AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON AUGUST 7, 1998.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 1998

COMMISSION FILE NUMBER 0-20570

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

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

152 WEST 57TH STREET
NEW YORK, NEW YORK
(Address of principal executive offices)

10019
(Zip Code)

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

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

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

As of July 31, 1998, there were outstanding 123,937,329 shares of Common Stock and 31,181,726 shares of Class B Common Stock. The aggregate market value of the voting stock held by non-affiliates of the Registrant as of July 31, 1998 was $2,806,772,436.

Assuming the conversion, as of July 31, 1998, of all equity securities of the Registrant and its affiliates convertible into or exchangeable for Common Stock, the Registrant would have had outstanding 330,010,256 shares of Common Stock with an aggregate market value of $9,652,799,988.

PART I -- FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

USA NETWORKS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	THREE MONTHS ENDED JUNE 30, 1998	THREE MONTHS ENDED JUNE 30, 1997	SIX MONTHS ENDED JUNE 30, 1998	SIX MONTHS ENDED JUNE 30, 1997
	(In thousands, except per share data)			
NET REVENUES				
Networks and television production	$309,841	$ --	$ 476,003	$ --
Electronic retailing	269,852	248,469	515,235	507,187
Ticketing operations	101,169	--	194,404	--
Internet services	4,720	2,481	8,533	5,181
Broadcasting and other	17,811	14,735	32,329	32,869
Total net revenues	$703,393	$265,685	$1,226,504	$545,237
Operating costs and expenses:				
Cost related to revenues	176,295	149,503	340,659	308,118
Program costs	168,785	--	258,923	--
Other costs	225,000	74,920	411,570	151,489
Depreciation and amortization	57,838	20,532	105,107	41,491
Total operating costs and expenses	627,918	244,955	1,116,259	501,098
Operating income	75,475	20,730	110,245	44,139
Other income (expense):				
Interest income	4,106	1,172	7,710	2,513
Interest expense	(41,676)	(6,468)	(68,829)	(13,490)
Gain on disposition of broadcast station	--	--	74,940	--
Miscellaneous	(7,035)	(3,031)	(16,255)	(6,260)
	(44,605)	(8,327)	(2,434)	(17,237)
Earnings before income taxes and minority interest	30,870	12,403	107,811	26,902
Income tax expense	(17,461)	(9,546)	(56,173)	(20,675)
Minority interest	(16,449)	(385)	(20,747)	15
NET EARNINGS (LOSS)	$ (3,040)	$ 2,472	$ 30,891	$ 6,242
Net earnings (loss) per common share				
Basic	$ (.02)	$ .03	$ .24	$ .06
Diluted	$ (.02)	$ .02	$ .16	$ .06
Weighted average shares outstanding	136,631	97,952	129,950	97,854
Weighted average diluted shares outstanding	136,631	103,898	248,756	102,604

The accompanying notes are an integral part of these statements.

USA NETWORKS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

ASSETS	JUNE 30, 1998	JUNE 30, 1997	DECEMBER 31, 1997
	(In thousands)		
CURRENT ASSETS			
Cash and cash equivalents	$ 135,878	$ 30,795	$ 116,036
Accounts and notes receivable, net	284,038	53,618	96,867
Inventories, net	396,821	127,167	151,100
Deferred income taxes	36,978	32,366	39,956
Other current assets, net	27,962	5,421	16,723
Total current assets	881,677	249,367	420,682
PROPERTY, PLANT AND EQUIPMENT			
Computer and broadcast equipment	211,272	100,493	145,701
Buildings and leasehold improvements	94,537	63,467	83,851
Furniture and other equipment	32,112	19,684	39,498
	337,921	183,644	269,050
Less accumulated depreciation and amortization	(134,818)	(82,235)	(120,793)
	203,103	101,409	148,257
Land	16,657	14,956	16,602
Projects in progress	22,423	11,719	15,262
	242,183	128,084	180,121
OTHER ASSETS			
Intangible assets, net	6,482,424	1,518,539	1,862,128
Cable distribution fees, net ($43,360, $38,643, and $46,459, respectively, to related parties)	101,868	108,767	111,292
Long-term investments and receivables ($3,507, $17,647, and $8,353, respectively, in related parties)	122,307	45,971	59,780
Inventories, net	175,103	--	--
Deferred income taxes	74,284	4,580	3,541
Deferred charges and other, net	101,983	28,425	33,252
	$8,181,829	$2,083,733	$2,670,796

The accompanying notes are an integral part of these statements.

USA NETWORKS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

LIABILITIES AND STOCKHOLDERS' EQUITY	JUNE 30, 1998	JUNE 30, 1997	DECEMBER 31, 1997
	(In thousands)		
CURRENT LIABILITIES			
Current maturities of long-term obligations	$ 56,557	$ 9,563	$ 12,918
Accounts payable, trade	185,239	86,797	111,214
Accounts payable, client accounts	86,818	--	73,887
Obligations for program rights and film costs	197,566	--	--
Cable distribution fees payable ($18,662, $8,637 and $19,091, respectively, to related parties)	28,500	32,507	43,553
Other accrued liabilities	328,494	76,834	118,169
Total current liabilities	883,174	205,701	359,741
LONG-TERM OBLIGATIONS (net of current maturities)	1,284,566	291,564	448,346
OBLIGATIONS FOR PROGRAM RIGHTS AND FILM COSTS, net of current	372,296	--	--
OTHER LONG-TERM LIABILITIES	61,836	50,029	43,132
MINORITY INTEREST	3,113,560	365,541	372,223
COMMITMENTS AND CONTINGENCIES	--	--	--
STOCKHOLDERS' EQUITY			
Preferred stock -- $.01 par value; authorized 15,000,000 shares; no shares issued and outstanding	--	--	--
Common stock -- $.01 par value; authorized 800,000,000 shares; issued and outstanding 123,777,929; 72,498,002; and 87,430,586 shares, respectively	1,237	725	874
Class B -- convertible common stock -- $.01 par value; authorized, 200,000,000 shares; issued and outstanding, 31,181,726; 20,450,112; and 24,455,294 shares, respectively	312	204	244
Additional paid-in capital	2,529,380	1,289,600	1,558,037
Accumulated deficit	(72,710)	(110,420)	(103,601)
Unrealized gain in available for sale securities	16,832	--	--
Foreign currency translation	(1,457)	--	--
Unearned compensation	(2,199)	(4,213)	(3,202)
Note receivable from key executive for common stock issuance	(4,998)	(4,998)	(4,998)
Total stockholders' equity	2,466,397	1,170,898	1,447,354
	$8,181,829	$2,083,733	$2,670,796

The accompanying notes are an integral part of these statements.

USA NETWORKS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (UNAUDITED)

(In thousands)

	TOTAL	COMMON STOCK	CLASS B CONVERTIBLE COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	ACCUMULATED DEFICIT	UNREALIZED GAINS	FOREIGN CURRENCY TRANSLATION EFFECTS
BALANCE AT JANUARY 1, 1998....	$1,447,354	$ 874	$244	$1,558,037	$(103,601)	$ --	$ --
Comprehensive Income:							
Net earnings for the six months ended June 30, 1998......................	30,891	--	--	--	30,891	--	--
Increase in unrealized gains in available for sale securities, net of tax.....	16,832	--	--	--	--	16,832	--
Foreign currency translation................	(1,457)	--	--	--	--	--	(1,457)
Comprehensive income.....	46,266						
Issuance of common stock upon exercise of stock options....	2,377	2	--	2,375	--	--	--
Income tax benefit related to executive stock options exercised....................	1,061	--	--	1,061	--	--	--
Issuance of stock in connection with Universal Transaction..................	302,154	71	76	302,007	--	--	--
Issuance of stock in connection with Ticketmaster tax-free merger.............	467,035	160	--	466,875	--	--	--
Issuance of stock in connection with conversion of debentures...................	199,147	122	--	199,025	--	--	--
Conversion of Class B Convertible Common Stock to Common Stock.................	--	8	(8)	--	--	--	--
Amortization of unearned compensation related to stock options and equity participation plans..........	1,003	--	--	--	--	--	--
BALANCE AT JUNE 30, 1998......	$2,466,397	$1,237	$312	$2,529,380	$ (72,710)	$16,832	$(1,457)

	UNEARNED COMPENSATION	NOTE RECEIVABLE FROM KEY EXECUTIVE FOR COMMON STOCK ISSUANCE
BALANCE AT JANUARY 1, 1998....	$(3,202)	$(4,998)
Comprehensive Income:		
Net earnings for the six months ended June 30, 1998......................	--	--
Increase in unrealized gains in available for sale securities, net of tax.....	--	--
Foreign currency translation................	--	--
Comprehensive income.....		
Issuance of common stock upon exercise of stock options....	--	--
Income tax benefit related to executive stock options exercised....................	--	--
Issuance of stock in connection with Universal Transaction..................	--	--
Issuance of stock in connection with Ticketmaster tax-free merger.............	--	--
Issuance of stock in connection with conversion of		

debentures....................	--	--
Conversion of Class B Convertible Common Stock to Common Stock.................	--	--
Amortization of unearned compensation related to stock options and equity participation plans..........	1,003	--
BALANCE AT JUNE 30, 1998......	$(2,199)	$(4,998)

The accompanying notes are an integral part of these statements.

USA NETWORKS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	SIX MONTHS ENDED JUNE 30, 1998	1997
	(In thousands)	
Cash flows from operating activities:		
Net earnings	$ 30,891	$ 6,242
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	94,543	32,827
Amortization of cable distribution fees	10,564	9,734
Amortization of program rights and film costs	226,998	--
Deferred income taxes	1,679	12,454
Equity in losses of unconsolidated affiliates	12,834	6,317
Gain on disposition of broadcast station and other assets	(74,940)	--
Minority interest	20,747	(15)
Non-cash stock compensation	2,064	--
Non-cash interest	4,800	--
Changes in current assets and liabilities:		
Accounts receivable	(80,500)	3,464
Inventories	(27,472)	(22,118)
Accounts payable	69,570	(8,624)
Accrued liabilities	57,418	(22,100)
Payment for program rights and film costs	(233,662)	--
Other, net	25,777	(1,560)
NET CASH PROVIDED BY OPERATING ACTIVITIES	141,311	16,621
Cash flows from investing activities:		
Acquisition of Universal Transaction, net of cash acquired	(1,297,233)	--
Acquisitions, net of cash acquired	(85,555)	--
Capital expenditures, net	(36,932)	(16,529)
Increase in long-term investments	(10,178)	(9,938)
Proceeds from long-term notes receivable	813	5,154
Proceeds from disposition of broadcast station	80,000	--
Investment of proceeds from broadcast station	(33,825)	--
Payment of merger and financing costs	(20,855)	(6,349)
NET CASH USED IN INVESTING ACTIVITIES	(1,403,765)	(27,662)
Cash flows from financing activities:		
Borrowings	1,641,380	166,000
Principal payments on long-term obligations	(771,772)	(179,162)
Proceeds from issuance of common stock and LLC shares	414,145	12,392
NET CASH PROVIDED BY (USED) IN FINANCING ACTIVITIES	1,283,753	(770)
Effect of exchange rate changes on cash and cash equivalents	(1,457)	--
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	19,842	(11,811)
Cash and cash equivalents at beginning of period	116,036	42,606
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 135,878	$ 30,795

The accompanying notes are an integral part of these statements.

USA NETWORKS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE A -- COMPANY HISTORY AND BASIS OF PRESENTATION

COMPANY HISTORY

USA Networks, Inc. (the "Company" or "USAi"), formerly known as HSN, Inc., is a holding company, the subsidiaries of which are engaged in diversified media and electronic commerce businesses.

In December 1996, the Company consummated mergers with each of Home Shopping Network, Inc. ("Home Shopping") and Savoy Pictures Entertainment, Inc. ("Savoy") (the "Mergers"). In July 1997, the Company acquired a controlling interest in Ticketmaster Group, Inc. ("Ticketmaster"). On June 24, 1998, the Company completed its acquisition of Ticketmaster in a tax-free merger, pursuant to which each outstanding share of Ticketmaster common stock not owned by the Company was exchanged for 1.126 shares of Common Stock. The acquisition of the controlling interest and the tax-free merger are referred to as the "Ticketmaster Transaction".

On February 12, 1998, the Company acquired USA Networks, a New York general partnership, consisting of cable television networks USA Network and The Sci-Fi Channel ("Networks"), as well as the domestic television production and distribution businesses of Universal Studios ("Studios USA") from Universal Studios, Inc. ("Universal"), an entity controlled by The Seagram Company Ltd. ("Seagram"), and the Company changed its name to USA Networks, Inc. (the "Universal Transaction") -- See Note C.

Following the Universal Transaction, the Company engages in five principal areas of business:

- NETWORKS AND TELEVISION PRODUCTION, which includes Networks and Studios USA. Networks operates the USA Network and The Sci-Fi Channel cable networks and Studios USA produces and distributes television programming.

- ELECTRONIC RETAILING, which consists primarily of the Home Shopping Network and America's Store which are engaged in the electronic retailing business.

- TICKETING OPERATIONS, which primarily represents Ticketmaster, the leading provider of automated ticketing services in the U.S.

- INTERNET SERVICES, which represents the Company's on-line retailing networks business.

- USA BROADCASTING, which owns and operates television stations.

BASIS OF PRESENTATION

The interim Condensed Consolidated Financial Statements of the Company are unaudited and should be read in conjunction with the audited Consolidated Financial Statements and Notes thereto for the year ended December 31, 1997.

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

The Condensed Consolidated Financial Statements include the operations of Networks and Studios USA from the date of acquisition on February 12, 1998.

Certain amounts in the Condensed Consolidated Financial Statements for the quarter and six months ended June 30, 1997 have been reclassified to conform to the 1998 presentation.

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

NOTE B -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

See the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1997 for a summary of significant accounting policies.

CONSOLIDATION

The Condensed Consolidated Financial Statements include the accounts of the Company and all wholly-owned and voting-controlled subsidiaries. All significant intercompany transactions and accounts have been eliminated.

Investments in which the Company owns a 20%, but less than a controlling voting interest and where it can exercise significant influence over the operations of the investee, are accounted for using the equity method. All other investments are accounted for using the cost method. The Company periodically evaluates the recoverability of investments recorded under the cost method and recognizes losses if a decline in value is determined to be other than temporary.

REVENUE RECOGNITION

Networks and Television Production

Television production revenues are recognized as completed episodes are delivered. Generally, television programs are first licensed for network exhibition and foreign syndication, and subsequently for domestic syndication, cable television and home video. Certain television programs are produced and/or distributed directly for initial exhibition by local television stations, advertiser-supported cable television, pay television and/or home video. Television production advertising revenues (i.e., sales of advertising time received by Studios USA in lieu of cash fees for the licensing of program broadcast rights to a broadcast station ("barter syndication")) are recognized upon both the commencement of the license period of the program and the sale of advertising time pursuant to non-cancelable agreements, provided that the program is available for its first broadcast. Foreign minimum guaranteed amounts are recognized as revenues on the date of the license agreement, provided the program is available for exhibition.

Networks advertising revenue is recognized in the period in which the advertising commercials are aired on cable networks. Provisions are recorded against advertising revenues for audience under deliveries ("makegoods"). Affiliate fees are recognized in the period during which the programming is provided.

EARNINGS PER SHARE

Basic earnings per share ("Basic EPS") excludes dilution and is computed by dividing net income by the weighted average number of common shares outstanding during the period. Diluted earnings per share ("Diluted EPS") reflects the potential dilution that could occur if stock options and other commitments to issue common stock were exercised resulting in the issuance of common stock that would share in the earnings of the Company.

COMPREHENSIVE INCOME

Effective January 1, 1998, the Company adopted Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" ("SFAS 130"). The new rules establish standards for the reporting of comprehensive income and its components in financial statements. Comprehensive income consists of net income and other gains and losses affecting stockholders' equity that, under generally accepted accounting principles, are excluded from net income. For the Company, such items consist of unrealized gains and losses on marketable equity investments and foreign currency translation gains and losses. The adoption of SFAS 130 did not have a material effect on the Company's primary financial statements, but did affect the presentation of the accompanying Condensed Consolidated Statement of Stockholders' Equity.

USA NETWORKS, INC. AND SUBSIDIARIES

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

FILM COSTS

Film costs consist of direct production costs and production overhead, less accumulated amortization. Development roster (and related costs) and abandoned story and development costs are charged to production overhead. Film costs are stated at the lower of unamortized cost or estimated net realizable value on a production-by-production basis.

Generally, the estimated ultimate costs of completed television productions are amortized, and participation expenses are accrued, for each production in the proportion that current period revenue recognized bears to the estimated future revenue to be received from all sources. Amortization and accruals are made under the individual film forecast method. Estimated ultimate revenues and costs are reviewed quarterly and revisions to amortization rates or write-downs to net realizable value are made as required.

Film costs, net of amortization, classified as current assets include the portion of unamortized costs of television program productions allocated to network, first run syndication and initial international distribution markets. The allocated portion of released film costs expected to be recovered from secondary markets or other exploitation is reported as a noncurrent asset. Other costs relating to television productions, such as television program development costs, in-process productions and the television program library, are classified as noncurrent assets.

PROGRAM RIGHTS

License agreements for program material are accounted for as a purchase of program rights. The asset related to the program rights acquired and the liability for the obligation incurred are recorded at their net present value when the license period begins and the program is available for its initial broadcast. The asset is amortized primarily based on the estimated number of airings. Amortization is computed generally on the straight-line basis as programs air; however, when management estimates that the first airing of a program has more value than subsequent airings, an accelerated method of amortization is used. Other costs related to programming, which include program assembly, commercial integration and other costs, are expensed as incurred. Management periodically reviews the carrying value of program rights and records write-offs, as warranted, based on changes in programming usage.

ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and footnotes thereto. Actual results could differ from those estimates.

Significant estimates underlying the accompanying Condensed Consolidated Financial Statements and Notes include the inventory carrying adjustment, sales return accrual, allowance for doubtful accounts, recoverability of intangibles and other long-lived assets, management's forecast of anticipated revenues from the distribution of television product in order to evaluate the ultimate recoverability of film inventory and amortization of program usage.

RECENTLY ISSUED PRONOUNCEMENTS

During fiscal 1997, Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information" ("SFAS 131") was issued. SFAS 131 requires disclosure of financial and descriptive information about an entity's reportable operating segments under the "management approach" as defined in the Statement. The Company will adopt SFAS 131 as of December 31, 1998. The impact of adoption of this standard on the Company's financial statements is not expected to be material.

USA NETWORKS, INC. AND SUBSIDIARIES

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

NOTE C -- BUSINESS ACQUISITIONS

In connection with the Universal Transaction, USAi paid Universal approximately $4.1 billion in the form of a cash payment of approximately $1.6 billion, a portion of which ($300 million plus interest) was deferred until no later than June 30, 1998, and an effective 45.8% interest in the Company through shares of common stock, par value $.01 per share, of the Company (the "Common Stock") and Class B common stock, par value $.01 per share, of the Company (the "Class B Common Stock"), and shares ("LLC Shares") of a newly formed limited liability company ("USANi LLC") which are exchangeable (subject to regulatory restrictions) into shares of Common Stock and Class B Common Stock. At the closing of the Universal Transaction, USAi contributed its Home Shopping business to USANi LLC, a subsidiary of USAi. Simultaneously with this transaction, the remaining 1,178,322 shares of Class B Common Stock, contingently issuable to Liberty Media Corporation ("Liberty") in connection with the Mergers, were issued.

The Investment Agreement, as amended and restated as of December 18, 1997, among the Company, Home Shopping, Universal and Liberty (the "Investment Agreement"), relating to the Universal Transaction also contemplated that, on or prior to June 30, 1998, the Company and Liberty, a subsidiary of Tele-Communications, Inc. ("TCI"), would complete a transaction involving a $300 million cash investment, plus an interest factor, by Liberty in the Company through the purchase of Common Stock or LLC Shares. The transaction closed on June 30, 1998 with Liberty making a cash payment of $308.5 million in exchange for 15,000,000 LLC shares.

The Universal Transaction has been accounted for using the purchase method of accounting. The purchase price of $4.1 billion including expenses, has been preliminarily allocated to the assets acquired and liabilities assumed based on their respective fair values at the date of purchase. The fair value of the assets acquired and liabilities assumed are summarized below, along with the excess of the purchase price, including expenses, over the fair value of net assets, which has been assigned to goodwill.

	(In thousands)
Current assets	$ 430,430
Non-current assets	329,811
Goodwill	4,152,257
Current liabilities	404,328
Non-current liabilities	392,639

In connection with the Ticketmaster tax-free merger, the Company issued 15,967,200 shares of Common Stock for total consideration of $467.0 million, which has been preliminarily allocated to intangible assets.

The following unaudited pro forma condensed consolidated financial information for the quarters and six month periods ended June 30, 1998 and 1997, is presented to show the results of the Company, as if the Universal Transaction and the Ticketmaster Transaction occurred at the beginning of the periods presented. The pro forma results include certain adjustments, including increased amortization related to goodwill, the reduction of programming costs for fair value adjustments related to purchase accounting and the elimination of intercompany revenues and expenses, and are not necessarily indicative of what the results would have been had the Universal Transaction and Ticketmaster Transaction actually occurred on the aforementioned dates.

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	1998	1997	1998	1997
	(In thousands, except per share data)			
Net revenues	$703,393	$614,536	$1,383,867	$1,244,158
Net earnings (loss)	$ (1,323)	$(10,470)	$ 31,138	$ (22,550)
Basic earnings (loss) per common share	$ (.01)	$ (.08)	$ .21	$ (.18)
Diluted earnings (loss) per common share	$ (.01)	$ (.08)	$ .14	$ (.18)

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

NOTE D -- CREDIT FACILITIES AND CONVERTIBLE SUBORDINATED DEBENTURES

On February 12, 1998, the Company, and certain of its subsidiaries, including USANi LLC as borrower, entered into a new $1.6 billion credit facility (the "New Facility") with a $40.0 million sub-limit for letters of credit. The New Facility was used to finance the Universal Transaction and to refinance the Company's existing facility. The New Facility consists of a $600.0 million revolving credit facility, a $750.0 million Tranche A Term Loan and a $250.0 million Tranche B Term Loan. The revolving credit facility and Tranche A Term Loan mature on December 31, 2002 and the Tranche B Term Loan matures on December 31, 2003. The New Facility is guaranteed by, and secured by stock in, substantially all of the Company's material subsidiaries. The interest rate on borrowings under the New Facility is tied to an alternate base rate or the London InterBank Rate, in each case, plus an applicable margin. The interest rate under the New Facility was 7.16% at June 30, 1998. As of June 30, 1998, there was $1.110 billion in outstanding borrowings under the New Facility and $489.8 million was available for borrowing after taking into account outstanding letters of credit. On August 5, 1998, the Company repaid the Tranche B Term Loan in its entirety.

As of March 1, 1998, the 5 7/8% Convertible Subordinated Debentures were converted into 7,499,022 shares of Common Stock.

In connection with the acquisition of the remaining interest in Ticketmaster as of June 24, 1998, the Company repaid all amounts outstanding under the Ticketmaster Credit Agreement using proceeds from the New Facility.

NOTE E -- INCOME TAXES

The Company's effective tax rates of 56.6% and 52.1% for the quarter and six months ended June 30, 1998, respectively, are higher than the statutory rate due primarily to non-deductible goodwill and other acquired intangibles, losses in non-consolidated foreign joint ventures, and state income taxes. During the remainder of 1998, the Company's effective tax rate is expected to be higher than the statutory rate as a result of the items mentioned above.

NOTE F -- CONSOLIDATED STATEMENTS OF CASH FLOWS

SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS FOR THE SIX MONTHS ENDED JUNE 30, 1998:

	(In thousands)
ACQUISITION OF NETWORKS AND STUDIOS USA	
Acquisition price	$ 4,115,531
Less: Amount paid in cash	(1,300,983)
Total non-cash consideration	$ 2,814,548
Components of non-cash consideration:	
Deferred purchase price liability	$ 300,000
Issuance of Common Shares and Class B Shares	277,898
Issuance of USANi LLC Shares	2,236,650
	$ 2,814,548
Exchange of Minority Interest in USANi LLC for Deferred Purchase Price Liability	$ 199,576

As of March 1, 1998 the 5 7/8% Convertible Subordinated Debentures were converted to 7,499,022 shares of Common Stock.

USA NETWORKS, INC. AND SUBSIDIARIES

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

In connection with the Universal Transaction, the Company issued 1,178,322 Class B Common Stock to Liberty, which represented the remaining contingently issuable shares in connection with the Mergers.

During the six months ended June 30, 1998, the Company acquired computer equipment through a capital lease totaling $15.5 million.

In connection with the acquisition of the remaining interest in Ticketmaster, the Company issued 15,967,200 shares of Common Stock.

NOTE G -- INVENTORIES

INVENTORIES CONSIST OF	JUNE 30, 1998 CURRENT	JUNE 30, 1998 NONCURRENT	DECEMBER 31, 1997 CURRENT	DECEMBER 31, 1997 NONCURRENT
	(In thousands)			
Film costs:				
Released, less amortization	$ 84,839	$ 58,326		
In process and unreleased	10,144	--		
Programming costs, net of amortization	136,581	103,034		
Merchandise held for sale	161,078	--	$151,100	$ --
Other	4,179	13,743		
Total	$396,821	$175,103	$151,100	$ --

The Company estimates that approximately 90% of unamortized film costs (including amounts allocated under purchase accounting) at June 30, 1998 will be amortized within the next three years.

NOTE H -- SAVOY SUMMARIZED FINANCIAL INFORMATION (UNAUDITED)

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

SUMMARIZED OPERATING INFORMATION	SIX MONTHS ENDED JUNE 30, 1998	SIX MONTHS ENDED JUNE 30, 1997
	(In thousands)	
Net revenue	$31,656	$ 32,147
Operating expenses	32,663	33,272
Operating loss	(1,007)	(1,125)
Net loss	(3,340)	(4,823)

SUMMARY BALANCE SHEET INFORMATION	JUNE 30, 1998	JUNE 30, 1997	DECEMBER 31, 1997
	(In thousands)		
Current assets	$ 24,566	$ 36,406	$ 31,898
Non-current assets	286,542	289,449	289,381

USA NETWORKS, INC. AND SUBSIDIARIES

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

SUMMARY BALANCE SHEET INFORMATION (CONTINUED)	JUNE 30, 1998	JUNE 30, 1997	DECEMBER 31, 1997
	(In thousands)		
Current liabilities	32,421	28,364	32,836
Non-current liabilities	102,505	115,990	110,470
Minority interest	117,997	119,856	119,427

Amounts include the operations of SF Broadcasting, which the Company sold on July 16, 1998 -- See Note J.

NOTE I -- PROGRAM RIGHTS AND FILM COSTS

As of June 30, 1998, the liability for program rights, representing future payments to be made under program contract agreements amounted to $691.0 million. Annual payments required are $101.3 million for the remainder of 1998, $212.0 million in 1999, $132.0 million in 2000, $89.7 million in 2001, $68.8 million in 2002 and $87.2 million in 2003 and thereafter. Amounts representing interest are $250.3 million and the present value of future payments is $440.7 million.

As of June 30, 1998, the liability for film costs amounted to $129.2. Annual payments are $67.2 in 1998 and $62.0 in 1999.

Unrecorded commitments for program rights consist of programs for which the license period has not yet begun or the program is not yet available to air. As of June 30, 1998, the unrecorded commitments amounted to $847.3 million. Annual commitments are $95.5 million for the remainder of 1998, $115.3 million in 1999, $150.6 million in 2000, $140.9 million in 2001, $118.2 million in 2002 and $226.8 million in 2003 and thereafter.

NOTE J -- BROADCAST STATION TRANSACTIONS

On January 20, 1998, the Company completed the sale of its Baltimore television station for $80.0 million resulting in a gain of $74.9 million during the first quarter of 1998.

On June 18, 1998, the Company purchased a television station serving the Atlanta, Georgia market for $50 million. On June 18, 1998, the Company completed the acquisition of the remaining equity interest in an entity which owned three television stations and immediately sold the television station serving Portland, Oregon. The two remaining stations serve Orlando, Florida and Rapid City, South Dakota. The Company has entered into a agreement to sell the station serving Rapid City, which is expected to close in the fourth quarter of 1998.

On July 16, 1998, the Company sold the assets of SF Broadcasting ("SF"), which owns and operates four television stations. The total consideration received by SF was $307 million, of which the Company's share was approximately $110 million, net of repayment of bank debt outstanding. No gain or loss was realized on the disposition of SF.

NOTE K -- SUBSEQUENT EVENTS

On July 9, 1998, Universal completed its mandatory purchase obligation related to shares issued in connection with the Ticketmaster tax-free merger and acquired 10,309,091 LLC Shares in exchange for total consideration of $206.2 million in the form of $101.0 million in cash, and the balance applied to the remaining deferred purchase price liability plus accrued interest. On July 27, 1998, each of Universal and Liberty exercised certain optional preemptive rights related to the shares issued in the Ticketmaster tax-free merger (and the related preemptive rights of the other party) which generated combined proceeds of $286.8 million in exchange for 14,340,625 LLC shares.

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

GENERAL

USA Networks, Inc. (the "Company" or "USAi"), formerly known as HSN, Inc., is a holding company, the subsidiaries of which are engaged in diversified media and electronic commerce businesses. In July, 1997, the Company acquired a controlling interest in Ticketmaster Group, Inc. ("Ticketmaster"). On June 24, 1998, the Company completed its acquisition of the remaining common stock of Ticketmaster in a tax-free merger by exchanging 1.126 shares of Common Stock for each outstanding share of Ticketmaster common stock not owned by the Company. The acquisition of the controlling interest and the tax-free merger are referred to as the "Ticketmaster Transaction". On February 12, 1998, the Company acquired cable television networks USA Network and The Sci-Fi Channel (collectively, "Networks") as well as the domestic television production and distribution business of Universal Studios ("Studios USA") from Universal Studios, Inc. (the "Universal Transaction") and changed the Company's name to USA Networks, Inc. Following the Universal Transaction, the Company's principal areas of business are the operation of cable networks and the production and distribution of television programming (through its Networks and television production business), electronic retailing (through its Home Shopping business), automated ticketing services (through Ticketmaster), the ownership and operation of television stations (through USA Broadcasting), and Internet services. During 1996, the Company merged with Home Shopping Network, Inc. ("Home Shopping") and Savoy Pictures Entertainment, Inc. ("Savoy") (collectively, the "Mergers"). The acquisition of the controlling interest in Ticketmaster, the Universal Transaction and the Mergers were accounted for using the purchase method of accounting.

Prior to the Universal Transaction, the Company's principal areas of business were electronic retailing, ticketing operations and television broadcasting. The electronic retailing business principally operates two services, The Home Shopping Network and America's Store (together "HSN"). The ticketing operations business sells approximately 70 million tickets a year through 2,900 retail center outlets, 25 telephone call centers and an Internet site and is the leading provider of automated ticketing services in the U.S. The television broadcasting business owns and operates twelve full-power UHF television stations (the "USA Stations"). Share numbers, earnings per share and conversion ratios reflect the Company's two-for-one stock split to holders of record at the close of business on March 12, 1998.

EBITDA

Earnings before interest, income taxes, depreciation and amortization ("EBITDA") is defined as operating profit plus depreciation and amortization. EBITDA is presented here as a management tool and as a valuation methodology for companies in the media, entertainment and communications industries. EBITDA does not purport to represent cash provided by operating activities. EBITDA should not be considered in isolation or as a substitute for measures of performance prepared in accordance with generally accepted accounting principles.

THIS REPORT INCLUDES FORWARD-LOOKING STATEMENTS RELATING TO SUCH MATTERS AS ANTICIPATED FINANCIAL PERFORMANCE, BUSINESS PROSPECTS, NEW DEVELOPMENTS, NEW MERCHANDISING STRATEGIES AND SIMILAR MATTERS. A VARIETY OF FACTORS COULD CAUSE THE COMPANY'S ACTUAL RESULTS AND EXPERIENCE TO DIFFER MATERIALLY FROM THE ANTICIPATED RESULTS OR OTHER EXPECTATIONS EXPRESSED IN THE COMPANY'S FORWARD-LOOKING STATEMENTS. THE RISKS AND UNCERTAINTIES THAT MAY AFFECT THE OPERATIONS, PERFORMANCE, DEVELOPMENT AND RESULTS OF THE COMPANY'S BUSINESS INCLUDE, BUT ARE NOT LIMITED TO, THE FOLLOWING: MATERIAL ADVERSE CHANGES IN ECONOMIC CONDITIONS IN THE MARKETS SERVED BY THE COMPANY; FUTURE REGULATORY ACTIONS AND CONDITIONS IN THE COMPANY'S OPERATING AREAS; COMPETITION FROM OTHERS; SUCCESSFUL INTEGRATION OF THE COMPANY'S DIVISIONS' MANAGEMENT STRUCTURES; PRODUCT DEMAND AND MARKET ACCEPTANCE; THE ABILITY TO PROTECT PROPRIETARY INFORMATION AND TECHNOLOGY OR TO OBTAIN NECESSARY LICENSES ON COMMERCIALLY REASONABLE TERMS; AND OBTAINING AND RETAINING KEY EXECUTIVES AND EMPLOYEES.

TRANSACTIONS AFFECTING THE COMPARABILITY OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

During the past two years, the Company has pursued several strategic initiatives that have resulted in the acquisition and development of several new businesses. As a result, the following changes should be considered when comparing the Company's results of operations and financial position. These include the Universal Transaction in February 1998 and the Ticketmaster Transaction in July 1997 and June 1998. The acquisitions caused a significant increase in net revenues, operating costs and expenses and operating profit. To enhance comparability, the discussion of consolidated results of operations is supplemented, where appropriate, with separate pro forma financial information that gives effect to the above transactions as if they had occurred at the beginning of the respective periods presented. The pro forma information is not necessarily indicative of the revenues and cost of revenues that would have actually been reported had the Universal Transaction and the Ticketmaster Transaction occurred at the beginning of the respective periods, nor is it necessarily indicative of future results.

A. CONSOLIDATED RESULTS OF OPERATIONS

The following discussions present the material changes in the consolidated results of operations of the Company for the quarter and six months ended June 30, 1998, compared with the quarter and six months ended June 30, 1997. The operations of the quarter and six months ended June 30, 1997 consist of the operations of Home Shopping, Savoy and USA Broadcasting while the operations of the quarter and six months ended June 30, 1998 consist of Home Shopping, Savoy, USA Broadcasting, Ticketmaster and, since February 12, 1998, the results of Networks and Studios USA. Reference should also be made to the unaudited Condensed Consolidated Financial Statements included herein.

QUARTER AND SIX MONTHS ENDED JUNE 30, 1998 VS. QUARTER AND SIX MONTHS ENDED JUNE 30, 1997

The Universal Transaction and the Ticketmaster Transaction resulted in significant increases in net revenues, operating costs and expenses, other income (expense), minority interest and income taxes and will continue to materially impact the Company's operations for the remainder of 1998 when compared to 1997, and accordingly, no significant discussion of these fluctuations is presented.

NET REVENUES

For the quarter ended June 30, 1998, revenues increased $438 million compared to 1997 primarily due to increases of $310 million, $101 million, and $21 million from the Networks and television production business, Ticketing operations, and Electronic retailing, respectively.

For the six months ended June 30, 1998, revenues increased $681 million compared to 1997 primarily due to increases of $476 million and $194 million, from the Networks and television production business and Ticketing operations, respectively.

OPERATING COSTS AND EXPENSES

For the quarter ended June 30, 1998, operating expenses increased $383 million compared to 1997 primarily due to increases of $253 million and $95 million from the Networks and television production business and Ticketing operations, respectively.

For the six months ended June 30, 1998, operating expenses increased $615 million compared to 1997 primarily due to increases of $391 million and $183 million from the Networks and television production business and Ticketing operations, respectively.

OTHER INCOME (EXPENSE)

For the quarter and six months ended June 30, 1998, net interest expense increased $32 million and $50 million, respectively, compared to 1997 primarily due to interest incurred on the new credit facility to finance the

Universal Transaction and non-cash interest expense on long-term program liabilities at the Networks and television production business.

On January 20, 1998, the Company sold its Baltimore television station at a gain of $74.9 million.

For the quarter and six months ended June 30, 1998, other expense increased $4 million and $10 million, respectively, compared to 1997 primarily due to foreign investments at Home Shopping and losses from international joint ventures of Home Shopping and Networks and television production business.

INCOME TAXES

The Company's effective tax rate of 56.6% and 52.1% for the quarter and six months ended June 30, 1998 is higher than the statutory rate due primarily to non-deductible goodwill and other acquired intangible and state income taxes. During the remainder of 1998, the Company's effective tax rate is expected to be higher than the statutory rate as a result of the items mentioned above and higher than the first quarter rate because the gain on the sale of the Baltimore television station in the first quarter had the effect of lowering the Company's effective tax rate.

MINORITY INTEREST

For the quarter and six months ended June 30, 1998, minority interest represents Universal's and Liberty's ownership interest in USANi LLC for the period February 12 through June 30, 1998, Liberty's ownership interest in Home Shopping, Fox Broadcasting Company's 50% ownership interest in SF Broadcasting (which was sold on July 16, 1998) and the public's ownership interest in Ticketmaster from the beginning of the respective periods to June 24, 1998.

PRO FORMA QUARTER AND SIX MONTHS ENDED JUNE 30, 1998 VS. PRO FORMA QUARTER AND SIX MONTHS ENDED JUNE 30, 1997

The following unaudited pro forma operating results of the Company present combined results of operations as if the Universal Transaction and Ticketmaster Transaction had occurred on January 1, 1998 and 1997, respectively.

The Unaudited Combined Condensed Pro Forma Statements of Operations are presented for illustrative purposes only and are not necessarily indicative of the results of operations that would have actually been reported had any of the transactions occurred as of January 1, 1998 and 1997, respectively, nor are they necessarily indicative of future results of operations.

USA NETWORKS, INC. AND SUBSIDIARIES

UNAUDITED COMBINED CONDENSED PRO FORMA STATEMENTS OF OPERATIONS

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	1998	1997	1998	1997
	(In thousands, except per share data)			
NET REVENUES:				
Networks and television production.......	$309,841	$258,926	$ 633,367	$ 521,948
Electronic retailing.....................	269,852	248,469	515,235	507,187
Ticketing operations.....................	101,169	89,924	194,404	176,973
Internet services........................	4,720	2,481	8,533	5,181
Broadcasting and other...................	17,811	14,736	32,328	32,869
Total net revenues...............	703,393	614,536	1,383,867	1,244,158
Operating costs and expenses:				
Cost related to revenues.................	345,080	303,431	687,265	632,878
Other costs and expenses.................	225,000	196,227	440,342	398,890
Depreciation and amortization............	60,506	59,974	124,404	120,019
Total operating costs and expenses.......................	630,586	559,632	1,252,011	1,151,787
Operating profit.................	$ 72,807	$ 54,904	$ 131,856	$ 92,371
EBITDA...........................	$133,313	$114,878	$ 256,260	$ 212,390

For the quarter ended June 30, 1998, pro forma revenues for the Company increased $88.9 million, or 14.5%, to $703.4 million from $614.5 million compared to 1997. For the quarter ended June 30, 1998, pro forma cost related to revenues and other costs and expenses increased $70.4 million, or 14.1%, to $570.1 million from $499.7 million compared to 1997.

For the six months ended June 30, 1998, pro forma revenues for the Company increased $139.7 million, or 11.2%, to $1.38 billion from $1.24 billion compared to 1997. For the six months ended June 30, 1998, pro forma cost related to revenues and other costs and expenses increased $95.8 million or 9.3%, to $1.13 billion from $1.03 billion compared to 1997.

For the quarter ended June 30, 1998, pro forma EBITDA increased $18.4 million, or 16.0%, to $133.3 million from $114.9 million compared to 1997.

For the six months ended June 30, 1998, pro forma EBITDA increased $43.9 million, or 20.7%, to $256.3 million from $212.4 million compared to 1997.

The following discussion provides an analysis of the aforementioned increases in pro forma revenues and costs related to revenues and other costs and expenses by significant business segment.

Networks and Television Production

Net revenue for the quarter ended June 30, 1998 increased by $50.9 million, or 19.7%, to $309.8 million from $258.9 million compared to 1997. The increase primarily resulted from an increase in advertising revenues at USA Network and The Sci-Fi Channel cable networks, an increase in affiliate revenues at both networks and increased deliveries of first run and long-form product at Studios USA. The increase in advertising revenue resulted from both higher ratings and higher sell out levels compared to the prior year. The increase in affiliate revenues resulted primarily from a significant increase in the number of subscribers at The Sci-Fi Channel and higher affiliate fees at both networks.

Net revenue for the six months ended June 30, 1998 increased $111.4 million, or 21.3%, to $633.4 million from $521.9 million compared to 1997. The increase in revenues resulted primarily from higher advertising and affiliate revenues at both USA Network and The Sci-Fi Channel and higher deliveries of network and first run product by Studios USA.

Cost related to revenues and other costs and expenses for the quarter ended June 30, 1998 increased by $25.6 million, or 12.8%, to $225.4 million from $199.8 million compared to 1997. This increase results primarily from the cost of increased deliveries of first run and long-form product by Studios USA partially offset by the lower cost of programming on USA Network.

Cost related to revenues and other costs and expenses for the six months ended June 30, 1998 increased $41.2 million, or 9.7%, to $465.0 million from $423.8 million compared to 1997. The increase is primarily due to higher cost of network and first run product at Studios USA and slightly higher cost of programming at The Sci-Fi Channel partially offset by lower cost of programming at USA Network.

EBITDA for the quarter ended June 30, 1998 increased $25.4 million, or 43.0%, to $84.4 million from $59.1 million compared to 1997.

EBITDA for the six months ended June 30, 1998 increased $70.3 million, or 71.7%, to $168.4 million from $98.1 million compared to 1997.

Electronic Retailing

Net revenue for the quarter ended June 30, 1998 increased by $21.4 million, or 8.6%, to $269.9 million from $248.5 million compared to 1997. The increase primarily results from increased sales of hardgoods, which includes consumer electronics, collectibles and housewares. Total units shipped increased by 7.3% to 7.1 million units compared to 1997 and the average price point decreased by 1.4%. The increase in net revenue also reflects a decrease in the return rate to 21.1% from 23.4% compared to 1997.

Net revenue for the six months ended June 30, 1998 increased $8.0 million, or 1.6%, to $515.2 million from $507.2 million compared to 1997. Total units shipped increased 3.6% to 13.6 million units compared to 1997 and the average price point decreased by 2.6%.

Cost related to revenues and other costs and expenses for the quarter ended June 30, 1998 increased by $22.3 million, or 10.8%, to $228.2 million from $205.9 million compared to 1997. This increase resulted primarily from higher net revenues, the sale of merchandise at lower gross margins (37.5% in 1998 compared to 39.5% in 1997) and from disengagement costs for certain affiliates, severance costs for the call center and higher merchandising personnel costs.

Cost related to revenues and other costs and expenses for the six months ended June 30, 1998 increased $24.7 million, or 5.9%, to $441.2 million from $416.5 million compared to 1997. This increase resulted from higher net revenues, the sale of merchandise at lower gross margins (38.2% in 1998 compared to 40.2% in 1997) and from higher merchandising personnel costs.

EBITDA for the quarter ended June 30, 1998 decreased $0.9 million, or 2.1%, to $41.7 million from $42.6 million compared to 1997.

EBITDA for the six months ended June 30, 1998 decreased $16.7 million, or 18.4%, to $74.0 million from $90.7 million compared to 1997.

Ticketing Operations

Net revenue for the quarter ended June 30, 1998 increased by $11.2 million, or 12.5%, to $101.2 million from $89.9 million compared to 1997. The increase primarily resulted from an increase of 17% in the number of tickets sold, including a significant increase in the number of tickets sold on-line, partially offset by lower concession control systems revenues due to the timing of deliveries.

Net revenue for the six months ended June 30, 1998 increased $17.4 million, or 9.8%, to $194.4 million from $177.0 million compared to 1997. The increase resulted from an increase of 6% in the number of tickets sold, including a significant increase in the number of tickets sold on-line.

Cost related to revenues and other costs and expenses for the quarter ended June 30, 1998 increased by $10.7 million, or 14.2%, to $86.0 million from $75.3 million compared to 1997. This increase resulted primarily from higher ticketing operation costs resulting from higher ticketing revenue and from start up costs incurred to launch ticketing operations in Northern California and South America.

Cost related to revenues and other costs and expenses for the six months ended June 30, 1998 increased $17.0 million, or 11.5%, to $165.3 million from $148.3 million compared to 1997. This increase resulted from higher ticketing operation costs resulting from higher ticketing revenue and from start up costs incurred to launch ticketing operations in Northern California and South America.

EBITDA for the quarter ended June 30, 1998 increased $0.6 million, or 4.1%, to $15.2 million from $14.6 million compared to 1997.

EBITDA for the six months ended June 30, 1998 increased $0.4 million, or 1.3%, to $29.1 from $28.7 compared to 1997.

Internet Services

Net revenue for the quarter ended June 30, 1998 increased $2.2 million to $4.7 million in 1998 compared to $2.5 million in 1997. The increase resulted from an increase in registered users to the primary service, First Auction. Net revenue for the six months ended June 30, 1998 increased $3.3 million to $8.5 million in 1998 from $5.2 million compared to 1997.

EBITDA loss increased to $3.4 million for the quarter ended June 30, 1998 compared to $1.3 million in 1997 and for the six months ended June 30, 1998 increased to $5.7 million from $3.4 million compared to 1997, primarily due to costs to maintain and enhance the Internet services and to increased promotion costs.

Broadcasting and Other

Other revenue includes revenue generated from the distribution of films from the Savoy library acquired as a result of the Mergers and broadcasting revenue from the SF stations.

Other costs related to revenues and other costs and expenses include costs to generate the Savoy revenues, the SF Broadcasting station costs, corporate expenses and $5.1 million and $7.4 million of cost in the quarter ended and six months ended June 30, 1998, respectively, to launch the Miami station.

B. FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES

Net cash provided by operating activities was $141.3 million for the six months ended June 30, 1998. These cash proceeds were used to pay for capital expenditures of $36.9 million, and to reduce amounts outstanding under the Company's bank loans.

Consolidated capital expenditures for the six months ended June 30, 1998 relate in part to the build-out of the Miami station. Consolidated capital expenditures are expected to range from $70.0 million to $95.0 million in 1998.

On February 12, 1998, the Company and certain of its subsidiaries, including USANi LLC as borrower, entered into a new $1.6 billion credit facility (the "New Facility") with a $40.0 million sub-limit for letters of credit. The New Facility was used to finance the Universal Transaction and to refinance the Company's existing $275.0 million revolving credit facility. The New Facility consists of a $600.0 million revolving credit facility, a $750.0 million Tranche A Term Loan and a $250.0 million Tranche B Term Loan. The revolving credit facility and Tranche A Term Loan mature on December 31, 2002 and the Tranche B Term Loan matures on December 31, 2003. The New Facility is guaranteed by, and secured by stock in, substantially all of the Company's material subsidiaries. The interest rate on borrowings under the New Facility is tied to an Alternate Base Rate or the London InterBank Rate, in each case, plus an applicable margin. As of July 31, 1998, there was $1.0 billion in outstanding borrowings under the New Facility and $599.9 million was available for borrowings after taking into account outstanding letters of credit. On August 5, 1998, the Company repaid the Tranche B Term Loan in the amount of $250.0 million from cash on hand.

On February 12, 1998, the Company completed the Universal Transaction. The consideration paid to Universal included a cash payment of $1.6 billion, a portion of which ($300.0 million plus interest) was deferred until no later than June 30, 1998. The Investment Agreement relating to the Universal Transaction also contemplated that, on or prior to June 30, 1998, the Company and Liberty would complete a transaction involving a $300.0 million cash investment, plus an interest factor, by Liberty in the Company through the purchase of USANi LLC Shares. Pursuant to this agreement, on June 30, 1998, Liberty contributed $308.5 million in exchange for 15,000,000 USANi LLC shares.

Pursuant to the Investment Agreement, the Company has granted to Universal and Liberty preemptive rights with respect to future issuances of USAi Common Stock and USAi Class B Common Stock, which generally allow Universal and Liberty the right to maintain an ownership percentage equal to the ownership percentage such entity held, on a fully converted basis, immediately prior to such issuance. In addition, Universal had certain mandatory purchase obligations with respect to USAi Common Stock (or USANi LLC shares) issued with respect to the conversion of the 5 7/8% Debentures and the acquisition of Ticketmaster. During the period from February 12, 1998 through July 27, 1998, Universal and Liberty contributed approximately $787 million pursuant to the preemptive rights in exchange for Common Stock and USANi LLC shares. These exercises are described more fully below.

In connection with the Universal Transaction, the Company entered into a joint venture agreement relating to the development of international general entertainment television channels including international versions of USA Network, The Sci-Fi Channel and Universal's action/adventure channel 13th Street. Unless the Company elects to have Universal buy out its interest in the venture, the Company and Universal will be 50-50 partners in the venture, which will be managed by Universal. USANi LLC and Universal have each committed to contribute $100 million in capital in the venture over a number of years. The decision on whether to have Universal buyout its interest in the joint venture will be made after the third quarter of 1998.

In connection with the Universal Transaction and other strategic initiatives, the Company anticipates that it will need to invest working capital in connection with the development and expansion of its overall operations.

The Company implemented its plan to disaffiliate its station in the Miami, Florida market in June 1998. The Company has incurred and will continue to incur expenditures to develop programming and promotion of this station, which during the development and transitional stage, may not be offset by sufficient advertising revenues. The Company may also transition additional broadcasting stations to the new format later in 1998. The Company believes that the process of disaffiliation can be successfully managed so as not to have a material adverse effect on the Company and so as to maximize the value of the broadcasting stations.

During 1998, management expects to pay cable distribution fees of approximately $25.0 million to $40.0 million, relating to new and current contracts with cable systems operators to carry Home Shopping's programming.

On June 24, 1998 the Company completed its acquisition of Ticketmaster by issuing 15,967,200 shares of USAi Common Stock to the public shareholders of Ticketmaster with a market value of $421.1 million and converted 3.6 million options to acquire Ticketmaster common stock into options to acquire Common Stock. In connection with the closing of the acquisition, the Company repaid all outstanding borrowings under the Ticketmaster credit agreement using proceeds from the New Facility. In connection with the Ticketmaster acquisition, Universal and Liberty exercised their preemptive rights with respect to the issuance of 12.6 million shares of USAi Common Stock to the holders of Ticketmaster common stock. In the aggregate, Universal and Liberty acquired 24,649,716 USANi LLC Shares in exchange for total consideration of $493.0 million. Of that amount, $105.2 million was applied to the remainder of the Universal deferred purchase price obligation (including accrued interest) and the remainder was received in cash. These transactions closed in July 1998.

On January 20, 1998, the Company consummated the sale of its Baltimore, Maryland television station for $80.0 million. On June 18, 1998, the Company purchased a television station serving the Atlanta, Georgia, market. On June 18, 1998 the Company acquired the remaining interest in an entity partially owned by the Company, which owned television stations serving the Orlando, Florida; Portland, Oregon and Rapid City, South

Dakota markets. The aggregate purchase prices for these transactions was approximately $70.0 million. The proceeds from the sale of the Baltimore station were temporarily invested and used, in part, to complete the purchase of the Atlanta station. On June 19, the Company sold the station serving Portland, Oregon for total cash consideration of $30 million. The Company has an agreement to sell the Rapid City, South Dakota television station for total consideration of $5.5 million.

As of March 1, 1998, the Company redeemed, at a redemption price of 104.7% of the principal amount, all of Home Shopping's outstanding 5.875% Convertible Subordinated Debentures (the "Home Shopping Debentures"). The Home Shopping Debentures were all converted by the holders into 7,499,022 shares of USAi Common Stock on or prior to the Redemption Date. In connection with their preemptive mandatory and optional rights with respect to issuances of shares by the Company, Universal exercised its right in connection with the redemption of the Home Shopping Debentures which resulted in the issuance of 9,978,830 USANi LLC shares, generating an increase in minority interest in USANi LLC of $199.6 million. This amount reduced the Company's deferred purchase price liability by that amount. Liberty exercised its optional preemptive rights (related to the redemption of the Home Shopping Debentures and the Universal preemptive elections) in exchange for 4,697,327 shares of USAi Common Stock, generating proceeds of $93.9 million, which was used to pay down bank debt.

On February 20, 1998, the Company's Board of Directors approved the declaration of a dividend to its stockholders in the form of a distribution of one share of Common Stock for each share of common stock outstanding to holders of record as of the close of business on March 12, 1998. The payment date for the dividend was March 26, 1998. The two-for-one stock split also included an identical stock dividend with respect to the Company's Class B Common Stock, paid in the form of one share of Class B Common Stock for each share of Class B Common Stock outstanding as of the close of business on March 12, 1998.

On July 30, 1998, the Company announced that its Board of Directors has authorized a stock repurchase program of up to 10 million shares of the Company's outstanding common stock over the next 12 months, on the open market or in negotiated transactions. The amount and timing of purchases, if any, will depend on market conditions and other factors, including the Company's overall capital structure. The Company has not yet determined the circumstances under which, or the prices at which, shares would be repurchased, or whether such purchases would be made opportunistically or on a regular basis. Funds for these purchases will come from cash on hand or borrowings under the revolving credit facility.

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

During the six months ended June 30, 1998, the Company did not pay any cash dividends, and none are permitted under the New Facility.

OTHER MATTERS

The Company is currently working to resolve the potential impact of the year 2000 on the processing of date-sensitive information by the Company's computerized information systems. The year 2000 problem is the result of computer programs being written using two digits (rather than four) to define the applicable year. Any of the Company's programs that have time-sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000, which could result in miscalculations or system failures. Based on preliminary information, costs of addressing potential problems are not currently expected to have a material adverse impact on the Company's financial position, results of operations or cash flows in future periods. However, if the Company, its customers or vendors are unable to resolve such processing issues in a timely manner, it could result in a material financial risk. Accordingly, the Company plans to devote the necessary resources to resolve all significant year 2000 issues in a timely manner.

SEASONALITY

The Company's businesses are subject to the effects of seasonality. Consequently, the operating results for the quarter and six months ended June 30, 1998 for each line of business, and for the Company as a whole, are not necessarily indicative of results for the full year.

Networks and television production revenues are influenced by advertiser demand and the seasonal nature of programming, and generally peak in the spring and fall.

The Company believes seasonality impacts its electronic retailing segment but not to the same extent it impacts the retail industry in general.

Ticketing operations revenues are occasionally impacted by fluctuation in the availability of events for sale to the public.

PART II -- OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In the Jovon litigation, previously reported in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1997 (the "1997 Form 10-K"), Jovon Broadcasting Corporation's petition for reconsideration by the Federal Communications Commission of its 1996 ruling regarding USA Capital Corporation's option to acquire a 45 percent interest in Jovon remains pending. On January 9, 1998, the Circuit Court of Pinellas County, Florida denied Jovon's motion to dismiss litigation brought by certain entities controlled by the Company against Jovon. However, the court stayed the action for a period of six months. A status conference is expected to be held in August or September 1998, at which time the court will decide whether an extension of the stay is warranted.

In the Ticketmaster 1994 consolidated consumer class action lawsuit, previously reported [in Ticketmaster's Annual Report on Form 10-K for the fiscal year ended January 31, 1998 and] in the Company's Form 10-Q for the fiscal quarter ended March 31, 1998, on April 10, 1998, the Court of Appeals issued an opinion affirming the district court's ruling that the plaintiffs lack standing to pursue their claims for damages under the antitrust laws and held that the plaintiffs' status as indirect purchasers of Ticketmaster services did not bar them from seeking injunctive relief against Ticketmaster. On July 9, 1998, the plaintiffs filed a petition for writ of certiorari in the United States Supreme Court.

The Company is engaged in various other lawsuits either as plaintiff or defendant. In the opinion of management, the ultimate outcome of these various lawsuits should not have a material impact on the Company.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

As previously reported in the Company's 1997 Form 10-K, on February 11, 1998, the Company's stockholders approved certain amendments to the Certificate of Incorporation of the Company. These amendments and their effect upon the holders of Common Stock and Class B Common Stock were previously reported in the Company's Proxy Statement, dated January 12, 1998, relating to its 1998 Annual Meeting of Stockholders under the headings "The Annual Meeting -- Description of Proposals and HSNi Board Recommendations -- Authorized Capital Stock Proposal; Ownership Proposal; Name Change Proposal; Director Number Proposal; and Removal Proposal".

ITEM 5. OTHER INFORMATION

On July 1, 1998, the Company made a $4,000,000 loan to Mr. James G. Held, President and Chief Executive Officer of Home Shopping Network and a Director of the Company. The loan was made to facilitate Mr. Held's construction of a personal residence. The loan bears interest at the Company's average bank rate during the term of the loan and is secured by all of Mr. Held's 3,000,000 stock options (the "Options") to purchase shares of common stock in the Company. The loan matures on July 1, 1999 and is to be repaid in three quarterly installments either in cash or through the exercise of 163,600 Options per installment following the public announcement of the Company's financial results for each of (i) the quarter ending September 30, 1998, (ii) the year ending December 31, 1998 and (iii) the quarter ending March 31, 1999. Such exercises and the sale of shares received upon exercise may only be made by Mr. Held in accordance with the Company's securities trading policies and during the trading "window periods" applicable to officers and directors following the release of the Company's financial results.

During each "window period", upon exercise of the required Options, the Company, in its discretion, may require Mr. Held to sell the shares issued upon exercise of such Options and require Mr. Held to repay the loan in an amount equal (in general) to the after-tax proceeds received from such sale.

If the after-tax proceeds from the exercise of the required Options for all of the trading "window periods" specified above are not sufficient to repay the loan in full or Mr. Held is not permitted to exercise Options or sell shares during any of such trading "window periods" to repay the loan in full before July 1, 1999, the loan will not be in default and the maturity date will be automatically postponed, with no further interest accruing after

July 1, 1999, until such date as Mr. Held is permitted to exercise Options and sell shares, sufficient to repay the loan in full, but in no event after July 1, 2000. The Company has agreed that if on July 1, 2000, any portion of the loan remains unpaid, before looking to Mr. Held personally for payment, the Company will permit Mr. Held to exercise all or sufficient Options such that the sale of the shares issued upon exercise will generate after-tax proceeds to repay the loan in full.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

EXHIBIT NUMBER		DESCRIPTION
3.1	--	Restated Certificate of Incorporation of the Registrant, filed as Exhibit 3.1 to the Company's Form 8-K, February 23, 1998, is incorporated herein by reference.
3.2	--	Amended and Restated By-Laws of the Registrant, filed as Exhibit 3.1 to the Company's Form 8-K, January 9, 1998, is incorporated herein by reference.
4.1	--	Form of Common Stock Certificate filed as Exhibit 4.6 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1997 (the "1997 10-K") is incorporated herein by reference.
11	--	Statement Re: Computation of Per Share Earnings
27.1	--	Financial Data Schedule (for SEC use only)
27.2	--	Financial Data Schedule (for SEC use only)
27.3	--	Restated Financial Data Schedule (for SEC use only)
27.4	--	Restated Financial Data Schedule (for SEC use only)

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* Reflects management contracts and compensatory plans.

(b) Reports on Form 8-K

A current report on Form 8-K dated March 26, 1998 was filed by the Company on April 1, 1998 announcing the completion of the two-for-one stock split.

A current report on Form 8-K dated May 1, 1998 was filed by the Company on May 1, 1998 containing certain historical and pro forma financial statements relating to the transaction between HSN, Inc. and Universal Studios, Inc.

A current report on Form 8-K dated May 19, 1998 was filed by the Company on May 19, 1998 containing certain updated pro forma financial statements relating to the transaction between HSN, Inc. and Universal Studios, Inc.

A current report on Form 8-K dated June 24, 1998 was filed by the Company on June 24, 1998 announcing the closing of the merger relating to Ticketmaster Group, Inc.

SIGNATURES

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

USA NETWORKS, INC.

(Registrant)

Dated August 7, 1998	/s/ BARRY DILLER Barry Diller Chairman of the Board and Chief Executive Officer
Dated August 7, 1998	/s/ VICTOR A. KAUFMAN Victor A. Kaufman Office of the Chairman, Chief Financial Officer (Principal Financial Officer)
Dated August 7, 1998	/s/ MICHAEL P. DURNEY Michael P. Durney Vice President, Controller (Chief Accounting Officer)

INDEX TO EXHIBITS

EXHIBIT NUMBER		DESCRIPTION	PAGE
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11	--	Statement Re: Computation of Per Share Earnings	
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27.2	--	Financial Data Schedule (for SEC use only)	
27.3	--	Restated Financial Data Schedule (for SEC use only)	
27.4	--	Restated Financial Data Schedule (for SEC use only)	

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* Reflects management contracts and compensatory plans.

(LOGO USA NETWORKS INC)

FORM 10-Q

For the Quarter Ended
June 30, 1998

(LOGO USA NETWORKS INC)

EXHIBIT 11

Statement Re: Computation of Per Share Earnings

The following table sets forth the computation of Basic and Diluted EPS. All share numbers have been adjusted to reflect the Company's two-for-one stock split to holders of record as of the close of business on March 12, 1998:

	THREE MONTHS ENDED JUNE 30, 1998	THREE MONTHS ENDED JUNE 30, 1997	SIX MONTHS ENDED JUNE 30, 1998	SIX MONTHS ENDED JUNE 30, 1997
	(In thousands, except per share data)			
Net earnings (loss)	$ (3,040)	$ 2,472	$ 30,891	$ 6,242
Effect of converting LLC shares into common stock	--	--	10,097	--
Adjusted net earnings (loss)	$ (3,040)	2,472	40,988	6,242
Weighted average shares	136,631	97,952	129,950	97,854
Effect of dilutive securities				
Stock options and convertible LLC shares	--	5,946	118,806	4,750
Adjusted weighted average shares	136,631	103,898	248,756	102,604
Basic earnings (loss) per share	$ (.02)	$ .03	$ .24	$ .06
Diluted earnings (loss) per share	$ (.02)	$ .02	$ .16	$ .06

5
1,000

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MAR-31-1998
JUN-30-1998
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0
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703,393
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345,080
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30,870
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0
0
0
(3,040)
(.02)
(.02)

5
1,000

6-MOS
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JUN-30-1998
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1,000

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JUN-30-1997
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545,237
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308,118
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.06

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1,000

3-MOS
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MAR-31-1997
JUN-30-1997
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