

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 or 15(d) of the
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported):
May 1, 1998

USA NETWORKS, INC.
(Exact name of registrant as specified in charter)

Delaware
(State or other jurisdiction
of incorporation)

0-20570
(Commission File No.)

59-2712887
(IRS employer identification no.)

152 West 57th Street, New York, NY
(Address of principal executive offices)

10019
(Zip Code)

Registrant's telephone number, including area code:
(212) 314-7300

ITEM 5. OTHER EVENTS

The unaudited combined consolidated financial statements of Universal Television Group as of December 31, 1997 and for the six-month period ended December 31, 1997 are filed herewith. In addition, unaudited pro forma combined financial statements filed herewith present the portion of the Universal Television Group acquired by USA Networks, Inc. (the "Registrant"). The Registrant completed its acquisition from Universal Studios, Inc. of USA Networks and the domestic production and distribution business of Universal Television Group on February 12, 1998.

ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS

(c) Exhibits.

99.1 Unaudited Combined Consolidated Financial Statements of Universal Television Group as of December 31, 1997 and for the Six-Month Period Ended December 31, 1997

99.2 Unaudited Pro Forma Combined Condensed Financial Statements at December 31, 1997 and for the year ended December 31, 1997

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

USA NETWORKS, INC.

By: /s/ Thomas J. Kuhn
Name: Thomas J. Kuhn
Title: Senior Vice President
and General Counsel

Date: May 1, 1998

EXHIBIT INDEX

Exhibit No.	Description
99.1	Unaudited Combined Consolidated Financial Statements of Universal Television Group as of December 31, 1997 and for the Six-Month Period Ended December 31, 1997
99.2	Unaudited Pro Forma Combined Condensed Financial Statements at December 31, 1997 and for the year ended December 31, 1997

Universal Television Group
 Combined Balance Sheet
 (in thousands)

December 31, 1997

 (Unaudited)

ASSETS

Current Assets:

Cash and Short Term Investments	\$27,325
Accounts and notes receivable	389,826
Program Inventory	328,501
Other	17,864

Total Current Assets 763,516

Program Inventory	389,810
Property, plant and equipment, net	37,300
Intangible assets, net	2,456,771
Long-term investments	9,062
Long-term receivables, deferred charges and other	153,464

Total assets	\$3,809,923
	=====

LIABILITIES AND EQUITY

Current Liabilities:

Accounts payable, accrued and other current liabilities	\$179,009
Program liabilities	311,225
Deferred revenue	35,808

Total Current
Liabilities 526,042

Other long-term liabilities 97,246

Program liabilities 229,710

Equity:

Equity investment	2,956,925

Total Equity 2,956,925

Total liabilities and equity	\$3,809,923
	=====

Universal Television Group
 Combined Statement Of Operations
 (in thousands)

Six Months Ended
 December 31,

	1997	1996
	-----	-----
	(Unaudited)	
Revenues	\$746,417	\$322,323
Costs and expenses		
Program costs	470,516	252,429
Selling, general and administrative expenses	129,178	42,444
Depreciation and amortization	43,540	4,210
	-----	-----
Operating income	103,183	23,240
Nonoperating income		
Equity of Combined USAN	---	26,748
Interest income (expense), net	(554)	473
	-----	-----
Income before income taxes	102,629	50,461
Income tax provision	41,052	19,625
Minority interest	17,270	---
	-----	-----
Net income	\$44,307	\$30,836
	=====	=====

Universal Television Group
 Combined Statements Of Cash Flows
 (in thousands)

For the Six Months Ended
 December 31,

	----- 1997 -----	----- 1996 -----
(Unaudited)		
Cash flows from operating activities		
Net income	\$44,307	\$30,836
Adjustments to reconcile net income to net cash provided by operations:		
Additions to program costs	(442,269)	(256,817)
Amortization of program costs	401,680	213,981
Amortization of goodwill and other assets	37,199	13,044
Depreciation of property, plant and equipment	6,342	581
Equity in net income of Combined USAN	---	(35,728)
Distributions received from Combined USAN	---	25,000
Minority interest in Combined USAN	17,270	---
(Increase) decrease in accounts and notes receivables	(47,649)	(6,811)
Increase (decrease) in accounts payable and other liabilities	36,578	101,604
Increase (decrease) in program liabilities	69,699	23,858
Increase (decrease) in deferred film revenues	(2,644)	21,627
Increase (decrease) in current and deferred income taxes	(26,357)	(15,489)
Other changes, net	3,017	(10,711)
Net cash provided by operating activities	----- 97,173 -----	----- 104,975 -----
Cash flows from investing activities		
Property, plant and equipment	(4,999)	(1,536)
Acquisition of Multimedia Entertainment	-	(49,100)
Net cash (used in) investing activities	----- (4,999) -----	----- (50,636) -----
Cash flows from financing activities		
Net cash transferred to Universal	(93,580)	(54,638)
Loan repayment from Combined USAN	-----	1,833
Net cash used in financing activities	----- (93,580) -----	----- (52,805) -----
(Decrease) increase in cash and cash equivalents	(1,406)	1,534
Cash and cash equivalents at beginning of period	28,731	19,046
Cash and cash equivalents at end of period	=====	=====
Supplemental disclosures of cash flow information:		
Interest paid	\$647	\$0
Income taxes paid (net of refunds received)	\$49,950	\$20,638

UNIVERSAL TELEVISION GROUP
NOTES TO COMBINED FINANCIAL STATEMENTS
(\$ in thousands)

Note 1 - Unaudited Financial Statements

The accompanying unaudited combined financial statements are based in part on estimates and include normal recurring adjustments which management believes are necessary for a fair presentation of the financial position of Universal Television Group ("UTG") at December 31, 1997 and the results of its operations for the six month period then ended. The combined financial statements and related notes are condensed and have been prepared in accordance with generally accepted accounting principles applicable to interim periods; consequently, they do not include all generally accepted accounting disclosures required for complete annual financial statements and should be read in conjunction with the combined financial statements and notes as of June 30, 1997 and 1996 and June 4, 1995. The operating results for the six months ended December 31, 1997 and 1996 are not necessarily indicative of full year results.

Note 2 - Basis of Presentation

For the purpose of these combined financial statements as of and for the six months ended December 31, 1997, UTG included the domestic television production and domestic and international television distribution operations, as well as 100% of the operations of USA Networks ("USAN") and Sci-Fi Channel Europe L.L.C. ("Sci-Fi Europe") (collectively, "Combined USAN") subsequent to October 21, 1997, the date which Universal acquired the remaining 50% of USAN it did not already own (see Note 3). The statement of operations of UTG for the six months ended December 31, 1997 reflects a minority interest representing Viacom's 50% ownership of Combined USAN) prior to its acquisition by Universal. The comparative consolidated balance sheet at June 30, 1997 and statement of operations for the six month period ended December 31, 1996 include the operations of UTG and 50% of the operations of Combined USAN, accounted for using the equity method of accounting.

At December 31, 1997, UTG was owned by Universal Studios, Inc. ("Universal"), which is 84% owned by The Seagram Company Ltd. ("Seagram") and 16% owned by Matsushita Electric Industrial Co. Ltd. ("Matsushita"). Pursuant to the terms of an Investment Agreement, dated as of October 19, 1997, among Universal, HSN, Inc., Home Shopping Network, Inc. and Liberty Media Corporation ("Liberty"), Universal contributed USAN and its domestic television production and distribution businesses to USAi on February 12, 1998.

The accompanying consolidated financial statements and related notes reflect the carved-out historical results of operations and financial position of the television business of Universal, as described above. These financial statements are not necessarily indicative of results that would have occurred if UTG had been a separate, stand-alone entity during the periods presented or of future results of UTG.

Note 3 - Acquisition of USA Networks

On October 21, 1997, Universal acquired Viacom's 50% interest in USA Networks, including the Sci-Fi Channel, for \$1.7 billion in cash. The acquisition has been accounted for under the purchase method of accounting. The cost of the acquisition has been allocated to the estimated fair market values of the assets acquired and liabilities assumed, including programming rights, future commitments to purchase programming and other contractual commitments. This valuation resulted in \$1.6 billion of unallocated excess of cost over fair value of assets acquired, which will be amortized over 40 years.

The unaudited condensed pro forma results of operations data presented below assumes the USA Networks acquisition occurred at the beginning of each period presented. These pro forma results of operations were prepared based upon the historical consolidated statements of operations of UTG and Combined USAN for the six months ended December 31, 1997 and the year ended June 30, 1997, adjusted to reflect purchase

accounting. The unaudited pro forma information is not necessarily indicative of the combined results of operations of UTG and Combined USAN that would have resulted if the transactions had occurred on the dates previously indicated, nor is it necessarily indicative of future operating results of UTG.

	Six Months Ended December 31, 1997 -----	Year Ended June 30, 1997 -----
Revenue	746,417 -----	1,389,701 -----
Net Income	61,577 -----	112,401 -----

Note 4 - Income Taxes

UTG is included in the consolidated federal income tax return of its ultimate U.S. parent, J.E. Seagram Corp., a wholly owned subsidiary of Seagram. The tax provisions reflected in the Consolidated Statements of Operations have been calculated based on the assumption that UTG would have paid federal, state and foreign taxes on a separate company basis. The resulting current income tax liability has been satisfied directly by J.E. Seagram Corp. and is reflected in the Universal equity investment. Intercompany tax payments amounted to \$42,000 and \$12,100 for the six months ended December 31, 1997 and 1996, respectively.

Note 5 - Details of Balance Sheet Accounts

December 31, 1997

Accounts and notes receivable

Current	\$413,012
Reserve for doubtful accounts	(23,186)
	\$389,826

Program costs, net of amortization

Released	\$696,974
In process and unreleased	21,337
	\$718,311

Goodwill

Goodwill	\$2,494,059
Accumulated amortization	(37,288)
	\$2,456,771

Note 6 - Universal Equity Investment

An analysis of the Universal equity investment activity is as follows:

Balance, June 30, 1997	\$2,988,247
Net income	44,307
Change in cumulative foreign currency translation adjustment	1,589
Net cash transfers	(93,580)
Allocated charges from Universal	16,362
Balance, December 31, 1997	\$2,956,925

Universal funds the working capital requirements of its businesses based upon a centralized cash management system. Universal's equity investment includes accumulated equity as well as any payables and receivables due to/from Universal resulting from cash transfers and other intercompany activity.

Note 7 - Related Party Transactions

Universal and certain of its subsidiaries have provided a variety of services to UTG. The principal transactions between Universal and its subsidiaries and UTG are summarized below (see Note 4 for a description of the tax relationship between Universal and UTG):

	Six months Ended	
	December 31,	
	1997	1996
Allocations from Universal		
Corporate overhead(a)	\$11,428	\$10,440
Information technology overhead (b)	2,065	2,381
Insurance (c)	1,764	1,848
Rent(d)	1,105	1,370
	-----	-----
Total allocations	16,362	16,039
Other charges from Universal		
Production facility usage(e)	6,838	5,386
Selling, general and administrative(f)	6,034	7,832
	-----	-----
Total	\$29,234	\$29,257
	=====	=====

(a) Includes allocations for certain corporate services, such as management, finance, legal and tax consulting and return preparation. These costs were allocated based upon certain employee annual compensation costs and tangible assets of UTG.

(b) Information technology usage and support costs were allocated based on usage.

(c) Costs charged for insurance have been based upon Universal's actual costs and UTG's proportional payroll, revenues and insured assets, with adjustments for loss experience.

(d) Rent charged to UTG has been an allocation of the actual rent expense, based upon the amount of space occupied by UTG in proportion to the total rented space of Universal.

(e) Production at Universal's studio facility is based on fair market rates applicable to third parties based on similar usage levels.

(f) Selling, general and administrative expenses have been charged by Universal for the distribution of television product in the home video and pay television markets and the licensing of television product to merchandisers.

Other services provided by Universal are as follows:

UTG has participated in Universal's centralized cash management system. Working capital requirements of UTG have been met and the majority of intercompany transactions have been effected through changes in the Universal equity investment. UTG has had no external sources of financing, such as available lines of credit, as would be necessary to operate as a stand-alone company.

Employees of UTG have been paid directly by Universal and some have participated in incentive compensation and other employee plans of Universal. The salary and related costs, incentive compensation and costs of other employee plans have been charged to UTG based upon actual costs incurred by Universal.

UTG has been charged for certain payments, principally professional fees, based on the actual amounts paid by Universal for such services.

A summary of related party program licensing by UTG to USA Networks is as follows:

Revenues for the six months ended December 31, 1996	\$31,076
License fees receivable at December 31, 1996	\$71,357

Management believes that the allocation methods described above are appropriate in the circumstances.

Note 8 - Commitments and Contingencies

UTG is involved in various lawsuits, claims and inquiries. Management and its legal counsel believe that the resolution of these matters will not have a material adverse effect on the financial position of UTG or the results of its operations.

In connection with the 1992 acquisition of Sci-Fi Channel, certain contingent amounts will be payable 90 days after the first full calendar year that the net revenues of Sci-Fi Channel and Sci-Fi Europe combined exceed the following amounts:

Revenues	Required Payments
(in thousands)	
\$75,000	\$2,500
100,000	5,000
150,000	7,500

For the years ended December 31, 1997 and 1996, Sci-Fi Channel and Sci-Fi Europe, collectively had net revenues of \$124,500,000 and \$87,626,000, respectively. Combined USAN paid \$2,500,000 to the former owner of Sci-Fi Channel during March 1997 in accordance with the Sci-Fi Channel acquisition agreement.

USAN is involved in continuing disputes regarding the amounts to be paid by it for the performance of copyrighted music from members of the American Society of Composers, Authors and Publishers ("ASCAP") and by Broadcast Music, Inc. ("BMI"). The payments to be made to ASCAP will be determined by a federal judge in a so-called "rate court" proceeding. In the initial phase of the proceeding, it has been determined that USAN is to pay ASCAP an interim fee of three-tenths of one percent (0.3%) of its gross revenues. This fee level is subject to adjustment upward or downward in future rate court

proceedings or as the result of subsequent negotiations for all payments from January 1, 1986. All ASCAP claims prior to January 1, 1986 have been settled and are final.

On November 1, 1991, USAN and BMI agreed to terms on a license which provided for a payment of a stipulated sum as final payment for all periods prior to and including December 31, 1989 for the payment of license fees, which are now final, amounting to three-tenths of one percent (0.3%) of USAN's gross revenues for the period from January 1, 1990 through June 30, 1992 and for interim fees of three-tenths of one percent (0.3%) from July 1, 1992 forward. This arrangement is terminable by either party upon 30-days notice. In December 1994, a BMI "rate court" was established under the provisions of BMI's own government consent decree. The establishment of this rate court could, by the terms of the BMI license, subject the interim fees to upward or downward adjustment, resulting from a rate determination proceeding before that court should such a proceeding be initiated.

Note 9 - Subsequent Event

On February 11, 1998, Universal and HSN, inc. ("HSNi") announced they had finalized a transaction under which HSNi acquired a substantial portion of UTG's television assets, including 100% of USA Networks, in exchange for \$4.075 billion of value, comprised of a combination of securities that in effect represent approximately 45% of HSNi's outstanding equity equivalents, plus approximately \$1.3 billion in cash. In addition, HSNi has changed its corporate name to "USA Networks, Inc." .

An international television joint venture, consisting of the international operations of USA Networks and the Sci-Fi Channel and certain international digital programming services owned by Universal, has been created and will be equally owned by USA Networks, Inc. and Universal. Universal will manage the joint venture and retain ownership of its television library and its international television production and distribution operations.

UNAUDITED PRO FORMA COMBINED CONDENSED FINANCIAL STATEMENTS

The following unaudited pro forma combined condensed financial statements (the "CONDENSED STATEMENTS") have been prepared to give effect to the portion of Universal Studios, Inc.'s ("UNIVERSAL") domestic television production and distribution businesses ("UTV"), including its wholly owned subsidiary USA Networks ("USAN"), and the pro forma results of operations, acquired by USA Networks, Inc. ("USAI") on February 12, 1998 (the "UNIVERSAL TRANSACTION").

The Condensed Statements reflect certain assumptions regarding the Universal Transaction and are based on the historical consolidated financial statements of Universal Television Group. The Condensed Statements, including the notes thereto, are qualified in their entirety by reference to, and should be read in conjunction with, the audited and unaudited financial statements, including the notes thereto, of Universal Television Group, including its wholly owned subsidiary USAN which are included herein or incorporated by reference in this Form 8-K from USAi's Proxy Statement dated January 12, 1998.

The pro forma combined condensed balance sheet as of December 31, 1997 gives effect to the Universal Transaction as if it had occurred on December 31, 1997. The pro forma combined condensed statement of operations for the year ended December 31, 1997 gives effect to the Universal Transaction as if it had occurred on January 1, 1997.

The historical combined financial statements of Universal Television Group include UTV and other television programming which Universal has retained. Excluded programming includes substantial television products owned by Universal as part of its television library (such as series no longer in production, "made for television" movies, animated programs, action adventures and certain talk shows and other programming). The pro forma financial statements reflect the exclusion of assets and corresponding liabilities, revenues and expenses, for programming not acquired by USAi. Prior to October 21, 1997, USAN was a 50% owned joint venture between Universal and Viacom Inc. ("VIACOM"). On October 21, 1997, Universal acquired from Viacom the remaining 50% interest in USAN and Sci-Fi Europe. The Universal Television Group historical combined financial statements include the results of operations of USAN, its wholly owned subsidiary, as if the acquisition of the remaining interest in USAN took place on January 1, 1997.

The Condensed Statements are presented for illustrative purposes only and are not necessarily indicative of the financial position or results of operations which would have actually been reported had the Universal Transaction occurred as of December 31, 1997, or for the year ended December 31, 1997, nor are the Condensed Statements necessarily indicative of future financial position or results of operations.

UNIVERSAL TRANSACTION
UNAUDITED PRO FORMA ADJUSTED COMBINED CONDENSED BALANCE SHEET
DECEMBER 31, 1997
(in thousands)

	Universal Television Group	Pro Forma Adjustments(A)	Universal Transaction
	-----	-----	-----
ASSETS			
Current Assets:			
Cash and short-term investments	\$ 27,325	\$ (20,167)	\$ 7,158
Accounts and notes receivable, net	389,826	(262,136)	127,690
Program inventory	328,501	(58,405)	270,096
Other	17,864	(8,863)	9,001
	-----	-----	-----
Total current assets	763,516	(349,571)	413,945
Program inventory	389,810	(197,882)	191,928
Property, plant and equipment, net	37,300	(7,001)	30,299

Intangible assets, net	2,456,771		2,456,771
Long-term investments	9,062	3,385	12,447
Long-term receivables, deferred charges and other	153,464	(142,546)	10,918
	--	--	--
	=====	=====	=====
Total assets	\$ 3,809,923	\$ (693,615)	\$ 3,116,308
	=====	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities:			
Accounts payable, accrued and other current liabilities	\$ 179,009	\$ (27,372)	\$ 151,637
Program liabilities	311,225	(150,413)	160,812
Deferred revenue	35,808	(35,808)	0
	-----	-----	-----
Total current liabilities	526,042	(213,593)	312,449
Other long-term liabilities	97,246	(65,728)	31,518
Program liabilities	229,710	(71,548)	158,162
Equity:			
Universal equity investment	2,956,925	(342,746)	2,614,179
	-----	-----	-----
Total equity	2,956,925	(342,746)	2,614,179
	-----	-----	-----
Total liabilities and equity	\$ 3,809,923	\$ (693,615)	\$ 3,116,308
	=====	=====	=====

UNIVERSAL TRANSACTION
 UNAUDITED PRO FORMA ADJUSTED COMBINED CONDENSED STATEMENT OF OPERATIONS
 YEAR ENDED DECEMBER 31, 1997
 (in thousands)

	Universal Television Group	Pro Forma Adjustments	Universal Transaction
	-----	-----	-----
NET REVENUES:			
UTV	\$ 706,472	\$ (346,056) (B) 10,437 (D)	\$ 370,853
USAN	759,509	(20,844) (C)	738,665
	-----	-----	-----
Total net revenues	1,465,981	(356,463)	1,109,518
	-----	-----	-----
Operating costs and expenses:			
Program costs	962,110	(238,777) (B) (19,714) (C)	703,619
Other costs	267,683	(27,803) (C) 12,057 (F) (10,212) (E)	241,725
Depreciation and amortization	60,520	--	60,520
	-----	-----	-----
Total operating costs and expenses	1,290,313	(284,449)	1,005,864
	-----	-----	-----
Operating profit	175,668	(72,014)	103,654
Interest income (expense), net	730	52 (B)	782
Other expense, net	--	(13,337) (C)	(13,337)
	-----	-----	-----
Income (loss) before income taxes	176,398	(85,299)	91,099
Income tax (expense) benefit	(70,559)	34,119	(36,440)
	=====	=====	=====
NET EARNINGS	\$ 105,839	\$ (51,180)	\$ 54,659
	=====	=====	=====

UNIVERSAL TRANSACTION
NOTES TO UNAUDITED PRO FORMA ADJUSTED
COMBINED CONDENSED FINANCIAL STATEMENTS

(A) Adjustments to reflect UTV assets and liabilities not acquired or assumed by USAi.

(B) This adjustment reflects the exclusion of Universal Television Group revenues and expenses for programming not acquired. See adjustment (E).

(C) Adjustment to eliminate previously consolidated foreign operations and reflect 50-50 joint venture between a newly-formed subsidiary of USAi (the "LLC") and Universal with respect to the international development of USAN, Sci-Fi Europe and the new action/suspense channel known as "13th Street."

(D) Adjustment to reflect the effect of LLC's exclusive domestic distribution arrangement for television programs and theatrical films for which Universal will retain ownership.

(E) Net adjustment to reflect the effect of Universal's exclusive distribution arrangement for UTV television programs in the pay television and home video markets and the related merchandising rights.

(F) Net adjustment to reflect the effect of Universal's exclusive international distribution arrangement for television programs that are being acquired and other productions of UTV, USAN and affiliates of USAi.