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UNITED STATES  
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 April 30, 2001

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 0-20243

-----  
VALUEVISION INTERNATIONAL, INC.

-----  
(Exact name of registrant as specified in its charter)

-----  
Minnesota

41-1673770

-----  
(State or other jurisdiction of  
incorporation or organization)

-----  
(I.R.S. Employer  
Identification No.)

6740 Shady Oak Road, Minneapolis, MN 55344

-----  
(Address of principal executive offices)

952-943-6000

-----  
(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  
-----    -----

As of June 11, 2001, there were 38,609,235 shares of the Registrant's common  
stock, \$.01 par value per share, outstanding.

=====

VALUEVISION INTERNATIONAL, INC. AND SUBSIDIARIES

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FINANCIAL INFORMATION

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

VALUEVISION INTERNATIONAL, INC.  
AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(Unaudited)  
(In thousands, except share data)

<TABLE>  
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	APRIL 30, 2001	JANUARY 31, 2001
	-----	-----
<S>	<C>	<C>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$147,301	\$136,045
Short-term investments	94,699	108,678
Accounts receivable, net	58,426	61,173
Inventories, net	34,853	34,960
Prepaid expenses and other	8,973	9,298
Income taxes receivable	13,960	13,417
Deferred income taxes	3,965	3,965
	-----	-----
Total current assets	362,177	367,536
PROPERTY AND EQUIPMENT, NET	30,821	33,982
NBC TRADEMARK LICENSE AGREEMENT, NET	30,787	58,386
CABLE DISTRIBUTION AND MARKETING AGREEMENT, NET	6,676	5,701
INVESTMENTS AND OTHER ASSETS, NET	45,155	44,753
DEFERRED INCOME TAXES	178	339
	-----	-----
	\$475,794	\$510,697
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 53,140	\$ 56,033
Accrued liabilities	19,326	19,338
	-----	-----
Total current liabilities	72,466	75,371
SERIES A REDEEMABLE CONVERTIBLE PREFERRED STOCK, \$.01 PER SHARE PAR VALUE, 5,339,500 SHARES AUTHORIZED; 5,339,500 SHARES ISSUED AND OUTSTANDING	41,970	41,900
SHAREHOLDERS' EQUITY:		
Common stock, \$.01 per share par value, 100,000,000 shares authorized; 38,502,102 and 38,578,401 shares issued and outstanding	385	386

Warrants to purchase 8,198,485 and 7,854,760 shares of common stock	47,467	73,170
Additional paid-in capital	285,096	286,258
Accumulated other comprehensive losses	(548)	(813)
Note receivable from officer	(3,908)	(3,863)
Retained earnings	32,866	38,288
	-----	-----
Total shareholders' equity	361,358	393,426
	-----	-----
	\$475,794	\$510,697
	=====	=====

</TABLE>

The accompanying notes are an integral part of these condensed consolidated balance sheets.

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VALUEVISION INTERNATIONAL, INC.  
AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
(Unaudited)  
(In thousands, except share and per share data)

<TABLE>  
<CAPTION>

	FOR THE THREE MONTHS ENDED APRIL 30,	
	2001	2000
	-----	-----
<S>	<C>	<C>
NET SALES	\$ 111,979	\$ 85,654
COST OF SALES	69,710	52,869
	-----	-----
Gross profit	42,269	32,785
	-----	-----
Margin %	37.7%	38.3%
OPERATING EXPENSES:		
Distribution and selling	33,981	26,140
General and administrative	4,325	3,813
Depreciation and amortization	3,137	1,327
	-----	-----
Total operating expenses	41,443	31,280
	-----	-----
OPERATING INCOME	826	1,505
	-----	-----
OTHER INCOME (EXPENSE):		
Loss on sale of property and investments	(392)	(4)
Unrealized loss on security holdings	(215)	(45)
Write-down of investments	(6,006)	--
Equity in losses of affiliates	(1,737)	(1)
Interest income	2,862	3,772
Other, net	(11)	(11)
	-----	-----
Total other income (expense)	(5,499)	3,711
	-----	-----
INCOME (LOSS) BEFORE INCOME TAXES	(4,673)	5,216
Income tax provision	350	2,036
	-----	-----
INCOME (LOSS) BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGE	(5,023)	3,180
Cumulative effect of accounting change	(329)	--
	-----	-----
NET INCOME (LOSS)	(5,352)	3,180
Accretion of redeemable preferred stock	(70)	(69)
	-----	-----
NET INCOME (LOSS) AVAILABLE TO COMMON SHAREHOLDERS	\$ (5,422)	\$ 3,111
	=====	=====
NET INCOME (LOSS) PER COMMON SHARE:		
Before cumulative effect of accounting change	\$ (0.13)	\$ 0.08
Cumulative effect of accounting change	(0.01)	--

Net income (loss)	\$ (0.14)	\$ 0.08
NET INCOME (LOSS) PER COMMON SHARE		
- ASSUMING DILUTION:		
Before cumulative effect of accounting change	\$ (0.13)	\$ 0.07
Cumulative effect of accounting change	(0.01)	--
Net income (loss)	\$ (0.14)	\$ 0.07
Weighted average number of common shares outstanding:		
Basic	38,525,111	38,413,883
Diluted	38,525,111	47,753,028

</TABLE>

The accompanying notes are an integral part of these condensed consolidated financial statements.

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VALUEVISION INTERNATIONAL, INC.  
AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY  
FOR THE THREE MONTHS ENDED APRIL 30, 2001  
(Unaudited)  
(In thousands, except share data)

<TABLE>  
<CAPTION>

COMMON STOCK	COMMON STOCK		
	Comprehensive Income (Loss)	Number of Shares	Par Value
Purchase Warrants			
BALANCE, JANUARY 31, 2001		38,578,401	\$ 386
\$ 73,170			
Comprehensive income (loss):			
Net loss	\$ (5,352)	--	--
Other comprehensive income, net of tax:			
Unrealized losses on securities, net of tax of \$ 72	(117)		
Gains on securities included in net loss, net of tax of \$109	177		
Cumulative effect of accounting change, net of tax of \$124	205		
Other comprehensive income	265	--	--
Comprehensive loss	\$ (5,087)		
Revaluation of NBC common stock purchase warrants (26,878)		--	--
Value assigned to common stock purchase warrants 1,175		--	--
Repurchases of common stock		(105,000)	(1)
Increase in notes receivable from officers		--	--

--			
--	Exercise of stock options	28,701	--
--			
--	Accretion on redeemable preferred stock	--	--
--			
		-----	-----
	BALANCE, APRIL 30, 2001	38,502,102	\$ 385
	\$ 47,467		
		-----	-----

</TABLE>

<TABLE>  
<CAPTION>

	ADDITIONAL PAID-IN CAPITAL	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSSES)	NOTE RECEIVABLE FROM OFFICER
	-----	-----	-----
<S>	<C>	<C>	<C>
BALANCE, JANUARY 31, 2001	\$ 286,258	\$ (813)	\$ (3,863)
Comprehensive income (loss):			
Net loss	--	--	--
Other comprehensive income, net of tax:			
Unrealized losses on securities, net of tax of \$ 72			
Gains on securities included in net loss, net of tax of \$109			
Cumulative effect of accounting change, net of tax of \$124			
Other comprehensive income	--	265	--
Comprehensive loss			
Revaluation of NBC common stock purchase warrants	--	--	--
Value assigned to common stock purchase warrants	--	--	--
Repurchases of common stock	(1,274)	--	--
Increase in notes receivable from officers	--	--	(45)
Exercise of stock options	112	--	--
Accretion on redeemable preferred stock	--	--	--
	-----	-----	-----
BALANCE, APRIL 30, 2001	\$ 285,096	\$ (548)	\$ (3,908)

</TABLE>

<TABLE>  
<CAPTION>

	RETAINED EARNINGS	TOTAL SHAREHOLDERS' EQUITY
	-----	-----
<S>	<C>	<C>
BALANCE, JANUARY 31, 2001	\$ 38,288	\$ 393,426
Comprehensive income (loss):		
Net loss	(5,352)	(5,352)
Other comprehensive income, net of tax:		
Unrealized losses on securities, net of tax of \$ 72		
Gains on securities included in net loss, net of tax of \$109		
Cumulative effect of accounting change, net of tax of \$124		
Other comprehensive income	--	265

Comprehensive loss

Revaluation of NBC common stock purchase warrants	--	(26,878)
Value assigned to common stock purchase warrants	--	1,175
Repurchases of common stock	--	(1,275)
Increase in notes receivable from officers	--	(45)
Exercise of stock options	--	112
Accretion on redeemable preferred stock	(70)	(70)
	-----	-----
BALANCE, APRIL 30, 2001	\$ 32,866	\$ 361,358
	-----	-----

</TABLE>

The accompanying notes are an integral part of these condensed consolidated financial statements.

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VALUEVISION INTERNATIONAL, INC.  
AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
(Unaudited)  
(In thousands, except share data)

<TABLE>  
<CAPTION>

	FOR THE THREE MONTHS ENDED APRIL 30,	
	2001	2000
	-----	-----
	<C>	<C>
<S>		
OPERATING ACTIVITIES:		
Net income (loss)	\$ (5,352)	\$ 3,180
Adjustments to reconcile net income (loss) to net cash provided by operating activities-		
Depreciation and amortization	3,137	1,327
Loss on sale of property and investments	392	4
Unrealized loss on security holdings	215	45
Equity in losses of affiliates	1,737	1
Write-down of investments	6,006	--
Cumulative effect of accounting change	329	--
Changes in operating assets and liabilities:		
Accounts receivable, net	3,531	3,763
Inventories, net	107	1,622
Prepaid expenses and other	199	(345)
Accounts payable and accrued liabilities	(3,061)	(1,501)
Income taxes payable (receivable), net	(542)	2,025
	-----	-----
Net cash provided by operating activities	6,698	10,121
	-----	-----
INVESTING ACTIVITIES:		
Property and equipment additions	(2,842)	(3,098)
Proceeds from sale of investments and property	68	4
Purchase of short-term investments	(40,799)	(7,022)
Proceeds from sale of short-term investments	54,778	111,177
Payment for investments and other assets	(5,484)	(19,323)
Proceeds from notes receivable	--	251
	-----	-----
Net cash provided by investing activities	5,721	81,989
	-----	-----
FINANCING ACTIVITIES:		
Payments for repurchases of common stock	(1,275)	--
Proceeds from exercise of stock options and warrants	112	1,981
	-----	-----
Net cash provided by (used for) financing activities	(1,163)	1,981
	-----	-----

Net increase in cash and cash equivalents	11,256	94,091
BEGINNING CASH AND CASH EQUIVALENTS	136,045	138,221
	-----	-----
ENDING CASH AND CASH EQUIVALENTS	\$147,301	\$232,312
	=====	=====
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	\$ 11	\$ 11
	=====	=====
Income taxes paid	\$ 908	\$ 11
	=====	=====
SUPPLEMENTAL NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Issuance of 343,725 warrants in connection with NBC Distribution and Marketing Agreement	\$ 1,175	\$ --
	=====	=====
Accretion of redeemable preferred stock	\$ 70	\$ 69
	=====	=====

</TABLE>

The accompanying notes are an integral part of these condensed consolidated financial statements.

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VALUEVISION INTERNATIONAL, INC. AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
APRIL 30, 2001  
(Unaudited)

(1) GENERAL

ValueVision International, Inc. and its Subsidiaries ("ValueVision" or the "Company") is an integrated direct marketing company that markets its products directly to consumers through various forms of electronic media. The Company's operating strategy incorporates television home shopping, Internet e-commerce, vendor programming sales and fulfillment services.

The Company's television home shopping business uses on-air television home shopping personalities to market brand name merchandise and proprietary / private label consumer products at competitive prices. The Company's live 24-hour per day television home shopping programming is distributed primarily through long-term cable and satellite affiliation agreements and the purchase of month-to-month full and part-time block lease agreements of cable and broadcast television time. In addition, the Company distributes its programming through Company-owned low power television ("LPTV") stations. The Company also complements its television home shopping business by the sale of merchandise through its Internet shopping website (www.vvtv.com) which sells a broad array of merchandise and simulcasts its television home shopping show live 24 hours a day, 7 days a week.

The Company intends to rebrand its growing home shopping network and companion Internet shopping website as "ShopNBC" and "ShopNBC.com", respectively, in fiscal 2001 as part of a wide-ranging direct marketing strategy the Company is pursuing in conjunction with certain of its strategic partners. This rebranding is intended to position ValueVision as a multimedia retailer, offering consumers an entertaining, informative and interactive shopping experience, and position the Company as a leader in the evolving convergence of television and the Internet. On November 16, 2000, the Company entered into an exclusive license agreement with National Broadcasting Company, Inc. ("NBC") pursuant to which NBC granted ValueVision worldwide use of an NBC-branded name and the Peacock image for a ten-year period. The new ShopNBC name will be promoted as part of a wide-ranging marketing campaign that the Company intends to launch in 2001. ValueVision's original intent was to re-launch its television network and companion Internet website under the SnapTV and SnapTV.com brand names, respectively, in conjunction with NBC Internet, Inc. ("NBCi"). On June 12, 2000, NBCi announced a strategy to integrate all of its consumer properties under the single NBCi.com brand, effectively abandoning the Snap name. This led to ValueVision's search for an alternative rebranding strategy culminating in the license agreement with NBC. In mid-1999, the Company founded ValueVision Interactive, Inc. as a wholly-owned subsidiary of the Company, to manage and develop the Company's Internet e-commerce initiatives.

The Company, through its wholly-owned subsidiary, VVI Fulfillment Center, Inc. ("VVIFC"), provides fulfillment, warehousing and telemarketing services on a cost plus basis to Ralph Lauren Media, LLC ("Ralph Lauren Media"). VVIFC's services agreement was entered into in conjunction with the execution of the Company's investment and electronic commerce alliance entered into with Polo Ralph Lauren Corporation, NBC and other NBC affiliates.

(2) BASIS OF FINANCIAL STATEMENT PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted in accordance with such rules and regulations. The information furnished in the interim condensed consolidated financial statements includes normal recurring accruals and reflects all adjustments which, in the opinion of management, are necessary for a fair presentation of such financial statements. Although management believes the disclosures and information presented are adequate to make the information not misleading, it is suggested that these interim condensed consolidated financial statements be read in conjunction with the Company's most recent audited financial statements and notes thereto included in its fiscal 2000 Annual Report on Form 10-K. Operating results for the three-month period ended April 30, 2001 are not necessarily indicative of the results that may be expected for the fiscal year ending January 31, 2002.

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(3) NET INCOME (LOSS) PER COMMON SHARE

The Company calculates earnings per share ("EPS") in accordance with the provisions of Statement of Financial Accounting Standards No. 128, "Earnings per Share" ("SFAS No. 128"). Basic EPS is computed by dividing reported earnings by the weighted average number of common shares outstanding for the reported period. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock of the Company during reported periods.

A reconciliation of EPS calculations under SFAS No. 128 is as follows:

	THREE MONTHS ENDED APRIL 30,	
	-----	
	2001	2000
	-----	-----
<S>	<C>	<C>
Net income (loss) available to common shareholders	\$ (5,422,000)	\$ 3,111,000
	=====	=====
Weighted average number of common shares outstanding - Basic	38,525,000	38,414,000
Dilutive effect of convertible preferred stock	--	5,340,000
Dilutive effect of stock options and warrants	--	3,999,000
	-----	-----
Weighted average number of common shares outstanding - Diluted	38,525,000	47,753,000
	=====	=====
Net income (loss) per common share	\$ (0.14)	\$ 0.08
	=====	=====
Net income (loss) per common share - assuming dilution	\$ (0.14)	\$ 0.07
	=====	=====

For the quarters ended April 30, 2001 and 2000, respectively, 10,575,000 and 110,000 potentially dilutive common shares have been excluded from the computation of diluted earnings per share, as required under SFAS No. 128, as the effect of their inclusion would be antidilutive.

(4) COMPREHENSIVE INCOME (LOSS)

The Company reports comprehensive income (loss) in accordance with Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" ("SFAS No. 130"). SFAS No. 130 establishes standards for reporting in the



financial statements all changes in equity during a period, except those resulting from investments by and distributions to owners. For the Company, comprehensive income (loss) includes net income (loss) and other comprehensive income (loss), which consists of unrealized holding gains and losses from equity investments classified as "available-for-sale". Total comprehensive loss was (\$5,087,000) and (\$11,466,000) for the three months ended April 30, 2001 and 2000, respectively.

#### (5) SEGMENT DISCLOSURES

Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information" ("SFAS No. 131"), requires the disclosure of certain information about operating segments in financial statements. The Company's reportable segments are based on the Company's method of internal reporting, which through fiscal 2000 segregated the strategic business units into two segments: electronic media and print media. In fiscal 1999, the Company sold its remaining direct-mail catalog subsidiaries and exited from the print media business segment. The Company's remaining business units, which are categorized as the electronic media segment, consists primarily of the Company's television home shopping business and Internet shopping website business. Management has reviewed the provisions of SFAS No. 131 and determined that the Company meets the aggregation criteria as outlined in the Statement since the Company's remaining business units have similar customers, products and sales processes. As a result, the Company now reports as a single business segment.

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#### (6) NBC TRADEMARK LICENSE AGREEMENT

In November 2000, the Company entered into a Trademark License Agreement with NBC pursuant to which NBC granted the Company an exclusive, worldwide license for a term of 10 years to use certain NBC trademarks, service marks and domain names to rebrand the Company's business and corporate name on terms and conditions set forth in the License Agreement. In connection with the License Agreement, the Company issued to NBC warrants to purchase 6,000,000 shares of the Company's common stock at an exercise price of \$17.375 per share. The original fair value assigned to the NBC License Agreement and related warrants was determined pursuant to an independent appraisal. At the date of the agreement, a measurement date had not yet been established and the Company revalued the Trademark License and warrants to \$59,629,000, the estimated fair value as of January 31, 2001, including professional fees. The Trademark License asset is being amortized on a straight-line basis over the ten-year term of the agreement. In March 2001, the Company established a measurement date with respect to the NBC Trademark License Agreement by amending the agreement, and fixed the fair value of the Trademark License asset at \$32,837,000, which is being amortized over the remaining term of the Trademark License Agreement.

#### (7) EQUITY INVESTMENTS

As of April 30, 2001, the Company had equity investments totaling approximately \$42,530,000 of which \$33,356,000 related to the Company's investment in Ralph Lauren Media after adjusting for the Company's equity share of Ralph Lauren Media losses under the equity method of accounting. At April 30, 2001, investments in the accompanying consolidated balance sheet also include approximately \$6,353,000 related to equity investments made in companies whose shares are traded on a public exchange. These equity investments were made primarily in conjunction with the Company's strategy of investing in e-commerce, Internet strategic alliances and the launching and rebranding of the Company's television home shopping network. Investments in common stock are classified as "available-for-sale" investments and are accounted for under the provisions of Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities" ("SFAS No.115"). Investments in the form of stock purchase warrants are accounted for under the provisions of Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS No.133") as discussed in Note 10. In addition to the Company's investment in Ralph Lauren Media, investments at April 30, 2001 include certain other nonmarketable equity investments in private and other enterprises totaling approximately \$2,821,000 which are carried at the lower of cost or net realizable value.

The Company evaluates the carrying values of its investments using recent financing and securities transactions, present value and other pricing models, as well as by evaluating financial condition, liquidity prospects, cash flow forecasts and comparing operating results to plan. Impairment losses are recorded if events or circumstances indicate that such investments may be impaired and the decline in value is other than temporary. In the first quarter ended April 30, 2001, the Company recorded a pre-tax loss of \$6,006,000 relating to the write-off of the Company's investment in Internet company Wine.com pursuant to its recently announced employee layoff, wine.com's sale of assets to

eVineyard.com and subsequent dissolution. The decline in fair value was determined by the Company to be other than temporary.

(8) NBC DISTRIBUTION WARRANTS

In the first quarter ended April 30, 2001, the Company issued to NBC warrants to purchase 343,725 shares of the Company's common stock at an exercise price of \$23.07 per share. The warrants were issued in connection with the Company's Distribution and Marketing Agreement with NBC which provides that warrants will be granted at current market prices upon the achievement of specific goals in connection with distribution of the Company's television programming with respect to FTE subscriber homes. The warrants are immediately exercisable, and have a term of 5 years. The fair value assigned to the distribution warrants was \$1,175,000, was determined using the Black Scholes warrant valuation model and is being amortized over the seven-year weighted average term of the new distribution agreements.

(9) RELATED PARTY TRANSACTION

At April 30, 2001 the Company held a note receivable totaling \$3,908,000, including interest (the "Note") from an officer of the Company for a loan made in accordance with provisions set forth in such officer's employment agreement with the Company. The Note is reflected as a reduction of shareholders' equity in the accompanying consolidated balance sheet as the Note is collateralized by a security interest in vested stock options and in shares of the Company's common stock to be acquired by the officer upon the exercise of such vested stock options.

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(10) ADOPTION OF SFAS NO. 133

SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities", establishes accounting and reporting standards requiring that derivative instruments, as defined in the standard, be recorded in the balance sheet as either an asset or liability measured at its fair value. SFAS No. 133 requires changes in the derivative's fair value to be recognized currently in earnings unless specific hedge accounting criteria are met. The Company adopted the provisions of SFAS No. 133, as amended, effective February 1, 2001. The impact of the initial adoption of SFAS No. 133 was (\$329,000) and is reflected in the consolidated statement of operations as a cumulative effect of change in accounting principle. In the first quarter ended April 30, 2001, the Company also recorded unrealized losses on security holdings of (\$215,000) relating to fair value adjustments made with respect to derivative common stock purchase warrants held by the Company.

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

INTRODUCTION

The following discussion and analysis of financial condition and results of operations should be read in conjunction with the Company's accompanying unaudited condensed consolidated financial statements and notes included herein and the audited consolidated financial statements and notes included in the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2001.

SELECTED CONDENSED CONSOLIDATED FINANCIAL DATA

<TABLE>  
<CAPTION>

	DOLLAR AMOUNT AS A PERCENTAGE OF NET SALES FOR THE THREE MONTHS ENDED APRIL 30,	
	2001	2000
	----	----
<S>	<C>	<C>
NET SALES	100.0%	100.0%
	=====	=====
GROSS MARGIN	37.7%	38.3%

Operating expenses:		
Distribution and selling	30.3%	30.5%
General and administrative	3.9%	4.5%
Depreciation and amortization	2.8%	1.5%
	-----	-----
	37.0%	36.5%
	-----	-----
Operating income	0.7%	1.8%
	=====	=====

</TABLE>

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

ValueVision International, Inc. and its Subsidiaries ("ValueVision" or the "Company") is an integrated direct marketing company, that markets its products directly to consumers through various forms of electronic media. The Company's operating strategy incorporates television home shopping, Internet e-commerce, vendor programming sales and fulfillment services.

The Company's television home shopping business uses on-air television home shopping personalities to market brand name merchandise and proprietary / private label consumer products at competitive value prices. The Company's live 24-hour per day television home shopping programming is distributed primarily through long-term cable and satellite affiliation agreements and the purchase of month-to-month full and part-time block lease agreements of cable and broadcast television time. In addition, the Company distributes its programming through Company-owned low power television ("LPTV") stations. The Company also complements its television home shopping business by the sale of merchandise through its Internet shopping website (www.vvtv.com) which sells a broad array of merchandise and simulcasts its television home shopping show live 24 hours a day, 7 days a week.

The Company intends to rebrand its growing home shopping network and companion Internet shopping website as "ShopNBC" and "ShopNBC.com", respectively, in fiscal 2001 as part of a wide-ranging direct marketing strategy the Company is pursuing in conjunction with certain of its strategic partners. This rebranding is intended to position ValueVision as a multimedia retailer, offering consumers an entertaining, informative and interactive shopping experience, and position the Company as a leader in the evolving convergence of television and the Internet. On November 16, 2000, the Company entered into an exclusive license agreement with National Broadcasting Company, Inc. ("NBC") pursuant to which NBC granted ValueVision worldwide use of an NBC-branded name and the Peacock image for a ten-year period. The new ShopNBC name will be promoted as part of a wide-ranging marketing campaign that the Company intends to launch in 2001. ValueVision's original intent was to re-launch its television network and companion Internet website under the SnapTV and SnapTV.com brand names, respectively, in conjunction with NBC Internet, Inc. ("NBCi"). On June 12, 2000, NBCi announced a strategy to integrate all of its consumer properties under the single NBCi.com brand, effectively abandoning the Snap name. This led to ValueVision's search for an alternative rebranding strategy culminating in the license agreement with NBC. In mid-1999, the Company founded ValueVision Interactive, Inc. as a wholly-owned subsidiary of the Company, to manage and develop the Company's Internet e-commerce initiatives.

The Company, through its wholly-owned subsidiary, VVI Fulfillment Center, Inc. ("VVIFC"), provides fulfillment, warehousing and telemarketing services on a cost plus basis to Ralph Lauren Media, LLC ("Ralph Lauren Media"). VVIFC's services agreement was entered into in conjunction with the execution of the Company's investment and electronic commerce alliance entered into with Polo Ralph Lauren Corporation, NBC and other NBC affiliates.

WRITE-DOWN OF INVESTMENTS

In the first quarter ended April 30, 2001, the Company recorded a pre-tax loss of \$6,006,000 relating to the write-off of the Company's investment in Internet company Wine.com pursuant to its recently announced employee layoff, Wine.com's sale of assets to eVineyard.com and subsequent dissolution. The decline in fair value was determined by the Company to be other than temporary.

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## RESULTS OF OPERATIONS

### NET SALES

Consolidated net sales, inclusive of shipping and handling revenue (reclassified effective January 31, 2001 per EITF Issue No. 00-10) for the three months ended April 30, 2001 (fiscal 2001) were \$111,979,000 compared with net sales of \$85,654,000 for the three months ended April 30, 2000 (fiscal 2000), a 31% increase. The quarter ended April 30, 2001 was the largest revenue quarter in the Company's history. The increase in net sales is directly attributable to the continued improvement in and increased sales from the Company's television home shopping and Internet operations as well as a result of amounts billed for fulfillment services provided in connection with the Company's service agreement with Ralph Lauren Media. Net sales attributed to the Company's television home shopping and Internet businesses increased 28% to \$109,495,000 for the quarter ended April 30, 2001 from \$85,263,000 for the comparable prior year period on a 39% increase in average full-time equivalent ("FTE") subscriber homes able to receive the Company's television home shopping programming. The growth in home shopping net sales is primarily attributable to the growth in FTE homes receiving the Company's television programming. During the 12-month period ended April 30, 2001, the Company added approximately 11.2 million FTE subscriber homes, a 43% increase. In addition to new FTE subscriber homes, television home shopping and Internet sales increased due to the continued addition of new customers from households already receiving the Company's television home shopping programming, an increase in the average order size and a 376% year-to-date increase in Internet sales over the prior year. The Company intends to continue to test and change its merchandising and programming strategies with the goal of improving its television home shopping and Internet sales results. However, while the Company is optimistic that television home shopping and Internet sales results will continue to improve, there can be no assurance that such changes in strategy will achieve the intended results.

### GROSS PROFITS

Gross profits for the first quarter ended April 30, 2001 and 2000 were \$42,269,000 and \$32,785,000, respectively, an increase of \$9,484,000 or 29%. Gross margins for the three months ended April 30, 2001 and 2000 were 37.7% and 38.3%, respectively. The principal reason for the increase in gross profits was the increased sales volume from the Company's television home shopping and Internet businesses. In addition, gross profits increased from amounts billed for fulfillment services to Ralph Lauren Media. Television and Internet gross margins as a percent of net sales for the three months ended April 30, 2001 and 2000 were 37.4% and 38.0%, respectively. Overall, first quarter television home shopping merchandise gross margins between comparable periods decreased slightly from prior year primarily as a result of a decrease in the mix of higher margin jewelry merchandise offset by an increase in gross margin percentages in the electronics/computer product category. Jewelry products accounted for approximately 76% of airtime during the first three months of fiscal 2001 compared with 78% for the same period last year.

### OPERATING EXPENSES

Total operating expenses for the three months ended April 30, 2001 were \$41,443,000 versus \$31,280,000 representing an increase of \$10,163,000 or 32% from the three months ended April 30, 2000. Distribution and selling expense increased \$7,841,000 or 30% to \$33,981,000 or 30% of net sales during the first quarter of fiscal 2001 compared to \$26,140,000 or 31% of net sales for the comparable prior-year period. Distribution and selling expense increased primarily as a result of increases in net cable access fees due to a 39% year-to-date increase in the number of average FTE subscribers over the prior year, increased marketing and advertising fees, and increased costs associated with credit card processing and telemarketing primarily resulting from increased sales. Distribution and selling expense decreased as a percentage of net sales over the prior year as a result of expenses growing at a slower rate than the increase in television home shopping and Internet net sales over the prior year.

General and administrative expense for the three months ended April 30, 2001 increased \$512,000 or 13% to \$4,325,000 or 4% of net sales compared to \$3,813,000 or 4% of net sales for the three months ended April 30, 2000. General and administrative expense increased from the prior year primarily as a result of increases in personnel costs, travel and information systems costs, including increased consulting and placement fees. General and administrative expense as a percentage of net sales remained flat from year to year.

Depreciation and amortization expense for the three months ended April 30, 2001 was \$3,137,000 versus \$1,327,000, representing an increase of \$1,810,000 or 136% from the comparable prior-year period. Depreciation and amortization

expense as a percentage of net sales for the quarters ended April 30, 2001 and 2000 were 3% and 2%, respectively. The dollar increase is primarily due to additional amortization incurred in fiscal 2001 in connection with the Company's NBC Trademark License Agreement and increased depreciation associated with the Company's fixed assets and fulfillment obligations with Ralph Lauren Media.

#### OPERATING INCOME

For the three months ended April 30, 2001, the Company reported operating income of \$826,000 compared to operating income of \$1,505,000 for the three months ended April 30, 2000, a decrease of \$679,000 or 45%. Operating income decreased from prior year primarily as a result of increased amortization expense associated with the Company's Trademark License Agreement with NBC and increases in depreciation associated with the Company's fixed assets and fulfillment obligations with Ralph Lauren Media. In addition, operating income also decreased as a result of increased distribution and selling expenses, particularly net cable access fees for which the expense of adding approximately 9 million new homes over the last six months is being incurred but the future revenue benefit and productivity of these additional homes is yet to be realized, and increases in general and administrative expense. First quarter operating expense increases were offset by the increase in net sales and gross profits reported by the Company's television home shopping and Internet businesses.

#### NET INCOME (LOSS)

For the three months ended April 30, 2001, the Company reported a net loss available to common shareholders of \$5,422,000 or \$.14 per share on 38,525,000 weighted average common shares outstanding compared with net income available to common shareholders of \$3,111,000 or \$.07 per share on 47,753,000 diluted weighted average common shares outstanding (\$.08 per share on 38,414,000 basic shares) for the quarter ended April 30, 2000. The net loss available to common shareholders for the quarter ended April 30, 2001 includes a pre-tax loss of \$6,006,000 related to the write-down of the Company's investment in Internet retailer Wine.com, whose decline in fair value was determined by the Company to be other than temporary and pre-tax losses totaling \$607,000 recorded on the sale and holdings of the Company's property and other investments. Net income available to common shareholders for the quarter ended April 30, 2000 includes pre-tax losses totaling \$49,000 recorded on the sale and holdings of the Company's property and investments. For the quarter ended April 30, 2001, the net loss also included a pre-tax loss of \$1,737,000 related to the Company's equity interest in Ralph Lauren Media, a loss of \$329,000 relating to the cumulative effect of adopting SFAS No. 133 and interest income totaling \$2,862,000 earned on the Company's cash and short-term investments.

Excluding the net one-time gains/losses on the sale and holdings of property and investments and other one-time charges, net income available to common shareholders for the quarter ended April 30, 2001 totaled \$1,017,000, or \$.02 per diluted share (\$.03 per basic share), compared to net income available to common shareholders of \$3,115,000, or \$.07 per diluted share (\$.08 per basic share) for the quarter ended April 30, 2000.

The Company's year-to-date effective tax rate is lower than its historical effective tax rate as a result of the timing of future tax benefits relating to certain investments included in the first quarter investment write-down and an increase in the mix of interest income generated from tax-free, short-term investments over prior year.

#### PROGRAM DISTRIBUTION

The Company's television home-shopping programming was available to approximately 45.5 million homes as of April 30, 2001, as compared to 42.6 million homes as of January 31, 2001 and to 34.2 million homes as of April 30, 2000. The Company's programming is currently available through affiliation and time-block purchase agreements with approximately 490 cable or satellite systems. In addition, the Company's programming is available unscrambled to homes equipped with satellite dishes and is broadcast full-time over eleven Company-owned, low-power television stations in major markets. As of April 30, 2001 and 2000, the Company's programming was available to approximately 37.2 million and 26.0 million FTE households, respectively. As of January 31, 2001, the Company's programming was available to 34.2 million FTE households. Approximately 31.6 million and 17.4 million households at April 30, 2001 and 2000, respectively, received the Company's programming on a full-time basis. Homes that receive the Company's television home shopping programming 24 hours per day are counted as one FTE each and homes that receive the Company's programming for any period less than 24 hours are counted based upon an analysis of time of day and day of week. The Company's television home shopping programming is also broadcast live 24 hours a day, 7 days a week through its Internet shopping website ([www.vvtv.com](http://www.vvtv.com)) which is not included in total FTE households.

## FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

As of April 30, 2001, cash and cash equivalents and short-term investments were \$242,000,000, compared to \$244,723,000 as of January 31, 2001, a \$2,723,000 decrease. For the three months ended April 30, 2001, working capital decreased \$2,454,000 to \$289,711,000 driven primarily from the reduction in cash and cash equivalents and short-term investments. The current ratio was 5.0 at April 30, 2001 compared to 4.9 at January 31, 2001. At April 30, 2001, short-term investments and cash equivalents were invested primarily in money market funds, high quality commercial paper with original maturity dates of less than two hundred and seventy (270) days and investment grade corporate and municipal bonds and other tax advantaged certificates with original maturity dates and/or tender option terms ranging from one month to one year. The average maturity of the Company's investment portfolio is approximately 30 days.

Total assets at April 30, 2001 were \$475,794,000, compared to \$510,697,000 at January 31, 2001. Shareholders' equity was \$361,358,000 at April 30, 2001, compared to \$393,426,000 at January 31, 2001, a \$32,068,000 decrease. The decrease in shareholders' equity and total assets for the three-month period ended April 30, 2001 resulted primarily from the \$26,878,000 revaluation of common stock purchase warrants granted to NBC in connection with the Company's NBC Trademark License Agreement pursuant to the establishment of a measurement date. Shareholders' equity also decreased as a result of recording a \$5,352,000 net loss for the three-month period. In addition, shareholders' equity also decreased \$1,275,000 in connection with the Company's first quarter repurchase of 105,000 common shares under a previously authorized stock repurchase plan, \$45,000 relating to increased notes receivable from officers and accretion on redeemable preferred stock of \$70,000. These decreases were offset by increases in shareholders' equity relating to the issuance of 343,725 common stock purchase warrants valued at \$1,175,000 to NBC, the recording of net unrealized gains on investments classified as "available-for-sale" totaling \$265,000 and by proceeds received of \$112,000 related to the exercise of stock options.

For the three-month period ended April 30, 2001, net cash provided by operating activities totaled \$6,698,000 compared to net cash provided by operating activities of \$10,121,000 for the three-month period ended April 30, 2000. Cash flows from operations after adding back depreciation and amortization expense, which the Company defines as EBITDA, was a positive \$3,963,000 for the three months ended April 30, 2001, compared to a positive \$2,832,000 for the same prior-year period. Net cash provided by operating activities for the three months ended April 30, 2001 reflects a net loss, as adjusted for depreciation and amortization, write-down of investments, unrealized losses on security holdings, equity in losses of affiliates, the cumulative effect of adopting SFAS No. 133 and losses on the sale of property and investments. In addition, net cash provided by operating activities for the three months ended April 30, 2001 reflects decreases in accounts receivable, inventories and prepaid expenses, offset by an increase in income taxes receivable and a decrease in accounts payable and accrued liabilities. Accounts receivable decreased primarily due to the timing of customer collections made pursuant to the "ValuePay" installment program decreased vendor airtime receivables and decreased interest receivable, resulting from lower cash balances. Inventories decreased from year-end due to the timing of merchandise receipts, typical lower inventory levels after the post holiday fourth quarter and overall inventory management efforts. The decrease in accounts payable and accrued liabilities is a direct result of the decrease in inventory levels and the timing of vendor payments.

Net cash provided by investing activities totaled \$5,721,000 for the three months ended April 30, 2001 compared to net cash provided by investing activities of \$81,989,000 for the three-month period ended April 30, 2000. For the three months ended April 30, 2001 and 2000, expenditures for property and equipment were \$2,842,000 and \$3,098,000, respectively. Expenditures for property and equipment during the periods ended April 30, 2001 and 2000 primarily include capital expenditures made for the upgrade and conversion of new computer software, related computer equipment and other office equipment, warehouse equipment, production equipment and expenditures on leasehold improvements. Principal future capital expenditures include the upgrade of television production and transmission equipment and the upgrade and replacement of computer software, systems and related computer equipment associated with the expansion of the Company's home shopping business and e-commerce initiatives. In the first three months of fiscal 2001, the Company invested \$40,799,000 in various short-term investments, received proceeds of \$54,778,000 from the sale of short-term investments, received proceeds of \$68,000 from the sale of property and investments and made disbursements of \$5,484,000 for certain investments and other long-term assets primarily related to the Company's equity interest in Ralph Lauren Media. During fiscal 2000, the Company invested \$7,022,000 in various short-term investments, received proceeds of \$111,177,000 from the sale of short-term investments, made disbursements of \$19,323,000 for certain investments and other assets and received proceeds of \$251,000 in connection with the repayment of outstanding notes receivable.

Net cash used for financing activities totaled \$1,163,000 for the three months ended April 30, 2001 and related primarily to payments made of \$1,275,000

in conjunction with the repurchase of 105,000 shares of the Company's common stock at an average price of \$12.14 per share. In addition, the Company received proceeds of \$112,000 from the exercise of stock options. Net cash provided by financing activities totaled \$1,981,000 for the three months ended April 30, 2000 and related to proceeds received from the exercise of stock options.

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Management believes that funds currently held by the Company will be sufficient to fund the Company's operations, anticipated capital expenditures, strategic investments and cable launch fees through at least fiscal 2001.

CAUTIONARY STATEMENT FOR PURPOSES OF THE "SAFE HARBOR" PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

Information contained in this Form 10-Q and in other materials filed by the Company with the Securities and Exchange Commission (as well as information included in oral statements or other written statements made or to be made by the Company) contain various "forward-looking statements" within the meaning of federal securities laws which represent management's expectations or beliefs concerning future events. These statements are based on management's current expectations and are accordingly subject to uncertainty and changes in circumstances. Actual results may vary materially from the expectations contained herein due to various important factors, including (but not limited to): consumer spending and debt levels; interest rates; seasonal variations in consumer purchasing activities; competitive pressures on sales; pricing and gross profit margins; the level of cable and satellite distribution for the Company's programming and fees associated therewith; the success of the Company's e-commerce and rebranding initiatives; the performance of the Company's equity investments; the success of the Company's strategic alliances and relationships; the performance of Ralph Lauren Media; the ability of the Company to manage its operating expenses successfully; risks associated with acquisitions; changes in governmental or regulatory requirements; litigation or governmental proceedings affecting the Company's operations; and the ability of the Company to obtain and retain key executives and employees. Investors are cautioned that all forward-looking statements involve risk and uncertainty and the Company is under no obligation (and expressly disclaims any such obligation to) update or alter its forward-looking statements whether as a result of new information, future events or otherwise.

In addition to any specific risks and uncertainties discussed in this Form 10-Q, the risks and uncertainties discussed in detail in the Company's Form 10-K for the fiscal year ended January 31, 2001, specifically under the caption entitled "Risk Factors", provide information which should be considered in evaluating any of the Company's forward-looking statements. In addition, the facts and circumstances that exist when any forward-looking statements are made and on which those forward-looking statements are based may significantly change in the future, thereby rendering obsolete the forward-looking statements on which such facts and circumstances were based.

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VALUEVISION INTERNATIONAL, INC. AND SUBSIDIARIES

PART II OTHER INFORMATION

<TABLE>

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K  
<S> <C> <C>  
(a) Exhibits

10.1 Common Stock Purchase Warrant dated March 20, 2001 issued to NBC to purchase shares of the Registrant.

10.2 Amendment No. 1 to Branding Warrant dated March 12, 2001 issued by Registrant to NBC.

(b) Reports on Form 8-K

None

</TABLE>

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.

VALUEVISION INTERNATIONAL, INC. AND SUBSIDIARIES

/s/ Gene McCaffery

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Gene McCaffery  
Chief Executive Officer  
(Principal Executive Officer)

/s/ Richard D. Barnes

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Richard D. Barnes  
Senior Vice President, Chief Financial  
Officer (Principal Financial and  
Accounting Officer)

June 14, 2001



NEITHER THE SECURITIES REPRESENTED BY THIS CERTIFICATE NOR THE SECURITIES ISSUABLE UPON EXERCISE OF THE SECURITIES REPRESENTED HEREBY HAVE BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAW, AND SUCH SECURITIES MAY NOT BE OFFERED, SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT OR PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO THE TERMS OF A SHAREHOLDER AGREEMENT, DATED AS OF APRIL 14, 1999, AMONG VALUEVISION INTERNATIONAL, INC., G.E. CAPITAL EQUITY INVESTMENTS, INC. AND NATIONAL BROADCASTING COMPANY, INC.

THE RESTATED ARTICLES OF INCORPORATION OF THE COMPANY (AS DEFINED BELOW), AS AMENDED, PROVIDE THAT, EXCEPT AS OTHERWISE PROVIDED BY LAW, SHARES OF STOCK IN THE COMPANY SHALL NOT BE TRANSFERRED TO "ALIENS" UNLESS, AFTER GIVING EFFECT TO SUCH TRANSFER, THE AGGREGATE NUMBER OF SHARES OF STOCK OWNED BY OR FOR THE ACCOUNT OF "ALIENS" WILL NOT EXCEED 20% OF THE NUMBER OF SHARES OF OUTSTANDING STOCK OF THE COMPANY, AND THE AGGREGATE VOTING POWER OF SUCH SHARES WILL NOT EXCEED 20% OF THE AGGREGATE VOTING POWER OF ALL OUTSTANDING SHARES OF VOTING STOCK OF THE COMPANY. NOT MORE THAN 20% OF THE AGGREGATE VOTING POWER OF ALL SHARES OUTSTANDING ENTITLED TO VOTE MAY BE VOTED BY OR FOR THE ACCOUNT OF "ALIENS." IF, NOTWITHSTANDING SUCH RESTRICTION ON TRANSFERS TO "ALIENS", THE AGGREGATE NUMBER OF SHARES OF STOCK OWNED BY OR FOR THE ACCOUNT OF "ALIENS" EXCEEDS 20% OF THE NUMBER OF SHARES OF OUTSTANDING STOCK OF THE COMPANY OR IF THE AGGREGATE VOTING POWER OF SUCH SHARES EXCEEDS 20% OF THE AGGREGATE VOTING POWER OF ALL OUTSTANDING SHARES OF VOTING STOCK OF THE COMPANY, THE COMPANY HAS THE RIGHT TO REDEEM SHARES OF ALL CLASSES OF CAPITAL STOCK, AT THEIR THEN FAIR MARKET VALUE, ON A PRO RATA BASIS, OWNED BY OR FOR THE ACCOUNT OF ALL "ALIENS" IN ORDER TO REDUCE THE NUMBER OF SHARES AND/OR PERCENTAGE OF VOTING POWER HELD BY OR FOR THE ACCOUNT OF "ALIENS" TO THE MAXIMUM NUMBER OR PERCENTAGE ALLOWED UNDER THE RESTATED ARTICLES OF INCORPORATION, AS AMENDED, OR AS OTHERWISE REQUIRED BY APPLICABLE FEDERAL LAW.

AS USED HEREIN, "ALIENS" MEANS ALIENS AND THEIR REPRESENTATIVES, FOREIGN GOVERNMENTS AND THEIR REPRESENTATIVES, AND CORPORATIONS ORGANIZED UNDER THE LAW OF A FOREIGN COUNTRY, AND THEIR REPRESENTATIVES. THE COMPANY WILL FURNISH TO ANY SHAREHOLDER UPON

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REQUEST AND WITHOUT CHARGE, A FULL STATEMENT OF THE DESIGNATIONS, PREFERENCES, LIMITATIONS, AND RELATIVE RIGHTS OF THE SHARES OF EACH CLASS OR SERIES AUTHORIZED TO BE ISSUED, SO FAR AS THEY HAVE BEEN DETERMINED, AND THE AUTHORITY OF THE BOARD TO DETERMINE THE RELATIVE RIGHTS AND PREFERENCES OF SUBSEQUENT CLASSES OR SERIES.

No. W-4

343,725 Warrants

COMMON STOCK PURCHASE WARRANTS

Exercisable commencing March 20, 2001  
Void after Expiration Time (as defined herein)

ValueVision International, Inc., a Minnesota corporation (the "Company"), hereby certifies that, for value received, National Broadcasting Company, Inc., a Delaware Corporation (the "Initial Holder" or "NBC"), or registered assigns (in either case, the "Warrantholder"), is the owner of Three Hundred Forty-three Thousand, Seven Hundred Twenty-five (343,725) Warrants (as defined below), each of which entitles the Warrantholder to purchase from the Company one fully paid, duly authorized and nonassessable share of Common Stock, par value \$0.01 per share, of the Company (the "Common Stock") at any time or from time to time subject to the terms set forth herein, commencing on March 20, 2001 (the "Issue Date") and continuing up to the Expiration Time (as defined herein) at a per share exercise price determined according to the terms and subject to the conditions set forth in this certificate (the "Warrant

Certificate"). The number of shares of Common Stock issuable upon exercise of each such Warrant and the exercise price per share of Common Stock are subject to adjustment from time to time pursuant to the provisions of Sections 8 and 9 of this Warrant Certificate. The Warrants evidenced by this Warrant Certificate (the "Warrants") are being issued pursuant to a Distribution and Marketing Agreement, dated as of March 8, 1999 (as it may be amended, supplemented or otherwise modified from time to time, the "Distribution Agreement"), by and between the Company and the Initial Holder.

Section 1. Definitions. As used in this warrant certificate, the following terms shall have the meanings set forth below:

"Additional Warrants" shall have the meaning set forth in the Distribution Agreement and shall include the Warrants hereunder.

"Affiliate" shall mean, with respect to any Person, any other Person that directly or indirectly controls, is controlled by; or is under common control with, such Person. As used in this definition, "control" (including its correlative meanings, "controlled by" and "under common control with") shall mean the possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise).

"Articles of Incorporation" shall mean the Articles of Incorporation of the Company, as amended from time to time.

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"Beneficially Own" shall have the meaning set forth in Rule 13d-3 under the Exchange Act, except that a Person shall be deemed to "Beneficially Own" all securities that such Person has a right to acquire, whether such right is exercisable immediately or only after the passage of time (and without any additional condition), provided that a Person shall not be deemed to "Beneficially Own" any shares of Common Stock which are issuable upon exercise of any Additional Warrants unless and until such Additional Warrants are actually issued and outstanding (at which time such Person shall be deemed to Beneficially Own all shares of Common Stock which are issuable upon exercise of such Additional Warrants, whether or not they are vested or unvested) and, provided further, except as expressly provided in this Agreement no Person shall be deemed to "Beneficially Own" any securities issuable upon exercise of the Purchase Warrant unless and until the shareholder Approval is obtained. In the event that the Shareholder Approval is obtained, when calculating Beneficial Ownership on any particular date after receipt of such Shareholder Approval, the Purchase Warrant will be deemed to represent Beneficial ownership of the maximum number of shares of Common Stock that could be acquired upon exercise of the Purchase Warrant on such date.

"Board of Directors" shall mean the board of directors of the Company.

"Business Day" shall mean any day, other than a Saturday, Sunday or a day on which commercial banks in New York, New York are authorized or obligated by law or executive order to close.

"Change in Control" shall mean any of the following: (i) a merger, consolidation or other business combination or transaction to which the Company is a party if the shareholders of the Company immediately prior to the effective date of such merger, consolidation or other business combination or transaction, as a result of such merger, consolidation or other business combination or transaction, do not have Beneficial ownership of voting securities representing 50% or more of the Total Current Voting Power of the surviving corporation following such merger, consolidation or other business combination or transaction; (ii) an acquisition by any Person (other than the Restricted Parties and their Affiliates or any 13D Group to which any of them is a member) of Beneficial Ownership of Voting Stock of the Company representing 25% or more of the Total Current Voting Power of the Company, (iii) a sale of all or substantially all the consolidated assets of the company to any Person or Persons (other than Restricted Parties and their Affiliates or any 13D Group to which any of them is a member); or (iv) a liquidation or dissolution of the Company.

"Common Stock" shall have the meaning set forth in the preamble hereto.

"Company" shall have the meaning set forth in the preamble hereto.

"Designated Entity" shall mean Home Shopping Network, Inc., QVC, Inc., Shop-At-Home, Inc. or Paxson Communications Corporation.

"Distribution Agreement" shall mean the Distribution and Marketing Agreement dated as of March 8, 1999 between the Company and NBC pursuant to which NBC has agreed to distribute certain programming of the Company, as such agreement may be amended from time to time.

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"Distribution Agreement Termination Event" shall mean a termination of the Distribution Agreement by the Company (i) as a result of the failure of NBC to achieve certain performance targets set forth in Sections 8(a), (b) or (c) of the Distribution Agreement or (ii) pursuant to the Company's right, to so terminate under Section 10 of the Distribution Agreement.

"Election to Exercise" shall have the meaning set forth in Section 4.2(a) hereof.

"Equity Securities" shall mean, with respect to any Person, any and all common stock, preferred stock, any other class of capital stock and partnership or limited liability company interests of such Person or any other similar interests of any Person that is not a corporation, partnership or limited liability company.

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

"Exercise Date" shall have the meaning set forth in Section 8 hereof.

"Expiration Date" shall mean with respect to any Warrant represented hereunder, the fifth anniversary of the vesting date (as set forth in Section 4.1(a) hereof) of such Warrant.

"Expiration Time" shall mean 5:00 P.M., New York City time, on the Expiration Date.

"Expired" shall mean, with respect to a Warrant issued hereunder, that such Warrant has not been exercised prior to the Expiration Date for such Warrant.

"Fractional Warrant Share" shall mean any fraction of a whole share of Common Stock issued, or issuable upon, exercise of the Warrants.

"GE Capital" shall mean G.E. Capital Equity Investments, Inc., a Delaware corporation, together with its successors by operation of law.

"Governmental Entity" shall mean any federal, state or local government or any court, administrative agency or commission or other governmental authority or agency, domestic or foreign.

"Independent Expert" shall mean an investment banking firm mutually acceptable to the Company and the Warrantholder.

"Initial Holder" shall have the meaning set forth in the preamble hereto.

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"Investment Agreement" shall mean the Investment Agreement, dated as of March 8, 1999 (as it may be amended, supplemented or otherwise modified from time to time), by and between the Company and GE Capital.

"Issue Date" shall have the meaning set forth in the preamble hereto.

"Market Price" shall mean, with respect to a share of Common Stock on any day, except as set forth below in the case that the shares of Common Stock are not publicly held or listed, the average of the "quoted prices" of the Common Stock for 30 consecutive Trading Days commencing 45 Trading Days before the date in question. The term "quoted prices" of the Common Stock shall mean the last reported sale price on that day or, in case no such reported sale takes place on such day, the average of the last reported bid and asked prices, regular way, on that day, in either case, as reported in the consolidated transaction reporting system with respect to securities quoted on Nasdaq or, if the shares of Common Stock are not quoted on Nasdaq, as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which the shares of Common Stock are listed or admitted to trading or, if the shares of Common Stock are not quoted on Nasdaq and not listed or admitted to trading on any national securities exchange, the last quoted price or, if not so quoted, the average of the high bid and low asked prices on such other nationally recognized quotation system then in use, or, if on any such day the shares of Common Stock are not quoted on any such quotation system, the average of the closing bid and asked prices as furnished by a professional market maker selected by the Board of Directors making a market in the shares of Common Stock. Notwithstanding the foregoing, if the shares of Common Stock are not publicly held or so listed, quoted or publicly traded, the "Market Price" means the fair market value of a share of Common Stock, as determined in good faith by the Board of Directors; provided, however, that if the Warrantholder shall dispute the fair market value as determined by the Board, the Warrantholder and the Company may retain an independent Expert. The determination of fair market value by the Independent Expert shall be final, binding and conclusive on the Company and the Warrantholder. All costs and expenses of the Independent Expert shall be borne by the Warrantholder unless the determination of fair market value is more favorable to such Warrantholder by 5% or more, in which case, all such costs and expenses shall be borne by the Company.

"Nasdaq" shall mean The Nasdaq Stock Market's National Market.

"NBC" shall have the, meaning set forth in the preamble hereto.

"Organic Change" shall mean, with respect to any Person, any transaction (including without limitation any recapitalization, capital reorganization or reclassification of any class or series of Equity Securities, any consolidation of such Person with, or merger of such Person into, any other Person, any merger of another Person into such Person (other than a merger which does not result in a reclassification, conversion, exchange or cancellation of outstanding shares of capital stock of such Person), and any sale or transfer or lease of all or substantially all of the assets of such Person, but not including any stock split, combination or subdivision which is the subject

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of Section 9.1(b)) pursuant to which any class or series of Equity Securities of such Person is exchanged for, or converted into the right to receive other securities, cash or other Property.

"Person" shall mean any individual, firm, corporation, company, limited liability company, association, partnership, joint venture, trust or unincorporated organization, or a government or any agency or political subdivision thereof.

"Preferred Stock" shall mean the Series A Redeemable Convertible Preferred Stock, par value \$0.01 per share, of the Company.

"Purchased Shares" shall have the meaning set forth in Section 9.1(e) hereof.

"Purchase Warrant" shall mean the Common Stock Purchase Warrant (No. W-1) (and any replacement(s) thereof) exercisable for up to 39.9% of the Common Stock of the Company issued to GE Capital pursuant to the Investment Agreement.

"Record Date" shall have the meaning set forth in Section 9.1(a) hereof.

"Reference Date" shall have the meaning set forth in Section 9.1(d) hereof.

"Relevant Date" shall have the meaning set forth in Section 9.1(c) hereof.

"Restricted Parties" shall mean each of (i) NBC, its Ultimate Parent Entity (if any), each Subsidiary of NBC and each subsidiary of its Ultimate Parent Entity, (ii) GE Capital, its Ultimate Parent Entity (if any), each Subsidiary of GE Capital and each Subsidiary of its Ultimate Parent Entity and (iii) any Affiliate of any Person that is a Restricted Party if (and only if) such Restricted Party has the right or power (acting alone or solely with other Restricted Parties) to either cause such Affiliate to comply with or prevent such Affiliate from not complying with all of the terms of this Agreement that are applicable to Restricted Parties.

"Securities Act" shall mean the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Shareholder Agreement" shall mean the Shareholder Agreement, dated as of the date hereof, among GE Capital, NBC and the Company.

"Shareholder Approval" shall have the meaning ascribed to such term in the Investment Agreement.

"Subsidiary" shall mean, as to any Person, a corporation, partnership, limited liability company, joint venture or other entity of which shares of stock or other ownership interests having ordinary voting power (other than stock or such other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such corporation, partnership or other entity are at the time owned, directly or indirectly through one or more intermediaries (including, without limitation, other subsidiaries), or both, by such Person.

"Term" shall mean the base or initial term of the Written Commitment, excluding any renewal period or automatic extensions thereunder.

"13D Group" means any "group" (within the meaning of Section

13(d) of the Exchange Act) formed for the purpose of acquiring, holding, voting or disposing of Voting Stock.

"Total Current Voting Power" shall mean, with respect to any corporation the total number of votes which may be cast in the election of members of the Board of Directors of the corporation if all securities entitled to vote in the election of such directors (excluding shares of preferred stock that are entitled to elect directors only upon the occurrence of customary events of default) are present and voted (it being understood that the Preferred Stock will be included on an as converted basis in the calculation of Total Current Voting Power of the Company).

"Trading Day" shall mean any day on which Nasdaq is open for trading, or if the shares of Common Stock are not quoted on Nasdaq, any day on which the principal national securities exchange or national quotation system on which the shares of Common Stock are listed, admitted to trading or quoted is open for trading, or if the shares of Common Stock are not so listed, admitted to trading or quoted, any Business Day.

"Ultimate Parent Entity" shall mean, with respect to any person (the "Subject Person"), the Person (if any) that (i) owns, directly or indirectly through one or more intermediaries, or both, shares of stock or other ownership interests having ordinary voting power (other than stock or such other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of the Subject person and (ii) is not itself a Subsidiary of any other Person or is a natural person.

"Voting Stock" shall mean shares of the Common Stock and Preferred Stock and any other securities of the Company having the ordinary power to vote in the election of members of the Board of Directors of the Company.

"VTV" shall mean the home shopping television program service of the Company presently known as "ValueVision Television" and a successor home shopping or transactional television program services of the Company.

"Warrant" shall have the meaning set forth in the preamble hereto.

"Warrant Cancellation Event" shall mean that on or prior to August 31, 1999, the Closing (as defined in the Investment Agreement) under the Investment Agreement shall not have occurred or that Shareholder Approval shall not have been obtained, as set forth in Section 9(a) or 9(b) of the Distribution Agreement.

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"Warrant Certificate" shall have the meaning set forth in the preamble hereto.

"Warrant Register" shall have meaning set forth in Section 2.2 hereof.

"Warrant Shares" shall mean the shares of Common Stock issued, or issuable upon, exercise of the Warrants.

"Warrantholder" shall have the meaning set forth in the preamble hereto.

"Written Commitment" shall mean the written commitments between NBC and various entities entered into between May 15, 2000 and October 31, 2000 for the rollout of VTV, a summary of which is attached as Annex A hereto.

## Section 2. Transferability.

2.1 Registration. The warrants shall be issued only in registered form. The Company agrees to maintain, at its office or agency, books for the registration and transfer of the Warrants.

2.2 Transfer. Subject to the terms and conditions of the Shareholder Agreement, the warrants evidenced by this Warrant Certificate may be sold or otherwise transferred at any time (except as such sale or transfer may be restricted pursuant to regulations of the Federal Communications Commission, the Securities Act or any applicable state securities laws) with the prior written consent of the Company, which consent shall not be unreasonably withheld; provided, however, that the consent of the Company shall not be deemed to have been unreasonably withheld if Company does not approve a transfer of such Warrants to any Designated Entity. Any such sale or transfer shall be effected on the books of the Company (the "Warrant Register") maintained at its principal executive offices upon surrender of this Warrant Certificate for registration of transfer duly endorsed by the Warranholder or by its duly authorized attorney or representative, or accompanied by proper evidence of succession, assignment or authority to transfer. Upon any registration of transfer, the Company shall execute and deliver a new Warrant Certificate or Certificates in appropriate denominations to the Person or Persons entitled thereto.

## Section 3. Exchange of Warrant Certificate.

Any Warrant Certificate may be exchanged for another certificate or certificates of like tenor entitling the Warranholder to purchase a like aggregate number of Warrant Certificates as the certificate or certificates surrendered then entitles such Warranholder to purchase. Any Warranholder desiring to exchange a Warrant Certificate shall make such request in writing delivered to the Company, and shall surrender, properly endorsed, the certificate evidencing the Warrant to be exchanged. Thereupon, the Company shall execute and deliver to the Person entitled thereto a new Warrant Certificate or Certificates as so requested.

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## Section 4. Term of Warrants; Exercise of Warrants.

### 4.1 Vesting and Duration of Warrants.

(a) The Warrants shall vest in full as of the Issue Date.

(b) Subject to the terms and conditions set forth in this Warrant Certificate, the Warranholder may exercise the Warrants evidenced hereby, in whole or in part, at any time and from time to time after the Issue Date and before the Expiration Time of such Warrants. Any Warrant not exercised by the Expiration Time applicable to such Warrant shall become void, and all rights thereunder with respect to such Warrant shall thereupon cease.

### 4.2 Exercise of warrant.

(a) On the terms and subject to the conditions set forth in this Warrant Certificate, the Warranholder may exercise the warrants evidenced hereby, in whole or in part, by presentation and surrender to the Company of this Warrant Certificate together with the attached Election to Exercise (the "Election to Exercise") duly filled in and signed, and accompanied by payment to the Company of the Exercise Price for the number of Warrant Shares specified in such Election to Exercise. Payment of the aggregate Exercise Price shall be made (i) in cash in an amount equal to the aggregate Exercise Price; (ii) by certified or official bank check in an amount equal to the aggregate Exercise Price or (iii) by any combination of the foregoing. In lieu of the above, the Warranholder may deliver an Election to Exercise that provides for a recapitalization or exchange of Warrants for Warrant Shares having an aggregate value equal to the excess of (x) the aggregate value of the Warrant Shares to which the Warrants so exercised relate (based on the determination of the Market Price of the Common Stock as of such date) over (y) the aggregate Exercise Price of such Warrants.

(b) On the terms and subject to the conditions set forth in this Warrant Certificate, upon such presentation of a duly executed Election to Exercise and surrender of this warrant Certificate and payment of such aggregate Exercise Price as set forth in paragraph (a) hereof, the Company shall promptly issue and cause to be delivered to the Warrantholder, or, subject to Section 2 hereunder, to such Persons as the Warrantholder may designate in writing, a certificate or certificates (in such name or names as the Warrantholder may designate in writing) for the specified number of duly authorized, fully paid and nonassessable Warrant Shares issuable upon exercise, and shall deliver to the Warrantholder cash, as provided in Section 10 hereof, with respect to any Fractional Warrant Shares otherwise issuable upon such surrender. In the event that the Warrants evidenced by this Warrant Certificate are exercised in part prior to the Expiration Time applicable to such Warrants, the Company shall issue and cause to be delivered to the Warrantholder, or, subject to Section 2 hereunder, to such Persons as the Warrantholder may designate in writing, a certificate or Certificates (in such name or names as the Warrantholder may designate in writing) evidencing any remaining unexercised and unexpired Warrants.

(c) Each Person in whose name any certificate for Warrant Shares is issued shall for all purposes be deemed to have become the holder of record of the Warrant Shares represented hereby on the first date on which both the Warrant Certificate evidencing the

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respective Warrants was surrendered, along with a duly executed Election to Exercise, and payment of the Exercise price and any applicable taxes was made, irrespective of date of issue or delivery of such certificate.

4.3 Conditions to Exercise. Each exercise of the Warrants shall be subject to the following conditions:

(a) Such exercise shall be consistent with the terms of Section 4.1 hereof; and

(b) The purchase of the Warrant Shares issuable upon such exercise shall not be prohibited under applicable law.

#### Section 5. Payment of Taxes.

The Company shall pay any and all documentary, stamp or similar issue or transfer taxes and other governmental charges that may be imposed under the laws of the United States or any political subdivision or taxing authority thereof or therein in respect of any issue or delivery of Warrant Shares or of other securities or property deliverable upon exercise of the Warrants evidenced by this Warrant Certificate or certificates representing such shares or securities (other than income or withholding taxes imposed on the Warrantholder); provided, however, that the Company shall not be required to pay any tax or taxes which may be payable with respect to any transfer involving the issue of any Warrant Certificate or any certificates for Warrant Shares in a name other than that of the registered holders thereof, and the company shall not be required to issue or deliver such Warrant certificate or certificates for Warrant Shares unless and until the person or persons requesting the issuance thereof shall have paid to the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid.

#### Section 6. Mutilated or Missing Warrant.

If any Warrant Certificate is lost, stolen, mutilated or destroyed, the Company shall issue in exchange and substitution for and upon cancellation of the mutilated Warrant Certificate, or in lieu of and substitution for the Warrant Certificate lost, stolen or destroyed, upon receipt of a proper affidavit or other evidence reasonably satisfactory to the Company (and surrender of any mutilated Warrant Certificate) and indemnity in form and amount reasonably satisfactory to the Company in each instance protecting the Company, a new Warrant Certificate of like tenor and representing an equivalent number of Warrants as the Warrant Certificate so lost, stolen, mutilated or destroyed. Any such new Warrant Certificate shall constitute an original contractual obligation of the Company, whether or not the allegedly lost,



stolen, mutilated or destroyed Warrant certificate shall be at any time enforceable by anyone. An applicant for such substitute Warrant Certificate shall also comply with such other reasonable regulations and pay such other reasonable charges as the Company may prescribe. All Warrant Certificates shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement of lost, stolen, mutilated or destroyed Warrant Certificates, and shall preclude any and all other rights or remedies notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement of negotiable instruments or other securities without their surrender.

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#### Section 7. Reservation of Shares

The Company hereby agrees that, at all times until all of the Warrants issued hereunder (whether vested or unvested) have been exercised, expired or canceled, there shall be reserved for issuance and delivery upon exercise of this Warrant, free from preemptive rights, the number of shares of authorized but unissued shares of Common Stock as may be required at such time (adjusted from time to time for additional vesting of Warrants as well as for cancellation of exercised or Expired Warrants) for issuance or delivery upon exercise of the Warrants evidenced by this Warrant Certificate. The Company further agrees that it will not, by amendment of its Articles of Incorporation or through reorganization, consolidation, merger, dissolution or sale of assets, or by any other voluntary act, avoid or seek to avoid the observance or performance of any of the covenants, stipulations or conditions to be observed or performed hereunder by the Company. Without limiting the generality of the foregoing, the Company shall from time to time take all such action that may be necessary in order that the Company may validly and legally issue fully paid and nonassessable shares of Common Stock at the Exercise Price as so adjusted.

#### Section 8. Exercise Price.

The price per share (the "Exercise Price") at which Warrant Shares shall be purchasable upon the exercise of the Warrants evidenced by this Warrant Certificate shall be twenty-three dollars and seven cents (\$23.07), subject to adjustment pursuant to Section 9 hereof.

#### Section 9. Adjustment of Exercise Price and Number of Shares.

The number and kind of securities purchasable upon the exercise of the warrants evidenced by this Warrant Certificate and the Exercise Price thereof shall be subject to adjustment from time to time after the date hereof upon the happening of certain events, as follows:

9.1 Adjustments to Exercise Price. The Exercise Price shall be subject to adjustment as follows:

(a) Stock Dividends. In case the Company shall, after the Issue Date, pay a dividend or make a distribution on its Common Stock or on any other class or series of capital stock of the Company which dividend or distribution includes or is convertible (without the payment of any consideration other than surrender of such convertible security) into Common Stock, the Exercise Price in effect at the opening of business on the day following the date fixed for determination of the holders of Common Stock or capital stock entitled to such payment or distribution (the "Record Date") shall be reduced by multiplying such Exercise Price by a fraction of which (A) the numerator shall be the number of shares of Common Stock outstanding at the close of business on the Record Date and (B) the denominator shall be the sum of such number of shares and the total number of shares constituting or included in such dividend or other distribution (or in the case of a dividend consisting of securities convertible into Common Stock, the number of shares of Common Stock into which such securities are convertible), such reduction to become effective immediately after the opening of business on the day following the Record Date; provided, however, that if any such dividend or distribution is rescinded and not paid, then the Exercise Price shall, as of the date when it is determined that such dividend or distribution price will be rescinded, revert back to the Exercise Price in effect prior to the adjustment made pursuant to this paragraph.

(b) Stock Splits and Reverse Splits. In case the Common Stock shall be subdivided into a greater number of shares of Common Stock or combined into a smaller number of shares of Common Stock, the Exercise Price in effect at the opening of business on the day following the day upon which such subdivision or combination becomes effective shall be adjusted so that the holder of any Warrants thereafter surrendered for purchase of shares of Common Stock shall be entitled to receive the number of shares of Common Stock which such holder would have owned or been entitled to receive after the happening of such events had such Warrants been surrendered for exercise immediately prior to such event. Such adjustment shall become effective at the close of business on the day upon which such subdivision or combination becomes effective.

(c) Issuances Below Market. In case the Company shall issue or sell (a) Common Stock, (b) rights, warrants or options entitling the holders thereof to subscribe for or purchase shares of Common Stock or (c) any security convertible into Common Stock, in each case at a price, or having an exercise or conversion price, per share less than the then-current Market Price per share of Common Stock on (x) the date of such issuance or sale or (y) in the case of a dividend or distribution of such rights, warrants, options or convertible securities to the holders of common Stock, the date fixed for determination of the holders of such common Stock entitled to such dividend or distribution (the date specified in clause (x) or (y) being the "Relevant Date") (excluding any issuance for which an appropriate and full adjustment has been made pursuant to Section 9.1(a)), the Exercise Price shall be reduced by multiplying the Exercise Price by a fraction of which (A) the numerator shall be the number of shares of Common Stock outstanding at the open of business on the Relevant Date plus the number of shares of Common Stock which the aggregate consideration received or receivable (I) for the total number of shares of Common Stock, rights, warrants or options or convertible securities so issued or sold, and (II) upon the exercise or conversion of all such rights, warrants, options or securities, would purchase at the then-current Market Price per share of Common Stock and (B) the denominator shall be the number of shares of Common Stock outstanding at the close of business on the Relevant Date plus (without duplication) the number of shares of Common Stock subject to all such rights, warrants, options and convertible securities, such reduction of the Exercise Price to be effective at the opening of business on the day following the Relevant Date; provided, however, that if any such dividend or distribution is rescinded and not paid, then the Exercise Price shall, as of the date when it is determined that such dividend or distribution will be rescinded, revert back to the Exercise Price in effect prior to the adjustment made pursuant to this paragraph. The issuance of any shares of Common Stock or other rights, warrants, options or convertible securities pursuant to (a) any restricted stock or stock option plan or program of the Company involving the grant of options or rights solely to officers, directors, employees and/or consultants of the Company or its Subsidiaries at below the then-current Market Price per share of Common Stock (provided; that any such options or rights were initially granted with an exercise or conversion price of not less than 85% of the then-current Market Price per share of common Stock), (b) any option, warrant, right, or convertible security outstanding as of the date thereof, (c) the terms of a firmly committed bona fide written public offering or (d) any merger, acquisition, consolidation, or similar transaction, shall be deemed to constitute an issuance or sale to which this Section 9.1(c) applies. Upon the expiration unexercised of any rights,

warrants, options or rights to convert any convertible securities for which an adjustment has been made pursuant to this Section 9.1(c), the adjustments shall forthwith be reversed to effect such rate of conversion as would have been in effect at the time of such expiration or termination had such rights, warrants, options or rights to convertible securities, to the extent outstanding immediately prior to such expiration or termination never been issued.

(d) Special Dividends. Subject to the last sentence of this paragraph (d) in case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock evidences of its indebtedness, shares of any class or series of capital stock, cash or assets (including securities, but excluding any shares of Common Stock, rights, warrants, options or convertible securities for which an appropriate and full adjustment has been made pursuant to paragraph (a) or (c) above), the Exercise Price in effect on the day immediately preceding the date fixed for the payment of such distribution (the date fixed for payment being referred to as the "Reference Date") shall be reduced by multiplying such Exercise Price by a fraction of which the numerator shall be the current market Price per share (determined as provided in paragraph

(e) of this Section 9.1) of the Common Stock on the Reference Date less the fair market value (as determined in good faith by the Board of Directors, whose determination shall be mailed to the holders of the Warrants) on the Reference Date of the portion of the evidences of indebtedness, shares of capital stock, cash and assets so distributed applicable to one share of Common Stock, and the denominator shall be such current Market Price per share of the Common Stock, such reduction to become effective immediately prior to the opening of business on the day following the Reference Date; however, that if such dividend or distribution is rescinded and not paid, then the Exercise Price shall, as of the date when it is determined that such dividend or distribution will be rescinded, revert back to the Exercise Price in effect prior to the adjustment made pursuant to this paragraph. If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph (d) by reference to the actual or when issued trading market for any securities comprising such distribution, it must in doing so consider, to the extent Possible, the prices in such market over the same period used in computing the current Market Price per share of Common Stock pursuant to this Section 9.1. Notwithstanding the foregoing, if the holders of a majority of the outstanding unexercised and un-Expired Warrants (whether or not so vested) shall dispute the fair market determination of the Board of Directors, an Independent Expert shall be selected to determine the fair market value of the Common Stock as of the Reference Date, and such independent Expert's determination shall be final, binding and conclusive. All costs and expenses of such Independent Expert shall be borne by the holders of the then outstanding exercised and un-Expired Warrants (whether or not vested) unless the determination of fair market value is more favorable to such holders by 5% or more, in which case, all such costs and expenses shall be borne by the Company. For purposes of this paragraph (d), any dividend or distribution that also includes shares of Common Stock or rights, warrants or options to subscribe for or purchase shares of Common Stock shall be deemed to be (1) a dividend or a distribution of the evidences of indebtedness, cash, assets or shares of capital stock other than such shares of Common Stock or rights, warrants, options or convertible securities (making any Exercise Price reduction required by this subparagraph (d)) immediately followed by (2) a dividend or other distribution of such shares of Common Stock or such rights, warrants, options or convertible securities (making any further Exercise Price reduction required by subparagraph (a) or (c) of this Section 9.1), except (A) the Reference Date of such dividend or distribution as defined in this subparagraph (d) shall be substituted as "the date fixed for the

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determination of shareholders entitled to receive such dividend or other distribution" and the "Relevant Date" within the meaning of subparagraphs (a) and (c) of this Section 9.1 and (B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of subparagraph (a) of this Section 9.1).

(e) Minimum Adjustment Requirement. No adjustment shall be required unless such adjustment would result in an increase or decrease of at least 1% in the Exercise Price then subject to adjustment; provided, however, that any adjustments that are not made by reason of this Section 9.1(e) shall be carried forward and taken into account in any subsequent adjustment. In case the Company shall at any time issue shares of Common Stock by way of dividend on any stock of the Company or subdivide or combine the outstanding shares of Common Stock, said 1% specified in the preceding sentence (as theretofore increased or decreased, if said amount shall have been adjusted in accordance with the provisions of this Section 9.1(e)) shall forthwith be proportionately increased in the case of such a combination or decreased in the case of such a subdivision or stock dividend so as appropriately to reflect the same. No adjustment to the Exercise Price shall be required if the holders of the outstanding unexercised and unissued warrants (either or not vested) receive the dividend or distribution giving rise to such adjustment in respect of each such Warrant.

(f) Calculations. All calculations under this Section 9.1 shall be made to the nearest \$0.01.

(g) Other Reductions in Exercise Price. The Company from time to time may reduce the Exercise Price by any amount for any period of time if the period is at least 20 days, the reduction is irrevocable during the period, subject to any conditions that the Board of Directors may deem relevant, and the Board of Directors of the Company shall have made a determination that such reduction would be in the best interest of the Company, which determination shall be conclusive. Whenever the Exercise Price is reduced pursuant to the preceding sentence, the Company shall mail to the Warrantholder a notice of the

reduction at least fifteen days prior to the date the reduced Exercise Price takes effect, and such notice shall state the reduced Exercise Price and the period it will be in effect. If the Company shall take a record of the holders of its Common Stock for the purpose of entitling them to receive a dividend or other distribution, and shall thereafter and before the distribution to shareholders thereof legally abandon its plan to pay or deliver such dividend or distribution, then thereafter no adjustment in the number of shares of Common Stock issuable upon exercise granted by this Section 9.1 or in the Exercise Price then in effect shall be required by reason of the taking of such record.

(i) Exercise Between Record and Payment Date. Anything in this Section 9.1 to the contrary notwithstanding, in the event that a record date is established for a dividend or distribution that gives rise to an adjustment to the Exercise Price pursuant to this Section 9.1, if any warrant is exercised to purchase shares of Common Stock between such record date and the date such dividend or distribution is paid then (x) the number of shares of Common Stock issued at the time of such exercise will be determined by reference to the Exercise Price as in effect without taking into account the adjustment resulting from such dividend or distribution and (y) on the date that such dividend or distribution is actually paid there shall be issued in respect

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of such exercise such number of additional shares of Common Stock as is necessary to reflect the Exercise Price in effect after taking into account the adjustment resulting from the dividend or distribution.

(j) Certificate. Whenever an adjustment in the Exercise Price is made as required or permitted by the provisions of this Section 9.1, the Company shall promptly file a certificate of its chief financial officer setting forth (A) the adjusted Exercise Price as provided in this Section 9.1 and a brief statement of the facts requiring such adjustment and the computation thereof and (B) the number of shares of Common Stock (or portions thereof) purchasable upon exercise of a Warrant after such adjustment in the Exercise Price in accordance with Section 9.2 hereof and the record date therefor, and promptly after such filing shall mail or cause to be mailed a notice of such adjustment to each Warrantholder at his or her last address as the same appears on the Warrant Register. Such certificate, in the absence of manifest error, shall be conclusive and final evidence of the correctness of such adjustment. The Company shall be entitled to rely upon such certificate, and shall be under no duty or responsibility with respect to any such certificate except to exhibit the same to any Warrantholder desiring inspection thereof.

(k) Notice. In case:

(i) the Company shall declare any dividend or any distribution of any kind or character (whether in cash, securities or other property) on or in respect of shares of Common Stock or to the shareholders of the Company (in their capacity as such), excluding a dividend payable in shares of Common Stock or any regular periodic cash dividend paid out of current or retained earnings (as such terms are used in generally accepted accounting principles); or

(ii) the Company shall authorize the granting to the holders of shares of Common Stock of rights to subscribe for or purchase any shares of capital stock or of any other right; or

(iii) of any reclassification of shares of Common Stock (other than a subdivision or combination of outstanding shares of Common Stock or a change in par value, or from par value to no par value, or from no par value to par value), or of any consolidation or merger to which the Company is a party and for which approval of any shareholders of the company is required, or of the sale or transfer of all or substantially all of the assets of the Company; or

(iv) of the voluntary or involuntary dissolution, liquidation or winding up of the Company; then the Company shall cause to be mailed to the Warrantholder, at their last addresses as they shall appear upon the Warrant Register, at least 10 days prior to the applicable record date hereinafter specified, a notice restating (x) the date on which a record is to be taken for the purpose of such dividend, distribution or rights or, if a record is not to be taken, the date as of which the holders of shares of Common Stock of record to be entitled to such dividend, distribution or rights are to be determined or

(y) the date on which such reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding up is expected to become effective, and, if applicable, the date as of which it is expected that holders of shares of Common Stock of record shall be entitled to exchange their shares of Common Stock for securities or other property (including cash) deliverable upon such reclassification, consolidation, merger,

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sale, transfer, dissolution, liquidation or winding up. Failure to give any such notice, or any defect therein, shall not affect the validity of the proceedings referred to in clauses (i), (ii), (iii) and (iv) above.

(m) Section 305. Anything in this Section 9.1 to the contrary notwithstanding, the Company shall be entitled, but not required, to make such reductions in the Exercise Price, in addition to those required by this Section 9.1, as it in its discretion shall determine to be advisable, including, without limitation, in order that any dividend in or distribution of shares of Common Stock or shares of capital stock of any class other than Common Stock, subdivision, reclassification or combination of shares of Common Stock, issuance of rights or warrants, or any other transaction having a similar effect, shall not be treated as a distribution of property by the Company to its shareholders under Section 305 of the Internal Revenue Code of 1986, as amended, or any successor provision and shall not be taxable to them.

#### 9.2 Adjustments to Number of Warrant Shares.

Upon each adjustment of the Exercise Price pursuant to Section 9.1 hereof, the number of Warrant Shares purchasable upon exercise of a Warrant outstanding prior to the effectiveness of such adjustment shall be adjusted to the number, calculated to the nearest one-hundredth of a share, obtained by (x) multiplying the number of Warrant Shares purchasable immediately prior to such adjustment upon the exercise of a Warrant by the Exercise Price in effect prior to such adjustment and (y) dividing the product so obtained by the Exercise Price in effect after such adjustment of the Exercise Price.

#### 9.3 Organic Change.

(a) Company Survives. Upon the consummation of an Organic Change (other than a transaction in which the Company is the surviving entity), lawful provision shall be made as part of the terms of such transaction whereby the terms of the Warrant Certificates shall be modified, without payment of any additional consideration therefor, so as to provide that upon exercise of Warrants following the consummation of such organic change, the Warrantholder shall have the right to purchase for the Exercise Price the kind and amount of securities, cash and other property receivable upon such Organic Change by a holder of the number of Warrant Shares into which such Warrants might have been exercised immediately prior to such Organic Change. Lawful provision also shall be made as part of the terms of the Organic Change so that other terms of the Warrant certificates shall remain in full force and effect following such an Organic Change. The provisions of this Section 9.3(a) shall similarly apply to successive Organic Changes.

(b) Company Does Not Survive. The Company shall not enter into an Organic Change that is a transaction in which the Company is not the surviving entity unless lawful provision shall be made as part of the terms of such transaction whereby the surviving entity shall issue new securities to each Warrantholder, without payment of any additional consideration therefor, with terms that provide that upon the exercise of the Warrants, the Warrantholder shall have the right to purchase the kind and amount of securities, cash and other property receivable upon such Organic Change by a holder of the number of Warrant Shares into which such warrants might have been exercised immediately prior to such Organic Change.

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9.4 Statement on Warrants. The form of Warrant Certificate need not be changed because of any adjustment made pursuant to Section 8, Section 9.1 or Section 9.2 hereof, and Warrants issued after such adjustment may state the same Exercise Price and the same number of warrant Shares as are stated in this Warrant Certificate.

Section 10. Fractional Interests.

The Company shall not be required to issue Fractional Warrant Shares on the exercise of the warrants evidenced by this Warrant Certificate. If Fractional Warrant Shares totaling more than one Warrant Share in the aggregate is presented for exercise at the same time by the Warrantholder, the number of full Warrant Shares which shall be issuable upon exercise thereof shall be computed on the basis of the aggregate number of Warrant Shares so purchasable upon the exercise of the Warrants so presented. If any Fractional Warrant Share would but for the provisions of this Section 10 be issuable on the exercise of this Warrant (or specified portions thereof), the Company shall pay an amount in cash equal to the fraction of a Warrant Share represented by such fractional Warrant Share multiplied by the Market Price on the day of such exercise.

Section 11. No Rights as Shareholder.

Nothing in this Warrant Certificate shall be construed as conferring upon the Warrantholder or its transferees any rights as a shareholder of the Company, including the right to vote, receive dividends, consent or receive notices as a shareholder with respect to any meeting of shareholders for the election of directors of the Company or any other matter.

Section 12. Cooperation; Validity of Warrant.

The Company shall use its reasonable best efforts to obtain all such authorizations, exemptions or consents from any Governmental Entity having jurisdiction thereof as may be necessary to enable the Company to perform its obligations under this Warrant. In addition, upon the request of Warrantholder, the Company will at any time during the period this Warrant is outstanding acknowledge in writing, in form satisfactory to the Warrantholder, the continuing validity of this Warrant and the obligations of the Company hereunder.

Section 13. Listing Nasdaq or Securities Exchange.

The Company shall use its reasonable best efforts to list any shares of Common Stock issuable upon exercise of the Warrants evidenced by this Warrant Certificate on Nasdaq or on such other national securities exchange on which shares of Common Stock are then listed. The Company will at its expense cause all shares of Common Stock issued upon the exercise of the Warrants evidenced by this Warrant Certificate to be listed at the time of such issuance on Nasdaq and/or such other securities exchange shares of Common Stock are then listed on and shall maintain such listing.

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Section 14. Covenant Regarding Consent.

The Company hereby covenants to use its reasonable best efforts upon the request of the Warrantholder to seek any waivers or consents, or to take any other action required, to effectuate the exercise of this Warrant by such Warrantholder.

Section 15. Limitation on Liability.

No provision hereof, in the absence of action by the Warrantholder to receive shares of Common Stock, and no enumeration herein of the rights or privileges of the Warrantholder, shall give rise to any liability of the Warrantholder for any value subsequently assigned to the common stock or as a

shareholder of the Company, whether such liability is asserted by the Company or by creditors of the Company.

Section 16. Nonwaiver and Expenses.

No course of dealing or any delay or failure to exercise any right hereunder on the part of the Warrantholder or the Company shall operate as a waiver of such right or otherwise prejudice the Warrantholder's, or the Company's, as the case may be, rights, powers or remedies.

Section 17. Amendment.

This Warrant and all other Warrants issued hereunder may be modified or amended or the provisions hereof waived with the written consent of the Company and holders of Warrants exercisable for in excess of 50% of the aggregate number of shares of Common Stock then receivable upon exercise of all Warrants whether or not then exercisable; provided that no such Warrant may be modified or amended in a manner which is materially adverse to the Initial Holder or any of its successors or assigns, so long as such Person holds any Warrants or Warrant Shares, without the prior written consent of such Person.

Section 18. Successors.

All the covenants and provisions of this Warrant Certificate by or for the benefit of the Company or the Warrantholder shall bind and inure to the benefit of their respective successors and permitted assigns hereunder.

Section 19. Governing Law; Choice of Forum; Etc.

The validity, construction and performance of this Warrant Certificate shall be governed by and interpreted in accordance with, the laws of New York. The parties hereto agree the appropriate forum for any disputes arising out of this Warrant Certificate solely between or among any or all of the Company, on the one hand, and the Initial Holder and/or any Person who has become a Warrantholder, on the other, shall be any state or U.S. federal court sitting within the County of New York, New York or County of Hennepin, Minnesota, and the parties hereto irrevocably consent to the jurisdiction of such courts, and agree to comply with all requirements necessary to give such courts jurisdiction. The parties hereto further agree that the parties will not bring suit with respect to any disputes, except as expressly set forth below, arising out of this Warrant Certificate for the execution or enforcement of judgment, in any jurisdiction other than

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the above specified courts. Each of the parties hereto irrevocably consents to the service of process in any action or proceeding hereunder by the mailing of copies thereof by registered or certified airmail, postage prepaid, if to (i) the Company, ValueVision International, Inc., 6740 Shady Oak Road, Eden Prairie, MN 55344-3433, Attention: General Counsel, Fax: (612) 943-6111, or at such other address specified by the Company in writing to the other parties, with a copy to Faegre & Benson L.L.P., 90 South Seventh Street, Minneapolis, MN 55402, Attn: Andrew Humphrey, Fax (612) 766-1600 and (ii) any Warrantholder, at the address of such Warrantholder specified in the Warrant Register. The foregoing shall not limit the rights of any party hereto to serve process in another manner permitted by the law or to obtain execution of judgment in any other jurisdiction. The parties further agree, to the extent permitted by law, that final and unappeasable judgment against any of them in any action or proceeding contemplated above shall be conclusive and may be enforced in any other jurisdiction within or outside the United States by suit on the judgment, a certified or exemplified copy of which shall be conclusive evidence of the fact and the amount of indebtedness. The parties agree to waive any and all rights that they may have to a jury trial with respect to disputes arising out of this Agreement.

Section 20. Enforcement.

The parties agree that irreparable damage would occur in the event that any of the provisions of this Warrant were not performed in accordance with

their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Warrant and to enforce specifically the terms and provisions of this Warrant.

Section 21. Benefits of this Agreement.

Nothing in this Warrant Certificate shall be construed to give to any Person other than the Company and the Warrantholder any legal or equitable right, remedy or claim under this Warrant Certificate, and this Warrant Certificate shall be the sole and exclusive benefit of the Company and the Warrantholder.

IN WITNESS WHEREOF, the Company has caused this Warrant to be duly executed, as of this 20th day of March, 2001.

VALUEVISION INTERNATIONAL, INC.

By: /s/ NATHAN E. FAGRE

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Name: Nathan E. Fagre  
Title: Senior Vice President,  
General Counsel and Secretary

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ELECTION TO EXERCISE  
(To be executed upon exercise of Warrants)

To ValueVision International, Inc.:

The undersigned hereby irrevocably elects to exercise the right represented by the within Warrant Certificate for, and to acquire thereunder, \_\_\_ Warrant Shares, as provided for therein, and tenders herewith [payment of] [pursuant to a recapitalization exchange, of securities with a value equal to] the \$\_\_\_\_\_ Exercise Price in full in the form of [COMPLETE WHERE APPLICABLE]:

[ ] cash or a certified or official bank check in the amount of \$\_\_\_\_\_; and/or

[ ] exchange of \_\_\_ Warrants for \_\_\_ Warrant Shares (such Warrant Shares have an aggregate value equal to the excess of (x) the aggregate value of the \_\_\_ Warrant Shares to which the Warrants hereby exercised relate (based on the determination of the market Price pursuant to the Warrant Certificate) over (y) the aggregate Exercise Price of the \_\_\_ Warrants exercised hereby);

For a total Exercise Price of \$\_\_\_\_\_.

If the value of the shares of the Company securities exchanged herewith exceeds the value of the Exercise Price applied to such delivery, then the Company shall reissue certificates representing such securities in the amounts necessary to preserve the value of such securities not applied to the exercise of the Warrants pursuant to this Election to Exercise.

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Please issue a certificate or certificates for such Warrant Shares in the name of, and pay any cash for any Fractional Warrant Shares to (please print name, address and social security identifying number):\*

Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

Social Security #: \_\_\_\_\_

AND, if such number of Warrant Shares shall not be all the shares purchasable under the within Warrant Certificate, a new Warrant Certificate is to be issued in the name of the undersigned for the balance remaining of the Warrant Shares purchasable thereunder rounded up to the next higher whole number of Warrant Shares.

Signature:\*\*

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- \* The Warrant Certificate contains restrictions on the sale and other transfer of the Warrants evidenced by such Warrant Certificate.
- \*\* The above signature must correspond exactly with the name on the face of this Warrant Certificate or with the name of the assignee appearing in the assignment form below.

ASSIGNMENT FORM

(To be signed only upon assignment of Warrant)

FOR VALUE RECEIVED, the undersigned hereby sells, signs and transfers unto \_\_\_\_\_

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(Name and Address of Assignee must be Printed or Typewritten) Warrants to purchase \_\_\_ Warrant Shares of the Company, evidenced by the within warrant certificate hereby irrevocably constituting and appointing \_\_\_\_\_ Attorney to transfer said warrants on the books of the Company, with full power of substitution in the premises.

Dated: \_\_\_\_\_, ----

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Signature of Registered Holder\*

Signature Guaranteed: \_\_\_\_\_  
Signature of Guarantor

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\* The above signature must correspond exactly with the name on the face of this  
Warrant Certificate.

AMENDMENT NO. 1  
TO  
BRANDING WARRANT

THIS AMENDMENT NO. 1 TO BRANDING WARRANT (this "Amendment") is made and entered into this 12th day of March, 2001, by and between NATIONAL BROADCASTING COMPANY, INC., a corporation organized under the laws of the State of Delaware (the "Initial Holder" or "NBC"), and VALUEVISION INTERNATIONAL, Inc., a corporation organized under the laws of the State of Minnesota (the "Company"). Terms used but not otherwise defined herein shall have the meaning assigned to such terms in the Branding Warrant (as hereinafter defined).

RECITALS

WHEREAS, the Company issued to the Initial Holder warrants to purchase 6,000,000 shares of Common Stock on the terms and subject to the conditions set forth in a Warrant Certificate dated November 16, 2000 (the "Branding Warrant"); and

WHEREAS, the Company and the Initial Holder desire to amend the Branding Warrant as described in this Amendment.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual premises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree as follows:

ARTICLE 1.  
RIGHTS IN CONNECTION WITH  
LICENSE AGREEMENT TERMINATION EVENT

1.1 Clause (Z) of Section 4.1 of the Branding Warrant is hereby amended and restated in its entirety to read as follows:

(Z) upon the occurrence of a License Agreement Termination Event, the Warrantholder agrees that the Company shall have the right, with respect to all of the unexercised Warrants hereunder, whether or not vested, to prohibit the valid exercise of all or any such Warrants by the Warrantholder, whether or not vested, until a panel of three arbitrators (unless a single arbitrator can be agreed upon by the parties) affirms the occurrence of such License Agreement Termination Event and a final and binding resolution relating thereto shall be entered in any court of applicable jurisdiction in accordance with the provisions set forth in Section 12.09(b) of the License Agreement, in which case the Warrantholder shall have a period of fifteen (15) days following the receipt by the Warrantholder of the written decision of the arbitrator(s)

affirming the occurrence of such License Agreement Termination Event as well as the formal documents evidencing proper entry of the judgment and award in a court of applicable jurisdiction in which to exercise any or all of the Warrants vested at the time of the occurrence of the License Agreement Termination Event, whereupon following the expiration of such fifteen (15) day period such Warrants shall terminate and become void, and all rights hereunder with respect to such Warrants shall thereupon cease.

ARTICLE 2.  
DISPUTE RESOLUTION

2.1 The third sentence of Section 19 of the Branding Warrant is hereby amended and restated in its entirety to read as follows:

The parties hereto further agree that any and all disputes, controversies or differences arising from or in connection with this Agreement shall be settled in accordance with the provisions of Section 12.9(b) of the License Agreement or any successor provision thereto, and that they will otherwise not bring suit with respect to any disputes, except as expressly set forth below, arising out of this Warrant Certificate for the execution or enforcement of judgment, in any jurisdiction other than the above specified courts.

ARTICLE 3

GENERAL PROVISIONS

3.1 All the provisions of this Amendment shall be deemed to be incorporated in, and made part of, the Branding Warrant; and the Branding Warrant, as supplemented and amended by this Amendment, shall be read, taken and construed as one and the same instrument.

3.2 The headings of the Articles of this Amendment are inserted for convenience of reference and shall not be deemed to be a part hereof.

3.3 This Amendment may be executed in counterparts, each of which shall be deemed an original but which together shall constitute one instrument.

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IN WITNESS WHEREOF, each party has caused this Amendment to be signed and delivered by its duly authorized representative, effective as of the date first above written.

NATIONAL BROADCASTING COMPANY, INC.

By: /s/ Bruce Campbell

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Its: V.P., Corporate Development

VALUEVISION INTERNATIONAL, INC.

By: /s/ Nathan E. Fagre

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Its: Senior Vice President and  
General Counsel

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