise permitted to Own (in accordance with the Governance Agreement, Stockholders Agreement and FCC Regulations) such HSN Stock (including in connection with a public offering of HSN Stock effected pursuant to a Group's demand and piggyback registration rights under the Stockholders Agreement).

"Available HSN Amount" shall mean, as of the date of determination, the number equal to the difference between (i) the maximum number of shares of HSN Stock which a holder of LLC Shares would, under the FCC Regulations then in effect, then be permitted to Own (in accordance with FCC Regulations), and (ii) the number of shares of HSN Stock then Owned (for purposes of the FCC Regulations) by such holder of LLC Shares, giving effect to the voting power of the stock Owned or to be Owned by such holder (and including all shares of HSN Stock held by the entities known as "BDTV Entities").

"Business Day" shall mean any day other than a Saturday, Sunday or a day on which banking institutions in the City of New York, New York are authorized or obligated by law or executive order to remain closed.

"Closing Date" shall mean the date of closing of the transactions with Universal contemplated by the Investment Agreement.

"Closing Price" shall mean, on any Trading Day, (i) the last sale price (or, if no sale price is reported on that Trading Day, the average of the closing bid and asked prices) of a share of HSN Common Stock on the Nasdaq National Market on such Trading Day, or (ii) if the primary trading market for the HSN Common Stock is not the Nasdaq National Market, then the closing sale price regular way on such Trading Day, or, in case no such sale takes place on such Trading Day, the reported closing bid price regular way on such Trading Day, in each case on the principal exchange on which such stock is traded, or (iii) if the Closing Price on such Trading Day is not available pursuant to one of the methods specified above, then the average of the bid and asked prices for the HSN Common Stock on such Trading Day as furnished by any New York Stock Exchange member firm selected from time to time by the HSN Board of Directors for that purpose.

"Contingent Shares" shall mean the shares of HSN Class B Stock (or other securities) which HSN is obligated to issue to Liberty HSN, Inc. pursuant to Section 2(d) and Exhibit A of the Agreement and Plan of Exchange and Merger, dated as of August 25, 1996, by and among House Acquisition Corp., Home Shopping Network, Inc. and Liberty HSN.

"Convertible Securities" shall mean rights, options, warrants and other securities which are exercisable or exchangeable for or convertible into shares of capital stock of any Person at the option of the holder thereof; provided, however, that the term Convertible Securities shall not include the HSN Class B Stock.

"Current Market Price" on the Determination Date for any issuance of rights, warrants or options or any distribution in respect of which the Current Market Price is being calculated, shall mean the average of the daily Closing Prices of the HSN Common Stock for the shortest of:

(a) the period of 20 consecutive Trading Days commencing 30 Trading Days before such Determination Date,

(b) the period commencing on the date next succeeding the first public announcement of the issuance of rights, warrants or options or the distribution in respect of which the Current Market Price is being calculated and ending on the last full Trading Day before such Determination Date, and

(c) the period, if any, commencing on the date next succeeding the Ex-Dividend Date with respect to the next preceding issuance of rights, warrants or options or distribution for which an adjustment is required by the provisions of Section 3.1(a)(i)(4), 3.1(b) or 3.1(c), and ending on the last full Trading Day before such Determination Date.

If the record date for an issuance of rights, warrants or options or a distribution for which an adjustment is required by the provisions of Section 3.1(a)(i)(4), or Section 3.1(b) or (c) (the "preceding adjustment event") precedes the record date for the issuance or distribution in respect of which the Current Market Price is being calculated and the Ex-Dividend Date for such preceding adjustment event is on or after the Determination Date for the issuance or distribution in respect of which the Current Market Price is being calculated, then the Current Market Price shall be adjusted by deducting therefrom the fair market value (on the record date for the issuance or distribution in respect of which the Current Market Price is being calculated), as determined in good faith by the HSN Board of Directors, of the capital stock, rights, warrants or options, assets or debt securities issued or distributed in respect of each share of HSN Common Stock in such preceding adjustment event. Further, in the event that the Ex-Dividend Date (or in the case of a subdivision, combination or reclassification, the effective date with respect thereto) with respect to a dividend, subdivision, combination or reclassification to which Section 3.1(a)(i)(1), Section 3.1(a)(i)(2), Section 3.1(a)(i)(3) or Section 3.1(a)(i)(5) applies occurs during the period applicable for calculating the Current Market Price, then the Current Market Price shall be calculated for such period in a manner determined in good faith by the HSN Board of Directors to reflect the impact of such dividend, subdivision, combination or reclassification on the Closing Prices of the HSN Common Stock during such period.

"Determination Date" for any issuance of rights, warrants or options or any dividend or distribution to which Section 3.1(b) or (c) applies shall mean the earlier of (i) the record date for the determination of stockholders entitled to receive the rights, warrants or options or the dividend or distribution to which such paragraph applies and (ii) the Ex-Dividend Date for such rights, warrants or options or dividend or distribution.

"Exchange" shall mean an exchange of LLC Shares for shares of HSN Stock pursuant to Section 2.1, including a merger or exchange described in Section 2.1(a)(iii).

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder.

"Exchange Notice" shall mean the written notice required to be delivered to notify HSN or an Eligible Holder, as the case may be, of the exercise of an Exchange Right.

"Exchange Rate" shall mean the kind and amount of securities, assets or other property that as of any date are issuable or deliverable upon exchange of a Class B LLC Share or Class C LLC Share, as the case may be. The Exchange Rate shall initially be one share of HSN Common Stock (or, in the case of Universal, one share of HSN Common Stock or HSN Class B Stock as determined in accordance with the Investment Agreement) per LLC Share. The Exchange Rate shall be subject to adjustment, from time to time, as set forth in Article 3 of this Agreement. In the event that pursuant to Article 3, the LLC Shares become exchangeable for more than one class or series of capital stock of HSN or another Person, the term "Exchange Rate," when used with respect to any such class or series, shall mean the number or fraction of shares or other units of such capital stock that as of any date would be issuable upon exchange of an LLC Share.

"Exchange Right" shall mean the right of a Group or HSN, as the case may be, to effect an Exchange pursuant to Section 2.1.

"Ex-Dividend Date" shall mean the date on which "ex-dividend" trading commences for a dividend, an issuance of rights, warrants or options or a distribution to which any of Section 3.1(a), (b), or (c) applies, in the Nasdaq National Market or on the principal exchange on which the HSN Common Stock is then quoted or traded.

"FCC" shall mean the Federal Communications Commission or any successor regulatory agency.

"FCC Regulations" shall mean as of the applicable date, collectively, all federal communications statutes and all rules, regulations, orders, decrees and policies (including the FCC's Memorandum Opinion and Order released March 11, 1996 and its Memorandum Opinion and Order released June 14, 1996) of the FCC as then in effect, and any interpretations or waivers thereof or modifications thereto.

"Foreign Ownership Limitation" shall mean the maximum aggregate percentage of the capital stock of HSN that may be Owned or voted by or for the account of Non-U.S. Persons under Section 310(b) of the Communications Act of 1934, as amended, to the extent and for so long as such section (or any successor provision) is applicable.

"Governance Agreement" shall mean the governance agreement among HSN, Universal, Liberty and Mr. Diller, dated as of the date hereof (or any successor agreement).

"Group" shall mean the Universal Group or the Liberty Group.

"Holder Closing" shall have the meaning provided in the Investment Agreement.

"HSR Act" shall mean the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations thereunder.

"Issuance Event" shall mean the occurrence of any event or the existence of any fact or circumstance which would permit, under applicable FCC Regulations, a Group (together with any affiliates, to the extent applicable under law) to Own a greater number of shares of HSN Stock than such Group (together with any affiliates, to the extent applicable under law) Owns as of the date of such determination. For purposes of this Agreement, an

Issuance Event which occurs (i) as a result of an order of the FCC, shall be deemed to occur on the date that any such order becomes final and non-appealable, or (ii) as a result of a change in law or regulation of the FCC, shall be deemed to occur on the date such law or regulation was promulgated, enacted or adopted or, if later, the date such law or regulation becomes effective.

"Liberty Group" shall mean, collectively, Liberty and the Liberty Newcos, if any.

"Liberty HSN" shall mean Liberty HSN, Inc., a Colorado corporation and a wholly-owned subsidiary of Liberty.

"Liberty HSN Exchange Shares" shall mean the shares of HSN Common Stock and HSN Class B Common Stock issuable in connection with that certain exchange agreement, dated as of December 20, 1996, by and between HSN and Liberty HSN (the "Liberty Exchange Agreement").

"Liberty Newco" shall mean each wholly-owned subsidiary of Liberty or of an Affiliate of Liberty formed solely for the purpose of acquiring an equity interest in the LLC, which entity shall not, so long as it holds LLC Shares, engage in any other business other than the transactions contemplated by the Investment Agreement, the Stockholders Agreement and related agreements (including this Agreement); provided that prior to the Holder Closing, Liberty and HSN shall agree in good faith as to the appropriate number of Liberty Newcos in order to permit HSN to exercise its rights under Section 2.1(b) from time to time.

"Newco" shall mean a Universal Newco or a Liberty Newco.

"Non-U.S. Persons or Entities" shall mean any foreign government or the representative thereof, any alien or the representative of any alien or any corporation organized under the laws of any foreign country or a foreign government or a representative thereof, as those terms are used in 47 U.S.C. ss. 310(b) (or any successor provision).

"Other Property" shall mean any security (other than HSN Common Stock or HSN Class B Stock), assets or other property deliverable upon the surrender of LLC Shares for Exchange in accordance with this Agreement.

"Own" shall mean record, beneficial or other ownership, direct or indirect, of securities which are attributable to a Person or otherwise owned by a Person in accordance with applicable FCC Regulations. The terms "Ownership" and "Owner" shall have correlative meanings.

"Person" shall mean any individual, corporation, partnership, joint venture, association, joint stock company, limited liability company, trust, unincorporated organization, government or agency or political subdivision thereof, or other entity, whether acting in an individual, fiduciary or other capacity.

"Redemption Securities" shall mean securities of an issuer other than HSN that are distributed by HSN in payment, in whole or in part, of the call, redemption, exchange or other acquisition price for Redeemable Capital Stock.

"Restrictive Condition" means any limitation or restriction imposed on a Person as a result of such Person's acquisition of HSN Stock upon an Exchange, or the imposition of any restriction or limitation of the type referred to in clause (i) of Section 7.6(a) or any requirement that such Person dispose or divest of any HSN Stock or interest therein (including any interest in the entities known as the BDTV Entities) in connection with or as a result of such Exchange.

"SEC" shall mean the Securities and Exchange Commission.

"Securities Act" shall mean the Securities Act of 1933, as amended, and the rules and regulations thereunder.

"Stockholders Agreement" shall mean the stockholders agreement among HSN, The Seagram Company Ltd., Universal, Liberty and Mr. Diller, dated as of the date hereof (or any successor agreement).

"Trading Day" shall mean a day on which the primary trading market for the HSN Common Stock is open for the transaction of business.

"Universal Group" shall mean Universal, Universal Sub and the Universal Newcos.

"Universal Newco" shall mean each wholly-owned subsidiary of Universal or of an Affiliate of Universal formed solely for the purpose of acquiring an equity interest in the LLC, which entity shall not, so long as it holds LLC Shares, engage in any other business other than the transactions contemplated by the Investment Agreement, the Stockholders Agreement and related agreements (including this Agreement).

"Universal Sub" shall mean the entity described in Section 1.5 of the Investment Agreement and otherwise complying with the requirements of the definition of Universal Newco.

SECTION 1.2 Additional Defined Terms. The following additional terms listed below shall have the meanings ascribed thereto in the Section (or other provisions hereof) indicated opposite such term:

Term	Section
Additional Contingent Right	7.3
Adjustment Event	3.2
Class B LLC Shares	Recitals
Class C LLC Shares	Recitals
Contract	5.4(d)
Contract Consent	5.4(c)
Contract Notice	5.4(c)
Exchange Date	2.3(d)
Governmental Consent	5.4(b)
Governmental Entity	5.4(b)
Governmental Filing	5.4(b)
HSN	Introduction

HSN Bylaws	5.1
HSN Charter	5.1
HSN Class B Stock	Recitals
HSN Common Stock	Recitals
HSN Preferred Stock	4.1(a)
HSN Stock	Recitals
Investment Agreement	Recitals
Liberty	Introduction
Liberty Exchange Agreement	2.1(a)
Liberty HSN Exchange Shares	2.1(a)
LLC	Recitals
LLC Shares	Recitals
NASD	5.3
Redeemable Capital Stock	3.1(a)(ii)
Redemption Event	3.1(d)
Sale Transaction	2.4(a)
Tendered Exchange Shares	2.4(c)
Transferee	2.4(c)
Universal	Introduction
Violation	5.4(d)

ARTICLE 2

EXCHANGE OF SHARES; TRANSFER OF SHARES

SECTION 2.1 Right to Exchange the LLC Shares. (a) (i) Universal Group Right. The Universal Group shall have the right, from time to time, subject to the terms and conditions of this Agreement, to exchange a number of LLC Shares at the then applicable Exchange Rate (as of the Exchange Date (as defined below)), rounded down to the nearest whole number, for shares of HSN Stock, so long as, after giving effect to such issuance, the Foreign Ownership Limitation would not be exceeded and Universal (or its permitted transferee) is otherwise permitted by law to Own such shares. Universal shall also be entitled to receive upon such Exchange the kind and amount of Other Property (other than shares of HSN Stock) for which such LLC Shares are then exchangeable pursuant to Article 3 hereof. Subject to the provisions of the Investment Agreement, Universal shall be entitled to elect whether to receive shares of HSN Common Stock or HSN Class B Stock in connection with such exchange.

(ii) Liberty Group Right. At such time, or from time to time, that Liberty is entitled or otherwise permitted to Own additional shares of HSN Stock in accordance with paragraph (c) of this Section 2.1, the Liberty Group shall have the right, subject to the terms and conditions of this Agreement, to exchange a number of LLC Shares at the then applicable Exchange Rate (as of the Exchange Date), rounded down to the nearest whole number, for shares of HSN Common Stock which would result in the issuance to such holder of a number of shares of HSN Common Stock no greater than the then Available HSN Amount. Liberty shall also be entitled to receive upon such Exchange the kind and amount of Other Property (other than shares of HSN Stock) for which such LLC Shares are then exchangeable pursuant to Article 3 hereof.

(iii) Alternative Merger. With respect to any exchange provided for in this Agreement, Universal or Liberty, as the case may be, may, in lieu of such exchange, effect a transaction intended to qualify as a tax-free reorganization under Section 368(a) of the Internal Revenue Code of 1986, as amended (the "Code"), of a member or members of the Universal Group or the Liberty Group, as the case may be, that owns LLC Shares by either (A) merging such member or members of the Universal Group or the Liberty Group, as the case may be (other than Universal or Liberty), with and into HSN (or, subject to HSN's consent, which consent shall not be unreasonably withheld and shall be exercised in good faith, with any direct wholly owned subsidiary of HSN) or (B) exchanging all of the issued and outstanding stock of such member or members of the Universal Group or the Liberty Group, as the case may be, for a number of shares of HSN Common Stock (or, in the case of Universal, shares of HSN Class B Stock as described in this Section), in the case of clause (A) or (B) as provided in this paragraph. It shall be a condition to HSN's obligation to effect any such merger or exchange that the representations set forth in Section 6.3 are true and correct, and the party hereto electing to effect such merger or exchange shall have agreed to indemnify HSN with respect to any liabilities of the Group member (regardless of materiality) pursuant to a customary indemnification agreement reasonably satisfactory to HSN. In the event that such condition cannot be satisfied, then Universal or Liberty, as the case may be, shall not be entitled to the right described in this paragraph and such exchange shall be effected as otherwise provided in this Agreement.

In the case of a merger or exchange described in this paragraph, the Exchange Rate for each outstanding share of stock of the member of the respective Group shall be calculated by dividing the number of LLC Shares owned by such member of the respective Group by the number of shares of stock of such member issued and outstanding. The Exchange Rate shall be adjusted as contemplated by the definition thereof to include Other Property as applicable.

HSN shall take all reasonable actions to cause any merger pursuant to clause (A) above to qualify as a statutory merger under state law and shall make all required tax filings in connection with such merger.

(b) (i) At such time as Liberty is entitled or otherwise permitted to Own additional Shares of HSN Stock in accordance with paragraph (c) of this Section 2.1, but following the issuance or expiration of the Contingent Shares and prior to the exchange of any Liberty HSN Exchange Shares, HSN and Liberty shall be obligated, subject to the terms and conditions of this Agreement, to exchange a number of LLC Shares held by the Liberty Group at the then applicable Exchange Rate (as of the Exchange Date) for shares of HSN Common Stock, rounded down to the nearest whole number, which would result in the issuance to such holder of a number of shares of HSN Common Stock up to the then Available HSN Amount. Any Exchange described in this Section shall be effected by means of the merger described in Section 2.1(a)(iii) and shall be subject to paragraph (d) below, provided that if such Exchange would not satisfy the condition set forth in paragraph (d)(i)(A) below, HSN may elect to effect such Exchange in any reasonable manner to the extent that HSN agrees to indemnify Liberty for any taxable income recognized by it as a result of such other manner of Exchange (compared to an Exchange under Section 2.1(a)(iii)), on terms reasonably acceptable to Liberty. Such holder shall also be entitled to receive upon such Exchange, the kind and amount of Other Property (other than shares of HSN Stock) for which such LLC Shares are then exchangeable pursuant to Article 3 hereof.

(ii) In the event that the exchange with the Liberty Group described in this paragraph is with a Liberty Newco, HSN shall only be permitted to effect such exchange with respect to all LLC Shares held by any single Liberty Newco.

(iii) HSN shall have the option, which may be exercised at any time or from time to time, after the issuance or expiration of all Contingent Shares, to suspend the mandatory exchange described in this paragraph as well as Liberty HSN's right to exchange the Liberty HSN Exchange Shares in connection with a future issuance of shares of HSN Stock in order to permit HSN to purchase or redeem (in compliance with applicable law, including the FCC Regulations) up to 10 million shares of HSN Stock, which suspension shall remain in effect as long as HSN continues to make diligent efforts to effect such purchase or redemption and to complete such repurchases as promptly as reasonably practicable.

(c) A Group shall be deemed to be entitled or otherwise permitted to own additional shares of HSN Stock (i) upon the occurrence of an Issuance Event or (ii) in connection with an Agreement to Transfer; provided that in the case of clause (ii), all conditions to such transfer (other than the issuance of the applicable number of shares of HSN Stock and other than any conditions which are capable of being satisfied only at the closing of such transfer) have been satisfied or waived by the applicable parties. In the case of an Exchange in connection with an Agreement to Transfer, such holder shall be deemed to be entitled or otherwise permitted to Own the number of shares of HSN Stock subject to such agreement and which the applicable Transferee is entitled or otherwise permitted to Own.

(d) (i) It shall be a condition to the obligation of the Liberty Group to consummate an Exchange that is mandatory pursuant to this Agreement (including under subsection (b) above) that:

(A) only in the case of an Exchange described in Section 2.1(a)(iii), that such Exchange not be taxable to such holder; provided, however, (x) that to the extent that the taxability of such Exchange was caused by or resulted from (1) any action or inaction by a member of the Liberty Group or any controlled affiliate thereof (other than any action or inaction specifically contemplated or required by the Investment Agreement, the Stockholders Agreement or this Agreement), or (2) the laws and regulations in effect as of the Closing Date, then such holder shall not be entitled to assert the failure of this condition; and (y) in the case of a Sale Transaction, the only condition under this clause (A) shall be that HSN and any other party to such transaction comply with the applicable requirements set forth in Section 2.4 regarding tax matters; and

(B) such Exchange not result in the creation or imposition of any Restrictive Condition with respect to any member of the Liberty Group or with respect to any shares received in the Exchange.

(ii) It shall be a condition to the obligation of the Universal Group to consummate an Exchange that is mandatory pursuant to Section 2.4 of this Agreement that:

(A) HSN has complied with the covenants set forth in Section 2.4 regarding tax matters; and

(B) such Exchange not result in the creation or imposition of any Restrictive Condition with respect to any member of the Universal Group or with respect to any shares received in the Exchange.

(e) HSN's right and obligation to effect an Exchange shall be deferred to the extent that the number of shares of HSN Stock which would then otherwise be required to be issued to a Group upon such Exchange is less than 25,000 (which number shall be adjusted to give effect to any stock splits, reverse splits, recapitalizations or the like); provided, however, that any such LLC Shares not then required to be exchanged as a result of the provisions of this paragraph shall be exchanged at such time as such number of shares of HSN Stock issuable upon the Exchange of all LLC Shares then required or permitted to be exchanged equals or exceeds such number, at which time, subject to the other conditions herein, the parties shall execute each such Exchange. The deferral set forth in this paragraph shall not be applicable in the event that upon the Exchange of all of the outstanding LLC Shares by a Group, such holder would be entitled to receive in the aggregate less than 25,000 shares of HSN Stock.

SECTION 2.2 Disputes Concerning Occurrence of an Issuance Event and Available HSN Amount. The determination of whether or not a holder is entitled or otherwise permitted to Own additional shares of HSN Stock and the determination of the Available HSN Amount issuable to the applicable holder, shall be made in the good faith reasonable determination of the Person exercising the Exchange Right based upon FCC Regulations. In the event of any dispute between HSN and a holder of LLC Shares with respect to whether a holder is entitled or otherwise permitted to Own additional shares of HSN Stock or the determination of the Available HSN Amount issuable to such holder, such dispute shall be resolved by delivery to HSN and such holder of a written opinion addressed to each of HSN and such holder (which opinion shall be in form and substance reasonably satisfactory to HSN and such holder and shall not be subject to material qualifications or limitations) of counsel to HSN specializing in FCC matters as to the matters that are the subject of any such dispute. Such opinion shall be delivered within 10 Business Days after notice by either HSN or such holder to the other party that the matter is outstanding and has not been resolved between them. In the event that no such opinion is delivered within 10 Business Days after such notice, the matter shall be resolved in favor of such holder.

SECTION 2.3 Mechanics of the Exchange. (a) A Group may exercise the Exchange Right set forth in Section 2.1(a) above by delivering an Exchange Notice to HSN. Subject to the terms and conditions thereof, HSN shall exercise the Exchange Right set forth in Section 2.1(b) above by delivering an Exchange Notice to the Liberty Group. If HSN delivers the Exchange Notice, such notice shall set forth in reasonable detail the facts and circumstances which have entitled or otherwise permitted such holder to Own additional shares of HSN Stock, the Available HSN Amount, a brief description of the method used to calculate such amount and the Exchange Rate in effect at such time. If a holder delivers the Exchange Notice, such notice shall include the same information, to the extent known by such holder, and shall also set forth whether the holder elects to effect the Exchange under Section 2.1(a)(iii) and the number of LLC Shares such holder desires to exchange or that are Owned by the member. Universal shall in its Exchange Notice indicate the number and type of shares of HSN Stock Universal requests be issued in respect of such Exchange. Each Exchange Notice shall be irrevocable, and upon receipt of an Exchange Notice and satisfaction of the conditions to such Exchange, HSN and such holder shall be obligated to effect such Exchange.

(b) Subject to the resolution of any disputes pursuant to Section 2.2 and subject to Section 2.1(d) and (e), as promptly as practicable following receipt or delivery by HSN of an Exchange Notice, each of HSN and the applicable holder shall, and shall cause each of its respective subsidiaries and the officers, directors and employees of such Person and such Person's subsidiaries to, (i) make any and all required applications or filings with, and seek any required authorizations, consents, approvals, waivers, licenses, franchises, permits or certificates from, any governmental or regulatory agencies (including, but not limited to, with the FCC and under the HSR Act), (ii) use all reasonable efforts to obtain any and all such authorizations, consents, approvals, waivers, licenses, franchises, permits or certificates and the expiration or termination of any applicable waiting period under the HSR Act, in each case, which are reasonably necessary in connection with the applicable Exchange, and (iii) use reasonable efforts to cooperate with, and express its support for, such other party's efforts to obtain any such authorizations, consents, approvals, waivers, licenses, franchises, permits and certificates and the expiration or termination of any applicable waiting period under the HSR Act. Upon receipt of such authorizations, consents, approvals, waivers, license, franchises, permits or certificates or the expiration or termination of such waiting period, as the case may be, HSN or the holder, as the case may be, shall notify the other of such receipt, expiration or termination. Within 5 Business Days of the receipt of any required authorizations, consents, approvals, waivers, licenses, franchises, permits or certificates and the termination or expiration of any applicable waiting period under the HSR Act has terminated, and all required filings, notifications, registrations and qualifications with federal, state, and local governmental and regulatory authorities have been obtained, such holder of the LLC Shares specified (or the shares of the member of the Group, if applicable) in the applicable Exchange Notice shall surrender for exchange the appropriate stock certificate(s) pursuant to Section 2.3(c) hereof.

(c) At such time as all required consents, approvals, waivers and terminations described in Section 2.3(b) have been obtained or waived and provided that the conditions set forth in Section 2.2(e) have been satisfied (if applicable), the holder shall surrender such holder's certificate or certificates for the LLC Shares (or the shares of the member of the Group, if applicable) to be exchanged, with appropriate stock powers attached, duly endorsed, at the office of HSN or any transfer agent for HSN's stock, together with a written notice to HSN that such holder is exchanging all or a specified number of LLC Shares (or the shares of the member of the Group, if applicable), represented by such certificate or certificates and stating the name or names in which such holder desires the certificate or certificates for HSN Stock, to be issued. Promptly thereafter, HSN shall (i) issue and deliver to such holder or such holder's nominee or nominees, a certificate or certificates representing the HSN Stock to be issued, conveyed and delivered to such holder pursuant to Section 2.1, with any necessary documentary or transfer tax stamps duly affixed and canceled, dated the applicable Exchange Date (as defined below), and such certificates shall be issued to and registered in the name of the applicable holder or in such other name as such holder shall request, and, (ii) if applicable, file a certificate of merger. Certificates representing HSN Stock include appropriate legends based on federal and state securities laws.

(d) Each Exchange shall be deemed to have been effected at the close of business on the date (the "Exchange Date") of receipt by HSN or any such transfer agent of the certificate or certificates and notice referred to in paragraph (c) above and, in any case, no later than five Business Days after all applicable conditions to such Exchange have been satisfied or upon the filing of a certificate of merger, if applicable. Each Exchange shall be at the Exchange Rate in effect immediately prior to the close of business on the Exchange

Date. If any transfer is involved in the issuance or delivery of any certificate or certificates for shares of HSN Stock in a name other than that of the registered holder of the LLC Shares (or the shares of the member of the Group, if applicable), surrendered for exchange, such holder shall also deliver to HSN a sum sufficient to pay all stock transfer taxes, if any, payable in respect of such transfer or evidence satisfactory to HSN that such stock transfer taxes have been paid. Except as provided above, HSN shall pay any issue, stamp or other similar tax in respect of such issuance or delivery.

(e) The Person or Persons entitled to receive the shares of HSN Stock issuable on such Exchange shall be treated for all purposes as the record holder or holders of such shares of HSN Stock, as of the close of business on the Exchange Date; provided, however, that no surrender of LLC Shares (or the shares of the member of the Group, if applicable) on any date when the stock transfer books of HSN are closed for any purpose shall be effective to constitute the Person or Persons entitled to receive the shares of HSN Stock, deliverable upon such Exchange as the record holder(s) of such shares of HSN Stock, on such date, but such surrender shall be effective (assuming all other requirements for the valid Exchange of such shares have been satisfied) to constitute such Person or Persons as the record holder(s) of such shares of HSN Stock for all purposes as of the opening of business on the next succeeding day on which such stock transfer books are open, and such Exchange shall be at the Exchange Rate in effect on the Exchange Date as if the stock transfer books of HSN had not been closed on such date. Without limiting the first sentence of this paragraph (e), as of the close of business on an Exchange Date, the rights and obligations of the holder of the applicable LLC Shares, as a holder thereof, shall cease (other than with respect to such holder's right to receive the applicable number of shares of HSN Stock and its obligation to deliver the applicable certificate(s) for shares of HSN Stock as provided herein).

(f) Holders of LLC Shares at the close of business on a record date for any payment of declared dividends or distributions on such shares shall be entitled to receive the dividend payable on such shares on the corresponding dividend payment date notwithstanding the effective Exchange of such shares following such record date and prior to the corresponding dividend payment date; provided that in the event of a merger under Section 2.1(a)(iii), the holder of the stock of such member shall be entitled to such dividend or distribution.

(g) If LLC Shares represented by a certificate surrendered for exchange are exchanged in part only, then simultaneously with any such Exchange, HSN shall cause the LLC to issue and deliver to the registered holder, without charge therefor, a new certificate or certificates representing in the aggregate the number of unexchanged shares.

SECTION 2.4 Sale Transaction. (a) Subject to applicable law, each of the Universal Group and the Liberty Group agrees to immediately exercise its option with respect to an Exchange provided for in this Article 2 with respect to all LLC Shares held by any member of its Group simultaneously with the consummation of a merger, consolidation or amalgamation between HSN and another entity (other than an affiliate of HSN) in which HSN is acquired by such other entity or a person who controls such entity, other than a subsidiary of HSN (a "Sale Transaction"); provided that if such Sale Transaction can be effected as to the applicable holders as a tax-free exchange involving a merger or exchange of shares of members of the Universal Group (other than Universal) or Liberty Group (other than Liberty), as the case may be, the Sale Transaction shall be structured in such

manner in lieu of such members exercising the option to effect an Exchange and, in lieu of receiving shares of HSN Stock upon consummation of an Exchange, such Persons shall be entitled to receive the type and amount of consideration that such Persons would have received had such Exchange been consummated immediately prior to the Sale Transaction, unless the alternative structure described in this paragraph would materially adversely affect the ability of HSN to consummate such Sale Transaction. In the case of a Sale Transaction which provides for holders of HSN Stock to elect the form of consideration, HSN shall make reasonable provision so that holders of LLC Shares may similarly make such election, to the same extent that would be the case had such holder held shares of HSN Stock immediately prior to the time of such election.

(b) To the extent that a member of the Universal Group or the Liberty Group is not permitted by law (including FCC Regulations) to take the actions described in paragraph (a) above, in connection with a Sale Transaction, the Exchange Rate shall, upon consummation of such transaction, be adjusted to reflect the right to receive for each share of HSN Stock issuable pursuant to this Article 2, the same consideration per share to be received by the holders of HSN Common Stock in the Sale Transaction.

(c) If a tender offer or exchange offer has been commenced for HSN Common Stock (other than by HSN or a subsidiary of HSN) and, to the extent permissible under the terms of the Governance Agreement, either Universal or Liberty wishes to tender their respective LLC Shares or the stock of Universal Sub, the Universal Newcos, or the Liberty Newcos, as the case may be, in such tender or exchange offer, Universal or Liberty may at its option, either: (i) simultaneously tender its shares of HSN Stock received pursuant to an Exchange ("Tendered Exchange Shares") to the exchange agent in such tender offer and exercise its right to exchange LLC Shares for such shares in accordance with the provisions of Section 2.1 (a) and the terms of this Agreement; provided that any such exercise shall be conditioned on, and subject to, the consummation of such tender offer; provided, further, that in the event that fewer than all Tendered Exchange Shares are purchased in the tender offer, the exchange shall only occur with respect to such Tendered Exchange Shares that are purchased in the tender offer and the remaining Tendered Exchange Shares shall be returned to Universal or Liberty, as the case may be, or (ii) transfer such LLC Shares or the stock of Universal Sub, the Universal Newcos or the Liberty Newcos, as the case may be, to a person or entity (the "Transferee") which (A) is not considered to be a foreign owner for purposes of the FCC alien ownership rules and who would otherwise be permitted to lawfully hold the shares of HSN Stock underlying the right to effect the Exchange and (B) agrees to be bound by the terms of this Agreement, and such Transferee shall exercise such Exchange right immediately prior to the closing of the tender offer solely for purposes of participating in such tender offer and pay the proceeds to Universal or Liberty, as the case may be. In the case of clause (ii) above, in the event that less than all the HSN Stock represented by the exchanged LLC Shares are purchased in such tender offer or the tender offer is not consummated, at HSN's election, either (x) the Transferee shall exchange with HSN such shares of HSN Stock not purchased in the tender offer for a number of LLC Shares (based on the Exchange Rate and which LLC Shares shall have the same terms as the original right contained herein), and HSN shall deliver such shares and issue such replacement right to exchange to the Transferee and the Transferee shall transfer such LLC Shares and related right to exchange to Universal or Liberty, as the case may be, or (y) permit Universal or Liberty, as the case may be, to hold the LLC Shares not purchased in the tender offer.

(d) In connection with any of the transactions described in this Section 2.4 with respect to which HSN is a party to any agreement or contract relating thereto, HSN shall require that effective provision be made in any such transaction agreements or otherwise so that the provisions set forth herein relating to any LLC Shares that are not exchanged in connection with such transaction pursuant to paragraph (a) of this Section shall be entitled to the same rights of Exchange as provided herein, as nearly as reasonably may be practicable, to any other securities and assets deliverable upon an Exchange. The resulting or surviving corporation of any such transaction shall expressly assume the obligation to deliver, upon the exercise of an Exchange, such securities, cash or other assets as the holders of LLC Shares shall be entitled to receive pursuant to the provisions hereof, and to make provision for the protection of the exchange of LLC Shares as provided in the preceding sentence.

SECTION 2.5 Transfer Restrictions. (a) Except as otherwise set forth in this Article 2 in connection with an Exchange, the rights and obligations of each Group to effect an Exchange shall not be transferable by any member of such Group.

(b) (i) Except as permitted pursuant to Section 2.3(a), Universal shall not sell or otherwise transfer any of its shares in Universal Sub or any Universal Newco while such entity holds LLC Shares (other than to another member of such Group) (provided that a merger or consolidation not in violation of with the Governance Agreement in which Universal is a constituent corporation shall be deemed not to be the transfer of shares beneficially owned by Universal if a significant purpose of such transaction is not to avoid the provisions of this Agreement), and Liberty shall not sell or otherwise transfer any of its shares in any Liberty Newco while such entity holds LLC Shares (other than to another member of such Group).

(ii) Except in connection with the exercise of a right or obligation to exchange LLC Shares (or shares of a member of the Universal Group or the Liberty Group) (including pursuant to a transfer provided for in Sections 2.4(a) and (c)), or the hypothecation, pledge or creation of a lien or security interest in LLC Shares by HSN or its affiliates (including Home Shopping Network, Inc.), except as specifically contemplated by the Investment Agreement, none of HSN, Home Shopping Network, Inc., any Universal Newco, Liberty or any Liberty Newco shall directly or indirectly transfer, pledge or create a lien or security interest in their respective LLC Shares to any other person or entity. The parties agree that any attempt to make or create such transfer, pledge, lien or security interest shall be null and void and of no force and effect. The foregoing notwithstanding, Universal or Liberty (so long as, in the case of Liberty, such pledge does not impair HSN's right to cause an Exchange hereunder), may pledge LLC Shares in connection with a bona fide financing, provided that the pledgee agrees with HSN to effect an Exchange promptly upon any foreclosure of such pledge and is permitted to Own such shares of HSN Stock.

(iii) Notwithstanding paragraphs (i) and (ii), a holder may transfer shares of the members of its Group so long as, after giving effect to such transfer, such member continues to be a controlled member of the Group and the transfer is not otherwise in violation of the Stockholders Agreement or the Governance Agreement. Any such transfer shall be deemed an action taken by the applicable holder, including for purposes of the tax matters in this Agreement.

(c) Without limiting the foregoing, HSN shall cooperate with each of the Universal Group and Liberty Group to ensure that, by virtue of holding LLC Shares, neither Universal nor Liberty is disadvantaged in connection with a Sale Transaction or tender or exchange offer by virtue of holding LLC Shares.

ARTICLE 3

EXCHANGE RATE ADJUSTMENTS

SECTION 3.1 Exchange Rate Adjustments. Subject to Section 3.5 hereof, the Exchange Rate shall be subject to adjustment from time to time as provided below in this Section 3.1.

(a) (i) If HSN shall, after the Closing Date:

(1) pay a stock dividend or make a distribution on the outstanding shares of HSN Common Stock in shares of HSN Common Stock,

(2) subdivide or split the outstanding shares of HSN Common Stock into a greater number of shares,

(3) combine the outstanding shares of HSN Common Stock into a smaller number of shares,

(4) pay a dividend or make a distribution on the outstanding shares of HSN Common Stock in shares of its capital stock (other than HSN Common Stock, or rights, warrants or options for its capital stock), or

(5) issue by reclassification of its outstanding shares of HSN Common Stock (other than a reclassification by way of merger or binding share exchange that is subject to Section 3.2) any shares of its capital stock (other than rights, warrants or options for its capital stock),

then, in any such event, the Exchange Rate, in effect immediately prior to the opening of business on the record date for determination of stockholders entitled to receive such dividend or distribution or the effective date of such subdivision, split, combination or reclassification, as the case may be, shall be adjusted so that the holder of LLC Shares shall thereafter be entitled to receive, upon exchange of such shares, the number of shares of HSN Common Stock (or, in the case of permitted election by Universal pursuant to Section 2.1(a) and the Investment Agreement, HSN Class B Stock) or other capital stock (or a combination of the foregoing) of HSN which such holder would have owned or been entitled or otherwise permitted to receive immediately following such event if such holder had exchanged its LLC Shares immediately prior to the record date for, or effective date of, as applicable, such event.

(ii) Notwithstanding the foregoing, if an event listed in clause (4) or (5) above would result in the LLC Shares being exchangeable for shares or units (or a fraction thereof) of more than one class or series of capital stock of HSN and any such class or

series of capital stock provides by its terms a right in favor of HSN to call, redeem, exchange or otherwise acquire all of the outstanding shares or units of such class or series (such class or series of capital stock being herein referred to as "Redeemable Capital Stock") for consideration that may include Redemption Securities, then the Exchange Rate shall not be adjusted pursuant to this subparagraph (a) and in lieu thereof, the holders of such LLC Shares shall be entitled to the rights contemplated by paragraph (c) with the same effect as if the dividend or distribution of such Redeemable Capital Stock or the issuance of the additional class or series of such Redeemable Capital Stock by reclassification had been a distribution of assets of HSN to which such paragraph (c) is applicable.

(iii) The adjustment contemplated by this paragraph (a) shall be made successively whenever any event listed above shall occur. For a dividend or distribution, the adjustment shall become effective at the opening of business on the Business Day next following the record date for such dividend or distribution. For a subdivision, split, combination or reclassification, the adjustment shall become effective immediately after the effectiveness of such subdivision, split, combination or reclassification.

(iv) If after an adjustment pursuant to this paragraph (a) a holder of LLC Shares would be entitled to receive upon exchange thereof shares of two or more classes or series of capital stock of HSN, the Exchange Rate shall thereafter be subject to adjustment upon the occurrence of an action contemplated by this Section 3.1 taken with respect to any such class or series of capital stock other than HSN Common Stock on terms comparable to those applicable to the HSN Common Stock pursuant to this Section 3.1.

(b) (i) Subject to Section 3.5 hereof, if HSN shall, after the Closing Date, distribute rights, warrants or options to all or substantially all holders of its outstanding shares of HSN Common Stock and/or HSN Class B Stock entitling them (for a period not exceeding 45 days from the record date referred to below) to subscribe for or purchase shares of HSN Common Stock (or Convertible Securities for shares of HSN Common Stock) at a price per share (or having an exercise, exchange or conversion price per share, after adding thereto an allocable portion of the exercise price of the right, warrant or option to purchase such Convertible Securities, computed on the basis of the maximum number of shares of HSN Common Stock issuable upon exercise, exchange or conversion of such Convertible Securities) less than the Current Market Price on the applicable Determination Date, then, in any such event, the Exchange Rate shall be adjusted by multiplying such exchange rate in effect immediately prior to the opening of business on the record date for the determination of stockholders entitled to receive such distribution by a fraction, of which the numerator shall be the number of shares of HSN Common Stock outstanding on such record date plus the number of additional shares of HSN Common Stock so offered pursuant to such rights, warrants or options to the holders of HSN Common Stock (and to holders of Convertible Securities for shares of HSN Common Stock) for subscription or purchase (or into which the Convertible Securities for shares of HSN Common Stock so offered are exercisable, exchangeable or convertible), and of which the denominator shall be the number of shares of HSN Common Stock outstanding on such record date plus the number of additional shares of HSN Common Stock which the aggregate offering price of the total number of shares of HSN Common Stock so offered (or the aggregate exercise, exchange or conversion price of the Convertible Securities for shares of HSN Common Stock so offered, after adding thereto the aggregate exercise price of the rights, warrants or options to purchase such Convertible Securities) to the holders of HSN Common Stock (and

to such holders of Convertible Securities for shares of HSN Common Stock) would purchase at such Current Market Price.

(ii) The adjustment contemplated by this paragraph (b) shall be made successively whenever any such rights, warrants or options are distributed, and shall become effective immediately after the record date for the determination of stockholders entitled to receive such distribution. If all of the shares of HSN Common Stock (or all of the Convertible Securities for shares of HSN Common Stock) subject to such rights, warrants or options have not been issued when such rights, warrants or options expire (or, in the case of rights, warrants or options to purchase Convertible Securities for shares of HSN Common Stock which have been exercised, if all of the shares of HSN Common Stock issuable upon exercise, exchange or conversion of such Convertible Securities have not been issued prior to the expiration of the exercise, exchange or conversion right thereof), then the Exchange Rate shall promptly be readjusted to the Exchange Rate which would then be in effect had the adjustment upon the issuance of such rights, warrants or options been made on the basis of the actual number of shares of HSN Common Stock (or such Convertible Securities) issued upon the exercise of such rights, warrants or options (or the exercise, exchange or conversion of such Convertible Securities).

(iii) No adjustment shall be made under this paragraph (b) if the adjusted Exchange Rate would be lower than the Exchange Rate in effect immediately prior to such adjustment, other than in the case of an adjustment pursuant to the last sentence of paragraph (b)(ii). The adjustment pursuant to this paragraph in respect of any one event offered to holders of both HSN Common Stock and HSN Class B Stock shall be made only once.

(c) (i) Subject to Section 3.5 hereof, if HSN shall, after the Closing Date, (x) pay a dividend or make a distribution to all or substantially all holders of its outstanding shares of HSN Common Stock and/or HSN Class B Stock of any assets (including cash) or debt securities or any rights, warrants or options to purchase securities (excluding dividends or distributions referred to in paragraph (a) (except as otherwise provided in clause (y) of this sentence) and distributions of rights, warrants or options referred to in paragraph (b)), or (y) pay a dividend or make a distribution to all or substantially all holders of its outstanding shares of HSN Common Stock and/or HSN Class B Stock of Redeemable Capital Stock, or issue Redeemable Capital Stock by reclassification of the HSN Common Stock and/or HSN Class B Stock, and pursuant to paragraph (a) such Redeemable Capital Stock is to be treated the same as a distribution of assets of HSN subject to this paragraph (c), then, in any such event, from and after the record date for determining the holders of HSN Common Stock and HSN Class B Stock entitled to receive such dividend or distribution, a holder of LLC Shares that exchanges such shares in accordance with the provisions of this Agreement will upon such Exchange be entitled to receive, in addition to the shares of HSN Common Stock or HSN Class B Stock for which such shares are then exchangeable, the kind and amount of assets or debt securities or rights, warrants or options to purchase securities comprising such dividend or distribution that such holder would have received if such holder had exchanged such LLC Shares immediately prior to the record date for determining the holders of HSN Common Stock or HSN Class B Stock entitled to receive such distribution. The adjustment pursuant to this paragraph in respect of any one event offered to holders of both HSN Common Stock and HSN Class B Stock shall be made only once.

(ii) The adjustment pursuant to the foregoing provisions of this paragraph (c) shall be made successively whenever any dividend or distribution or reclassification to which this paragraph (c) applies is made, and shall become effective immediately after (x) in the case of a dividend or distribution, the record date for the determination of stockholders entitled to receive such dividend or distribution or (y) in the case of a reclassification, the effective date of such reclassification.

(d) In the event that a holder of LLC Shares would be entitled to receive upon exercise of an Exchange pursuant to this Agreement any Redeemable Capital Stock and HSN redeems, exchanges or otherwise acquires all of the outstanding shares or other units of such Redeemable Capital Stock (such event being a "Redemption Event"), then, from and after the effective date of such Redemption Event, the holders of LLC Shares then outstanding shall be entitled to receive upon the Exchange of such shares (in addition to the consideration such holders are otherwise entitled to receive pursuant to this Agreement), in lieu of shares or any units of such Redeemable Capital Stock, the kind and amount of securities, cash or other assets receivable upon the Redemption Event (less any consideration paid to HSN by a holder of HSN Stock in connection with such holders' receipt of Redemption Securities upon such Redemption Event (other than the surrender of shares of Redeemable Capital Stock)) by a holder of the number of shares or units of such Redeemable Capital Stock for which such LLC Shares could have been exchanged immediately prior to the effective date of such Redemption Event (assuming, to the extent applicable, that such holder failed to exercise any rights of election with respect thereto and received per share or unit of such Redeemable Capital Stock the kind and amount of securities, cash or other assets received per share or unit by a plurality of the non-electing shares or units of such Redeemable Capital Stock) (as such type and amount of securities may be adjusted in accordance with this Agreement to reflect events or actions subsequent to the Redemption Event), and from and after the effective date of such Redemption Event the holders of LLC Shares shall have no other exchange rights under these provisions with respect to such Redeemable Capital Stock.

(e) If this Section 3.1 shall require that an adjustment be made to the Exchange Rate, such adjustment shall apply to any Exchange effected after the record date for the event which requires such adjustment notwithstanding that such Exchange is effected prior to the occurrence of the event which requires such adjustment.

(f) All adjustments to the Exchange Rate shall be calculated to the nearest 1/1000th of a share. No adjustment in either such exchange rate shall be required unless such adjustment would require an increase or decrease of at least one percent therein; provided, however, that any adjustment which by reason of this paragraph (f) is not required to be made shall be carried forward and taken into account in any subsequent adjustment. No adjustment need be made for a change in the par value of the HSN Common Stock and/or HSN Class B Stock. To the extent the LLC Shares become exchangeable for cash, no adjustment need be made thereafter as to the cash and no interest shall accrue on such cash, except to the extent (as required under applicable law or otherwise) such cash is to be held separate for the benefit of the holder, in which case the cash shall be placed in an interest-bearing account with such interest for the benefit of the holder.

(g) HSN shall be entitled, to the extent permitted by law, to make such increases in the Exchange Rate, in addition to those referred to above in this Section 3.1, as HSN determines to be advisable in order that any stock dividends, subdivisions of shares,

reclassification or combination of shares, distribution of rights, options or warrants to purchase stock or securities, or a distribution of other assets hereafter made by HSN to its stockholders shall not be taxable.

(h) There shall be no adjustment to the Exchange Rate in the event of the issuance of any stock or other securities or assets of HSN in a reorganization, acquisition or other similar transaction, except as specifically provided in this Section 3.1 or, if applicable, Section 3.2. In the event this Section 3.1 requires adjustments to the Exchange Rate under more than one of paragraph (a), (b) or (c), and the record dates for the dividends or distributions giving rise to such adjustments shall occur on the same date, then such adjustments shall be made by applying first, the provisions of paragraph (a), second, the provisions of paragraph (c) and third, the provisions of paragraph (b).

SECTION 3.2 Notice of Adjustment. Whenever the Exchange Rate is adjusted as provided in Section 3.1 or 3.4 (an "Adjustment Event"), HSN shall:

(a) compute the adjusted Exchange Rate in accordance herewith and prepare a certificate signed by an officer of HSN setting forth the adjusted Exchange Rate, the method of calculation thereof and the facts requiring such adjustment and upon which such adjustment is based, all in reasonable detail; and

(b) promptly mail a copy of such certificate and a notice to the holders of the outstanding LLC Shares.

The notice of adjustment and such certificate shall be mailed at or prior to the time HSN mails an interim statement, if any, to its stockholders covering the fiscal quarter during which the facts requiring such adjustment occurred, but in any event within 45 days following the end of such fiscal quarter; provided that if an Adjustment Event occurs following delivery of an Exchange Notice but prior to the Exchange Date, HSN shall mail the notice of adjustment as soon as practicable following the Adjustment Event but in no event later than five days prior to the applicable Exchange Date.

SECTION 3.3 Notice of Certain Transactions. In case, at any time while any of the LLC Shares are outstanding,

(a) HSN takes any action which would require an adjustment to the Exchange Rate;

(b) HSN shall authorize (i) any consolidation, merger or binding share exchange to which HSN is a party, for which approval of the stockholders of HSN is required or (ii) the sale or transfer of all or substantially all of the assets of HSN (including any Sale Transaction); or

(c) HSN shall authorize the voluntary dissolution, liquidation or winding up of HSN or HSN is the subject of an involuntary dissolution, liquidation or winding up;

then HSN shall cause to be filed at each office or agency maintained for the purpose of exchange of LLC Shares and shall cause to be mailed to each holder of LLC Shares at its last address as it shall appear on the stock register, at least 10 days before the record date (or other date set for definitive action if there shall be no record date), a notice stating the

action or event for which such notice is being given and the record date for (or such other date) and the anticipated effective date of such action or event; provided, however, that any notice required hereunder shall in any event be given no later than the time that notice is given to the holders of HSN Common Stock or HSN Class B Stock.

SECTION 3.4 Exchange Rate Adjustments for Actions of the LLC. In the event of the occurrence of any of the transactions or other events described in paragraphs (a)-(d) of Section 3.1 or in Section 2.4(a) with respect to the LLC Shares, or otherwise affecting the LLC, the Exchange Rate shall be appropriately adjusted in the manner contemplated by Sections 3.1 and 2.4(a), mutatis mutandis, so that each holder's LLC Shares thereafter shall become exchangeable for the kind and amount of HSN Stock or Other Property, upon the Exchange of such holder's LLC Shares, that such holder would have received had such holder exchanged all of its LLC Shares pursuant to this Agreement immediately prior to the applicable Determination Date (or other comparable date) for such transaction or other event. In addition to its obligation to adjust the Exchange Rates, HSN's other rights and obligations set forth in Sections 3.1, 3.2 and 3.3 shall also apply to the extent applicable in the event of an adjustment pursuant to this Section 3.4. HSN agrees that it will not cause or permit to occur any such transaction or other event which would result in any adjustment to the Exchange Rate unless the terms of the agreement relating to such transaction or other event include obligations of the applicable parties consistent with the foregoing. The provisions of this paragraph shall apply similarly to successive transactions or other events to which this paragraph would otherwise be applicable.

SECTION 3.5 Limitation on Adjustments to Exchange Rate. The covenants set forth in Sections 6.2 and 6.4 of the Investment Agreement shall take priority over the adjustments to the Exchange Rate and other actions set forth in this Article 3. With respect to any action, event or circumstance that is covered by Section 6.2 or Section 6.4 of the Investment Agreement, HSN shall have no obligation hereunder (and the Exchange Rate shall not be adjusted) provided that HSN and the LLC comply with the terms of Sections 6.2 and 6.4 of the Investment Agreement.

ARTICLE 4

GENERAL REPRESENTATIONS AND WARRANTIES OF HSN AND EACH HOLDER

SECTION 4.1 Representations and Warranties of HSN. HSN hereby represents and warrants:

(a) As of the date hereof, the authorized capital stock of HSN consists of (a) 150,000,000 shares of HSN Common Stock and 30,000,000 shares of HSN Class B Stock, and (b) 15,000,000 shares of preferred stock, par value $.01 per share, of HSN (the "HSN Preferred Stock"), none of which have been designated as to class or series. At the close of business on August 8, 1997, (i) 43,526,372 shares of HSN Common Stock were issued and outstanding and 12,227,647 shares of HSN Class B Stock were issued and outstanding, all of which are validly issued, fully paid and nonassessable and not subject to any preemptive rights and (ii) no shares of HSN Common Stock were held in treasury by HSN or by subsidiaries of HSN. The statements in Section 3.2 of the Investment Agreement with respect to the number of outstanding options and other rights to purchase or acquire

HSN Common Stock or HSN Class B Stock are true and complete in all material respects as of the date reflected therein. As of the date hereof, no shares of HSN Preferred Stock were issued or outstanding.

(b) HSN has all necessary corporate power and authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by HSN and the consummation by HSN of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate action on the part of HSN, and no other corporate proceedings on the part of HSN are necessary to authorize this Agreement or consummate the transactions contemplated hereby.

(c) This Agreement has been duly and validly executed and delivered by HSN and, assuming the due authorization, execution and delivery by the other parties hereto, constitutes the legal and binding obligation of HSN, enforceable against HSN in accordance with its terms, subject to (i) bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting or relating to creditors rights generally and (ii) the availability of injunctive relief and other equitable remedies.

(d) The execution, delivery and performance of this Agreement by HSN (with or without the giving of notice, the lapse of time, or both): (i) do not require any notices, reports or other filings to be made by HSN with any public or governmental authority; (ii) do not require the consent of any third party (including any governmental or regulatory authority); (iii) will not conflict with any provision of the HSN Charter or the HSN By-Laws; (iv) will not violate or result in a breach of, or contravene any law, judgment, order, ordinance, injunction, decree, rule, regulation or ruling of any court or governmental instrumentality applicable to HSN; and (v) violate or result in the breach of any material Contract, except for such matters that would not have a material adverse effect on the transactions contemplated hereby.

SECTION 4.2 Representations and Warranties of Universal and Liberty. Each of Universal and Liberty, with respect to itself and each member of its respective Group, hereby represents and warrants:

(a) It has all necessary corporate power and authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by it, and the consummation by it and the members of its Group of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate action on the part of it and the members of its Group, and no other corporate proceedings on the part of it and the members of its Group are necessary to authorize this Agreement or to consummate the transactions contemplated hereby.

(b) This Agreement has been duly and validly executed and delivered by it and, assuming the due authorization, execution and delivery by the other parties hereto, constitutes the legal and binding obligation of it and the members of its Group, enforceable against it and the members of its Group in accordance with its terms, subject to (i) bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting or relating to creditors rights generally and (ii) the availability of injunctive relief and other equitable remedies.

(c) The execution, delivery and performance of this Agreement by it and the members of its Group (with or without the giving of notice, the lapse of time, or both): (i) do not require any notices, reports or other filings to be made by it or the members of its Group with any public or governmental authority; (ii) do not require the consent of any third party (including any governmental or regulatory authority); (iii) will not conflict with any provision of the Certificate of Incorporation or By-Laws of it or any member of its Group; (iv) will not violate or result in a breach of, or contravene any law, judgment, order, ordinance, injunction, decree, rule, regulation or ruling of any court or governmental instrumentality applicable to it or the members of its Group; and (v) violate or result in the breach of any material Contract (applying such term to such Group), except for such matters that would not have a material adverse effect on the transactions contemplated hereby.

ARTICLE 5

REPRESENTATIONS AND WARRANTIES OF
HSN WITH RESPECT TO EACH EXCHANGE

With respect to each Exchange, HSN shall be deemed to have made, as of the applicable Exchange Date, the following representations and warranties to each holder effecting such Exchange:

SECTION 5.1 Organization and Qualification. HSN (i) is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation; (ii) has all requisite corporate power and authority to carry on its business as it is now conducted and to own, lease and operate the properties it now owns, leases or operates at the places currently located and in the manner currently used and operated and (iii) is duly qualified or licensed and in good standing to do business in each jurisdiction in which the properties owned, leased or operated by it or the nature of the business conducted by it makes such qualification or license necessary, except, in the case of clause (iii) where the failure to be so qualified or licensed, or in good standing would not have a material adverse effect on the business, assets or condition (financial or otherwise) of HSN and its subsidiaries, taken as a whole. HSN has delivered or made available to such holder true and complete copies of its certificate of incorporation and by-laws, each as amended to date and currently in effect (respectively, the "HSN Charter" and the "HSN Bylaws"). The HSN Charter and the HSN Bylaws are in full force and effect and neither HSN nor the LLC is in violation of its respective organizational documents.

SECTION 5.2 Authorization of the Exchange. The consummation of such Exchange by HSN has been duly and validly authorized by the board of directors of HSN and by any necessary action of the HSN stockholders. HSN has full corporate power and authority to perform its obligations under this Agreement with respect to such Exchange and to consummate such Exchange. No other corporate proceedings on the part of HSN or any of its subsidiaries are necessary to authorize the consummation of such Exchange.

SECTION 5.3 Validity of HSN Shares, etc. The shares of HSN Common Stock and/or HSN Class B Stock to be issued by HSN to such holder pursuant to such Exchange, upon issuance and delivery in accordance with the terms and conditions of this Agreement, will be duly authorized, validly issued, fully paid and non-assessable, and will be free of any liens, claims, charges, security interests, preemptive rights, pledges, voting

or stockholder agreements, options or encumbrances of any kind whatsoever (other than any of the foregoing arising under the Investment Agreement, the Governance Agreement, Stockholders Agreement or any Federal or state securities laws), will not be issued in violation of any preemptive rights and will vest in such holder full rights with respect thereto, including the right to vote such shares of HSN Stock on all matters properly presented to the stockholders of HSN to the extent set forth in the HSN Charter. The issuance of the shares of HSN Stock will not violate the rules, regulations and requirements of the National Association of Securities Dealers, Inc. ("NASD") or of the principal exchange or trading market on which the HSN Common Stock is then quoted or traded (including, without limitation the NASD policies set forth in Section 6(i) and (j) of Part III of Schedule D of the NASD By-Laws and the Policy of the Board of Governors with respect to Voting Rights set forth in Part III of Schedule D of the NASD By-Laws or any similar policies of such other exchange or trading market).

SECTION 5.4 No Approvals or Notices Required; No Conflict with Instruments. The performance by HSN of its obligations under this Agreement in connection with such Exchange and the consummation of the transactions contemplated by such Exchange, including the issuance of HSN Stock in such Exchange, will not:

(a) conflict with or violate the HSN Charter or the HSN Bylaws or the organizational documents of the LLC or any other subsidiary of HSN, in each case as amended to date;

(b) require any consent, approval, order or authorization of or other action by any court, administrative agency or commission or other governmental authority or instrumentality, foreign, United States federal, state or local (each such entity a "Governmental Entity" and each such action a "Governmental Consent") or any registration, qualification, declaration or filing with or notice to any Governmental Entity (a "Governmental Filing"), in each case on the part of or with respect to HSN or the LLC or any other subsidiary of HSN, other than (i) such as have been obtained or made or (ii) the absence or omission of which would, either individually or in the aggregate, have a material adverse effect on the applicable Exchange or otherwise with respect to the transactions contemplated hereby or on the business, assets, results of operations or financial condition of HSN and its subsidiaries, taken as a whole;

(c) require, on the part of HSN or the LLC or any other subsidiary of HSN, any consent by or approval of (a "Contract Consent") or notice to (a "Contract Notice") any other person or entity (other than a Governmental Entity), other than (i) such as have been obtained or made or (ii) the absence or omission of which would, either individually or in the aggregate, have a material adverse effect on the transactions contemplated hereby or on the business, assets, results of operations or financial condition of HSN and its subsidiaries, taken as a whole;

(d) conflict with, result in any violation or breach of or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any obligation or the loss of any material benefit under or the creation of any lien, security interest, pledge, charge, claim, option, right to acquire, restriction on transfer, voting restriction or agreement, or any other restriction or encumbrance of any nature whatsoever on any assets pursuant to (any

such conflict, violation, breach, default, right of termination, cancellation or acceleration, loss or creation, a "Violation") any "Contract" (which term shall mean and include any note, bond, indenture, mortgage, deed of trust, lease, franchise, permit, authorization, license, contract, instrument, employee benefit plan or practice, or other agreement, obligation, commitment or concession of any nature) to which HSN or the LLC or any other subsidiary of HSN is a party, by which HSN, the LLC or any other subsidiary of HSN or any of their respective assets or properties is bound or pursuant to which HSN or the LLC or any other subsidiary of HSN is entitled to any rights or benefits, except for such Violations which would not, either individually or in the aggregate, have a material adverse effect on the applicable Exchange or otherwise with respect to transactions contemplated hereby or on the business, assets, results of operations or financial condition of HSN and its subsidiaries, taken as a whole; or

(e) result in a Violation of, under or pursuant to any law, rule, regulation, order, judgment or decree applicable to HSN or the LLC or any other subsidiary of HSN or by which any of their respective properties or assets are bound, except for such Violations which would not, either individually or in the aggregate, have a material adverse effect on the applicable Exchange or otherwise with respect to the transactions contemplated hereby.

ARTICLE 6

REPRESENTATIONS AND WARRANTIES OF THE HOLDER
WITH RESPECT TO EACH EXCHANGE

As of each Exchange Date, the holder who is seeking or required to exchange its LLC Shares (or with respect to which the merger or exchange described in Section 2.1(a)(iii) is elected) shall be deemed to have made the following representations and warranties to HSN; provided that it shall be a condition to HSN's obligation to effect any such Exchange in connection with an Agreement to Transfer that the applicable Transferee and Transferor pursuant to Section 2.3 shall be deemed to have made to HSN the representations set forth in paragraphs (a)-(e) of Section 6.2 (as such matters relate to, and taking into account, such Transferee's ownership of HSN Stock or LLC Shares in connection with the Exchange):

SECTION 6.1 Ownership and Validity of LLC Shares. Such holder owns, and following such Exchange, HSN will own beneficially and of record the applicable LLC Shares, free of any liens, claims, charges, security interests, pledges, voting or stockholder agreements, encumbrances or equities (other than any of the foregoing arising under this Agreement, the Investment Agreement, the Governance Agreement, or the Stockholders Agreement or any Federal or state securities laws or as may be due to an action of HSN). Universal and Liberty also hereby make, with respect to each member of its respective Group which is participating in such Exchange (whether through ownership of LLC Shares or in the event shares of such entity are being exchanged or converted pursuant to Section 2.1(a)(iii)), the representations and warranties contained in the preceding sentence, subject to the same exceptions contained therein.

SECTION 6.2 No Approvals or Notices Required; No Conflict with Instruments. The consummation of such Exchange will not:

(a) if applicable, conflict with or violate such holder's (or its Group members') organizational documents;

(b) require any Governmental Consent or Governmental Filing, in each case on the part of or with respect to each of such holder or any member of its Group, other than (i) such as have been obtained or made or (ii) the absence or omission of which would, either individually or in the aggregate, have a material adverse effect on such Exchange or otherwise with respect to the transactions contemplated hereby;

(c) require, on the part of such holder or any member of its Group any Contract Consent or Contract Notice (in each case, applying such terms to such Group), other than (i) such as have been obtained or made or (ii) the absence or omission of which would, either individually or in the aggregate, have a material adverse effect on such Exchange or otherwise with respect to the transactions contemplated hereby;

(d) conflict with or result in any Violation of any Contract to which such holder or any member of its Group is a party, or by which such holder or any of its Group, or any of its respective assets or properties are bound, except for such Violations which would not, either individually or in the aggregate, have a material adverse effect on such Exchange or otherwise with respect to the transactions contemplated hereby; or

(e) result in a Violation of, under or pursuant to any law, rule, regulation, order, judgment or decree applicable to such holder or any member of its Group or by which any of its respective properties or assets are bound, except for such Violations which would not, either individually or in the aggregate, have a material adverse effect on such Exchange or otherwise with respect to the transactions contemplated hereby;

provided that any such representation pursuant to this Section 6.2 by a holder in connection with an Agreement to Transfer shall take into account the transactions contemplated to occur with such Transferee.

SECTION 6.3 No Liabilities of Universal Sub and Group Newco. In the case of a merger or exchange pursuant to Section 2.1(a)(iii), Universal (with respect to Universal Sub and each Universal Newco, to the extent participating in such Exchange) and Liberty (with respect to each Liberty Newco, to the extent participating in such Exchange) hereby represents and warrants that (a) none of such Newcos (or Universal Sub, if applicable) has any liabilities of any kind whatsoever, whether absolute or contingent, matured or unmatured, liquidated or unliquidated, accrued or unaccrued, known or unknown, whenever arising, other than the obligation to consummate the transactions contemplated by the Exchange, and other than liabilities (i) that are immaterial and (ii) as to which HSN has a reasonable likelihood of being fully indemnified by the applicable Group pursuant to the contemplated indemnification agreement referred to in Section 2.1(a)(iii), (b) upon consummation of such Exchange, neither the LLC nor HSN shall have any obligation or liability in

respect of any liabilities of such entities other than those described in the preceding clause (a) that are covered by the agreement described in clause (a)(ii), (c) upon consummation of the Exchange, HSN shall own all of the capital stock of such entity (or, in the event of an Exchange under Section 2.1(a)(iii), all such capital stock shall have been exchanged), free of any liens, claims, charges, security interests, preemptive rights, voting or stockholder agreements, options or encumbrances of any kind whatsoever (other than any of the foregoing under the Investment Agreement, the Governance Agreement, Stockholders Agreement or any Federal or state securities laws, and (d) the shares of the capital stock of such entity are duly authorized, validly issued, fully paid and non-assessable and will result in HSN having full rights with respect thereto. The representations and warranties in this Section 6.3 shall survive consummation of the Exchange and be subject to the indemnification agreement referred to in Section 2.1(a)(iii).

ARTICLE 7

COVENANTS AND OTHER AGREEMENTS

For so long as there remain outstanding any LLC Shares, the parties covenant and agree as follows:

SECTION 7.1 Notification of Issuance Event. At any time HSN or any of its subsidiaries or a holder (i) plans or proposes to take any action which has resulted, or is reasonably likely to result, in an Issuance Event or (ii) becomes aware of any event, fact or circumstance which results in an Issuance Event, HSN or the holder, respectively, shall (x) in the case of clause (i), prior to taking such action and (y) in the case of clause (ii), promptly upon becoming so aware, give notice of such Issuance Event to each holder of LLC Shares or HSN, as the case may be, which notice shall set forth in reasonable detail the facts, circumstances or events which will result or have resulted, as the case may be, in the occurrence of such Issuance Event. No notice shall be required pursuant to this Section 7.1 unless the number of shares issuable pursuant to such Issuance Event, together with any other shares which are then issuable in accordance with this Agreement, meet the threshold set forth in Section 2.1(e).

SECTION 7.2 Reservation of HSN Stock. HSN agrees to at all times reserve and keep available, free from preemptive rights, out of the aggregate of its authorized but unissued HSN Common Stock and HSN Class B Stock (assuming Universal would elect to receive the maximum number of shares of HSN Class B Stock permitted hereunder), for the purpose of effecting any Exchange pursuant to this Agreement, the full number of shares of HSN Common Stock and HSN Class B Stock, then deliverable upon the Exchange of all then outstanding LLC Shares (based on the assumption in the preceding parenthetical), and shall reserve an additional number of shares of HSN Common Stock equal to the number of shares issuable upon the conversion of shares of HSN Class B Stock issuable pursuant to this Agreement.

SECTION 7.3 Certain Obligations Upon Insolvency or Bankruptcy of LLC. In the event that the LLC should become insolvent or, within the meaning of any federal or state bankruptcy law, commence a voluntary case or consent to the entry of any order of

relief or for the appointment of any custodian for its property or a court of competent jurisdiction enters an order or decree for relief against the LLC appointing a custodian or ordering its liquidation, and Liberty or Universal determines in good faith that the equity of the LLC is reasonably likely to be impaired or extinguished in connection therewith, then upon the request of Liberty or Universal, its rights under this Agreement shall be converted into the deferred right to receive from HSN the number of shares of HSN Common Stock (or, in the case of Universal, of HSN Class B Stock) which Liberty or Universal, as the case may be, would then have had the right to acquire upon the Exchange of all of its LLC Shares then outstanding (such deferred right, the "Additional Contingent Right"). The terms and conditions of the Additional Contingent Right shall reflect, to the extent practicable and permitted by applicable law, the terms of this Agreement as well as other provisions to ensure, to the greatest extent practicable, that such holders will be able to exchange their LLC Shares as contemplated by this Agreement or otherwise receive the number of shares of HSN Stock or Other Property to which they would be entitled hereunder.

SECTION 7.4 Reasonable Efforts. (a) Subject to the terms and conditions of this Agreement and applicable law, in connection with an Exchange, each of the holder exercising an Exchange and HSN shall use its reasonable efforts to take, or cause to be taken, all actions, and do, or cause to be done, all things reasonably necessary, proper or advisable to consummate and make effective such Exchange as soon as reasonably practicable following the receipt or delivery by HSN of an Exchange Notice, including such actions or things as HSN or such holder may reasonably request in order to cause the consummation of an Exchange following the receipt or delivery by HSN of an Exchange Notice. Without limiting the generality of the foregoing, such holder and HSN shall (and shall cause their respective subsidiaries, and use their reasonable efforts to cause their respective affiliates, directors, officers, employees, agents, attorneys, accountants and representatives, to) consult and fully cooperate with and provide reasonable assistance to each other in (i) obtaining all necessary Governmental Consents and Contract Consents, and giving all necessary Contract Notices to, and making all necessary Governmental Filings and other necessary filings with and applications and submissions to, any Governmental Entity or other person or entity; (ii) lifting any permanent or preliminary injunction or restraining order or other similar order issued or entered by any court or Governmental Entity in connection with an Exchange; (iii) providing all such information about such party, its subsidiaries and its officers, directors, partners and affiliates and making all applications and filings as may be necessary or reasonably requested in connection with any of the foregoing; and (iv) in general, consummating and making effective the transactions contemplated hereby; provided, however, that, in order to obtain any such Consent, or the lifting of any injunction or order referred to in clauses (i) and (ii) of this sentence, neither such holder nor HSN shall be required to (x) pay any consideration, to divest itself of any of, or otherwise rearrange the composition of, its assets or to agree to any conditions or requirements which could reasonably be expected to be materially adverse or burdensome to its respective businesses, assets, financial condition or results of operations, or (y) amend, or agree to amend, in any material respect any Contract. Prior to making any application to, or filing with any Governmental Entity or other person or entity in connection with an Exchange, each of HSN and the applicable holder shall provide the other party with drafts thereof and afford the other party a reasonable opportunity to comment on such drafts.

(b) In addition to the foregoing paragraph (a), HSN shall take such reasonable action which may be necessary in order that (i) it may validly and legally deliver fully paid and nonassessable shares of HSN Common Stock or HSN Class B Stock upon

any surrender of LLC Shares or shares of a Newco, as applicable, for exchange pursuant to this Agreement, (ii) the delivery of shares of HSN Common Stock and HSN Class B Stock in accordance with this Agreement is exempt from the registration or qualification requirements of the Securities Act and applicable state securities laws or, if no such exemption is available, that the offer and Exchange of such shares of HSN Common Stock and HSN Class B Stock have been duly registered or qualified under the Securities Act and applicable state securities laws, (iii) the shares of HSN Common Stock (including the shares of HSN Common Stock issuable upon conversion of any shares of HSN Class B Stock), delivered upon such Exchange are listed for trading on the Nasdaq National Market or on a national securities exchange (upon official notice of issuance) and (iv) the shares of HSN Common Stock or HSN Class B Stock, as applicable, delivered upon such Exchange are free of preemptive rights and any liens or adverse claims (other than any of the foregoing created or caused by the Person receiving such shares in such Exchange).

SECTION 7.5 Notification of Certain Matters. HSN shall give prompt notice to each of Universal and Liberty so long as its Group holds LLC Shares, and each holder of LLC Shares shall give prompt notice to HSN, of the occurrence, or failure to occur, of any event, which occurrence or failure to occur would be likely to cause (a) any representation or warranty to be made as of an applicable Exchange Date to be untrue or inaccurate in any material respect, (b) any material failure of HSN or such holder of LLC Shares, as the case may be, or of any officer, director, employee or agent thereof, to comply with or satisfy any covenant or agreement to be complied with or satisfied by it under this Agreement or (c) the failure to be satisfied of any condition to HSN's or such holder's respective obligations to consummate an Exchange. Notwithstanding the foregoing, the delivery of any notice pursuant to this Section shall not limit or otherwise affect the remedies available hereunder to the party receiving such notice.

SECTION 7.6 Additional Covenants. (a) Notwithstanding any other provision of this Agreement to the contrary (but excluding actions specifically contemplated by this Agreement, the Investment Agreement and the agreements contemplated thereby), and in addition to the rights granted to the holders of LLC Shares pursuant to this Agreement and any other voting rights granted by law to the holders of the LLC Shares, without the consent of Universal and Liberty, to the extent such party is affected by the matter (which consent, in the case of clauses (ii) through (iv) below, will not be unreasonably withheld), HSN will not (and will not cause or permit any of its subsidiaries to) cause or permit the LLC or any of its subsidiaries to take any action that would, or could reasonably be expected to, or fail to take any action which failure would or could reasonably be expected to:

(i) make the ownership by any holder of the LLC Shares or any other material assets of such holder unlawful or result in a violation of any law, rule, regulation, order or decree (including the FCC Regulations) or impose material additional restrictions or limitations on such holder's full rights of ownership of the LLC Shares or the ownership of its other material assets or the operation of its businesses (provided that for purposes of the foregoing with respect to the Liberty Group, to the extent that a condition, restriction or limitation upon HSN or LLC or their respective subsidiaries relates to or is based upon or would arise as a result of, any action or the consummation of a transaction by the Liberty Group, such condition, restriction or limitation shall be deemed to be such a condition, restriction or limitation on such Group (regardless of whether it is a party to or otherwise would

be legally obligated thereby) to the extent that the taking of an action or the consummation of a transaction by the Liberty Group would result in the entities known as the BDTV Entities, HSN, or any of their respective subsidiaries being in breach or violation of any law, rule, regulation, order or decree or otherwise causing such rule, regulation, order or decree to terminate or expire or would otherwise result in the Liberty Group's ownership of LLC Shares or any other material assets being illegal or in violation of any law, rule, regulation, order or decree);

(ii) cause the Exchange (but only with respect to an Exchange by merger as described in Section 2.1(a)(iii)) of LLC Shares for shares of HSN Stock and/or Redeemable Capital Stock or Redemption Securities to be a taxable transaction to the holder thereof (to the extent not otherwise taxable) or from and after the time, if any, at which a merger can no longer be effected as a tax-free transaction (to the extent not otherwise taxable), cause an Exchange under Section 2.1(a)(iii)(B) to be a taxable transaction to the holder thereof (to the extent not otherwise taxable);

(iii) result in LLC being unable to pay its debts as they become due or becoming insolvent; or

(iv) otherwise restrict, impair, limit or otherwise adversely affect the right or ability of a holder of LLC Shares at any time to exercise an Exchange under this Agreement (but excluding repurchases of shares of HSN equity securities).

provided, however, that with respect to clause (ii) hereof, if (x) such Exchange is taxable to a holder of LLC Shares as a result of (1) any action or failure to act by such holder (other than as required by the Investment Agreement, the Stockholders Agreement or this Agreement), (2) the laws and regulations in effect at the Closing Date or (3) any difference in the tax position of a member of the Universal Group or the Liberty Group relative to the tax position of Universal or Liberty, respectively, or (y) in the case of a Sale Transaction, HSN and any other party to such transaction have complied with the applicable terms of Section 2.4 regarding tax matters, then compliance with the covenants set forth in such clause (ii) shall be deemed waived by such holder of LLC Shares and provided, further, that with respect to the covenants set forth in clause (i) hereof, such covenants shall not apply to any such consequence that would be suffered or otherwise incurred by a holder of LLC Shares, solely as a result of such holder being subject to additional or different regulatory restrictions and limitations than those applicable to Liberty or Universal, as the case may be.

(b) If, other than in connection with a Sale Transaction, a mandatory Exchange which is effected by a merger pursuant to Section 2.1(a)(iii) is taxable to the applicable member of the Liberty Group as a result of any action taken by HSN (but not due to an action or unreasonable inaction by the Liberty Group, or any action of HSN contemplated by the Investment Agreement and the agreements contemplated thereby) after the Closing Date, HSN acknowledges and agrees that it shall be obligated to provide to such holder upon such Exchange, a number of additional shares of HSN Common Stock sufficient on an after-tax basis to pay any such resulting tax; provided, however, that HSN shall have no obligation under this paragraph (b) to the extent such Exchange is taxable to a holder solely as a result of any difference in the tax position of such holder relative to the tax position of Liberty.

(c) HSN shall not become a party and shall not permit any of its subsidiaries to become a party to any transaction with respect to the foregoing unless the terms of the agreements relating to such transaction include obligations of the applicable parties consistent with this Section 7.6.

ARTICLE 8

MISCELLANEOUS

SECTION 8.1 Further Assurances. From and after the Closing Date, each of HSN, Universal, Liberty and each member of their respective Group shall, at any time and from time to time, make, execute and deliver, or cause to be made, executed and delivered, such instruments, agreements, consents and assurances and take or cause to be taken all such actions as may reasonably be requested by any other party hereto to effect the purposes and intent of this Agreement.

SECTION 8.2 Expenses. Except as otherwise provided herein, all costs and expenses, including, without limitation, fees and disbursements of counsel, financial advisors and accountants, incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses, whether or not any Exchange shall occur.

SECTION 8.3 Notices. All notices, requests, demands, waivers and other communications required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been duly given on (i) the day on which delivered personally or by telecopy (with prompt confirmation by mail) during a Business Day to the appropriate location listed as the address below, (ii) three Business Days after the posting thereof by United States registered or certified first class mail, return receipt requested, with postage and fees prepaid or (iii) one Business Day after deposit thereof for overnight delivery. Such notices, requests, demands, waivers or other communications shall be addressed as follows:

(a) if to HSN to:

HSN, Inc.
152 West 57th Street
New York, NY 10019
Attention: General Counsel
Telecopier No.: (212) 247-5811

with a copy to:

Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, NY 10019-5150
Attention: Pamela S. Seymon, Esq.
Telecopier No.: (212) 403-2000

(b) if to a member of the Liberty Group, to:

Liberty Media Corporation
8101 East Prentice Avenue, Suite 500
Englewood, Colorado 80111
Attention: President
Telecopier No.: (303) 721-5415

with a copy to:

Baker & Botts, L.L.P.
599 Lexington Avenue
New York, New York 10022
Attention: Frederick H. McGrath Esq.
Telecopier No.: (212) 705-5125

(c) if to a member of the Universal Group, to:

Universal Studios, Inc.
100 Universal City Plaza
Universal City, CA 91608
Attention: Karen Randall, Esq.
Telecopier No.: (818) 866-3444

with a copy to:
Simpson Thacher & Bartlett
425 Lexington Avenue
New York, NY 10117
Attention: John G. Finley, Esq.
Telecopier No.: (212) 455-2502;

or to such other person or address as any party shall specify by notice in writing to the other party.

SECTION 8.4 Entire Agreement. This Agreement (including the documents referred to herein), together with the Investment Agreement and the Liberty Exchange Agreement (as amended by the letter agreement dated as of the date hereof), constitutes the entire agreement between the parties and supersedes all prior agreements and understandings, oral and written, between the parties with respect to the subject matter hereof.

SECTION 8.5 Assignment; Binding Effect; Benefit. Neither this Agreement nor any of the rights, benefits or obligations hereunder may be assigned by HSN without the prior written consent of, in the case of an assignment by Universal or Liberty, HSN, and, in the case of an assignment by HSN, each Group that holds LLC Shares at such time. This Agreement will be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns. Nothing in this Agreement, expressed or implied, is intended to confer on any person other than the parties or their respective successors and assigns, any rights, remedies, obligations or liabilities under or by

reason of this Agreement. No assignment permitted hereunder shall be effective until the assignee shall have agreed in writing to be bound by the terms of this Agreement.

SECTION 8.6 Amendment. Any provision of this Agreement may be amended if, and only if, such amendment is in writing and signed by the party or parties whose rights or obligations hereunder are affected by such amendment. Any amendment by HSN shall be authorized by a majority of the Board of Directors of HSN, excluding for this purpose any director who is a nominee of Universal or Liberty if such Person is a party to such amendment.

SECTION 8.7 Extension; Waiver. In connection with an Exchange, a holder exercising its Exchange, or HSN may, to the extent legally allowed, (i) extend the time specified herein for the performance of any of the obligations of the other Person, (ii) waive any inaccuracies in the representations and warranties of the other Person contained herein or in any document delivered pursuant hereto, (iii) waive compliance by the other Person with any of the agreements or covenants of such other Person contained herein or (iv) waive any condition to such waiving Person's obligation to consummate such Exchange to any of such waiving Person's other obligations under this Agreement. Any agreement on the part of HSN or such holder to any such extension or waiver shall be valid only if set forth in a written instrument signed on behalf of such Person. Any such extension or waiver by any Person shall be binding on such Person but not on any other Person entitled to the benefits of the provision of this Agreement affected unless such other Person also has agreed to such extension or waiver. No such waiver shall constitute a waiver of, or estoppel with respect to, any subsequent or other breach or failure to comply strictly with the provisions of this Agreement. The failure of any Person to insist on strict compliance with this Agreement or to assert any of its rights or remedies hereunder or with respect hereto shall not constitute a waiver of such rights or remedies in the future. Whenever this Agreement requires or permits consent or approval by any Person, such consent or approval shall be effective if given in writing in a manner consistent with the requirements for a waiver of compliance as set forth in this Section 8.7. To the extent that a waiver by HSN affects or is otherwise sought by Universal or Liberty, as the case may be, any director who is a nominee of such Person shall not participate in the approval by the Board of Directors of HSN of such waiver.

SECTION 8.8 Survival. The covenants and agreements in Articles 2, 3, and 7 and elsewhere in this Agreement shall survive with respect to each holder until all of the LLC Shares held by its Group have been exchanged for HSN Stock.

SECTION 8.9 Tax Interpretation. Whenever it is necessary for purposes of this Agreement to determine whether an Exchange is taxable or tax-free, such determination shall be made with respect to the Code. For purposes of this Agreement, a Person's "tax position" shall not include or take into account any offsets against any tax which are peculiar to such Person (such as tax credits, loss carry-overs, and current losses). References to taxes or taxable relating to an Exchange (including pursuant to Section 2.1(a)(iii)), or otherwise involving a Newco, shall refer to the taxes actually incurred by, or the taxability of such Exchange to, such entity and its direct and indirect shareholders assuming for these purposes that such Newco has the corporate characteristics relevant for tax purposes of Universal or Liberty, as the case may be.

SECTION 8.10 General Interpretation. When a reference is made in this Agreement to Sections, Articles or Schedules, such reference shall be to a Section, Article or Schedule (as the case may be) of this Agreement unless otherwise indicated. When a reference is made in this Agreement to a "party" or "parties", such reference shall be to a party or parties to this Agreement unless otherwise indicated. The table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words "include", "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation". The use of any gender herein shall be deemed to be or include the other genders and the use of the singular herein shall be deemed to be or include the plural (and vice versa), wherever appropriate. The use of the words "hereof", "herein", "hereunder" and words of similar import shall refer to this entire Agreement, and not to any particular article, section, subsection, clause, paragraph or other subdivision of this Agreement, unless the context clearly indicates otherwise. Notwithstanding anything herein to the contrary, for purposes of this Agreement, (i) HSN shall not be deemed to be a subsidiary or an affiliate of Universal or Liberty, (ii) Matsushita Electric Industrial Co., Ltd. ("MEI") shall not be considered an affiliate of Universal or any subsidiary of Universal so long as MEI does not materially increase its influence over Universal following the date hereof, and (iii) the subsidiaries, directors, officers, employees and affiliates of HSN shall not be deemed to be subsidiaries, directors, officers, employees or affiliates of Universal or Liberty.

SECTION 8.11 Severability. If any provision of this Agreement or the application thereof to any person or circumstance is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to persons or circumstances other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, provided that, if any provision hereof or the application thereof shall be so held to be invalid, void or unenforceable by a court of competent jurisdiction, then such court may substitute therefor a suitable and equitable provision in order to carry out, so far as may be valid and enforceable, the intent and purpose of the invalid, void or unenforceable provision. To the extent that any provision shall be judicially unenforceable in any one or more states, such provision shall not be affected with respect to any other state, each provision with respect to each state being construed as several and independent.

SECTION 8.12 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, and all of which together shall be deemed to be one and the same instrument.

SECTION 8.13 Applicable Law. This Agreement and the legal relations between the parties shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to the conflict of laws rules thereof.

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

HSN, INC.

By: /s/ James G. Gallagher

Name: James G. Gallagher
Title: Vice President

UNIVERSAL STUDIOS, INC.

By: /s/ Brian C. Mulligan

Name: Brian C. Mulligan
Title: Senior Vice President

LIBERTY MEDIA CORPORATION

By: /s/ Robert R. Bennett

Name: Robert R. Bennett
Title: President and Chief Executive Officer

Exhibit 99.37

[CONFORMED COPY]

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AMENDED AND RESTATED

LIMITED LIABILITY COMPANY AGREEMENT

OF

USANi LLC

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AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT
OF
USANi LLC

This Amended and Restated Limited Liability Company Agreement (this "Agreement") of USANi LLC (the "Company"), dated and effective as of February 12, 1998, is entered into among USA Networks, Inc., a Delaware corporation (formerly known as HSN, Inc., "HSNi"), Home Shopping Network, Inc., a Delaware corporation and direct subsidiary of HSNi ("Home Shopping"), Universal Studios, Inc., a Delaware corporation ("Universal"), on behalf of USA Networks Partner, Inc., a Delaware corporation ("Universal Sub"), and certain of its newly formed and wholly owned subsidiaries listed on Schedule A to this Agreement, and Liberty Media Corporation, a Delaware corporation ("Liberty"), on behalf of Liberty HSN LLC Holdings, Inc., a Delaware corporation ("Liberty Sub") and certain of its newly formed and wholly owned subsidiaries listed on Schedule A to this Agreement, as members (the "Members"), and Mr. Barry Diller ("Mr. Diller") (for purposes of Sections 4.12 and 5.1 of this Agreement).

WHEREAS, Universal, HSNi, Home Shopping and Liberty have entered into an Investment Agreement, dated as of October 19, 1997, as amended and restated as of December 18, 1997, pursuant to which HSNi, Home Shopping, Universal and Liberty agreed to form a limited liability company to own and operate USA Networks, an unincorporated joint venture (the "Partnership"), and the domestic production and distribution business of Universal ("UTV") and substantially all of the non-broadcast-related assets of HSNi (the "Investment Agreement");

WHEREAS, the Investment Agreement contemplates the formation of a limited liability company which is referred to therein as the "LLC";

WHEREAS, on January 26, 1998, HSNi formed the LLC and entered into a limited liability company agreement relating to the LLC; and

WHEREAS, this Agreement amends and restates in its entirety such limited liability company agreement;

NOW, THEREFORE, in consideration of the agreements and obligations set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Members hereby form a limited liability company pursuant to and in accordance with the Delaware Limited Liability Company Act (6 Del.C. ss.18-101, et seq.), as amended from time to time (the "Delaware Act"), as provided herein, and hereby agree as follows:

ARTICLE I

DEFINED TERMS

Section 1.1 Definitions. Unless the context otherwise requires, the terms defined in this Article I shall, for the purposes of this Agreement, have the meanings herein specified.

"Acquired Partnership Interest" shall have the meaning set forth in the Investment Agreement.

"Additional Shares" shall mean any Share that is acquired after the Initial Capital Contributions.

"Adjusted Capital Account Deficit" shall mean, with respect to any Member, the deficit balance, if any, in such Member's Capital Account as of the end of the relevant Fiscal Year, after giving effect to the following adjustments:

(a) Credit to such Capital Account any amounts which such Member is deemed to be obligated to restore pursuant to the penultimate sentence of either of Treasury Regulation ss.ss.1.704-2(g)(1) or 1.704-2(i)(5); and

(b) Debit to such Capital Account the items described in Treasury Regulation ss.ss.1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5) and 1.704-1(b)(2)(ii)(d)(6).

The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Treasury Regulation ss.1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

"Adjusted Taxable Income" shall mean LLC Taxable Income; provided, however, that if the HSNi Group has a net taxable loss for federal income tax purposes for a taxable year, LLC Taxable Income shall be reduced (but not below zero) by an amount equal to the net tax loss of the HSNi Group for federal income tax purposes for such year divided by one minus the Ratio; provided, however, that if such net tax loss of the HSNi Group exceeds the Loss Limit, then any net tax loss in excess of the Loss Limit shall be taken into account in determining the HSNi Group's taxable income for purposes of this provision for the subsequent years and, provided, further, that if the HSNi Group has net taxable income for federal income tax purposes for the year (taking into account any prior year net loss in excess of the Loss Limit), for this purpose LLC Taxable Income shall be increased by the product of (a) any net income of the HSNi Group for the year and (b) a fraction, the numerator of which is one and the denominator of which is one minus the Ratio (such net income to be taken into account only to the extent prior year net losses were previously taken into account in calculation of Adjusted Taxable Income hereunder and not previously offset by inclusions of prior year net income of the HSNi Group).

"Affiliate" shall mean, with respect to any Person, any direct or indirect subsidiary of such Person, any other Person that directly or through one or more intermediaries, is controlled by, or is under common control with, the specified Person, and, if such a Person is an individual, any member of the immediate family (including parents, spouse and children) of such individual and any trust whose principal beneficiary is such individual or one or more members of such immediate family and any person who is controlled by any such member or trust. As used in this definition, the term "control" (including with correlative meanings, "controlled by" and "under common control with") shall mean possession, directly or indirectly, of power to direct or cause the direction of management or policies, whether through ownership of securities or partnership or other ownership interests, by contract or otherwise. Notwithstanding the foregoing, for purposes of this Agreement (i) HSNi and its Subsidiaries (including the Company) shall not be deemed to be Affiliates of Universal, Diller and Liberty, (ii) Universal and its Subsidiaries shall not be deemed to be

Affiliates of HSNi, Diller and Liberty, (iii) Liberty and its Subsidiaries shall not be deemed to be Affiliates of HSNi, Diller, Universal, (iv) Matsushita Electric Industrial Co., Ltd. ("MEI") shall not be deemed to be an Affiliate of Universal or any Subsidiary of Universal so long as MEI does not materially increase its influence over Universal following the date hereof, and (v) natural persons shall not be deemed to be Affiliates other than of an individual.

"Agreement" shall have the meaning set forth in the recitals hereof.

"Assign" and "Assignment" shall have the meanings set forth in Section 13.1 hereof.

"Capital Account" shall mean, with respect to any Member and any Share, the account maintained for such Member and such Share in accordance with the provisions of Section 6.3 hereof.

"Capital Contribution" shall mean, with respect to any Member and any Share, the aggregate amount of cash and the initial Gross Asset Value of any property (other than cash) contributed to the Company pursuant to Section 6.1 hereof with respect to such Share, net of any liabilities of such Member that are assumed by the Company in connection with such contribution or that are secured by property so contributed, and shall include the Initial Capital Contribution and any Subsequent Capital Contribution.

"CEO" shall mean the Chief Executive Officer of HSNi or any successor entity.

"Certificate" shall mean the Certificate of Formation of the Company and any and all amendments thereto and restatements thereof filed on behalf of the Company with the office of the Secretary of State of the State of Delaware pursuant to the Delaware Act.

"Class A Share," "Class B Share" and "Class C Share" shall have the respective meanings set forth in Section 4.4 hereof.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, or any corresponding United States federal tax statute enacted after the date of this Agreement. A reference to a specific section (ss.) of the Code refers not only to such specific section but also to any corresponding provision of any United States federal tax statute enacted after the date of this Agreement, as such specific section or corresponding provision is in effect on the date of application of the provisions of this Agreement containing such reference.

"Company" shall have the meaning set forth in the preamble hereto.

"Company Board" shall have the meaning set forth in Section 5.2 hereof.

"Company CEO" shall have the meaning set forth in Section 5.1 hereof.

"Company Minimum Gain" shall mean "partnership minimum gain" of the Company within the meaning of Treasury Regulation ss.1.704-2(b)(2) and shall be computed in accordance with Treasury Regulation ss.1.704-2(d).

"Covered Person" shall mean any Officer or director of the Company or its Affiliates (but shall not include an officer, director or employee of HSNi, Home Shopping, Universal, or Liberty or their respective Affiliates who is not an Officer of the Company or its Affiliates).

"Delaware Act" shall have the meaning set forth in the preamble hereof.

"Depreciation" shall mean, for each Fiscal Year or other period, an amount equal to the depreciation, amortization or other cost recovery deduction allowable with respect to an asset for such Fiscal Year or other period; provided, however, that, if the Gross Asset Value of an asset differs from its adjusted basis for United States federal income tax purposes at the beginning of such Fiscal Year or other period, Depreciation shall be an amount that bears the same ratio to such beginning Gross Asset Value as the United States federal income tax depreciation, amortization or other cost recovery deduction with respect to such asset for such Fiscal Year or other period bears to such beginning adjusted tax basis; and provided, further, that if the United States federal income tax depreciation, amortization or other cost recovery deduction for such Fiscal Year or other period is zero, Depreciation shall be determined with reference to such beginning Gross Asset Value using any reasonable method selected by the Members; and provided, further, that with respect to any goodwill that is not amortizable under the Code (including with respect to the Owned Partnership Interest), there shall be no Depreciation.

"Distributions" shall mean distributions of cash or other property made by the Company with respect to the Class A Shares, Class B Shares or the Class C Shares. Distributions shall not mean payments of cash or other property to holders of Shares for reasons other than their ownership of such Shares.

"Economic Percentage Interest," with respect to any Member, shall mean the number of Class A Shares, Class B Shares and/or Class C Shares owned by such Member divided by the sum of the total number of Shares in the Company (expressed as a percentage of one hundred percent rounded to the nearest one-thousandth of percent).

"Economic Risk of Loss" shall have the meaning set forth in Treasury Regulation ss.1.752-2.

"Excess Cash" shall mean cash held by an entity (including from the proceeds of borrowings) on the last business day of each month which is reasonably determined by such entity not to be needed by such entity to fund its operations or repay indebtedness owed by such entity during the immediately succeeding month.

"Fiscal Year" shall mean (a) the period commencing upon the date of this Agreement and ending on December 31, 1998, (b) any subsequent twelve-month period commencing on January 1 and ending on December 31, (c) any other twelve-month period required by the Code or the Treasury Regulations to be used as the taxable year of the

Company or (d) any portion of the periods described in clauses (a), (b) or (c) of this sentence for which the Company is required to allocate Profits, Losses and other items of Company income, gain, loss or deduction pursuant to Article VII hereof.

"Foreign Ownership Restriction" means any applicable restrictions of a Governmental Authority on foreign ownership or foreign control of the Company or the Shares, the breach of which, or non-compliance with which, could result in the loss, or failure to secure the renewal or reinstatement, of any license or franchise of any Governmental Authority held by the Company or any of its Subsidiaries to conduct any portion of the business of the Company or such Subsidiary.

"GAAP" means generally accepted accounting principles in the United States.

"Governance Agreement" means that certain Governance Agreement, dated as of October 19, 1997, among Universal, HSNi, Mr. Diller and Liberty, which sets forth certain terms and conditions concerning Universal's, Mr. Diller's and Liberty's relationships with HSNi and certain matters relating to the securities of HSNi.

"Governmental Authority" means any nation or government, any state or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"Gross Asset Value" means, with respect to any asset, such asset's adjusted basis for United States federal income tax purposes, except as follows:

(a) the initial Gross Asset Value of any asset contributed by a Member to the Company shall be the gross fair market value of such asset, as determined by mutual agreement of the Members;

(b) the Gross Asset Value of all Company assets shall be adjusted to equal their respective gross fair market values, as determined by mutual agreement of the Members, as of the following times: (i) immediately prior to the acquisition of an additional Share in the Company by any new or existing Member in exchange for more than a de minimis Capital Contribution; (ii) immediately prior to the distribution by the Company to a Member of more than a de minimis amount of Company assets in redemption of a Share in the Company; and (iii) the liquidation of the Company within the meaning of Treasury Regulation ss.1.704-1(b)(2)(ii)(g); and

(c) the Gross Asset Value of any Company asset distributed to any Member shall be the gross fair market value of such asset on the date of distribution, as determined by mutual agreement of the Members.

If the Gross Asset Value of an asset has been determined or adjusted pursuant to paragraph (a) or paragraph (b) above, such Gross Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset for purposes of computing Profits and Losses.

"Home Shopping" shall have the meaning set forth in the preamble hereof.

"HSNi" shall have the meaning set forth in the preamble hereof.

"HSNi Board" means the Board of Directors of HSNi.

"HSNi Board Vacancy" shall have the meaning set forth in Section 5.2(b) hereof.

"HSNi Designees" shall have the meaning set forth in Section 5.2(b) hereof.

"HSNi Group" means the "affiliated group" (within the meaning of Section 1504(a) of the Code) of which HSNi is the common parent (including any continuation of such group under the rules of Section 1.1502-75(d) of the Treasury Regulations).

"HSNi Members" shall mean HSNi and its Affiliates (including Home Shopping) who may be Members of the Company.

"Initial Capital Contributions" shall have the meaning set forth in Section 6.1 hereof.

"Initial Liberty Contribution" shall have the meaning set forth in Section 6.1 hereof.

"Interest Rate" shall have the meaning set forth in the Investment Agreement.

"Investment Agreement" shall have the meaning set forth in the recitals hereof.

"LLC Taxable Income" shall mean the taxable income of the Company, determined in accordance with Section 703(a) of the Code (but including, for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Section 703(a)(1) of the Code).

"Liberty" shall have the meaning set forth in the preamble hereof.

"Liberty Designees" shall have the meaning set forth in Section 5.2(b) hereof.

"Liberty Members" shall mean Liberty and its Affiliates who may be Members of the Company.

"Loss Limit" shall mean LLC Taxable Income multiplied by one minus the Ratio.

"Manager" shall have the meaning set forth in Section 5.1 hereof.

"Member" shall mean any Person named as a member of the Company in the preamble hereof and on Schedule A hereto and includes any Person who acquires a Share pursuant to the provisions of this Agreement. For purposes of the Delaware Act, the Members shall constitute three (3) classes or groups of members.

"Member Minimum Gain" means an amount, with respect to each Member Nonrecourse Liability, determined in accordance with Treasury Regulation ss.1.704-2(i)(3).

"Member Nonrecourse Deductions" shall mean "partner nonrecourse deductions" within the meaning of Treasury Regulation ss.ss.1.704-2(i)(1) and 1.704-2(i)(2).

"Member Nonrecourse Liability" shall mean "partner nonrecourse debt" or "partner nonrecourse liability" within the meaning of Treasury Regulation ss.1.704-2(b)(4).

"Mr. Diller" shall have the meaning set forth in the preamble hereof.

"Officers" means those Persons appointed by the Manager to manage the day-to-day affairs of the Company pursuant to Section 5.12 hereof.

"Owned Partnership Interest" shall have the meaning set forth in the Investment Agreement.

"Person" includes any individual, corporation, association, partnership (general or limited), joint venture, trust, estate, limited liability company or other legal entity or organization.

"Profits" and "Losses" means, for each Fiscal Year, an amount equal to the Company's taxable income or loss for such Fiscal Year, determined in accordance with ss.703(a) of the Code (but including in taxable income or loss, for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to ss.703(a)(1) of the Code), with the following adjustments:

(a) any income of the Company exempt from federal income tax and not otherwise taken into account in computing Profits or Losses pursuant to this definition shall be added to such taxable income or loss;

(b) any expenditures of the Company described in ss.705(a)(2)(B) of the Code (or treated as expenditures described in ss.705(a)(2)(B) of the Code pursuant to Treasury Regulation ss.1.704-1(b)(2)(iv)(i)) and not otherwise taken into account in computing Profits or Losses pursuant to this definition shall be subtracted from such taxable income or loss;

(c) in the event the Gross Asset Value of any Company asset is adjusted in accordance with paragraph (b) or paragraph (c) of the definition of "Gross Asset Value" above, the amount of such adjustment shall be taken into account as gain or loss from the disposition of such asset for purposes of computing Profits or Losses;

(d) gain or loss resulting from any disposition of any asset of the Company with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Gross Asset Value of the asset disposed of, notwithstanding that the adjusted tax basis of such asset differs from its Gross Asset Value; and

(e) in lieu of the depreciation, amortization and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be

taken into account Depreciation for such Fiscal Year or other period, computed in accordance with the definition of "Depreciation" above.

"Ratio" shall mean HSNi Group's combined Economic Percentage Interest.

"Regulated Subsidiaries" shall have the meaning set forth in the Investment Agreement.

"Share" shall mean a unit of limited liability company interest owned by a Member in the Company which represents, in respect of any Class A Share, Class B Share or Class C Share, a right to allocations of the profits and losses of the Company, a right to participate in certain voting and/or management rights and a right to receive distributions as provided in Article VIII or Section 14.3(c) hereof, in each case in accordance with the provisions of this Agreement and the Delaware Act.

"Subsequent Capital Contribution" shall have the meaning set forth in Section 6.1 hereof.

"Subsidiaries" shall mean, with respect to any Person, each of the direct or indirect subsidiaries of such Person.

"Tax Matters Partner" shall have the meaning set forth in Section 10.1(a) hereof.

"Tax Rate" shall mean the highest marginal federal and applicable state corporate income tax rates (giving effect to the deductibility, if any, of state income taxes for federal income tax purposes) in effect for the taxable year.

"Total Voting Power" means the total number of votes represented by the Class A Shares, Class B Shares and Class C Shares when voting together as a single class, with each Share entitled to one vote.

"Treasury Regulations" means the income tax regulations, including temporary regulations, promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

"Universal" shall have the meaning set forth in the preamble hereof.

"Universal Designees" shall have the meaning set forth in Section 5.2(b) hereof.

"Universal Members" shall mean the Affiliates of Universal who may be Members of the Company from time to time.

"Universal Sub" shall have the meaning set forth in the preamble hereof.

Section 1.2 Headings. The headings and subheadings in this Agreement are included for convenience and identification only and are in no way intended to describe, interpret, define or limit the scope, extent or intent of this Agreement or any provision hereof.

ARTICLE II

FORMATION AND TERM

Section 2.1 Formation. (a) Subject to the filing of the Certificate with the Office of the Secretary of State of the State of Delaware as provided in Section 2.3, the Members hereby form the Company as a limited liability company under and pursuant to the provisions of the Delaware Act, and agree that the rights, duties and liabilities of the Members shall be as provided in the Act, except as otherwise provided herein.

(b) Upon the execution of this Agreement or a counterpart of this Agreement and the making of the Initial Capital Contributions or Initial Liberty Contribution contemplated by Section 6.1(a), the HSNi Members, Universal Members and Liberty Members shall be admitted as Members of the Company with the number and type of Shares reflected on Schedule A.

(c) The name and mailing address of each Member and the amount of such Member's Initial Capital Contribution shall be listed on Schedule A attached hereto.

(d) HSNi, by its duly authorized officers, is hereby designated an authorized person, within the meaning of the Delaware Act, to execute, deliver and file, or cause the execution, delivery and filing of the Certificate. The Secretary of the Company and any assistant secretary are hereby designated as authorized Persons, within the meaning of the Delaware Act, to execute, deliver and file, or cause the execution, delivery and filing of, all certificates, notices or other instruments (and any amendments and/or restatements thereof) required or permitted by the Delaware Act to be filed in the office of the Secretary of State of Delaware and any other certificates, notices or other instruments (and any amendments and/or restatements thereof) necessary for the Company to qualify to do business in a jurisdiction in which the Company may wish to conduct business.

Section 2.2 Name. The name of the Company shall be "USANi LLC."

Section 2.3 Term. The term of the Company shall commence on the date the Certificate is filed in the office of the Secretary of State of the State of Delaware, which shall be the date hereof, and shall continue perpetually unless the Company is dissolved pursuant to Section 14.2, which dissolution shall be carried out pursuant to the Delaware Act and the provisions of this Agreement.

Section 2.4 Registered Agent and Office. The Company's registered agent and office in Delaware shall be the Corporation Trust Company, Corporation Trust Center, 1209 Orange Street in the City of Wilmington, County of New Castle.

Section 2.5 Principal Place of Business. The principal place of business of the Company shall be in the State of California or such other location as the Company Board may designate from time to time and embody in a writing to be filed with the records of the Company.

Section 2.6 Qualification in Other Jurisdictions. The Officers shall cause the Company to be qualified, formed or registered under assumed or fictitious name statutes or similar laws in any jurisdiction in which the Company transacts business and such

qualification, formation or registration is necessary or appropriate for the transaction of such business.

ARTICLE III

PURPOSE AND POWERS OF THE COMPANY

Section 3.1 Purpose. The Company is formed for the object and purpose of, and the nature of the business to be conducted and promoted by the Company is, engaging in any lawful act or activity for which limited liability companies may be formed under the Delaware Act.

Section 3.2 Powers of the Company. The Company shall have the power and authority to take any and all actions necessary, appropriate, proper, advisable, incidental or convenient to or for the furtherance of the purpose set forth in Section 3.1.

ARTICLE IV

MEMBERS

Section 4.1 Members. The name and mailing address of each Member and the number and class of Shares owned thereby shall be listed on Schedule A attached hereto. The Secretary or other designated Officer shall be required to update Schedule A from time to time as necessary to accurately reflect changes in address and/or the ownership of Shares. Any amendment or revision to Schedule A made to reflect an action taken in accordance with this Agreement shall not be deemed an amendment to this Agreement. Any reference in this Agreement to Schedule A shall be deemed to be a reference to Schedule A as amended and in effect from time to time. No Person, whether or not such Person holds any Shares, shall be deemed a Member of the Company hereunder or under the Delaware Act unless approved as such pursuant to the provisions of Article XIII of this Agreement.

Section 4.2 Powers of Members. The Members shall have the power to exercise any and all rights or powers granted to the Members pursuant to the express terms of this Agreement. Members shall not have the authority to bind the Company by virtue of their status as Members.

Section 4.3 Member's Share. A Member's Shares shall for all purposes be personal property. No holder of a Share or Member shall have any interest in specific Company assets or property, including any assets or property contributed to the Company by such Member as part of any Capital Contribution.

Section 4.4 Classes. (a) The Shares shall be divided between Class A Shares, Class B Shares and Class C Shares.

(b) The Class A Shares, Class B Shares and Class C Shares may not be subdivided, and each of such Shares shall have identical rights and terms in all respects except as specifically set forth in this Article IV and Article V of this Agreement. Subject

to the rights and obligations of the Manager and the Company Board, the Class A Shares, Class B Shares and Class C Shares shall have all management and voting rights (subject to Section 4.12), all rights to any allocation of Profits and Losses by the LLC and provided for under the Delaware Act and all rights to distributions as may be authorized under this Agreement and under the Delaware Act.

(c) Upon exchange of Class B or Class C Shares for shares of HSNi stock pursuant to the Exchange Agreement (as defined in the Investment Agreement) such Class B or Class C Shares shall automatically be converted into an equal number of Class A Shares.

(d) Class A Shares, Class B Shares and Class C Shares shall be securities governed by Article 8 of the Uniform Commercial Code as in effect in the State of New York.

Section 4.5 Partition. Each Member waives any and all rights that it may have to maintain an action for partition of the Company's property.

Section 4.6 Resignation. A Member shall cease to be a Member at the time such Member ceases to own any Shares. Shares are redeemable only pursuant to Sections 1.7 and 6.2(c) of the Investment Agreement.

Section 4.7 Member Meetings. (a) A meeting of Members for the designation of directors, and for such other business as may be stated in the notice of the meeting, shall be held at least annually at such date, time and place as is determined by the Manager. At each annual meeting, the Members shall designate directors in accordance with Section 5.2(b) and they may transact such other business as shall be stated in the notice of the meeting.

(b) Special meetings of the Members for any purpose or purposes may be called only by the Manager or by a resolution of the Company Board.

Section 4.8 Voting. Each Member entitled to vote in accordance with the terms of this Agreement may vote in person or by proxy. The Members shall be entitled to vote only on the matters set forth in Section 4.12 and to the other rights expressly set forth herein, including designating their respective designees to the Company Board. Except in the case of designation of directors and unless otherwise provided for by this Agreement, all matters to be decided by the Members shall be decided by an affirmative vote (or consent in writing) of the majority of the Total Voting Power of the holders of the Class A Shares, Class B Shares and Class C Shares, voting together as a single class, and no matter may be decided without such affirmative vote or consent in writing.

Section 4.9 Quorum. Except as otherwise required by law, the presence, in person or by proxy, of a majority of the holders of the Class A Shares, Class B Shares and Class C Shares shall constitute a quorum at all meetings of the Members. In case a quorum shall not be present at any meeting, Members holding a majority of the Total Voting Power held by Members represented thereat, in person or by proxy, shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until the requisite amount of Shares shall be present. At any such adjourned meeting at which the requisite amount of Shares shall be represented, any business may be transacted that might have been transacted at the meeting as originally noticed.

Section 4.10 Notice of Meetings. Written notice, stating the place, date and time of the meeting, shall be given to each Member, at such Member's address as it appears on the records of the Company, not less than two business days before the date of the meeting (except that notice to any Member may be waived in writing by such Member).

Section 4.11 Action Without a Meeting. Any action required or permitted to be taken at any annual or special meeting of Members may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the number of Members as would be required to take such action at a meeting, notice of such action shall be given to those Members who have not so consented in writing to such action without a meeting and such written consent is filed with the minutes of proceedings of the Members.

Section 4.12 Fundamental Changes. Notwithstanding anything to the contrary contained in this Agreement, for so long as Mr. Diller, Universal (on behalf of the Class B Shares) or Liberty (on behalf of the Class C Shares), respectively, has rights to approve Fundamental Changes under Section 2.04 of the Governance Agreement, the following matters (each a "Fundamental Change") shall require the prior approval of Mr. Diller, Universal (on behalf of the Class B Shares) and Liberty (on behalf of the Class C Shares), respectively, and the Company shall not take any of the actions set forth below prior to such approval (provided that approval by a Member of a Fundamental Change pursuant to Section 2.04 of the Governance Agreement shall constitute approval of the correlative matters under this Section 4.12):

(a) Any transaction that would subject the Company or any Subsidiary to Foreign Ownership Restrictions; provided that the matter set forth in this clause (a) will not constitute a "Fundamental Change" with respect to Liberty and Mr. Diller and shall not require their approval.

(b) Any transaction not in the ordinary course of business, launching new or additional channels or engaging in any new field of business, in any case, which will result in or will have a reasonable likelihood of resulting in, such Member or any Affiliate thereof being required under law to divest itself of all or any part of its Shares or Parent Common Shares (as defined in the Investment Agreement), or any interest therein, or any other material assets of such Member, or which will render such Member's continued ownership of such securities, interests or assets illegal or subject to the imposition of a fine or penalty or which will impose material additional restrictions or limitations on Universal's, Liberty's or their respective Affiliates' (as defined in the Governance Agreement) full rights of ownership (including, without limitation, voting) thereof or therein.

(c) Acquisition or disposition (including pledges), directly or indirectly, by the Company or any of its Subsidiaries of any assets (including debt and/or equity securities), or business (by merger, consolidation or otherwise), provided that the transactions contemplated by the Investment Agreement, including the matters contemplated by Section 9.14 of the Investment Agreement (to the extent conducted in all material respects in accordance with the letter agreement relating to such matters dated as of the date of the Investment Agreement among Liberty, Universal

and the Company, as such agreement may be amended or modified), shall not require the prior approval of Liberty pursuant to this Section 4.12, the grant or issuance of any debt or equity securities of the Company or any of its Subsidiaries (other than in any of the foregoing as contemplated by this Agreement, the Investment Agreement and the Exchange Agreement), the redemption, repurchase or reacquisition of any debt or equity securities of the Company or any of its Subsidiaries (other than as contemplated by this Agreement, the Investment Agreement and the Exchange Agreement) by the Company or any such Subsidiary, or the incurrence of any indebtedness, or any combination of the foregoing, in any such case, in one transaction or a series of transactions in a six-month period, with a value of 10% or more of the market value of the Total Equity Securities (as defined in the Governance Agreement) at the time of such transaction, provided that the prepayment, redemption, repurchase or conversion of prepayable, callable, redeemable or convertible securities (including Shares) in accordance with the terms thereof shall not be a transaction subject to this paragraph (c).

(d) For a five-year period following the Closing (as defined in the Investment Agreement), disposition of any interest in the Partnership (as defined in the Investment Agreement) or, other than in the ordinary course of business, its assets, directly or indirectly (by merger, consolidation or otherwise), provided that the matters set forth in this paragraph (d) will not constitute a "Fundamental Change" with respect to Liberty and shall not require its approval unless it otherwise would constitute a "Fundamental Change" under one of the other items of this Section 4.12 with respect to which Liberty's consent is required.

(e) Disposition or issuance (including pledges), directly or indirectly, by the Company of any Shares or Additional Shares except as contemplated by this Agreement, the Investment Agreement, the Governance Agreement, the Stockholders Agreement and the Exchange Agreement or pledges in connection with the financings.

(f) Voluntarily commencing any liquidation, dissolution or winding up of the Company or any material Subsidiary.

(g) Engagement by the Company in any line of business other than media, communications and entertainment products, services and programming, and electronics retailing, or other businesses engaged in by the Company and HSNi and its Subsidiaries as of the closing date or as contemplated by the Investment Agreement, provided that the Company shall not engage in theme park, arcade or film exhibition businesses so long as Universal is restricted from competing in such lines of businesses under non-compete or similar agreements in effect on the date hereof and such agreements would be applicable to the Company by virtue of Universal's ownership therein, provided that the matters set forth in the foregoing proviso shall not constitute a "Fundamental Change" with respect to Liberty and shall not require its approval unless it otherwise would constitute a "Fundamental Change" under one of the other items of this Section 4.12 with respect to which Liberty's consent is required.

(h) Settlement of any litigation, arbitration or other proceeding which is other than in the ordinary course of business and which involves any material restriction on the conduct of business by the Company or such Member or any of their respective Affiliates or the continued ownership of assets by the Company or such Member of any of their respective Affiliates.

(i) Engagement in any transaction (other than contemplated by the Investment Agreement) between the Company and its Affiliates (excluding Mr. Diller, HSNi, Universal and Liberty), on the one hand, and Mr. Diller, HSNi, Universal or Liberty, and their respective Affiliates, on the other hand, subject to the exceptions relating to the size of the proposed transaction and except for those transactions which are otherwise on an arm's-length basis.

(j) Entering into any agreement with any holder of Shares in such Member's capacity as such which grants such Member approval rights similar in type and magnitude to those set forth in this Section 4.12.

(k) Entering into any transaction that could reasonably be expected to impede HSNi's ability to engage in the Spinoff (as defined in the Governance Agreement) or cause it to be taxable.

(l) Material amendment to the certificate of formation.

(m) Any non-ministerial actions taken by the Tax Matters Partner pursuant to Section 10.01 or in connection with any income tax audit of any tax return of the Company, the filing of any amended return or claim for refund in connection with any item of income, gain, loss, deduction or credit, in each case, materially adversely affecting the tax liability of a Member, or any administrative or judicial proceedings arising out of or in connection with any such audit, amended return, claim for refund or denial of such claim; provided, however, that the foregoing shall require the prior approval of the affected Member or Members only.

Notwithstanding anything to the contrary, Universal and Liberty shall be entitled to exercise the matters set forth in paragraphs (b), (f) and (i) above, which shall continue to be "Fundamental Changes" as provided in Section 4.12 with respect to Universal or Liberty so long as Universal or Liberty, as the case may be, is not legally permitted to exchange all of its Shares for Parent Common Shares and Universal or Liberty, as the case may be, continues to own such Shares.

ARTICLE V

MANAGEMENT

Section 5.1 Manager. In accordance with Section 18-402 of the Delaware Act, management of the Company shall be vested in the manager of the Company (the "Manager"). The business and affairs of the Company shall be managed exclusively by and under the direction of the Manager, subject to the control of the Board of Directors and the Members to the extent set forth in Section 4.12. So long as Mr. Diller is the Manager, the Manager shall also be the Chief Executive Officer of the Company and Chairman of the

Company Board (the "Company CEO") and shall have such powers and authority relative to the Company as does the CEO relative to HSNi. Mr. Diller shall be the Manager and Company CEO and shall retain such positions until the CEO Termination Date (as defined in the Governance Agreement) or Mr. Diller is Disabled (as defined in the Governance Agreement). Immediately following the CEO Termination Date or if Mr. Diller is Disabled, the Manager (and the Company CEO) shall be designated by Universal (or, at Universal's option, a Universal Member shall be the Managing Member and shall designate the Company CEO); provided that (i) Universal and Liberty and their respective Affiliates then Beneficially Own Equity Securities representing at least 40% of the total voting power of the Total Equity Securities (each as defined in the Governance Agreement) and (ii) no shareholder of HSNi (other than Universal or Liberty and their respective Affiliates) Beneficially Owns Equity Securities representing a greater percentage of the total voting power of the Total Equity Securities than the total voting power of the Total Equity Securities represented by the Equity Securities Beneficially owned by Universal and Liberty and their Affiliates. Notwithstanding the preceding sentence, if the conditions in clauses (i) and (ii) of the proviso above are satisfied and the excess, if any, of the percentage (expressed as a whole number) of the total voting power of the Total Equity Securities that the Equity Securities Beneficially owned by Liberty and its Affiliates represents minus the percentage (expressed as a whole number) of the total voting power of the Total Equity Securities that the Equity Securities Beneficially Owned by Universal and its Affiliates represents is greater than five (5), then the Manager (and the Company CEO) shall instead be designated by Liberty or, at Liberty's option, a Liberty Member shall be the Managing Member and shall designate the Company CEO. If neither Universal nor Liberty is then entitled to designate the Manager in accordance with this provision, then the Manager (and the Company CEO) shall be designated by HSNi.

Section 5.2 Duties, Number, Designation and Term of Directors. (a) The business and affairs of the Company shall be managed under the direction of a Board of Directors of the Company (the "Company Board") consisting of a number of directors equal to the number of directors constituting the HSNi Board; provided, however, that if Liberty would be entitled to designate directors to the HSNi Board pursuant to the terms of the Governance Agreement but such representation on the HSNi Board by Liberty is not permitted by applicable law, the number of directors of the Company Board shall be increased by one or two until such time as Liberty is so entitled to designate one or two directors of HSNi pursuant to the Governance Agreement and such representation would be permitted by applicable law. Except as to matters delegated to Officers of the Company, the approval of the Company Board shall be required for any action or decision of the Company customarily reserved to a board of directors. The power of the Company Board to approve such actions and decisions shall be exclusive to the Company Board, and no Officer may take any action or make any decision referred to in the foregoing sentence without the approval of the Company Board, if such approval is required.

(b) The directors shall consist, at all times, of (i) Class A directors, consisting of the HSNi Designees who are the same persons as the directors of the HSNi Board (other than Satisfactory Nominees and Liberty Directors (as such terms are defined in the Governance Agreement), if any) (the "HSNi Designees"), (ii) Class B directors, consisting of a number of directors selected by Universal (the "Universal Designees") and equal to the number of Satisfactory Nominees that Universal is entitled to designate to the HSNi Board pursuant to the terms of the Governance Agreement and (iii) Class C directors, consisting of a number of directors selected by Liberty ("Liberty Designees") equal to the number of

Liberty Directors that Liberty would be entitled to designate to the HSNi Board pursuant to the terms of the Governance Agreement (without regard to whether such representation is permitted by applicable law). Universal shall designate the Persons who are Satisfactory Nominees as the Class B directors and Liberty shall designate the Persons who are Liberty Directors as the Class C directors, in each case for so long as such Persons are also serving as directors on the HSNi Board. In the event that Universal or Liberty is entitled to designate a director on the HSNi Board but such position is not filled by Universal's or Liberty's nominees (whether due to a legal limitation on the number of directors such Person may designate or otherwise) (an "HSNi Board Vacancy"), Universal or Liberty, as the case may be, shall be entitled to designate as directors such additional number of individuals, subject to the definitions of Satisfactory Nominee or Liberty Director. In the event that the HSNi Board Vacancy is subsequently filled by Universal's or Liberty's designee, such entity shall cause the resignation from the Company Board of the individuals designated pursuant to the preceding sentence and to designate its HSNi Director to the Company Board.

(c) Directors shall be designated to serve until the earlier of (i) the designation and qualification of his or her successor, (ii) removal of such director in accordance with Section 5.5 of this Agreement or (iii) such director's death.

(d) Unless otherwise specified herein, any action or decision of the Company Board, whether at a meeting of the Company Board or by written consent, may only be taken if approved unanimously by the HSNi Designees, the Universal Designees and the Liberty Designees; provided, however, that in the event any action is deadlocked because of a failure to receive unanimous approval by the Company Board, the Chairman of the Board shall have the power and authority to break the deadlock by approving or rejecting such action and the affirmative vote of the Chairman of the Board shall be deemed to be the unanimous vote of the Company Board. Nothing in this Section shall affect the right of each Member to approve or reject any Fundamental Change in accordance with Section 4.12.

(e) Committees of the Company Board will not be used in a manner that usurps the overall responsibility of the Company Board pursuant to this Agreement.

Section 5.3 Resignation of Directors. Any director, other than the Company CEO prior to the date he ceases for any reason to be CEO or becomes Disabled, may resign at any time. Such resignation shall be made in writing, and shall take effect at the time specified therein, and, if no time be specified, at the time of its receipt by the Chairman of the Board, the CEO or the Secretary. The acceptance of a resignation shall not be necessary to make it effective.

Section 5.4 Vacancies on the Company Board. Upon any removal, resignation, death or disability of any member of the Company Board, the Member who designated such Company Board member shall designate a replacement in accordance with Section 5.2.

Section 5.5 Removal of a Director. (a) An HSNi Designee may be removed only upon, and shall be removed effective upon, the removal or resignation of such Designee from the HSNi Board.

(b) Any Universal Designee may be removed either for or without cause at any time, but only by the holders of a majority of the Class B Shares in a writing to such

effect; provided that Universal shall also cause such designee to be removed from the HSNi Board pursuant to the Governance Agreement. A Universal Designee shall be removed from the Company Board effective upon the removal for cause of such Universal Designee from the HSNi Board.

(c) Any Liberty Designee may be removed either for or without cause at any time, but only by the holders of a majority of the Class C Shares in a writing to such effect; provided that, to the extent such Liberty Designee is then serving as a Liberty Director, Liberty shall also cause such designee to be removed from the HSNi Board pursuant to the Governance Agreement. A Liberty Designee shall be removed from the Company Board effective upon the removal for cause of such Liberty Designee from the HSNi Board.

Section 5.6 Committees of Directors. The Company Board may, by resolution or resolutions of the Company Board, designate one or more committees, each committee to consist of two or more directors of the Company. Any such committee, to the extent provided in the resolution of the Company Board establishing such committee, shall have and may exercise all the powers and authority of the Company Board in the management of the business and affairs of the Company.

Section 5.7 Meetings of the Company Board. The newly designated directors may hold their first meeting for the purpose of organization and the transaction of business, if a quorum be present, immediately after the formation of the Company, or the time and place of such meeting may be fixed by consent of all the directors. Regular meetings of the Company Board may be held without notice (provided that directors were advised of the date and time of such regular meeting at least the minimum number of days that would constitute notice under Section 4.10 hereof) at such places and times as shall be determined from time to time by resolution of the Company Board. Special meetings of the Company Board may be called by the Chairman of the Board or a majority of the directors, upon at least one day's notice to each director (except that notice to any director may be waived in writing by such director), and shall be held at such place or places as may be determined by the Company Board, or as shall be stated in the call of the meeting. Where appropriate and practicable in the judgment of the Manager, immediately prior to or following each regular or special meeting of the HSNi Board of Directors, a separate special or regular meeting of the Company Board shall be held. Copies of agendas and minutes of all meetings of the Company Board shall be distributed to all directors. Members of the Company Board, or any committee designated by the Company Board, may participate in any meeting of the Company Board or any committee thereof by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

Section 5.8 Quorum of a Company Board Meeting. The presence in person of a majority of the directors shall constitute a quorum for the transaction of business. If at any meeting of the Company Board there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time until a quorum is obtained, and no further notice thereof need be given other than by announcement at the meeting which shall be so adjourned.

Section 5.9 Compensation of Directors. Directors shall not receive any stated salary for their services as directors or as members of committees of the Company

Board, but by resolution adopted by the Company Board, a fixed fee and expenses of attendance may be allowed for attendance at each meeting. Nothing herein contained shall be construed to preclude any director from serving the Company in any other capacity as an Officer, agent or otherwise, and receiving compensation therefor or from serving a Member in the capacity of officer, agent or otherwise and receiving compensation therefor.

Section 5.10 Action Without Company Board Meeting. Any action required or permitted to be taken at any meeting of the Company Board or of any committee thereof may be taken without a meeting if a written consent thereto is signed by the number and type of directors as would be required to take such action at a meeting, and such written consent is filed with the minutes of proceedings of the Company Board or such committee.

Section 5.11 Officers. (a) In addition to the Company CEO, the Officers of the Company shall be a Chairman of the Board and a Secretary and such other officers as may be established by the Manager, all of whom shall be appointed by the Manager and shall hold office until their successors are duly appointed. Subject to Sections 4.12 and 5.1 of this Agreement, the Company CEO shall be responsible for managing the business of the Company and shall have such powers and authority relative to the Company as does the CEO of HSNi relative to HSNi. In addition, the Manager may appoint such Assistant Secretaries and Assistant Treasurers as it deems proper. The Manager may also establish additional or alternate offices of the Company as it deems advisable, and such offices shall be filled with such Officers, who shall perform such duties and serve such terms, as the Manager shall determine from time to time.

(i) The Chairman of the Board. The Manager (or, in the case of a Member Manager, its designee) shall be the Chairman of the Board and shall preside at all meetings of the Company Board and shall have such powers and authority relative to the Company as does the Chairman of the Board of HSNi relative to HSNi.

(ii) Secretary. The Secretary shall record all the proceedings of the meetings of the Company Board, any committees thereof and the Members in a book to be kept for that purpose, and shall perform such other duties as may be assigned to him or her by the Company Board or the Manager.

(iii) Assistant Treasurers and Assistant Secretaries. Assistant Treasurers and Assistant Secretaries, if any, shall be elected and shall have such powers and shall perform such duties as shall be assigned to them, respectively, by the Manager.

(b) Subject to Sections 4.12 and 5.1, officers shall have the exclusive authority to conduct the day-to-day affairs of the Company. In no event may an Officer take any action for which approval is required under Section 4.12 in the absence of such approval.

ARTICLE VI

SHARES AND CAPITAL ACCOUNTS

Section 6.1 Capital Contributions. (a) Upon formation of the Company, and, in the case of Liberty, no later than June 30, 1998 pursuant to Section 1.5(f) of the

Investment Agreement, each Member shall contribute to the capital of the Company (each, an "Initial Capital Contribution") the consideration set forth opposite the Member's name on Schedule A attached hereto in the form indicated thereon and in respect of the relevant number of Shares indicated thereon. The agreed value of the Initial Capital Contributions shall be as set forth on Schedule A. In addition, upon formation of the Company, Liberty shall contribute to the capital of the Company a nominal contribution to be mutually agreed upon by HSNi, Universal and Liberty (the "Initial Liberty Contribution").

(b) Notwithstanding the other provisions of this Section, no Member shall make any Capital Contributions to the Company other than the Initial Capital Contributions, provided that Members holding Class A Shares, Class B Shares and Class C Shares may make additional Capital Contributions in cash or shares of HSNi Class B or common stock in exchange for additional shares of the same class of Shares such Member holds prior to such Capital Contribution (any such Capital Contribution, a "Subsequent Capital Contribution") to the Company as contemplated by, and subject to the conditions and limitations contained in the Investment Agreement, the Governance Agreement and the Stockholders Agreement, including Sections 1.7, 1.8 and 6.1(c) of the Investment Agreement, Section 1.01(h) of the Governance Agreement and Section 4.4(f) of the Stockholders Agreement. At the time any Subsequent Capital Contributions are made, Schedule A shall be revised to reflect such contributions.

Section 6.2 Status of Capital Contributions. (a) No Member shall receive any interest, salary or drawing with respect to its Capital Contributions or its Capital Account or for services rendered on behalf of the Company or otherwise in its capacity as a Member, except as otherwise specifically provided in this Agreement with respect to allocations and distributions.

(b) Except as otherwise provided herein and by the Delaware Act, the Members shall be liable only to make their Capital Contributions pursuant to Section 6.1 hereof, and no Member shall be required to lend any funds to the Company or, after a Member's Capital Contributions have been fully paid pursuant to Section 6.1 hereof, to make any additional Capital Contributions to the Company except as provided herein or therein. Other than as provided herein or under the Delaware Act, no Member shall have any personal liability for the payment of any Capital Contribution of any other Member.

Section 6.3 Capital Accounts. (a) An individual Capital Account shall be established and maintained for each Member by class of Share.

(b) The Capital Account of each Member by class of Share shall be maintained in accordance with the following provisions:

(i) to such Member's Capital Account there shall be credited such Member's Capital Contributions, Profits allocated to such Member under Sections 7.1 and 7.2 hereof and the amount of any Company liabilities that are assumed by such Member or that are secured by any Company assets distributed to such Member;

(ii) to such Member's Capital Account there shall be debited the amount of cash and the Gross Asset Value of any Company assets transferred to such Member in a Distribution pursuant to any provision of this Agreement, Losses allocated to such Member under Sections 7.1 and 7.2 hereof and the amount of any liabilities

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of such Member that are assumed by the Company (other than liabilities taken into account in determining a Member's Capital Contribution); and

(iii) in determining the amount of any liability for purposes of this subsection (b), there shall be taken into account Section 752(c) of the Code and any other applicable provisions of the Code and the Treasury Regulations.

Section 6.4 Advances. Subject to Article 5 of the Investment Agreement, if any Member shall advance any funds to the Company in excess of its Capital Contributions, the amount of such advance shall neither increase its Capital Account nor entitle it to any increase in its share of the Distributions of the Company. Subject to Article 5 of the Investment Agreement and Section 4.12 of this Agreement, the amount of any such advance shall be a debt obligation of the Company to such Member and shall be repaid to it by the Company with such interest rate, conditions and terms as mutually agreed upon by such Member and the Manager. Any such advance shall be payable and collectible only out of Company assets, and the other Members shall not be personally obligated to repay any part thereof. No Person who makes any nonrecourse loan to the Company shall have or acquire, as a result of making such loan, any direct or indirect interest in the profits, capital or property of the Company, other than as a creditor.

Section 6.5 Redemption, Exchange, Transfer. Subject in addition to Section 4.4 hereof, Shares shall be redeemable, exchangeable and transferable only in accordance with the Investment Agreement and the Exchange Agreement (as defined therein). The Company and the Members shall take all actions necessary to effect the terms of the Investment Agreement as they relate to Shares (LLC Shares, as defined in the Investment Agreement), including, without limitation, the terms of Articles 6 and 7 thereof.

ARTICLE VII

ALLOCATIONS

Section 7.1 Profits and Losses. (a) Subject to the allocation rules of Section 7.2 hereof, Profits for any Fiscal Year shall be allocated among the Members in proportion to their respective Economic Percentage Interests.

(b) Subject to the allocation rules of Section 7.2 hereof, Losses for any Fiscal Year shall be allocated among the Members in proportion to their Economic Percentage Interests.

Section 7.2 Allocation Rules. (a) In the event there is a change in the respective Economic Percentage Interests of Members during the year, the Profits (or Losses) allocated to the Members for each Fiscal Year during which there is a change in the respective Economic Percentage Interests of Members during the year shall be allocated among the Members in proportion to the Economic Percentage Interests during such Fiscal Year in accordance with ss.706 of the Code, using any convention permitted by law and selected by the Company Board.

(b) For purposes of determining the Profits, Losses or any other items allocable to any period, Profits, Losses and any such other items shall be determined on a

daily, monthly or other basis, as determined by the Company Board using any method that is permissible under Section 706 of the Code and the Treasury Regulations thereunder.

(c) Except as otherwise provided in this Agreement, all items of Company income, gain, loss, deduction, credit and any other allocations not otherwise provided for shall be divided among the Members in the same proportions as they share Profits and Losses for the Fiscal Year in question.

(d) The Members are aware of the income tax consequences of the allocations made by this Article VII and hereby agree to be bound by the provisions of this Article VII in reporting their shares of Company income, gain, loss, deduction and credit for income tax purposes.

Section 7.3 Priority Allocations. The following allocations shall be made in the following order of priority:

(a) Minimum Gain Chargeback. Notwithstanding any other provision of this Section 7.3, if there is a net decrease in Company Minimum Gain during any Fiscal Year, each Member shall be specially allocated items of Company income and gain for such year (and, if necessary, subsequent years) equal to such Member's share of the net decrease in Company Minimum Gain, determined in accordance with Treasury Regulation Section 1.704-2(g)(2); provided that a Member shall not be subject to this Section 7.3(a) to the extent that an exception is provided by Treasury Regulation Section 1.704-2(f)(2)-(5). This Section 7.3(a) is intended to comply with the minimum gain chargeback requirement in Treasury Regulation Section 1.704-2(f) and shall be interpreted consistently therewith.

(b) Member Nonrecourse Liability Minimum Gain Chargeback. Notwithstanding any other provision of this Section 7.3 except Section 7.3(a), if there is a net decrease in Member Minimum Gain attributable to a Member Nonrecourse Liability during any Fiscal Year, each Member who has a share of the Member Minimum Gain attributable to such Member Nonrecourse Liability (determined in accordance with Treasury Regulation Section 1.704-2(i)(5)) as of the beginning of the year shall be specially allocated items of Company income and gain for such year (and, if necessary, subsequent years) equal to such Member's share of the net decrease in Member Minimum Gain attributable to such Member Nonrecourse Liability. A Member's share of the net decrease in Member Minimum Gain shall be determined in accordance with Treasury Regulation Section 1.704-2(i)(4); provided that a Member shall not be subject to this provision to the extent that an exception is provided by Treasury Regulation Section 1.704-2(i)(4). This Section 7.3(b) is intended to comply with the minimum gain chargeback requirement in Treasury Regulation Section 1.704-2(i)(4) and shall be interpreted consistently therewith.

(c) Qualified Income Offset. In the event any Member unexpectedly receives any adjustments, allocations or distributions described in Treasury Regulation Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5) or 1.704-1(b)(2)(ii)(d)(6), items of Company income and gain (consisting of a pro rata portion of each item of Company income, including gross income, and gain for the Fiscal Year) shall be specially allocated to each such Member in an amount and manner sufficient to eliminate, to the extent required by the Treasury Regulation, the Adjusted Capital

Account Deficit of such Member created by such adjustments, allocations or distributions as quickly as possible; provided that an allocation pursuant to this Section 7.3(c) shall be made if and only to the extent that such Member would have an Adjusted Capital Account Deficit after all other allocations provided for in this Section 7.3 have been tentatively made as if this Section 7.3(c) were not in this Agreement. This Section 7.3(c) is intended to comply with the qualified income offset requirement in Treasury Regulation Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

(d) Gross Income Allocation. In the event any Member has a deficit Capital Account at the end of any Fiscal Year that is in excess of the sum of (i) the amount such Member is obligated to restore pursuant to the terms of this Agreement or otherwise, and (ii) the amount such Member is deemed to be obligated to restore pursuant to the penultimate sentence of each of Treasury Regulation Sections 1.704-2(g)(1) and 1.704-2(i)(5), each such Member shall be specially allocated items of Company income and gain in the amount of such excess as quickly as possible, provided that an allocation pursuant to this Section 7.3(d) shall be made if and only to the extent that such Member would have a deficit Capital Account in excess of such sum after all other allocations provided for in this Section 7.3 have been tentatively made as if Section 7.3(c) and this Section 7.3(d) were not in this Agreement.

(e) Member Nonrecourse Deductions. If any Member bears the Economic Risk of Loss with respect to a Member Nonrecourse Liability, any Member Nonrecourse Deductions for any Fiscal Year shall be specially allocated to the Member who bears the Economic Risk of Loss with respect to the Member Nonrecourse Liability to which such Member Nonrecourse Deductions are attributable in accordance with Treasury Regulation Section 1.704-2(i).

(f) Deductions under Section 709 of the Code for amortization of amounts paid or incurred to organize the Company or, in the case of liquidation of the Company prior to the end of the amortization period specified in Section 709 of the Code, deductions under Section 165 for the previously unrecovered portion of such amounts, shall be specially allocated to the Member who paid or incurred such amounts and such Member's Capital Account shall be credited for amounts paid or incurred by such Member.

Section 7.4 Tax Allocations; Section 704(c) of the Code. (a) In accordance with Section 704(c) of the Code and the Treasury Regulations thereunder, income, gain, loss and deduction with respect to any property contributed to the capital of the Company shall, solely for income tax purposes, be allocated among the Members so as to take account of any variation between the adjusted basis of such property to the Company for United States federal income tax purposes and its initial Gross Asset Value (computed in accordance with paragraph (a) of the definition of "Gross Asset Value" contained in Section 1.1 hereof). Such variation shall be taken into account under the "traditional method" of Treasury Regulation Section 1.704-3(b). For these purposes the Owned Partnership Interest and the Acquired Partnership Interest shall be treated as separate assets.

(b) In the event the Gross Asset Value of any Company asset is adjusted pursuant to paragraph (b) of the definition of "Gross Asset Value" contained in Section 1.1 hereof, subsequent allocations of income, gain, loss and deduction with respect to such asset

shall, solely for income tax purposes, take account of any variation between the adjusted basis of such asset for United States federal income tax purposes and its Gross Asset Value in the same manner as under ss.704(c) of the Code and the Treasury Regulations thereunder.

(c) Allocations pursuant to this Section 7.4 are solely for purposes of United States federal, state and local taxes, and shall not affect, or in any way be taken into account in computing, any Member's Capital Account or share of Profits, Losses, other items or distributions pursuant to any provision of this Agreement.

ARTICLE VIII

DISTRIBUTIONS

Section 8.1 Distributions; Special Distribution. The Manager may, by resolution, at any regular or special meeting, declare and make pro rata Distributions in accordance with the Members' respective Economic Percentage Interests of cash and, subject to paragraphs (i) and (l) of Section 4.12, property, in each case in proportion to the respective Economic Percentage Interests at such times as it deems appropriate, at its sole discretion; provided, however, that (except in respect of Distributions required by Section 8.2 below) any Distribution may only be paid in connection with a related distribution by HSNi to its stockholders in an aggregate amount equal to the proceeds to HSNi of such Distribution; and provided, further, that the form of consideration shall be the same for all Classes (e.g., each Member will receive a pro rata interest in the assets being distributed).

Section 8.2 Mandatory Distributions. Notwithstanding Section 8.1, the Company shall make a Distribution to the Members with respect to each taxable year of the Company, within 60 days after the close of such taxable year, in an aggregate amount equal to the product of the Adjusted Taxable Income multiplied by the Tax Rate. Such Distribution shall be made to all Members in accordance with their respective Economic Percentage Interests.

Section 8.3 Limitations on Distribution. Notwithstanding any provision to the contrary contained in this Agreement, the Company shall not make any Distribution if such Distribution would violate Section 18-607 of the Delaware Act or other applicable law, but shall instead make such Distribution as soon as practicable after the making of such Distribution would not cause such violation.

Section 8.4 Tax Loans to HSNi. If the LLC Taxable Income for any year is a loss and the HSNi Group has positive taxable income for such year, then HSNi shall be entitled to an interest-free loan from the LLC equal to the HSNi Group's taxable income (but not in excess of the LLC Taxable Loss multiplied by one minus the Ratio) multiplied by the Tax Rate and divided by one minus the Ratio, and the repayment of such loan will reflect the cumulative net income or loss of the Company and the HSNi Group for that year and subsequent years.

Section 8.5 Intercompany Transfer of Funds. (a) The Company shall keep records of all movement of funds between the Company and its Subsidiaries, on the one hand, and HSNi and its Subsidiaries which are not also Subsidiaries of the Company ("Non-LLC Subs"), on the other hand. HSNi shall cause all Excess Cash held by HSNi and its

Subsidiaries from time to time to be transferred to the Company in accordance with the terms of this Section 8.5 and Article 5 of the Investment Agreement.

(b) Except as otherwise provided in Section 5.4 of the Investment Agreement and Section 8.5(d) of this Agreement, all transfers of funds from the Company to HSNi and Non-LLC Subs (other than distributions on, or redemptions of, the Class A Shares or payment of interest on indebtedness owed or assumed by the Company) shall either be (i) evidenced by a demand note from the recipient of such funds payable to the Company or (ii) applied to repay indebtedness owed by the Company to such recipient.

(c) Except as otherwise provided in Section 5.4 of the Investment Agreement and Section 8.5(d) of this Agreement, all transfers of funds from HSNi and Non-LLC Subs (other than contributions of capital in connection with the acquisition of the Class A Shares or payment of interest on indebtedness owed to the Company) shall either be (i) evidenced by a demand note from the Company payable to the transferor of such funds or (ii) applied to repay indebtedness owed by such transferor to the Company.

(d) The provisions of paragraphs (b) and (c) above shall not apply to the payments of funds described in clauses (i) through (iv) of Section 5.4 of the Investment Agreement. HSNi shall cause any transactions between the Company, on the one hand, and the Non-LLC Subs, on the other hand, to be (i) on terms in the aggregate which are no less favorable to the Company than the terms which the Company would have received in a transaction with an unaffiliated third party or (ii) on an allocated cost basis.

(e) The outstanding demand notes referred to in paragraphs (b) and (c) above shall bear interest at the Interest Rate from time to time and interest shall be payable monthly in arrears.

ARTICLE IX

BOOKS AND RECORDS

Section 9.1 Books, Records and Financial Statements. (a) The Company shall at all times maintain, at its principal place of business, separate books of account for the Company that shall show a true and accurate record of all costs and expenses incurred, all charges made, all credits made and received and all income derived in connection with the operation of the Company in accordance with GAAP consistently applied, and, to the extent inconsistent therewith, in accordance with this Agreement. Such books of account, together with a copy of this Agreement and the Certificate, shall at all times be maintained at the principal place of business of the Company and shall be open to inspection and examination at reasonable times by each Member and its duly authorized representatives for any purpose reasonably related to such Member's interest in the Company.

(b) The Officers shall prepare and maintain, or cause to be prepared and maintained, the books of account of the Company. The following financial information, prepared in accordance with GAAP (or, in the case of item (v), in accordance with United States federal income tax principles) and applied on a basis consistent with prior periods, which shall be audited and certified to by an independent certified public accountant (who may be the independent certified public accountant for HSNi and its Affiliates), shall be

transmitted by the Company to each Member as soon as reasonably practicable and in no event later than ninety (90) days after the close of each Fiscal Year:

(i) balance sheet of the Company as of the beginning and close of such Fiscal Year;

(ii) statement of profits and losses for such Fiscal Year;

(iii) statement of each Member's Capital Account as of the close of such Fiscal Year, and changes therein during such Fiscal Year;

(iv) statement of the Company's cash flows during such Fiscal Year; and

(v) a statement indicating such Member's share of each item of the Company income, gain, loss, deduction or credit for such Fiscal Year for income tax purposes, which statement shall include or consist of a Schedule K-1 to the Company's Internal Revenue Service Form 1065 (or any corresponding schedule to any successor form) for such Fiscal Year.

(c) Following the end of each of the Company's four fiscal quarters, the Company shall prepare and provide to each Member on a reasonably timely basis in order to permit each Member to comply with its public reporting requirements an unaudited balance sheet of the Company with respect to such quarter, a statement of the profits and losses of the Company for such quarter and a statement of cash flows during such quarter, each of which shall be prepared in accordance with GAAP, applied on a basis consistent with prior periods. To the extent that, with respect to the first four fiscal quarters of the Company, the Company cannot provide final financial statements with respect to such fiscal quarter on a reasonably timely basis for a Member to comply with its reporting obligations, the Company shall provide estimates on a reasonably timely basis to permit such compliance. Except as provided in the next paragraph, a Member shall not disclose any of the information provided pursuant to this paragraph prior to the earlier of (i) immediately following the time such information is made publicly available by HSNi, and (ii) the date HSNi is required to file its quarterly report on Form 10-Q or its annual report on Form 10-K with respect to the fourth quarter, as the case may be, containing such information.

(d) To the extent that a Member is required pursuant to its public reporting requirements to disclose the quarterly financial information described in paragraph (c) prior to the date described in the last sentence thereof, a Member may use such information or estimates in its required public disclosure, provided that such disclosure does not result in the financial information relating to the Company being separately identifiable or determinable from such disclosure.

Section 9.2 Accounting Method. For both financial and tax reporting purposes and for purposes of determining Profits and Losses, the books and records of the Company shall be kept on the accrual method of accounting and shall reflect all Company transactions and be appropriate and adequate for the Company's business.

Section 9.3 Annual Audit. The financial statements of the Company shall be audited by an independent certified public accountant, selected by the HSNi Board, with

such audit to be accompanied by a report of such accountant containing its opinion. The cost of such audit shall be an expense of the Company.

ARTICLE X

TAX MATTERS

Section 10.1 Tax Matters. (a) The "Tax Matters Partner" of the Company for purposes of ss.6231(a)(7) of the Code shall have the power to manage and control, on behalf of the Company, any administrative proceeding at the Company level with the Internal Revenue Service or any other taxing authority relating to the determination of any item of Company income, gain, loss, deduction or credit for United States federal, state, local or foreign income or franchise tax purposes. The Tax Matters Partner shall take such action as may be reasonably necessary to constitute each other Member a "notice partner" within the meaning of ss.6231(a)(8) of the Code. The Tax Matters Partner shall cause to be prepared for each taxable year of the Company the federal, state and local tax returns and information returns, if any, which the Company is required to file, copies of which returns shall be made available by the Company at least 30 days prior to filing for inspection, examination, and approval by any Member or any of its representatives during reasonable business hours, and all of such persons shall be entitled to make copies or extracts thereof. The Members shall provide any comments on such returns to the Tax Matters Partner within 15 days after their being made available to the Members. Where the Members are required to file federal, state or local income tax returns by reason of their interest in the Company, the Tax Matters Partner shall cause them to be furnished with the relevant returns filed by the Company. The Tax Matters Partner shall notify each other Member of all material matters that come to its attention in its capacity as Tax Matters Partner. The Tax Matters Partner shall be Home Shopping while Mr. Diller is the Manager and, thereafter, the Tax Matters Partner shall be a designee of the Manager. The Tax Matters Partner shall not have the authority to bind any of the Members, including with respect to any extension of any statute of limitations.

(b) The Company shall, within ten (10) days of the receipt of any notice from the Internal Revenue Service or any state, local or foreign tax authority in any administrative proceeding at the Company level relating to the determination of any Company item of income, gain, loss, deduction or credit, mail a copy of such notice to each Member.

Section 10.2 Right to Make Section 754 Election. The Company Board may, in its sole discretion, make or apply for permission with the Commissioner of the Internal Revenue Service to revoke, on behalf of the Company, an election in accordance with ss.754 of the Code, so as to adjust the basis of Company property in the case of a distribution of property within the meaning of ss.734 of the Code, and in the case of a transfer of a Company interest within the meaning of ss.743 of the Code. Each Member shall, upon request of the Company, supply the information necessary to give effect to such an election.

Section 10.3 Section 709 Election. The Tax Matters Partner shall cause the Company to file, with the Company's Internal Revenue Service Form 1065 for the taxable year in which the Company begins business, an election under ss.709 of the Code (meeting

the requirements of Treasury Regulation ss.1.709-1(c)) to amortize its organizational expenses over 60 months. Each Member agrees to (i) treat any amounts paid or incurred by such Member to organize the Company as deferred expenses of the Company that are subject to ss.709 of the Code and (ii) maintain records of any such amounts that are sufficiently detailed to enable the Company to file an election meeting the requirements of Treasury Regulation ss.1.709-1(c).

Section 10.4 Taxation as Partnership. The Company shall be treated as a partnership for United States federal, state, local and foreign tax purposes and will make any necessary elections to achieve such status.

ARTICLE XI

LIABILITY, EXCULPATION AND INDEMNIFICATION

Section 11.1 Liability. Except as otherwise provided by the Delaware Act, the debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Company, and no Covered Person or Member shall be obligated personally for any such debt, obligation or liability of the Company solely by reason of being a Covered Person or Member. Except as expressly provided herein, no Member in its capacity as such, shall have liability to the Company, any other Member or the creditors of the Company.

Section 11.2 Exculpation. (a) No Covered Person shall be liable to the Company or any other Covered Person for any loss, damage or claim incurred by reason of any act or omission performed or omitted by such Covered Person in good faith on behalf of the Company and in a manner reasonably believed to be within the scope of authority conferred on such Covered Person by this Agreement, the Company Board or an appropriate Officer or employee of the Company, except that a Covered Person shall be liable for any such loss, damage or claim incurred by reason of such Covered Person's gross negligence, fraud or willful misconduct.

(b) A Covered Person shall be fully protected in relying in good faith upon the records of the Company and upon such information, opinions, reports or statements presented to the Company by any Person as to matters the Covered Person reasonably believes are within such other Person's professional or expert competence, including information, opinions, reports or statements as to the value and amount of the assets, liabilities, Profits or Losses or any other facts pertinent to the existence and amount of assets from which distributions to Members might properly be paid.

Section 11.3 Fiduciary Duty. To the extent that, at law or in equity, a Covered Person has duties (including fiduciary duties) and liabilities relating thereto to the Company or to any Member, a Covered Person acting under this Agreement shall not be liable to the Company or to any Member for its good faith acts or omissions in reliance on the provisions of this Agreement. The provisions of this Agreement, to the extent that they restrict the duties and liabilities of a Covered Person otherwise existing at law or in equity, are agreed by the parties hereto to replace such other duties and liabilities of such Covered Person.

Section 11.4 Indemnification. To the fullest extent permitted by applicable law, a Covered Person shall be entitled to indemnification from the Company for any loss, damage or claim incurred by such Covered Person by reason of any act or omission performed or omitted by such Covered Person in good faith on behalf of the Company and in a manner reasonably believed to be within the scope of authority conferred on such Covered Person by this Agreement, except that no Covered Person shall be entitled to be indemnified in respect of any loss, damage or claim incurred by such Covered Person by reason of gross negligence, fraud or willful misconduct with respect to such acts or omissions; provided, however, that any indemnity under this Section shall be provided out of and to the extent of Company assets only, and no Covered Person shall have any personal liability on account thereof.

Section 11.5 Expenses. To the fullest extent permitted by applicable law, reasonable expenses (including reasonable legal fees) incurred by a Covered Person in defending any claim, demand, action, suit or proceeding shall, from time to time, be advanced by the Company prior to the final disposition of such claim, demand, action, suit or proceeding upon receipt by the Company of an undertaking by or on behalf of the Covered Person to repay such amount if it shall be determined that the Covered Person is not entitled to be indemnified as authorized in Section 11.4 hereof.

Section 11.6 Insurance. The Company may purchase and maintain insurance, to the extent and in such amounts as the Company Board by resolution shall deem reasonable or appropriate, on behalf of Covered Persons and such other Persons as the Company Board by resolution shall determine, against any liability that may be asserted against or expenses that may be incurred by any such Person in connection with the activities of the Company or such indemnities, regardless of whether the Company would have the power to indemnify such Person against such liability under the provisions of this Agreement. The Members and the Company may enter into indemnity contracts with Covered Persons and such other Persons as the Company Board shall determine and adopt written procedures pursuant to which arrangements are made for the advancement of expenses and the funding of obligations under Section 11.5 hereof and containing such other procedures regarding indemnification as are appropriate.

Section 11.7 Outside Businesses. Any Member (including any Member that is the Manager) or Affiliate thereof may engage in or possess an interest in other business ventures of any nature or description, independently or with others, similar or dissimilar to the business of the Company, and the Company and the Members shall have no rights by virtue of this Agreement in and to such independent ventures or the income or profits derived therefrom, and the pursuit of any such venture, even if competitive with the business of the Company, shall not be deemed wrongful or improper. No Member or Affiliate thereof shall be obligated to present any particular investment opportunity to the Company even if such opportunity is of a character that, if presented to the Company, could be taken by the Company, and any Member or Affiliate thereof shall have the right to take for its own account (individually or as a partner or fiduciary) or to recommend to others any such particular investment opportunity. The provisions of this Section 11.7 shall not in any way limit, modify or amend the terms of any noncompetition, license or employment agreement that may be entered into between the Company and any Member, which terms shall be binding on the parties thereto.

Section 11.8 Third-Party Beneficiaries. There shall be no third-party beneficiaries of this Agreement.

ARTICLE XII

ADDITIONAL MEMBERS

Section 12.1 Admission. Except as provided in Section 2.1(b), Article VI or Section 13.1, the Company may not admit any new Members and may issue no new Class A Shares, Class B Shares or Class C Shares.

Section 12.2 Allocations. Additional Shares shall not be entitled to any retroactive allocation of the Company's income, gains, losses, deductions, credits or other items; provided that, subject to the restrictions of ss.706(d) of the Code, Additional Shares shall be entitled to their respective share of the Company's income, gains, losses, deductions, credits and other items arising under contracts entered into before the effective date of the issuance of any Additional Shares to the extent that such income, gains, losses, deductions, credits and other items arise after such effective date. To the extent consistent with ss.706(d) of the Code and Treasury Regulations promulgated thereunder, the Company's books may be closed at the time Additional Shares are admitted (as though the Company's tax year had ended) or the Company may credit to the Additional Shares pro rata allocations of the Company's income, gains, losses, deductions, credits and other items for that portion of the Company's Fiscal Year after the effective date of the issuance of the Additional Shares.

ARTICLE XIII

ASSIGNMENTS

Section 13.1 Assignments of Shares Generally. Except as permitted by the Investment Agreement and the Exchange Agreement, a Member may not, directly or indirectly, sell, assign, transfer, pledge, hypothecate, mortgage or dispose of, by gift or otherwise, or in any way encumber ("Assign," and such act, an "Assignment") all or any part of the Shares or Additional Shares owned by such Member without the consent of the holders of the Class A Shares, Class B Shares and Class C Shares and any attempt to do so shall be void ab initio to the maximum extent permitted by law; provided, however, that a merger or consolidation between a Member and a member of its Group (as defined in the Exchange Agreement) shall not be deemed to be an Assignment of any of the Shares or Additional Shares owned by such Member and that a merger or consolidation in which Universal, HSNi (or Home Shopping Network) or Liberty is a constituent corporation shall not be deemed to be an Assignment of any Shares or Additional Shares Beneficially Owned by such person (provided in each case that a significant purpose of any such transaction is not to avoid the provisions of this Agreement and provided that the surviving corporation agrees to be bound by the terms of this Agreement then applicable to such Member). Any assignment of a Share permitted under this Section 13.1 shall not be effective until the assignee has been admitted as a Member of the Company which shall be when the assignee has executed a counterpart to this Agreement and is reflected as a Member of the Company on Schedule A hereto. Notwithstanding any other provision of this Agreement, the Members

expressly agree that the transactions contemplated by that certain credit agreement among the Company, certain Affiliates of the Company and the lenders thereunder, with Chase Securities, Inc. as Arranger, in connection with consummation of the transactions contemplated by the Investment Agreement, which include the incurrence of certain indebtedness and the issuance of certain guarantees and pledges (including of the Class A Shares), or in connection with any replacement facility, shall not constitute an Assignment or otherwise violate this Agreement.

Section 13.2 Recognition of Assignment by the Company. No Assignment of Shares or Additional Shares in violation of Section 13.1 shall be valid or effective, and neither the Company nor the Members shall recognize the same for the purpose of making allocations or Distributions. Neither the Company nor the Members shall incur any liability as a result of refusing to make any such allocations or Distributions with respect to Assigned Shares in violation of Section 13.1.

ARTICLE XIV

DISSOLUTION, LIQUIDATION AND TERMINATION

Section 14.1 No Dissolution. The death, retirement, resignation, expulsion, bankruptcy or dissolution of any Member or the occurrence of any other event that terminates the continued membership of a Member in the Company shall not, in and of itself, cause the dissolution of the Company. In such event, the business of the Company shall be continued by the remaining Members.

Section 14.2 Events Causing Dissolution. The Company shall be dissolved and its affairs shall be wound up upon the occurrence of any of the following events:

(a) the written consent of the holders of a majority of each of the Class A Shares, the Class B Shares and the Class C Shares; or

(b) the entry of a decree of judicial dissolution under Section 18-802 of the Delaware Act.

Section 14.3 Liquidation. Upon dissolution of the Company, the Person or Persons approved by the Members to carry out the winding up of the Company shall immediately commence to wind up the Company's affairs; provided, however, that a reasonable time shall be allowed for the orderly liquidation of the assets of the Company and the satisfaction of liabilities to creditors so as to enable the Members to minimize the normal losses attendant upon a liquidation. The Members shall continue to share Profits and Losses during liquidation as specified in Article VII hereof. The proceeds of liquidation shall be distributed in the following order and priority:

(a) to secured creditors of the Company whether or not they are Members and to unsecured creditors that are not Members, to the extent otherwise permitted by law, in satisfaction of the liabilities of the Company (whether by payment or the making of reasonable provision for payment thereof);

(b) to unsecured creditors of the Company that are Members, to the extent otherwise permitted by law, in satisfaction of the liabilities of the Company (whether by payment or the making of reasonable provision for payment thereof); and

(c) to the holders of the Class A Shares, the Class B Shares and the Class C Shares on a pro rata basis in accordance with their respective Economic Percentage Interests.

Section 14.4 Termination. The Company shall terminate when all of the assets of the Company, after payment, or due provision for all debts, liabilities and obligations, of the Company shall have been distributed to the Members in the manner provided for in this Article XIV and the Certificate shall have been canceled in the manner required by the Delaware Act.

Section 14.5 Claims of the Members. The Members and former Members shall look solely to the Company's assets for the return of their Capital Contributions, and if the assets of the Company remaining after payment of or due provision for all debts, liabilities and obligations of the Company are insufficient to return such Capital Contributions, the Members and former Members shall have no recourse against the Company or any other Member.

ARTICLE XV

MISCELLANEOUS

Section 15.1 Notices. All notices provided for in this Agreement shall be in writing, duly signed by the party giving such notice, and shall be hand delivered, faxed or mailed by registered or certified mail or overnight courier service, as follows:

(a) if given to the Company, to the address (and, if applicable, fax number) specified in Section 2.5 hereof to the attention of the General Counsel of the Company (or, if there be none, to the General Counsel of HSNi); or

(b) if given to any Member, to the person and at the address (and, if applicable, fax number) set forth opposite its name on Schedule A attached hereto, or at such other address (and, if applicable, fax number) as such Member may hereafter designate by written notice to the Company.

All such notices shall be deemed to have been given when received.

Section 15.2 Formation Expenses. Each party shall pay its own expenses incurred in connection with the formation of the Company.

Section 15.3 Failure to Pursue Remedies. The failure of any party to seek redress for violation of, or to insist upon the strict performance of, any provision of this Agreement shall not prevent a subsequent act, which would have originally constituted a violation, from having the effect of an original violation.

Section 15.4 Cumulative Remedies. The rights and remedies provided by this Agreement are cumulative and the use of any one right or remedy by any party shall not preclude or waive its right to use any or all other remedies. Said rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance or otherwise.

Section 15.5 Binding Effect. This Agreement shall be binding upon and inure to the benefit of all of the parties and, to the extent permitted by this Agreement, their successors, legal representatives and assigns.

Section 15.6 Interpretation. All references herein to "Articles," "Sections" and "Paragraphs" shall refer to corresponding provisions of this Agreement. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation." The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. All terms defined in this Agreement shall have the defined meanings when used in any certificate or other document made or delivered pursuant hereto unless otherwise defined therein. The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such term. Any agreement, instrument or statute defined or referred to herein or in any agreement or instrument that is referred to herein means such agreement, instrument or statute as from time to time amended, modified or supplemented, including (in the case of agreements or instruments) by waiver or consent in writing and (in the case of statutes) by succession of comparable successor statutes and references to all attachments thereto and instruments incorporated therein. References to a Person are also to its permitted successors and assigns. It is the intent of the parties hereto that this Agreement shall be an effectuation of certain terms of the Investment Agreement consistent with such terms of the Investment Agreement and that the provisions of this Agreement should be interpreted to give effect to the Investment Agreement.

Section 15.7 Severability. The invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions hereof, and this Agreement shall be construed in all respects as if such invalid or unenforceable provision were omitted.

Section 15.8 Counterparts. This Agreement may be executed in any number of counterparts with the same effect as if all parties hereto had signed the same document. All counterparts shall be construed together and shall constitute one instrument.

Section 15.9 Integration. This Agreement constitutes the entire agreement among the parties hereto pertaining to the subject matter hereof and supersedes all prior agreements and understandings pertaining thereto other than the Exchange Agreement (including the related letter agreement), the Investment Agreement and the agreements referred to therein (including the Stockholders Agreement). Notwithstanding anything to the contrary contained herein, this Agreement shall not alter any of HSNi's, Universal or Liberty's indemnification obligations under the Investment Agreement or their respective obligations to make Capital Contributions to the Company pursuant to the Investment Agreement.

Section 15.10 Governing Law. This Agreement and the rights of the parties hereunder shall be interpreted in accordance with the laws of the State of Delaware, and all rights and remedies shall be governed by such laws without regard to principles of conflict of laws.

Section 15.11 Confidentiality. Each Member expressly acknowledges that such Member will receive confidential and proprietary information relating to the Company, including, without limitation, information relating to the Company's financial condition and business plans, and that the disclosure of such confidential information to a third party would cause irreparable injury to the Company. Except with the prior written consent of the Company or as required by law, no Member shall disclose any such information to a third party (other than on a "need to know" basis to any Affiliate or any employee, agent or representative of such Member or its Affiliates (each of whom shall agree to maintain the confidentiality of such information)), and each Member shall use reasonable efforts to preserve the confidentiality of such information.

ARTICLE XVI

AMENDMENTS

Section 16.1 Amendments. Subject to approval pursuant to Section 4.12 of this Agreement, any amendment to this Agreement shall be adopted and be effective as an amendment hereto if approved by the affirmative vote of 85% of the Total Voting Power of the holders of the Class A Shares, the Class B Shares and the Class C Shares, voting together as a single class, except that any amendment which would adversely affect the rights or obligations of any Member shall be approved by such Member.

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

MEMBERS:

HSN, INC.

By: /s/ James G. Gallagher

Name: James G. Gallagher
Title: Vice President

HOME SHOPPING NETWORK, INC.

By: /s/ James G. Held

Name: James G. Held
Title: President and Chief Executive Officer

UNIVERSAL STUDIOS, INC.

By: Brian C. Mulligan

Name: Brian C. Mulligan
Title: Senior Vice President

LIBERTY MEDIA CORPORATION

By: /s/ Robert R. Bennett

Name: Robert R. Bennett
Title: President and CEO

BARRY DILLER, for purposes of Sections 4.12 and 5.1 of this Agreement

/s/ Barry Diller

Exhibit 99.38

[CONFORMED COPY]

LIBERTY HSN, INC.
8101 EAST PRENTICE AVENUE, SUITE 500
ENGLEWOOD, COLORADO 80111

As of October 19, 1997

HSN, Inc.
152 West 57th Street
New York, NY 10019

Ladies and Gentlemen:

Reference is made to (i) that certain Exchange Agreement (the "Liberty Exchange Agreement"), dated as of December 20, 1996, by and between Liberty HSN, Inc. ("Liberty HSN") and HSN, Inc. ("HSN") and (ii) that certain Exchange Agreement (the "New Exchange Agreement"), dated as of October 19, 1997, by and among HSN, Universal Studios, Inc. (and certain of its subsidiaries) and Liberty Media Corporation (and certain of its subsidiaries) ("Liberty"). All capitalized terms not otherwise defined herein shall have the respective meanings ascribed thereto in the New Exchange Agreement.

In connection with and in consideration of the transactions contemplated by the New Exchange Agreement, Liberty and HSN hereby agree as follows:

(i) Unless otherwise agreed by Liberty and HSN, no Liberty HSN Exchange Shares or LLC Shares shall be exchanged prior to (i) the earliest to occur of the moment immediately prior to the Holder Closing (as may be effected by agreement of Liberty and HSN in anticipation of such Holder Closing), (ii) the termination of the Investment Agreement with respect to the transactions contemplated to occur at the Holder Closing, and (iii) June 30, 1998 (unless the date of the Holder Closing is extended beyond such date).

(ii) At such time as Liberty is entitled or otherwise permitted to Own additional shares of HSN Stock in accordance with paragraph 2.1(d) of the New Exchange Agreement, but following the issuance of all Contingent Shares and prior to the exchange of any Liberty HSN Exchange Shares, HSN shall have the right, subject to the applicable terms and conditions of the New Exchange Agreement, to require the members of the Liberty Group to exchange a number of LLC Shares at the then applicable Exchange Rate (as of the Exchange Date) for shares of HSN Common Stock, rounded down to the nearest whole

number, which would result in the issuance to such members of the Liberty Group of an aggregate number of shares of HSN Common Stock up to the then Available HSN Amount.

(iii) HSN shall have the option, which may be exercised at any time or from time to time, after the issuance or expiration of all Contingent Shares, to suspend Liberty HSN's right to exchange the Liberty HSN Exchange Shares in connection with a future issuance of shares of HSN Stock in order to permit HSN to repurchase (in compliance with applicable law, including the FCC Regulations) up to 10 million shares of HSN Stock, which suspension shall remain in effect as long as HSN continues to make diligent efforts to effect such repurchase and to complete such repurchase as promptly as reasonably practicable.

(iv) Except as expressly set forth in clauses (i), (ii) and (iii) above, the provisions of this Letter Agreement and the New Exchange Agreement and the transactions contemplated hereby and thereby (x) shall not modify or amend the Liberty Exchange Agreement and (y) shall not constitute a waiver or amendment by Liberty HSN of any of its rights under the Liberty Exchange Agreement.

If the foregoing provisions are acceptable to you, please execute and return the enclosed copy of this Letter Agreement.

Sincerely,

LIBERTY HSN, INC.

By: /s/ Robert R. Bennett

Name: Robert R. Bennett
Title: President

Accepted and Agreed:

HSN, INC.

By: /s/ Victor A. Kaufman

Name: Victor A. Kaufman
Title: Office of Chairman

Exhibit 99.39

[CONFORMED COPY]

FOURTH AMENDED AND RESTATED JOINT FILING AGREEMENT

FOURTH AMENDED AND RESTATED JOINT FILING AGREEMENT, dated as of February 23, 1998, by and among Tele-Communications, Inc., a Delaware corporation, Barry Diller, Universal Studios, Inc., a Delaware corporation, The Seagram Company Ltd., a Canada corporation, BDTV INC., a Delaware corporation, BDTV II INC., a Delaware corporation, BDTV III INC., a Delaware corporation, and BDTV IV INC., a Delaware corporation.

WHEREAS, each of the parties hereto beneficially owns shares of common stock or options to purchase shares of common stock, or shares of Class B Common Stock or securities convertible into or exchangeable for common stock or Class B Common Stock (collectively, the "Company Securities") of USA Networks, Inc. (formerly HSN, Inc.), a Delaware corporation;

WHEREAS, the parties hereto constitute a "group" with respect to the beneficial ownership of the Company Securities for purposes of Rule 13d-1 and Schedule 13D promulgated by the Securities and Exchange Commission; and

WHEREAS, Tele-Communications, Inc., Barry Diller, BDTV INC., BDTV II INC. and BDTV III INC. have previously entered into the Third Amended and Restated Joint Filing Agreement, dated as of July 17, 1997, pursuant to which the parties thereto agreed to prepare a single statement containing the information required by Schedule 13D with respect to their respective interests in the Company.

NOW, THEREFORE, the parties hereto agree as follows:

1. The parties hereto shall prepare a single statement containing the information required by Schedule 13D with respect to their respective interests in the Company Securities (the "Reporting Group Schedule 13D"), and the Reporting Group Schedule 13D shall be filed on behalf of each of them.

2. Each party hereto shall be responsible for the timely filing of the Reporting Group Schedule 13D and any necessary amendments thereto, and for the completeness and accuracy of the information concerning him or it contained therein, but shall not be responsible for the completeness and accuracy of the information concerning any other party contained therein, except to the extent that he or it knows or has reason to believe that such information is inaccurate.

3. This Agreement shall continue unless terminated by any party hereto.

4. Stephen M. Brett, Pamela S. Seymon and Karen Randall shall be designated as the persons authorized to receive notices and communications with respect to the Reporting Group Schedule 13D and any amendments thereto.

5. This Agreement may be executed in counterparts, each of which taken together shall constitute one and the same instrument.

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

TELE-COMMUNICATIONS, INC.

By: /s/ Stephen M. Brett

Name: Stephen M. Brett
Title: Senior Vice President
and General Counsel

/s/ Barry Diller

Barry Diller

UNIVERSAL STUDIOS, INC.

By: /s/ Brian C. Mulligan

Name: Brian C. Mulligan
Title: Senior Vice President

THE SEAGRAM COMPANY LTD.

By: /s/ Daniel R. Paladino

Name: Daniel R. Paladino
Title: Executive Vice President

BDTV INC.

By: /s/ Barry Diller

Name: Barry Diller
Title: President

BDTV II INC.

By: /s/ Barry Diller

Name: Barry Diller
Title: President

BDTV III INC.

By: /s/ Barry Diller

Name: Barry Diller
Title: President

BDTV IV INC.

By: /s/ Barry Diller

Name: Barry Diller
Title: President

Exhibit 99.40

[CONFORMED COPY]

CERTIFICATE OF INCORPORATION

OF

BDTV IV INC.

I, the undersigned, for the purposes of incorporating and organizing a corporation under the General Corporation Law of the State of Delaware, do execute this Certificate of Incorporation and do hereby certify as follows:

ARTICLE I

NAME

The name of the Corporation is BDTV IV INC.

ARTICLE II

REGISTERED OFFICE

The location of the registered office of the Corporation in the State of Delaware is the office of The Prentice-Hall Corporation System, Inc., 1013 Centre Road, in the City of Wilmington, County of New Castle, State of Delaware 19805, and the name of the registered agent at such address is The Prentice-Hall Corporation System, Inc.

ARTICLE III

PURPOSE

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

ARTICLE IV

SECTION A

AUTHORIZED STOCK

The total number of shares of capital stock which the Corporation shall have authority to issue is two hundred sixty six thousand six hundred sixty seven (266,667) shares, of which one hundred thirty three thousand three hundred thirty four (133,334) shares shall be Class A Common Stock, par value $.01 share (the "Class A Common Stock"), and one hundred thirty three thousand three hundred thirty three (133,333) shares shall be Class B Common Stock, par value $.01 per share (the "Class B Common Stock," and together with the Class A Common Stock, the "Common Stock").

SECTION B

CLASS A COMMON STOCK AND CLASS B COMMON STOCK

Each share of Class A Common Stock and Class B Common Stock of the Corporation shall, except as otherwise provided in this Certificate of Incorporation, be identical in all respects and shall have equal rights and privileges.

1. Voting Rights.

(a) The holders of the Class A Common Stock shall be entitled to vote on all matters presented to a vote of the stockholders of the Corporation, including elections of directors, at any annual or special meeting of stockholders of the Corporation or in connection with the taking of any action by the stockholders of the Corporation by written consent, with each such holder entitled to one vote for each share of such stock held.

(b) Except as otherwise required by law or as provided in paragraph 1(c) of this Section B below the holders of the Class B Common Stock shall have no voting rights whatsoever.

(c) Notwithstanding anything else in this Certificate of Incorporation to the contrary, so long as any shares of the Class B Common Stock remain outstanding, the Corporation shall not take any action with respect to any of the following matters without first obtaining the affirmative vote (or written consent) of (i) from and after the initial issuance of shares of the Class B Common Stock until such time as Liberty Media Corporation, a Delaware corporation (including its successors by merger, consolidation, sale of assets or otherwise, "Liberty"), ceases to

hold any shares of the Class B Common Stock, Liberty, and (ii) thereafter, until such time as the members of Liberty's Stockholder Group (as defined in the Stockholders Agreement, dated as of October 19, 1997, among Liberty, Barry Diller, Universal Studios, Inc., HSN, Inc. and The Seagram Company Ltd. (including any amendments or successor agreements thereto, the "Stockholders Agreement")) cease to own any shares of the Class B Common Stock, the member of Liberty's Stockholder Group so designated in writing by Liberty by notice to the Corporation (Liberty or such designee, the "Designated Holder"):

(i) the issuance of any shares of capital stock of the Corporation or any interests therein other than (x) pursuant to the Stockholders Agreement, and (y) the issuance of shares of Class A Common Stock as a result of the conversion of shares of Class B Common Stock pursuant to Section B(2) below;

(ii) any acquisition or disposition (including pledges), directly or indirectly, by the Corporation of any equity securities (or any interest therein) of HSN, Inc., a Delaware corporation ("HSNI", which term shall include any successor by merger, consolidation, sale of assets or otherwise), or any rights relating to the acquisition or disposition of such equity securities (or any interest therein), except as specifically provided for by the Stockholders Agreement;

(iii) other than as provided in clauses (i) and (ii) above, the acquisition or disposition (including pledges), directly or indirectly, by the Corporation of any assets (including debt and/or equity securities) or business (by merger, consolidation or otherwise), the grant or issuance of any debt or equity securities of the Corporation, the redemption, repurchase, or reacquisition of any debt or equity securities of the Corporation by the Corporation or any of its subsidiaries (other than the conversion of shares of Class B Common Stock as provided in Section B(2)), or the incurrence of any indebtedness by the Corporation;

(iv) any amendments to this Certificate of Incorporation or the Bylaws of the Corporation;

(v) engaging in any business other than holding shares of the capital stock of HSNI, exercising rights of ownership and voting related to such shares of stock and pursuant to the Stockholders Agreement (subject in any event to the provisions hereof and of the Stockholders Agreement), and engaging in corporate governance and administrative activities consistent with the terms of this Certificate of Incorporation, the Corporation's bylaws and the Stockholders Agreement;

(vi) the settlement of any litigation, arbitration or other proceeding which is other than in the ordinary course of business and which involves any material restriction

on the conduct of business by the Corporation or the continued ownership (A) of its assets by the Corporation or (B) of the capital stock of the Corporation by its stockholders;

(vii) except as specifically contemplated by the Stockholders Agreement and this Certificate of Incorporation, any transaction between the Corporation and Barry Diller and his affiliates;

(viii) the merger, consolidation, dissolution or liquidation of the Corporation; or

(ix) permitting HSNI to issue any shares of HSNI's Class B Common Stock, par value $.01 per share, or any options, warrants or other rights to acquire any shares of such Class B Common Stock of HSNI.

2. Conversion Rights.

(a) Upon the first to occur of any of the following: (i) a Change in Law (as defined below), (ii) the failure for any reason of Barry Diller to be Chairman of the Board and/or Chief Executive Officer and/or President of HSNI and to be a director of this Corporation, or (iii) the satisfaction of all conditions (other than any conditions which are capable of being satisfied only at the closing of such transaction) to the consummation of any Agreement to Transfer (as defined below) (any such event set forth in clauses (i), (ii) or (iii), a "Conversion Event"), each share of Class B Common Stock shall become convertible, at the option of the holder thereof, into one share of Class A Common Stock; provided, however, that with respect to a Conversion Event occurring pursuant to clause (iii) above, such shares of Class B Common Stock shall only become convertible immediately prior to the consummation of the transactions contemplated by such Agreement to Transfer. A "Change in Law" shall be deemed to have occurred at such time as Liberty, a member of Liberty's Stockholder Group or a permitted transferee of the foregoing under the Stockholders Agreement (Liberty, such member of the Liberty Stockholder Group or such permitted transferee, a "Qualified Holder") is entitled to exercise full ownership and control over its pro rata interest in the shares of the capital stock of HSNI held at such time by the Corporation, notwithstanding HSNI's ownership of its broadcast licenses (or interests therein). An "Agreement to Transfer" shall mean an agreement pursuant to which Liberty or a member of the Liberty Stockholder Group proposes, subject to its obligations under the Stockholders Agreement, to transfer, directly or indirectly (including by merger, sale of assets or otherwise), such member's interest in the Corporation, or all or part of such member's pro rata interest in shares of the capital stock of HSNI held at such time by the Corporation, to any third party which is, or upon receipt of any required governmental consent, approval or waiver, would be entitled or otherwise permitted to own (in accordance with FCC Regulations (as defined in the Stockholders Agreement)) such securities (including in connection with a public offering of such HSNI capital stock effected pursuant to the registration

rights provided for in the Governance Agreement (as defined in the Stockholders Agreement)) (such third party, a "Qualified Transferee").

(b) As promptly as practicable following notice to the Corporation (i) by any Qualified Holder that, upon the receipt of any required governmental or regulatory consents, approvals or waivers (provided that such Qualified Holder has determined in good faith that any such waiver is obtainable) and the termination or expiration of any applicable waiting period under the HSR Act, a Conversion Event shall have occurred, or (ii) by Liberty, a member of the Liberty Stockholder Group or a Qualified Transferee of the execution of an Agreement to Transfer, then the Corporation shall, and shall cause each of its subsidiaries and affiliates (including HSNI) to, (A) make any and all required applications or filings with and seek any required consents, approvals or waivers from, any governmental or regulatory agencies (including, but not limited to, with the Federal Communications Commission (the "FCC") and under the Hart-Scott-Rodino Antitrust Improvements of 1976, as amended (the "HSR Act")), (B) obtain any and all such consents, approvals or waivers from such governmental or regulatory agencies, and the expiration or termination of any applicable waiting period under the HSR Act, in each case, which is reasonably necessary in connection with such conversion or transfer (including a transfer pursuant to an Agreement to Transfer) and (C) use reasonable efforts to cooperate with, and express its support for, such Qualified Holder's or Qualified Transferee's efforts to obtain any such consents, approvals and waivers or the expiration or termination of such waiting period. Upon receipt of such consents, approvals or waivers or the expiration or termination of such waiting period, as the case may be, the Corporation shall notify such Qualified Holder or Qualified Transferee of such receipt, expiration or termination. Such Qualified Holder or Qualified Transferee shall use reasonable efforts to cooperate with the Corporation in connection with the satisfaction by the Corporation of its obligations under this paragraph (b).

(c) Any conversion provided for in paragraph (a) of this Section B(2) above may be effected by any holder of Class B Common Stock by (i) delivering written notice to the Corporation of such holder's intent to convert shares of Class B Common Stock, which notice shall specify the number of shares to be converted and the proposed date of such conversion, which shall be not less than two business days after the delivery of such notice and (ii) surrendering on the date specified in such notice (or such later date as all required consents, approvals, waivers and terminations described in paragraph (b) of this Section B(2) have been obtained) such holder's certificate or certificates for the Class B Common Stock to be converted, duly endorsed, at the office of the Corporation or any transfer agent for the Class B Common Stock, together with a written notice to the Corporation at such office that such holder elects to convert all or a specified number of shares of Class B Common Stock represented by such certificate and stating the name or names in which such holder desires the certificate or certificates for Class A Common Stock to be issued. If so required by the Corporation, any certificate for shares surrendered for conversion shall be accompanied by instruments of transfer, in form satisfactory to the Corporation, duly executed by the holder of such shares or the duly authorized representative of such holder. Promptly thereafter,

the Corporation shall issue and deliver to such holder or such holder's nominee or nominees, a certificate or certificates for the number of shares of Class A Common Stock to which such holder shall be entitled as herein provided. Such conversion shall be deemed to have been made at the close of business on the date of receipt by the Corporation or any such transfer agent of the certificate or certificates, notice and, if required, instruments of transfer referred to above, and the Person or Persons entitled to receive the Class A Common Stock issuable on such conversion shall be treated for all purposes as the record holder or holders of such Class A Common Stock at the close of business on that date. A number of shares of Class A Common Stock equal to the number of shares of Class B Common Stock outstanding from time to time shall at all times be set aside and reserved for issuance upon conversion of shares of Class B Common Stock. Shares of Class B Common Stock that have been converted hereunder shall be retired and shall not be reissued by the Corporation. Shares of Class A Common Stock shall not be convertible into shares of Class B Common Stock.

3. Dividends and Other Distributions. The Corporation shall be entitled to declare and pay, out of funds legally available therefor, dividends and make distributions on the Class A Common Stock and Class B Common Stock only as provided in this Section B(3). In connection with the declaration and payment of any dividend or the making of any distribution on the Common Stock (other than Liquidating Distributions (as defined below)), the holders of the Class A Common Stock shall be entitled to receive, prior to the declaration or payment of any dividend or other distribution to the holders of the Class B Common Stock, an amount equal to $1.00 per share, payable solely in cash (the "Class A Preferential Dividend"), and no more. Following the declaration and payment of such amount to the holders of the Class A Common Stock, the Corporation shall be entitled to pay such dividends and make such distributions to the holders of the Class B Common Stock as the Corporation shall determine. Other than the payment in cash of the Class A Preferential Dividend, the holders of the Class A Common Stock shall have no other or further right to the payment of any other dividend or distribution, other than Liquidating Distributions.

4. Reclassifications, Subdivisions and Combinations. The Corporation shall not reclassify, subdivide or combine one class of its Common Stock without reclassifying, subdividing or combining the other class of Common Stock, on an equal per share basis.

5. Liquidation and Mergers. In connection with any liquidation, dissolution or winding up of the Corporation, the holders of any shares of Class A Common Stock originally issued as shares of Class A Common Stock (and not upon conversion of shares of Class B Common Stock) shall be entitled to receive an amount in cash equal to the Class A Liquidation Price (as defined below) for such shares of Class A Common Stock, and no other or further amount, and the holders of shares of (i) Class B Common Stock and (ii) shares of Class A Common Stock issued upon conversion of shares of Class B Common Stock shall thereafter be entitled to share ratably, on a share for share basis, in any distribution of the Corporation's remaining assets upon any liquidation,

dissolution or winding up of the Corporation, whether voluntary or involuntary, after payment or provisions for payment of the debts and other liabilities of the Corporation. The "Class A Liquidation Price" of a share of Class A Common Stock which was originally issued as Class A Common Stock and was not issued upon conversion of a share of Class B Common Stock shall be an amount in cash equal to the price paid (or the fair market value of property contributed) to the Corporation in respect of the initial issuance and sale thereof by the Corporation, plus interest thereon at the Agreed Rate from the date of original issuance thereof to and including the effective date of any liquidation or dissolution of the Corporation, compounded annually. The "Agreed Rate" shall be the rate of interest per annum equal to the commercial lending rate per annum publicly announced from time to time by The Bank of New York as its prime rate (such rate of interest to change as of the close of business on each date such prime rate changes). The distributions to be made upon the shares of Class A Common Stock and Class B Common Stock upon the liquidation, dissolution or winding up of the Corporation are referred to as the "Liquidating Distribution." Neither the consolidation or merger of the Corporation with or into any other corporation or corporations nor the sale, transfer or lease of all or substantially all of the assets of the Corporation shall itself be deemed to be a liquidation, dissolution or winding up of the Corporation within the meaning of this Section B(5).

ARTICLE V

INCORPORATOR

The incorporator of the Corporation is Elizabeth McCabe, whose mailing address is 599 Lexington Avenue, 29th floor, New York, New York 10022.

ARTICLE VI

DIRECTORS

The governing body of the Corporation shall be a Board of Directors. The number of directors constituting the entire Board of Directors shall be one. Election of directors need not be by written ballot. All directors of the Corporation shall serve without compensation.

ARTICLE VII

INDEMNIFICATION OF OFFICERS AND DIRECTORS

1. Elimination of Certain Liability of Directors. A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (a) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (b) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (c) under Section 174 of the General Corporation Law of the State of Delaware, or (d) for any transaction from which the director derived an improper personal benefit.

2. Indemnification and Insurance.

(a) Right to Indemnification. Each person who was or is made a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she, or a person of whom he or she is the legal representative, is or was a director or officer of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the General Corporation Law of the State of Delaware, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, amounts paid or to be paid in settlement, and excise taxes or penalties arising under the Employee Retirement Income Security Act of 1974) reasonably incurred or suffered by such person in connection therewith and such indemnification shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of his or her heirs, executors and administrator; provided, however, that, except as provided in paragraph 2(b), the Corporation shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the Designated Holder. The right to indemnification conferred in this paragraph 2 shall be a contract right and shall include the right to be paid by the Corporation the expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that, if the General Corporation Law of the State of Delaware requires, the payment of such expenses incurred by a director or officer in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such person while a director or officer, including, without limitation, service to an employee benefit plan) in advance of the final disposition

of a proceeding, shall be made only upon delivery to the Corporation of an undertaking, which undertaking shall itself be sufficient without the need for further evaluation of the creditworthiness of the undertaking or of such advancement, by or on behalf of such director or officer, to repay all amounts so advanced if it shall ultimately be determined that such director or officer is not entitled to be indemnified under this paragraph 2 or otherwise. Notwithstanding the foregoing, no director or officer of the Corporation shall be deemed to be serving at the request of the Corporation as a director, officer, employee or agent of HSNI or any entity controlled by, controlling or under common control (other than the Corporation) with HSNI (including employee benefit plans) (collectively, the "HSNI Entities").

(b) Right of Claimant to Bring Suit. If a claim under paragraph 2(a) is not paid in full by the Corporation within thirty days after a written claim has been received by the Corporation, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim, unless the failure to have been so paid is the result of any action or failure to act on the part of such claimant. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to the Corporation) that the claimant has not met the standards of conduct which make it permissible under the General Corporation Law of the State of Delaware for the Corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the Corporation. Neither the failure of the Corporation (including its Board, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the General Corporation Law of the State of Delaware, nor an actual determination by the Corporation (including its Board, independent legal counsel, or its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

(c) Non-Exclusivity of Rights. The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this paragraph 2 shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, bylaw, agreement, vote of stockholders or disinterested directors or otherwise.

(d) Insurance. The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any such expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the General Corporation Law of the State of Delaware.

(e) Set-off of Indemnification Remedies; Subrogation. In the case of a claim for indemnification or advancement of expenses against the Corporation under this paragraph 2 arising out of acts, events or circumstances for which the claimant, who was at the relevant time serving as a director, officer, employee or agent of any of the HSNI Entities, may be entitled to indemnification or advancement of expenses pursuant to such HSNI Entity's certificate of incorporation or by-laws, insurance policy or a contractual agreement between the claimant and such entity (a "HSNI Indemnity Provision"), the claimant seeking indemnification hereunder shall first seek indemnification and advancement of expenses pursuant to any such HSNI Indemnity Provision. To the extent that amounts to be indemnified or advanced to a claimant hereunder are paid or advanced by or on behalf of a HSNI Entity, the claimant's right to indemnification and advancement of expenses hereunder shall be reduced. In the event of any payment of indemnification or advancement of expenses pursuant to this paragraph 2 by the Corporation, the Corporation shall be subrogated to any such rights the applicable claimant may have to indemnification from or on behalf of any of the HSNI Entities in connection with the acts, events or circumstances giving rise to such claim.

ARTICLE VIII

TERM

The term of existence of this Corporation shall be perpetual.

ARTICLE IX

STOCK NOT ASSESSABLE

The capital stock of this Corporation shall not be assessable. It shall be issued as fully paid, and the private property of the stockholders shall not be liable for the debts, obligations or liabilities of this Corporation.

ARTICLE X

MEETINGS OF STOCKHOLDERS

Except as otherwise prescribed by law or by another provision of this Certificate, special meetings of the stockholders of the Corporation, for any purpose or purposes, shall be called by the Secretary of the Corporation (i) upon the written request of the holders of not less than a majority of the total voting power of the outstanding Common Stock, (ii) at any time following the

occurrence of a Conversion Event or following notice to the Corporation of the execution of an Agreement to Transfer, upon the written request of the holders of not less than a majority of the outstanding shares of Class B Common Stock, (iii) at the request of at least a majority of the members of the Board of Directors then in office or (iv) at the request of the Chairman of the Board, if there be one. The holders of the Class B Common Stock shall be given notice of and shall be entitled to attend all annual and special meetings of the stockholders of the Corporation.

ARTICLE XI

ACTION BY WRITTEN CONSENT OF STOCKHOLDERS; ACTION BY THE BOARD OF DIRECTORS

Except as otherwise prescribed by law or by another provision of this Certificate, any action required or permitted to be taken at any annual or special meeting of the stockholders may be taken without a meeting, if a consent in writing, setting forth the action to be taken, shall be signed by the holder or holders of shares having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote on the action were present and voted.

IN WITNESS WHEREOF, the undersigned has signed this Certificate of Incorporation this 9th day of February, 1998.

/s/ Elizabeth McCabe

Elizabeth McCabe
Incorporator