

SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is made and entered into by and between the United States Department of Justice and the Consumer Product Safety Commission ("CPSC" or the "Commission") (collectively, the "Government"), and HSN LP, HSN Interactive LLC, HSN Fulfillment LLC, and Home Shopping Network en Espanol LLC (collectively, "HSN"). This Agreement is based on the following facts and allegations.

The Government has notified HSN that it intends to assert a claim for civil penalties against HSN based on the Government's allegations that HSN failed to immediately inform the CPSC of information indicating that the Welbilt Electronic Pressure Cooker, designated model PC501, sold by HSN, contained a defect or defects that could create a substantial product hazard and/or created an unreasonable risk of serious injury. HSN denies those allegations but is entering into this Agreement in order to resolve this matter.

THE PARTIES

The CPSC is an independent federal regulatory agency that enforces the Consumer Product Safety Act ("CPSA"), 15 U.S.C. §§ 2051 – 2084. One of the purposes of the CPSA is to protect the public against unreasonable risks of injury associated with consumer products. 15 U.S.C. § 2051.

HSN LP is a limited partnership existing under the laws of the State of Florida. HSN Interactive LLC, HSN Fulfillment LLC, and Home Shopping Network en Espanol LLC are limited liability companies existing under the laws of the State of Florida. The principal place of business for all four of these entities is at 1 HSN Drive, St. Petersburg, Florida.

THE GOVERNMENT'S ALLEGATIONS

From about September 2001 through about November 2002, HSN sold and distributed in commerce to consumers approximately 4,387 Welbilt Electronic Pressure Cookers, designated model PC501 (the "cooker" or "cookers"). Each cooker is a "consumer product" as that term is defined in 15 U.S.C. § 2052(a)(1). HSN is a "retailer" as defined in 15 U.S.C. § 2052(a)(6).

From about September 2001 through about October 2004, HSN received approximately 25 reports from consumers indicating that the cooker contained a defect that could create a substantial product hazard and/or that the cooker created an unreasonable risk of serious injury.

On or about February 18, 2005, HSN LP sent a written report about the cookers to the CPSC pursuant to 15 U.S.C. § 2064(b).

Prior to February 18, 2005, the CPSC had not been adequately informed that the cookers contained a defect or defects that could create a substantial product hazard and/or that the cookers created an unreasonable risk of serious injury.

The failure to furnish information required by 15 U.S.C. § 2064(b) is a prohibited act under the CPSA. 15 U.S.C. § 2068(a)(4).

Any person who knowingly fails to furnish such information may be punished by the assessment of civil penalties. 15 U.S.C. § 2069(a)(1).

HSN'S RESPONSE

HSN denies the Government's allegations that the cookers contain a defect or defects that could create a substantial product hazard and/or that the cookers created an unreasonable risk of serious injury. HSN further denies that it received approximately 25 reports indicating that the cookers contained a defect or defects that could create a substantial product hazard and/or that the cookers created an unreasonable risk of serious injury. HSN denies that it violated the reporting requirements of 15 U.S.C. § 2064(b). HSN further denies that prior to February 18, 2005, the CPSC was not adequately informed that the cookers contained a defect or defects that could create a substantial product hazard and/or that the cookers created an unreasonable risk of serious injury. HSN has entered into this Agreement in order to resolve the Government's allegations without the expense and distraction of litigation. By agreeing to this settlement, HSN does not admit any of the factual allegations of liability set forth in the preceding section of this Agreement.

AGREEMENT OF THE PARTIES

Based on the foregoing facts and allegations, the Government and HSN have entered into this Agreement as follows:

1. HSN agrees to pay a civil penalty to the United States Treasury of Eight Hundred and Seventy-Five Thousand Dollars (\$875,000.00) (the "Settlement Amount"), which sum shall be received by the United States Treasury by no later than 15 days after the date of the last signature on this Agreement (the "Payment Deadline"). Payment of the Settlement Amount shall be made by electronic funds transfer pursuant to written instructions the Government will provide HSN. If HSN fails to pay the Settlement Amount by the Payment Deadline, then starting on the day after the Payment Deadline, interest on the Settlement Amount shall accrue and be paid at the federal rate of interest under the provisions of 28 U.S.C. §§ 1961 (a) and (b).
2. In consideration of the payment of the Settlement Amount, the Government fully releases, acquits, and forever discharges HSN and its current and former employees, agents, representatives, assigns and successors from all claims, demands, liabilities, actions, or causes of action, including without limitation any claim for a civil penalty pursuant to 15 U.S.C. §§ 2068(a)(4) and 2069, arising out of or in any way concerning any alleged failure by HSN to timely report information indicating that the Welbilt Electronic Pressure Cooker, designated model PC501, had a defect or defects that could create a substantial product hazard and/or created an unreasonable risk of serious injury.
3. This Agreement does not constitute an admission by HSN that it violated the reporting requirements of the CPSC in any manner, or a finding of fact or law by the CPSC with respect to any such allegation.

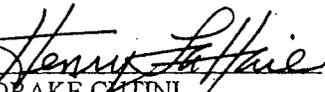
4. The CPSC agrees to take no further action involving HSN with respect to CPSC No. RP060446 (Ultrax Pressure Cooker, Model No. 11453) and CPSC No. RP060328 (Bella Cucina Zip Cooker, Model No. 03908).

5. The Government shall not be precluded from publicizing or disclosing in full the terms of this Agreement, notwithstanding the terms of 15 U.S.C. §2055.

6. This Agreement shall be binding on all successors and assigns of HSN and the Government.

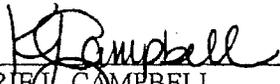
7. This Agreement constitutes the entire agreement between the parties and no additional terms or conditions exist or shall be implied or deemed to exist.

For the Government:

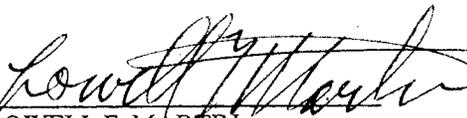
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Date: December 21, 2007

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