UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended October 31, 1997

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)

612-947-5200
(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 December 8, 1997, there were 28,035,778 shares of the Registrant's common stock, $.01 par value, outstanding.

VALUEVISION INTERNATIONAL, INC. AND SUBSIDIARIES

FORM 10-Q TABLE OF CONTENTS
OCTOBER 31, 1997

<TABLE>
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</TABLE>

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

VALUEVISION INTERNATIONAL, INC.
AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

<TABLE>
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ASSETS	OCTOBER 31, 1997	JANUARY 31, 1997
<S>	<C>	<C>
CURRENT ASSETS:		
Cash and cash equivalents	$ 18,189,366	$ 28,618,943
Short-term investments	27,529,673	24,239,840
Accounts receivable, net	11,713,784	6,488,094
Inventories, net	27,286,121	28,109,081
Prepaid expenses and other	15,899,879	11,483,394
Deferred taxes	392,000	416,000
Total current assets	101,010,823	99,355,352
PROPERTY AND EQUIPMENT, NET	21,851,045	24,283,108
FEDERAL COMMUNICATIONS COMMISSION LICENSES, NET	5,706,239	6,934,546
MONTGOMERY WARD OPERATING AGREEMENT AND LICENSES, NET	14,085,016	15,052,935
INVESTMENT IN PAXSON COMMUNICATIONS CORPORATION	9,448,373	-
GOODWILL AND OTHER INTANGIBLE ASSETS, NET	12,297,802	10,764,011
INVESTMENTS AND OTHER ASSETS, NET	8,928,066	10,022,718
	$ 173,327,364	$166,412,670

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES:		
Current portion of long-term obligations	$ 415,915	$

		392,921
Accounts payable	22,336,546	24,887,904
Accrued liabilities	13,928,325	12,398,041
Income taxes payable	2,875,291	45,008
	-------------	------ ------
Total current liabilities	39,556,077	37,723,874
LONG-TERM OBLIGATIONS	1,086,493	1,443,189
	-------------	------ ------
Total liabilities	40,642,570	39,167,063
	-------------	------ ------
SHAREHOLDERS' EQUITY:		
Common stock, $.01 par value, 100,000,000 shares authorized; 28,035,778 and 28,842,198 shares issued and outstanding	280,358	288,422
Common stock purchase warrants; 3,842,143 and 5,368,557	18,386,927	26,984,038
Additional paid-in capital	81,714,115	83,309,455
Net unrealized holding gains (losses) on investments available-for-sale	(2,922,382)	69,437
Retained earnings	35,225,776	16,594,255
	-------------	------ ------
Total shareholders' equity	132,684,794	127,245,607
	-------------	------ ------
	$ 173,327,364	$166,412,670
	=============	============

</TABLE>

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

VALUEVISION INTERNATIONAL, INC.
AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

<TABLE>
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	FOR THE THREE MONTHS ENDED OCTOBER 31,		FOR THE NINE MONTHS ENDED OCTOBER 31,	
	1997	1996	1997	1996

<S>	<C>	<C>	<C>	<C>
NET SALES	$ 58,325,336	$ 47,118,078	$ 157,887,155	$ 94,246,499
COST OF SALES	32,599,365	28,457,339	89,542,591	56,469,049
Gross profit	25,725,971	18,660,739	68,344,564	37,777,450
Margin %	44.1%	39.6%	43.3%	40.1%
OPERATING EXPENSES:				
Distribution and selling	23,325,866	15,953,996	64,707,697	31,048,673
General and administrative	2,251,383	1,953,837	7,611,520	4,723,006
Depreciation and amortization	1,833,658	1,513,321	5,542,272	4,243,711
Total operating expenses	27,410,907	19,421,154	77,861,489	40,015,390
OPERATING LOSS	(1,684,936)	(760,415)	(9,516,925)	(2,237,940)
OTHER INCOME (EXPENSE):				
Gain on sale of broadcast stations	-	-	38,850,000	27,050,000
Equity (loss) in earnings of affiliates	(17,037)	763,741	(347,612)	668,617
Interest income	599,310	955,198	1,475,103	3,113,255
Other, net	(34,111)	54,212	1,295	63,658
Total other income	548,162	1,773,151	39,978,786	30,895,530
INCOME (LOSS) BEFORE PROVISION (BENEFIT) FOR INCOME TAXES	(1,136,774)	1,012,736	30,461,861	28,657,590
PROVISION (BENEFIT) FOR INCOME TAXES	(471,000)	404,000	11,830,340	11,450,000
NET INCOME (LOSS)	$ (665,774)	$ 608,736	$ 18,631,521	$ 17,207,590
NET INCOME (LOSS) PER COMMON AND DILUTIVE COMMON EQUIVALENT SHARE	$ (0.02)	$ 0.02	$ 0.58	$ 0.55
Weighted average number of common and common equivalent shares outstanding	32,064,428	33,627,770	32,375,370	31,206,974

</TABLE>

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

VALUEVISION INTERNATIONAL, INC.
AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
For the Nine Months Ended October 31, 1997
(Unaudited)

<TABLE>

	COMMON STOCK NUMBER OF SHARES	COMMON STOCK PAR VALUE	COMMON STOCK PURCHASE WARRANTS	ADDITIONAL PAID-IN CAPITAL	NET UNREALIZED HOLDING GAINS (LOSSES) ON INVESTMENTS AVAILABLE-FOR-SALE	RETAINED EARNINGS	TOTAL SHAREHOLDERS' EQUITY
BALANCE, JANUARY 31, 1997	28,842,198	$ 288,422	$ 26,984,038	$ 83,309,455	$ 69,437	$16,594,255	$ 127,245,607
Exercise of stock options and warrants	1,611,080	16,111	-	241,786	-	-	257,897
Common stock repurchases	(2,417,500)	(24,175)	-	(10,434,237)	-	-	(10,458,412)
Value transferred from common stock purchase warrants	-	-	(8,597,111)	8,597,111	-	-	-
Unrealized holding loss on investments available-for-sale	-	-	-	-	(2,991,819)	-	(2,991,819)
Net income	-	-	-	-	-	18,631,521	18,631,521
BALANCE, OCTOBER 31, 1997	28,035,778	$ 280,358	$ 18,386,927	$ 81,714,115	$(2,922,382)	$35,225,776	$ 132,684,794

</TABLE>

The accompanying notes are an integral part
of this condensed consolidated finacial statement.

VALUEVISION INTERNATIONAL, INC.
AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

<TABLE>
<CAPTION>

	FOR THE NINE MONTHS ENDED OCTOBER 31,	
	1997	1996
<S>	<C>	<C>
OPERATING ACTIVITIES:		
Net income	$ 18,631,521	$ 17,207,590
Adjustments to reconcile net income to net cash provided by (used for) operating activities-		
Depreciation and amortization	5,542,272	4,243,711
Deferred taxes	24,000	-
(Equity) loss in earnings of affiliates	347,612	(668,617)
Gain on sale of broadcast stations	(38,850,000)	(27,050,000)
Changes in operating assets and liabilities:		
Accounts receivable, net	(4,622,488)	(3,099,859)
Inventories, net	822,960	(5,731,221)
Prepaid expenses and other	(4,468,695)	(2,015,553)
Accounts payable and accrued liabilities	(2,535,819)	7,211,981
Income taxes payable	2,830,283	2,102,992
Net cash used for operating activities	(22,278,354)	(7,798,976)
INVESTING ACTIVITIES:		
Property and equipment additions, net of retirements	(3,148,495)	(7,718,975)
Purchase of broadcast stations	-	(4,618,743)
Proceeds from sale of broadcast stations	30,000,000	40,000,000
Acquisition of direct-mail companies, net of cash acquired	-	1,789,875
Purchase of short-term investments	(38,534,148)	(76,667,392)
Proceeds from sale of short-term investments	36,555,220	56,137,858
Payment for investments and other assets	(5,474,773)	(1,518,767)
Proceeds from sale of investments	1,369,006	-
Proceeds from long-term notes receivable	1,603,439	-
Net cash provided by investing activities	22,370,249	7,403,856
FINANCING ACTIVITIES:		
Proceeds from exercise of stock options and warrants	257,897	1,150,395
Payments for repurchases of common stock	(10,458,412)	(1,576,595)
Payment of long-term obligations	(320,957)	(141,685)
Net cash used for financing activities	(10,521,472)	(567,885)
Net decrease in cash and cash equivalents	(10,429,577)	(963,005)

BEGINNING CASH AND CASH EQUIVALENTS	28,618,943	20,063,901
ENDING CASH AND CASH EQUIVALENTS	$ 18,189,366	$ 19,100,896
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	$ 68,000	$ 58,000
Income taxes paid	$ 8,993,000	$ 9,598,000
SUPPLEMENTAL NON-CASH INVESTING AND FINANCING ACTIVITIES:		
The Company received 1,197,892 shares of Paxson Communications Corporation common stock as partial consideration from the sale of a broadcast television station	$ 14,284,862	$ -
The Company issued 1,484,993 warrants with a fair market value of $8,353,000 in connection with the acquisition of substantially all assets of Montgomery Ward Direct, L.P.	$ -	$ 8,353,000
The Company issued 199,097 warrants with a fair market value of $963,000 as part of a long-term investment contribution	$ -	$ 963,000

</TABLE>

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

VALUEVISION INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
OCTOBER 31, 1997
(Unaudited)

(1) GENERAL

ValueVision International, Inc. and its subsidiaries ("ValueVision" or the "Company") is an integrated direct marketing company which markets its products directly to consumers through electronic and print media.

The Company's principal electronic media activity is its television home shopping network which uses recognized on-air television home shopping personalities to market brand name merchandise and proprietary and private label consumer products at competitive or discount prices. The Company's 24-hour per day television home shopping programming is distributed primarily through long-term cable 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 or affiliated full power Ultra-High Frequency ("UHF") broadcast television stations, low power television ("LPTV") stations and to satellite dish owners.

The Company, through its wholly-owned subsidiary, ValueVision Direct Marketing Company, Inc., d/b/a Montgomery Ward Direct ("VVDM"), is a direct-mail marketer of a broad range of quality general merchandise which is sold to consumers through direct-mail catalogs and other direct marketing solicitations. Products offered include domestics, housewares, home accessories and electronics. Through its wholly-owned subsidiary, Catalog Ventures, Inc. ("CVI"), the Company sells a variety of fashion jewelry, health and beauty aids, books, audio and video cassettes and other related consumer merchandise through the publication of five consumer specialty catalogs. The Company also manufactures and markets, via direct-mail, women's foundation undergarments through its wholly-owned subsidiary Beautiful Images, Inc. ("BII").

Results of operations for the three and nine months ended October 31, 1997 include the direct- mail operations of VVDM, BII, and CVI, which were acquired by the Company effective July 27, 1996, October 22, 1996 and November 1, 1996, respectively.

(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 pursuant to such rules and regulations. The information furnished in the interim condensed consolidated financial statements includes normal recurring adjustments 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 1997 Annual Report on Form 10-K. Operating results for the nine-month period

ended October 31, 1997, are not necessarily indicative of the results that may be expected for the fiscal year ending January 31, 1998.

Certain amounts in the fiscal 1997 financial statements have been reclassified to conform to the fiscal 1998 presentation with no impact on previously reported net income (loss) or shareholders' equity.

(3) NET INCOME (LOSS) PER SHARE

The Company computes net income (loss) per share based on the weighted average number of shares of common stock and dilutive common stock equivalents outstanding, if any, during the period. The difference between primary and fully diluted net income (loss) per share and weighted average number of shares outstanding was not material or was antidilutive, and therefore not presented separately.

(4) SALE OF BROADCAST STATIONS

On July 31, 1997, the Company completed the sale of its television broadcast station, WVVI (TV) Channel 66, which serves the Washington, D.C. market, to Paxson Communications Corporation ("Paxson"). The station was sold for approximately $30 million in cash and 1,197,892 shares of Paxson Communications Corporation common stock. WVVI (TV) was acquired by the Company in March 1994 for approximately $4,850,000. The pre-tax gain recorded on the sale of this television station was $38,850,000 and was recognized in the second quarter ended July 31, 1997.

On November 17, 1997, the Company signed a definitive agreement to sell to Paxson Communications Corporation its television broadcast station, KBGE-TV, Channel 33, which serves the Seattle, Washington market along with two of ValueVision's non-cable, low-power stations in Portland, Oregon and Indianapolis, Indiana and minority interests in entities which have applied for two new full-power stations for a total of $35 million in cash. Under the terms of the agreement, Paxson will pay the Company $25 million upon closing and the remaining $10 million is to be paid when KBGE, which is currently operating at reduced power from downtown Seattle, is able to relocate and increase its transmitter/antenna power to a level at or near its licensed full power. The transaction is anticipated to close in the Spring of 1998 and is subject to obtaining certain consents and regulatory approval. ValueVision will retain and continue to serve the Seattle market via its recently-launched low-power station K58DP-TV, which transmits from downtown Seattle. The effects of the disposition will be reflected in the financial statements at the date of closing. Management believes that the sale will not have a significant impact on the operations of the Company.

The Company has filed applications for seven additional full-power stations, all of which include multiple applicants, and expects to participate in FCC-permitted private auctions to determine the grantee.

(5) MONTGOMERY WARD RESTRUCTURING

On October 23, 1997, the Company announced the restructuring of its operating agreement with Montgomery Ward & Co., Incorporated ("Montgomery Ward" or "MW"), which governs the use of the Montgomery Ward name. In exchange for Montgomery Ward's return to ValueVision of warrants covering the purchase of 3.8 million shares of ValueVision common stock, the Company will cede exclusive use of the Montgomery Ward name for catalog, mail order, catalog "syndications" and television shopping programming back to Montgomery Ward. Under the agreement, which requires the approval of the U.S. Bankruptcy court of Delaware, the Company will cease the use of the Montgomery Ward name in all outgoing catalog, syndication, and mail order communication by March 31, 1998, with a wind down of incoming orders and customer service permitted after March 31, 1998. The agreement also includes the reduction of Montgomery Ward's minimum commitment to support ValueVision's cable television spot advertising purchases. Under the new terms, Montgomery Ward's commitment is reduced from $4 million to $2 million annually, and the time period decreased from five years to three years commencing effective November 1, 1997. In addition, the agreement limits the Company to offer the Montgomery Ward credit card only in conjunction with its various television offers and subject to the normal approvals by the credit card grantor. The agreement also calls for the repurchase by the Company of 1,280,000 of its common stock currently owned by Montgomery Ward, at a price of $3.80 per share.

(6) RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

The Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 128, "Earnings per Share" ("SFAS No. 128") in February 1997. SFAS No. 128 establishes accounting standards for computing and presenting earnings per share ("EPS") and is effective for reporting periods ending after December 15, 1997. Management believes that the adoption of SFAS No. 128 will not have a material impact on the Company's calculation of EPS.

The FASB issued Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information" ("SFAS No. 131") in June 1997. SFAS No. 131 requires that public business enterprises report information about operating segments in annual financial statements and requires selected information in interim financial reports issued to shareholders. It also establishes standards for related disclosures about products and services, geographic areas, and major customers and is effective for fiscal years beginning after December 15, 1997.

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 thereto included elsewhere herein and the audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 1997.

SELECTED CONDENSED CONSOLIDATED FINANCIAL DATA

<TABLE>
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	DOLLAR AMOUNTS AS A PERCENTAGE OF NET SALES FOR THE THREE MONTHS ENDED OCTOBER 31,		DOLLAR AMOUNTS AS A PERCENTAGE OF NET SALES FOR THE NINE MONTHS ENDED OCTOBER 31,	
	1997	1996	1997	1996
<S>	<C>	<C>	<C>	<C>
NET SALES	100.0%	100.0%	100.0%	100.0%

GROSS MARGIN	44.1%	39.6%	43.3%	40.1%
Operating expenses:				
Distribution and selling	40.0%	33.9%	41.0%	32.9%
General and administrative	3.9%	4.1%	4.8%	5.0%
Depreciation and amortization	3.1%	3.2%	3.5%	4.5%
	47.0%	41.2%	49.3%	42.5%
Operating loss	(2.9%)	(1.6%)	(6.0%)	(2.4%)

</TABLE>

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 which markets its products directly to consumers through electronic and print media. Prior to July 1996, the Company's business operations consisted primarily of its 24-hour per day television home-shopping program. Through a series of strategic acquisitions in the second half of fiscal 1997, the Company has expanded its business operations to include the direct-mail catalog business and other forms of direct marketing. The Company, through its wholly-owned subsidiary, ValueVision Direct Marketing Company, Inc., d/b/a Montgomery Ward Direct ("VVDM"), is a direct-mail marketer of a broad range of quality general merchandise which is sold to consumers through direct-mail catalogs. Through its wholly-owned subsidiary, Catalog Ventures, Inc. ("CVI"), the Company sells a variety of fashion jewelry and other consumer merchandise through the publication of five consumer specialty catalogs. The Company also manufactures and markets, via direct-mail, women's foundation undergarments through its wholly-owned subsidiary, Beautiful Images, Inc. ("BII").

Results of operations for the three and nine months ended October 31, 1997 include the direct-mail operations of VVDM, BII and CVI, which were acquired by the Company effective July 22, 1996, October 22, 1996 and November 1, 1996, respectively.

RESULTS OF OPERATIONS

NET SALES

Net sales for the three months ended October 31, 1997 (fiscal 1998), were $58,325,000 compared with $47,118,000 for the three months ended October 31, 1996 (fiscal 1997), a 24% increase. Net sales for the nine months ended October 31, 1997 were $157,887,000 compared with $94,246,000 for the nine months ended October 31, 1996 a 68% increase. Sales attributed to direct mail-order operations totaled $31,033,000 or 53% of net sales for the quarter ended October 31, 1997 and totaled $22,290,000 or 47% of net sales for the nine months ended October 31, 1996. The majority of the increase in net sales is attributed to the acquisition of the direct marketing businesses in the second half of fiscal 1997. The increase in net sales is also attributable to an increase in full-time equivalent cable homes able to receive the Company's television home-shopping programming, which increased approximately 600,000 or 5% from 11.0 million at October 31, 1996 to 11.6 million at October 31, 1997. During the twelve-month period ended October 31, 1997 the Company added approximately 700,000 full-time cable homes, a 9% increase. In addition to new homes, television home-shopping sales increased due to the continued addition of new customers from households already receiving the Company's television home shopping programming and an increase in repeat sales to existing customers. The increase in repeat sales to existing customers experienced during the first nine months of fiscal 1998 was due, in part, to the effects of continued testing of certain merchandising and programming strategies during the third quarter of fiscal 1998. The Company intends to continue to test and change its merchandising and programming strategies with the intent of improving its television home-shopping sales results. However, while the Company is optimistic that results may improve, there can be no assurance that such changes in strategy will achieve the intended results. As a result of the increased number of households able to receive the Company's programming, continued growth in direct mail-order operations, as well as seasonality factors, the Company anticipates net sales and operating expenses will continue to increase for the balance of fiscal 1998.

GROSS PROFIT

Gross profits for the third quarter ended October 31, 1997 and 1996 were $25,726,000 and $18,661,000, respectively, an increase of $7,065,000 or 38%. Gross margins for the three months ended October 31, 1997 were 44.1% compared to 39.6% for the same period last year. Gross profits for the nine months ended October 31, 1997 and 1996 were $68,344,000 and $37,777,000, respectively, an increase of $30,567,000 or 81%. Gross margins for the nine months ended October 31, 1997 were 43.3% compared to 40.1% for the same period last year. The principal reason for the increase in gross profits was increased sales volume primarily as a result of the direct mail operations included in the fiscal 1998 results. Television gross margins for the three and nine months ended October 31, 1997 were 40.7% and 40.5%, respectively. Gross margins for the Company's direct mail operations were 47.1% and 46.0% for the same respective periods. Television gross margins for the three and nine months ended October 31, 1996 were 40.0% and 40.4%, respectively. Gross margins for the Company's direct mail operations were 39.1% for the same respective prior year periods. Television gross margins between comparable periods remained consistent, primarily as a result of an increase in gross margin percentages in the jewelry and houseware product categories and a greater proportion of higher margin non-jewelry products such as houseware products, offset by a decline in volume of higher margin jewelry products. During the third quarter of fiscal 1998, the Company continued to broaden its merchandise mix as compared to the same period last year by expanding the range and quantity of non-jewelry items. As part of the ongoing shift in merchandise mix, the Company continued to devote additional program air time to non-jewelry merchandise. Jewelry products accounted for approximately 59% of air time during the first nine months of fiscal 1998, compared with 68% for the same period last year. Gross margins for the Company's direct mail operations increased primarily due to the acquisition of CVI which has higher margins and was not included in prior year's results of operations. In addition, there was also a slight change in merchandise mix to higher margin home accessories (furniture, giftware and wall decor) which also contributed to the improvement in direct mail margins.

OPERATING EXPENSES

Total operating expenses for the three and nine months ended October 31, 1997 were $27,411,000 and $77,861,000, respectively, versus $19,421,000 and $40,015,000 for the comparable prior-year periods. Total distribution and selling expenses increased $7,372,000 or 46% and $33,659,000 or 108% for the three and nine months ended October 31, 1997 over the comparable prior-year periods. Distribution and selling expense as a percentage of net sales for the three and nine months ended October 31, 1997 were 40% and 41%, respectively, versus 34% and 33% for the comparable prior-year periods. Distribution and selling costs increased primarily as a result of additional distribution and selling expenses associated with the Company's recently acquired direct-mail marketing businesses, which were acquired in the second half of fiscal 1997, increases in cable access fees resulting from the growth in the number of cable homes receiving the company's programming and overall rate increases, additional personnel costs associated with increased staffing levels and labor rates and increased costs associated with handling increased sales volume. Distribution and selling expenses for the nine-month period ended October 31, 1997 increased as a percentage of net sales over prior year primarily as a result of increases in cable access fees on a full-time equivalent basis with respect to the Company's television home shopping operations, a softening of sales on front-end acquisition and sale/clearance catalogs, sales softening on books mailed

to customers in the Montgomery Ward & Co., Incorporated ("Montgomery Ward" or "MW") credit file as a direct result of the recent MW Bankruptcy announcement, increased mail promotion costs, the experience of slightly higher than historical return rates with respect to the Company's direct-mail operations and additional unusual costs incurred by the Company during the first quarter of fiscal 1998 in connection with converting and integrating the Company's newly acquired direct-mail operations and start-up costs associated with the Company's new fulfillment and warehouse facility located in Bowling Green, Kentucky.

General and administrative expenses increased $298,000 or 15% and $2,889,000 or 61% for the three and nine-month periods ended October 31, 1997 over the comparable prior-year periods. General and administrative expenses as a percentage of net sales for the three and nine months ended October 31, 1997 were 4% and 5%, respectively, versus 4% and 5% for the comparable prior-year periods. General and administrative costs increased as a result of increased costs associated with the Company's newly acquired direct-mail operations, increased personnel in support of expanded operations, additional travel and related costs associated with evaluating potential acquisition opportunities and additional legal and consulting costs incurred relative to clarification of certain cable regulations.

Depreciation and amortization for the three and nine months ended October 31, 1997 were $1,834,000 and $5,542,000 versus $1,513,000 and $4,244,000 for the comparable prior-year periods. Depreciation and amortization costs increased $320,000 or 21% and $1,299,000 or 31% for the three and nine months ended October 31, 1997 over the comparable prior-year periods. Depreciation and amortization costs as a percentage of net sales for the three and nine months ended October 31, 1997 were 3% and 4%, respectively, versus 3% and 5% for the comparable prior-year periods. The dollar increase is primarily due to additional depreciation and amortization of approximately $1,101,000 relating to assets associated with the Company's recently acquired direct-mail operations, depreciation on property and equipment additions offset by a reduction in amortization associated with the Montgomery Ward operating agreement and licenses entered into in August 1995.

OPERATING LOSS

The operating loss was $1,685,000 and $760,000 for the three months ended October 31, 1997 and 1996, respectively, and $9,517,000 and $2,238,000 for the nine months ended October 31, 1997 and 1996, respectively. The increase in the operating loss resulted primarily from increases in distribution and selling costs over prior year largely due to increases in front-end cable access fees associated with new cable distribution, expansion of operations, lower than anticipated response rates from catalog solicitations and television home-shopping offerings as a result of the Montgomery Ward Bankruptcy notification, higher than historical return rates and certain unusual costs incurred by the Company in the first quarter of fiscal 1998 in connection with the conversion and integration of the Company's recently acquired direct-mail operations, as well as start-up costs associated with the Company's new fulfillment and warehouse facility located in Bowling Green, Kentucky. These increases were offset by increased sales volumes, margins and a corresponding increase in gross profits.

NET INCOME (LOSS)

For the three months ended October 31, 1997, the Company reported a net loss of $666,000 or $.02 per share on 32,064,000 weighted average common and common-equivalent shares outstanding compared with net income of $609,000, or $.02 per share on 33,628,000 weighted average shares outstanding for the third quarter of fiscal 1997. For the quarter ended October 31, 1997, the net loss reflects an income tax benefit of $471,000.

For the nine months ended October 31, 1997, net income was $18,632,000 or $.58 per share on 32,375,000 weighted average common and common-equivalent shares outstanding compared with net income of $17,208,000 or $.55 per share on 31,207,000 weighted average common and common- equivalent shares outstanding for the prior year period. Results for the nine-month period ended October 31, 1997 include a pre-tax gain of $38,850,000 from the sale of television station WVVI in July 1997. For the nine months ended October 31, 1997, excluding the gain on the sale of the television station, the Company had a net loss of $5,117,000 or $.16 per share. Results for the nine-month period ended October 31, 1996 included a pre-tax gain of $27,050,000 from the sale of television stations WAKC and WHAI in February 1996. For the nine months ended October 31, 1996, excluding the gain on the sale of the two television stations, the Company had net income of $965,000, or $0.03 per share. For the nine months ended October 31, 1997, net income reflects an income tax provision of $11,830,000, which results in an effective tax rate of 39%.

PROGRAM DISTRIBUTION

The Company's television home-shopping programming was available to approximately 17.8 million cable homes as of October 31, 1997, as compared to 16.4 million cable homes as of January 31, 1997 and to 13.7 million cable homes as of October 31, 1996. The Company's programming is currently available through affiliation and time-block purchase agreements with approximately 280 cable systems and two wholly-owned full power television broadcast stations. In addition, the Company's programming is broadcast full-time over thirteen owned or affiliated low power television stations in major markets, and is available unscrambled to homes equipped with satellite dishes. As of October 31, 1997 and 1996, the Company's programming was available to approximately 11.6 million and 11.0 million full-time equivalent cable homes ("FTE"), respectively, an approximate 5% increase. As of January 31, 1997, the Company's programming was available to 11.4 million FTE cable homes. Approximately 8.5 million and 7.8 million cable homes at October 31, 1997 and 1996, 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.

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

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

As of October 31, 1997, cash and cash equivalents and short-term investments were $45,719,000, compared to $52,859,000 as of January 31, 1997, a $7,140,000 decrease. For the nine months ended October 31, 1997, working capital decreased $177,000 to $61,455,000. The current ratio was 2.6 at October 31, 1997 and at January 31, 1997. At October 31, 1997 all short-term investments and cash equivalents were invested in securities with original maturity dates of less than two hundred and seventy (270) days.

Total assets at October 31, 1997 were $173,327,000, compared to $166,413,000 at January 31, 1997. Shareholders' equity was $132,685,000 at October 31, 1997, compared to $127,246,000 at January 31, 1997, a $5,439,000 increase. The increase in shareholders' equity for the nine-month period ended October 31, 1997 resulted primarily from net income of $18,632,000 for the nine-month period and proceeds received on the exercise of stock options and warrants of $258,000. The equity increases were offset by $10,458,000 related to the repurchase of 2,418,000 shares of Company common stock made in connection with the Company's authorized stock repurchase program and unrealized holding losses of $2,992,000 on investments available-for-sale.

For the nine-month period ended October 31,1997, net cash used for operating activities totaled $22,278,000 compared to net cash used for operating activities of $7,799,000 for the nine-month period ended October 31, 1996. Cash flows from operations before consideration of changes in working capital items and investing and financing activities was a negative $3,975,000 for the nine months ended October 31, 1997, compared to a positive $2,006,000 for the same prior-year period. Net cash used for operating activities for the nine months ended October 31, 1997 reflects net income, as adjusted for depreciation and amortization, loss in earnings of affiliates and gain on sale of broadcast station, increased prepaid expenses and funding required to support higher levels of accounts receivable, decreases in accounts payable and accrued liabilities offset by a decrease in inventories and an increase in income taxes payable. Accounts receivable increased primarily due to timing relative to receipt of funds from credit card companies and increased sales volume. Prepaid expenses primarily increased as a result of increased deferred catalog costs as the Company's direct-mail operations prepared for the holiday season. Inventories decreased from year end as a result of tighter inventory management and changes in merchandise mix.

Net cash provided by investing activities totaled $22,370,000 for the nine months ended October 31, 1997 compared to $7,404,000 for the same period of fiscal 1997. For the nine months ended October 31, 1997 and 1996, expenditures for property and equipment were $3,148,000 and $7,719,000, respectively. Expenditures for property and equipment during the periods ended October 31, 1997 and 1996 include (i) the upgrade of broadcast station and production equipment, studios and transmission equipment (ii) the upgrade of computer software and related equipment and (iii) a $4.7 million land purchase in fiscal 1997, which is being held for future expansion and investment purposes. Principal future capital expenditures will be for upgrading television production and transmission equipment, studio expansions and order fulfillment equipment in support of expanded operations, especially with respect to the Company's recently acquired direct-mail operations. During the second quarter of fiscal 1998, the Company received approximately $30.0 million in cash proceeds from the sale of television station WVVI. For the nine months ended October 31, 1997, the Company disbursed $5,454,000 relating to certain strategic investments and other long-term assets, received $1,369,000 in net proceeds from sales and

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

distributions of certain long-term investments and received proceeds of $1,603,000 in collection of a long-term note receivable. During the third quarter of fiscal 1997, the Company assumed net cash of approximately $1,790,000 in connection with the acquisition of two direct-mail companies. During the first quarter of fiscal 1997, the Company received $40.0 million in proceeds from the sale of two television stations; Akron ABC affiliate WAKC-TV and independent station WHAI-TV. In addition, during the first quarter of fiscal 1997, the Company paid approximately $3.8 million toward the acquisition of independent television station KBGE (TV), including acquisition costs and paid $800,000 at a second closing relative to broadcast station WVVI (TV). The Company also disbursed $1,519,000 for investments and other long-term investments.

Net cash used for financing activities totaled $10,521,000 for the nine months ended October 31, 1997 and $568,000 for the nine months ended October 31, 1996, and primarily related to repurchases of the Company's common stock under its stock repurchase program and capital lease payments offset by proceeds received from the exercise of stock options and warrants.

Management believes funds currently held by the Company will be sufficient to fund the Company's operations, the repurchase of any additional Company common stock pursuant to an authorized repurchase plan, anticipated capital expenditures and cable launch fees through fiscal 1998. Additional capital may be required in the event the Company is able to identify additional acquisition targets and television stations in strategic markets at favorable prices.

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

This quarterly report on Form 10-Q and 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. Such statements include, among others, those statements regarding management restructurings, strategic investments, acquisitions and other business combinations, anticipated operating results, revenue growth, capital spending requirements, the effects of regulation and competition, the restructuring of the Montgomery Ward relationship and the sale of the Seattle television station. These, and other forward looking statements made by the Company, must be evaluated in the context of a number of important factors that may affect the Company's financial position and results of operations including, without limitation: the availability of experienced managers for a management restructuring, consumer spending and debt levels, interest rate fluctuations, seasonal variations in consumer purchasing activities, increases in postal, paper and outbound shipping costs, competition in the retail and direct marketing industries, continuity of relationships with or purchases from major vendors, product mix, competitive pressure on sales and pricing, the ability of the Company to manage growth and expansion, changes in the regulatory framework affecting the Company, increases in cable access fees and other costs which cannot be recovered through improved pricing, the identification and availability of potential strategic investments, acquisition or business combination candidates at prices favorable to the Company, bankruptcy court approval of the Montgomery Ward restructuring and obtaining certain consents and

regulatory approvals for the sale of the Seattle television station. Investors are cautioned that all forward looking statements involve risk and uncertainty and that actual results may differ materially from such statements.

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, 1997 provide information which should be considered in evaluating any of the Company's forward looking statements. In addition, investors should be aware that the facts and circumstances which 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.

PART II OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

11 Computation of Net Income (Loss) Per Share.
27 Financial Data Schedule (for SEC use only).

(b) Reports on Form 8-K

(i) The Company filed a Form 8-K on October 24, 1997 reporting under Item 5 the Company's Press Release dated October 23, 1997 announcing the Montgomery Ward and ValueVision Restructure Agreement on the use of the Montgomery Ward name.

(ii) The Company filed a Form 8-K on November 17, 1997 reporting under Item 5 that the Company and Paxson Communications Corporation ("Paxson") signed a definitive agreement under which Paxson will acquire, for total consideration of $35 million in cash, the Company's television station KBGE-TV, Channel 33, Seattle, Washington along with two of the Company's non-cable, low-power stations in Portland, Oregon and Indianapolis, Indiana and minority interests in entities which have applied for two new stations.

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/ Robert L. Johander

Robert L. Johander
Chairman of the Board and
Chief Executive Officer
(Principal Executive Officer)

/s/ Stuart R. Romenesko

Stuart R. Romenesko
Senior Vice President Finance and
Chief Financial Officer
(Principal Financial and Accounting Officer)

December 8, 1997

Exhibit 11

VALUEVISION INTERNATIONAL, INC. AND SUBSIDIARIES

Computation of Net Income (Loss) Per Share

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	Three Months Ended October 31,	
	1997	1996
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Net income (loss)	$ (665,774)	$ 608,736
Weighted average number of common shares outstanding	28,031,430	29,789,113
Shares assumed to be issued upon the exercise of common stock options and warrants under the treasury stock method	4,032,998	3,838,657
Weighted average number of common shares and common equivalent shares outstanding	32,064,428	33,627,770
Net income (loss) per common and dilutive common equivalent shares	$ (0.02)	$ 0.02

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	Nine Months Ended October 31,	
	1997	1996
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Net income	$ 18,631,521	$17,207,590
Weighted average number of common shares outstanding	28,266,557	29,572,658
Shares assumed to be issued upon the exercise of common stock options and warrants under the treasury stock method	4,108,813	1,634,316
Weighted average number of common shares and common equivalent shares outstanding	32,375,370	31,206,974
Net income per common and dilutive common equivalent shares	$ 0.58	$ 0.55

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM VALUE VISION INTERNATIONAL, INC.'S CONSOLIDATED BALANCE SHEET AS OF OCTOBER 31 1997 AND CONSOLIDATED STATEMENTS OF OPERATIONS FOR THE THREE AND NINE MONTHS ENDED OCTOBER 31 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH CONSOLIDATED FINANCIAL STATEMENTS AS FILED ON FORM 10-Q.
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<F2>PROPERTY AND EQUIPMENT REPRESENTS AMOUNTS NET OF ACCUMULATED DEPRECIATION.
</FN>

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