

# State of Utah

## DEPARTMENT OF COMMERCE Division of Securities

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September 22, 1992

Mr. Steven B. Nickerson  
Dow, Lohnes & Albertson  
1255 Twenty-Third Street  
Washington, D.C. 20037

Re: Home Shopping Network, Inc. File # 002-4368-31/A15441-21

Dear Mr. Nickerson:

This letter is in response to your letters dated August 25, 1992, August 26, 1992 and September 4, 1992, regarding the proposed distribution in the form of a stock dividend to the common shareholders of Home Shopping Network, Inc. ("HSN") of all of the outstanding common stock of HSN Communications, Inc. ("HSNCI"), currently a wholly-owned subsidiary of HSN. Such transaction is more fully described in your letters.

In your letters you requested that the Division concur or confirm one of the following:

- (i) that the distribution of HSNCI common and HSNCI Class B stock to HSN common and HSN Class B shareholders ("distribution") will not constitute a "sale" of the HSNCI shares under Section 61-1-13(20)(a) of the Utah Uniform Securities Act ("Act"); or
- (ii) that the Division will not take or recommend enforcement action if the distribution is effected without registration under the Act; or
- (iii) that the distribution will qualify as an "exempt transaction" under Section 61-1-14(2)(l) or 61-1-14(2)(s) of the Act.

Pursuant to § 61-1-13(20)(c)(vi) of the Act, "a dividend of a security of another issuer is an offer or sale." The distribution of the HSNCI Securities is to be accomplished by HSN for the business purposes set forth in your letters. Clearly the HSNCI securities are not securities of HSN. Accordingly as described, the distribution constitutes a "sale" as defined under §61-1-13(20)(a) of the Act. Therefore, the Division does not concur with your view that the distribution will not constitute a "sale".

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Inasmuch as HSN is not the issuer of the HSNCI securities the distribution does not come within § 61-1-14(2)(1) of the Act. As a result, the transactional exemption provided in that section is not available to the distribution.

However, the Division will confirm that it will not recommend enforcement action if the stock dividend is effected as described in your letters. In arriving at this position the Division notes, in particular, the following representations:

- (a) HSN is a holding company listed on the New York Stock Exchange.
- (b) HSNCI is a wholly-owned subsidiary of HSN.
- (c) HSNCI is a fully operational company who owns and operates 12 independent full power UHF broadcast television stations, including one television satellite station. In addition, HSNCI owns eight low power television stations. It has assets and revenues and is not a shell.
- (d) HSNCI intends to continue its current operations in television broadcasting.
- (e) Only existing shareholders of HSN will be involved with the distribution.
- (f) The distribution will occur without any consideration being paid by any HSN stockholders.
- (g) Upon consummation of the distribution, HSNCI will file a registration statement on Form 10 pursuant to Section 12(g) of the Securities Exchange Act of 1934.
- (h) With respect to the distribution, the Securities and Exchange Commission has granted HSN a no-action letter.

Since the Division will not recommend enforcement action regarding the distribution it is not necessary or appropriate for the Division, to grant an exemption pursuant to §61-1-14(2)(s).

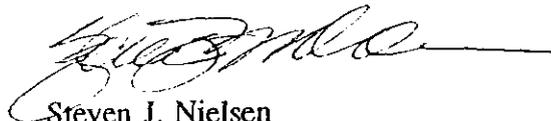
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Because this position is based upon the representations made to the Division of Securities it should be noted that any different facts or conditions of a material nature might require a different conclusion. Further, this response does not purport to express any legal conclusion on the questions presented.

Please note that this no-action letter relates only to the referenced transaction and shall have no value for future similar offerings.

Very truly yours,

EARL S. MAESER, DIRECTOR  
UTAH DIVISION OF SECURITIES

A handwritten signature in cursive script, appearing to read "Steven J. Nielsen", written in black ink.

Steven J. Nielsen  
Director of Registration

jmj