

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, 1998

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
(State or other jurisdiction of
incorporation or organization)

41-1673770
(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 June 9, 1998, there were 25,478,343 shares of the Registrant's
common stock, \$.01 par value, outstanding.

VALUEVISION INTERNATIONAL, INC. AND SUBSIDIARIES

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APRIL 30, 1998

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

<TABLE>

<CAPTION>

	ASSETS	APRIL 30, 1998	JANUARY 31, 1998
		-----	-----
<S>		<C>	<C>
CURRENT ASSETS:			
Cash and cash equivalents		\$ 45,859,500	\$ 17,198,074
Short-term investments		6,567,424	14,667,669
Accounts receivable, net		9,417,124	8,694,293
Inventories, net		17,308,370	20,426,862
Prepaid expenses and other		8,729,329	10,478,848
Note receivable -- National Media Corporation		10,000,000	7,000,000
Income taxes receivable		--	748,319
Deferred income taxes		447,000	447,000
		-----	-----
Total current assets		98,328,747	79,661,065
Property and equipment, net		20,420,439	21,403,724
Federal Communications Commission licenses, net		2,082,585	5,807,187
Montgomery Ward operating agreement and licenses, net		2,025,231	2,073,360
Investment in Paxson Communications Corporation		14,497,006	9,847,688
Goodwill and other intangible assets, net		6,251,705	6,892,454
Investments and other assets, net		9,130,894	9,078,826
		=====	=====
		\$ 152,736,607	\$ 134,764,304
		=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Current portion of long-term obligations		\$ 389,484	\$ 410,648
Accounts payable		15,195,569	17,643,895
Accrued liabilities		10,120,500	11,535,551
Income taxes payable		5,999,079	--
		-----	-----
Total current liabilities		31,704,632	29,590,094
LONG-TERM OBLIGATIONS			
		833,054	1,036,821
DEFERRED INCOME TAXES			
		3,697,000	1,869,660
		-----	-----
Total liabilities		36,234,686	32,496,575
SHAREHOLDERS' EQUITY:			
Common stock, \$.01 par value, 100,000,000 shares authorized; 26,780,778 and 26,780,778 shares issued and outstanding		267,808	267,808
Additional paid-in capital		74,538,225	74,538,225
Accumulated other comprehensive losses		(3,288,871)	(6,275,652)
Notes receivable from officers		(993,295)	(960,476)
Retained earnings		45,978,054	34,697,824
		-----	-----
Total shareholders' equity		116,501,921	102,267,729
		-----	-----

</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)

<TABLE>
<CAPTION>

	FOR THE THREE MONTHS ENDED APRIL 30,	
	1998	1997
<S>	<C>	<C>
NET SALES	\$43,676,233	\$51,061,796
COST OF SALES	25,022,354	28,366,858
	-----	-----
Gross profit	18,653,879	22,694,938
	-----	-----
Margin %	42.7%	44.4%
OPERATING EXPENSES:		
Distribution and selling	16,818,763	21,102,834
General and administrative	2,853,668	2,914,699
Depreciation and amortization	1,270,079	1,801,240
	-----	-----
Total operating expenses	20,942,510	25,818,773
	-----	-----
OPERATING LOSS	(2,288,631)	(3,123,835)
	-----	-----
OTHER INCOME (EXPENSE):		
Gain on sale of broadcast stations	19,750,000	--
Equity in losses of affiliates	(16,362)	(369,996)
Interest income	783,208	527,270
Other, net	(32,985)	54,324
	-----	-----
Total other income	20,483,861	211,598
	-----	-----
INCOME (LOSS) BEFORE INCOME TAXES	18,195,230	(2,912,237)
	-----	-----
INCOME TAX PROVISION (BENEFIT)	6,915,000	(1,151,000)
	-----	-----
NET INCOME (LOSS)	\$11,280,230	\$(1,761,237)
	-----	-----
NET INCOME (LOSS) PER COMMON SHARE	\$ 0.42	\$ (0.05)
	-----	-----
NET INCOME (LOSS) PER COMMON SHARE ---ASSUMING DILUTION	\$ 0.42	\$ (0.05)
	-----	-----
Weighted average number of common shares outstanding:		
Basic	26,780,778	32,949,056
	-----	-----
Diluted	26,877,387	32,949,056
	-----	-----

</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, 1998
(Unaudited)

<TABLE>
<CAPTION>

ACCUMULATED	COMMON STOCK	ADDITIONAL	OTHER

COMPREHENSIVE	COMPREHENSIVE	NUMBER	PAR	PAID-IN	
(LOSSES)	INCOME	OF SHARES	VALUE	CAPITAL	INCOME

<S>	<C>	<C>	<C>	<C>	<C>
BALANCE, January 31, 1998 (6,275,652)		26,780,778	\$ 267,808	\$ 74,538,225	\$
Comprehensive income:					
Net income	\$ 11,280,230	--	--	--	--
Other comprehensive income, net of tax:					
Unrealized gains on securities, net of tax of \$1,831,000	2,986,781	--	--	--	--
2,986,781					
Comprehensive income	\$ 14,267,011				
	=====				
Increase in notes receivable from officers		--	--	--	--

BALANCE, April 30, 1998 (3,288,871)		26,780,778	\$ 267,808	\$ 74,538,225	\$
		=====	=====	=====	

<CAPTION>

	NOTES RECEIVABLE FROM OFFICERS	RETAINED EARNINGS	TOTAL SHAREHOLDERS' EQUITY
<S>	<C>	<C>	<C>
BALANCE, January 31, 1998	\$ (960,476)	\$ 34,697,824	\$ 102,267,729
Comprehensive income:			
Net income	--	11,280,230	11,280,230
Other comprehensive income, net of tax:			
Unrealized gains on securities, net of tax of \$1,831,000	--	--	2,986,781
Comprehensive income			
Increase in notes receivable from officers	(32,819)	--	(32,819)
BALANCE, April 30, 1998	\$ (993,295)	\$ 45,978,054	\$ 116,501,921
	=====	=====	=====

</TABLE>

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

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

	FOR THE THREE MONTHS ENDED APRIL 30,	
	1998	1997
<S>	<C>	<C>
OPERATING ACTIVITIES:		
Net income (loss)	\$ 11,280,230	\$ (1,761,237)
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities-		
Depreciation and amortization	1,270,079	1,801,240
Deferred taxes	(3,660)	(76,000)
Equity in losses of affiliates	16,362	369,996
Gain on sale of investments	--	(100,075)
Gain on sale of broadcast stations	(19,750,000)	--

<TABLE>
<CAPTION>

Changes in operating assets and liabilities:		
Accounts receivable, net	(722,831)	(2,897,329)
Inventories, net	3,118,492	(1,790,529)
Prepaid expenses and other	1,702,035	(382,568)
Accounts payable and accrued liabilities	(3,872,536)	963,873
Income taxes payable (receivable), net	6,747,398	(45,008)
	-----	-----
Net cash used for operating activities	(214,431)	(3,917,637)
	-----	-----
INVESTING ACTIVITIES:		
Property and equipment additions, net of retirements	(212,755)	(1,479,917)
Proceeds from sale of investments	--	280,638
Proceeds from sale of broadcast stations	24,483,200	--
Loan to National Media Corporation	(3,000,000)	--
Purchase of short-term investments	(1,479,021)	(13,547,228)
Proceeds from sale of short-term investments	9,747,729	12,843,773
Payment for investments and other assets	(407,254)	(1,150,891)
	-----	-----
Net cash provided by (used for) investing activities	29,131,899	(3,053,625)
	-----	-----
FINANCING ACTIVITIES:		
Proceeds from exercise of stock options and warrants	--	46,514
Payments for repurchases of common stock	--	(10,458,412)
Payment of long-term obligations	(256,042)	(61,485)
	-----	-----
Net cash used for financing activities	(256,042)	(10,473,383)
	-----	-----
Net increase (decrease) in cash and cash equivalents	28,661,426	(17,444,645)
BEGINNING CASH AND CASH EQUIVALENTS	17,198,074	28,618,943
	-----	-----
ENDING CASH AND CASH EQUIVALENTS	\$ 45,859,500	\$ 11,174,298
	=====	=====
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	\$ 52,000	\$ 21,000
	=====	=====
Income taxes paid	\$ 410,000	\$ 75,000
	=====	=====

</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, 1998
(Unaudited)

(1) GENERAL

ValueVision International, Inc. and 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., doing business as HomeVisions ("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 and other women's apparel through its wholly-owned subsidiary Beautiful Images, Inc.

("BII").

(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 1998 Annual Report on Form 10-K. Operating results for the three month period ended April 30, 1998, are not necessarily indicative of the results that may be expected for the fiscal year ending January 31, 1999.

Certain amounts in the fiscal 1998 financial statements have been reclassified to conform to the fiscal 1999 presentation with no impact on previously reported net income (loss).

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VALUEVISION INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 1998
(Unaudited)

(3) NET INCOME (LOSS) PER COMMON SHARE

In the fourth quarter of fiscal 1998, the Company adopted Statement of Financial Accounting Standards No. 128 "Earnings per Share" ("SFAS No. 128"), which established new guidelines for computing and presenting earnings (loss) per share data ("EPS"), and retroactively restated EPS for all prior periods. SFAS No. 128 requires presentation of basic and diluted EPS. Basic EPS is computed by dividing reported net income (loss) by the weighted average number of common shares outstanding. Diluted EPS reflects potential dilution from outstanding stock options and warrants, using the treasury stock method. The adoption of SFAS No. 128 did not have a significant effect on previously reported EPS information.

(4) COMPREHENSIVE INCOME

In the first quarter of fiscal 1999, the Company adopted Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" ("SFAS No. 130") which 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 includes net income and other comprehensive income (loss) which consists of unrealized holding gains and losses from equity investments classified as "available-for-sale". Total comprehensive income (loss) was \$14,267,000 and (\$1,761,000) for the three months ended April 30, 1998 and 1997, respectively.

(5) SALE OF BROADCAST STATIONS

On February 27, 1998, the Company completed the sale of its television broadcast station KBGE- TV Channel 33, which serves the Seattle, Washington market, along with two of the Company's non-cable, low-power stations in Portland, Oregon and Indianapolis, Indiana and a minority interest in an entity which had applied for a new full-power station to Paxson Communications Corporation ("Paxson") for a total of approximately \$35 million in cash. Under the terms of the agreement, Paxson paid the Company approximately \$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 its antenna and increase its transmitter power to a level at or near its licensed full power. The Company will retain and continue to serve the Seattle market via its recently-launched low-power station K58DP-TV, which transmits from downtown Seattle. KBGE was acquired by the Company in March 1996 for approximately \$4.6 million. The pre-tax gain recorded on the first installment with respect to the sale of these television stations was approximately \$19.8 million and was recognized in the fiscal quarter ended April 30, 1998.

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(6) NATIONAL MEDIA CORPORATION

On January 5, 1998, the Company entered into an Agreement and Plan of Reorganization and Merger (the "Merger Agreement"), by and among the Company, National Media Corporation ("National Media") and Quantum Direct Corporation,

formerly known as V-L Holdings Corp. ("Quantum Direct"), a newly-formed Delaware corporation. National Media Corporation is a publicly-held direct marketer of consumer products through the use of direct response transactional television programming, known as infomercials, and currently makes its programming available to more than 370 million television households in more than 70 countries worldwide.

On April 8, 1998, it was announced that the Company received preliminary notification from holders of more than 5% of the Company's common stock that they intended to exercise their dissenter's rights with respect to the proposed merger of the Company and National Media. The Company also reported that it had advised National Media that it did not intend to waive the Merger Agreement condition to closing requiring that holders of not more than 5% of the shares of the Company common stock have demanded their dissenter's rights. The Company and National Media had special meetings of their shareholders scheduled on April 14, 1998 to vote on the Mergers. In light of the receipt of the dissenters' notice, the companies mutually agreed to postpone their respective shareholder meetings.

On June 2, 1998, the Company announced that attempts to renegotiate new, mutually acceptable terms and conditions regarding a transaction with National Media were unsuccessful and the Merger Agreement was terminated. As of April 30, 1998, the Company has incurred approximately \$2.0 million of acquisition related costs and anticipates expensing these costs in the second quarter ended July 31, 1998.

(7) COMMON STOCK REPURCHASE PROGRAM

In fiscal 1996, the Company established a stock repurchase program whereby the Company may repurchase shares of its common stock in the open market and through negotiated transactions, at prices and times deemed to be beneficial to the long-term interests of shareholders and the Company. As of April 30, 1998, the Company was authorized to repurchase an aggregate of \$20 million of its common stock of which approximately \$16 million in stock had been repurchased. In June 1998, the Company's Board of Directors authorized an additional repurchase of up to \$6 million of the Company's common stock.

(8) RECENTLY ISSUED ACCOUNTING PRONOUNCEMENT

The Financial Accounting Standards Board ("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. The Company plans to adopt the disclosure requirements of SFAS No. 131 in its fiscal 1999 year-end financial statements when required. The disclosure requirements of SFAS No. 131 need not be applied to interim periods in the initial year of application.

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, 1998.

SELECTED CONDENSED CONSOLIDATED FINANCIAL DATA

<TABLE>
<CAPTION>

DOLLAR AMOUNTS AS A
PERCENTAGE OF NET SALES
FOR THE THREE MONTHS
ENDED APRIL 30,

	1998	1997
<S>	<C>	<C>
Net sales	100.0%	100.0%
	=====	=====
Gross margin	42.7%	44.4%
	-----	-----

Operating expenses:

Distribution and selling	38.5%	41.3%
General and administrative	6.5%	5.7%
Depreciation and amortization	2.9%	3.5%
	-----	-----
	47.9%	50.5%
	-----	-----
Operating loss	(5.2%)	(6.1%)
	=====	=====

</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 which markets its products directly to consumers through electronic and print media.

The Company's television home shopping network 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., doing business as HomeVisions ("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 related consumer merchandise through the publication of five consumer specialty catalogs. The Company also manufactures and markets, via direct-mail, women's foundation undergarments and other women's apparel through its wholly-owned subsidiary, Beautiful Images, Inc. ("BII").

NATIONAL MEDIA CORPORATION

On January 5, 1998, the Company entered into an Agreement and Plan of Reorganization and Merger (the "Merger Agreement"), by and among the Company, National Media Corporation ("National Media") and Quantum Direct Corporation, formerly known as V-L Holdings Corp. ("Quantum Direct"), a newly-formed Delaware corporation. National Media Corporation is a publicly-held direct marketer of consumer products through the use of direct response transactional television programming, known as infomercials, and currently makes its programming available to more than 370 million television households in more than 70 countries worldwide.

On April 8, 1998, it was announced that the Company received preliminary notification from holders of more than 5% of the Company's common stock that they intended to exercise their dissenter's rights with respect to the proposed merger of the Company and National Media. The Company also reported that it had advised National Media that it did not intend to waive the Merger Agreement condition to closing requiring that holders of not more than 5% of the shares of the Company common stock have demanded their dissenter's rights. The Company and National Media had special meetings of their shareholders scheduled on April 14, 1998 to vote on the Mergers. In light of the receipt of the dissenters' notice, the companies mutually agreed to postpone their respective shareholder meetings.

On June 2, 1998, the Company announced that attempts to renegotiate new, mutually acceptable terms and conditions regarding a transaction with National Media were unsuccessful and the Merger Agreement was terminated. As of April 30, 1998, the Company has incurred approximately \$2.0 million of acquisition related costs and anticipates expensing these costs in the second quarter ended July 31, 1998.

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RESULTS OF OPERATIONS

NET SALES

Net sales for the three months ended April 30, 1998 (fiscal 1999), were \$43,676,000 compared with net sales of \$51,062,000 for the three months ended

April 30, 1997 (fiscal 1998), a 14.5% decrease. The decrease in net sales is directly attributable to the decline in catalog sales resulting from the downsizing of the HomeVisions (formerly known as Montgomery Ward Direct) direct-mail operations after the November 1997 restructuring of the Company's operating agreements with Montgomery Ward & Co., Incorporated ("Montgomery Ward"). Sales attributed to direct-mail marketing operations totaled \$14,537,000 or 33.3% of total net sales for the quarter ended April 30, 1998 and totaled \$26,691,000 or 52.3% of total net sales for the quarter ended April 30, 1997. Sales attributed to the Company's television home-shopping programming increased 19.6% to \$29,140,000 for the quarter ended April 30, 1998 from \$24,370,000 for the comparable prior year period. The increase in television home-shopping net sales occurred while full-time equivalent cable homes able to receive the Company's home-shopping programming remained essentially unchanged from the prior year at approximately 12.0 million. This improvement in home shopping is a direct result of a strengthened merchandising effort under the leadership of ValueVision - TV's new general management. During the 12-month period ended April 30, 1998 the Company added approximately 1.3 million full-time cable homes, a 16% increase. In addition to new full-time cable 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, as well as an increase in repeat sales to existing customers. The increase in repeat sales to existing customers experienced during the first three months of fiscal 1999 was due, in part, to the effects of continued testing of certain merchandising and programming strategies during the first quarter of fiscal 1999. Certain changes were made to the Company's merchandising and programming strategies in the fourth quarter of fiscal 1998 and the first quarter of fiscal 1999 which contributed to an improvement in television home-shopping sales. 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 will continue to improve, there can be no assurance that such changes in strategy will achieve the intended results.

GROSS PROFIT

Gross profits for the first quarter ended April 30, 1998 and 1997 were \$18,654,000 and \$22,695,000, respectively, a decrease of \$4,041,000 or 17.8%. Gross margins for the three months ended April 30, 1998 were 42.7% compared to 44.4% for the same period last year. The principal reason for the decrease in gross profits was the decreased sales volume resulting from the downsizing of the HomeVisions catalog operations. Television gross margins for the first quarter ended April 30, 1998 and 1997 were 38.1% and 41.3% respectively. Gross margins for the Company's direct mail-order operations were 51.9% and 47.3% for the same respective periods. Television home shopping gross margins between comparable periods decreased slightly from prior year primarily as a result of a decrease in gross margin percentages in the giftware and houseware product categories and a greater proportion of lower margin non-jewelry products such as electronics, offset by increases in volume of higher margin seasonal and jewelry products. During the first quarter of fiscal 1999, 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 63% of air time during the first quarter of fiscal 1999, compared with 64% for the same period last year. Gross margins for the Company's direct mail-order operations increased primarily as a result of the decrease in HomeVisions sales due to the downsizing of the HomeVisions catalog operations which has a considerably lower margin than CVI or BII

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

and as a result of the exclusion of two lower margin CVI catalog titles from the fiscal 1999 summer mailing.

OPERATING EXPENSES

Total operating expenses for the three months ended April 30, 1998 were \$20,943,000 versus \$25,819,000 representing a decrease of \$4,876,000 or 18.9% from the three months ended April 30, 1997. Distribution and selling expenses decreased \$4,284,000 or 20.3% to \$16,819,000 or 38.5% of net sales during the first quarter of fiscal 1999 compared to \$21,103,000 or 41.3% of net sales for the comparable prior-year period. Distribution and selling costs decreased primarily as a result of the downsizing of the Company's HomeVisions catalog operations, offset by increases in net cable access fees due to an increase in the rate per full-time equivalent cable home, increased marketing and advertising fees as a result of absorbing additional advertising costs which were previously resold to Montgomery Ward, additional personnel costs associated with increased staffing levels, labor rates and increased costs associated with handling the increased television home shopping sales volume. Distribution and selling expenses decreased as a percentage of net sales over prior year primarily as a result of additional unusual costs incurred by the Company and included in the first quarter of fiscal 1998 in connection with the conversion and integration of the Company's acquired direct-mail operations and start-up costs associated with the Company's fulfillment and warehouse facility which were not included in the first quarter of fiscal 1999.

General and administrative expenses for the three months ended April 30, 1998 decreased \$61,000 or 2.1% to \$2,854,000 or 6.5% of net sales compared to \$2,915,000 or 5.7% of net sales for the three month period ended April 30, 1997. General and administrative costs remained relatively flat compared to the prior year and increased as a percentage of net sales as a result of the decrease in net sales from quarter to quarter.

Depreciation and amortization costs for the three months ended April 30, 1998 were \$1,270,000 versus \$1,801,000 representing a decrease of \$531,000 or 29.5% from the comparable prior-year period. Depreciation and amortization costs as a percentage of net sales were 2.9% for the three months ended April 30, 1998 versus 3.5% for the comparable prior-year period. The dollar decrease is primarily due to a reduction in amortization expense of approximately \$465,000 relating to intangible assets reduced in connection with the November 1997 amended Montgomery Ward operating and license agreement. In addition, depreciation and amortization expense decreased from prior year as a result of the Company's sale of its Seattle, Washington television broadcast station (KBGE-TV, Channel 33) in February 1998.

OPERATING LOSS

For the three months ended April 30, 1998, the Company incurred an operating loss of \$2,289,000 compared to an operating loss of \$3,124,000 for the three months ended April 30, 1997, a decrease of \$835,000 or 27%. The improvement in the operating loss resulted primarily from decreases in distribution and selling costs over prior year due to the recent downsizing of the HomeVisions catalog operations and the fact that the first quarter of fiscal 1998 included certain unusual costs incurred by the Company in connection with the conversion and integration of the Company's acquired direct-mail operations and start-up costs incurred associated with the Company's fulfillment and warehouse facility. Also contributing to the operating loss improvement for the first quarter of fiscal 1999 was a reduction in amortization expense

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

over prior year relating primarily to the November 1997 amended Montgomery Ward operating and license agreement. These decreases were offset by decreased sales volumes, margins and a corresponding decrease in gross profits.

NET INCOME (LOSS)

For the three months ended April 30, 1998, the Company reported net income of \$11,280,000 or \$.42 per share on 26,877,000 diluted weighted average common shares outstanding (\$.42 per share on 26,781,000 basic shares) compared with a net loss of \$1,761,000, or \$.05 per share on 32,949,000 diluted weighted average common shares outstanding (\$.05 per share on 32,949,000 basic shares) for the first quarter of fiscal 1998. Results for the first quarter of fiscal 1999 include a pre-tax gain of \$19,750,000 from the sale of television station KBGE-TV, Channel 33 in Seattle, Washington and two low-power television stations in February 1998. For the three months ended April 30, 1998, excluding the gain on the sale of the television stations, the Company had a net loss of \$964,000, or \$.04 per share. For the quarter ended April 30, 1998, net income reflects an income tax provision of \$6,915,000 which results in an effective tax rate of 38%.

PROGRAM DISTRIBUTION

The Company's television home-shopping programming was available to approximately 17.4 million cable homes as of April 30, 1998, as compared to 17.4 million cable homes as of January 31, 1998 and to 18.1 million cable homes as of April 30, 1997. The Company's programming is currently available through affiliation and time-block purchase agreements with approximately 320 cable systems and one wholly-owned full power television broadcast station. In addition, the Company's programming is broadcast full-time over eleven owned or affiliated low power television stations in major markets, and is available unscrambled to homes equipped with satellite dishes. As of April 30, 1998 and 1997, the Company's programming was available to approximately 11.9 million and 12.0 million full-time equivalent ("FTE") cable homes, respectively. As of January 31, 1998, the Company's programming was available to 11.7 million FTE cable homes. Approximately 9.4 million and 8.1 million cable homes at April 30, 1998 and 1997, 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.

CIRCULATION

With respect to the Company's direct-mail marketing operations, approximately 2.8 million HomeVisions catalogs were mailed in the first quarter of fiscal 1999. At April 30, 1998, HomeVisions had approximately 524,000 "active" customers (defined as individuals that have purchased from the Company

within the preceding 12 months) and combined customer and prospect files that totaled approximately 4.1 million names. Approximately 4.8 million CVI catalogs were mailed in the first quarter of fiscal 1999 and at April 30, 1998, CVI had approximately 545,000 active catalog customers and approximately 4.8 million customer names in its catalog customer list database. During the first quarter of fiscal 1999, BII had approximately 175 million space advertisements or "impressions" circulated in national and regional newspapers and magazines and at April 30, 1998, BII had approximately 210,000 active customers and approximately 690,000 customer names in its customer list database.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF
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YEAR 2000 CONSIDERATIONS

The Company has reviewed the implications of year 2000 compliance and has taken steps designed to ensure that the Company's information systems and software applications will manage dates beyond 1999. The Company believes that it has allocated adequate resources for this purpose and that planned software upgrades, which are underway and in the normal course of business, will address the Company's internal year 2000 needs. While the Company expects that efforts on the part of current employees of the Company will be required to monitor year 2000 issues, no assurances can be given that these efforts will be successful. The Company does not expect the cost of addressing any year 2000 issue to be a material event or uncertainty that would have a material, adverse effect on future operating results or financial condition.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

As of April 30, 1998, cash and cash equivalents and short-term investments were \$52,427,000, compared to \$31,866,000 as of January 31, 1998, a \$20,561,000 increase. For the three months ended April 30, 1998, working capital increased \$16,553,000 to \$66,624,000. The current ratio was 3.1 at April 30, 1998 compared to 2.7 at January 31, 1998. At April 30, 1998 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 April 30, 1998 were \$152,737,000, compared to \$134,764,000 at January 31, 1998. Shareholders' equity was \$116,502,000 at April 30, 1998, compared to \$102,268,000 at January 31, 1998, a \$14,234,000 increase. The increase in shareholders' equity for the three month period ended April 30, 1998 resulted primarily from net income of \$11,280,000 for the quarter and net unrealized holding gains of \$2,987,000 on investments available-for-sale.

For the three-month period ended April 30, 1998, net cash used for operating activities totaled \$214,000 compared to net cash used for operating activities of \$3,918,000 for the three-month period ended April 30, 1997. Cash flows from operations before consideration of changes in working capital items and investing and financing activities was a negative \$1,019,000 for the three months ended April 30, 1998, compared to a negative \$1,323,000 for the same prior-year period. Net cash used for operating activities for the three months ended April 30, 1998 reflects net income, as adjusted for depreciation and amortization, equity in losses of affiliates and gain on sale of broadcast stations, decreased accounts payable and accrued liabilities and increased accounts receivable, offset by a decrease in inventories, prepaid expenses and an increase in net income taxes payable. Accounts receivable increased primarily due to timing relative to receipt of funds from credit card companies and increased receivables due from customers for merchandise sales made pursuant to the "ValuePay" installment program. Inventories decreased from year end as a result of tighter inventory management, changes in merchandise mix and the downsizing of the HomeVisions catalog operations. Prepaid expenses decreased primarily as a result of decreased deferred catalog costs as the Company's direct-mail operations end the Spring 1998 catalog season.

Net cash provided by investing activities totaled \$29,132,000 during the first quarter of fiscal 1999 compared to net cash used for investing activities of \$3,054,000 for the same period of fiscal 1998. For the three months ended April 30, 1998 and 1997, expenditures for property and equipment were \$213,000 and \$1,480,000, respectively. Expenditures for property and equipment during the periods ended April 30, 1998 and 1997 include (i) the upgrade of broadcast station and production equipment, studios and

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF
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transmission equipment and (ii) the upgrade of computer software and related equipment. Principal future capital expenditures will be for upgrading television production and transmission equipment, studio expansions and order fulfillment equipment to support expanded operations. During the first quarter of fiscal 1999, the Company received \$24,483,000 in proceeds from the sale of its broadcast television station KBGE-TV. In addition, during the first quarter

of fiscal 1999, the Company disbursed \$407,000 relating to certain strategic investments and other long-term assets and granted an additional \$3.0 million working capital loan in the form of a demand note to National Media Corporation. During the first quarter of fiscal 1998, the Company disbursed \$1,151,000 relating to certain strategic investments and other long-term assets and received \$281,000 in net proceeds from the sale of certain long-term investments.

Net cash used for financing activities totaled \$256,000 for the three months ended April 30, 1998 and included a \$200,000 installment payment made under a five year non-compete obligation entered into upon the acquisition of a broadcast television station and payments made on capital lease obligations. Net cash used for financing activities totaled \$10,473,000 for the three months ended April 30, 1997 and primarily related to repurchases of the Company's common stock under its stock repurchase program and capital lease obligation payments, offset by proceeds received from the exercise of stock options and warrants.

Management believes that 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 1999. Additional capital may be required in the event the Company is able to identify additional direct marketing company 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

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, including the outcome of litigation, anticipated operating results, revenue growth, capital spending requirements, potential future acquisitions and the effects of regulation and competition. 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: the ability to resolve satisfactorily the disputed issues in litigation, 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 and the identification and availability of potential acquisition targets at prices favorable to the Company. Investors are cautioned that all forward looking statements involve risk and uncertainty.

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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, 1998, 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 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.

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VALUEVISION INTERNATIONAL, INC. AND SUBSIDIARIES

PART II OTHER INFORMATION

ITEM 5. OTHER INFORMATION

(a) Increase in Stock Repurchase Program.

The Company announced that its Board of Directors has revised upward its Common Stock repurchase authorization so

that approximately \$10 million is currently available to repurchase stock. The Company's stock repurchase program was initiated by the Board of Directors in November 1996. The Company is currently authorized to repurchase an aggregate of up to \$26 million of its Common Stock in open market or negotiated transactions. As of April 30, 1998, approximately \$16 million in stock had been repurchased under the program.

(b) Chief Executive Officer

On June 3, 1998, the Company announced the election of veteran marketing, direct response and retail executive, Gene McCaffery, 50, as Chief Executive Officer of the Company. Mr. McCaffery also was appointed to the Company's Board of Directors and brings to the Company 25 years in retail and marketing experience, as well as substantial executive experience. Since March 30, 1998, he served as Chief Executive Officer of Quantum Direct Corporation, the entity that was formed for the proposed merger of the Company and National Media. Prior to such time, Mr. McCaffery served as Chief Executive Officer and managing partner of Marketing Advocates, a celebrity-driven product and service development company based in Los Angeles, CA. Mr. McCaffery was formerly Senior Executive Vice President of Montgomery Ward & Co., Incorporated, a \$7 billion retail chain ("Montgomery Ward"), in charge of its merchandising, strategic planning, advertising and marketing operations before leaving in 1996. While at Montgomery Ward, Mr. McCaffery also oversaw The Signature Group, one of the nation's largest direct marketing companies, and also served as Vice-Chairman of the Board of the Company from August 1995 to March 1996. Mr. McCaffery served as an infantry officer in the Vietnam War and was appointed as Civilian Aide to the Secretary of the Army by President George Bush in 1991.

Mr. McCaffery and the Company have entered into a three year employment agreement providing for him to serve as Chief Executive Officer and a Director of the Company, with a base salary of \$500,000 during the first year, \$525,000 during the second year, and \$550,000 during the third year. The agreement also provides for bonus salary of up to 100% of the base salary, which may be earned only upon the Company meeting certain operating income, revenue and stock performance criteria. In addition, pursuant to the agreement, Mr. McCaffery is being issued stock options to acquire 800,000 shares of the Company's Common Stock, \$.01 par value, with an exercise price equal to \$3.375 per share, the last trading price of the Company's Common Stock on March 30, 1998. Of such options, 200,000 vest monthly on a pro rata basis over the term of the employment agreement, and 600,000 vest on the earlier of the fifth anniversary of Mr. McCaffery's start date (provided he is still an employee of the Company) or in equal 20% (120,000 share) blocks based on the average closing price of the Company's common stock for 20 consecutive trading days being at \$5.00, \$6.00, \$7.00, \$8.00 and \$9.00 respectively. Such

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options are being issued pursuant to the Company's 1994 Executive Stock Option and Compensation Plan. The employment agreement generally provides for a one year non-compete. In addition, in the event of a change of control (as defined) of the Company, Mr. McCaffery's employment can be terminated by the Company or Mr. McCaffery in certain circumstances. In the event of such a termination, Mr. McCaffery would be entitled to receive the base salary and bonus salary remaining to be paid through the end of the term of the employment agreement, together with accrued benefits. The foregoing description of certain terms of the employment agreement by and among the Company, Quantum Direct and Mr. McCaffery, does not purport to be complete and is subject to and qualified in its entirety by reference to a copy of the employment agreement attached as Exhibit 10.1 to this Form 10-Q.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

- | | |
|------|---|
| 10.1 | Employment Agreement made as of June 2, 1998 by and among the Company, Gene McCaffery and Quantum Direct Corporation. |
| 10.2 | Employment Agreement made effective as of May 1, 1998 between the Company and Stuart R. Romenesko. |
| 10.3 | Employment Agreement made effective as of May 1, 1998 between the Company and David T. Quinby. |
| 11 | Computation of Net Income (Loss) Per Share. |
| 27 | Financial Data Schedule (for SEC use only). |

(b) Reports on Form 8-K

(i) The Registrant filed a Form 8-K on March 31, 1998 reporting under Item 5, the Registrant's Press Release dated March 26, 1998 announcing the Registrant's fourth quarter and year end earnings for the three and twelve months ended January 31, 1998. The Registrant also reported under Item 5 the selection of veteran marketing, direct response and retail executive, Gene McCaffery, as Chief Executive Officer of Quantum Direct Corporation, the international electronic commerce company that was to be formed by the proposed merger of the Registrant and National Media Corporation.

(ii) The Registrant filed a Form 8-K on April 9, 1998 reporting under Item 5, the Registrant's Press Release dated April 8, 1998 announcing the postponement of the special shareholder meetings of the Registrant's and National Media Corporation to vote on their proposed merger in light of the Registrant's dissenting shareholders.

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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

Gene McCaffery
Chief Executive Officer
(Principal Executive Officer)

/s/ Stuart R. Romnesko

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

June 10, 1998

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EMPLOYMENT AGREEMENT

THIS AGREEMENT made as of the 2nd day of June, 1998, by and among ValueVision International, Inc., a Minnesota corporation ("Employer"), Gene McCaffery ("Employee"), and Quantum Direct Corporation, a Delaware corporation ("Quantum Direct").

WITNESSETH:

WHEREAS, Employer, Employee and Quantum Direct previously entered into an Employment Agreement dated March 30, 1998 (the "Original Agreement"), whereby Employee was employed as Chief Executive Officer of Quantum Direct in anticipation of the consummation of the transactions (the "Transactions") contemplated by that certain Agreement and Plan of Reorganization and Merger (the "Merger Agreement") dated as of January 5, 1998 by and among ValueVision, National Media Corporation ("NMC") and V-L Holdings Corp. (subsequently renamed "Quantum Direct Corporation"), whereby ValueVision and NMC were to become wholly-owned subsidiaries of Quantum Direct;

WHEREAS, ValueVision and NMC mutually agreed to terminate the Merger Agreement on June 1, 1998;

WHEREAS, pursuant to the Original Agreement, in the event the Merger Agreement is terminated and the Transactions not consummated, Employer and Employee agreed to enter into an employment agreement on substantially the same terms and conditions as set forth in the Original Agreement;

WHEREAS, Employer and Employee have agreed that Employee will be employed by Employer on the terms and conditions set forth herein which both parties agree is on substantially the same terms and conditions as the Original Agreement; and

WHEREAS, Quantum Direct is being made a party hereto only for purposes of Section 14 of this Agreement to terminate the Original Agreement;

NOW, THEREFORE, in consideration of the premises and mutual promises contained in this Agreement, the parties hereto agree as follows:

1. EMPLOYMENT. Employer hereby agrees to employ Employee, and Employee hereby agrees to be employed by Employer, on the terms and conditions set forth herein.
2. TERM. The term of Employee's employment hereunder shall commence on the date of this Agreement and shall continue on a full-time basis for a period of three (3) years from March 30, 1998 (such period, the "Term"), unless earlier terminated as hereinafter provided. The "Employment Period" for purposes of this Agreement shall be the period beginning on the date hereof and ending at the time Employee shall cease to act as an employee of Employer.
3. DUTIES. Employee shall serve as the Chief Executive Officer of Employer and be appointed to serve as a member of the Board of Directors of Employer (the "Board") on the date hereof, and shall continue to be nominated by the Board to serve as a member of the Board during the Term, which nomination shall be subject to approval by the shareholders of Employer at its annual meetings of shareholders held subsequent to the date hereof, provided that if Employee's employment with Employer is earlier terminated in accordance with the provisions herein, Employee shall immediately resign from the Board upon request by Employer. Employee shall perform the duties as assigned by the Board from time to time and shall faithfully and to the best of his ability perform such reasonable duties and services of an active, executive, administrative and managerial nature as shall be specified and designated, from time to time, by the Board. As Chief Executive Officer, Employee's duties shall include, without limitation, making recommendations to the Compensation Committee of Employer with respect to awards made under Employer's stock option and compensation plans. The executive officers of Employer, including the President, shall report directly to Employee, as Chief Executive Officer, provided that, if at any time there is no person serving as President, Employee shall also serve as President for such period until another person is appointed by the Board to serve as President. Employee agrees to devote his full time and skills to such employment while he is so employed, subject to a vacation allowance of not less than three (3) weeks during each year of the Term, or such additional vacation allowance as may be granted to other senior

executives of Employer.

4. COMPENSATION. During the Employment Period, Employee's compensation for the services performed under this Agreement shall be as follows:

a. Base Salary. Employee shall receive a base salary as follows: (i) Five Hundred Thousand and no/100 Dollars (\$500,000) for the twelve-month period from March 30, 1998 through March 29, 1999 (a portion of which was paid under the Original Agreement), (ii) Five Hundred Twenty Five Thousand and no/100 Dollars (\$525,000) for the twelve-month period from March 30, 1999 through March 29, 2000 and (iii) Five Hundred Fifty Thousand and no/100 Dollars (\$550,000) for the twelve-month period from March 30, 2000 through March 30, 2001, in each case, payable in accordance with Employer's normal payment schedule for its executive employees (the "Base Salary").

b. Signing Bonus. Upon the execution of the Original Agreement, Employee received a payment of One Hundred Thirty Thousand and no/100 Dollars (\$130,000) (the "Signing Bonus"). If Employee's employment with Employer is terminated prior to March 30, 1999 either by Employer for Cause (as defined below) pursuant to Section 6.d herein or by Employee pursuant to Section 6.c herein, Employee shall return to Employer the pro rata portion of the Signing Bonus (calculated as a percentage of the remaining portion of such twelve-month period with respect to such twelve-month period).

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c. Bonus Salary. Employee may receive bonus salary with respect to any year in an aggregate amount not to exceed 100% of the Base Salary applicable with respect to such year (the "Bonus Salary"). The Bonus Salary shall be calculated as follows:

(i) Up to 50% of the applicable Base Salary (the "50% Goal"), if Employer's Operating Income (as defined below) equals 1% of Employer's Net Sales (as defined below), then Employee shall receive a bonus payment equal to 25% of the 50% Goal, which payment shall increase on a pro rata basis to 100% of the 50% Goal if the Operating Income equals or exceeds 3% of Employer's Net Sales (the "Operating Income Bonus"). As used in this Agreement, "Operating Income" shall mean earnings before interest, taxes and unusual items, and "Net Sales" shall mean gross sales, net of returns and related reserves, and excludes shipping, handling, sales taxes and insurance revenues, each as determined with respect to any fiscal year and pursuant to generally accepted accounting principles by Employer, consistently applied.

(ii) Up to 30% of the applicable Base Salary (the "30% Goal") if the Average Price (defined as the greater of (a) the average closing price of Employer's common stock for 20 consecutive trading days immediately prior to the last day of Employer's fiscal year or (b) the average daily closing price for the final four months of Employer's fiscal year) meets the following target prices (the "Stock Price Bonus"):

If (A) the Average Price increases at least 25% but not 50% over the Base Price (defined as \$3.375, the closing price of Employer's common stock on the date of the Original Agreement, which Base Price shall be adjusted at the end of each fiscal year to the Average Price with respect to such fiscal year, provided that in no event shall the Base Price, as adjusted, exceed 133% of the Base Price of the previous fiscal year), the Stock Price Bonus shall be equal to 25% of the 30% Goal, (B) the Average Price increases at least 50% but not 75% over the Base Price, the Stock Price Bonus shall be equal to one-half of the 30% Goal, (C) the Average Price increases at least 75% but not 100% over the Base Price, the Stock Price Bonus shall be equal to three-quarters of the 30% Goal, and (D) the Average Price increases 100% or more over the Base Price, the Stock Price Bonus shall be equal to 100% of the 30% Goal.

(iii) Up to 20% of the applicable Base Salary (the "20% Goal"), if Employer has positive Operating Income and Employer's Net Sales (exclusive of sales of any acquisitions during the then current fiscal year) increases over the prior fiscal year's Net Sales ("Base Sales") as follows (the "Sales Bonus"):

If (A) Employer's Net Sales for any fiscal year increase at least 4% but less than 5% over the Base Sales, the Sales Bonus shall be equal to one-quarter of the 20% Goal, (B) Employer's Net Sales increase at least 5% but not 6% over the Base Sales, the Sales Bonus shall be equal to one-half of the 20% Goal, (C) Employer's net sales increase at least 6% but not 7% over the Base Sales, the Sales Bonus shall be equal

to three-quarters of the 20% Goal, and (D) Employer's Net Sales increase at least 7% over the Base Sales, the Sales Bonus shall be equal to 100% of the 20% Goal.

Notwithstanding anything to the contrary herein, if the aggregate compensation payable to Employee under this Agreement exceeds the amount that is deductible under Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"), then any such excess amount shall be deferred and credited by Employer to an account for the benefit of Employee, which shall be paid to Employee, with interest at a per annum rate equal to 1.5% plus the prime rate (as announced by Employer's primary financial lender from time to time), compounded annually, at such time within five (5) days after the first date on which Employee no longer constitutes a "covered employee" within the meaning of Section 162(m) of the Code.

d. Automobile Allowance. Employer shall pay Employee a monthly automobile allowance of \$600.00 per month ("Auto Allowance").

e. Stock Options. As of the date hereof, Employer shall grant to Employee, employee stock options to purchase an aggregate of 800,000 shares of the common stock, par value \$.01 per share (the "Common Stock") of Employer (collectively, the "Options"). The Options shall be granted under an option agreement between Employer and Employee dated as of the date hereof, which option agreement shall be on terms consistent with the terms of this Agreement. One-half of the Options shall have a term of five years (the "Five Year Options") and one-half of the Options shall have a term of ten years (the "Ten Year Options"), provided that upon the termination of Employee's employment with Employer, Employee shall have six months from the date of such termination to exercise any vested Options. The Options shall have a per share exercise price equal to \$3.375, the closing price of one share of common stock of Employer as of the date of the Original Agreement. The Options shall vest, in equal amounts of Five Year Options and Ten Year Options, as follows: (i) Options for 200,000 shares of Common Stock shall vest in pro rata amounts on a monthly basis over the Term of this Agreement (the "Pro Rata Options"), and (ii) Options for 600,000 shares of Common Stock shall vest on the earlier of (A) the fifth anniversary of the date of this Agreement (provided that Employee is still an employee of Employer) or (B) in equal installments of options to purchase 120,000 shares of Common Stock, based upon the attainment of an average closing price of Employer's common stock for any 20 consecutive trading day period at \$5.00, \$6.00, \$7.00, \$8.00 and \$9.00, respectively. All of the Options shall automatically vest upon a termination of Employee's employment with Employer prior to the end of the Term (unless pursuant to Sections 6.c or 6.d.) or upon a Change of Control (as defined below), provided that a Potential Change of Control (as defined below) which results in such Change of Control first occurred ninety (90) days or more after the date of the Original Agreement. If such Change of Control is a result of a Potential Change of Control which first occurred less than ninety (90) days after the date of the Original Agreement, only the Pro Rata Options shall immediately vest upon the occurrence of such Change of Control.

"Potential Change of Control" shall mean any of the following events: (i) the authorization by the Board for Employer to enter into a letter of intent, an agreement in principle or any other written agreement with respect to a transaction or transactions that, if consummated, would result in a Change of Control, (ii) the commencement of a tender offer for the Common Stock of Employer in connection with a transaction not authorized or approved by the Board, or (iii) the commencement of a proxy contest with respect to the election of directors to the Board.

5. OTHER BENEFITS DURING THE EMPLOYMENT PERIOD. During the Employment Period, Employer shall provide Employee with the following benefits:
- a. Employee shall receive all benefits made available to executive officers of Employer, from time to time, at its discretion ("Benefits"). It is understood and agreed that Employer may terminate such Benefits or change any benefit programs at its sole discretion, as they are not contractual for the term hereof.
 - b. Employer shall reimburse Employee for all reasonable and necessary

out-of-pocket business expenses incurred during the regular performance of services for Employer, including, but not limited to, entertainment and related expenses so long as Employer has received proper documentation of such expenses from Employee.

c. Employer shall furnish Employee with such working facilities and other services as are suitable to Employee's position with Employer and adequate to the performance of his duties under this Agreement.

6. TERMINATION OF EMPLOYMENT.

a. Death. In the event of Employee's death, the Employment Period shall terminate and Employee shall cease to receive Base Salary, Bonus Salary, Auto Allowance, and Benefits as of the date on which his death occurs. Employer shall provide Employee with a term life insurance policy (of which Employee shall be the owner) for \$1.0 million at standard rates, provided that Employee shall be responsible for any premiums in excess of the standard rates applicable to a person of Employee's age who is in good health at the time of application for such a policy. In addition, Employee's estate shall be entitled to receive any payments or Benefits provided herein that have accrued (but have not been paid) prior to the date of Employee's death (including the acceleration of any unvested Options pursuant to Section 4.e).

b. Disability. If Employee becomes disabled such that Employee cannot perform the essential functions of his job, and the disability shall have continued for a period of more than one hundred twenty (120) consecutive days, then Employer may, in its sole discretion, terminate the Employment Period, provided that a physician to be selected by Employer, subject to the reasonable satisfaction of Employee, shall have determined the existence of

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such disability. Upon the date of such termination, Employee shall then cease to receive Base Salary, Bonus Salary, Auto Allowance, and all other Benefits, on the date this Agreement is so terminated; provided however, Employee shall then be entitled to such disability, medical, life insurance, and other benefits as may be provided generally for disabled employees of Employer when payments and benefits hereunder ceases. In addition, Employee shall be entitled to receive any payments or Benefits provided in this Agreement that have accrued (but have not been paid) prior to the date of such termination (including the acceleration of any unvested Options pursuant to Section 4.e).

c. Voluntary Termination. In the event that Employee voluntarily terminates his employment other than pursuant to Section 6.e, the Employment Period shall terminate and Employee shall cease to receive Base Salary, Bonus Salary, Auto Allowance, and all other Benefits as of the date of such termination. Employee shall be entitled to receive any payments or Benefits provided herein that have accrued (but have not been paid) prior to the date of such termination (but no unvested Options shall accelerate as a result of such termination).

d. Termination With Cause. Employer shall be entitled to terminate the Employment Period and Employee's employment hereunder for Cause (as defined below), and in the event that Employer elects to do so, Employee shall cease to receive Base Salary, Bonus Salary, Auto Allowance, and Benefits as of the date of such termination specified by Employer. For purposes of this Agreement, "Cause" shall mean: (i) a material improper act or act of fraud which results in or is intended to result in Employee's personal enrichment at the direct expense of Employer, including without limitation, theft or embezzlement from Employer; (ii) material violation by Employee of any material policy, regulation or practice of Employer; (iii) conviction of a felony; or (iv) habitual intoxication, drug use or chemical substance abuse by any intoxicating or chemical substance. Notwithstanding the forgoing, Employee shall not be deemed to have been terminated for Cause unless and until (A) Employee has received thirty (30) days' prior written notice (a "Dismissal Notice") of such termination and (B) if such "Cause" event is capable of being cured, Employee has not cured such "Cause" event within ten (10) days following delivery of such notice. In the event Employee does not dispute such determination within thirty (30) days after receipt of the Dismissal Notice, Employee shall not have the remedies provided pursuant to Section 6.g. of this Agreement. Employee shall be entitled to receive any payments or Benefits provided herein that have accrued (but have not been paid) prior to the date of such termination (but no unvested Options shall accelerate as a result of such termination).

e. By Employee for Employer Cause. Employee may terminate the Employment Period upon thirty (30) days written notice to Employer (the "Employee Notice") upon the occurrences without Employee's express written consent,

of any one or more of the following events, provided, however, that Employee shall not have the right to terminate the Employment Period if Employer is able to cure such event within thirty (30) days (ten (10) days with regard to Subsection (ii) hereof) following delivery of such notice:

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(i) Employer substantially diminishes Employee's duties such that they are no longer of an executive nature as contemplated by Section 3 hereof or

(ii) Employer materially breaches its obligations to pay Employee as provided for herein and such failure to pay is not a result of a good faith dispute between Employer and Employee.

(iii) Any purported termination of this Agreement by Employer not effected in accordance with the provisions set forth herein, provided that Employee has delivered thirty (30) days' prior written notice of such termination and Employer has not cured such event within thirty (30) days following delivery of such notice by Employee.

In the event of a termination of Employee's employment with Employer under this Section 6.e, Employee shall be entitled to receive the payments and Benefits as set forth in Section 6.g.

f. Termination After Change of Control. If Employee is terminated by Employer without Cause within one year after the consummation of a transaction constituting a Change of Control, Employee shall receive (i) a payment in an amount equal to one year's Base Salary at the rate in effect at the time of such termination, if a Potential Change of Control (which results in such Change of Control) occurs less than ninety (90) days after the date of the Original Agreement, or (ii) a payment in an amount equal to Base Salary and Bonus Salary (based upon the last paid Bonus Salary received or accrued for in the previous year, if any, and pro rated for the number of remaining months until the end of the Term) which would otherwise be payable until the end of the Term, if a Potential Change of Control (which results in such Change of Control) occurs ninety (90) days or more after the date of the Original Agreement. Any payments made by Employer to Employee under this Section 6.f shall be paid on a pro rata basis over the Non-Competition Period (as defined below). In addition, during the 30 day period immediately following the six month anniversary of the consummation of a transaction constituting a Change of Control, Employee may terminate this Agreement for any reason by providing written notice to Employer and receive the benefits provided in clauses (i) or (ii) of the immediately preceding sentence, as applicable, provided that any such termination by Employee under this Section 6.f shall not also be deemed to be a termination by Employee under Section 6.c. In the event that Employee's employment with Employer is terminated by either Employer or Employee pursuant to this Section 6.f, Employee shall be entitled to any payments or Benefits provided in this Agreement that have accrued (but have not been paid) prior to the date of such termination, provided that any acceleration of any unvested Options shall be in accordance with the provisions of Section 4.e).

g. Other Termination. Employer reserves the right to terminate the Employment Period and Employee's employment hereunder at any time (and without Cause), in its sole and absolute discretion. If Employer terminates the Employment Period under this Section 6.g or if Employee terminates this Agreement pursuant to Section 6.e. above, Employer shall

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immediately pay Employee in a lump sum payment an amount equal to Base Salary which would otherwise be payable until the end of the Term (the "Severance Payment"), provided that if such remaining Term exceeds 12 months, the Severance Payment attributable to the last twelve months of the Term shall not be included in the lump sum payment and instead shall be paid over the Noncompetition Period (as defined below) on a pro rata basis in accordance with Employer's normal payment schedule for its executive employees. In addition, Employer shall continue to provide Employee with Benefits until the end of the Term. Employee shall be entitled to receive any payments or Benefits provided herein that have accrued (but have not been paid) prior to the date of such termination (including the acceleration of any unvested Options pursuant to Section 4.e).

h. Arbitration. In the event that Employee disputes a determination that Cause exists for terminating his employment pursuant to Section 6.d. of

this Agreement, or Employer disputes the determination that Cause exists for Employee's termination of his employment pursuant to Section 6.e of this Agreement, either such disputing party may, in accordance with the Rules of the American Arbitration Association ("AAA"), and within 30 days of receiving a Dismissal Notice or Employee Notice, as applicable, file a petition with the AAA in any city in which Employer's corporate executive offices are located for arbitration of the dispute, the costs thereof (including legal fees and expenses) to be shared equally by Employer and Employee unless an order of the AAA provides otherwise. Such proceeding shall also determine all other items then in dispute between the parties relating to this Agreement, except with respect to enforcement of the agreements contained in Sections 7 and 9 if either party seeks injunctive relief, and the parties covenant and agree that the decision of the AAA shall be final and binding and hereby waive their rights to appeal thereof.

7. CONFIDENTIAL INFORMATION. Employee acknowledges that the confidential information and data obtained by him during the course of his performance under this Agreement and the Original Agreement concerning the business or affairs of Employer, or any entity related thereto, are the property of Employer and will be confidential to Employer. Such confidential information may include, but is not limited to, specifications, designs, and processes, product formulae, manufacturing, distributing, marketing or selling processes, systems, procedures, plans, know-how, services or material, trade secrets, devices (whether or not patented or patentable), customer or supplier lists, price lists, financial information including, without limitation, costs of materials, manufacturing processes and distribution costs, business plans, prospects or opportunities, and software and development or research work, but does not include Employee's general business or direct marketing knowledge (the "Confidential Information"). All the Confidential Information shall remain the property of Employer and Employee agrees that he will not disclose to any unauthorized persons or use for his own account or for the benefit of any third party any of the Confidential Information without Employer's written consent. Employee agrees to deliver to Employer at the termination of this employment, all memoranda, notes, plans, records, reports, video and audio tapes and any and all other documentation (and copies thereof) relating to the business of Employer, or any entity related thereto, which he may then possess or have under his direct or indirect control. Notwithstanding any provision herein to the contrary, the Confidential Information shall

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specifically exclude information which is publicly available to Employee and others by proper means, readily ascertainable from public sources known to Employee at the time the information was disclosed or which is rightfully obtained from a third party, information required to be disclosed by law provided Employee provides notice to Employer to seek a protective order, or information disclosed by Employee to his attorney regarding litigation with Employer.

8. INVENTIONS AND PATENTS. Employee agrees that all inventions, innovations or improvements in the method of conducting Employer's business or otherwise related to Employer's business (including new contributions, improvements, ideas and discoveries, whether patentable or not) conceived or made by him during the Employment Period belong to Employer. Employee will promptly disclose such inventions, innovations and improvements to Employer and perform all actions reasonably requested by Employer to establish and confirm such ownership.

9. NONCOMPETE AND RELATED AGREEMENTS.

a. Employee agrees that during the Noncompetition Period, he will not: (i) directly or indirectly own, manage, control, participate in, lend his name to, act as consultant or advisor to or render services (alone or in association with any other person, firm, corporation or other business organization) for any other person or entity engaged in (a) the television home shopping business, (b) any mail order business that directly competes with Employer or any of its affiliates by selling merchandise primarily of the type offered in and using a similar theme as any of Employer's or its affiliates' catalogs during the term of this Agreement or (c) any business which Employer (upon authorization of its board of directors) has invested significant research and development funds or resources and contemplates entering into during the next twelve (12) months (the "Restricted Business"), in any country that Employer or any of its affiliates operates during the term of this Agreement (the "Restricted Area"); (ii) have any interest directly or indirectly in any business engaged in the Restricted Business in the Restricted Area other than Employer (provided that nothing herein will prevent Employee from owning in the aggregate not more than one percent (1%) of the outstanding stock of any class of a corporation engaged in the Restricted Business in the Restricted Area which is publicly traded, so long as Employee has no participation in the management or conduct of

business of such corporation), (iii) induce or attempt to induce any employee of Employer or any entity related to Employer to leave his, her or their employ, or in any other way interfere with the relationship between Employer or any entity related to Employer and any other employee of Employer or any entity related to Employer, or (iv) induce or attempt to induce any customer, supplier, franchisee, licensee, other business relation of any affiliate of Employer or any entity related to Employer to cease doing business with Employer or any entity related to Employer, or in any way interfere with the relationship between any customer, franchisee or other business relation and Employer or any entity related to Employer, without the prior written consent of Employer. For purposes of this Agreement, the "Noncompetition Period" shall commence as of the date hereof and end on the last day

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of the period that is equal to twelve (12) months following the date on which Employee's employment is terminated under this Agreement for any reason. Notwithstanding anything to the contrary herein, Employee shall not be bound by the provisions of this Section 9 if, and only if, (x) a Potential Change of Control (resulting in a Change of Control) occurs less than ninety (90) days after the date of the Original Agreement and (y) the Employment Period is terminated following the consummation of a transaction constituting such Change of Control pursuant to Section 6.f.

b. If, at the time of enforcement of any provisions of this Section 9, a court of competent jurisdiction holds that the restrictions stated herein are unreasonable under circumstances then existing, the parties hereto agree that the maximum period, scope or geographical area reasonable under such circumstances will be substituted for the stated period, scope or area.

c. Employee agrees that the covenants made in this Section 9 shall be construed as an agreement independent of any other provision of this Agreement and shall survive the termination of this Agreement.

10. TERMINATION OF EXISTING AGREEMENTS. This Agreement, effective as of the date hereof, supersedes and preempts any prior understandings, agreements or representations, written or oral, by or between Employee and Employer, including but not limited to the Original Agreement, which may have related to the employment of Employee, Employee's Agreement Not to Compete with Employer, or the payment of salary or other compensation by Employer to Employee, and upon this Agreement becoming effective, all such understandings, agreements and representations shall terminate and shall be of no further force or effect.
11. SPECIFIC PERFORMANCE. Employee and Employer acknowledge that in the event of a breach of this Agreement by either party, money damages would be inadequate and the nonbreaching party would have no adequate remedy at law. Accordingly, in the event of any controversy concerning the rights or obligations under this Agreement, such rights or obligations shall be enforceable in a court of equity by a decree of specific performance. Such remedy, however, shall be cumulative and nonexclusive and shall be in addition to any other remedy to which the parties may be entitled.
12. SALE, CONSOLIDATION OR MERGER. In the event of a sale of the stock, or substantially all of the stock, of Employer or consolidation or merger of Employer with or into another corporation or entity, or the sale of substantially all of the operating assets of Employer to another corporation, entity or individual, Employer may assign its rights and obligations under this Agreement to its successor-in-interest and such successor-in-interest shall be deemed to have acquired all rights and assumed all obligations of Employer hereunder.
13. CHANGE OF CONTROL. For purposes of this Agreement, a "Change of Control" shall mean an event as a result of which: (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities and Exchange Act of 1934 (the "Exchange Act")), is or becomes the

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"beneficial owner" (as defined in Rule 13d-3 under the Exchange Act, except that a person shall be deemed to have "beneficial ownership" of all securities that such person has a right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more than 20% of the total voting power of the voting stock of Employer (or their successors and assigns); (ii) Employer consolidates

with, or merges with or into another corporation or sells, assigns, conveys, transfers, leases or otherwise disposes of all or substantially all of its assets to any person, or any corporation consolidates with, or merges with or into, Employer, in any such event pursuant to a transaction in which the outstanding voting stock of Employer is changed into or exchanged for cash, securities or other property, other than any such transaction where (A) the outstanding voting stock of Employer is changed into or exchanged for (x) voting stock of the surviving or transferee corporation or (y) cash, securities (whether or not including voting stock) or other property, and (B) the holders of the voting stock of Employer immediately prior to such transaction own, directly or indirectly, not less than 80% of the voting power of the voting stock of the surviving corporation immediately after such transaction; or (iii) during any period of two consecutive years, individuals who at the beginning of such period constituted the Board of Directors of Employer (together with any new directors whose election by such Board or whose nomination for election by the stockholders of Employer was approved by a vote of 66-2/3% of the directors then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Board of Employer then in office, or (iv) Employer is liquidated or dissolved or adopts a plan of liquidation.

14. TERMINATION OF THE ORIGINAL AGREEMENT. Employer, Quantum Direct and Employee hereby terminate the Original Agreement.
15. NO OFFSET - NO MITIGATION. Employee shall not be required to mitigate damages under this Agreement by seeking other comparable employment. The amount of any payment or benefit provided for in this Agreement, including welfare benefits, shall not be reduced by any compensation or benefits earned by or provided to Employee as the result of employment by another employer.
16. WAIVER. The failure of either party to insist, in any one or more instances, upon performance of the terms or conditions of this Agreement shall not be construed as a waiver or relinquishment of any right granted hereunder or of the future performance of any such term, covenant or condition.
17. INDEMNIFICATION. Employee shall be entitled to indemnification to the fullest extent permitted under the laws of the State of Minnesota.
18. NOTICES. Any notice to be given hereunder shall be deemed sufficient if addressed in writing, and delivered by registered or certified mail or delivered personally: (i) in the case of Employer, to Employer's principal business office; and (ii) in the case of Employee, to his

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address appearing on the records of Employer, or to such other address as he may designate in writing to Employer.

19. SEVERABILITY. In the event that any provision shall be held to be invalid or unenforceable for any reason whatsoever, it is agreed such invalidity or unenforceability shall not affect any other provision of this Agreement and the remaining covenants, restrictions and provisions hereof shall remain in full force and effect and any court of competent jurisdiction may so modify the objectionable provisions as to make it valid, reasonable and enforceable.
20. AMENDMENT. This Agreement may be amended only by an agreement in writing signed by the parties hereto.
21. BENEFIT. This Agreement shall be binding upon and inure to the benefit of and shall be enforceable by and against Employee's heirs, beneficiaries and legal representatives. It is agreed that the rights and obligations of Employee may not be delegated or assigned except as specifically set forth in this Agreement.
22. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of Minnesota.

IN WITNESS WHEREOF, the parties hereto have executed or caused this Agreement to be executed as of the day, month and year first above written.

EMPLOYER:

VALUEVISION INTERNATIONAL, INC.

By: /s/ Nicholas M. Jaksich

Its: President

EMPLOYEE:

/s/ Gene McCaffery

GENE MCCAFFERY

QUANTUM DIRECT CORPORATION

By: /s/ Stuart R. Romenesko

Its: Chief Financial Officer

EMPLOYMENT AGREEMENT

THIS AGREEMENT made effective as of the 1st day of May, 1998, by and between ValueVision International, Inc., a Minnesota corporation (hereinafter referred to as "Employer"), and Stuart R. Romenesko (hereinafter referred to as "Employee").

WITNESSETH:

WHEREAS, Employer desires to assure itself of the services of Employee on the terms and conditions set forth below; and

WHEREAS, Employee desires to remain employed by Employer pursuant to the terms and conditions set forth below, which Employee acknowledges to constitute an increase in Employee's existing compensation package; and

NOW, THEREFORE, in consideration of the premises and mutual promises contained in this Agreement, the parties hereto agree as follows:

1. EMPLOYMENT. Employer agrees to continue to employ Employee and Employee agrees to the continuation of his employment with Employer on the terms and conditions set forth in this Agreement.
2. TERM. The term of Employee's employment hereunder shall commence on the date hereof and shall continue on a full-time basis for a period of twenty-four (24) months (the "Term"). The "Employment Period" for purposes of this Agreement shall be the period beginning on the date hereof and ending at the time Employee shall cease to act as an employee of Employer.
3. DUTIES. Employee shall serve as Senior Vice President, Finance and Chief Financial Officer of Employer and shall perform the duties as assigned by Employer, from time to time, and shall faithfully, and to the best of his ability, perform such reasonable duties and services of an active, executive, administrative and managerial nature as shall be specified and designated, from time to time, by Employer. Employee agrees to devote his full time and skills to such employment while he is so employed, subject to a vacation allowance of not less than four (4) weeks during each year of the term, or such additional vacation allowance as may be granted in the sole discretion of Employer. Employer's Chief Executive Officer shall provide Employee with a performance review at least annually.
4. COMPENSATION. Employee's compensation for the services performed under this Agreement shall be as follows:
 - a. Base Salary. Employee shall receive a base salary of at least Two Hundred Ten Thousand and No/100 Dollars (\$210,000.00) per year for the term of this Agreement ("Base Salary").
 - b. Bonus Salary. Employee may receive bonus salary ("Bonus Salary"), from time to time, based upon Employee's job performance. Employer's Chief Executive Officer and Employee shall establish job performance criteria for Employee at least annually, which shall be the basis of such Bonus Salary.
 - c. Automobile Allowance. Employer shall pay Employee a monthly automobile allowance of \$450.00 per month ("Auto Allowance").
 - d. Professional Fees. Employer shall pay all of Employee's professional fees, including without limitation, professional association fees and memberships, and all of Employee's continuing accounting education fees and expenses, up to \$5,000 annually ("Professional Fees").
5. OTHER BENEFITS DURING THE EMPLOYMENT PERIOD.
 - a. Employee shall receive all other benefits made available to executive officers of Employer, from time to time, at its discretion ("Benefits"). It is understood and agreed that Employer may terminate such Benefits or change any benefit programs at its sole discretion, as they are not contractual for the term hereof.

b. Employer shall reimburse Employee for all reasonable and necessary out-of-pocket business expenses incurred during the regular performance of services for Employer, including, but not limited to, entertainment and related expenses so long as Employer has received proper documentation of such expenses from Employee.

c. Employer shall furnish Employee with such working facilities and other services as are suitable to Employee's position with Employer and adequate to the performance of his duties under this Agreement.

6. TERMINATION OF EMPLOYMENT.

a. Death. In the event of Employee's death, this Agreement shall terminate and Employee shall cease to receive Base Salary, Bonus Salary, Auto Allowance, Professional Fees and Benefits as of the date on which his death occurs.

b. Disability. If Employee becomes disabled such that Employee cannot perform the essential functions of his job, and the disability shall have continued for a period of more than one hundred twenty (120) consecutive days, then Employer may, in its sole discretion, terminate this Agreement and Employee shall then cease to receive Base Salary, Bonus Salary, Auto Allowance, Professional Fees and all other Benefits, on the date this Agreement

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is so terminated; provided however, Employee shall then be entitled to such disability, medical, life insurance, and other benefits as may be provided generally for disabled employees of Employer when payments and benefits hereunder ceases.

c. Voluntary Termination. In the event that Employee voluntarily terminates his employment, he shall cease to receive Base Salary, Bonus Salary, Auto Allowance, Professional Fees and all other Benefits as of the date of such termination.

d. Termination With Cause. Employer shall be entitled to terminate this Agreement and Employee's employment hereunder for Cause (as herein defined), and in the event that Employer elects to do so, Employee shall cease to receive Base Salary, Bonus Salary, Auto Allowance, Professional Fees and Benefits as of the date of such termination specified by Employer. For purposes of this Agreement, "Cause" shall mean: (i) a material act or act of fraud which results in or is intended to result in Employee's personal enrichment at the direct expense of Employer, including without limitation, theft or embezzlement from Employer; (ii) public conduct by Employee substantially detrimental to the reputation of Employer, (iii) material violation by Employer of any Employer policy, regulation or practice; (iv) conviction of a felony; or (v) habitual intoxication, drug use or chemical substance use by any intoxicating or chemical substance. Notwithstanding the forgoing, Employee shall not be deemed to have been terminated for Cause unless and until Employee has received thirty (30) days' prior written notice (a "Dismissal Notice") of such termination. In the event Employee does not dispute such determination within thirty (30) days after receipt of the Dismissal Notice, Employee shall not have the remedies provided pursuant to Section 6.g. of this Agreement.

e. By Employee for Employer Cause. Employee may terminate this Agreement upon thirty (30) days written notice to Employer (the "Employee Notice") upon the occurrences without Employee's express written consent, of any one or more of the following events, provided, however, that Employee shall not have the right to terminate this Agreement if Employer is able to cure such event within thirty (30) days (ten (10) days with regard to Subsection (ii) hereof) following delivery of such notice:

(i) Employer substantially diminishes Employee's duties such that they are no longer of an executive nature as contemplated by Section 3 hereof or Employer requires Employee to relocate his offices and perform his duties hereunder more than 25 miles from Employer's current corporate offices located at 6740 Shady Oak Road, Eden Prairie, Minnesota 55344 or

(ii) Employer materially breaches its obligations to pay Employee as provided for herein and such failure to pay is not a result of a good faith dispute between Employer and Employee.

f. Other. If Employer terminates this Agreement or Employee's employment during the Employment Period for any reason other than as

above, or if Employee terminates this Agreement or his employment during the Employment Period pursuant to Section 6.e. above, Employer shall immediately pay Employee in a lump sum payment, an amount equal to Base Salary, Bonus Salary, Auto Allowance and Professional Fees for twelve months (collectively, the "Severance Payment"). In addition, Employer shall continue to provide Employee with Benefits during the twelve months following such termination. For purposes of calculating Bonus Salary payable pursuant to this Section 6.f., Employee shall receive Bonus Salary equal to the last Bonus Salary actually paid the Employee. Notwithstanding the foregoing, following a Change in Control (as defined below), the number of months upon which the calculation of the Severance Payment shall be based and for which Employer shall be obligated to provide Employee with the Benefits pursuant to this Section 6.f. shall be the greater of (i) the remaining number of months left in the Term and (ii) twelve (12) months.

g. Arbitration. In the event that Employee disputes a determination that Cause exists for terminating his employment pursuant to Section 6.d. of this Agreement, or Employer disputes the determination that cause exists for Employee's termination of his employment pursuant to Section 6.e of this Agreement, either such disputing party may, in accordance with the Rules of the American Arbitration Association ("AAA"), and within 30 days of receiving a Dismissal Notice or Employee Notice, as applicable, file a petition with the AAA for arbitration of the dispute, the costs thereof (including legal fees and expenses) to be shared equally by the Employer and Employee unless an order of the AAA provides otherwise. Such proceeding shall also determine all other items then in dispute between the parties relating to this Agreement, and the parties covenant and agree that the decision of the AAA shall be final and binding and hereby waive their rights to appeal thereof.

7. CONFIDENTIAL INFORMATION. Employee acknowledges that the confidential information and data obtained by him during the course of his performance under this Agreement concerning the business or affairs of Employer, or any entity related thereto, are the property of Employer and will be confidential to Employer. Such confidential information may include, but is not limited to, specifications, designs, and processes, product formulae, manufacturing, distributing, marketing or selling processes, systems, procedures, plans, know-how, services or material, trade secrets, devices (whether or not patented or patentable), customer or supplier lists, price lists, financial information including, without limitation, costs of materials, manufacturing processes and distribution costs, business plans, prospects or opportunities, and software and development or research work, but does not include Employee's general business or direct marketing knowledge (the "Confidential Information"). All the Confidential Information shall remain the property of Employer and Employee agrees that he will not disclose to any unauthorized persons or use for his own account or for the benefit of any third party any of the Confidential Information without Employer's written consent. Employee agrees to deliver to Employer at the termination of this employment, all memoranda, notes, plans, records, reports, video and audio tapes and any and all other documentation (and copies thereof) relating to the business of Employer, or any entity related thereto, which he may then possess or have under his direct or indirect control. Notwithstanding any provision

herein to the contrary, the Confidential Information shall specifically exclude information which is publicly available to Employee and others by proper means, readily ascertainable from public sources known to Employee at the time the information was disclosed or which is rightfully obtained from a third party, information required to be disclosed by law provided Employee provides notice to Employer to seek a protective order, or information disclosed by Employee to his attorney regarding litigation with Employer.

8. INVENTIONS AND PATENTS. Employee agrees that all inventions, innovations or improvements in the method of conducting Employer's business or otherwise related to Employer's business (including new contributions, improvements, ideas and discoveries, whether patentable or not) conceived or made by him during the Employment Period belong to

Employer. Employee will promptly disclose such inventions, innovations and improvements to Employer and perform all actions reasonably requested by Employer to establish and confirm such ownership.

9. NONCOMPETE AND RELATED AGREEMENTS.

a. Employee agrees that during the Noncompetition Period (as herein defined), he will not: (i) directly or indirectly own, manage, control, participate in, lend his name to, act as consultant or advisor to or render services (alone or in association with any other person, firm, corporation or other business organization; provided however, that the parties hereto agree that this provision may not be used to prohibit employee for working for a law firm which so provides such services, so long as Employee does not specifically provide legal services to a Restricted Business as defined herein) for any other person or entity engaged in the television home shopping business, any mail order business that directly competes with Employer or any of its affiliates by selling merchandise primarily of the type offered in and using a similar theme as any of Employer's or its affiliates' catalogs during the term of this Agreement or any business which Employer (upon authorization of its board of directors) has invested significant research and development funds or resources and contemplates entering into during the next twelve (12) months (the "Restricted Business"), anywhere that Employer or any of its affiliates operates during the term of this Agreement within the continental United States (the "Restricted Area"); (ii) have any interest directly or indirectly in any business engaged in the Restricted Business in the Restricted Area other than Employer (provided that nothing herein will prevent Employee from owning in the aggregate not more than one percent (1%) of the outstanding stock of any class of a corporation engaged in the Restricted Business in the Restricted Area which is publicly traded, so long as Employee has no participation in the management or conduct of business of such corporation), (iii) induce or attempt to induce any employee of Employer or any entity related to Employer to leave his, her or their employ, or in any other way interfere with the relationship between Employer or any entity related to Employer and any other employee of Employer or any entity related to Employer, or (iv) induce or attempt to induce any customer, supplier, franchisee, licensee, other business relation of any member of Employer or any entity related to Employer to cease doing business with Employer or any entity related to Employer, or in any way interfere with

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the relationship between any customer, franchisee or other business relation and Employer or any entity related to Employer, without the prior written consent of Employer. For purposes of this Agreement, "Noncompetition Period" shall mean the period commencing as of the Closing Date and ending on the last day of the sixth (6th) month following the date on which Employee is terminated during the term of this Agreement.

b. If, at the time of enforcement of any provisions of Section 9, a court of competent jurisdiction holds that the restrictions stated therein are unreasonable under circumstances then existing, the parties hereto agree that the maximum period, scope or geographical area reasonable under such circumstances will be substituted for the stated period, scope or area.

c. Employee agrees that the covenants made in this Section 9 shall be construed as an agreement independent of any other provision of this Agreement and shall survive the termination of this Agreement.

10. TERMINATION OF EXISTING AGREEMENTS. This Agreement supersedes and preempts any prior understandings, agreements or representations, written or oral, by or between Employee and Employer, which may have related to the employment of Employee, Employee's Agreement Not to Compete with Employer, or the payment of salary or other compensation by Employer to Employee, and upon this Agreement becoming effective, all such understandings, agreements and representations shall terminate and shall be of no further force or effect.

11. SPECIFIC PERFORMANCE. Employee and Employer acknowledge that in the event of a breach of this Agreement by either party, money damages would be inadequate and the nonbreaching party would have no adequate remedy at law. Accordingly, in the event of any controversy concerning the rights or obligations under this Agreement, such rights or obligations shall be enforceable in a court of equity by a decree of specific performance. Such remedy, however, shall be cumulative and nonexclusive and shall be in addition to any other remedy to which the parties may be entitled.

12. SALE, CONSOLIDATION OR MERGER. In the event of a sale of the stock, or substantially all of the stock, of Employer or Holdings Corp., or consolidation or merger of Employer or Holdings Corp. with or into another corporation or entity, or the sale of substantially all of the operating assets of Employer or Holdings Corp. to another corporation, entity or individual, Employer may assign its rights and obligations under this Agreement to its successor-in-interest and such successor-in-interest shall be deemed to have acquired all rights and assumed all obligations of Employer hereunder.
13. STOCK OPTIONS. Employee shall be granted incentive stock options in accordance with the Second Amended 1990 Stock Option Plan of Employer (the "Plan") for 75,000 shares of ValueVision International, Inc. common stock ("Stock Options") subject to the provisions thereof and exercisable at the time or times established by the Stock Option Agreement. The Stock Options shall vest in equal amounts, one-third each, on the date hereof, the first

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anniversary of the date hereof and the second anniversary of the date hereof, or such earlier date in the sole discretion of the Employer's Chief Executive Officer. All such Stock Options, together with any other stock options of Employer issued to Employee, shall automatically vest upon a termination of Employee's employment during the Employment Period (unless pursuant to Sections 6.c or 6.d.) or upon a Change of Control.

14. CHANGE OF CONTROL. For purposes of this Agreement, a "Change of Control" shall mean an event as a result of which: (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities and Exchange Act of 1934 (the "Exchange Act")), is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act, except that a person shall be deemed to have "beneficial ownership" of all securities that such person has a right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more than 20% of the total voting power of the voting stock of either Employer (or its successors and assigns); (ii) Employer consolidates with, or merges with or into another corporation or sells, assigns, conveys, transfers, leases or otherwise disposes of all or substantially all of its assets to any person, or any corporation consolidates with, or merges with or into Employer, in any such event pursuant to a transaction in which the outstanding voting stock of Employer is changed into or exchanged for cash, securities or other property, other than any such transaction where (A) the outstanding voting stock of Employer is changed into or exchanged for (x) voting stock of the surviving or transferee corporation or (y) cash, securities (whether or not including voting stock) or other property, and (B) the holders of the voting stock of Employer immediately prior to such transaction own, directly or indirectly, not less than 80% of the voting power of the voting stock of the surviving corporation immediately after such transaction; or (iii) during any period of two consecutive years, individuals who at the beginning of such period constituted the Board of Directors of Employer (together with any new directors whose election by such Board or whose nomination for election by the stockholders of Employer was approved by a vote of 66-2/3% of the directors then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Board of Employer then in office, or (iv) Gene McCaffery is no longer Chief Executive Officer of Employer, or (v) Employer is liquidated or dissolved or adopts a plan of liquidation.
15. NO OFFSET - NO MITIGATION. Employee shall not be required to mitigate damages under this Agreement by seeking other comparable employment. The amount of any payment or benefit provided for in this Agreement, including welfare benefits, shall not be reduced by any compensation or benefits earned by or provided to Employee as the result of employment by another employer.
16. WAIVER. The failure of either party to insist, in any one or more instances, upon performance of the terms or conditions of this Agreement shall not be construed as a waiver or relinquishment of any right granted hereunder or of the future performance of any such term, covenant or condition.

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17. ATTORNEY'S FEES. In the event of any action for breach of, to enforce the provisions of, or otherwise arising out of or in connection with this Agreement, the prevailing party in such action, as determined by a court of competent jurisdiction in such action, shall be entitled to receive its reasonable attorney fees and costs from the other party. If a party voluntarily dismisses an action it has brought hereunder, it shall pay to the other party its reasonable attorney fees and costs.
18. NOTICES. Any notice to be given hereunder shall be deemed sufficient if addressed in writing, and delivered by registered or certified mail or delivered personally: (i) in the case of Employer, to Employer's principal business office; and (ii) in the case of Employee, to his address appearing on the records of Employer, or to such other address as he may designate in writing to Employer.
19. SEVERABILITY. In the event that any provision shall be held to be invalid or unenforceable for any reason whatsoever, it is agreed such invalidity or unenforceability shall not affect any other provision of this Agreement and the remaining covenants, restrictions and provisions hereof shall remain in full force and effect and any court of competent jurisdiction may so modify the objectionable provisions as to make it valid, reasonable and enforceable.
20. AMENDMENT. This Agreement may be amended only by an agreement in writing signed by the parties hereto.
21. BENEFIT. This Agreement shall be binding upon and inure to the benefit of and shall be enforceable by and against Employee's heirs, beneficiaries and legal representatives. It is agreed that the rights and obligations of Employee may not be delegated or assigned except as specifically set forth in this Agreement.
22. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of Minnesota.

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IN WITNESS WHEREOF, the parties hereto have executed or caused this Agreement to be executed as of the day, month and year first above written.

EMPLOYER: VALUEVISION INTERNATIONAL, INC.

By /s/ Gene McCaffery

Gene McCaffery
Its: Chief Executive Officer

EMPLOYEE: /s/ Stuart R. Romnesko

Stuart R. Romnesko

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EMPLOYMENT AGREEMENT

THIS AGREEMENT made effective as of the 1st day of May, 1998, by and between ValueVision International, Inc., a Minnesota corporation (hereinafter referred to as "Employer"), and David T. Quinby (hereinafter referred to as "Employee").

WITNESSETH:

WHEREAS, Employer desires to assure itself of the services of Employee on the terms and conditions set forth below; and

WHEREAS, Employee desires to remain employed by Employer pursuant to the terms and conditions set forth below, which Employee acknowledges to constitute an increase in Employee's existing compensation package; and

NOW, THEREFORE, in consideration of the premises and mutual promises contained in this Agreement, the parties hereto agree as follows:

1. EMPLOYMENT. Employer agrees to continue to employ Employee and Employee agrees to the continuation of his employment with Employer on the terms and conditions set forth in this Agreement.
2. TERM. The term of Employee's employment hereunder shall commence on the date hereof and shall continue on a full-time basis for a period of twenty-four (24) months (the "Term"). The "Employment Period" for purposes of this Agreement shall be the period beginning on the date hereof and ending at the time Employee shall cease to act as an employee of Employer.
3. DUTIES. Employee shall serve as Vice President, General Counsel and Secretary of Employer and shall perform the duties as assigned by Employer, from time to time, and shall faithfully, and to the best of his ability, perform such reasonable duties and services of an active, executive, administrative and managerial nature as shall be specified and designated, from time to time, by Employer. Employee agrees to devote his full time and skills to such employment while he is so employed, subject to a vacation allowance of not less than four (4) weeks during each year of the term, or such additional vacation allowance as may be granted in the sole discretion of Employer. Employer's Chief Executive Officer shall provide Employee with a performance review at least annually.
4. COMPENSATION. Employee's compensation for the services performed under this Agreement shall be as follows:
 - a. Base Salary. Employee shall receive a base salary of at least One Hundred Seventy- Five Thousand and No/100 Dollars (\$175,000.00) per year for the term of this Agreement ("Base Salary").
 - b. Bonus Salary. Employee may receive bonus salary ("Bonus Salary"), from time to time, based upon Employee's job performance. Employer's Chief Executive Officer and Employee shall establish job performance criteria for Employee at least annually, which shall be the basis of such Bonus Salary.
 - c. Automobile Allowance. Employer shall pay Employee a monthly automobile allowance of \$450.00 per month ("Auto Allowance").
 - d. Professional Fees. Employer shall pay all of Employee's professional fees, including without limitation, professional association fees and memberships, and all of Employee's continuing legal education fees and expenses, up to \$5,000 annually ("Professional Fees").
5. OTHER BENEFITS DURING THE EMPLOYMENT PERIOD.
 - a. Employee shall receive all other benefits made available to executive officers of Employer, from time to time, at its discretion ("Benefits"). It is understood and agreed that Employer may terminate such Benefits or change any benefit programs at its sole discretion, as they are not contractual for the term hereof.
 - b. Employer shall reimburse Employee for all reasonable and necessary out-of-pocket business expenses incurred during the regular performance of services for Employer, including, but not limited to, entertainment

and related expenses so long as Employer has received proper documentation of such expenses from Employee.

c. Employer shall furnish Employee with such working facilities and other services as are suitable to Employee's position with Employer and adequate to the performance of his duties under this Agreement.

6. TERMINATION OF EMPLOYMENT.

a. Death. In the event of Employee's death, this Agreement shall terminate and Employee shall cease to receive Base Salary, Bonus Salary, Auto Allowance, Professional Fees and Benefits as of the date on which his death occurs.

b. Disability. If Employee becomes disabled such that Employee cannot perform the essential functions of his job, and the disability shall have continued for a period of more than one hundred twenty (120) consecutive days, then Employer may, in its sole discretion, terminate this Agreement and Employee shall then cease to receive Base Salary, Bonus Salary, Auto Allowance, Professional Fees and all other Benefits, on the date this Agreement

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is so terminated; provided however, Employee shall then be entitled to such disability, medical, life insurance, and other benefits as may be provided generally for disabled employees of Employer when payments and benefits hereunder ceases.

c. Voluntary Termination. In the event that Employee voluntarily terminates his employment, he shall cease to receive Base Salary, Bonus Salary, Auto Allowance, Professional Fees and all other Benefits as of the date of such termination.

d. Termination With Cause. Employer shall be entitled to terminate this Agreement and Employee's employment hereunder for Cause (as herein defined), and in the event that Employer elects to do so, Employee shall cease to receive Base Salary, Bonus Salary, Auto Allowance, Professional Fees and Benefits as of the date of such termination specified by Employer. For purposes of this Agreement, "Cause" shall mean: (i) a material act or act of fraud which results in or is intended to result in Employee's personal enrichment at the direct expense of Employer, including without limitation, theft or embezzlement from Employer; (ii) public conduct by Employee substantially detrimental to the reputation of Employer, (iii) material violation by Employee of any Employer policy, regulation or practice; (iv) conviction of a felony; or (v) habitual intoxication, drug use or chemical substance use by any intoxicating or chemical substance. Notwithstanding the forgoing, Employee shall not be deemed to have been terminated for Cause unless and until Employee has received thirty (30) days' prior written notice (a "Dismissal Notice") of such termination. In the event Employee does not dispute such determination within thirty (30) days after receipt of the Dismissal Notice, Employee shall not have the remedies provided pursuant to Section 6.g. of this Agreement.

e. By Employee for Employer Cause. Employee may terminate this Agreement upon thirty (30) days written notice to Employer (the "Employee Notice") upon the occurrences without Employee's express written consent, of any one or more of the following events, provided, however, that Employee shall not have the right to terminate this Agreement if Employer is able to cure such event within thirty (30) days (ten (10) days with regard to Subsection (ii) hereof) following delivery of such notice:

(i) Employer substantially diminishes Employee's duties such that they are no longer of an executive nature as contemplated by Section 3 hereof or Employer requires Employee to relocate his offices and perform his duties hereunder more than 25 miles from Employer's current corporate offices located at 6740 Shady Oak Road, Eden Prairie, Minnesota 55344 or

(ii) Employer materially breaches its obligations to pay Employee as provided for herein and such failure to pay is not a result of a good faith dispute between Employer and Employee.

f. Other. If Employer terminates this Agreement or Employee's employment during the Employment Period for any reason other than as set forth in Sections 6.a, 6.b., 6.c

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or 6.d. above, or if Employee terminates this Agreement or his employment during the Employment Period pursuant to Section 6.e. above, Employer shall immediately pay Employee in a lump sum payment, an amount equal to Base Salary, Bonus Salary, Auto Allowance and Professional Fees for twelve months (collectively, the "Severance Payment"). In addition, Employer shall continue to provide Employee with Benefits during the twelve months following such termination. For purposes of calculating Bonus Salary payable pursuant to this Section 6.f., Employee shall receive Bonus Salary equal to the last Bonus Salary actually paid the Employee. Notwithstanding the foregoing, following a Change in Control (as defined below), the number of months upon which the calculation of the Severance Payment shall be based and for which Employer shall be obligated to provide Employee with the Benefits pursuant to this Section 6.f. shall be the greater of (i) the remaining number of months left in the Term and (ii) twelve (12) months.

g. Arbitration. In the event that Employee disputes a determination that Cause exists for terminating his employment pursuant to Section 6.d. of this Agreement, or Employer disputes the determination that cause exists for Employee's termination of his employment pursuant to Section 6.e of this Agreement, either such disputing party may, in accordance with the Rules of the American Arbitration Association ("AAA"), and within 30 days of receiving a Dismissal Notice or Employee Notice, as applicable, file a petition with the AAA for arbitration of the dispute, the costs thereof (including legal fees and expenses) to be shared equally by the Employer and Employee unless an order of the AAA provides otherwise. Such proceeding shall also determine all other items then in dispute between the parties relating to this Agreement, and the parties covenant and agree that the decision of the AAA shall be final and binding and hereby waive their rights to appeal thereof.

7. CONFIDENTIAL INFORMATION. Employee acknowledges that the confidential information and data obtained by him during the course of his performance under this Agreement concerning the business or affairs of Employer, or any entity related thereto, are the property of Employer and will be confidential to Employer. Such confidential information may include, but is not limited to, specifications, designs, and processes, product formulae, manufacturing, distributing, marketing or selling processes, systems, procedures, plans, know-how, services or material, trade secrets, devices (whether or not patented or patentable), customer or supplier lists, price lists, financial information including, without limitation, costs of materials, manufacturing processes and distribution costs, business plans, prospects or opportunities, and software and development or research work, but does not include Employee's general business or direct marketing knowledge (the "Confidential Information"). All the Confidential Information shall remain the property of Employer and Employee agrees that he will not disclose to any unauthorized persons or use for his own account or for the benefit of any third party any of the Confidential Information without Employer's written consent. Employee agrees to deliver to Employer at the termination of this employment, all memoranda, notes, plans, records, reports, video and audio tapes and any and all other documentation (and copies thereof) relating to the business of Employer, or any entity related thereto, which he may then possess or have under his direct or indirect control. Notwithstanding any provision

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herein to the contrary, the Confidential Information shall specifically exclude information which is publicly available to Employee and others by proper means, readily ascertainable from public sources known to Employee at the time the information was disclosed or which is rightfully obtained from a third party, information required to be disclosed by law provided Employee provides notice to Employer to seek a protective order, or information disclosed by Employee to his attorney regarding litigation with Employer.

8. INVENTIONS AND PATENTS. Employee agrees that all inventions, innovations or improvements in the method of conducting Employer's business or otherwise related to Employer's business (including new contributions, improvements, ideas and discoveries, whether patentable or not) conceived or made by him during the Employment Period belong to Employer. Employee will promptly disclose such inventions, innovations and improvements to Employer and perform all actions reasonably

requested by Employer to establish and confirm such ownership.

9. NONCOMPETE AND RELATED AGREEMENTS.

a. Employee agrees that during the Noncompetition Period (as herein defined), he will not: (i) directly or indirectly own, manage, control, participate in, lend his name to, act as consultant or advisor to or render services (alone or in association with any other person, firm, corporation or other business organization; provided however, that the parties hereto agree that this provision may not be used to prohibit employee for working for an law firm which so provides such services, so long as Employee does not specifically provide legal services to a Restricted Business as defined herein) for any other person or entity engaged in the television home shopping business, any mail order business that directly competes with Employer or any of its affiliates by selling merchandise primarily of the type offered in and using a similar theme as any of Employer's or its affiliates' catalogs during the term of this Agreement or any business which Employer (upon authorization of its board of directors) has invested significant research and development funds or resources and contemplates entering into during the next twelve (12) months (the "Restricted Business"), anywhere that Employer or any of its affiliates operates during the term of this Agreement within the continental United States (the "Restricted Area"); (ii) have any interest directly or indirectly in any business engaged in the Restricted Business in the Restricted Area other than Employer (provided that nothing herein will prevent Employee from owning in the aggregate not more than one percent (1%) of the outstanding stock of any class of a corporation engaged in the Restricted Business in the Restricted Area which is publicly traded, so long as Employee has no participation in the management or conduct of business of such corporation), (iii) induce or attempt to induce any employee of Employer or any entity related to Employer to leave his, her or their employ, or in any other way interfere with the relationship between Employer or any entity related to Employer and any other employee of Employer or any entity related to Employer, or (iv) induce or attempt to induce any customer, supplier, franchisee, licensee, other business relation of any member of Employer

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or any entity related to Employer to cease doing business with Employer or any entity related to Employer, or in any way interfere with the relationship between any customer, franchisee or other business relation and Employer or any entity related to Employer, without the prior written consent of Employer. For purposes of this Agreement, "Noncompetition Period" shall mean the period commencing as of the Closing Date and ending on the last day of the sixth (6th) month following the date on which Employee is terminated during the term of this Agreement.

b. If, at the time of enforcement of any provisions of Section 9, a court of competent jurisdiction holds that the restrictions stated therein are unreasonable under circumstances then existing, the parties hereto agree that the maximum period, scope or geographical area reasonable under such circumstances will be substituted for the stated period, scope or area.

c. Employee agrees that the covenants made in this Section 9 shall be construed as an agreement independent of any other provision of this Agreement and shall survive the termination of this Agreement.

10. TERMINATION OF EXISTING AGREEMENTS. This Agreement supersedes and preempts any prior understandings, agreements or representations, written or oral, by or between Employee and Employer, which may have related to the employment of Employee, Employee's Agreement Not to Compete with Employer, or the payment of salary or other compensation by Employer to Employee, and upon this Agreement becoming effective, all such understandings, agreements and representations shall terminate and shall be of no further force or effect.

11. SPECIFIC PERFORMANCE. Employee and Employer acknowledge that in the event of a breach of this Agreement by either party, money damages would be inadequate and the nonbreaching party would have no adequate remedy at law. Accordingly, in the event of any controversy concerning the rights or obligations under this Agreement, such rights or obligations shall be enforceable in a court of equity by a decree of specific performance. Such remedy, however, shall be cumulative and nonexclusive and shall be in addition to any other remedy to which the parties may be entitled.

12. SALE, CONSOLIDATION OR MERGER. In the event of a sale of the stock, or

substantially all of the stock, of Employer or Holdings Corp., or consolidation or merger of Employer or Holdings Corp. with or into another corporation or entity, or the sale of substantially all of the operating assets of Employer or Holdings Corp. to another corporation, entity or individual, Employer may assign its rights and obligations under this Agreement to its successor-in-interest and such successor-in-interest shall be deemed to have acquired all rights and assumed all obligations of Employer hereunder.

13. STOCK OPTIONS. Employee shall be granted incentive stock options in accordance with the Second Amended 1990 Stock Option Plan of Employer (the "Plan") for 75,000 shares of ValueVision International, Inc. common stock ("Stock Options") subject to the provisions

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thereof and exercisable at the time or times established by the Stock Option Agreement. The Stock Options shall vest in equal amounts, one-third each, on the date hereof, the first anniversary of the date hereof and the second anniversary of the date hereof, or such earlier date in the sole discretion of the Employer's Chief Executive Officer. All such Stock Options, together with any other stock options of Employer issued to Employee, shall automatically vest upon a termination of Employee's employment during the Employment Period (unless pursuant to Sections 6.c or 6.d.) or upon a Change of Control.

14. CHANGE OF CONTROL. For purposes of this Agreement, a "Change of Control" shall mean an event as a result of which: (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities and Exchange Act of 1934 (the "Exchange Act")), is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act, except that a person shall be deemed to have "beneficial ownership" of all securities that such person has a right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more than 20% of the total voting power of the voting stock of either Employer (or its successors and assigns); (ii) Employer consolidates with, or merges with or into another corporation or sells, assigns, conveys, transfers, leases or otherwise disposes of all or substantially all of its assets to any person, or any corporation consolidates with, or merges with or into Employer, in any such event pursuant to a transaction in which the outstanding voting stock of Employer is changed into or exchanged for cash, securities or other property, other than any such transaction where (A) the outstanding voting stock of Employer is changed into or exchanged for (x) voting stock of the surviving or transferee corporation or (y) cash, securities (whether or not including voting stock) or other property, and (B) the holders of the voting stock of Employer immediately prior to such transaction own, directly or indirectly, not less than 80% of the voting power of the voting stock of the surviving corporation immediately after such transaction; or (iii) during any period of two consecutive years, individuals who at the beginning of such period constituted the Board of Directors of Employer (together with any new directors whose election by such Board or whose nomination for election by the stockholders of Employer was approved by a vote of 66-2/3% of the directors then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Board of Employer then in office, or (iv) Gene McCaffery is no longer Chief Executive Officer of Employer, or (v) Employer is liquidated or dissolved or adopts a plan of liquidation.

15. NO OFFSET - NO MITIGATION. Employee shall not be required to mitigate damages under this Agreement by seeking other comparable employment. The amount of any payment or benefit provided for in this Agreement, including welfare benefits, shall not be reduced by any compensation or benefits earned by or provided to Employee as the result of employment by another employer.

16. WAIVER. The failure of either party to insist, in any one or more instances, upon performance of the terms or conditions of this Agreement shall not be construed as a waiver or

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relinquishment of any right granted hereunder or of the future performance of any such term, covenant or condition.

17. ATTORNEY'S FEES. In the event of any action for breach of, to enforce

the provisions of, or otherwise arising out of or in connection with this Agreement, the prevailing party in such action, as determined by a court of competent jurisdiction in such action, shall be entitled to receive its reasonable attorney fees and costs from the other party. If a party voluntarily dismisses an action it has brought hereunder, it shall pay to the other party its reasonable attorney fees and costs.

- 18. NOTICES. Any notice to be given hereunder shall be deemed sufficient if addressed in writing, and delivered by registered or certified mail or delivered personally: (i) in the case of Employer, to Employer's principal business office; and (ii) in the case of Employee, to his address appearing on the records of Employer, or to such other address as he may designate in writing to Employer.
- 19. SEVERABILITY. In the event that any provision shall be held to be invalid or unenforceable for any reason whatsoever, it is agreed such invalidity or unenforceability shall not affect any other provision of this Agreement and the remaining covenants, restrictions and provisions hereof shall remain in full force and effect and any court of competent jurisdiction may so modify the objectionable provisions as to make it valid, reasonable and enforceable.
- 20. AMENDMENT. This Agreement may be amended only by an agreement in writing signed by the parties hereto.
- 21. BENEFIT. This Agreement shall be binding upon and inure to the benefit of and shall be enforceable by and against Employee's heirs, beneficiaries and legal representatives. It is agreed that the rights and obligations of Employee may not be delegated or assigned except as specifically set forth in this Agreement.
- 22. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of Minnesota.

IN WITNESS WHEREOF, the parties hereto have executed or caused this Agreement to be executed as of the day, month and year first above written.

EMPLOYER:

VALUEVISION INTERNATIONAL, INC.

By /s/ Gene McCaffery

Gene McCaffery
Its: Chief Executive Officer

EMPLOYEE:

/s/ David T. Quinby

David T. Quinby

VALUEVISION INTERNATIONAL, INC. AND SUBSIDIARIES

Computation of Net Income (Loss) Per Common Share

<TABLE>
<CAPTION>

	Three Months Ended April 30,	
	1998	1997
	-----	-----
<S>	<C>	<C>
Net income (loss)	\$ 11,280,230	\$ (1,761,237)
	-----	-----
Weighted average number of common shares outstanding	26,780,778	32,949,056
Shares assumed to be issued upon the exercise of common stock options and warrants under the treasury stock method	96,609	-
	-----	-----
Weighted average number of common and dilutive shares outstanding	26,877,387	32,949,056
	-----	-----
Net income (loss) per common share	\$ 0.42	\$ (0.05)
	-----	-----
Net income (loss) per common share- assuming dilution	\$ 0.42	\$ (0.05)
	-----	-----

</TABLE>

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM VALUEVISION INTERNATIONAL, INC.'S CONSOLIDATED BALANCE SHEET AS OF APRIL 30, 1998 AND CONSOLIDATED STATEMENT OF OPERATIONS FOR THE THREE-MONTH PERIOD ENDED APRIL 30, 1998 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH CONSOLIDATED FINANCIAL STATEMENTS AS FILED ON FORM 10-Q.

</LEGEND>

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<FN>

<F1> Accounts receivable represents amounts net of allowance for doubtful accounts.

<F2> Property and equipment represents amounts net of accumulated depreciation.

</FN>

</TABLE>