

VALUEVISION MEDIA INC

FORM 10-Q (Quarterly Report)

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Address	6740 SHADY OAK RD MINNEAPOLIS, Minnesota 55344-3433
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Industry	Retail (Catalog & Mail Order)
Sector	Services
Fiscal Year	01/31

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

FORM 10-Q

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

For the quarterly period ended July 31, 1999

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 September 8, 1999, there were 37,017,684 shares of the Registrant's common stock, \$.01 par value, outstanding.

VALUEVISION INTERNATIONAL, INC. AND SUBSIDIARIES

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

(In thousands, except share data)

	July 31, 1999	January 31, 1999
	-----	-----
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 211,797	\$ 44,264
Short-term investments	54,368	2,606
Accounts receivable, net	28,922	19,466
Inventories, net	23,421	21,101
Prepaid expenses and other	8,614	8,576
Income taxes receivable	4,237	500
Deferred income taxes	1,703	1,807
	-----	-----
Total current assets	333,062	98,320
Property and equipment, net	13,252	14,069
Federal Communications Commission licenses, net	1,969	2,019
Cable distribution and marketing agreement, net	6,740	--
Montgomery Ward operating agreement and licenses, net	1,778	1,876
Investment in Paxson Communications Corporation	11,937	9,713
Goodwill and other intangible assets, net	5,751	5,962
Investments and other assets, net	11,082	9,160
Deferred income taxes	49	651
	-----	-----
	\$ 385,620	\$ 141,770
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term obligations	\$ 181	\$ 393
Accounts payable	25,606	20,736
Accrued liabilities	12,719	11,555
	-----	-----
Total current liabilities	38,506	32,684
Long-term obligations	--	675
Series A Redeemable Convertible Preferred Stock, \$.01 par value, 5,339,500 shares authorized; 5,339,500 and 0 shares issued and outstanding	41,484	--
Shareholders' equity:		
Common stock, \$.01 par value, 100,000,000 shares authorized; 36,992,684 and 25,865,466 shares issued and outstanding	370	259
Common stock purchase warrants; 1,450,000 and 0 shares	6,931	--
Additional paid-in capital	253,108	72,715
Accumulated other comprehensive losses	(1,463)	(2,841)
Notes receivable from shareholders	--	(1,059)
Retained earnings	46,684	39,337
	-----	-----
Total shareholders' equity	305,630	108,411
	-----	-----
	\$ 385,620	\$ 141,770
	=====	=====

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

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

(In thousands, except share and per share data)

	For the Three Months Ended July 31,		For the Six Months Ended July 31,	
	1999	1998	1999	1998
Net sales	\$ 57,875	\$ 44,082	\$ 111,016	\$ 87,758
Cost of sales	35,361	25,952	66,023	50,974
Gross profit	22,514	18,130	44,993	36,784
Margin %	38.9%	41.1%	40.5%	41.9%
Operating expenses:				
Distribution and selling	18,161	16,856	36,392	33,674
General and administrative	2,738	3,136	5,493	5,990
Depreciation and amortization	1,304	1,275	2,455	2,546
Total operating expenses	22,203	21,267	44,340	42,210
Operating income (loss)	311	(3,137)	653	(5,426)
Other income (expense):				
Gain on sale of broadcast stations	--	--	9,980	19,750
Gain on sale of property and investments	136	3,653	136	3,639
Unrealized loss on trading securities	(342)	--	(794)	--
National Media Corporation terminated acquisition costs	--	(2,350)	--	(2,350)
Interest income	1,638	782	2,227	1,565
Other, net	(14)	(110)	(31)	(145)
Total other income	1,418	1,975	11,518	22,459
Income (loss) before income taxes	1,729	(1,162)	12,171	17,033
Income tax provision (benefit)	681	(441)	4,755	6,474
Net income (loss)	1,048	(721)	7,416	10,559
Accretion of redeemable preferred stock	(69)	--	(69)	--
Net income (loss) available to common shareholders	\$ 979	\$ (721)	\$ 7,347	\$ 10,559
Net income (loss) per common share	\$ 0.03	\$ (0.03)	\$ 0.26	\$ 0.40
Net income (loss) per common share --assuming dilution	\$ 0.03	\$ (0.03)	\$ 0.22	\$ 0.40
Weighted average number of common shares outstanding:				
Basic	29,650,710	25,979,193	27,833,139	26,379,986
Diluted	38,908,296	25,979,193	33,761,760	26,488,418

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

**VALUEVISION INTERNATIONAL, INC.
AND SUBSIDIARIES**
CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
For the Six Months Ended July 31, 1999
(Unaudited)

(In thousands, except share data)

	Comprehensive Income	Common Stock		Common Stock Purchase Warrants	Additional Paid-In Capital
		Number of Shares	Par Value		
BALANCE, January 31, 1999		25,865,466	\$ 259	\$ -	\$ 72,715
Comprehensive income:					
Net income	\$ 7,416	-	-	-	-
Other comprehensive income, net of tax:					
Unrealized gains on securities, net of tax of \$ 846	1,378 =====	-	-	-	-
Comprehensive income	\$ 8,794 =====				
Value assigned to common stock purchase warrants		-	-	6,931	-
Proceeds received on officer notes		-	-	-	-
Exercise of stock warrants		10,674,418	107	-	178,263
Exercise of stock options		452,800	4	-	2,130
Accretion of redeemable preferred stock		-	-	-	-
BALANCE, July 31, 1999		36,992,684 =====	\$ 370 =====	\$ 6,931 =====	\$ 253,108 =====

	Accumulated Other Comprehensive Income (Losses)	Notes Receivable From Officers	Retained Earnings	Total Shareholders' Equity
BALANCE, January 31, 1999	\$ (2,841)	\$ (1,059)	\$ 39,337	\$ 108,411
Comprehensive income:				
Net income	-	-	7,416	7,416
Other comprehensive income, net of tax:				
Unrealized gains on securities, net of tax of \$ 846	1,378	-	-	1,378
Comprehensive income				
Value assigned to common stock purchase warrants	-	-	-	6,931
Proceeds received on officer notes	-	1,059	-	1,059
Exercise of stock warrants	-	-	-	178,370
Exercise of stock options	-	-	-	2,134
Accretion of redeemable preferred stock	-	-	(69)	(69)
BALANCE, July 31, 1999	\$ (1,463) =====	\$ - =====	\$ 46,684 =====	\$ 305,630 =====

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

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

(In thousands, except share data)

	For the Six Months Ended July 31,	
	1999	1998
OPERATING ACTIVITIES:		
Net income	\$ 7,416	\$ 10,559
Adjustments to reconcile net income to net cash provided by (used for) operating activities-		
Depreciation and amortization	2,455	2,546
Deferred taxes	(140)	(4)
Gain on sale of broadcast stations	(9,980)	(19,750)
Gain on sale of property and investments	(136)	(3,639)
Unrealized loss on trading securities	794	--
Equity in losses of affiliates	5	139
National Media Corporation terminated acquisition costs	--	2,350
Changes in operating assets and liabilities:		
Accounts receivable, net	(9,456)	(6,250)
Inventories, net	(2,320)	198
Prepaid expenses and other	20	789
Accounts payable and accrued liabilities	2,496	600
Income taxes payable (receivable), net	(3,737)	2,687
	(12,583)	(9,775)
INVESTING ACTIVITIES:		
Property and equipment additions, net of retirements	(589)	(638)
Proceeds from sale of investments and property	10	9,427
Proceeds from sale of broadcast stations	10,000	24,483
Loan to National Media Corporation	--	(3,000)
Purchase of short-term investments	(60,449)	(3,449)
Proceeds from sale of short-term investments	8,038	11,227
Payment for investments and other assets	(2,814)	(2,386)
Proceeds from notes receivable	1,254	--
	(44,550)	35,664
FINANCING ACTIVITIES:		
Proceeds from issuance of Series A Preferred Stock	44,265	--
Proceeds from exercise of stock options and warrants	180,504	8
Payment of long-term obligations	(103)	(313)
Payments for repurchases of common stock	--	(5,324)
	224,666	(5,629)
Net increase in cash and cash equivalents	167,533	20,260
BEGINNING CASH AND CASH EQUIVALENTS	44,264	17,198
ENDING CASH AND CASH EQUIVALENTS	\$ 211,797	\$ 37,458
	=====	=====
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	\$ 32	\$ 71
	=====	=====
Income taxes paid	\$ 8,375	\$ 3,826
	=====	=====
SUPPLEMENTAL NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Issuance of 1,450,000 warrants in connection with the signing of a Distribution and Marketing Agreement with NBC	\$ 6,931	\$ --
	=====	=====
Accretion on redeemable preferred stock	\$ 69	\$ --
	=====	=====

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

VALUEVISION INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

JULY 31, 1999

(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 business 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 live 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 a Company owned full power Ultra-High Frequency ("UHF") broadcast television station, low power television ("LPTV") stations and to satellite dish owners. The Company also complements its television home shopping business by the sale of merchandise through its Internet shopping website (www.vvtv.com).

The Company, through its wholly-owned subsidiary, ValueVision Direct Marketing Company, Inc. ("VVDM"), is a direct-mail marketer of a broad range of general merchandise which is sold to consumers through direct-mail catalogs and other direct marketing solicitations. Through VVDM's 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 VVDM's 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 1999 Annual Report on Form 10-K. Operating results for the six-month period ended July 31, 1999, are not necessarily indicative of the results that may be expected for the fiscal year ending January 31, 2000.

(3) NET INCOME PER COMMON SHARE

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

VALUEVISION INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 JULY 31, 1999
 (Unaudited)

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

	Three Months Ended July 31,		Six Months Ended July 31,	
	1999	1998	1999	1998
Net income available to common shareholders	\$ 979,000	\$ (721,000)	\$ 7,347,000	\$ 10,559,000
Weighted average number of common shares outstanding - Basic	29,651,000	25,979,000	27,833,000	26,380,000
Dilutive effect of convertible preferred stock	4,765,000	-	2,698,000	-
Dilutive effect of stock options and warrants	4,492,000	-	3,231,000	108,000
Weighted average number of common shares outstanding - Diluted	38,908,000	25,979,000	33,762,000	26,488,000
Net income per common share	\$ 0.03	\$ (0.03)	\$ 0.26	\$ 0.40
Net income per common share - assuming dilution	\$ 0.03	\$ (0.03)	\$ 0.22	\$ 0.40

For the quarters ended July 31, 1999 and 1998, respectively, 850,000 and 4,090,000 potentially dilutive common shares have been excluded from the computation of diluted earnings per share as the effect of their inclusion would be antidilutive.

(4) COMPREHENSIVE INCOME

The Company reports comprehensive income in accordance with Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" ("SFAS No. 130"). SFAS No. 130 establishes standards for reporting in the financial statements all changes in equity during a period, except those resulting from investments by and distributions to owners. For the Company, comprehensive income 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 \$1,299,000 and (\$3,975,000) for the three months ended July 31, 1999 and 1998, respectively. Total comprehensive income was \$8,794,000 and \$10,292,000 for the six months ended July 31, 1999 and 1998, respectively.

(5) SEGMENT DISCLOSURES

Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information" ("SFAS No. 131") requires the disclosure of certain information about operating segments in financial statements. The Company's reportable segments are based on the Company's method of internal reporting, which generally segregates the strategic business units into two segments: electronic media, consisting primarily of the Company's television home shopping business, and print media, whereby merchandise is sold to consumers through direct-mail catalogs and other direct marketing solicitations. Segment information included in the accompanying consolidated balance sheets as of July 31 and included in the consolidated statements of operations for the three and six-month periods then ended is as follows (in thousands):

VALUEVISION INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
JULY 31, 1999
(Unaudited)

	Electronic Media -----	Print Media -----	Corporate -----	Total -----
Three Months Ended July 31, 1999				
Revenues	\$ 51,999	\$ 5,876	\$ -	\$ 57,875
Operating income (loss)	646	(335)	-	311
Net income (loss)	1,404	(356)	-	1,048
Identifiable assets	348,233	18,365	19,022 (a)	385,620
Three Months Ended July 31, 1998				
Revenues	34,721	9,361	-	44,082
Operating loss	(1,332)	(1,805)	-	(3,137)
Net income (loss)	609	(1,330)	-	(721)
Six Months Ended July 31, 1999				
Revenues	96,374	14,642	-	111,016
Operating income (loss)	790	(137)	-	653
Net income (loss)	7,792	(376)	-	7,416
Identifiable assets	348,233	18,365	19,022 (a)	385,620
Six Months Ended July 31, 1998				
Revenues	63,860	23,898	-	87,758
Operating loss	(3,714)	(1,712)	-	(5,426)
Net income (loss)	12,046	(1,487)	-	10,559

(a) Corporate assets consists of long-term investment assets not directly assignable to a business segment.

(6) NBC AND GE EQUITY STRATEGIC ALLIANCE

On March 8, 1999, the Company entered into a strategic alliance with the National Broadcasting Company, Inc. ("NBC") and G.E. Capital Equity Investments, Inc. ("GE Equity"). Pursuant to the terms of the transaction, GE Equity acquired 5,339,500 shares of the Company's Series A Redeemable Convertible Preferred Stock (the "Preferred Stock"), and NBC was issued a warrant to acquire 1,450,000 shares of Common Stock (the "Distribution Warrant") under a "Distribution and Marketing Agreement" as discussed below. The Preferred Stock was sold for aggregate consideration of approximately \$44.0 million (or approximately \$8.29 per share) and the Company will receive an additional approximately \$12.0 million upon exercise of the Distribution Warrant. In addition, the Company agreed to issue to GE Equity a warrant to increase its potential aggregate equity stake (together with its affiliates, including NBC) to 39.9%. NBC also has the exclusive right to negotiate on behalf of the Company for the distribution of its television home shopping service.

VALUEVISION INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

JULY 31, 1999

(Unaudited)

INVESTMENT AGREEMENT

Pursuant to the Investment Agreement by and between the Company and GE Equity dated March 8, 1999 (the "Investment Agreement"), the Company sold to GE Equity 5,339,500 shares of Series A Redeemable Convertible Preferred Stock, \$.01 par value (the "Preferred Stock") for an aggregate of \$44,265,000. The Preferred Stock is convertible into an equal number of shares of the Company's Common Stock, \$.01 par value ("Common Stock"), subject to customary anti-dilution adjustments, has a mandatory redemption on the 10th anniversary of its issuance or upon a "change of control" at its stated value (\$8.29 per share), participates in dividends on the same basis as the Common Stock and has a liquidation preference over the Common Stock and any other junior securities. So long as NBC or GE Equity is entitled to designate a nominee to the Board of Directors (the "ValueVision Board") of the Company (see discussion under "Shareholder Agreement" below), the holders of the Preferred Stock are entitled to a separate class vote on the directors subject to nomination by NBC and GE Equity. During such period of time, such holders will not be entitled to vote in the election of any other directors, but will be entitled to vote on all other matters put before shareholders of the Company. Consummation of the sale of 3,739,500 shares of the Preferred Stock was completed on April 15, 1999. Final consummation of the transaction regarding the sale of the remaining 1,600,000 Preferred Stock shares was completed on June 2, 1999. The Preferred Stock was recorded at fair value on the date of issuance less issuance costs of \$2,850,000. The excess of the redemption value over the carrying value is being accreted by periodic charges to retained earnings over the ten year redemption period.

The Investment Agreement also provided that the Company issue GE Equity a common stock purchase warrant (the "Investment Warrant") to acquire the number of shares of the Common Stock that would result in the combined beneficial ownership by GE Equity and NBC of 39.9% of the Common Stock outstanding from time to time subject to certain limitations as set forth in the Investment Warrant. On July 6, 1999, GE Equity exercised the Investment Warrant allowing them to acquire an additional 10,674,000 shares of the Company's Common Stock for an aggregate of \$178,370,000, or \$16.71 per share, representing the 45-day average closing price of the underlying Common Stock ending on the trading day prior to exercise. Following the exercise of the Investment Warrant, the combined ownership of the Company by GE Equity and NBC was approximately 39.9%.

SHAREHOLDER AGREEMENT

Pursuant to the Investment Agreement, the Company and GE Equity entered into a Shareholder Agreement (the "Shareholder Agreement") which provides for certain corporate governance and standstill matters. The Shareholder Agreement (together with the Certificate of Designation of the Preferred Stock) provides that GE Equity and NBC will be entitled to designate nominees for an aggregate of 2 out of 7 board seats so long as their aggregate beneficial ownership is at least equal to 50% of their initial beneficial ownership, and 1 out of 7 board seats so long as their aggregate beneficial ownership is at least 10% of the "adjusted outstanding shares of Common Stock". GE Equity and NBC have also agreed to vote their shares of Common Stock in favor of the Company's nominees to the ValueVision Board in certain circumstances.

All committees of the ValueVision Board will include a proportional number of directors nominated by GE Equity and NBC. The Shareholder Agreement also requires the consent of GE Equity prior to the Company entering into any substantial agreements with certain restricted parties (broadcast networks and internet portals in certain limited circumstances, as defined), as well as taking any of the following actions: (i) issuance of more than 15% of the total voting shares of the Company in any 12-month period (25% in any 24-month period), (ii) payment of quarterly dividends in excess of 5% of the Company's market capitalization (or repurchases and redemption of Common Stock with certain exceptions), (iii) entry by the Company into any business not ancillary, complementary or reasonably related to the Company's current business, (iv) acquisitions (including investments and joint ventures) or dispositions exceeding the greater of \$35.0 million or 10% of the Company's total market capitalization, or (v) incurrence of debt exceeding the greater of \$40.0 million or 30% of the Company's total capitalization.

Pursuant to the Shareholder Agreement, so long as GE Equity and NBC have the right to name at least one nominee to the ValueVision Board, the Company will provide them with certain monthly, quarterly and annual financial reports and budgets. In addition, the Company has agreed not to take actions which would cause the Company to be in breach of or default under any of its material contracts (or otherwise require a consent thereunder) as a result of acquisitions of the Common Stock by GE Equity or NBC. The Company is also prohibited from taking any action that would cause any ownership interest of certain FCC regulated entities from being attributable to GE Equity, NBC or their affiliates.

VALUEVISION INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

JULY 31, 1999

(Unaudited)

The Shareholder Agreement provides that during the Standstill Period (as defined in the Shareholder Agreement), and with certain limited exceptions, GE Equity and NBC shall be prohibited from: (i) any asset/business purchases from the Company in excess of 10% of the total fair market value of the Company's assets, (ii) increasing their beneficial ownership above 39.9% of the Company's shares, (iii) making or in any way participating in any solicitation of proxies, (iv) depositing any securities of the Company in a voting trust, (v) forming, joining, or in any way becoming a member of a 13D Group with respect to any voting securities of the Company, (vi) arranging any financing for, or providing any financing commitment specifically for, the purchase of any voting securities of the Company, (vii) otherwise acting, whether alone or in concert with others, to seek to propose to the Company any tender or exchange offer, merger, business combination, restructuring, liquidation, recapitalization or similar transaction involving the Company, or nominating any person as a director of the Company who is not nominated by the then incumbent directors, or proposing any matter to be voted upon by the shareholders of the Company. If during the Standstill Period any inquiry has been made regarding a "takeover transaction" or "change in control" which has not been rejected by the ValueVision Board, or the ValueVision Board pursues such a transaction, or engages in negotiations or provides information to a third party and the ValueVision Board has not resolved to terminate such discussions, then GE Equity or NBC may propose to the Company a tender offer or business combination proposal.

In addition, unless GE Equity and NBC beneficially own less than 5% or more than 90% of the adjusted outstanding shares of Common Stock, GE Equity and NBC shall not sell, transfer or otherwise dispose of any securities of the Company except for transfers: (i) to certain affiliates who agree to be bound by the provisions of the Shareholder Agreement, (ii) which have been consented to by the Company, (iii) pursuant to a third party tender offer, provided that no shares of Common Stock may be transferred pursuant to this clause (iv) to the extent such shares were acquired upon exercise of the Investment Warrant on or after the date of commencement of such third party tender offer or the public announcement by the offeror thereof or that such offeror intends to commence such third party tender offer, (v) pursuant to a merger, consolidation or reorganization to which the Company is a party, (vi) in a bona fide public distribution or bona fide underwritten public offering, (vii) pursuant to Rule 144 of the Securities Act, or (viii) in a private sale or pursuant to Rule 144A of the Securities Act; provided that, in the case of any transfer pursuant to clause (vi) or (viii), such transfer does not result in, to the knowledge of the transferor after reasonable inquiry, any other person acquiring, after giving effect to such transfer, beneficial ownership, individually or in the aggregate with such person's affiliates, of more than 10% of the adjusted outstanding shares of the Common Stock.

The Standstill Period will terminate on the earliest to occur of (i) the 10 year anniversary of the Shareholder Agreement, (ii) the entering into by the Company of an agreement that would result in a "change in control" (subject to reinstatement), (iii) an actual "change in control," (iv) a third party tender offer (subject to reinstatement), and (v) six months after GE Equity and NBC can no longer designate any nominees to the ValueVision Board. Following the expiration of the Standstill Period pursuant to clause (i) or (v) above (indefinitely in the case of clause (i) and two years in the case of clause (v)), GE Equity and NBC's beneficial ownership position may not exceed 39.9% of the Company on fully-diluted outstanding stock, except pursuant to issuance or exercise of any warrants or pursuant to a 100% tender offer for the Company.

REGISTRATION RIGHTS AGREEMENT

Pursuant to the Investment Agreement, ValueVision and GE Equity entered into a Registration Rights Agreement providing GE Equity, NBC and their affiliates and any transferees and assigns, an aggregate of four demand registrations and unlimited piggyback registration rights.

DISTRIBUTION AND MARKETING AGREEMENT

NBC and the Company have entered into the Distribution and Marketing Agreement dated March 8, 1999 (the "Distribution Agreement") which provides that NBC shall have the exclusive right to negotiate on behalf of the Company for the distribution of its home shopping television programming service. The agreement has a 10-year term and NBC has committed to delivering an additional 10 million full-time equivalent ("FTE") subscribers over the first 42 months of the term. In compensation for such services, the Company will pay NBC an annual fee of \$1.5 million (increasing no more than 5% annually) and issue NBC the Distribution Warrant. The exercise price of the Distribution Warrant is approximately \$8.29 per share and vests 200,000 shares immediately, with the remainder of the Distribution Warrant vesting 125,000 shares annually over the 10-year term of the Distribution Agreement. The Distribution Warrant is exercisable for five years after vesting. The value assigned to the Distribution

VALUEVISION INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

JULY 31, 1999

(Unaudited)

and Marketing Agreement and Distribution Warrant of \$6,931,000 was determined pursuant to an independent appraisal and is being amortized on a straight-line basis over the term of the agreement. Assuming certain performance criteria above the 10 million FTE homes are met, NBC will be entitled to additional warrants to acquire Common Stock at the then current market price. The Company has a right to terminate the Distribution Agreement after the twenty-fourth, thirty-sixth and forty-second month anniversary if NBC is unable to meet the performance targets. If terminated by the Company in such circumstance, the unvested portion of the Distribution Warrant will expire. In addition, the Company will be entitled to a \$2.5 million payment from NBC if the Company terminates the Distribution Agreement as a result of NBC's failure to meet the 24 month performance target.

NBC may terminate the Distribution Agreement if the Company enters into certain "significant affiliation" agreements or a transaction resulting in a "change of control."

LETTER AGREEMENT

The Company, GE Equity and NBC have also entered into a non-binding letter of intent dated March 8, 1999 providing for certain cooperative business activities which the parties contemplate pursuing, including but not limited to, development of a private label credit card, development of electronic commerce and other internet strategies, development of programming concepts for the Company and cross channel promotion.

(7) GAIN ON SALE OF BROADCAST STATIONS

On April 12, 1999, the Company received a contingent payment of \$10 million relating to the sale of its KBGE-TV, Channel 33, television station in Seattle, Washington, and two low-power television stations to Paxson Communications in March 1998. As a result, the Company recognized a \$10 million pre-tax gain, net of applicable closing fees, in the quarter ended April 30, 1999. The \$10 million contingent payment finalizes the agreement between the two companies.

(8) SALE OF BROADCAST STATION

On May 3, 1999, the Company signed a definitive agreement to sell its KVVV-TV full-power television broadcast station, Channel 33, and K53 FV low power station, serving the Houston, Texas market, for a total of \$28 million to Visalia, California-based Pappas Telecasting Companies. The transaction is anticipated to close in the third quarter of fiscal 2000 and is subject to obtaining certain consents and regulatory approval. The effects of the disposition will be reflected in the financial statements at the date of closing. Management believes that the sale will not have a significant impact on the operations of the Company.

(9) SUBSEQUENT EVENT

On September 13, 1999, the Company entered into a new strategic alliance with Snap! LLC and Xoom.com, Inc. whereby the parties entered into major re-branding and electronic commerce agreements, spanning television home shopping, Internet shopping and direct e-commerce initiatives. Under the terms of the agreements, ValueVision International Inc.'s television home shopping network, currently called ValueVision, will be re-branded as SnapTV ("Snap TV"). The re-branding will be phased in during late 1999 and in the first half of 2000. The network, which will continue to be owned and operated by ValueVision, will continue to feature its present product line as well as offer new categories of products and brands. The Company along with Snap.com, NBC's Internet portal services company, will roll-out a new companion Internet shopping service, SnapTV.com -- featuring online purchasing opportunities that spotlight products offered on-air along with online-only e-commerce opportunities offered by Snap TV and its merchant partners. The new SnapTV.com online store will be owned and operated by ValueVision and be featured prominently within SnapTV.com's shopping area. Xoom.com, a leading direct e-commerce services company, will become the exclusive direct electronic commerce partner for SnapTV, managing all such initiatives, including database management, e-mail marketing and other sales endeavors. Direct online shopping offers will include SnapTV merchandise, as well as Xoom.com products and services. See Item 5. "Other Information" for further discussion of this strategic alliance and the agreements entered into by the Company, Snap LLC and Xoom.com, Inc.

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, 1999.

SELECTED CONDENSED CONSOLIDATED FINANCIAL DATA

	Dollar Amounts as a Percentage of Net Sales For the Three Months Ended July 31,		Dollar Amounts as a Percentage of Net Sales For the Six Months Ended July 31,	
	1999	1998	1999	1998
Net sales	100.0%	100.0%	100.0%	100.0%
Gross margin	38.9%	41.1%	40.5%	41.9%
Operating expenses:				
Distribution and selling	31.4%	38.2%	32.8%	38.4%
General and administrative	4.7%	7.1%	4.9%	6.8%
Depreciation and amortization	2.3%	2.9%	2.2%	2.9%
	38.4%	48.2%	39.9%	48.1%
Operating income (loss)	0.5%	(7.1%)	0.6%	(6.2)%

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

OVERVIEW

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 business which uses recognized on-air television home shopping personalities to market brand name and proprietary and private label consumer products at competitive or discount prices. The Company's live 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 a Company owned full power Ultra-High Frequency ("UHF") broadcast television station, Company owned low power television ("LPTV") stations and to satellite dish owners. The Company also complements its television home shopping business by the sale of merchandise through its Internet shopping website (www.vvttv.com).

The Company, through its wholly-owned subsidiary, ValueVision Direct Marketing Company, Inc. ("VVDM"), is a direct-mail marketer of a broad range of general merchandise which is sold to consumers through direct-mail catalogs and other direct marketing solicitations. Through VVDM's 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").

NBC AND GE EQUITY STRATEGIC ALLIANCE

On March 8, 1999 the Company entered into a strategic alliance with the National Broadcasting Company, Inc. ("NBC") and G.E. Capital Equity Investments, Inc. ("GE Equity"). Pursuant to the terms of the transaction, GE Equity acquired 5,339,500 shares of Series A Redeemable Convertible Preferred Stock (the "Preferred Stock"), and NBC was issued a warrant to acquire 1,450,000 shares of common stock (the "Distribution Warrant") under a Distribution and Marketing Agreement. The Preferred Stock was sold for aggregate consideration of approximately \$44.0 million and the Company will receive an additional approximately \$12.0 million upon exercise of the Distribution Warrant. In addition, the Company issued to GE Equity a warrant to increase its potential aggregate equity stake (together with the Distribution Warrant issued to NBC) to 39.9% (the "Investment Warrant"). NBC has the exclusive right to negotiate on behalf of ValueVision for the distribution of its television home shopping service. Consummation of the sale of 3,739,500 shares of the Preferred Stock was completed on April 15, 1999. Final consummation of the transaction regarding the sale of the remaining 1,600,000 Preferred Stock shares and the exercisability of the Investment Warrant was completed on June 2, 1999. On July 6, 1999, GE Equity exercised the Investment Warrant allowing them to acquire an additional 10,674,000 shares of the Company's Common Stock for an aggregate of \$178,370,000, or \$16.71 per share, representing the 45-day average closing price of the underlying Common Stock ending on the trading day prior to exercise. Proceeds received from the issuance of the Preferred Stock and the Investment Warrant (and to be received from the exercise of the Distribution Warrant) are for general corporate purposes. Following the exercise of the Investment Warrant, the combined ownership of the Company by GE Equity and NBC was approximately 39.9%. See Note 6 of Notes to Condensed Consolidated Financial Statements for further discussion of the Company's strategic alliance with NBC and GE Equity.

SNAP.COM, XOOM. COM RE-BRANDING AND ELECTRONIC COMMERCE ALLIANCE

Effective September 13, 1999, the Company entered into a new strategic alliance with Snap! LLC and Xoom.com, Inc. whereby the parties entered into major re-branding and electronic commerce agreements, spanning television home shopping, Internet shopping and direct e-commerce initiatives. Under the terms of the agreements, ValueVision International Inc.'s television home shopping network, currently called ValueVision, will be re-branded as SnapTV ("Snap TV"). The re-branding will be phased in during late 1999 and in the first half of 2000. The network, which will continue to be owned and operated by ValueVision, will continue to feature its present product line as well as offer new categories of products and brands. The Company along with Snap.com, NBC's Internet portal services company, will roll-out a new companion Internet shopping service, SnapTV.com -- featuring online purchasing opportunities that spotlight products offered on-air along with online-only e-commerce opportunities offered by Snap TV and its merchant partners. The new SnapTV.com online store will be owned and operated by ValueVision and be featured prominently within

SnapTV.com's shopping area. Xoom.com, a leading direct e-commerce services company, will become the exclusive direct electronic commerce partner for SnapTV, managing all such initiatives, including database management, e-mail marketing and other sales endeavors. Direct online shopping offers will include SnapTV merchandise, as well as Xoom.com products and services. See Item 5. "Other Information" for further discussion of this strategic alliance and the agreements entered into by the Company, Snap LLC and Xoom.com, Inc.

RESULTS OF OPERATIONS

NET SALES

Net sales for the three months ended July 31, 1999 (fiscal 2000), were \$57,875,000 compared with net sales of \$44,082,000 for the three months ended July 31, 1998 (fiscal 1999), a 31% increase. Net sales for the six months ended July 31, 1999 were \$111,016,000 compared with \$87,758,000 for the six months ended July 31, 1998, a 27% increase. The increase in net sales is directly attributable to the continued improvement and increased sales from the Company's television home shopping operations, which have reported greater than 30% sales increases for the past five quarters in a row and reported its largest revenue quarter in the Company's history. Sales attributed to the Company's television home shopping business increased 50% to a record \$51,999,000 for the quarter ended July 31, 1999 from \$34,721,000 for the comparable prior year period on a 36% increase in average full-time equivalent homes able to receive the Company's television home shopping programming. On a year-to-date basis, sales attributed to the Company's television home shopping programming increased 51% to \$96,374,000 for the six months ended July 31, 1999 from \$63,860,000 for the comparable prior year period on a 33% increase in average full-time equivalent subscriber homes. The growth in home shopping net sales is also the result of a strengthened merchandising effort under the leadership of ValueVision - TV's new general management. The improvement in television home shopping net sales is also due, in part, to various sales initiatives that emphasized, among other things, the increased use of the Company's ValuePay installment payment program. During the 12-month period ended July 31, 1999 the Company added approximately 6.4 million full-time equivalent subscriber homes, a 53% increase. In addition to new full-time equivalent 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 six months of fiscal 2000 was due, in part, to the effects of continued testing of certain merchandising and programming strategies. Certain changes were made to the Company's merchandising and programming strategies in the first half of fiscal 2000 that 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. Sales attributed to direct-mail marketing operations totaled \$5,876,000 or 10% of total net sales for the quarter ended July 31, 1999 and totaled \$9,361,000 or 21% of total net sales for the quarter ended July 31, 1998. On a year-to-date basis, sales attributed to direct-mail marketing operations totaled \$14,642,000 or 13% of total net sales for the six months ended July 31, 1999 and totaled \$23,898,000, or 27% of total net sales for the six months ended July 31, 1998. The decrease in catalog revenues is a result of the fiscal 1999 divestiture of the Company's unprofitable HomeVisions (formerly known as Montgomery Ward Direct) mail order catalog operations.

GROSS PROFITS

Gross profits for the second quarter ended July 31, 1999 and 1998 were \$22,514,000 and \$18,130,000, respectively, an increase of \$4,384,000 or 24%. Gross margins for the three months ended July 31, 1999 and 1998 were 38.9% and 41.1%, respectively. Gross profits for the six months ended July 31, 1999 and 1998 were \$44,993,000 and \$36,784,000, respectively, an increase of \$8,209,000 or 22%. Gross margins for the six months ended July 31, 1999 were 40.5% compared to 41.9% for the same period last year. The principal reason for the increase in gross profits was the increased sales volume from the Company's television home shopping business offset by a decrease in direct mail-order gross profits resulting from the fiscal 1999 divestiture of the HomeVisions catalog operations. Television gross margins for the three and six months ended July 31, 1999 were 36.8% and 38.0%, respectively. Gross margins for the Company's direct mail-order operations were 57.9% and 57.0% for the same respective periods. Television gross margins for the three and six months ended July 31, 1998 was 38.2% and 38.1%, respectively. Gross margins for the Company's direct mail-order operations were 52.1% and 52.0% for the same respective periods. Television home shopping gross margin percentages decreased as a direct result of changes in the Company's merchandising mix. Specifically, television home shopping gross margins between comparable periods decreased from prior year primarily as a result of an increase in the sales volume of lower margin electronics merchandise along with decreased gross margin percentages in the electronic and jewelry product categories offset by an increase in the mix of jewelry and slight increases

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

in the overall gross margin percentages for giftware and seasonal merchandise. Also, and as a result of the mix change, additional inventory reserves were established during the second quarter, which further reduced television home shopping margins. During the first six months of fiscal 2000, the Company has attempted to balance its merchandise mix between jewelry and non-jewelry items as compared to the same period last year in order to increase television home shopping sales while at the same time maintaining margins and increasing inventory turns. Jewelry products accounted for approximately 79% of airtime during the first six months of fiscal 2000 compared with 66% 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 fiscal 1999 divestiture of the Company's HomeVisions catalog operations which had considerably lower margins than CVI or BII.

OPERATING EXPENSES

Total operating expenses for the three and six months ended July 31, 1999 were \$22,203,000 and \$44,340,000, respectively, versus \$21,267,000 and \$42,210,000 for the comparable prior year periods. Distribution and selling expense increased \$1,305,000 or 8% to \$18,161,000 or 31% of net sales during the second quarter of fiscal 2000 compared to \$16,856,000 or 38% for the comparable prior-year period. Distribution and selling expense increased \$2,718,000 or 8% to \$36,392,000 or 33% of net sales for the six months ended July 31, 1999 compared to \$33,674,000 or 38% for the comparable prior-year period. Distribution and selling costs increased primarily as a result of increases in net cable access fees due to a 33% year-to-date increase in the number of average FTE's over prior year, an increase in the rate per full-time equivalent cable home, increased marketing and advertising fees, and increased costs associated with credit card processing, telemarketing and the Company's ValuePay program, offset by decreases in distribution and selling expenses associated with the divestiture of the HomeVisions catalog operations. Distribution and selling expenses decreased as a percentage of net sales over prior year primarily due to the Company's focus on cost efficiencies and the increase in television home shopping net sales over prior year.

General and administrative expenses for the three months ended July 31, 1999 decreased \$398,000 or 13% to \$2,738,000 compared to \$3,136,000 for the three months ended July 31, 1998. For the six months ended July 31, 1999 general and administrative expenses decreased \$497,000 or 8% to \$5,493,000 compared to \$5,990,000 for the comparable prior year period. General and administrative expenses as a percentage of net sales were 5% versus 7% for the three and six months ended July 31, 1999 and 1998, respectively. General and administrative costs decreased from prior year as a result of general cost containment and decreased as a percentage of net sales as a result of the increase in net sales from period to period.

Depreciation and amortization costs for the three months ended July 31, 1999 was \$1,304,000 versus \$1,275,000 representing an increase of \$29,000 or 2% from the comparable prior-year period. Depreciation and amortization expense for the six months ended July 31, 1999 was \$2,455,000 versus \$2,546,000 representing a decrease of \$91,000 or 4% from the comparable prior-year period. Depreciation and amortization costs as a percentage of net sales were 2% for the three and six months ended July 31, 1999 versus 3% for the comparable prior-year periods. The year-to-date dollar decrease is primarily due to a reduction in depreciation expense in connection with the divestiture of the Company's HomeVisions catalog operations and reduced amortization with respect to cable launch fees and FCC licenses offset by increased amortization associated with the Company's NBC cable distribution and marketing agreement.

OPERATING INCOME (LOSS)

For the three months ended July 31, 1999, the Company reported operating income of \$311,000 compared to an operating loss of \$3,137,000 for the three months ended July 31, 1998, an improvement of \$3,448,000. For the six months ended July 31, 1999, the Company reported operating income of \$653,000 compared to an operating loss of \$5,426,000 for the six months ended July 31, 1998, an improvement of \$6,079,000. The improvement in quarterly and year-to-date operating income over prior year is directly attributed to the overall operating improvements of the Company's television home shopping business which improved by approximately \$1,978,000 and \$4,504,000 for the three and six months ended July 31, 1999, respectively. The Company also experienced a modest improvement in operating income over prior year from its catalog operations primarily resulting from the fiscal 1999 divestiture of its unprofitable HomeVisions catalog operations. Overall, operating income increased as a result of increased sales volumes and gross profits, decreases in general and administrative costs resulting from general cost containment and a reduction in year-to-date depreciation and amortization expense over prior year offset by increases in distributing and selling costs and increased amortization associated with the Company's NBC cable distribution and marketing agreement.

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

NET INCOME

For the three months ended July 31, 1999, the Company reported net income available to common shareholders of \$979,000 or \$.03 per share on 38,908,000 diluted weighted average common shares outstanding (\$.03 per share on 29,651,000 basic shares) compared with a net loss of \$721,000 or \$.03 per basic and diluted share on 25,979,000 weighted average common shares outstanding for the quarter ended July 31, 1998. Net income available to common shareholders for the quarter ended July 31, 1999 includes a net pre-tax loss of approximately \$206,000 relating primarily to the sale and holdings of the Company's trading security investments. Results for the quarter ended July 31, 1998 included a \$2,350,000 write-off related to terminated acquisition costs and included pre-tax gains on the sale of property of \$3,653,000. Excluding the net gains/losses recorded on the sale and holdings of property and investments and other one-time charges, the Company achieved net income available to common shareholders of \$1,111,000, or \$.03 per diluted share (\$.04 per basic share) for the quarter ended July 31, 1999, compared with a net loss of \$1,529,000, or \$.06 per basic and diluted share for the quarter ended July 31, 1998, an increase of approximately \$2,640,000 over fiscal 1999.

For the six months ended July 31, 1999, the Company reported net income available to common shareholders of \$7,347,000 or \$.22 per share on 33,762,000 diluted weighted average common shares outstanding (\$.26 per share on 27,833,000 basic shares) compared with net income of \$10,559,000 or \$.40 per share on 26,488,000 diluted weighted average common shares outstanding (\$.40 per share on 26,380,000 basic shares) for the six months ended July 31, 1998. Net income for the six months ended July 31, 1999 includes a pre-tax gain of approximately \$10,000,000 relating to the receipt of a contingent payment in connection with the Company's sale of a television broadcast station and two low-power television stations to Paxson Communications Corporation in March 1998 and a net pre-tax loss of \$658,000 recorded on the sale and holdings of the Company's trading security investments. Net income for the six months ended July 31, 1998 included a pre-tax gain of \$19,750,000 relating to the sale of its television broadcast station, KBGE-TV and two low-power television stations, a pre-tax gain of \$3,639,000 relating to the sale of property and a \$2.4 million write-off related to terminated acquisition costs. Excluding the net gains/losses recorded on the sale and holdings of property and investments and other one-time charges, the Company achieved net income available to common shareholders of \$1,669,000, or \$.05 per diluted share (\$.06 per basic share) for the six months ended July 31, 1999, compared to a net loss of \$2,483,000, or \$.09 per basic and diluted share for the six months ended July 31, 1998, an improvement of approximately \$4,152,000 over fiscal 1999. For the three and six months ended July 31, 1999, net income reflects an income tax provision at an effective tax rate of 39%.

PROGRAM DISTRIBUTION

The Company's television home-shopping programming was available to approximately 25.7 million homes as of July 31, 1999, as compared to 21.8 million homes as of January 31, 1999 and to 17.3 million homes as of July 31, 1998. The Company's programming is currently available through affiliation and time-block purchase agreements with approximately 350 cable systems and one wholly-owned full power television broadcast station. In addition, the Company's programming is broadcast full-time over twelve owned low power television stations in major markets, and is available unscrambled to homes equipped with satellite dishes. As of July 31, 1999 and 1998, the Company's programming was available to approximately 18.4 million and 12.0 million full-time equivalent ("FTE") households, respectively. As of January 31, 1999, the Company's programming was available to 14.9 million FTE households. Approximately 11.5 million and 9.3 million households at July 31, 1999 and 1998, 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 6.9 million CVI catalogs were mailed in the second quarter of fiscal 2000. At July 31, 1999, CVI had approximately 566,000 "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. During the second quarter of fiscal 2000, BII had approximately 129.1 million space advertisements or "impressions" circulated in national and regional newspapers and magazines and at July 31, 1999, BII had approximately 210,000 active customers and approximately 750,000 customer names in its customer list database.

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

YEAR 2000 CONSIDERATIONS

The Year 2000 issue is the result of computer programs using only the last two digits to indicate the calendar year. If uncorrected, such computer programs may be unable to interpret dates correctly beyond the year 1999, which in turn, may cause computer system failure or other computer errors disrupting operations. The Company has reviewed the implications of its Year 2000 compliance issues and has formed a Year 2000 Compliance Project team to establish and take steps to ensure that the Company's information systems and software applications will manage dates beyond 1999. The scope of the Company's Year 2000 readiness effort includes the review of and taking remedial action as necessary, regarding (i) information technology ("IT") such as software and hardware; (ii) non-IT systems or embedded technology; and (iii) readiness of key third parties, including significant vendors and service providers and the electronic data interchange (EDI) with third parties.

With respect to information systems, management presently believes that a combination of software modification, upgrades and replacements will be necessary to mitigate the Company's Year 2000 issues. However, if such modifications are not made, or not completed on a timely basis, the Year 2000 issue could have a materially adverse effect on the Company's business, financial condition and results of operations. The Company expects to implement successfully the systems and programming changes necessary to be Year 2000 compliant in a timely manner. The target month for final remediation of its information systems is December 1999. The Company does not expect the cost of addressing its Year 2000 issues to have a material effect on the Company's results of operations, financial position or liquidity and is funding such costs with operating cash flows. Total costs are expected to be less than \$500,000.

In addition to internal Year 2000 remediation activities, the Company has also implemented a plan to communicate to its key suppliers, vendors and service providers the expectation that they attain Year 2000 compliance in a timely manner. While the Company expects its internal IT and non-IT systems to be Year 2000 compliant by the date specified, the Company is working on a contingency plan specifying what the Company will do if it or important third parties are not Year 2000 compliant by the required dates. The Company expects to have such a contingency plan finalized in 1999.

The Company believes that it has allocated adequate resources to address and achieve Year 2000 compliance in a timely manner, however, no assurances can be given that these efforts or the efforts of key third parties will be successful.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

As of July 31, 1999, cash and cash equivalents and short-term investments were \$266,165,000, compared to \$46,870,000 as of January 31, 1999, a \$219,295,000 increase. For the six months ended July 31, 1999, working capital increased \$228,920,000 to \$294,556,000. The current ratio was 8.6 at July 31, 1999 compared to 3.0 at January 31, 1999. At July 31, 1999 all short-term investments and cash equivalents classified as trading securities were invested in commercial paper with original maturity dates of less than two hundred and seventy (270) days and investment grade corporate bonds with maturity dates ranging from two months to two years.

Total assets at July 31, 1999 were \$385,620,000, compared to \$141,770,000 at January 31, 1999. Shareholders' equity was \$305,630,000 at July 31, 1999, compared to \$108,411,000 at January 31, 1999, a \$197,219,000 increase. The increase in shareholders' equity for the six month period ended July 31, 1999 resulted primarily from the issuance of approximately 10,674,000 shares of common stock at \$16.71 per share, or \$178,370,000, to GE Equity upon the exercise of their Investment Warrant, net income of \$7,416,000 for the six-month period, the issuance of 1,450,000 common stock purchase warrants valued at \$6,931,000 in connection with the NBC and GE Equity strategic alliance, other comprehensive income on investments available-for-sale of \$1,378,000, proceeds received of \$2,134,000 related to the exercise of stock options and proceeds received of \$1,059,000 on the pay down of shareholder notes.

For the six-month period ended July 31, 1999, net cash used for operating activities totaled \$12,583,000 compared to net cash used for operating activities of \$9,775,000 for the six-month period ended July 31, 1998. Cash flows from operations before consideration of changes in working capital items and investing and financing activities was a positive \$3,108,000 for the six months ended July 31 1999, compared to a negative \$2,880,000 for the same prior-year period. Net cash used for operating activities for the six months ended July 31, 1999 reflects net income, as adjusted for depreciation and amortization, equity in losses of affiliates, unrealized losses on trading securities, gains on the sale of property and investments and gains on the sale of

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

broadcast television stations. In addition, net cash used for operating activities for the six months ended July 31, 1999 reflects increases in accounts receivable, inventories and income taxes receivable, offset by increases in accounts payable and accrued liabilities. Accounts receivable increased primarily due to increased receivables due from customers for merchandise sales made pursuant to the "ValuePay" installment program, the timing of credit card receivable payments and increased interest receivable resulting from higher cash balances. Inventories increased from year end to support increased sales volume, offset by decreases resulting from the divestiture of the HomeVisions catalog operations. Income taxes receivable increased as a result of making estimated tax payments for fiscal 2000. The increase in accounts payable and accrued liabilities is a direct result of the increase in inventory levels and the timing of vendor payments.

Net cash used for investing activities totaled \$44,550,000 for the six months ended July 31, 1999 compared to net cash provided by investing activities of \$35,664,000 for the same period of fiscal 1999. For the six months ended July 31, 1999 and 1998, expenditures for property and equipment were \$589,000 and \$638,000, respectively. Expenditures for property and equipment during the periods ended July 31, 1999 and 1998 include (i) the upgrade of computer software, related computer equipment and other office equipment and (ii) expenditures on leasehold improvements for the Company's corporate offices. Principal future capital expenditures will be for upgrading television production and transmission equipment, the upgrade of computer software and related technical equipment associated with e-commerce initiatives and improvements to the Company's corporate offices. During the first half of fiscal 2000, the Company received a contingent payment of \$10,000,000 relating to the sale of its KBGE-TV, Channel 33, television station in Seattle, Washington, and two low-power television stations to Paxson Communications in March 1998. During the first half of fiscal 2000, the Company also invested \$60,449,000 in various short-term investments, received proceeds of \$8,038,000 from the sale of short-term investments, received \$1,254,000 in connection with the repayment of outstanding notes receivable and made disbursements of \$2,814,000 for certain investments and other long-term assets. For the six months ended July 31, 1998, the Company received \$24,483,000 in proceeds from the sale of its broadcast television station KBGE-TV and received \$9,427,000 of proceeds from the sale of property. In addition, during the first half of fiscal 1999, the Company invested \$3,449,000 in various short-term investments, received proceeds of \$11,227,000 from the sale of short-term investments, disbursed \$2,386,000 relating to certain strategic investments and other long-term assets and granted a \$3.0 million working capital loan to National Media Corporation.

Net cash provided by financing activities totaled \$224,667,000 for the three months ended July 31, 1999 and primarily related to \$178,370,000 of proceeds received from GE Equity on the issuance of 10,674,000 shares of common stock in conjunction with the exercise of their Investment Warrant and \$44,265,000 of proceeds received from the issuance of Series A Redeemable Convertible Preferred Stock in conjunction with the Company's new strategic alliance with GE Equity. In addition, the Company also received proceeds of \$2,134,000 from the exercise of stock options and made payments of \$102,000 in connection with its capital lease obligations. Net cash used for financing activities totaled \$5,628,000 for the six months ended July 31, and primarily related to repurchases of the Company's common stock under its stock repurchase program and capital lease obligation payments.

Management believes that funds currently held by the Company will be sufficient to fund the Company's operations, anticipated capital expenditures or strategic acquisitions and cable launch fees through fiscal 2000.

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

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. Such "forward looking statements" include, but are not limited to, improved and growing television home shopping operations, general expansion and profitability of the Company, consummation of the sale of its Houston television station, new initiatives and the continuing success in developing new strategic alliances (including the GE Equity and NBC alliance), the Company's success in developing its e-commerce business, the expected target date of the completion and the materiality of total costs associated with the Company's Year 2000 readiness effort, 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, results of operations and the ability to remain profitable, including:

the ability of the Company to continue improvements in its home shopping operations, the ability to develop new initiatives or enter new strategic relationships, the ability of the Company to meet all conditions necessary for the Houston television sale, the rate at which customers accept solicitations for club membership, the ability of the Company to develop a successful e-commerce business, 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.

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, 1999, 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.

VALUEVISION INTERNATIONAL, INC. AND SUBSIDIARIES

PART II OTHER INFORMATION

ITEM 2. CHANGES IN SECURITIES

On June 2, 1999, the Company sold an additional 1,600,000 shares of Series A Redeemable Convertible Preferred Stock for an aggregate of \$13,265,000. On July 6, 1999, GE Equity exercised their Investment Warrant allowing them to acquire an additional 10,674,000 shares of the Company's Common Stock for an aggregate of \$178,370,000, or \$16.71 per share, representing the 45-day average closing price of the underlying Common Stock ending on the trading day prior to exercise. Following the exercise of the Investment Warrant, the combined ownership of the Company by GE Equity and NBC was approximately 39.9%.

These securities were issued in private placements to accredited investors and were exempt from registration pursuant to section 4(2) of The Securities Act of 1933, as amended. Proceeds from the sale of the Preferred Stock and upon exercise of the warrants are available for general corporate purposes.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

A joint special/annual meeting of shareholders of ValueVision International, Inc. pursuant to due call by the Board of Directors was held on June 2, 1999. Shareholders holding 27,467,365 shares (common and preferred shares), or approximately 92.14% of the outstanding shares, were represented at the meeting by proxy or in person. Matters submitted at the meeting for vote by the shareholders were as follows:

(a) Election of Directors

On March 8, 1999, pursuant to the terms of the Shareholder Agreement and the Certificate of Designation for the Series A Redeemable Convertible Preferred Stock (the "Preferred Stock") between the Company and GE Capital Equity Investments, Inc. ("GE Equity"), the Company increased the number of directors constituting the Board from five to seven directors and, on April 26, 1999, named two persons, namely Mr. Stuart Goldfarb and Mr. Jeffrey H. Coats, designated by GE Equity, to fill the newly created directorships. Effective July 27, 1999, Mr. Coats resigned from the ValueVision Board and was replaced by Mr. John Flannery, Managing Director of GE Equity. The Board currently has one vacancy which will remain unfilled. Four directors were elected at the meeting by the holders of common stock voting separately as a class and two were elected by the holders of the Preferred Stock voting separately as a class.

The following nominees were elected with the following votes to serve as members of the Board of Directors until the next annual meeting of shareholders in 2000 or until such time as a successor may be elected:

	Shares Voted For -----	Shares Withheld -----
Gene McCaffery	22,490,488	1,237,377
Robert J. Korkowski	22,490,488	1,237,377
Marshall S. Geller	22,490,388	1,237,477
Paul D. Tosetti	22,490,488	1,237,377
Stuart Goldfarb	5,339,500	--
Jeffrey H. Coats	5,339,500	--

(b) Approval of the issuance of 1,600,000 shares of Series A Redeemable Convertible Preferred Stock to G.E. Equity Investments, Inc. (GE Equity)

Shareholders approved the issuance of 1,600,000 shares of Series A Redeemable Convertible Preferred Stock to GE Equity by a vote of 18,429,940 shares in favor, 145,934 shares against, 36,156 shares abstained, and 8,855,335 shares representing broker non-votes.

(c) Approval of the issuance to GE Equity of ValueVision common stock issuable upon exercise of the Investment Warrant

Shareholders approved the issuance to GE Equity of ValueVision common stock issuable upon exercise of the Investment Warrant by a vote of 18,439,348 shares in favor, 135,403 shares against, 37,279 shares abstained, and 8,855,335 shares representing broker non-votes.

(d) Ratification of the issuance to NBC of 1,450,000 Performance Distributor Warrants, and the share of ValueVision common stock issuable thereunder

Shareholders approved the ratification of the issuance to NBC of 1,450,000 Performance Distributor Warrants by a vote of 18,509,191 shares in favor, 70,334 shares against, 32,505 shares abstained, and 8,855,335 shares representing broker non-votes.

(e) Approval of Amendment No. 6 to the Second Amended ValueVision International, Inc. 1990 Stock Option Plan

Shareholders approved the amendment to the Second Amended ValueVision International, Inc. 1990 Stock Option Plan by a vote of 25,597,071 shares in favor, 1,820,836 shares against, and 49,458 shares abstained. The Amendment increased the number of shares issuable under such plan from 2,150,000 to 3,250,000.

ITEM 5. OTHER INFORMATION

Effective September 13, 1999, the Company entered into a new strategic alliance with Snap! LLC and Xoom.com, Inc. whereby the parties entered into major re-branding and electronic commerce agreements, spanning television home shopping, Internet shopping and direct e-commerce initiatives. Under the terms of the agreements, ValueVision International Inc.'s television home shopping network, currently called ValueVision, will be re-branded as SnapTV ("Snap TV"). The re-branding will be phased in during late 1999 and in the first half of 2000. The network, which will continue to be owned and operated by ValueVision, will continue to feature its present product line as well as offer new categories of products and brands. The Company along with Snap.com, NBC's Internet portal services company, will roll-out a new companion Internet shopping service, SnapTV.com -- featuring online purchasing opportunities that spotlight products offered on-air along with online-only e-commerce opportunities offered by Snap TV and its merchant partners. The new SnapTV.com online store will be owned and operated by ValueVision and be featured prominently within SnapTV.com's shopping area. Xoom.com, a leading direct e-commerce services company, will become the exclusive direct electronic commerce partner for SnapTV, managing all such initiatives, including database management, e-mail marketing and other sales endeavors. Direct online shopping offers will include SnapTV merchandise, as well as Xoom.com products and services. Pursuant to this new strategic alliance, the following agreements were executed:

Trademark License Agreement

Snap!LLC, a Delaware limited liability company ("Snap") and the Company have entered into a ten-year Trademark License Agreement dated as of September 13, 1999 (the "Trademark Agreement"). Pursuant to the agreement, Snap granted the Company an exclusive license to Snap's "SnapTV" trademark (the "SnapTV Mark") for the purpose of operating a television home shopping service and for the purpose of operating an Internet website at "www.snaptv.com" (the "SnapTV Site"). The agreement also obligates the Company to rebrand its television home shopping service using the SnapTV Mark. In compensation for the license, the

Company will pay to Snap a royalty of 2% of revenues received from Internet users in connection with commerce transactions on the SnapTV Site.

Interactive Promotion Agreement

Snap! LLC, Xoom.com, Inc., a Delaware corporation, ("Xoom") and the Company have entered into a ten-year Interactive Promotion Agreement dated as of September 13, 1999 (the "interactive Promotion Agreement"). Pursuant to the agreement: (a) the Company will pay Snap or Xoom, as applicable, 20% of the gross revenue received from advertising on the Company's television home shopping service where Snap or Xoom referred the advertiser to the Company or materially assisted the Company with respect to the sale of such advertising; (b) the Company will pay Xoom 50% of the gross revenue received from e-mail campaigns conducted by Xoom on behalf of the Company for the Company's products; and (c) the Company will pay Snap 20% of the gross revenue generated from airtime on the Company's television home shopping service which promotes any uniform resource locator ("URL") (excluding up to 15% of such airtime to the extent used to promote URL's which do not include the "www.snaptv.com" URL). Also under the agreement, Snap and Xoom shall have an exclusive right to use the Company's user data for the purpose of conducting e-mail marketing campaigns. Snap or Xoom, as applicable, will pay the Company 50% of the gross revenue generated from such campaigns. Snap will also be granted the exclusive right to use or sell all Internet advertising on the SnapTV Site, and Snap will pay the Company 50% of the gross revenue generated from such use or sales. The agreement also provides that Snap and the Company will provide certain cross promotional activities. Specifically, commencing when the Company's television home shopping program reaches 30 million full-time equivalent subscribers and continuing through the fourth anniversary of the effective date of the agreement, Snap will spend \$1 million per quarter promoting the SnapTV Mark on NBC's television network, and the Company will spend \$1 million per quarter promoting Snap, Snap's products or "www.snaptv.com" on cable television advertising other than on the Company's television home shopping program.

Warrant Purchase Agreement and Warrants

Effective September 13, 1999, in connection with the transactions contemplated under the Interactive Promotion Agreement, dated as of September 13, 1999, between Snap, Xoom and the Company, the Company issued a warrant (the "ValueVision Warrant") to Xoom to acquire ten million dollars worth of the Company's common stock, \$.01 par value (the "ValueVision Common Stock"), at an exercise price per share of \$24.706, which calculated to 404,760 shares of ValueVision Common Stock. In consideration, Xoom issued a warrant (the "Xoom Warrant," and collectively with the ValueVision Warrant, the "Warrants") to the Company to acquire ten million dollars worth of Xoom's common stock, \$.0001 par value ("Xoom Common Stock"), at an exercise price per share of \$40.983, which calculated to 244,004 shares of Xoom Common Stock. Both Warrants are subject to customary antidilution features and have a five (5) year term.

Registration Rights Agreement

In connection with the issuance of the ValueVision Warrant to Xoom to purchase up to 404,760 shares of ValueVision Common Stock, the Company agreed to provide Xoom certain customary piggyback registration rights with no demand registration rights. Xoom also provided the Company with similar customary piggyback registration rights with no demand registration rights with respect to the Xoom Warrant.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

10.1 Employment Agreement between the Registrant and Steve Jackel dated June 4, 1999. (A)

10.2 Employment Agreement between the Registrant and Stuart Goldfarb dated July 28, 1999. (A)

10.3 Option Agreement between the Registrant and Stuart Goldfarb dated July 28, 1999. (A)

10.4 Option Agreement between the Registrant and Stuart Goldfarb dated July 28, 1999. (A)

10.5 Interactive Promotion Agreement, between the Registrant, Snap!LLC, a Delaware limited liability company and Xoom.com, Inc., a Delaware corporation, dated September 13, 1999. (A)

10.6 Trademark License Agreement, between the Registrant and Snap!LLC, a Delaware limited liability company, dated September 13, 1999. (A)

10.7 Warrant Purchase Agreement, between the Registrant, Snap!LLC, a Delaware limited liability company and Xoom.com, Inc. a Delaware corporation, dated September 13, 1999. (A)

10.8 Common Stock Purchase Warrant to purchase shares of the Registrant, held by Xoom.com, a Delaware corporation, dated September 13, 1999. (A)

10.9 Registration Rights Agreement, between the Registrant and Xoom.com, Inc. a Delaware corporation, regarding Xoom.com's warrant to purchase shares of the Registrant, dated September 13, 1999. (A)

27 Financial Data Schedule (for SEC use only).

(A) Filed herewith

(b) Reports on Form 8-K

i. The Company filed a Form 8-K on May 7, 1999 reporting under Item 5 that on May 3, 1999, the Company's wholly-owned subsidiaries VVI Baytown, Inc. and VVILPTV, Inc. entered into an agreement with an entity wholly owned by Pappas Telecasting Companies ("Pappas"), whereby the Company has agreed to sell its full power television station, KVVV-TV, Channel 57, and its low power television station, K53 FV, each serving the Houston, Texas market to Pappas for an aggregate purchase price of approximately \$28 million.

ii. The Company filed a Form 8-K on August 3, 1999 reporting under Item 5, that (a) on July 5, 1999, the Company announced a multi-year agreement with EchoStar Communications Corp. to carry ValueVision programming on EchoStar's Digital Television Service increasing carriage of ValueVision to an additional 3.6 million homes, (b) on July 6, 1999, the Company announced a multi-year agreement with Direct TV, Inc. to carry ValueVision programming on Direct TV's Digital Television Service increasing carriage of ValueVision to an additional 7.0 million homes, (c) on July 7, 1999, the Company announced that NBC and GE Equity increased their stake in the Company to 39.9% by exercising their warrants and purchasing approximately \$175 million of ValueVision common stock.

iii. The Company filed a Form 8-K on August 5, 1999 reporting under Item 5, that on August 3, 1999, the Company announced the appointment of Stuart Goldfarb as Vice Chairman of ValueVision International, Inc., the promotion of Cary Deacon to President of ValueVision Interactive and the promotion of Steve Jackel to President of ValueVision -- TV Home Shopping Operations. On August 6, 1999 the Company filed an amendment to this 8-K to correct a typographical error in the number of full-time equivalent homes presently reached by the Company's home shopping channel.

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/ Edwin G. Pohlmann

Edwin Pohlmann
Executive Vice President, Chief Operating
Officer and Chief Financial Officer
(Principal Financial and Accounting Officer)

September 14, 1999

EXHIBIT 10.1

EMPLOYMENT AGREEMENT

THIS AGREEMENT made as of the 4th day of June, 1999, by and between ValueVision International, Inc., a Minnesota corporation (hereinafter referred to as "Employer"), and Steve Jackel (hereinafter referred to as "Employee").

WITNESSETH:

WHEREAS, Employer desires to obtain the services of Employee and Employee desires to be employed by Employer as an employee on the terms and conditions set forth below;

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 employ Employee and Employee agrees to be employed by 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 two years (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 Executive Vice President/General Manager of Employer reporting to Employer's Chief Executive Officer 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 three (3) weeks during the Term, or such additional vacation allowance as may be granted in the sole discretion of Employer. Employee agrees to spend four and one-half (4.5) days each week during the Term at Employer's corporate offices.
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 Thousand and No/100 Dollars (\$200,000.00) per year for the Term of this Agreement and Two Hundred Fifty Thousand and No/100 Dollars (\$250,000) per year ("Base Salary").
 - b. **Bonus Salary.** Employee shall receive bonus salary ("Bonus Salary") within 90 days after each of Employers's fiscal years during the Term of this Agreement of up to \$150,000 based on the following calculation: \$50,000 if ValueVision obtains an operating profit equal to at least 1% of net sales, an additional \$50,000 if ValueVision obtains a net operating profit of at least 2% of net sales, and an additional \$50,000 if ValueVision obtains a net operating

profit of at least 3% of net sales, unless prior to such date, Employee's employment shall be terminated pursuant to Sections 6.c. or 6.d. hereof. The first \$50,000 of the Bonus Salary shall be guaranteed for the first year of the Term and the second year of the Term.

c. Apartment and Automobile. Employer shall provide Employee with an automobile and apartment to use in Minnesota during the Term ("Apartment and Auto Allowance").

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, Apartment and Auto Allowance, and Benefits as of the date on which his death occurs, except that, Employee shall receive Bonus Salary prorated for the number of months to date of death.

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, Apartment and Auto Allowance, and all other Benefits, on the date this Agreement is so terminated except that, Employee shall receive Bonus Salary prorated for the number of months to date of disability; 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, Apartment and Auto Allowance, 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, Apartment and 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 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

(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 for any reason other than as set forth in Sections 6.a, 6.b., 6.c or 6.d. above, or if Employee terminates this Agreement pursuant to Section 6.e. above, Employer shall immediately pay Employee in a lump sum payment, an amount equal to Base Salary and Bonus Salary which would otherwise be payable until the end of the Term (collectively, the "Severance Payment"). In addition, Employer shall continue to provide Employee with Benefits until the end of the Term. For purposes of calculating Bonus Salary payable pursuant to this Section 6.f., Employee shall receive Bonus Salary equal the Bonus Salary earned through the date of termination.

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 for any other person or entity engaged in the television home shopping and infomercial business, any mail order or internet 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 or internet sites 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 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 date hereof and ending on the last day of the sixth (6th) month following the Employment Period.

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.

d. Employee represents and warrants to Employer that he is not subject to any existing noncompetition or confidentiality agreements which would in any way limit him from working in the television home shopping, catalog, infomercial or internet businesses, or from performing his duties hereunder or subject Employer to any liability as a result of his employment hereunder. Employee agrees to indemnify and hold Employer and its affiliates harmless from and against any and all claims, liabilities, losses, costs, damages and expenses

(including reasonable attorneys' fees) arising as a result of any noncompete or confidentiality agreements applicable to Employee.

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 (including, but not limited to, that certain agreement dated April 16, 1999, 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. **STOCK OPTIONS.** Employee is being granted incentive stock options in accordance with the 1990 Stock Option Plan of Employer (the "Plan") for 50,000 shares of ValueVision International, Inc. common stock ("Stock Options") with an exercise price equal to the last sale price per share on the last trading day immediately prior to the date hereof, subject to the provisions thereof and exercisable at the time or times established by the stock option agreement representing the Stock Options (the "Stock Option Agreement"). The Stock Options vest in equal amounts as follows: one-half on the first anniversary of the date of grant, and one-half on the second anniversary of the date of grant provided Employee remains an employee of Employer on the vesting date. All such Stock Options shall automatically vest upon a termination of this Agreement prior to the end of the Term (unless pursuant to Sections 6.c or 6.d.).

14. **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.

15. **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.

16. **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.

17. **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.

18. **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.

19. **AMENDMENT.** This Agreement may be amended only by an agreement in writing signed by the parties hereto.

20. **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.

21. **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:

By /s/ Steve Jackel

Steve Jackel

EXHIBIT 10.2

EMPLOYMENT AGREEMENT

THIS AGREEMENT made as of the 28th day of July, 1999, by and among ValueVision International, Inc., a Minnesota corporation ("Employer") and Stuart Goldfarb ("Employee").

WITNESSETH:

WHEREAS, Employer desires to obtain the services of Employee and Employee desires to be employed by Employer as an employee on the terms and conditions set forth below;

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 employ Employee and Employee agrees to be employed by 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 of this Agreement and shall continue on a full-time basis for a period of three (3) years (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 Vice Chairman of Employer, responsible for New Business and Programming Development, Internet Commerce and Cable Affiliations. Employee shall continue to be nominated by the Board to serve as a member of the Board of Directors of Employer (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, Employee shall immediately resign from the Board upon request by Employer. Employee shall report to the Chief Executive Officer of the Employer (the "CEO") and shall perform the duties as assigned by the CEO and 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 CEO and the Board. Employee agrees to devote his full time and skills to such employment while he is so employed (spending approximately 4.5 days each week in Employer's corporate headquarters or traveling on Employer's business), 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 of at least Four Hundred Fifty Thousand and No/100 Dollars (\$450,000.00) per year for the for the first year of the Term, Five Hundred Thousand and No/100 Dollars (\$500,000.00) per year for the second year of the Term, and Five Hundred Fifty Thousand and No/100 Dollars (\$550,000.00) per year for the last year of the Term (the "Base Salary").

b. Bonus Salary. Employee shall receive bonus salary ("Bonus Salary") within 90 days after each of Employers's fiscal years during the term of this Agreement of up to \$200,000 based on the following calculation: \$50,000 if ValueVision obtains an operating profit equal to at least 1% of net sales, an additional \$50,000 if ValueVision obtains a net operating profit of at least 2% of net sales, an additional \$50,000 if ValueVision obtains a net operating profit of at least 3% of net sales, and an additional \$50,000 if ValueVision obtains a net operating profit of at least 4% of net sales, unless prior to such date, Employee's employment shall be terminated pursuant to Sections 6.c. or 6.d. hereof. No Bonus Salary shall be payable if ValueVision's net operating profit is less than 1% of net sales.

c. Apartment and Automobile. Employer shall provide Employee with an automobile and apartment to use in Minnesota during the Term ("Apartment and Auto Allowance").

d. Stock Options. As of the date hereof, Employer shall grant to Employee, employee stock options to purchase an aggregate of 550,000 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. The Options shall vest one-third upon issuance, one-third on the first anniversary of their date of grant and one-third on the second anniversary of their date of grant. The Options shall have a per share exercise price equal to the closing price of one share of common stock of Employer as of the date immediately preceeding the date of grant. All such Options shall automatically vest upon a termination of this Agreement prior to the end of the Term (unless pursuant to Sections 6.c or 6.d.) or upon a Change of Control.

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, Apartment and Auto Allowance, 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 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 such disability. Upon the date of such termination, Employee shall then cease to receive Base Salary, Bonus Salary, Apartment and 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.

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, Apartment and 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, Apartment and 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:

(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 after the consummation of a transaction constituting a Change of Control, Employee shall receive 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. 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 the immediately preceding sentence, 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.d).

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 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.d).

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 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, 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 or internet 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 or internet businesses 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 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.

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.

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"), but excluding Snyder Capital Management, L.P.), 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 Employer (or their successors and assigns), provided, however, that in the case of General Electric Company, G.E. Capital Equity Investments, Inc., National Broadcasting Company, Inc., or any wholly-owned affiliate of any of the foregoing (the "GE Entities"), the threshold shall be 50% of the total voting power of the voting stock of Employer (or their successors and assigns), provided further, that for purposes of calculating beneficial ownership, the beneficial ownership of the GE Entities shall not be aggregated with any non-wholly owned affiliate of the GE Entities, nor shall the beneficial ownership of any non-wholly owned affiliate of the GE Entities be aggregated with the GE Entities; (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 or (v) Gene McCaffery is no longer the CEO and Employee does not report to the Board.

14. **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.

15. **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.

16. **INDEMNIFICATION.** Employee shall be entitled to indemnification to the fullest extent permitted under the laws of the State of Minnesota.

17. **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.

18. **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.

19. **AMENDMENT.** This Agreement may be amended only by an agreement in writing signed by the parties hereto.

20. **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.

21. **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.

/s/ Edwin Pohlmann

Edwin Pohlmann, Executive Vice President

EMPLOYEE:

/s/ Stuart Goldfarb

Stuart Goldfarb

EXHIBIT 10.3

OPTION AGREEMENT

VALUEVISION INTERNATIONAL, INC.

TO

STUART GOLDFARB

OPTION AGREEMENT made as of the 28th day of July, 1999, between ValueVision International, Inc., a Minnesota corporation ("ValueVision"), Stuart Goldfarb, an employee of ValueVision ("Employee").

WHEREAS, ValueVision desires, by affording Employee an opportunity to purchase its shares of Common Stock, \$0.01 par value ("Shares"), as hereinafter provided, to carry out the resolutions of the Board of Directors of ValueVision granting a non-qualified stock option to Employee as partial compensation for his efforts on behalf of ValueVision as an employee.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Grant of Option. ValueVision hereby irrevocably grants to Employee the right and option, hereinafter called the Option, to purchase all or any part of an aggregate of two hundred thousand (200,000) Shares (such number being subject to adjustment as provided in paragraph 7 hereof) on the terms and conditions herein set forth.
2. Purchase Price. The purchase price of the Shares covered by the Option shall be \$24.00, which is equal to the last price on the NASDAQ System of one share of ValueVision's Common Stock on the last trade date prior to the date hereof day first written above.

3. Exercise of Option. The right to exercise the Option in whole or in part, shall be effective, except as otherwise specifically limited herein, as follows: on and after July 28, 1999, Employee may purchase up to 66,666 Shares; and on and after July 28, 2000, Employee may purchase up to an additional 66,667 Shares; and on and after July 28, 2001, Employee may purchase up to an additional 66,667 Shares. Each of the rights to purchase Shares granted in the preceding sentence shall expire five (5) years after the right to purchase the Shares became effective, except as otherwise specifically limited herein. The purchase price of Shares acquired through exercise of any part of the Option shall be paid in full in cash at the time of exercise. Employee, as holder of the Option, shall not have any of the rights of a Shareholder with respect to the Shares covered by the Option except to the extent that one or more certificates for such Shares shall be delivered to him upon the due exercise of all or any part of the Option.

4. Non-Transferability. The Option shall not be transferable otherwise than by will or the laws of descent and distribution, and the Option may be exercised, during the lifetime of Employee, only by Employee. More particularly (but without limiting the generality of the foregoing), the Option may not be assigned, transferred (except as provided above), pledged, or hypothecated in any way, shall not be assignable by operation of law, and shall not be subject to execution, attachment, or similar process. Any attempted assignment, transfer, pledge, hypothecation, or other disposition of the Option contrary to the provisions hereof, and the levy of any execution, attachment, or similar process upon the Option shall be null and void and without effect.

5. Exercise Upon Termination. If Employee ceases to serve as an employee of ValueVision, while the Option remains in effect, whether as a result of resignation or termination,

with or without cause, the Option may only be exercised (to the extent that Employee shall have been entitled to do so on the last day in which he served as an employee of ValueVision) by Employee at anytime within ninety (90) days of the day in which he ceased to serve as an employee of ValueVision. Upon the expiration of such ninety (90) day period, or, if earlier, upon the expiration date of the Option as set forth in Paragraph 3 hereof, the Option shall become null and void.

6. Exercise Upon Death. If Employee dies while the Option remains in effect, with or without cause, the Option may be exercised (to the extent that Employee shall have been entitled to do so on the day of his death) by the legatee or legatees of Employee under his will, or by his personal representatives or distributees, at anytime within ninety (90) days after his death. Upon the expiration of such ninety (90) day period, or, if earlier, upon the expiration date of the Option as set forth in Paragraph 3 hereof, the Option shall become null and void.

7. Changes in Capital Structure. If all or any portion of the Option shall be exercised subsequent to any Share dividend, split-up, recapitalization, merger, consolidation, combination or exchange of Shares, separation, reorganization, or liquidation occurring after the date hereof, as a result of which Shares of any class shall be issued in respect of outstanding Shares, or Shares shall be changed into the same or a different number of Shares of the same or another class or classes, the person or persons so exercising the Option shall receive, for the aggregate price paid upon such exercise, the aggregate number and class of Shares which, if Shares (as authorized at the date hereof) had been purchased at the date hereof for the same aggregate price (on the basis of the price per Share set forth in paragraph 2 hereof) and had not been disposed of, such person or persons would be holding, at the time of such exercise, as a result of such purchase and all such shared dividends, split-ups, recapitalizations, mergers, consolidations, combinations or exchanges of Shares,

separations, reorganizations, or liquidations; provided, however, that no fractional Share shall be issued upon any such exercise, and the aggregate price paid shall be appropriately reduced on account of any fractional Share not issued.

8. Method of Exercising Option. Subject to the terms and conditions of this Agreement, the Option may only be exercised by written notice to ValueVision. Such notice shall state the election to exercise the Option and the number of Shares in respect of which it is being exercised, and shall be signed by the person or person so exercising the Option. Such notice shall either: (a) be accompanied by payment of the full purchase price of such Shares, in which event ValueVision shall deliver a certificate or certificates representing such Shares as soon as practicable after the notice shall be received; or (b) fix a date (not less than five (5) nor more than ten (10) business days from the date such notice shall be received by ValueVision) for the payment of the full purchase price of such Shares against delivery of a certificate or certificates representing such Shares. Payment of such purchase price shall, in either case, be made by wire transfer or certified or cashier's check payable to the order of ValueVision. All Shares that shall be purchased upon the exercise of the Option as provided herein shall be fully paid and non-assessable.

9. Immediate Acceleration of Options Upon Change in Control. Notwithstanding any provision contained herein, or any other agreement relating hereto to the contrary, the Option granted hereby will become exercisable immediately in accordance with section 4.d. of that certain Employment Agreement dated July 28, 1999 between Valuevision and Employee, unless and to the extent that the exercise of the Option would result in the application of the provisions of Section 280G of the Internal Revenue Code of 1986, as amended.

10. Investment Certificate and Registration. Prior to the receipt of the certificates pursuant to the exercise of the Option granted hereunder, Employee shall agree to hold the Shares acquired by exercise of the Option for investment and not with a view to resale or distribution thereof to the public, and shall deliver to ValueVision a certificate to that effect. Nothing in this Agreement shall require ValueVision to register the Option or the Shares purchased upon the exercise of said Option.

11. General. ValueVision shall at all times during the term of the Option reserve and keep available such number of Shares as will be sufficient to satisfy the requirements of this Option Agreement. This Option shall be construed in accordance with the laws of the State of Minnesota.

[signatures on following page]

IN WITNESS WHEREOF, ValueVision and Employee have executed this Agreement as of the date first written above.

VALUEVISION INTERNATIONAL, INC.

By /s/ Gene McCaffery

Gene McCaffery,
Chief Executive Officer

Employee:

/s/ Stuart Goldfarb

Stuart Goldfarb

EXHIBIT 10.4

OPTION AGREEMENT

VALUEVISION INTERNATIONAL, INC.

TO

STUART GOLDFARB

OPTION AGREEMENT made as of the 28th day of July, 1999, between ValueVision International, Inc., a Minnesota corporation ("ValueVision"), Stuart Goldfarb, an employee of ValueVision ("Employee").

WHEREAS, ValueVision desires, by affording Employee an opportunity to purchase its shares of Common Stock, \$0.01 par value ("Shares"), as hereinafter provided, to carry out the resolutions of the Board of Directors of ValueVision granting a non-qualified stock option to Employee as partial compensation for his efforts on behalf of ValueVision as an employee.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Grant of Option. ValueVision hereby irrevocably grants to Employee the right and option, hereinafter called the Option, to purchase all or any part of an aggregate of three hundred fifty thousand (350,000) Shares (such number being subject to adjustment as provided in paragraph 7 hereof) on the terms and conditions herein set forth.
2. Purchase Price. The purchase price of the Shares covered by the Option shall be \$24.00, which is equal to the last price on the NASDAQ System of one share of ValueVision's Common Stock on the last trade date prior to the date hereof day first written above.

3. Exercise of Option. The right to exercise the Option in whole or in part, shall be effective, except as otherwise specifically limited herein, as follows: on and after July 28, 1999, Employee may purchase up to 116,666 Shares; and on and after July 28, 2000, Employee may purchase up to an additional 116,667 Shares; and on and after July 28, 2001, Employee may purchase up to an additional 116,667 Shares. Each of the rights to purchase Shares granted in the preceding sentence shall expire five (5) years after the right to purchase the Shares became effective, except as otherwise specifically limited herein. The purchase price of Shares acquired through exercise of any part of the Option shall be paid in full in cash at the time of exercise. Employee, as holder of the Option, shall not have any of the rights of a Shareholder with respect to the Shares covered by the Option except to the extent that one or more certificates for such Shares shall be delivered to him upon the due exercise of all or any part of the Option.

4. Non-Transferability. The Option shall not be transferable otherwise than by will or the laws of descent and distribution, and the Option may be exercised, during the lifetime of Employee, only by Employee. More particularly (but without limiting the generality of the foregoing), the Option may not be assigned, transferred (except as provided above), pledged, or hypothecated in any way, shall not be assignable by operation of law, and shall not be subject to execution, attachment, or similar process. Any attempted assignment, transfer, pledge, hypothecation, or other disposition of the Option contrary to the provisions hereof, and the levy of any execution, attachment, or similar process upon the Option shall be null and void and without effect.

5. Exercise Upon Termination. If Employee ceases to serve as an employee of ValueVision, while the Option remains in effect, whether as a result of resignation or termination,

with or without cause, the Option may only be exercised (to the extent that Employee shall have been entitled to do so on the last day in which he served as an employee of ValueVision) by Employee at anytime within ninety (90) days of the day in which he ceased to serve as an employee of ValueVision. Upon the expiration of such ninety (90) day period, or, if earlier, upon the expiration date of the Option as set forth in Paragraph 3 hereof, the Option shall become null and void.

6. Exercise Upon Death. If Employee dies while the Option remains in effect, with or without cause, the Option may be exercised (to the extent that Employee shall have been entitled to do so on the day of his death) by the legatee or legatees of Employee under his will, or by his personal representatives or distributees, at anytime within ninety (90) days after his death. Upon the expiration of such ninety (90) day period, or, if earlier, upon the expiration date of the Option as set forth in Paragraph 3 hereof, the Option shall become null and void.

7. Changes in Capital Structure. If all or any portion of the Option shall be exercised subsequent to any Share dividend, split-up, recapitalization, merger, consolidation, combination or exchange of Shares, separation, reorganization, or liquidation occurring after the date hereof, as a result of which Shares of any class shall be issued in respect of outstanding Shares, or Shares shall be changed into the same or a different number of Shares of the same or another class or classes, the person or persons so exercising the Option shall receive, for the aggregate price paid upon such exercise, the aggregate number and class of Shares which, if Shares (as authorized at the date hereof) had been purchased at the date hereof for the same aggregate price (on the basis of the price per Share set forth in paragraph 2 hereof) and had not been disposed of, such person or persons would be holding, at the time of such exercise, as a result of such purchase and all such shared dividends, split-ups, recapitalizations, mergers, consolidations, combinations or exchanges of Shares,

separations, reorganizations, or liquidations; provided, however, that no fractional Share shall be issued upon any such exercise, and the aggregate price paid shall be appropriately reduced on account of any fractional Share not issued.

8. Method of Exercising Option. Subject to the terms and conditions of this Agreement, the Option may only be exercised by written notice to ValueVision. Such notice shall state the election to exercise the Option and the number of Shares in respect of which it is being exercised, and shall be signed by the person or person so exercising the Option. Such notice shall either: (a) be accompanied by payment of the full purchase price of such Shares, in which event ValueVision shall deliver a certificate or certificates representing such Shares as soon as practicable after the notice shall be received; or (b) fix a date (not less than five (5) nor more than ten (10) business days from the date such notice shall be received by ValueVision) for the payment of the full purchase price of such Shares against delivery of a certificate or certificates representing such Shares. Payment of such purchase price shall, in either case, be made by wire transfer or certified or cashier's check payable to the order of ValueVision. All Shares that shall be purchased upon the exercise of the Option as provided herein shall be fully paid and non-assessable.

9. Immediate Acceleration of Options Upon Change in Control. Notwithstanding any provision contained herein, or any other agreement relating hereto to the contrary, the Option granted hereby will become exercisable immediately in accordance with section 4.d. of that certain Employment Agreement dated July 28, 1999 between Valuevision and Employee, unless and to the extent that the exercise of the Option would result in the application of the provisions of Section 280G of the Internal Revenue Code of 1986, as amended.

10. Investment Certificate and Registration. Prior to the receipt of the certificates pursuant to the exercise of the Option granted hereunder, Employee shall agree to hold the Shares acquired by exercise of the Option for investment and not with a view to resale or distribution thereof to the public, and shall deliver to ValueVision a certificate to that effect. Nothing in this Agreement shall require ValueVision to register the Option or the Shares purchased upon the exercise of said Option.

11. General. ValueVision shall at all times during the term of the Option reserve and keep available such number of Shares as will be sufficient to satisfy the requirements of this Option Agreement. This Option shall be construed in accordance with the laws of the State of Minnesota.

[signatures on following page]

IN WITNESS WHEREOF, ValueVision and Employee have executed this Agreement as of the date first written above.

VALUEVISION INTERNATIONAL, INC.

By /s/ Gene McCaffery

Gene McCaffery,
Chief Executive Officer

Employee:

/s/ Stuart Goldfarb

Stuart Goldfarb

EXHIBIT 10.5

SNAP/XOOM INTERACTIVE PROMOTION AGREEMENT

VALUEVISION INTERNATIONAL, INC.

This Interactive Promotion Agreement (the "Agreement") is made and entered into as of September 13, 1999 (the "Effective Date") between Snap! LLC, a Delaware limited liability company, with its principal place of business at One Beach Street, San Francisco, California 94133 ("Snap"); Xoom.com, Inc., a Delaware corporation with its principal place of business at 300 Montgomery Street, Suite 300, San Francisco, California 94104 ("Xoom"); and ValueVision International, Inc., a Minnesota corporation, with its principal place of business at 6740 Shady Oak Road, Minneapolis, Minnesota 55344 (the "Company"). Pursuant to this Agreement and the Trademark License Agreement (as defined below), the Company wishes to rebrand its Internet site with a Snap service mark and Snap wishes to provide various services to the Company to assist the Company in promoting its Internet site and the products and services offered through its Internet site. Accordingly, the parties hereby agree as follows:

1. Background.

1.1. The Company operates a 24 hours a day/7 days a week television program service consisting primarily of home shopping and transactional television, which may include the presentation of products and services for sale as well as product information (the "Television Home Shopping Service") presently known as "ValueVision Television" to multichannel video programming distributors for distribution, exhibition and transmission by Television;

1.2. Snap operates a search and aggregation "portal" site on the Web.

1.3. Xoom operates a direct marketing site on the Web.

1.4. Snap has entered into an Agreement and Plan of Contribution and Merger, dated as of May 9, 1999 with Xoom and others, and the Second Amended and Restated Agreement and Plan of Contribution, Investment and Merger dated as of July 8, 1999 with National Broadcasting Company, Inc. ("NBC") and others (collectively, as such agreements may be amended, the "Merger Agreements") pursuant to which the existing businesses of Xoom, Snap and other assets of NBC will be combined to form NBC Internet, Inc. ("NBCi"). The closing of the transactions contemplated by the Merger Agreements is expected to occur prior to December 31, 1999 (the "NBCi Closing"). Following the NBCi Closing, Snap and Xoom may assign their rights and obligations hereunder to NBCi. If the NBCi Closing does not occur, Snap and Xoom shall remain as separate parties under this Agreement, unless this Agreement is terminated by one of the parties as provided herein.

2. Definitions.

2.1. "Above the Fold" means that a particular item on a Web page is viewable on a computer screen at an 800 x 600 pixels resolution when the User first accesses such Web page, without scrolling down to view more of the Web page.

2.2. "Anchor Tenant" (and cognitives thereof) means a preferred Web content provider whose position is greater in size and prominence than that of any non-affiliated third party within the relevant Snap Sites' page or area of a page.

2.3. "Commerce Opportunity" means any text, content, links or promotions providing a direct or indirect opportunity for Users on the Snap Sites or the SnapTV Site to engage in a commerce, purchase, trade, exchange, or sale transaction, whether paid or unpaid, or any registration or membership opportunity for Users to provide User Profile Data, including, without limitation, content purchase opportunities, registration or membership sign-up opportunities, for-fee or subscription-based content or services, other purchase or sale opportunities for products or services offered by the Company directly or indirectly, links to any such opportunities presented to Users on the Snap Sites or the SnapTV Site, or other content areas of the Snap Sites or SnapTV Site.

2.4. "Company Content" means the Company's and its licensors' text links, logos, graphic links, audio and video clips of the Television Home Shopping Service, and other materials, tools, content, or text that are delivered by the Company to Snap hereunder.

2.5. "Company Database" means User Profile Data and any other information relating to Users of the ValueVision Site or the SnapTV Site or other customers of the Company or purchasers of Company Products who have had information about them collected or otherwise obtained by the Company, or for the Company's use or benefit, including information obtained through telephone operators and the Company's catalogue business, and all updates or additional information that may be added to such database during the Term. Notwithstanding the foregoing, the Company Database shall not include any information which, if provided by the Company to Snap or Xoom, (a) would violate any law, rule or regulation, or (b) would be contrary to the express, unprompted preference of the person to whom the data pertains (if such preferences are followed by the Company with respect to all other third parties having access to such data), provided however, that if the Company Database contains data subject to this subsection (b), the Company shall notify Snap and Xoom of such preferences and Snap and Xoom agree to comply with such preferences.

2.6. "Company Marks" means the Company's and its licensors' trademarks, trade names, service marks and logos that may be delivered by the Company to Snap hereunder.

2.7. "Company Products" means all products and services offered through the SnapTV Site or sold by or through the Company's Television Home Shopping Service, whether by the Company or a third-party.

2.8. "Conflicting Contract" means (i) any contract to which Snap is a party that would result in a breach of such contract by the Company's actions in Section 3.11 or (ii) any contract to which Snap is a party that would result in a breach of such contract by the Company's action in Section 3.11 if the Company were deemed to be the party to the contract instead of Snap.

2.9. "Content Portal(s)" means, as applicable, the specific aggregations of linked content within the Jewelry Shop, or on the "front page" of the Shopping Channel, which are organized around the Company Content, and, on the Jewelry Shop, relate to jewelry products and services, and on the "As Seen on SnapTV" Content Portal, relate to Company Products.

2.10. "Enhanced Sites" has the meaning set forth in Section 6.2 below.

- 2.11. "FTE Subscriber" means a household that receives the Company's Television Home Shopping Service from a multichannel video programming distributor which operates one or more distribution systems, including, without limitation, cable television systems, MATV and SMATV systems, MMDS, TVRO and other wireline, wireless and direct broadcast satellite delivery methods, in all cases, whether analog or digital (each, a "Distribution System"), on a full-time basis. In the case of multiple dwelling units which receive the Company's Television Home Shopping Service pursuant to bulk rate arrangements, the number of FTE Subscribers shall be equal to 100% of all residential dwelling units in the multiple dwelling unit complex that receive the Company's Television Home Shopping Service on a full-time basis. The term "FTE Subscriber" shall not include commercial subscribers (i.e., subscribers receiving the Company's Television Home Shopping Service in the course of their business, including, without limitation, commercial establishments, hospitals, nursing homes, hotels, motels, universities, offices, bars and restaurants). For Distribution Systems carrying the Company's Television Home Shopping Service other than on a full-time basis, the number of FTE Subscribers shall be computed by adding, for each hour during each day on which the Company's Television Home Shopping Service is carried in the Distribution System, the product of (a) the sum of the applicable FTE Factors set forth on Exhibit A attached hereto for each such hour on each such day, multiplied by (b) the number of subscribers in the Distribution System.
- 2.12. "Fulfillment Services" has the meaning set forth in Section 4.2 below.
- 2.13. "International Editions" has the meaning set forth in Section 6.3 below.
- 2.14. "Internet Advertising" has the meaning set forth in Section 3.9 below.
- 2.15. "Jewelry Shop" means the Web page within the Shopping Channel, which in Snap's sole discretion may also be a sub-shop, that will feature a variety of jewelry-related goods and related services to be purchased by Users.
- 2.16. "Launch Date" has the meaning set forth in the Trademark License Agreement.
- 2.17. "Look and Feel" means the look and feel, User interface and flow of User experience of an Internet site.
- 2.18. "NBCi Competitor" has the meaning set forth in the Trademark License Agreement.
- 2.19. "Portal-like Features" means those features in a "Portal Service" (as defined in the Trademark License Agreement).
- 2.20. "Product Comparison Engine" means a product comparison engine featuring a searchable interface through which the User may select a category (e.g., videos), enters one or more words into a search box to search for a particular product (e.g., Disney), and may select a product from a listing on the product selection page (e.g., Lion King video).
- 2.21. "Promotions" means (i) banners, buttons, windows, portals, text links, and other promotions that are offered now or in the future on Web sites; and/or (ii) text links within email newsletters distributed by Snap and/or Xoom (including, without limitation, Snap Wires and Xoom Wires) and other promotions that are offered by Snap and/or Xoom now or in the future and link directly to the SnapTV Site.

- 2.22. "Shopping Channel" means the Shopping Channel on the Snap Sites (other than the Xoom Site).
- 2.23. "Snap Marks" means the Exclusive Marks and Non-Exclusive Marks as defined in the Trademark License Agreement.
- 2.24. "Snap Member" means a User who has registered to become a member of one of Snap's registration based services, including without limitation, the Snap Sites and the free email service available at www.email.com.
- 2.25. "Snap Product Manager" means a Snap employee or independent contractor holding editorial authority and responsibility for a portal, site, collection, area, center or page on the Snap Sites.
- 2.26. "Snap Sites" means: (i) subject to the "Distributor" (as defined in Section 6.1 below) exclusion in Section 6.1, any and all search and aggregation "portal," direct marketing, and commerce sites, whether operated by Snap or a third party under the "Snap" brand, including, without limitation, the sites located at <http://www.snap.com>, <http://www.xoom.com>, <http://www.nbc.com>, <http://www.videoseeker.com>, and <http://www.nbcin.com>, together with any mirror sites, any co-branded editions of such site that have been or may be developed for Distributors, and successors to the foregoing (but not the SnapTV Site); and (ii) if Snap so elects within its sole discretion, the Enhanced Site and/or the International Editions, subject to Sections 6.2 and 6.3.
- 2.27. "SnapTV Domain Name" means the URL <http://www.snaptv.com>.
- 2.28. "SnapTV Site" means the Internet site operated by the Company at <http://www.snaptv.com>, and successors to the foregoing, that is created pursuant to Section 3 below.
- 2.29. "Snap Wire" means Snap's weekly email newsletter sent by Snap to Snap Members.
- 2.30. "Television" has the meaning set forth in the Trademark License Agreement.
- 2.31. "Term" means the term of this Agreement as defined in Section 10.1 below.
- 2.32. "Trademark License Agreement" means the Trademark License Agreement dated as of the date hereof between Snap and the Company, as may be amended from time to time.
- 2.33. "User" means any end-user of the Web.
- 2.34. "User Profile Data" means data regarding a User provided by the User on the Snap Sites or the SnapTV Site or otherwise to Snap or the Company, including without limitation the User's name, e-mail address, telephone number, shipping address, credit card information (to the extent permissible by law), and other information about the User.
- 2.35. "ValueVision Site" means the Internet site operated by the Company at <http://www.vvvtv.com>.
- 2.36. "Web" means the World Wide Web part of the Internet.

2.37. "Xoom Marks" means any trademarks, trade names, service marks and logos delivered by Xoom to the Company hereunder.

2.38. "Xoom Member" means a User who has registered to become a member of one of Xoom registration based services, including without limitation, the Xoom Site.

2.39. "Xoom Site" means the direct marketing Web site operated by Xoom located at <http://www.xoom.com> and any successor sites thereto.

2.40. "Xoom Wire" means Xoom's periodic email newsletter sent by Xoom to Xoom Members

3. SnapTV Site.

3.1. Ownership of SnapTV Site. Subject to the terms of this Agreement and the Trademark License Agreement, the Company will own the SnapTV Site and will be responsible for the development, operation and maintenance of the SnapTV Site, including the Look and Feel and technical requirements for the SnapTV Site. Snap acknowledges that the Company may change the design and functionality of the SnapTV Site from time to time, as determined by the Company, subject to the requirements herein and in the Trademark License Agreement.

Notwithstanding the foregoing and pursuant to the terms and conditions of the Trademark License Agreement, the Company will ensure the SnapTV Site maintains the SnapTV branding and other features reasonably agreed upon by the parties and the Company agrees to consult with Snap in connection with the development, operation and maintenance of the SnapTV Site, including all changes in the design and functionality thereof, and, to the extent commercially reasonable, minimize the additional costs to Snap resulting from any such changes.

3.2. SnapTV Site Described. The Company will transfer the content and functionality of the ValueVision Site (including, in the Company's discretion, corporate and investor communications which may also remain on the ValueVision Site) to the SnapTV Site in accordance with this Section 3 and the terms of the Trademark License Agreement, and Snap will provide reasonable assistance in connection therewith. The Company will develop and operate the SnapTV Site as a live, Web site that will include "SnapTV" branding and Company Content related to the Company's Television Home Shopping Service. The SnapTV Site will be a separate and distinct Web site linked to from the Snap Sites and will serve as the entrance point for all Users who wish to purchase Company Products. The SnapTV Site will provide, at a minimum, all of the features and functionality (including, in the Company's discretion, corporate and investor communications) provided by, and will perform in a manner no less effective than the ValueVision Site immediately prior to the Effective Date.

3.3. Placement of Snap Search Engine. The Company will place a functional search tool box linked to the Snap search engine on the front door of the SnapTV Site, but the exact location will be at the reasonable discretion of the Company. Snap shall design such search tool box (which shall not be less than 90 pixels wide by 60 pixels high) so that it provides Users with the option to search either the SnapTV Site or the Internet, with the SnapTV Site being the default. Snap shall provide such search tool box to the Company subject to Snap's standard terms and conditions and Snap may include a "Powered by Snap" logo in the search tool box. The Company shall not place any other search functionality on the front door of the SnapTV Site.

3.4. Community Features. If the Company elects to provide any community features (i.e., free home pages, chat, greetings cards, MightyMail, email, as well as any community features provided by Snap or Xoom in the future on their respective Web Sites) within the SnapTV Site, the Company will offer such community features exclusively through links on the SnapTV Site to the Xoom Site, or, following the NBCi Closing, to the Snap Sites, with all resulting pages being on a Snap Site. Such links shall be branded in a manner reasonably determined by Snap and Xoom in conjunction with the Company.

3.5. Portal-Like Features. If the Company elects to provide any Portal-like Features within the SnapTV Site, the Company will use such Portal-like Features exclusively through links on the SnapTV Site to the Snap Sites, with all resulting pages being on a Snap Site. SnapTV shall have the right to incorporate features provided by its Company Affiliates; provided that such features shall be subject to the approval of Snap, which approval shall not be unreasonably withheld.

3.6. Hosting. The Company will host the SnapTV Site on its servers (or on servers within its control or servers of a third party under contract with the Company) and will provide all computer hardware, software and personnel necessary to operate and maintain the SnapTV Site as a functional site accessible to Users.

3.7. SnapTV Domain Name. The URL for the SnapTV Site will be the SnapTV Domain Name. Snap will register and own the SnapTV Domain Name and will exclusively license the SnapTV Domain Name to the Company pursuant to the terms and conditions of the Trademark License Agreement. The Company agrees that Snap will be entitled to count all page views, unique users, reach, frequency, etc. of the SnapTV Site towards Snap's traffic as measured by Media Metrix and other Internet traffic-auditing firms.

3.8. Launch Date. The Company will use its best efforts to achieve a Launch Date for the SnapTV Site as soon as practicable following the Effective Date; provided, however, that if the Launch Date occurs after June 1, 2000, or does not occur due to the fault of the Company, then such failure will be deemed a material breach of this Agreement by Company. Snap shall provide the Company with reasonable assistance to launch the SnapTV Site to the extent that such assistance can be provided at no additional out of pocket cost to Snap. The Company shall give Snap at least thirty (30) days prior written notice of any projected Launch Date.

3.9. Advertisements. Subject to Section 3.10, Snap shall own and have the exclusive right to use or sell all of the advertising (including all Promotions and sponsorships, integrated third party links and email advertisements to the SnapTV email database) ("Internet Advertising") on the SnapTV Site; provided, however, that Snap shall pay to the Company fifty percent (50%) of all gross revenue (net of agency fees Snap pays for such Internet Advertising) from such Internet Advertising. The Company shall incorporate all Internet Advertising into the SnapTV Site on a timely basis. To the extent Internet Advertising is available on the SnapTV Site, Snap shall use reasonable commercial efforts to sell Company inventory in every Internet Advertising transaction on the Xoom Site and <http://www.snap.com>, and if such Internet Advertising is sold, will provide the Company with a pro rata share of such transaction based on the SnapTV Site's available Internet Advertising inventory; provided further that the Company and Snap agree on reasonable terms for content standards and the pricing of a Snap/Company Internet Advertising package and that, following such agreement, Snap may enter into such transactions without any further approval or consent from the Company for transactions

consistent with such agreement. The parties hereto will discuss, and if mutually agreed, reprice such Internet Advertising packages annually or as otherwise agreed to ensure that such package is always competitive with the Internet Advertising market. The Company shall serve Internet Advertising on the SnapTV Site using the same system as Snap (which as of the Effective Date is Accipiter); provided, however, that the Company shall not be required to change the manner it serves Internet Advertising more than two times every five years.

3.10. **Company Right to Commit Internet Advertising Inventory.** Notwithstanding Section 3.9 hereof, the Company shall have the right to commit up to 40% of the Internet Advertising for each type and category of Internet Advertising (e.g. untargeted vs. targeted, entertainment vs. shopping) to entities other than NBCi Competitors, in which the Company has made investments in excess of \$1,000,000 ("Company Affiliates"). For the purposes of the pro-rata distribution of revenue and advertising on a given Internet Advertising transaction, the actual amount up to the 40% hold back referenced above in this section will not be included in the calculation of the revenue distribution.

3.11. **Company Affiliate Promotions.** The Company can place Promotions of Company Affiliates on the SnapTV Site, which shall be included within the 40% hold back referenced in Section 3.10, provided that Snap does not have a Conflicting Contract. Before doing so, the Company must inform Snap of its intentions to make such an investment in a Company Affiliate and make commercially reasonable efforts to allow Snap to participate in the investment. If Snap reasonably objects to the placement due to a conflict in a pending "network wide" Anchor Tenancy (in the same category) that will include exclusive or most prominent placement on the SnapTV Site as well (a "Anchor Tenancy Contract"), and Snap passes on the investment, or Snap is not invited to participate in the investment, then the Company will have the right to place such Company Affiliate's Promotion on the SnapTV Site exclusively or on a most prominent basis for a period of 90 days. During that 90-day period, Snap may make commercially reasonable efforts to sell the Promotions pursuant to an Anchor Tenancy Contract (which may include the Snap Sites and the SnapTV Site, but may exclude NBC.com, NBC-Interactive Neighborhood and Videoseeker.com) and in the same category. If Snap enters into such an Anchor Tenancy Contract that includes SnapTV Site, the Company will remove the Promotions for such Company Affiliate. However, if Snap does not enter into such an Anchor Tenancy Contract during that 90-day period, the Company shall have the right to keep the Promotions for such Company Affiliate on the SnapTV Site. If the Company is required to remove the Promotions for such Company Affiliate from the SnapTV Site, the Company shall have the right to continue selling merchandise on the SnapTV Site from that Company Affiliate. Once any such Anchor Tenancy Contract terminates, Snap shall have the right to renew such Anchor Tenancy or sell such Anchor Tenancy to any third party. In the absence of such renewal or resale within 90 days after the expiration of such Anchor Tenancy Contract, the Company may then include the Promotions for such Company Affiliate on the SnapTV Site.

3.12. **Company's Right to Sell Company Products.** Snap acknowledges that it has no authority to prohibit the Company from selling Company Products on the SnapTV Site; provided that the Company acknowledges that Snap may limit (e.g., through a non-exclusive Anchor Tenancy Contract) the placement of Internet Advertising on the SnapTV Site. To clarify, if Snap brings an exclusive Anchor Tenancy to the online "network" (which would include the SnapTV Site), Snap must create an appropriate carve out which allows the Company and the SnapTV Site to continue to sell Company Products, subject to any

Anchor Tenancy (e.g., the Anchor Tenant's merchandise may be more prominently featured than the Company Products) but not subject to any exclusivity.

3.13. Quality Standards. The Company agrees that the SnapTV Site will comply with the quality standards set forth in Section 3.3 of the Trademark License Agreement throughout the Term. If the SnapTV Site fails to operate fully and functionally in any material respect for at least 99% of the time during any 30 day period, even if otherwise in compliance with the performance standards, Snap may immediately remove any or all links to the SnapTV Site, at Snap's sole discretion, until such time as the Company notifies Snap that the SnapTV Site has resumed acceptable operation and the SnapTV Site has actually resumed acceptable operation. These remedies are for Snap's editorial purposes and in no way limit Snap's ability to terminate this contract or pursue any other remedies hereunder in the event the performance standards set forth herein are not met.

4. Harvesting, Fulfillment Services and Account Management.

4.1. Harvesting. The Company shall, beginning on the Launch Date, provide all Company Content as required herein in connection with the Content Portals pursuant to Snap's then current, standard technical specification policies for harvesting required of third parties with content portals to be harvested with similar functionality, as updated from time to time in Snap's sole discretion. Harvested Company Content will maintain the applicable Snap Site's Look and Feel and will include branding for the Company using Company Marks, in such form and placement as a Snap Product Manager shall determine in his or her sole discretion, subject to Section 12 of this Agreement. The Company shall ensure that all Company Content remains at all times current by continually providing Snap with timely updates to the Company Content. Furthermore, under no circumstances shall Company Content include any content of an NBCi Competitor or reference an NBCi Competitor.

4.2. Fulfillment Services. The Company will be responsible for developing all systems and entering into any arrangements and relationships required to accept the purchasing information collected from Users of the SnapTV Site for Company Products and finalize and fulfill the relevant sales. The Company will accept and process the purchasing information collected on SnapTV Site, and will provide all fulfillment services in a timely and professional manner, including but not limited to, email confirmation of orders, email confirmation of shipping, online customer order checking, prompt customer service via email, establishing and maintaining a single point for data delivery by Snap, order fulfillment, credit management and inventory maintenance. At a minimum, Company will establish an order transmittal and fulfillment process that meets reasonable online industry standards for fulfillment services. In addition, the Company shall be responsible for any customer communication (via email, phone, fax, etc.) related to customer service, fulfillment, complaints, returns, etc. related to purchases made on the SnapTV Site. All services described in this section shall be deemed to be "Fulfillment Services."

4.3. Account Management.

4.3.1. Account and Contact Managers. For the purposes of this Agreement, Rita Han shall be Snap's account manager for the Company and Cary Deacon shall be the Company's contact manager for Snap (collectively, the "Managers"). Subject to Section 18.12, the Managers shall be the primary points of contact for inquiries

and requests, and each Manager shall provide the other with such information and assistance as may be reasonably requested by the other from time to time. Either party to this Agreement may change its designated Manager by giving the other party written notice of such change.

4.3.2. Steering Committee. Each party shall appoint three members of a committee (the "Steering Committee") to review strategic plans, projected fees payable under this Agreement and the Trademark License Agreement, marketing, brand positioning and other relevant issues of the SnapTV Site on a quarterly basis; provided, however, after the NBCi Closing Snap and Xoom shall together appoint three members. The Steering Committee shall make such decisions and take such actions as may be necessary or desirable to carry out the purpose of this Agreement and the Trademark License Agreement, and all such decisions and actions shall be made by a unanimous consensus of the Steering Committee, which shall include at least one member appointed by each party. The Steering Committee shall meet at least once per quarter at a mutually agreed time and place. Steering Committee meetings may take place in person and/or via telephone, videoconference, or other two-way communications device. Notice of the time and place of each meeting of the Steering Committee shall be given to each member of the Steering Committee not less than seven (7) days before the time when the meeting is to be held by personal delivery, facsimile transmission, or email to such member's business address. A member of the Steering Committee may, in any manner, waive notice of a meeting. The attendance of a member of the Steering Committee at a meeting of the Steering Committee shall constitute a waiver of notice of the meeting, unless such member is attending for the sole purpose of disputing notice.

5. Anchor Tenancy.

5.1. Creation of Jewelry Shop. Snap will create the Jewelry Shop on a schedule determined by Snap in its sole discretion, but in no event later than the Launch Date.

5.2. Anchor Tenant of Jewelry Shop. After the Launch Date and during the Term, Snap will feature the Company as the Anchor Tenant within the Jewelry Shop. Subject to this Section 5, Snap may, in the exercise of its reasonable discretion, make changes to the design and functionality of the Jewelry Shop. In the Jewelry Shop, the Company will have the right to program one Content Portal that begins Above the Fold that measures approximately 150 x 400 pixels with relevant content and links to the Jewelry Shop. The Company will provide the appropriate Company Content, subject to the reasonable discretion of a Snap Product Manager, for the Content Portal, which shall be harvested as set forth in Section 4.1. The Snap Product Manager may provide the Company with reasonable assistance to enable the Company to effectively design the Content Portal. Subject to this Section 5.2, the Snap Product Manager will determine the size and location of the Content Portal. Snap may, in the exercise of its reasonable discretion, make changes to the design and functionality of the Jewelry Shop.

5.3. "As Seen on SnapTV" Advertising. After the Launch Date and during the Term, an "As Seen on SnapTV" Content Portal, a mock up of which is attached hereto as Exhibit B, will be prominently displayed on the "front page" of the Shopping Channel, which is one click or link away from the "front door" of the applicable Snap Site. This Content Portal will be displayed with not less than 50% of the unit appearing Above the Fold. The size

of the Content Portal will be not less than 120 pixels wide by 60 pixels high on an 800 x 600 pixel screen. Snap will deliver a mock up of the location and size of this Content Portal for approval by the Company, whose approval shall not be unreasonably withheld. Snap agrees that at a minimum, the words "As Seen on SnapTV" will appear fully Above the Fold. The Company will provide the appropriate Company Content, subject to the reasonable discretion of a Snap Product Manager, for the Content Portal, which shall be harvested as set forth in Section 4.1. The Snap Product Manager may provide the Company with reasonable assistance to enable the Company to effectively design the Content Portal. Subject to this

Section 5.3, the Snap Product Manager will determine the size and location of the Content Portal. Snap may, in the exercise of its reasonable discretion, make changes to the design and functionality of the "As Seen on SnapTV" Content Portal in connection with changes being made to all or substantially all content portals throughout <http://www.snap.com> and the Shopping Channel.

5.4. Hosting. Snap will host the Jewelry Shop and the Content Portals on its servers (or on servers within its control or servers of a third party under contract with the Company) and will provide all computer hardware, software and personnel necessary to operate and maintain the Jewelry Shop and the Content Portals as functional pages accessible to Users.

5.5. Internet Advertising. Snap shall own and have the right to use or sell all of the Internet Advertising inventory on the Jewelry Shop and may keep all revenue derived therefrom. The Company acknowledges that Internet Advertising, Promotions and third party content for and/or links to other sites similar to or in competition with the Company may exist in the Jewlery Shop. Notwithstanding anything in this Agreement to the contrary, any third party content or links may exist on any area of the Jewelry Shop. Moreover, other than as expressly set forth herein, Snap shall have the right to display any third party links, media, banner advertisements, other Promotions, and/or paid or unpaid editorial content anywhere on the Snap Sites and to market and promote jewelry and related promotions on television using Snap as the Internet fulfillment provider.

5.6. Comparison Engine. Snap shall have the right to create a Product Comparison Engine on the Snap Sites that provides the User with a page that compares prices of several vendors for a particular product. The User has the option of clicking through on the product link, which may deliver the User to the selected vendor's Web page, where the User can purchase the product. The Snap Product Comparison Engine, if created, will be implemented in accordance with a schedule determined by Snap in its sole discretion. Following its launch, the Snap Product Comparison Engine shall be featured on and throughout the Shopping Channel. To the extent technically feasible, the Snap Product Comparison Engine shall consider ("crawl") the Company's Products in its comparison of prices for a particular product, provided that Company's Products include such product, and shall also consider products from competitors of the Company.

5.7. Wallet-Enabling SnapTV Site. On a schedule mutually agreed by all the parties hereto, Xoom will use its Liquid Market technology to "Wallet-enable" the SnapTV Site to enable Users on the Shopping Channel to purchase Company Products. "Wallet-enable" shall mean: (i) the User enters a credit card and related personnel data once on the Shopping Channel; (ii) this financial information is stored within the Shopping Channel and associated with a unique User number; and (iii) the User does not have to reenter such information each time the User purchases a Company Product on the Shopping

Channel. The Company will provide reasonable assistance to Xoom to "Wallet-enable" the SnapTV Site.

6. Co-Branded, Enhanced, and International Editions.

6.1. Co-Branded Editions. Company acknowledges that Snap produces co-branded editions of the Snap Sites for various resellers, distributors, other licensees and/or joint venture partners (collectively the "Distributors"). In some cases, such Distributors are entitled to replace Snap's default content with other content within their own co-branded editions of any Snap Site. Notwithstanding any other provisions of this Agreement, if any such Distributor has exercised its right to replace Company Content with other content, then Snap will not be required to display the Promotions or Company Content within such Distributor's co-branded edition of the Snap Sites.

6.2. High-Speed Editions. Snap has created an enhanced, high-speed version of the Snap Site focused on rich media content (together with any successor service(s) or site(s) thereof and any co-branded editions of such service that have been or may be developed for Snap's third party distribution partners and licensees, the "Enhanced Site") and may desire to include appropriate rich media content from the Company within the Enhanced Site. At Snap's sole discretion, all terms and conditions contained in the Agreement related to the "Snap Sites" may also apply to the Enhanced Site. The Company hereby acknowledges that Snap, in its sole discretion, may use appropriate Company Content within the Enhanced Site, and all licenses set forth in the Agreement are hereby expanded to include the Enhanced Site. Further, Snap shall have the exclusive right, at its sole discretion, to take video and/or audio clips (e.g., product demonstrations) from the Company's Television Home Shopping Service and include them on the Shopping Channel within the Enhanced Site; it being understood that the Company shall have the right to transmit, exhibit, display and stream the Company's Television Home Shopping Service on a full-time (24 hour/7 day) basis and/or audio and/or video clips of such service on any Computer Service (as such term is defined in the Trademark License Agreement). The Company acknowledges that the look and feel of the Enhanced Site will be designed for a high-bandwidth audience and therefore may substantially differ from the look and feel of the primary Snap Site.

6.3. International Editions. Snap is currently considering creating one or more international editions of the Snap Site to reflect appropriate localized and local partner content ("International Editions") and may desire to include localized media content from Company within an International Site. At Snap's sole discretion, Snap may include Company Content in any International Edition, subject to the Company's reasonable approval. The Company shall use its reasonable commercial efforts to provide Fulfillment Services for such International Editions. All terms and conditions contained in the Agreement related to the "Snap Site" shall also apply to such International Editions. Snap, in its sole discretion, may use appropriate Company Content within such International Editions, and all licenses set forth in the Agreement are hereby expanded to include such International Editions. Further, the Company hereby grants Snap a license to create derivative works (including translations) of the Company Content solely for the purpose of adapting such International Editions to the relevant target audience. The Company acknowledges that the look and feel of the International Editions will be localized for the relevant target audience (e.g., in terms of language, culture, and ethnicity) and therefore may substantially differ from the look and feel of the primary Snap Site.

7. On-Air Promotion.

7.1 Provided by Snap. Snap will promote the Snap TV brand, including the SnapTV Domain Name using \$4 million per year of NBC Television Network advertising commencing upon receipt of written notification by Snap from Company that the Company's Television Home Shopping Service has obtained an overall reach of at least 30 million FTE Subscribers and then only to the extent of \$1 million for each three-month period remaining from receipt of such notification until the fourth anniversary of the Effective Date. Snap shall use such time to promote principally the SnapTV brand, including the SnapTV Domain Name. The Company acknowledges that Snap's on-air promotions may also contain promotion of the Snap Sites and the Shopping Channel; provided, however, that the SnapTV brand presence will be more prominent than Snap's brand presence. Snap shall prepare the relevant creative material for such advertising and shall place such advertising on NBC Television Network, subject to the Company's approval over the advertising and the placement thereof (such approval not to be unreasonably withheld or delayed).

7.2 Provided by the Company. Commencing upon delivery of the written notification from Company to Snap that the Company's Television Home Shopping Service has obtained an overall reach of at least 30 million FTE Subscribers, the Company will use \$4 million per year of any "run-of-network" cable television advertising (other than advertising appearing on the Company's Television Home Shopping Service) to promote Snap or Snap's products or services and then only to the extent of \$1 million for each three-month period remaining from the receipt of such notification until the fourth anniversary of the Effective Date. The Company shall use such time to promote principally the Snap brand, including the SnapTV Domain Name. Snap acknowledges that the Company's contractual obligations require that this cross-channel promotion must contain SnapTV promotion as well; provided, however the SnapTV brand presence will be less prominent than Snap's brand presence. Snap shall prepare the relevant creative material for such advertising, subject to the Company's approval (such approval not to be unreasonably withheld or delayed), and the Company shall place such advertising on cable television networks (other than the Company's Television Home Shopping Service) in accordance with the Company's affiliation agreements with such networks and subject to Snap's approval, which approval shall not be unreasonably withheld or delayed.

7.3 Company Promotion of SnapTV URL. With respect to third party merchandise sold on the Company's Television Home Shopping Service, the Company shall use commercially reasonable efforts to always promote a URL that incorporates the SnapTV Domain Name for any on-air promotion that leads a User to the SnapTV Site. This obligation is dependent on Snap's ability to promptly deliver a reasonably easy to remember and commercially appropriate SnapTV URL for each on-air merchant (e.g., SnapTV.com/victoria for Victoria's Secret). Following such commercially reasonable efforts, if the Company cannot convince its on-air merchant to use a URL that incorporates the SnapTV Domain Name, then the Company can use 15% of the Company's airtime promoting non-SnapTV URLs with no amounts paid to Snap. Any airtime used, which includes a URL of any kind, over the above 15% which does not refer to a URL that incorporates the SnapTV Domain Name, whether or not the Company has made an equity investment, the Company shall pay Snap a 20% commission based on the rate card, should one exist, or calculated based on the average revenue for all airtime that the Company receives or derives for all airtime that does not incorporate the SnapTV Domain Name.

7.4 Valuation of Advertising. The advertising provided to the Company or Snap pursuant to Section 7.1 or 7.2 hereof shall be valued at the rate actually charged to the Company by cable operators or to Snap by NBC Television Network; it being understood that the Company and Snap shall each use their commercially reasonable efforts to obtain the lowest rate for such advertising.

8. User Profile Data, Commerce Opportunities, and Direct Marketing.

8.1. Data Ownership. Snap will be the sole owner of any information that Snap collects from Users through the Snap Sites, including, without limitation, any data derived from User Profile Data and Users of the SnapTV Site that become a Snap Member or a Xoom Member. Snap, Xoom and the Company will co-own the User Profile Data for purchases made over the Web resulting from the direct email marketing described in Section 8.4, which co-ownership will survive the Term and/or termination of this Agreement. Snap and Xoom shall co-own all data collected through the use of the Liquid Market technology described in Sections 5.6 and 5.7. Snap and the Company will use their good faith efforts to develop a common registration and password for new Users to simultaneously become Snap Members and SnapTV Members; if such common registration is developed, Snap and the Company will co-own such User Data Profile, which co-ownership will survive the Term and/or termination of this Agreement.

8.2. Use of Information and Confidentiality. Snap and Xoom shall each have access to the Company Database at all times during the Term of this Agreement. Each party will have the right to use any information provided by the other party pursuant to Section 11 subject to the confidentiality restrictions set forth in Section 18.4. Unless otherwise clearly disclosed to Users on the respective site, all data collected from Users through the SnapTV Site will be kept confidential and not disclosed to third parties in accordance with the published privacy policy of Snap and Xoom and, following the NBCi Closing, NBCi.

8.3. Commerce Opportunity. If any Company Content accessed through links appearing on the Snap Sites contains any Commerce Opportunity that requires the User to register or submit any User Profile Data, then Snap has the right in its sole discretion to cause any of the following: (i) the Web page that requests the User Profile Data, (ii) any other page relating to the Commerce Opportunity, or (iii) a separate Snap Member registration page, to present the User with an opportunity to register to become a Snap Member.

8.4. Direct Marketing. During the Term, Xoom and Snap and, following the NBCi Closing, NBCi, shall have the exclusive right to use (or allow an affiliate entity to use, in which case all references to "Xoom" in this Section 8 shall refer to such affiliate entity) the information contained in the Company Database for email direct marketing purposes as set forth in this Section, and all ancillary activities related thereto. Snap and Xoom shall have the co-exclusive right to execute, or cause to be executed, the same number of promotional email offers per month that Snap and Xoom execute or cause to be executed to their respective members, promotional email offers, to all or some of the Users in the Company Database other than those who have opted not to receive such email offers. Such email offers shall be drafted by Xoom, approved by Company (and such approval shall not be unreasonably withheld) and will appear to come from "SnapTV and Xoom" (and after the NBCi Merger, as NBCi determines in its sole discretion). Such email messages may have links to the Snap Sites or the SnapTV Site, as Xoom shall decide in

its sole discretion. Products offered in such emails may include Xoom's products or services or third party products and/or services that Xoom has the right to offer, and Xoom shall select all of such products to be offered in its sole discretion; provided that the Company will have the right to approve such products, and shall not unreasonably withhold or delay such approval (it being understood that the Company may reject products that directly compete with Company Products). Xoom may choose to distribute emails to some or all Users in the Company Database, and may choose to send the emails itself or to direct that the Company or another party (i.e. agent/outsourcer) send the emails. Xoom shall also have the option to create and host "sell" pages for any marketing campaign, and Xoom shall arrange for purchase orders to be processed and fulfilled (other than for Company Products which shall be processed and fulfilled by the Company), and for customer service and inventory matters to be coordinated in relation to the products offered in emails distributed pursuant to this Section, as Xoom shall determine in its sole discretion. Xoom shall send a copy of the email offer to the Company at least forty-eight hours prior to the time at which the email messages are to be sent. The Company may reject, but not unreasonably, promotional email offers proposed by Xoom that include products or services that compete with Company Products then offered by the Company on the Company Sites. Xoom shall, in all such direct marketing activities permitted in this section, comply with all laws, rules, regulations and orders applicable to such activities.

8.5. **Company Database Management.** Within two weeks of the Effective Date, the Company will electronically send Xoom and Snap all User Profile Data then contained in the Company Database to one or more FTP addresses designated by Xoom and Snap. In addition, the Company shall: (a) initially process User names to create a clean ASCII text file, (b) filter known bad domain names and false email addresses, (c) process requests for unsubscription and remove from the Company Database such entries for subsequent direct market activities, and (d) update Snap's and Xoom's copies of the Company Database by sending to the designated FTP addresses information on new member additions and unsubscribe requests at least one time each month during the Term. The Company has the right to request from Snap and Xoom a copy of their current Company Database text files and receive such data at least one time per month during the Term.

8.6. **Company Offers.** Snap shall, if the Company requests, make a reasonable number of promotional email offers per month containing a Company Product offer to Users described in the Company Database, provided that such email messages will be sent by Snap, Xoom or a third party outsourcer in consultation with the Company. Snap may reject promotional email offers proposed by the Company that include products or services which compete with products or services then offered to Users of the Snap Sites (other than Company Products offered through the SnapTV Site or harvested Company Content), or if such offer otherwise conflicts with a Snap contractual agreement or Snap's privacy or merchandising philosophy.

8.7. **Exclusivity.** The Company shall not enter into any agreement with any NBCi Competitor to make, or otherwise permit any NBCi Competitor to make on its behalf, any promotional e-mail offers regarding the Company or the Company Products.

9. **Payments and Credits.**

9.1. Commission from Program Sales. The Company will pay Snap or Xoom, as appropriate, 20% of the gross revenue actually received by the Company, less third party sales commissions, without any other adjustment of any kind, of all Advertising (as defined in the Trademark License Agreement) or program sales on the Company's Television Home Shopping Service for each sale in which the purchaser of such Advertising or program was referred to the Company by Snap or Xoom or Snap or Xoom materially assisted with respect to such sale.

9.2. Commissions from Email Marketing. The Company will receive 50% of the gross revenue actually received by Snap or Xoom, as applicable, generated from the email marketing described in Sections 8.4, less third party sales commissions, cost of goods, shipping and handling, gift wrapping, credit card processing fees, returns, fraud, and chargebacks. Xoom will receive 50% of the gross revenue actually received by the Company generated from the email marketing described in Sections 8.4 relating to Company Products and Section 8.6, less third party sales commissions, cost of goods, shipping and handling, gift wrapping, credit card processing fees, returns, fraud, and chargebacks.

9.3. Internet Advertising Revenue. Snap will pay the Company the amounts referenced in Section 3.9 derived from Internet Advertising as being due the Company, and the Company will pay Snap the commissions referenced in Section 7.3 as being due Snap.

9.4. Payment. Payments under this Agreement will be made by check or wire transfer of immediately available funds. All amounts due from one party to another party hereunder shall be due and payable quarterly by the 45th day of the month following the quarter in which such amount can be reasonably calculated.

9.5. Audit Rights. Each party agrees to keep accurate books of account and records at its principal place of business covering all transactions relating to this Agreement. Each party or any duly authorized representative shall have the right, at all reasonable hours of the day, to audit each of the other party's books of account and records and all other documents and material in the possession or under the control of such other party with respect to the subject matter and the terms of this Agreement and to make copies and extracts thereof. In the event that any such audit reveals an underpayment by the audited party, the audited party shall immediately remit payment to appropriate party in the amount of such underpayment plus interest calculated at a rate of one and one-half (1 1/2%) per month, or the maximum rate allowed by law, compounded daily, calculated from the date such payments were actually due until the date when such payment is in fact actually made. Further, in the event that any such underpayment is greater than five percent (5%) of the amount due for the period being audited, the audited party shall reimburse the party conducting the audit for the reasonable costs and expenses of such audit. All books of account and records of each party covering all transactions relating to this Agreement shall be retained by such party for at least three (3) years after the expiration or termination of this Agreement, as the case may be, for possible inspection and/or audit by the other parties.

10. Term; Termination.

10.1. Term. The term of this Agreement will begin on the Effective Date and end on the tenth (10th) anniversary of the Effective Date, unless otherwise terminated or extended as set forth in this Agreement (the "Term").

10.2. Termination of the Trademark License Agreement. Any party may terminate this Agreement upon any termination of the Trademark License Agreement, which termination will be effective as of the effective date of the termination of the Trademark License Agreement.

10.3. Termination for Cause. Either Snap or the Company may terminate this Agreement at any time by giving written notice of termination to the other parties if any other party commits a material breach of its obligations hereunder that is not cured within 30 days after notice thereof from a non-breaching party; provided, however, Snap may not terminate this Agreement pursuant to this section due to a breach of Xoom and Xoom may not terminate this Agreement pursuant to this section due to a breach of Snap.

10.4. Termination Upon Insolvency. Any party may immediately terminate this Agreement in the event that (a) another party files any petition for bankruptcy or is adjudicated a bankrupt or insolvent under the bankruptcy laws of any jurisdiction; (b) a petition in bankruptcy is filed against another party and such petition is not dismissed within 60 days; (c) another party becomes insolvent or makes an assignment for the benefit of its creditors or an arrangement for its creditors pursuant to any bankruptcy law; (d) another party discontinues its business; or (e) a receiver or trustee is appointed for another party, which appointment is not contested by that party within 60 days; provided, however, Snap may not terminate this Agreement pursuant to this section based on Xoom's triggering this section and Xoom may not terminate this Agreement pursuant to this section based on Snap's triggering this section.

10.5. Consequences of Termination. Upon the termination or expiration of this Agreement, all licenses granted hereunder shall immediately terminate and each party shall return or destroy all Confidential Information of the other party in its possession, including the Company Database and User Profile Data which the party in possession does not own or have rights to possess after the termination of this Agreement. Termination of this Agreement by a party hereto shall result in the complete termination of this Agreement with respect to all parties.

11. Reports, Records, and Accounts.

11.1. Company Reports. Within 15 days after the end of each month during the Term, the Company, to the extent the Company has such information, and the Company agrees to use commercially reasonable efforts to obtain such information, will provide to Snap a complete and detailed report that includes, at a minimum, for such month: (i) the total page views on the SnapTV Site, (ii) the number of unique Users to the SnapTV Site from the Jewelry Shop, (iii) the number of click thrus and the conversion rate resulting from such click thrus, (iv) the type, price, and number of goods sold by the Company pursuant to Sections 8.4 and 8.6, the number of Snap Users who bought such items, and number of click thrus pursuant to Sections 8.4 and 8.6, and (v) the number of Users and User Profile Data for Users who click through from the Snap Sites to the SnapTV Site, (vi) the number of Users and User Profile Data for Users who click through from the Snap Sites to the SnapTV Site and order Company Products, and (vii) the aggregate statistical and demographic characteristics of Users in (ii), (iii), (iv), (v), and (vi). Snap will, to the extent commercially feasible, tag each such User originating from the Snap Site using a cookie or other similar technology to assist the Company in obtaining the foregoing data. Furthermore, the Company shall furnish whatever additional information Snap may reasonably prescribe from time to time to enable Snap to verify the calculation of the

monies due pursuant to Section 8. The Company shall make commercially reasonable efforts to collect buyer information, including email addresses, from its customers ordering by phone or any other means. The Company will also provide Snap and Xoom with historical buyer data on the Company's customers, which will allow Snap and Xoom to maximize the economic benefit to all parties.

11.2. Records and Accounts. Each party agrees to keep, on a continuing basis, full and accurate records and accounts, including, without limitation all logs and reports, sufficient to permit the other parties to verify the accuracy of all reports submitted by the party as hereinabove required. Each party shall have the right, at their sole expense, to examine such books and records, whether in electronic format or otherwise, to the extent that such examination is necessary and pertinent to the foregoing verification, during reasonable business hours, using its employees or principals, or through outside, authorized representatives.

12. License for Company Marks and Content. The Company hereby grants to Snap and Xoom a non-exclusive, non-transferable, royalty-free license, effective throughout the Term, to use, display and publish the Company Marks and Company Content as permitted hereunder. In the event the Enhanced Sites and/or the International Editions are deemed included within this Agreement pursuant to Section 6.2 or 6.3 above, the Company hereby further grants to Snap and Xoom a non-exclusive, non-transferable, royalty-free license, effective throughout the Term, to modify and create derivative works of the Company Content solely as permitted in Sections 6.2 or 6.3. In the event the International Editions are deemed included within this Agreement pursuant to Section 6.3 above, the Company shall in good faith modify the Company Marks to incorporate changes reasonably suggested by Snap for the relevant target audience (e.g., complying with local laws or avoiding the use of offensive terms in the local language). Any use of the Company Marks or the Company Content by Snap or Xoom must comply with any reasonable usage guidelines communicated by the Company to Snap and Xoom from time to time and the Design Standards and Standards and Practices (as such terms are defined in the Trademark License Agreement). Nothing contained in this Agreement will give Snap or Xoom any right, title or interest in or to the Company Content and any derivative works thereof, the Company Marks or the goodwill associated therewith, except for the limited usage rights expressly provided above. Snap and Xoom acknowledge and agree that, as between the Company and Snap and Xoom, the Company is the sole owner of all rights in and to the Company Marks and the Company Content and any derivative works thereof.

13. Responsibility for the Sites and Products.

13.1. The Company acknowledges and agrees that, as between the Company, on the one hand, and Snap and Xoom, on the other hand, the Company will be solely responsible for any claims or other losses associated with or resulting from the marketing or operation of the SnapTV Site, or the offer or sale of any Company Products by the Company, or through emails delivered by Xoom for Company Products, including, but not limited to customer claims, vendor claims, product liability, and damage in transit. Snap and Xoom are not authorized to make, and agree not to make, any representations or warranties concerning the Company Products, except to the extent (if any) contained within Promotions delivered to Snap or Xoom by the Company.

13.2. Snap and Xoom acknowledge and agree that, as between the Company, on the one hand, and Snap and Xoom, on the other hand, Snap or Xoom will be solely responsible for any claims or other losses associated with or resulting from emails sent by Snap or Xoom

(other than pursuant to Section 8.6) or from products (other than Company Products) sold by Snap or Xoom pursuant to Section 8.4, including, but not limited to customer claims, vendor claims, product liability, and damage in transit. The Company is not authorized to make, and agrees not to make, any representations or warranties concerning such products.

14. Representations, Warranties and Covenants.

14.1. Compliance with Law. The Company shall comply with all truth-in-advertising, consumer credit, consumer product safety and other laws, rules, regulations and orders applicable to the Company's Television Home Shopping Service or to the advertising and sale of products or services. Snap and Xoom shall have no responsibility or liability with respect to any products or services or the use thereof. The Company represents and warrants that all data in the Company Database has been gathered in compliance with all applicable laws, rules regulations and orders and that the Company will advise Snap and Xoom, in a timely manner, of all limitations on the use of such data requested by the person to whom the data pertains.

14.2. Product Warranties. The Company warrants that Company Products delivered to customers hereunder (a) will be free from defects in workmanship and material, (b) shall be of merchantable quality and in good working order, and (c) will comply with all specifications and documentation relating thereto (including but not limited to the relevant description and specification included on the SnapTV Site).

14.3. Insurance Requirements. The Company shall at all times during the Term maintain with a reputable insurance company or companies (i) errors and omissions insurance in an amount not less than \$2 million combined single limit, naming Snap and Xoom and their respective affiliates as additional insured thereunder; and (ii) adequate general comprehensive public liability insurance coverage against all types of public liability (including product liability, bodily injury, property damage and personal injury), in such amounts as are customary in accordance with sound business practices. Such policies shall not be subject to cancellation or material modification upon less than 30 days' prior written notice to Snap and Xoom. The Company shall provide Snap and Xoom with certificates evidencing such insurance within 30 days after the date hereof.

14.4. Fulfillment Services. The Company represents and warrants that

(i) no part of the Fulfillment Services violates or infringes upon any common law or statutory rights of any person, including, without limitation, rights relating to defamation, contractual rights, copyrights, trade secret rights, patent rights and rights of privacy or publicity; (ii) the Fulfillment Services will be Year 2000 compliant at the time of delivery and at all times thereafter and in all subsequent updates or revisions of any kind, and shall not be materially interrupted, delayed, decreased, or otherwise affected by dates/times prior to, on, after or spanning January 1, 2000;

(iii) the Company has received no notice, written or oral, alleging any such violation or infringement or demanding or suggesting that the Company enter into a license agreement with any third party with respect to any part of the Fulfillment Services; (iv) all employees, independent contractors, agents, consultants and other persons or entities used by the Company to develop the Fulfillment Services have assigned all of their rights in and to the Fulfillment Services, and any related improvements, to the Company; and

(v) the Company's ownership and/or use of all necessary rights in and to the Fulfillment Services is free of all liens, claims, encumbrances and rights of others.

15. LIMITATION OF DAMAGES. NO PARTY WILL BE LIABLE TO ANOTHER PARTY FOR ANY SPECIAL, INDIRECT, CONSEQUENTIAL OR INCIDENTAL DAMAGES ARISING OUT OF OR RELATED TO THIS AGREEMENT, HOWEVER CAUSED AND ON ANY THEORY OF LIABILITY (INCLUDING NEGLIGENCE), AND EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

16. NO WARRANTIES. EXCEPT AS OTHERWISE SET FORTH HEREIN, THE JEWELRY SHOP, CONTENT PORTALS AND SNAPTV SITE ARE PROVIDED "AS IS" AND THE INFORMATION CONTAINED THEREIN IS NOT WARRANTED TO BE FREE FROM ERROR. SNAP, XOOM AND THE COMPANY DISCLAIM ALL WARRANTIES, EITHER EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO THE JEWELRY SHOP, CONTENT PORTALS AND SNAPTV SITE.

17. Mutual Indemnification.

17.1. Indemnification by Snap. Snap shall indemnify, defend and hold the Company harmless from and against any costs, losses, liabilities and expenses, including all court costs, reasonable expenses and reasonable attorney's fees (collectively, "Losses") that the Company may suffer, incur or be subjected to by reason of any legal action, proceeding, arbitration or other claim by a third party, whether commenced or threatened, to the extent arising out of or as a result of

(i) any breach of this Agreement by Snap, (ii) any claim that the intellectual property of Snap or provided by Snap hereunder infringes a patent, copyright, trade secret or other intellectual property right of any third party; or (iii) except to the extent the Company is required to indemnify Snap under Section 17.3 or where Xoom is required to indemnify the Company under Section 17.2, the operation of the Snap Sites (other than the Xoom Site) or the use of the Company Database by Snap.

17.2. Indemnification by Xoom. Xoom shall indemnify, defend and hold the Company harmless from and against any Losses that the Company may suffer, incur or be subjected to by reason of any legal action, proceeding, arbitration or other claim by a third party, whether commenced or threatened, to the extent arising out of or as a result of (i) any breach of this Agreement by Xoom; (ii) any claim that intellectual property of Xoom or provided by Xoom hereunder infringes a patent, copyright, trade secret or other intellectual property right of any third party; or (iii) except to the extent the Company is required to indemnify Xoom under Section 17.3, (A) the emails sent by Xoom or a third party pursuant to Section 8.4 or 8.6, (B) the products, other than Company Products, sold by Xoom pursuant to Section 8.4, (C) the operation of the Xoom Site, or (D) the use of the Company Database by Xoom.

17.3. Indemnification by Company. The Company shall indemnify, defend and hold each of Snap and Xoom harmless from and against any Losses that Snap or Xoom may suffer, incur or be subjected to by reason of any legal action, proceeding, arbitration or other claim by a third party, whether commenced or threatened, to the extent arising out of or as a result of

(i) any breach of this Agreement by the Company, including, without limitation, a breach of the warranties, representations and covenants described in Section 14, (ii) the use of Company Content by Snap in accordance with this Agreement; (iii) the operation of the SnapTV Site, the Company's Television Home Shopping Service or the Fulfillment Services; (iv) any claim that the intellectual property of the Company or provided by the Company hereunder, the SnapTV Site or the Company Content infringes

a patent, copyright, trade secret or other intellectual property right of any third party; or (v) the offer or sale of Company Products by the Company on or through the Company's Television Home Shopping Service, SnapTV Site or any emails sent by Xoom or a third party pursuant to Section 8.4 or 8.6.

17.4. Indemnification Procedures. If any party entitled to indemnification under this Section (an "Indemnified Party") makes an indemnification request to the other, the Indemnified Party shall permit the other party (the "Indemnifying Party") to control the defense, disposition or settlement of the matter at its own expense; provided that the Indemnifying Party shall not, without the consent of the Indemnified Party enter into any settlement or agree to any disposition that imposes an obligation on the Indemnified Party that is not wholly discharged or dischargeable by the Indemnifying Party, or imposes any conditions or obligations on the Indemnified Party other than the payment of monies that are readily measurable for purposes of determining the monetary indemnification or reimbursement obligations of Indemnifying Party. The Indemnified Party shall notify the Indemnifying Party promptly of any claim for which Indemnifying Party is responsible and shall cooperate with the Indemnifying Party in every commercially reasonable way to facilitate defense of any such claim; provided that the Indemnified Party's failure to notify Indemnifying Party shall not diminish Indemnifying Party's obligations under this Section except to the extent that Indemnifying Party is materially prejudiced as a result of such failure. An Indemnified Party shall at all times have the option to participate in any matter or litigation through counsel of its own selection and at its own expense.

18. Miscellaneous.

18.1. Subject to the following sentences, this Agreement shall be binding upon, shall inure to the benefit of and shall be enforceable by the respective successors and assigns of the parties hereto. No party may assign or otherwise transfer this Agreement, except in connection with a merger, reorganization, or transfer of all or substantially all of the assets of such party to which this Agreement relates, provided that the assignee or transferee shall agree in writing to be bound by this Agreement; provided, however, that Snap and Xoom may assign this Agreement to NBC Internet, Inc. or any of its direct or indirect subsidiaries in connection with the reorganization of Snap and Xoom provided that NBC Internet, Inc. or such subsidiary signs a counterpart to this Agreement and agrees to be bound by it. Any purported assignment made in contravention of this Section 18.1 shall be null and void from its inception.

18.2. Relationship of Parties. This Agreement will not be construed to create a joint venture, partnership or the relationship of principal and agent between any of the parties hereto, nor to impose upon any party any obligations for any losses, debts or other obligations incurred by another party except as expressly set forth herein. In no event will Snap, Xoom or the Company be liable for the actions, omissions, duties or obligations of any other party under this Agreement.

18.3. Applicable Law; Forum. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, applicable to contracts executed and to be performed entirely in such state. Each party irrevocably and unconditionally submits, to the exclusive jurisdiction of any state or federal court sitting in the County of New York, New York, in any suit, action or proceeding arising out of or relating to this Agreement and for recognition or enforcement of any judgment relating thereto. Each party irrevocably and unconditionally (i) waives any objection which it may now or

hereafter have to the laying of venue in such jurisdiction of any such suit, action or proceeding and (ii) accepts, with regard to any such action or proceeding, the personal jurisdiction of such New York courts and waives any defense or objection that it might otherwise have to such courts' exercise of personal jurisdiction with respect to it. Any and all service of process shall be effective against any party if given by registered or certified mail, return receipt requested, or by any other means of mail which requires a signed receipt, postage prepaid.

18.4. Confidentiality. In connection with the activities contemplated by this Agreement, each party may have access to confidential or proprietary technical or business information of another party, including without limitation (i) proposals, ideas or research related to possible new products or services; (ii) financial statements and other financial information; (iii) any reporting information in Section 11 herein; and (iv) the terms of this Agreement and the relationship among the parties (collectively, "Confidential Information"). Each party will take reasonable precautions to protect the confidentiality of each of the other party's Confidential Information, which precautions will be at least equivalent to those taken by such party to protect its own Confidential Information. Except as required by law or as necessary to perform under this Agreement, no party will knowingly disclose the Confidential Information of any other party or use such Confidential Information for its own benefit or for the benefit of any third party. Each party's obligations in this Section with respect to any portion of another party's Confidential Information shall terminate when the party seeking to avoid its obligation under such Section can document that: (i) it was in the public domain at or subsequent to the time it was communicated to the receiving party ("Recipient") by the disclosing party ("Discloser") through no fault of Recipient; (ii) it was rightfully in Recipient's possession free of any obligation of confidence at or subsequent to the time it was communicated to Recipient by Discloser; (iii) it was developed by employees or agents of Recipient independently of and without reference to any information communicated to Recipient by Discloser; (iv) it was communicated by the Discloser to an unaffiliated third party free of any obligation of confidence; or (v) the communication was in response to a valid order by a court or other governmental body, was otherwise required by law or was necessary to establish the rights of either party under this Agreement.

18.5. Press Release. No party will make any public statement or other announcement (including without limitation, issuing a press release) or pre-briefing any member of the press or other third party relating to the terms or existence of this Agreement without the prior written approval of the other parties. Notwithstanding the foregoing and Section 18.4, the parties may issue an initial joint press release, the timing and wording of which will be subject to each party's reasonable approval, regarding the relationship between the parties.

18.6. Injunctive Relief. Each party agrees that in the event of a breach or alleged breach of Sections 18.4 or 18.5 above that the other parties shall not have an adequate remedy at law, including monetary damages, and that the other parties shall consequently be entitled to seek a temporary restraining order, injunction, or other form of equitable relief against the continuance of such breach, in addition to any and all remedies to which any other party shall be entitled.

18.7. Headings. The section and paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

18.8. Survival. Termination or expiration of this Agreement for any reason shall not release any party from any liabilities or obligations set forth in this Agreement which (i) the parties have expressly agreed shall survive any such termination or expiration, or (ii) remain to be performed or by their nature would be intended to be applicable following any such termination or expiration.

18.9. Taxes. Each party will be responsible for any and all taxes, duties and similar costs imposed upon, due to, or arising from the payments hereunder to such party, including those properly imposed upon each party's net income by any state, local, federal or foreign taxing authority having all necessary jurisdiction over such party.

18.10. Force Majeure. If any party shall be delayed in its performance of any obligation hereunder or be prevented entirely from performing any such obligation due to causes or events beyond its reasonable control, including without limitation any act of God, fire, strike or other labor problem, such delay or non-performance shall be excused. A party may terminate this Agreement if another party's performance is delayed or prevented entirely for any such reason for more than 30 days.

18.11. Dispute Resolution. In the event that any dispute arises hereunder, the parties agree that prior to commencing litigation, arbitration, or any other legal proceeding, each party shall send an officer of such party to negotiate a resolution of the dispute in good faith at a time and place as may be mutually agreed. Each officer shall have the power to bind its respective party in all material respects related to the dispute. If the parties cannot agree on a time or place, upon written notice from either party to the other, the negotiations shall be held at the principal executive offices of Snap twenty one days following such notice (or on the next succeeding business day, if the twenty first day is a weekend or holiday).

18.12. Notices. All notices and other communications provided for hereunder shall be in writing and delivered by hand or sent by first class mail or overnight courier or sent by facsimile (with such facsimile to be confirmed promptly in writing sent by first class mail or overnight courier) sent as follows:

If to Snap, addressed to:

SNAP! LLC
One Beach Street
San Francisco, California 94133
Attention: Mark Markunas
Telecopier: 415-392-9088

With a copy to:

National Broadcasting Company, Inc.
30 Rockefeller Plaza
New York, New York 10112
Attention: Vice President, Corporate Law
Group
Fax: (212) 977-7165

If to Xoom, addressed to:

If to the Company, addressed to:

ValueVision International, Inc. 6740 Shady Oak Road Eden Prairie, Minnesota 55344-3433 Attention: Chief Financial Officer Fax: (612) 947-0188

With a copy to:

Latham & Watkins 633 West Fifth Street Suite 4000 Los Angeles, CA 90071 Attention: Michael W. Sturrock Fax: (213) 891-8763

or to such other address or addresses or facsimile number or numbers as any of the parties hereto may most recently have designated in writing to the other parties hereto by such notice. All such communications shall be deemed to have been given or made when so delivered by hand or sent by facsimile or one business day after being sent by overnight courier or three business days after being sent by first class mail.

18.13. Cumulative Remedies. The rights and remedies provided by this Agreement are cumulative and the use of any one right or remedy by any party shall not preclude or waive its right to seek any or all other remedies. Said rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance or otherwise.

18.14. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed a duplicate original and all of which, when taken together, shall constitute one and the same document.

18.15. Amendment; Waiver. This Agreement may be amended only by a written instrument duly executed by all parties. Except as otherwise provided in this Agreement, any failure of any of the parties to comply with any obligation, covenant, agreement or condition herein may be waived by the party entitled to the benefits thereof only by a written instrument signed by the party granting such waiver, but such waiver or failure to insist upon strict compliance with such obligation, covenant, agreement or condition shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure.

18.16. Severability. In the event that any of the provisions of this Agreement are held to be unenforceable or invalid by any court of competent jurisdiction, the validity and enforceability of the remaining provisions will not be affected thereby.

18.17. Entire Agreement. This Agreement, the Trademark License Agreement, the Warrant Purchase Agreement dated as of the date hereof among Snap, the Company and Xoom and the exhibits and schedules hereto and thereto contain the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior oral and written agreements and understandings between the parties hereto with regard to such subject matter.

IN WITNESS WHEREOF, the parties have caused this Interactive Promotion Agreement to be executed by their duly authorized representatives on the dates indicated below.

SNAP! LLC

By: /s/ Edmond Sanctis

(Signature)

Name: Edmond Sanctis

(Please print)

Title: C.O.O.

Date: September 13, 1999

VALUEVISION INTERNATIONAL, INC.

By: /s/ Gene McCaffery

(Signature)

Name: Gene McCaffery

(Please print)

Title: Chief Executive Officer

Date: September 13, 1999

XOOM.COM, INC.

By: /s/ Chris Kitze

(Signature)

Name: Chris Kitze

(Please print)

Title: Chairman

Date: September 13, 1999

EXHIBIT A

FTE Factors

By Hour and By Day

HOURS	MON	TUE	WED	THU	FRI	SAT	SUN	TOTAL
12M - 1A	0.17	0.21	0.23	0.24	0.25	0.30	0.26	1.66
1A - 2A	0.17	0.14	0.16	0.17	0.21	0.34	0.24	1.43
2A - 3A	0.15	0.10	0.15	0.14	0.19	0.41	0.17	1.31
3A - 4A	0.09	0.08	0.11	0.11	0.12	0.18	0.13	0.82
4A - 5A	0.10	0.10	0.13	0.12	0.12	0.10	0.11	0.78
5A - 6A	0.17	0.17	0.19	0.17	0.18	0.18	0.16	1.22
6A - 7A	0.29	0.30	0.49	0.34	0.37	0.55	0.30	2.64
7A - 8A	0.42	0.48	0.55	0.59	0.65	1.36	0.50	4.55
8A - 9A	0.51	0.68	0.62	0.61	0.79	1.57	0.68	5.46
9A - 10A	0.61	0.70	0.72	0.72	1.14	1.74	1.03	6.66
10A - 11A	0.65	0.74	0.70	0.77	1.15	1.83	1.16	7.00
11A - 12N	0.76	0.73	0.71	0.66	1.02	1.33	1.21	6.42
12N - 1P	0.46	0.49	0.58	0.48	0.56	0.93	1.04	4.54
1P - 2P	0.50	0.47	0.54	0.60	0.57	0.99	1.09	4.76
2P - 3P	0.50	0.56	0.57	0.48	0.55	0.95	0.74	4.35
3P - 4P	0.49	0.53	0.53	0.54	0.69	0.82	0.72	4.32
4P - 5P	0.48	0.53	0.50	0.58	0.80	0.89	0.65	4.43
5P - 6P	0.44	0.48	0.49	0.51	0.77	0.85	0.79	4.33
6P - 7P	0.47	0.45	0.69	1.01	0.79	1.70	0.81	5.92
7P - 8P	0.69	0.58	0.83	1.03	0.84	1.90	0.88	6.75
8P - 9P	0.55	0.92	0.75	1.03	0.98	1.55	0.96	6.74
9P - 10P	0.62	0.92	0.85	1.03	0.95	1.69	0.65	6.71
10P - 11P	0.53	0.70	0.52	0.52	0.54	0.77	0.60	4.18
11P - 12M	0.34	0.45	0.39	0.37	0.47	0.58	0.42	3.02
<hr/>								
TOTAL	10.16	11.51	12.00	12.82	14.70	23.51	15.30	100.00

EXHIBIT B
MOCK UP OF THE "AS SEEN ON SNAPT V" CONTENT PORTAL

EXHIBIT 10.6

TRADEMARK LICENSE AGREEMENT

DATED

SEPTEMBER 13, 1999

BY AND BETWEEN

SNAP! LLC

AND

VALUEVISION INTERNATIONAL, INC.

[EXECUTION COPY]

TRADEMARK LICENSE AGREEMENT

This Trademark LICENSE AGREEMENT (the "Agreement") dated as of September 13, 1999 by and between Snap! L.L.C., a Delaware limited liability company ("Snap"), and ValueVision International, Inc., a Minnesota corporation ("VV").

RECITALS:

WHEREAS, Snap is the owner of certain trademarks, service marks and tradenames, which have been used by Snap to promote its Internet portal and various online services;

WHEREAS, Snap has filed an intent to use application for the service mark "SNAPTV" (the "Exclusive Mark") and is the owner of the URL <http://www.snaptv.com> (the "URL");

WHEREAS, VV operates a 24 hour/7 day television program service, consisting primarily of home shopping and transactional television, which may include the presentation of products and services for sale as well as product information (the "Television Home Shopping Service") presently known as "ValueVision Television" to multichannel video programming distributors for distribution, exhibition and transmission by Television, which the parties wish to rebrand using the Exclusive Mark;

WHEREAS, VV intends to develop, own and operate an Internet website for Commerce Opportunities (the "Online Home Shopping Service") which carries some or all of the same products advertised on the Television Home Shopping Service which will be branded exclusively using the Exclusive Mark, and will be operated exclusively at the URL;

WHEREAS, Snap desires to grant, and VV desires to obtain, a license to use the Exclusive Mark, the URL, and Snap trademarks, service marks, tradenames and logos set forth in Schedule 1 hereto (such Snap trademarks, service marks and tradenames being referred to as the "Non-Exclusive Marks") for VV's Television Home Shopping Service distributed, exhibited and transmitted by Television and for the operation of the Online Home Shopping Service, subject to the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the foregoing premises and the agreements and covenants herein set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties do hereby agree as follows:

AGREEMENT:

SECTION 1. DEFINITIONS

1.1 Certain Definitions. As used in this Agreement, the following terms shall have the following meanings:

(a) Advertising. Communications designed to raise consumer or trade awareness and disseminated by any means of advertising, marketing, publicity, promotion, or identification, whether on a paid basis or free of charge, including, without limitation: (i) magazines, newspapers, point of purchase, outdoor and transit billboards, standees, speaker podiums, packaging, and direct mail materials; (ii) commercials, public relations materials, publicity materials and press kits and other print materials; (iii) building and other signage; (iv) Television,- radio and other multi-channel video programming sources and audio, video and other outlets; (v) Computer Services and any other global, national or local computer networks, including public and private networks; (vi) theatre; (vii) home video; (viii) any on-air graphics, including but not limited to channel identification, interstitial elements, including all suitable artwork, music, logos and any other audio or visual works or materials used in connection therewith, regardless of the form, format or medium in which they are created, stored or embodied; and (ix) any other medium or vehicle used for advertisement, publicity or promotion now known or hereafter created.

(b) Affiliate. With respect to any Person, any Person, directly or indirectly, Controlling, Controlled by or under common Control with such first Person.

(c) Business Day. Any calendar day other than a Saturday or a Sunday , or a day on which the commercial banks in New York City, New York are required or authorized by law to be closed.

(d) Change of Control. Any of the following: (i) a merger, consolidation or other business combination or transaction to which a Person is a party if the shareholders of such Person immediately prior to the effective date of such merger, consolidation or other business combination or transaction, do not have beneficial ownership of voting securities representing 50% or more of the total voting power of the surviving corporation or its parent immediately following such merger, consolidation or other business combination or transaction; (ii) any Person shall have beneficial ownership of 50% or more of the total voting power of another Person; (iii) a sale of all or substantially all of the consolidated assets of a Person to another Person; or (iv) a liquidation or dissolution of a Person, other than in the case of any of the foregoing subsections (i)-(iv), the party acquiring control is General Electric Company, National Broadcasting Company, Inc., NBC Internet, Inc. or any of their respective Affiliates.

(e) Commerce Opportunity. Any opportunity for Users or Television viewers to engage in a commerce, purchase, trade, exchange, or sale transaction, including, purchase, trade, exchange or sale opportunities for goods and services, content purchase opportunities, registration or membership sign-up opportunities, and for-fee or subscription-based content or services.

- (f) Computer Service. Any service or network primarily intended to deliver programs, content, or other information, to computer terminals or similar devices, including the Internet and any other packet-switched networks.
- (g) Contract. Any agreement, contract, commitment, indenture, lease, license, instrument, note, bond, security, agreement in principle, letter of intent, undertaking, promise, covenant, arrangement or understanding, whether written or oral.
- (h) Control. Having the power to direct the affairs of a Person by reason of any of the following: (A) having the power to elect or appoint, through ownership, membership or otherwise, either directly or indirectly, a majority of the governing body of such Person, (B) owning or controlling the right to vote a majority number of the shares of voting stock or other voting interest of such Person, or (C) having the right to direct the general management of the affairs of such Person by contract or otherwise.
- (i) Design Standards. Parameters for the use and exploitation of the Exclusive Mark as developed by Snap and attached hereto as Schedule 1.1 (i), as updated from time to time; provided that any such updates shall apply to Snap's use of the Exclusive Mark and shall apply, to the extent applicable, to Snap's use of the Non-Exclusive Marks.
- (j) Governmental Authority. Any government, any governmental entity, department, commission, board, agency or instrumentality, and any court, tribunal or judicial or arbitral body, whether federal, state, local or foreign.
- (k) Gross Revenues. All fees, charges, and other amounts received by VV or its agents in connection with any Commerce Opportunity on the Online Home Shopping Service, less shipping and handling, gift wrapping, fraud, taxes (sales, use, excise and other taxes), third party sales commissions and amounts actually paid or credited for returns, exchanges, and chargebacks, but without any other adjustments of any kind.
- (l) Interactive Agreement. The Interactive Promotion Agreement, dated as of date hereof by and between Snap and VV pursuant to which VV shall operate an Online Home Shopping Service at the URL.
- (m) Interactive Delivery. The delivery of content for use by an end user to a monitor or viewing screen, whereby such delivery occurs by means of telephone lines, cable television systems, optical fiber connections, cellular phones, satellites, wireless broadcast or other means of transmission now known or hereafter devised, provided that the end user has the ability to selectively manipulate the presentation to effect substantive content changes during its use (e.g., a user can select the Internet page which such user will view). For purposes of clarity, it is understood that Interactive Delivery will not include transmission of any kind, now or hereafter devised, which makes programs and other audio and/or visual recordings of any length, available for viewing in a linear predetermined presentation (e.g., broadcast television, cable television, pay-per-view, video-on-demand) with selective manipulation available to the viewer, for example, time delay viewing of a program, color adjustment, volume control, choice of

camera feeds, or textual and/or visual and/or audio material which enhances or provides additional information supplementary to and related to the subject matter of the linear predetermined presentation or presentations, such as (i) a separate stream of material with no return path, (ii) a separate stream of material with a return path that is not integrated or connected with the device delivering the linear presentation, or (iii) a separate stream of material with a return path that permits responses (e.g., polling) that do not effect sufficient content change to or manipulation of the linear presentation so as to constitute Interactive Delivery (as an example of an insufficient change, acknowledging poll results); provided, however, that Interactive Delivery shall not include the delivery of audio and/or visual recordings of seven minutes or more in length. In addition, Interactive Delivery shall not include the delivery of content to the end user which occurs principally by transporting a physical object incorporating the content, such as magnetic disks or optical disks (for example, CD-ROM).

(n) Launch Date. The date on which VV commences operation of the Television Home Shopping Service branded, advertised and identified by the Exclusive Mark and the Online Home Shopping Service functions properly and is made accessible to Users in non-beta (test) version.

(o) Licensed Advertising. Advertising created or developed, or caused to be created or developed by or on behalf of VV or any authorized third party, that bears the Exclusive Mark or any Non-Exclusive Mark and is approved or deemed approved by Snap in accordance with Section 3.4 and the other provisions of this Agreement, unless and until the approval is withdrawn or the license to use any such Licensed Advertising is terminated. Each item of Licensed Advertising shall be an item of Licensed Advertising only during the period from the date such item of Licensed Advertising is approved or deemed approved by Snap until, if applicable, the approval is terminated, and thereafter during any period such approval is reinstated and remains in effect.

(p) Lien. (i) Any security agreement, financing statement, conditional sale or other title retention agreement; (ii) any lease, consignment or bailment given for security purposes; and (iii) any lien, charge, limitation, restrictive agreement, mortgage, pledge, option, encumbrance, adverse possessory interest, constructive trust or other trust, claim, attachment, exception to or defect in title or other ownership interest (including reservations, rights of entry, possibilities of reverter, encroachments, easements, rights of way, restrictive covenants, leases and licenses) of any kind, which conditionally or unconditionally: (a) creates or confers, or purports to create or confer, an interest in property to secure payment or performance of a liability, obligation or claim, or which retains or reserves or purports to retain or reserve such an interest for such purpose; (b) grants to any Person the right to purchase or otherwise acquire, or obligates any Person to sell or otherwise dispose of, or otherwise results in any Person acquiring, any property or interest therein; (c) restricts the transfer of, or the exercise of any rights or the enjoyment of any benefits arising by reason of ownership of, any property; or (d) otherwise constitutes, or upon the occurrence of any event or with notice or lapse of time or both would constitute, an interest or a purported charge or claim against property, whether arising pursuant to any Requirement of Law, any Contract or otherwise.

(q) NBC. National Broadcasting Company, Inc., a Delaware corporation.

(r) NBC Competitor. A Person, division or operation in which NBC does not have direct or indirect ownership of 5% or more and whose primary business is the distribution of broad-based audio and/or visual content for viewing through Television, other than on the Internet and whether on one or more channels, across several types of content, such as: comedies, dramas, talk shows, news, sports, movies and children's programming and all direct and indirect Subsidiaries of such Person, division or operations. The NBC Competitors include, without limitation, as of the date hereof, Disney/ABC, CBS Corporation, News Corporation/Fox, Viacom (UPN), Time Warner (WB), Paxson and USA Network.

(s) NBCi Competitor. A Person whose primary business is (a) an information, navigation and content aggregation service distributed, all or substantially all, through the Internet that provides, across more than six topics of general interest that do not relate to each other or to a common topic, a combination of all or substantially all of the following: Internet searching, content aggregation, topical interest categories and web directories (a "Portal Service"), (b) a broad-based community service distributed, all or substantially all, through the Internet that offers its members homepages, e-mail and chat rooms and may offer, in some cases, message boards, clip art, software libraries and/or online greeting cards (a "Community Service"); or (c) a service of direct marketing a broad range of third party products and services through Internet e-mail to registered members of such service (an "e-Commerce Service"). For the avoidance of doubt, the term "NBCi Competitor " does not include any Vertical Internet Business or any service that is not conducted, all or substantially all, on the Internet. Portal Services include, as of the date hereof, Microsoft Start, MSN, Netscape Netcenter, AOL, Yahoo, Excite, Lycos, Infoseek, Go Network, LookSmart and Alta Vista. Community Services include, as of the date hereof, Tripod, WhoWhere, Angelfire, GeoCities, Homestead, TalkCity, FortuneCity and theglobe.com. e-Commerce Services include, as of the date hereof, Buy.com, Xoom and Onsale.

(t) Person. Any individual, corporation, limited liability company, general or limited partnership, joint venture, association, joint stock company, trust, unincorporated business or organization, government or agency or political subdivision thereof, or other entity, whether acting in an individual, fiduciary or other capacity.

(u) Requirement of Law. Any foreign, federal, state and local law, rule, regulation, injunction, standard, code, limitation, restriction, condition, prohibition, notice, demand or other requirement, determination, decision, order or ruling of a court or other Governmental Authority or an arbitrator, applicable to or binding upon a Person, any of its property or any business conducted by it or to which such Person, any of its property or any business conducted by it is subject.

(v) Standards and Practices. NBC's Broadcast Standards and Practices as in effect from time to time and as determined by NBC in its sole and absolute discretion, in each case as NBC would apply to any material broadcast on NBC Television Network or delivered over the Internet, as the case may be; NBC's current Broadcast Standards and Practices are as annexed hereto in Schedule 1.1(v).

(w) Television. Any transmission of video and audio signals of two minutes or more to individual or multiple television receivers by all means of technology, whether now

existing or hereafter developed, including, without limitation, cable, wire or fiber of any material, superstation, cable television, master antenna ("MATV"), satellite master antenna ("SMATV"), multi-channel multi-point distribution services ("MMDS") or microwave system, or direct-to-home ("DTH") or direct broadcast satellite ("DBS") services, or digital terrestrial service; UHF or VHF television or LPTV broadcast station so that such signals are receivable by the public without charge by means of standard, roof-top or built-in television antennas; provided, however, that the term "Television" expressly shall not include: (i) any so-called "pay-per-view", "video on demand" or "video dialtone" network or service whereby a per program fee is paid by the viewer for the right to select a particular program for exhibition or whereby a fee is paid by the viewer for the right to select one or more programs for exhibition; (ii) any retransmission of an original broadcast of materials exhibited by any Television after 24 hours of the original exhibition; and (iii) Interactive Delivery.

(x) Territory. United States of America and its possessions and territories. Should VV obtain the rights and satisfy the regulatory requirements for VV's Television Home Shopping Service to be distributed in Canada and decide to pursue such distribution, then VV and Snap will negotiate in good faith the terms for application of this Agreement to Canada and its possessions and territories.

(y) User. Any end user of the World Wide Web part of the Internet.

(z) Vertical Internet Business. Any information, navigation and content aggregation service, community service or e-commerce service that is designed to organize a specific type of content that is limited in scope or by topic -- for example, an Internet service that provides content aggregation for money, business and financial services (e.g., CBS Marketwatch), an Internet service that provides community services limited to certain topics (e.g., Launch Media, a music community) or that is limited to certain groups (e.g., iVillage, a women's community) or an Internet service that markets and sells a limited type or category of product or service (e.g., consumer electronics -- Egghead.com or mail - Mail.com).

1.2 General Rules of Interpretation. Whenever the context requires, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation." All references to "party" and "parties" shall be deemed references to the parties of this Agreement unless the context shall otherwise require. Unless otherwise expressly provided herein or unless the context shall otherwise require, any provision of this Agreement using an undefined term in connection with the production, co-production, distribution, exhibition, broadcast, transmission or other activity related to television programming shall have the meaning customarily ascribed to such term in the television industry in the Territory.

SECTION 2. GRANT OF LICENSE AND USE OF THE EXCLUSIVE MARK AND THE NON-EXCLUSIVE MARKS

2.1 Grant of Exclusive License for Television Home Shopping Service. Subject to the terms and conditions contained herein and for the Term specified herein, Snap hereby grants to VV, and VV hereby accepts from Snap, an exclusive, non-transferable license to use the Exclusive Mark and the URL in the Territory:

(a) in connection with the operation, distribution,

exhibition and transmission of a Television Home Shopping Service by means of Television and Commerce Opportunities by means of Television; and (b) in conjunction with Licensed Advertising distributed by VV to advertise such Television Home Shopping Service, consistent with the terms and conditions hereof.

2.2 Grant of Exclusive License for Online Home Shopping Service. Subject to the terms and conditions contained herein, Snap hereby grants to VV, and VV hereby accepts from Snap, an exclusive, non-transferable license to use the Exclusive Mark and the URL: (a) in connection with the development, operation, distribution, exhibition and transmission of an Online Home Shopping Service at the URL pursuant to the Interactive Agreement, the Interactive Delivery of audio and/or video excerpts of the Television Home Shopping Service described in Section 2.1 hereof and the transmission and streaming of the Television Home Shopping Service described in Section 2.1 hereof, or excerpts thereof, by any Computer Service; and (b) in conjunction with Licensed Advertising distributed by VV to advertise such Online Home Shopping Service, consistent with the terms and conditions hereof.

2.3 Grant of Non-Exclusive License for Television Home Shopping Service and a Single Retail Store.

(a) Subject to the terms and conditions contained herein, Snap hereby grants to VV, and VV hereby accepts from Snap, a non-exclusive, non-transferable license to use the Non-Exclusive Marks: (i) in connection with the operation, distribution, exhibition and transmission of a Television Home Shopping Service by means of Television, and (ii) in conjunction with Licensed Advertising distributed by VV to advertise such Television Home Shopping Service, consistent with the terms and conditions hereof.

(b) Subject to the terms and conditions contained herein, Snap hereby grants to VV, and VV hereby accepts from Snap, a non-exclusive, non-transferable license to the Exclusive Mark in connection with the operation of a single retail "bricks and mortar" outlet store located at or near VV's corporate headquarters.

2.4 Grant of Non-Exclusive License for Online Home Shopping Service. Subject to the terms and conditions contained herein, Snap hereby grants to VV, and VV hereby accepts from Snap, an non-exclusive, non-transferable license to use the Non-Exclusive Marks: (a) in connection with the development, operation distribution, exhibition and transmission of an Online Home Shopping Service at the URL pursuant to the Interactive Agreement, the Interactive Delivery of audio and/or video excerpts of the Television Home Shopping Service described in Section 2.1 hereof and the transmission and streaming of the Television Home Shopping Service described in Section 2.1 hereof, or excerpts thereof, by any Computer Service; and (b) in conjunction with Licensed Advertising distributed by VV to advertise such Online Home Shopping Service, consistent with the terms and conditions hereof.

2.5 Authority to Sublicense. Only VV is granted the license to use the Exclusive Mark by Snap, under the authority provided herein. VV shall have no right to grant, and shall not grant, to any other Person, including any Affiliate thereof, any license, sublicense or right to use, or otherwise authorize the use of the Exclusive Mark for any purpose whatsoever; provided, however, that VV is hereby granted the right to license or permit (without the right to sublicense): (i) the use of the Exclusive Mark by third parties in connection with Licensed Advertising of the Television Home Shopping Service or the Online Home Shopping Service

developed by or for VV; and (ii) cable system operators and other operators of Television that distribute, exhibit, transmit or retransmit VV's Television Home Shopping Service to display, transmit and exhibit (A) the Exclusive Mark or the Non-Exclusive Marks without any changes or alterations thereto, for the purpose of Advertising the Home Shopping Service alone or in conjunction with other television program services, consistent with the terms and conditions hereof and the policies set forth in the Standards and Practices, and (B) the Exclusive Mark in any program guide or other channel listing containing VV's Television Home Shopping Service. Such licenses shall be in writing, approved by appropriate legal counsel acting for Snap in advance of such use and as protective of the Exclusive Mark and the Non-Exclusive Marks as this Agreement. VV shall notify Snap sufficiently in advance of the granting of any such license (or any generic type thereof) to provide Snap a full opportunity to exercise its rights of approval in a deliberate manner. Following such notification, should Snap request a full review of any such proposed license, VV shall not purport to grant any such license to use the Exclusive Mark without the prior written consent of Snap, and any such purported grant made without such consent shall have no effect and shall be null and void from their inception. Notwithstanding the foregoing, VV may provide Snap, for its full review and approval, with a form of sublicense agreement which shall be as protective of the Exclusive Mark and the Non-Exclusive Marks as this Agreement; following Snap's written approval of such form (and prior to Snap's revocation of such approval), VV may grant sublicenses to third parties using such form without any further approval by Snap; provided that, promptly after the grant of any such sublicense, VV provides Snap with a complete executed copy of such sublicense.

2.6 Exclusivity.

(a) Restrictions on Use of Mark by Snap. Notwithstanding any other provision in this Agreement to the contrary, Snap shall not use or exploit, or license any Person, including, without limitation, Snap and its Affiliates, to use or exploit the Exclusive Mark in connection with (i) the operation, distribution, exhibition or transmission of: (A) a Television Home Shopping Service by means of Television in the Territory during the Term or any Commerce Opportunity by means of Television in the Territory or (B) an Online Home Shopping Service in the Territory (ie, at a universal resource locator allocated only to entities in the Territory) during the Term, except as set forth in this Agreement or (ii) the operation of a single retail "bricks and mortar" outlet store located at or near VV's corporate headquarters.

(b) Uses Permitted to Snap. Notwithstanding any other provision in this Agreement to the contrary, Snap and its Affiliates shall have the right to (i) distribute, transmit, exhibit and use the Exclusive Mark, by any means or media, in conjunction with Advertising of Snap or Snap's own products and services; (ii) use the Non-Exclusive Marks to produce, develop, transmit, distribute, sublicense and exhibit online or interactive programming in connection with Computer Services, Commerce Opportunities or e-commerce or online home shopping services; (iii) use the Non-Exclusive Marks and the Exclusive Mark, for Advertising of VV's Television Home Shopping Service or Online Home Shopping Service in consultation with VV; (iv) use the Non-Exclusive Marks in conjunction with other online services, "brick and mortar" retail services, and television programming; (v) use the Non-Exclusive Marks or the Exclusive Mark, for non-Commerce Opportunities, including, without limitation, interactive Television and (vi) for all purposes outside the Territory.

(c) Except as expressly set forth in this Agreement, all rights granted herein by Snap to VV with respect to the Exclusive Mark are non-exclusive.

2.7 Conditions of VV's Use.

(a) VV agrees that its Television Home Shopping Services during the Term in the Territory shall consist of at least one 24 hour/7 day television programming service branded using the Exclusive Mark (and on an exclusive basis no later than June 1, 2000), and that the URL shall be the exclusive Internet sales outlet for VV's Television Home Shopping Service(s) and other Commerce Opportunities offered by VV by means of Television in the Territory.

(b) VV and its direct and indirect Subsidiaries will not (i) authorize or permit NBC Competitors or NBCi Competitors (other than Snap, NBC Internet, Inc. and their respective direct and indirect Subsidiaries) to co-brand any of its properties, products or services with the Exclusive Mark or any Non-Exclusive Mark, (ii) Control or operate a Portal Service or a Community Service, (iii) Control or operate an e-Commerce Service that competes in scope and range with Xoom.com, Inc.'s e-Commerce Service as of the Effective Date, other than in connection with this Agreement and the Interactive Agreement, or (iv) invest in, purchase or loan money to an NBCi Competitor.

(c) Except as expressly set forth in Section 2.7(d) hereof, nothing contained herein shall permit VV to use the Non-Exclusive Marks, or the Exclusive Mark, or any other words, terms or designs which but for this Agreement VV would not be permitted to use as, or as part of, a corporate name or business name, in any filing or recordation with a Governmental Authority or in executing any Contract without the prior written approval of Snap.

(d) VV shall have the right to use the Exclusive Mark in a trade name or trade dress and can include the Exclusive Mark in any filing or recordation with a Governmental Authority, only to the extent: (i) such filing or recordation with such Governmental Authority requires VV to disclose or otherwise use such trade name or trade dress; and (ii) such use does not assign, transfer or otherwise convey to VV any rights or title to, or interest in the Exclusive Mark.

2.8 Reservation of Rights to the Exclusive Mark and the Non-Exclusive Marks.

(a) As between Snap and VV, all rights in and to any of the Exclusive Mark and the Non-Exclusive Marks not expressly licensed to VV hereunder are expressly reserved to Snap, including without limitation, (i) the right to use the Exclusive Mark for any purpose whatsoever outside the Territory and, within the Territory, in conjunction with other online services, "brick and mortar" retail services (other than the retail store described in Section 2.3(b) hereof), and television programming not providing Television Home Shopping Services or Commerce Opportunities and (ii) the right to use any Non-Exclusive Mark for any purpose whatsoever, whether within or outside the Territory. As between Snap and VV, all rights in and to all other trademarks, service marks, trade names, trading styles and fictitious business names of Snap, or any of its Affiliates, regardless of whether the Exclusive Mark or the Non-Exclusive Marks are a part thereof, are reserved to Snap and its Affiliates.

(b) As between the parties, VV shall retain all rights in and to all trademarks, service marks, trade names, trading styles and fictitious business names of VV, or any of its Affiliates, which do not contain or otherwise incorporate the Exclusive Mark, the URL or any Non-Exclusive Mark, in whole or in part.

2.9 Mandatory Use of the Exclusive Mark During the Term and in the Territory.

(a) Television Home Shopping Service. Subject to compliance with the Standards and Practices and the other terms and conditions hereof, VV shall have the right to use, and following the Launch Date shall use, exclusively and predominantly, the Exclusive Mark for the branding, Advertising and identifying of VV's Television Home Shopping Service as it is distributed, exhibited and transmitted on Television during the Term and in the Territory. VV shall promote the URL on its Television Home Shopping Service in substantially the same amount as VV's 1-800 (or similar) telephone number. VV agrees that it shall commence the use of the Exclusive Mark on its Television Home Shopping Service and Online Home Shopping Service as soon as practicable following the Effective Date and that the Launch Date shall be no later than June 1, 2000.

(b) Online Home Shopping Service. Subject to compliance with the Standards and Practices and the other terms and conditions hereof, VV shall have the right to use, and following the Launch Date shall use, exclusively and predominantly, the Exclusive Mark for the branding, Advertising and identifying of VV's Online Home Shopping Service as it is developed, implemented, distributed exhibited and transmitted by any Computer Service during the Term and shall operate such Online Home Shopping Service exclusively at the URL; provided, however, that with respect to third party merchandise sold on the Television Home Shopping Service, VV shall use commercially reasonable efforts to always promote the URL or an alternate Non-Exclusive Mark URL for any on air promotion that leads a User to a website, with such obligation dependant on Snap's delivery of an appropriate, easily memorable Non-Exclusive Mark URL (e.g., Snap.com\ victoria for Victoria's Secret) for each third party merchant.

(c) Advertising. Subject to compliance with the Standards and Practices and the other terms and conditions hereof, VV shall have the right to use, and following the Launch Date shall use, exclusively and predominantly, the Exclusive Mark, on all of the Advertising produced, distributed or otherwise used by VV for the Advertising of VV's Television Home Shopping Service and Online Home Shopping Service, subject to pre-approval or automatic approval by Snap pursuant to Section 3.4 and the other terms and conditions hereof.

(d) Removal. Notwithstanding anything contained herein to the contrary, during the Term and in the Territory, VV shall not remove the Exclusive Mark from its Television Home Shopping Service or Online Home Shopping Service and the Licensed Advertising approved or deemed approved by Snap, as the case may be, except as required pursuant to Section 7.3 or 7.4 hereof.

2.10 Permissive Use of the Exclusive Mark. Subject to compliance with the Standards and Practices and the other terms and conditions hereof, VV shall have the right, but not the obligation, to create and develop, or cause to be created and developed, Licensed Advertising

and corporate communications materials, such as stationary, business cards, building signage (interior and exterior) and trade materials for use in connection with the distribution, exhibition or transmission of its Television Home Shopping Service and Online Home Shopping Service featuring the Exclusive Mark. The Licensed Advertising shall be created, developed and produced by or under the control of VV, with the guidance and input of Snap, at VV's sole cost and expense, subject to the terms and conditions contained herein, including Section 3.4 hereof.

SECTION 3. QUALITY CONTROL

3.1 Maintenance of Quality Television Home Shopping Services. VV agrees to maintain the quality of its Television Home Shopping Service at a level that is at least commensurate with the services as offered by VV today. VV and Snap agree that the parties shall work together to develop a cohesive marketing and advertising strategy consistent with the Interactive Agreement, and that Snap shall be involved in the development of Licensed Advertising for VV's Television Home Shopping Service and Online Home Shopping Service.

3.2 Correction of Non-Compliant Uses. VV shall comply with the Standards and Practices, the Design Standards and any other guidelines reasonably provided by Snap, and shall correct any deficiencies in the use of the Exclusive Mark or any Non-Exclusive Mark upon notice from Snap, within a reasonable period that shall not exceed thirty days.

3.3 Quality Standards for Online Home Shopping Services In connection with the development, implementation, operation and transmittal of the Online Home Shopping Service, the following standards shall be met or exceeded:

(a) Operations. The Online Home Shopping Service (i) will be operational and fully functional in all material respects (i.e. capable of displaying information and conducting transactions as contemplated in the ordinary course of business) at least 99% of the time during any 30 day period; (ii) the average time required to start displaying the HTML for text and graphics on a page of the Online Home Shopping Service after a link from any site shall not exceed a daily average of five seconds, the average time required to deliver an entire page of the Online Home Shopping Service over the open Internet shall not exceed a daily average of six seconds, where VV may assume standard fractional T1 connectivity from the desktop to the Internet and the average time required to start displaying, or to deliver an entire page of, the HTML for any audio or video on a page of the Online Home Shopping Service after a link from any site shall not exceed the daily average for audio or video for Portal Services over the open Internet; (iii) VV shall provide to users on the Online Home Shopping Service at least the same level of service as is offered to Users on Snap.com; and (iv) VV shall use reasonable commercial efforts to notify Snap at least three (3) days in advance of planned outage periods for system maintenance, etc.

(b) Online Policies and Customer Support. The Online Home Shopping Service (i) will comply with Snap's security and privacy policy standards for online commerce; and (ii) VV shall provide commercially reasonable maintenance and technical support to all end users, with prompt response times defined as: electronic mail: eight (8) hours; telephone: M-Fri 8AM-7PM P.S.T.; and Pager response to technical support inquiries from Snap: 120 Minutes.

(c) Quality of Content. The Online Home Shopping Service will offer products and services featured on the Television Home Shopping Service, as well as other products and services and links to various resources. All products or services offered on, and all content contained on the Online Home Shopping Services shall (i) be of a quality at least equal to the products, services and content available on Snap; (ii) shall comply with the Standards and Practices; (iii) not contain defamatory or libelous material or material which discloses private or personal matters concerning any person, without such person's consent; (iv) not permit to appear or be uploaded any messages, data, images or programs which are illegal, contain nudity or sexually explicit content or are, by law, obscene, profane or pornographic; or (v) not permit to appear or be uploaded any messages, data, images or programs that would knowingly or intentionally (which includes imputed intent) violate the property rights of others, including unauthorized copyrighted text, images or programs, trade secrets or other confidential proprietary information, or trademarks or service marks used in an infringing fashion.

Notwithstanding anything to the contrary contained in this Section 3.3, Snap shall have the right to update the quality standards contained in this Section 3.3 from time to time to meet the average commercial quality standards contained in Snap's other Internet transactions at that time, subject to VV's approval (such approval not to be unreasonably withheld or delayed).

3.4 Licensed Advertising.

(a) New Advertising Approval Process. VV shall submit for Snap's approval or disapproval following the procedures set forth in this Section 3.4(a), any uses of the Exclusive Mark or any Non-Exclusive Mark in connection with "New Advertising," which for the purposes of this section shall mean new Advertising campaigns, i.e. a series or group of advertisements or promotions directed at either consumers or the trade, media kits that are new, new electronic press kits, new sales presentations or templates for sales presentations, and new collateral materials, i.e. trade gifts, sales sheets, binders, folders, etc., connected with any new Advertising campaign.

(i) Materials to be Submitted. VV shall submit for Snap's approval or disapproval, the following (all proposals, materials and information submitted to Snap pursuant to this Section 3.4(b) shall be collectively referred to as the "Materials"):

(A) if the particular artwork, music or film to be used in the Advertising has not yet been completed, the rough cut, the final cut and the final script, as and when they become available, of such Advertising, and if such Advertising has been completed, a VHS copy of such Advertising and the final script thereof;

(B) proofs or other representations of any such Advertising, including, as applicable or available, scripts, story boards, television and radio commercials, print advertisements, publicity releases, promotional materials and other materials, specifications or information; and

(C) any other materials, specifications or information as Snap may reasonably request to verify compliance with the standards and specifications required

hereunder and the representations, warranties, covenants and agreements of VV hereunder, which VV has in its possession or can obtain without unreasonable expense or effort.

(ii) Approval. To the extent practicable, VV and Snap shall agree on a schedule by which Snap shall review and approve or disapprove, which approval or disapproval shall not be unreasonably withheld or given (it being understood that it shall be unreasonable for Snap to withhold approval of New Advertising that complies with the Design Standards and the Standards and Practices and also follows the branding and themes of Snap's then-current advertising campaign), the Materials submitted by VV to Snap in connection with Advertising as required by this Section 3.4; provided, however, that Snap shall advise VV of Snap's approval or disapproval of any Advertising no later than five (5) Business Days following Snap's receipt of the Materials. If Snap approves any Advertising, such Advertising shall become Licensed Advertising, subject to VV's compliance with the terms and conditions of this Agreement. Snap shall designate, from time to time, an adequate number of representatives who shall have full authority to approve or disapprove, on behalf of Snap, all Advertising submitted by VV to Snap for approval pursuant to this section.

(iii) Deemed Approval. If Snap fails to approve or disapprove the Materials within the time period set forth above, the Advertising, shall be deemed approved by Snap, provided that VV's uses of such Advertising are consistent with the proposed uses of the Materials (i.e., media and audience) and comply with the terms and conditions hereof, including the Design Standards and the Standards and Practices.

(b) Automatic Approval. If VV or an authorized third party desires to use the Exclusive Mark in connection with Advertising (other than New Advertising) which complies with the Design Standards and the Standards and Practices and also follows the branding and themes of either (x) Snap's then-current advertising campaign or (y) VV's then most-recent New Advertising approved or deemed approved by Snap, then such Advertising shall be deemed Licensed Advertising without the need to submit Materials to Snap.

(c) Duration of Approval. Once Licensed Advertising is approved (or deemed approved, as applicable), VV may repeatedly use such Licensed Advertising without the need for further approvals, unless such approval is revoked by Snap which revocation, unless required pursuant to Sections 7.3, shall not be retroactive and shall not be effective until ten (10) Business Days after VV receives written notice of the revocation.

(d) Specifications. Notwithstanding anything contained herein to the contrary, Licensed Advertising shall comply with, and be produced in accordance with, the standards adopted by Snap for its own Advertising, following Snap's written notification to VV from time to time.

(e) Samples of Licensed Advertising. Upon Snap's written request from time to time, VV, at its sole cost and expense, deliver within five (5) Business Days to Snap a reasonable number of true, correct and complete samples of any requested Licensed Advertising, in the form in which such Licensed Advertising is most commonly distributed; provided, however, that VV shall deliver such samples to Snap within three (3) Business Days of receipt of written notice from Snap if such written notice states that Snap reasonably believes that such

Licensed Advertising does not comply with the terms and conditions of this Agreement, the Design Standards, the Standards and Practices, the Interactive Agreement or a Requirement of Law.

(f) Representations, Warranties, Covenants and Agreements.

(i) VV shall obtain all reasonably necessary documentation, consents, approvals and permissions of the performers, labor organizations, rights holders and all other Persons whose consent, approval or permission is required for the Licensed Advertising to be exploited as provided in this Agreement prior to using such Licensed Advertising in conjunction with or for advertising the Television Home Shopping Service or Online Home Shopping Service. Without limitation of the foregoing, VV shall provide Snap, upon Snap's reasonable request from time to time with copies of any documentation obtained or acquired by VV pursuant hereto.

(ii) Unless the parties agree otherwise, to the extent VV, its Affiliates or permitted distributors or sublicensees acquire by operation of law or otherwise, any rights, or title to, or interests in any Non-Exclusive Mark or the Exclusive Mark, or any trademark, service mark, tradename or logo that includes the word "Snap", VV shall automatically assign, and hereby automatically assigns all such rights relating to such Non-Exclusive Mark, the Exclusive Mark or any trademark, service mark, tradename or logo that includes the word "Snap" to Snap. Upon Snap's request from time to time, VV shall execute any documents, transfers, assignments, recordations or filings to effectuate the intent of this provision.

(iii) Notwithstanding anything contained in this Agreement to the contrary, (A) VV shall have no right to seek, and shall not seek, any registration or intellectual property or proprietary rights in any Licensed Advertising that bears the Exclusive Mark or any Non-Exclusive Mark, in whole or in part; and (B) Snap shall have the right to seek registration and intellectual property and proprietary rights in any Licensed Advertising that bears the Exclusive Mark or any Non-Exclusive Mark, in whole or in part.

(iv) VV shall have no right to seek, and shall not seek, any registration or license of any universal resource locator or high-level domain name including the letters "Snap" anywhere in the world, including, for example, "SnapShopping.com", "AsSeenOnSnapTV.com", "SnapTV.co.uk", "Snap.co.uk", etc. VV shall assign all such universal resource locators or high-level domain names that it has registered prior to the date hereof, including those locators or domain names listed in Schedule 3.4 hereof, to Snap as soon as practicable following the date hereof, and Snap shall reimburse VV for all out-of-pocket costs paid by VV to Network Solutions in respect of such registrations. To the extent that VV desires to have any such universal resource locator or high-level domain name registered, VV may enter into good faith negotiations with Snap concerning such registration or license and the allocation of costs and revenues arising or derived from such registration or license.

(v) Upon Snap's request from time to time, VV shall take all reasonable steps to assist Snap to register or protect any Licensed Advertising which incorporate the Exclusive Mark or any Non-Exclusive Mark, pursuant to the copyright, trademark, and other applicable laws and regulations.

3.5 General.

- (a) VV acknowledges and agrees that the rights and licenses granted by Snap to VV herein are expressly conditioned upon VV's continued adherence to the terms and conditions of this Agreement, including: (i) the Standards and Practices, Design Standards and the other standards and specifications contained herein; and (ii) VV's representations, warranties, covenants and agreements contained herein.
- (b) VV acknowledges that from time to time, Snap may alter the appearance of the Non-Exclusive Marks, and agrees to change the Exclusive Mark to conform to the then-current appearance of the Non-Exclusive Marks, as they may be altered from time to time. Snap undertakes that it shall provide VV with reasonable notice of such changes so that VV can implement any changes required to ensure that the branding of VV's Television Home Shopping Services and Online Home Shopping Service remain consistent with the branding of Snap; provided, however, that to the extent VV has already paid for or committed to pay for any Licensed Advertising incorporating the Exclusive Mark prior to Snap's change, VV shall be entitled to utilize such Licensed Advertising for a reasonably limited period to be agreed on by Snap and VV.
- (c) VV shall, at all times, in accordance with the Standards and Practices, the Design Standards and any requests by Snap: (i) make appropriate use of the trademark and service mark symbols in conjunction with the use of the Exclusive Mark and the Non-Exclusive Marks, including the use of the letters "TM" or "SM", or the designation "(R)" to the extent applicable; and (ii) indicate appropriation of the Exclusive Mark and the Non-Exclusive Marks by Snap.
- (d) To the extent applicable, VV shall at all times include in the Television Home Shopping Service, the Online Home Shopping Service and all of the Licensed Advertising, an appropriate copyright notice, in the form provided and in the manner required by Snap as the owner of the copyright in the Exclusive Mark and the Non-Exclusive Marks.
- (e) VV shall not produce, manufacture, use, distribute or exhibit any Licensed Advertising, or any other materials bearing the Exclusive Mark or any Non-Exclusive Mark, except as expressly permitted in this Agreement, without Snap's prior written approval.
- (f) Except as expressly permitted in the Standards and Procedures or Section 3 hereof, no changes may be made by VV to the Licensed Advertising, including modifications, edits or other changes thereto, without Snap's prior written approval.
- (g) VV shall operate its Television Home Shopping Service and Online Home Shopping Service and shall use the Exclusive Marks and the Non-Exclusive Marks in compliance with the Standards and Practices, the guidelines of the Direct Marketing Association as well as any applicable Requirement of Law or regulations of any applicable jurisdiction.
- (h) VV shall use the approved Licensed Advertising solely in a manner consistent with the proposed uses of the Materials submitted for approval to Snap.

(i) Any work done by VV in creating, manufacturing, promoting, distributing, transmitting or exhibiting the Licensed Advertising shall be done entirely at VV's own risk and expense.

(j) All documents, contracts, instruments, certificates, notices, consents, affidavits, letters, telegrams, telexes, facsimiles, statements, schedules and any other papers (collectively, "Documents") delivered by or on behalf of VV to Snap in connection with any request for Snap's approval hereunder shall be true and correct copies of the originals. VV shall use commercially reasonable efforts to cause all responses to Document requests furnished by or on behalf of VV to Snap pursuant to this Agreement to be complete in all material respects, and VV shall notify Snap in writing if any such response is not complete in all material respects.

(k) Notwithstanding any right of Snap to investigate the affairs of VV or verify VV's compliance with the terms and conditions of this Agreement, Snap has the right to rely exclusively and fully upon the representations, warranties, covenants and agreements of VV contained in this Agreement and in any Documents delivered by VV to Snap.

3.6 Association With Other Marks. Subject to the Standards and Practices and the restrictions contained in Section 2.7(b) hereof, VV shall be permitted to engage in co-promotions, tie-ins or similar arrangements with respect to the Licensed Advertising and the Exclusive Mark (but not any Non-Exclusive Mark) and to use the trademark, service mark, trade name or logo of any other Person on or in connection with the Licensed Advertising or the Exclusive Mark (but not any Non-Exclusive Mark) without Snap's prior written approval, and may use third party trademarks, trade names or logos to identify the sponsor of a program on the Television Home Shopping Service, provided, however, that any such use does not create a composite mark with respect to the Exclusive Mark; and provided, further, that notwithstanding anything to the contrary contained herein, any such co-promotion, tie-in or similar arrangement does not involve any NBC Competitor or NBCi Competitor and that the trademark, service mark, tradename or logo of any NBC Competitor or NBCi Competitor is not used on or in connection with the Licensed Advertising, the Exclusive Mark or any Non-Exclusive Mark. Uses not in compliance with the Standards and Practices and the restrictions contained in Section 2.7(b) or this Section 3.6 must be approved by Snap in writing.

3.7 Restriction on Composite Marks. VV shall not use any new or additional trademarks, service marks, tradenames, trading styles, or fictitious business names in conjunction with the Exclusive Mark or any Non-Exclusive Mark that create or result in any composite marks using the Exclusive Mark or any Non-Exclusive Mark without the prior written approval (or deemed approval, in accordance with the terms and conditions of Section 3.4 hereof) of Snap.

SECTION 4. USE OF THE EXCLUSIVE MARK AND THE NON-EXCLUSIVE MARKS

4.1 Use of the Exclusive Mark. VV covenants and agrees that:

- (a) it shall not use the Exclusive Mark or any Non-Exclusive Mark or any variation on the Exclusive Mark or Non-Exclusive Mark in violation of the terms of this Agreement, any applicable Requirement of Law, or the requirements of the Standards and Practices;
- (b) it shall not alter, mutilate, dilute, create derivative forms of, or otherwise change the format of the Exclusive Mark or any Non-Exclusive Mark in any way or for any purpose, except as expressly permitted herein;
- (c) it shall not assign, transfer, permit any Lien against, or otherwise encumber the Exclusive Mark or any Non-Exclusive Mark, or its rights hereunder in any way, except as expressly permitted herein;
- (d) it shall not use the Exclusive Mark or any Non-Exclusive Mark, or any other materials contemplated by this Agreement in conjunction with any activity, facility or publication which is in violation of any applicable Requirement of Law or the Standards and Practices, or which holds Snap, or any Affiliate thereof, up to potential embarrassment, contempt, scandal, or ridicule or otherwise compromises the reputation, goodwill or value associated with the Exclusive Mark or the Non-Exclusive Marks, provided, however, VV shall not be deemed to be in breach of this Section 4.1(d) if Snap has approved, pursuant to Section 3.4, the use of the Exclusive Mark of such Non-Exclusive Mark in connection with any Licensed Advertising and VV has provided Snap all relevant information and all samples requested in accordance herewith in connection with such use as required herein;
- (e) it shall not adopt or use, or encourage any Person to adopt or use, any trademark, service mark, tradename, trading style, fictitious business name, logo or design which, but for this Agreement, VV would not be permitted to use, except as expressly permitted herein; and
- (f) it shall ensure that the quality of the Licensed Advertising manufactured, produced, created or distributed by or on behalf of VV are in compliance with the Standards and Practices and will not in any way diminish the Exclusive Mark or any Non-Exclusive Mark and the goodwill, value and reputation pertaining thereto.

4.2 Ownership of the Exclusive Mark and the Non-Exclusive Mark.

- (a) The Exclusive Mark and the Non-Exclusive Marks , together with the value and goodwill of the business symbolized thereby, are and shall remain the sole and exclusive property of Snap throughout the world.
- (b) VV shall not at any time during or after the Term hereof:

- (i) challenge the title or any other rights of Snap or their Affiliates, as the case may be, in or to the Exclusive Mark or any Non-Exclusive Mark or any variations thereof or any parts or derivative works thereof;
- (ii) contest the validity of the Exclusive Mark or any Non-Exclusive Mark or any registrations or protection thereof held by Snap or their designees, as the case maybe;
- (iii) claim any rights, or title to, or interests in the Exclusive Mark or any Non-Exclusive Mark or any variations thereof, or any parts or derivative works thereof;
- (iv) register or apply for registration or protection of the Exclusive Mark or any Non-Exclusive Mark or any works containing or incorporating Exclusive Mark or any Non-Exclusive Mark;
- (c) Except for the rights granted herein, any and all uses of the Exclusive Marks and the Non-Exclusive Marks shall inure exclusively to the benefit of Snap; and
- (d) Upon Snap's request from time to time, VV shall execute and deliver to Snap any assignments, declarations, governmental filings or other documents that Snap or deems to be reasonably necessary to protect Snap's rights and title to, and interests in the Exclusive Marks or the Non-Exclusive Marks and the intellectual property and proprietary rights related thereto.

4.3 Infringement of the Exclusive Mark or the Non-Exclusive Marks. VV shall promptly notify Snap of any acts, claims, demands or causes of action of which it learns, based upon, relating to, or arising from any attempt by any other Person to use any element of the Exclusive Mark or any Non-Exclusive Mark or any colorable imitation thereof of which VV becomes aware, in each case that would result in a material diminution or impairment of Snap's rights in such marks or content; it being understood that any infringement of the Exclusive Mark or any Non-Exclusive Mark would result in a material diminution or impairment of Snap's rights in such marks. Snap shall promptly notify VV of any acts, claims, demands or causes of action of which it learns, based upon, relating to, or arising from any attempt by any other Person to use the Exclusive Mark (but not any Non-Exclusive Mark) or any colorable imitation thereof of which Snap becomes aware, in each case that would result in a material diminution or impairment of VV's rights in such marks or content; it being understood that any use of the Exclusive Mark for Commerce Opportunities would result in a material diminution or impairment of VV's rights in the Exclusive Mark. VV shall notify Snap promptly of any litigation or arbitration instituted or threatened by any Person against VV involving the Exclusive Mark or any Non-Exclusive Mark. Snap also shall notify VV promptly of any litigation or arbitration instituted or threatened by any Person against Snap involving VV's use of the Exclusive Mark. Snap shall have the sole right to decide whether or not proceedings alleging infringement of the Exclusive Mark and/or the Non-Exclusive Marks shall be brought against third parties and to control any litigation or arbitration involving the Exclusive Mark and/or the Non-Exclusive Marks. If Snap does not exercise its rights pursuant to the preceding sentence with respect to VV's use of the Exclusive Mark, VV shall have the right to bring such proceedings; provided, however, that Snap shall have the right to determine and adopt (or, in the

case of a proposal by VV or the alleged infringer, to approve) a settlement of such matter in its reasonable discretion, except that Snap need not consent to any settlement that (a) imposes any monetary or nonmonetary obligation on Snap or (b) diminishes or adversely effects Snap's rights in or to the Exclusive Mark. Subject to the preceding sentence, Snap shall have the sole right to defend the Exclusive Mark and the Non-Exclusive Marks, at its expense, against imitation, infringement or any claim of prior use.

SECTION 5. ROYALTIES

5.1 Royalty Rate. In consideration for the rights granted herein, VV will pay Snap a royalty of two percent (2%) of Gross Revenue.

5.2. Statements and Payments. (a) VV shall deliver to Snap, within forty-five (45) days after the end of each calendar quarter following the Launch Date during the entire Term of this Agreement, a complete and accurate statement, certified to be accurate by an officer of VV, showing the number, description and gross sale price of all Commerce Opportunities distributed or sold or otherwise exploited that generated Gross Revenues during the preceding calendar quarter ("Reporting Period") together with any returns or other chargebacks made (i) during such Reporting Period or (ii) any preceding Reporting Period that were not included in the statement for such preceding Reporting Period. Such statements shall be furnished to Snap whether or not any Commerce Opportunity occurred during the Reporting Period for which such statement is due. VV shall pay to Snap within forty-five (45) days after the end of each calendar quarter during the entire Term of this Agreement, all Royalties earned under the terms hereof for the Reporting Period, less any returns or chargebacks for any preceding Reporting Period for which Gross Revenues were already paid to Snap. The receipt or acceptance by Snap of any statement or of any Royalty paid hereunder shall not preclude Snap from questioning the correctness thereof at any time, and in the event that any inconsistencies or mistakes are discovered in connection therewith, they shall immediately be rectified and the appropriate payment made by VV to Snap.

(b) Time is of the essence with respect to all payments to be made hereunder by VV. Interest at a rate of the lesser of one and one-half percent (1 1/2%) per month, or the maximum rate allowed by law, shall accrue on any amount due Snap hereunder from and after the date on which the payment is due until the date of receipt of payment.

(c) All transactions under this Agreement, including without limitation, all payments of royalties shall be with or made payable in the name of Snap, or its designated assigns, if applicable.

5.3 Books and Records/Audit

(a) VV agrees to keep accurate books of account and records at its principal place of business covering all transactions relating to the license being granted herein. Snap or any duly authorized representative shall have the right, at all reasonable hours of the day, to audit VV's books of account and records and all other documents and material in the possession or under the control of VV with respect to the subject matter and the terms of this Agreement and to

make copies and extracts thereof. In the event that any such audit reveals an underpayment by VV, VV shall immediately remit payment to Snap in the amount of such underpayment plus interest calculated at a rate of one and one-half (1 1/2%) per month, or the maximum rate allowed by law, compounded daily, calculated from the date such payments were actually due until the date when such payment is in fact actually made. Further, in the event that any such underpayment is greater than five percent (5%) of the Royalties due for any Reporting Period, VV shall reimburse Snap for the reasonable costs and expenses of such audit.

(b) All books of account and records of VV covering all transactions relating to the Online Home Shopping Service shall be retained by VV for at least three (3) years after the expiration or termination of this Agreement, as the case may be, for possible inspection and/or audit by Snap.

SECTION 6. INDEMNITY

6.1 Snap Indemnification Obligation. Subject to VV's material compliance with the terms and conditions of this Agreement, Snap shall indemnify, defend, and hold harmless VV and its respective successors and assigns and the directors, officers, employees, and agents of each ("VV Indemnified Group") from and against any claims, actions, assessments, losses, damages, liabilities, costs, expenses of litigation (including reasonable attorneys' fees), and settlement amounts, together with interest and penalties (collectively, a "Loss" or "Losses"), asserted against, resulting to, imposed upon, or incurred by a member of the VV Indemnified Group, to the extent arising from any of the following: (i) any claim by a third party that VV's use or exercise of the rights licensed or assigned herein infringes any third party's rights; or (ii) any breach of Snap's representations, warranties, covenants or agreements contained in this Agreement.

6.2 VV Indemnification Obligation. Subject to Snap's material compliance with the terms and conditions of this Agreement, VV shall indemnify, defend, and hold harmless Snap, its Affiliates and their respective successors and assigns and the directors, officers, employees, and any agents of each ("Snap Indemnified Group") from and against any Losses, asserted against, resulting to, imposed upon, or incurred by a member of the Snap's Indemnified Group, to the extent arising from any breach of VV's representations, warranties, covenants or agreements contained in this Agreement.

6.3 Notice of Claim. The party entitled to indemnification hereunder (the "Claimant") shall promptly deliver to the party liable for such indemnification hereunder (the "Obligor") notice in writing (the "Required Notice") of any claim for recovery under Section 6.1 or 6.2, specifying in reasonable detail the nature of the Loss (the "Claim"); provided, however, that the failure to provide such notice shall not limit the Claimant's right to indemnification hereunder except to the extent that the Obligor is materially prejudiced hereunder. The Claimant shall provide to the Obligor as promptly as practicable thereafter information and documentation in its possession and reasonably requested by the Obligor to support, verify and defend against the claim asserted, provided that, in so doing, it may restrict or condition any disclosure in the interest of preserving privileges that it may assert in any foreseeable litigation.

6.4 Defense. The Claimant shall permit the Obligor to assume the defense of such Claim and any litigation resulting therefrom (and to prosecute by way of counterclaim or third party complaint any claim against such third party arising out of or relating to the Claim in question) upon receipt by the Claimant of the Obligor's written acknowledgment of its obligation to indemnify the Claimant with respect to the Claim and its agreement to assume the defense of such Claim. After giving such notice of assumption, the Obligor shall not be liable under this Agreement for any legal or other expenses subsequently incurred by the Claimant in connection with such defense but the Obligor shall be responsible for all such expenses incurred by the Claimant in connection with the Claim prior to such assumption. Notwithstanding the foregoing, any Claimant shall be entitled to conduct its own defense at the cost and expense of the Obligor if the Claimant can establish, by reasonable evidence, that the conduct of its defense by the Obligor would reasonably be likely to prejudice the Claimant due to the nature of any claims or counterclaims presented or by virtue of a conflict between the interest of the Claimant and the Obligor. Claimant may participate in such defense at its own expense. Counsel selected by the Obligor or by the Claimant to defend any Claim shall be subject to the reasonable approval of the other party. If the Obligor fails to assume the defense of any such Claim as provided above within a reasonable time (which shall be such period of time as will not, in the reasonable judgment of the Claimant, result in prejudice to the rights of the Claimant) after due notice has been given of a Claim, then until such time as the Obligor shall make such assumption, the Claimant shall have the right to prosecute and conduct its own defense by counsel of its choice, and in connection therewith shall have full right to conduct the defense thereof and to enter into any compromise or settlement thereof without the consent of the Obligor. Such defense shall be at the cost and expense of the Obligor if the Obligor subsequently assumes such defense as provided above, or if it is subsequently determined that the Obligor is or was obligated to defend or indemnify the Claimant with respect to such Claim. Whether or not the Obligor chooses to so defend or prosecute such claim, all the parties hereto shall provide reasonable cooperation in the defense or prosecution thereof.

6.5 Settlement. The Claimant shall have the right to determine and adopt (or, in the case of a proposal by Obligor, to approve) a settlement of such matter in its reasonable discretion, except that Claimant need not consent to any settlement that (a) imposes any nonmonetary obligation or (b) Obligor does not agree to pay in full. The Obligor shall not be liable for any settlement of any such claim effected without its prior written consent, which shall not be unreasonably delayed or withheld, except in the case where Obligor has not acknowledged liability hereunder.

SECTION 7. TERM AND TERMINATION

7.1 Term. The term of this Agreement will begin on the date hereof and end on the tenth (10th) anniversary of the date hereof, unless otherwise terminated in accordance with this Agreement.

7.2 Grounds for Termination. The provisions of this Agreement may be terminated as follows:

(a) by either Snap or VV, upon any termination of the Interactive Agreement, which termination will be effective as of the effective date of the termination of the Interactive Agreement;

(b) by either VV or Snap, in the event that (i) the other party files any petition for bankruptcy or is adjudicated a bankrupt or insolvent under the bankruptcy laws of any jurisdiction; (ii) a petition in bankruptcy is filed against the other party and such petition is not dismissed within 60 days;

(iii) the other party becomes insolvent or makes an assignment for the benefit of its creditors or an arrangement for its creditors pursuant to any bankruptcy law; (iv) the other party discontinues its business; or (v) a receiver or trustee is appointed for the other party, which appointment is not contested by that party within 60 days;

(c) by Snap, in the event of a Change of Control of VV;

(d) by VV, in the event of a Change of Control of Snap;

(e) by either party, in the event of any material breach by the other party of this Agreement or any breach by such other party of any material representation, warranty, covenant or agreement contained in this Agreement (it being understood that the substantive quality controls contained in Sections 3 and 4 hereof are material covenants and agreements of VV); provided, however, that if such breach is of such a nature that it can reasonably be cured within 30 days following written notice from the non-breaching party to the breaching party of such breach, then such right of termination may not be exercised unless such breach shall not have been cured within 30 days of the breaching party receiving such written notice; or

(f) by Snap, in the event (x) of any breach by VV of any of the substantive quality controls contained in Sections 3 and 4 hereof, (y) (i) if such breach is of such a nature that it cannot reasonably be cured or (ii) if such breach is cured within the time period specified in subsection 7.2(e) above, and (z) VV repeatedly breaches the substantive quality controls contained in Sections 3 and 4 hereof following written notice from Snap to VV of such breach and such breaches could dilute or otherwise render material harm to the Exclusive Mark or any Non-Exclusive Mark, provided that Snap shall give written notice of each instance of claimed breach on which Snap bases its claim of termination under this subparagraph.

7.3 Termination of Rights and Obligations. Subject to Section 7.4 below, upon termination of this Agreement for any reason, all rights and obligations of both parties under this Agreement shall terminate. VV shall return to Snap all master files, samples and exemplars received from Snap, and arrange to have such materials destroyed.

7.4 Effects of Termination. Upon termination of this Agreement for any reason VV shall take all reasonably necessary actions to eliminate the use of the Exclusive Mark and the Non-Exclusive Marks upon the expiration of the term of this Agreement and, in the event of any termination prior to such time, as promptly as reasonably practical, but in no event later than one hundred eighty

(180) days after such early termination; provided, however, that in the event of early termination of this Agreement by Snap in connection with Section 7.2(e) or 7.2(f), VV shall eliminate all use of the Exclusive Mark and the Non-Exclusive Marks within ninety (90) days after such early termination; provided, further, that during any such transition period, VV

may cause the URL to automatically forward Users to VV's new Online Home Shopping Service so long as such Online Home Shopping Service is not Controlled by an NBCi Competitor.

SECTION 8. MISCELLANEOUS

8.1 Exclusion of Remedies; Limitation on Liability. To the extent allowed by applicable law, in no event shall either party be liable for any special, consequential, incidental, indirect, or punitive damages of any kind, or any lost profits, lost revenues, or lost business arising from or relating to this Agreement, even if a party has been advised of the possibility of such damages, however caused.

8.2 Successors and Assigns. Subject to the following sentences, this Agreement shall be binding upon, shall inure to the benefit of and shall be enforceable by the respective successors and assigns of the parties hereto. Neither party may assign or otherwise transfer this Agreement, except in connection with a merger, reorganization, or transfer of all or substantially all of the assets of such party to which this Agreement relates, provided that the assignee or transferee shall agree in writing to be bound by this Agreement; provided, however, that Snap may assign this Agreement to NBC Internet, Inc. or any of its direct or indirect Subsidiaries in connection with the reorganization of Snap and Xoom.com, Inc. provided that NBC Internet, Inc. or such Subsidiary signs a counterpart to this Agreement and agrees to be bound by it. Any purported assignment made in contravention of this Section 8.2 shall be null and void from its inception.

8.3 Amendment; Waiver. This Agreement may be amended only by a written instrument duly executed by Snap and VV. Except as otherwise provided in this Agreement, any failure of any of the parties to comply with any obligation, covenant, agreement or condition herein may be waived by the party entitled to the benefits thereof only by a written instrument signed by the party granting such waiver, but such waiver or failure to insist upon strict compliance with such obligation, covenant, agreement or condition shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure.

8.4 Notices. All notices and other communications provided for hereunder shall be in writing and delivered by hand or sent by first class mail or overnight carrier or sent by facsimile (with such facsimile to be confirmed promptly in writing sent by first class mail or overnight carrier), sent as follows:

If to Snap, addressed to:

SNAP! LLC
One Beach Street
San Francisco, California 94133
Attention: Chief Financial Officer
Fax: 415-392-9088

With a copy to:

National Broadcasting Company, Inc.
30 Rockefeller Plaza
New York, New York 10112
Attention: Trademark Counsel
Fax: (212) 664-

If to VV, addressed to:

ValueVision International, Inc.
6740 Shady Oak Road
Eden Prairie, Minnesota 55344-3433
Attention: General Counsel
Fax: (612) 947-0188

With a copy to:

Latham & Watkins
633 West Fifth Street
Suite 4000
Los Angeles, CA 90071
Attention: Michael W. Sturrock
Fax: (213) 891-8763

or to such other address or addresses or facsimile number or numbers as any of the parties hereto may most recently have designated in writing to the other parties hereto by such notice. All such communications shall be deemed to have been given or made when so delivered by hand or sent by facsimile or one business day after being sent by an overnight carrier or three business days after being sent by first class mail.

8.5 Entire Agreement. This Agreement, the Interactive Agreement, the Warrant Purchase Agreement dated as of the date hereof among Snap, VV and Xoom.com, Inc. and the exhibits and schedules hereto and thereto contain the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior oral and written agreements and understandings between the parties hereto with regard to such subject matter.

8.6 Confidentiality. In connection with the activities contemplated by this Agreement, each party may have access to confidential or proprietary technical or business information of the other party disclosed during the Term, including without limitation (i) proposals, ideas or research related to possible new products or services; (ii) financial statements and other financial information; (iii) any reporting information herein; (iv) any non-public information; (v) any information marked as confidential; and (vi) the material terms of this Agreement and the relationship between the parties (collectively, "Confidential Information"). Each party will take reasonable precautions to protect the confidentiality of the other party's Confidential Information, which precautions will be at least equivalent to those taken by such party to protect its own Confidential Information. Except as required by law or as necessary to perform under

this Agreement, neither party will knowingly disclose the Confidential Information of the other party or use such Confidential Information for its own benefit or for the benefit of any third party. Each party's obligations in this Section with respect to any portion of the other party's Confidential Information shall terminate when the party seeking to avoid its obligation under such Section can document that: (i) it was in the public domain before, at or subsequent to the time it was communicated to the receiving party ("Recipient") by the disclosing party ("Discloser") through no fault of Recipient; (ii) it was rightfully in Recipient's possession free of any obligation of confidence before, at or subsequent to the time it was communicated to Recipient by Discloser; (iii) it is or was developed by employees or agents of Recipient independently of and without reference to any information communicated to Recipient by Discloser; (iv) it was communicated by the Discloser to an unaffiliated third party free of any obligation of confidence; or (v) the communication was in response to a valid order by a court or other governmental body, was otherwise required by law or was necessary to establish the rights of either party under this Agreement.

8.7 Specific Performance. The parties hereto agree that irreparable damage that cannot adequately be addressed by monetary relief will occur in the event any provision of this Agreement is not performed in accordance with the terms hereof and that the parties shall be entitled to specific performance of the Section 7 hereof and interlocutory injunctions preventing misuse of the Exclusive Mark or any Non-Exclusive Mark or any further violation of this Agreement, in addition to any other remedy at law or in equity.

8.8 Cumulative Remedies. The rights and remedies provided by this Agreement are cumulative and the use of any one right or remedy by any party shall not preclude or waive its right to seek any or all other remedies. Said rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance or otherwise.

8.9 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, applicable to contracts executed and to be performed entirely in such state. Each party irrevocably and unconditionally submits, to the exclusive jurisdiction of any state or federal court sitting in the County of New York, New York, in any suit, action or proceeding arising out of or relating to this Agreement and for recognition or enforcement of any judgment relating thereto. Each party irrevocably and unconditionally (i) waives any objection which it may now or hereafter have to the laying of venue in such jurisdiction of any such suit, action or proceeding and (ii) accepts, with regard to any such action or proceeding, the personal jurisdiction of such New York courts and waives any defense or objection that it might otherwise have to such courts' exercise of personal jurisdiction with respect to it. Any and all service of process shall be effective against any party if given by registered or certified mail, return receipt requested, or by any other means of mail which requires a signed receipt, postage prepaid.

8.10 Severability. In the event that any of the provisions of this Agreement are held to be unenforceable or invalid by any court of competent jurisdiction, the validity and enforceability of the remaining provisions will not be affected thereby.

8.11 Headings. The Section and paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

8.12 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

VALUEVISION INTERNATIONAL, INC.

By: /s/ Gene McCaffery

Name: Gene McCaffery
Title: Chief Executive Officer

SNAP! LLC

By: /s/ Edmond Sanctis

Name: Edmond Sanctis
Title: Chief Operating Officer

[TRADEMARK LICENSE AGREEMENT]

SCHEDULE 1

NON-EXCLUSIVE MARKS

Snap

[more to come]

SCHEDULE 3.4
"SNAP" UNIVERSAL RESOURCE LOCATORS AND HIGH-LEVEL DOMAIN NAMES

snapcooks.com
snapbytes.com
snaptravels.com
snapwoman.com
snapticks.com
snaprocks.com
snaprolls.com
snapkids.com
snapman.com
snapdiamonds.com
getsnappedup.com
extremelysnapped.com
realsnappy.com
snap4rap.com
snapvalues.com
snapaway.com
snap4deals.com
snapglitters.com
snapdeals.com
snapzap.com
snap2zap.com
snaprap.com
snap2rap.com
1800snaptv.com
snap2buy.com
snap2get.com
snapfit.com
snapwellness.com
snapshape.com
snaptvbucks.com
looksnappy.com
snapgold.com
snapsilver.com
snaptreasures.com
snapjewelry.com
snapbaby.com
snapmagnets.com
1800getsnap.com
snapbuys.com
snapjewels.com
1800callsnap.com
snapdiet.com
feelsnappy.com

EXHIBIT 10.7

WARRANT PURCHASE AGREEMENT

By and Among

VALUEVISION INTERNATIONAL, INC.,

XOOM.COM, INC.

AND

SNAP! LLC

Dated as of September 13, 1999

[EXECUTION COPY]

WARRANT PURCHASE AGREEMENT

WARRANT PURCHASE AGREEMENT, dated as of September 13, 1999 (this "Agreement"), by and among ValueVision International, Inc., a Minnesota corporation ("ValueVision"), Xoom.com, Inc., a Delaware corporation ("Xoom"), and Snap! LLC, a Delaware limited liability company ("Snap"). Capitalized terms not otherwise defined where used shall have the meanings ascribed thereto in Article I.

WHEREAS, Xoom has agreed to purchase from ValueVision, and ValueVision has agreed to sell to Xoom, subject to the terms and conditions of this Agreement, a warrant to purchase shares of common stock, \$.01 par value, of ValueVision ("ValueVision Common Stock");

WHEREAS, ValueVision has agreed to purchase from Xoom, and Xoom has agreed to sell to ValueVision, subject to the terms and conditions of this Agreement, a warrant to purchase shares of common stock, \$.0001 par value, of Xoom ("Xoom Common Stock"); and

WHEREAS, Xoom and Snap have entered into a series of agreements dated as of May 9, 1999, June 11, 1999 and July 8, 1999 concerning the reorganization of Xoom and Snap (the "Reorganization");

NOW THEREFORE, in consideration of the premises and the representations, warranties and agreements herein contained and intending to be legally bound hereby, the parties hereby agree as follows:

ARTICLE I

Definitions

Section 1.1. Definitions. As used in this Agreement, the following terms shall have the meanings set forth below:

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

"Ancillary Documents" shall mean the Interactive Agreement, the Trademark License Agreement, the ValueVision Warrant, the Xoom Warrant, the ValueVision Registration Rights Agreement and the Xoom Registration Rights Agreement.

"Closing" shall have the meanings set forth in Section 2.2(a).

"Contractual Obligation" shall mean, as to any Person, any provision of any note, bond or security issued by such Person, or of any mortgage, indenture, deed of trust, lease, license, franchise, contract, agreement, instrument or undertaking to which such Person is a party or by which it or any of its property is subject.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

"GAAP" shall mean generally accepted accounting principles in the United States of America in effect from time to time.

"Governmental Entity" shall mean any nation or government, any state or other political subdivision thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and any self-regulating organization, securities exchange or securities trading system.

"Interactive Agreement" shall mean the Interactive Promotion Agreement dated as of the date hereof between ValueVision and Snap pursuant to which ValueVision shall operate an online home shopping service at www.snaptv.com.

"Lien" shall mean any mortgage, pledge, hypothecation, assignment, encumbrance, lien (statutory or other) or security agreement of any kind or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement or any financing lease having substantially the same effect as any of the foregoing).

"Material Adverse Effect" shall mean a material adverse effect on (i) the assets, business condition, results of operations or financial condition of a party and its Subsidiaries taken as a whole or (ii) with respect to any party, the ability of such party to timely perform its obligations under this Agreement or any Ancillary Document to which it is a party.

"NBC" shall mean National Broadcasting Company, Inc., a Delaware corporation.

"Person" shall mean an individual, corporation, unincorporated association, partnership, group (as defined in Section 13(d)(3) of the Exchange Act), trust, joint stock company, joint venture, business trust or unincorporated organization, limited liability company, any Governmental Entity or any other entity of whatever nature.

"Requirement of Law" shall mean, as to any Person, the certificate of incorporation and by-laws or other organizational documents of such Person, and any law, statute, order, treaty, rule or regulation, or judgment, decree, determination or order of any arbitrator, court or other Governmental Entity, applicable to or binding upon such Person or any of its property.

"SEC" shall mean the United States Securities and Exchange Commission.

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

"Subsidiary" shall mean, as to any Person, a corporation, partnership, limited liability company, joint venture or other entity of which shares of stock or other ownership interests having ordinary voting power (other than stock or such other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such corporation, partnership or other entity are at the time owned, or the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, by such Person.

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

"Xoom Registration Rights Agreement" shall mean the registration rights agreement to be executed by Xoom and ValueVision with respect to the common stock of Xoom, which shall be substantially in the form attached as Exhibit A hereto.

"Xoom SEC Documents" shall have the meaning set forth in Section 3.2(e).

"Xoom Warrant" shall mean the warrant to purchase shares of common stock, par value \$.0001, of Xoom, which shall be substantially in the form of Exhibit B hereto.

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

"ValueVision Registration Rights Agreement" shall mean the registration rights agreement to be executed by Xoom and ValueVision with respect to the common stock of ValueVision, which shall be substantially in the form attached as Exhibit C hereto.

"ValueVision SEC Documents" shall have the meaning set forth in Section 3.1(e).

"ValueVision Warrant" shall mean the warrant to purchase shares of common stock, par value \$.01, of ValueVision, which shall be substantially in the form of Exhibit D hereto.

ARTICLE II

Sale and Purchase of the Securities

Section 2.1. Agreement to Sell and Purchase. (a) Upon and subject to the terms and conditions set forth in this Agreement, ValueVision agrees to issue, sell and deliver to Xoom, and Xoom agrees to purchase from ValueVision, the ValueVision Warrant.

(b) Upon and subject to the terms and conditions of this Agreement, Xoom agrees to issue, sell and deliver to ValueVision, and ValueVision agrees to purchase from Xoom, the Xoom Warrant.

Section 2.2. Closing. (a) The purchase and sale of the ValueVision Warrant and the Xoom Warrant pursuant to Section 2.1 (the "Closing") shall occur upon the execution and delivery of this Agreement.

(b) At the Closing: ValueVision shall deliver to Xoom the ValueVision Warrant and Xoom shall deliver to ValueVision the Xoom Warrant, and each party shall execute and deliver to the other parties each of the Ancillary Agreements to which it is a party. The purchase price for the ValueVision Warrant shall be the Xoom Warrant, and the purchase price for the Xoom Warrant shall be the ValueVision Warrant.

Section 2.3 Standstill and Transfer Restrictions. (a) ValueVision agrees that the ValueVision Warrant and any shares of ValueVision Common Stock acquired thereunder, whether acquired by Xoom, Snap, NBC, General Electric Company or any of their respective Affiliates, shall not be subject to the restrictions contained in Article IV of the Shareholder Agreement, dated as of April 15, 1999 among ValueVision, NBC and GE Capital Equity Investments, Inc.

(b) Xoom agrees that the Xoom Warrant and any shares of Xoom Common Stock acquired thereunder, whether acquired by ValueVision, NBC, General Electric Company or any of their respective Affiliates, shall not be subject to the restrictions contained in Article II and Section 3.1 of the Governance and Investors Rights Agreement between NBC and NBC Internet, Inc. to be entered into pursuant to the consummation of the Agreement and Plan of Contribution, Investment and Merger dated as of May 9, 1999, as amended and restated on June 11, 1999 and July 8, 1999, among NBC, Xoom, GE Investments Subsidiary, Inc., Neon Media Corporation and Xenon 2, Inc.

ARTICLE III

Representations and Warranties

Section 3.1. Representations and Warranties of ValueVision. ValueVision represents and warrants to Xoom and Snap as of the date hereof as follows:

(a) Organization and Good Standing of ValueVision. ValueVision is a corporation duly organized, validly existing and in good standing under the laws of the State of Minnesota and has all requisite corporate power and authority to own, operate and lease its properties and to carry on its businesses as they are now being conducted. ValueVision is duly licensed or qualified as a foreign corporation for the transaction of business and is in good standing under the laws of each other jurisdiction in which its ownership or leasing of properties, or the conduct of its businesses requires such licensing or qualification and good standing, except where the failure to be so licensed or qualified or in good standing in any such jurisdiction would not have a Material Adverse Effect on ValueVision.

(b) Authorization; No Conflicts. ValueVision has full corporate power and authority to enter into this Agreement and the Ancillary Documents and to perform its obligations hereunder and thereunder. The execution, delivery and performance by ValueVision of this Agreement and each Ancillary Document and the consummation of ValueVision's obligations hereunder and thereunder have been duly authorized by all necessary corporate action. This Agreement has been, and on or prior to the Closing Date each Ancillary Document will be, duly and validly executed and delivered by ValueVision. This Agreement constitutes,

and upon its execution and delivery on or prior to the Closing Date, each Ancillary Document will constitute, a valid and legally binding obligation of ValueVision enforceable against ValueVision in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors generally and by general equitable principles. Except for the consent of NBC and GE Capital Equity Investments, Inc. (which has been obtained), the execution, delivery and performance of this Agreement and the Ancillary Documents by ValueVision, the consummation of the transactions by ValueVision contemplated hereby and thereby and the compliance by ValueVision with the provisions hereof and thereof will not conflict with, violate or result in a breach of any provision of, require a consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) under, or result in the termination of or accelerate the performance required by, or result in a right of termination or acceleration under, or result in the creation of any Lien upon any of the properties or assets of ValueVision or Material Subsidiaries under, (i) the articles of incorporation, by-laws or other governing instrument of ValueVision, (ii) any Contractual Obligation of ValueVision or (iii) any Requirement of Law applicable to ValueVision, except, in the case of clauses (ii) and (iii) above, such conflicts, violations, breaches, consents, approvals, notices, defaults, terminations, accelerations or Liens which would not have a Material Adverse Effect on ValueVision.

(c) Consents. No consent, approval, order or authorization of, registration, declaration or filing with, or notice to, any Governmental Entity is required on the part of ValueVision or any of its Subsidiaries in connection with the execution and delivery by ValueVision of this Agreement and the Ancillary Documents, the consummation by ValueVision of the transactions contemplated hereby and thereby or the performance by ValueVision of its obligations hereunder and thereunder, except for (i) such filings as may be required under the blue sky laws of the various states, (ii) such consents, approvals, orders, authorizations, registrations, declarations, filings or notices of which the failure to make or obtain would not have a Material Adverse Effect on ValueVision.

(d) Capitalization. (i) As of September 2, 1999, the authorized capital stock of ValueVision consisted of 100,000,000 shares of undesignated capital stock. As of such date, 37,017,684 shares of ValueVision Common Stock were issued and outstanding, no shares of ValueVision Common Stock were held in treasury, and no shares of Common Stock were reserved for issuance upon exercise of outstanding stock options except for 6,515,385 shares reserved in respect of options. As of such date, 5,339,500 shares of ValueVision preferred stock were designated Series A Redeemable Convertible Preferred Stock (the "Preferred Stock"), and 5,339,500 shares were issued and outstanding. All of the issued and outstanding shares of ValueVision's capital stock have been duly and validly authorized and issued and are fully paid and nonassessable and not subject to preemptive rights.

(ii) Upon delivery of the ValueVision Warrant on the Closing Date as provided herein, the ValueVision Warrant will be duly and validly authorized and issued, fully paid and nonassessable and not subject to preemptive rights, and Xoom will acquire good title thereto, free and clear of all Liens (other than any Lien created by Xoom). The shares of ValueVision Common Stock issuable upon exercise of the ValueVision Warrant have been reserved for issuance and, when issued upon exercise of the ValueVision Warrant, will be duly and validly authorized and issued, fully paid and nonassessable and not subject to preemptive rights, and the owner of such shares will

acquire good title thereto, free and clear of all Liens (other than any Lien created by such owner).

(iii) The consummation of the transactions contemplated by this Agreement will not trigger the anti-dilution provisions or other price adjustment mechanisms of any outstanding subscriptions, options, warrants, calls, contracts, preemptive rights, demands, commitments, conversion rights or other agreements or arrangements of any character or nature whatsoever under which ValueVision is or may be obligated to issue or acquire its capital stock.

(e) SEC Filings, Financial Information, Liabilities. ValueVision has filed and made available to Xoom and Snap a true and complete copy of each report, schedule, registration statement and definitive proxy statement required to be filed with the SEC since January 1, 1998 (the "ValueVision SEC Documents"). As of their respective dates, the ValueVision SEC Documents, after giving effect to any amendments and supplements thereto filed prior to the date hereof, complied in all material respects with the requirements of the Securities Act or the Exchange Act, as the case may be, applicable to such ValueVision SEC Documents. None of the ValueVision SEC Documents when filed, after giving effect to any amendments and supplements thereto filed prior to the date hereof, contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The financial statements of ValueVision included in the ValueVision SEC Documents comply as to form in all material respect with the applicable accounting requirements and with the published rules and regulations of the SEC with respect thereto, have been prepared in accordance with GAAP during the period involved (except as may be indicated in the notes thereto or, in the case of the unaudited statements, as permitted by Form 10-Q of the SEC, or for normal year-end adjustments) and fairly present in all material respects the consolidated financial position of ValueVision and its consolidated Subsidiaries as at the dates thereof and the consolidated results of their operations and cash flows for the periods then ended. Except as set forth in the ValueVision SEC Documents (including any item accounted for in the financial statements contained in the ValueVision SEC Documents or set forth in the notes thereto) as of July 31, 1999, neither ValueVision nor any of its Subsidiaries had, and since such date neither ValueVision nor any of its Subsidiaries has incurred, any claims, liabilities or obligations of any nature (whether accrued, absolute, contingent or otherwise) which, individually or in the aggregate, would have a Material Adverse Effect on ValueVision (other than claims, liabilities or obligations contemplated by this Agreement or the Ancillary Documents or expressly permitted to be incurred pursuant to this Agreement or the Ancillary Documents). In addition, since July 31, 1999, there has not been any declaration, setting aside or payment of a dividend or other distribution with respect to shares of capital stock of ValueVision or any material change in accounting methods or practices by ValueVision or any of its Subsidiaries.

(f) Absence of Certain Changes. Since July 31, 1999, the business of ValueVision has been operated in the usual and ordinary course consistent with past practice (except as disclosed in the ValueVision SEC Documents filed prior to the date hereof and the negotiation, execution, delivery and performance of this Agreement and the Ancillary Documents and the transactions contemplated hereby and thereby) and there has been no event, condition or change that has had a Material Adverse Effect on ValueVision.

(g) Securities Act. (i) ValueVision (A) is acquiring the Xoom Warrant solely for the purpose of investment and not with a view to, or for resale in connection with, any distribution thereof in violation of the Securities Act; (B) has had the opportunity to ask questions of the officers and directors of, and has had access to information concerning, Xoom and the Xoom Warrant; (C) is an "accredited investor" as defined in Rule 501(a) under the Securities Act; (D) has such knowledge, sophistication and experience in business and financial matters so as to be capable of evaluating the merits and risks of the investment in Xoom and the Xoom Warrant; (E) has so evaluated the merits and risks of such investment; (F) is able to bear the economic risk of such investment; and (G) is able to afford a complete loss of such investment.

(ii) Subject to and based in part upon the truth and accuracy of the representations and warranties of Xoom in Section 3.2(g)(i) hereof, the offering, sale and purchase of the ValueVision Warrant contemplated hereby are exempt from registration under the Securities Act and are exempt from registration under any applicable state securities or "blue sky" laws.

(h) Brokers and Finders. ValueVision has not utilized any broker, finder, placement agent or financial advisor or incurred any liability for any fees or commissions in connection with any of the transactions contemplated hereby or by the Ancillary Documents.

Section 3.2. Representations and Warranties of Xoom. Xoom represents and warrants to ValueVision as of the date hereof as follows:

(a) Organization and Good Standing of Xoom. Xoom is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite corporate power and authority to own, operate and lease its properties and to carry on its businesses as they are now being conducted. Xoom is duly licensed or qualified as a foreign corporation for the transaction of business and is in good standing under the laws of each other jurisdiction in which its ownership or leasing of properties, or the conduct of its businesses requires such licensing or qualification and good standing, except where the failure to be so licensed or qualified or in good standing in any such jurisdiction would not have a Material Adverse Effect on Xoom.

(b) Authorization; No Conflicts. Xoom has full corporate power and authority to enter into this Agreement and the Ancillary Documents and to perform its obligations hereunder and thereunder. The execution, delivery and performance by Xoom of this Agreement and each Ancillary Document and the consummation of Xoom's obligations hereunder and thereunder have been duly authorized by all necessary corporate action. This Agreement has been, and on or prior to the Closing Date each Ancillary Document will be, duly and validly executed and delivered by Xoom. This Agreement constitutes, and upon its execution and delivery on or prior to the Closing Date, each Ancillary Document will constitute, a valid and legally binding obligation of Xoom enforceable against Xoom in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors generally and by general equitable principles. Except for the consent of NBC (which has been obtained), the execution, delivery and performance of this Agreement and the Ancillary Documents by Xoom, the consummation of the transactions by Xoom contemplated hereby and thereby and the compliance by Xoom with

the provisions hereof and thereof will not conflict with, violate or result in a breach of any provision of, require a consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) under, or result in the termination of or accelerate the performance required by, or result in a right of termination or acceleration under, or result in the creation of any Lien upon any of the properties or assets of Xoom or its Material Subsidiaries under, (i) the certificate of incorporation, by-laws or other governing instrument of Xoom, (ii) any Contractual Obligation of Xoom or (iii) any Requirement of Law applicable to Xoom, except, in the case of clauses (ii) and (iii) above, such conflicts, violations, breaches, consents, approvals, notices, defaults, terminations, accelerations or Liens which would not have a Material Adverse Effect on Xoom.

(c) Consents. No consent, approval, order or authorization of, registration, declaration or filing with, or notice to, any Governmental Entity is required on the part of Xoom or any of its Subsidiaries in connection with the execution and delivery by Xoom of this Agreement and the Ancillary Documents, the consummation by Xoom of the transactions contemplated hereby and thereby or the performance by Xoom of its obligations hereunder and thereunder, except for (i) such filings as may be required under the blue sky laws of the various states, (ii) such consents, approvals, orders, authorizations, registrations, declarations, filings or notices of which the failure to make or obtain would not have a Material Adverse Effect on Xoom.

(d) Capitalization. (i) As of the date hereof, the authorized capital stock of Xoom consists of 80,000,000 shares of Xoom Common Stock and 5,000,000 shares of Xoom Preferred Stock. As of the date hereof, 19,485,418 shares of Xoom Common Stock are issued and outstanding, no shares of Common Stock are held in treasury, and 5,724,703 shares of Xoom Common Stock are reserved for issuance upon exercise of outstanding stock options and pursuant to Xoom's 1998 Stock Incentive Plan. As of the date hereof, no shares of Xoom Preferred Stock are designated, and no shares of Xoom Preferred Stock are issued and outstanding. All of the issued and outstanding shares of Xoom's capital stock have been duly and validly authorized and issued and are fully paid and nonassessable and not subject to preemptive rights.

(ii) Upon delivery of the Xoom Warrant on the Closing Date as provided herein, the Xoom Warrant will be duly and validly authorized and issued, fully paid and nonassessable and not subject to preemptive rights, and ValueVision will acquire good title thereto, free and clear of all Liens (other than any Lien created by ValueVision). The shares of Common Stock issuable upon exercise of the Xoom Warrant have been reserved for issuance and, when issued upon exercise of the Xoom Warrant, will be duly and validly authorized and issued, fully paid and nonassessable and not subject to preemptive rights, and the owner of such shares will acquire good title thereto, free and clear of all Liens (other than any Lien created by such owner).

(iii) The consummation of the transactions contemplated by this Agreement will not trigger the anti-dilution provisions or other price adjustment mechanisms of any outstanding subscriptions, options, warrants, calls, contracts, preemptive rights, demands, commitments, conversion rights or other agreements or arrangements of any character or nature whatsoever under which Xoom is or may be obligated to issue or acquire its capital stock.

(e) SEC Filings, Financial Information, Liabilities. Xoom has filed and made available to ValueVision a true and complete copy of each report, schedule, registration statement and definitive proxy statement required to be filed with the SEC since December 9, 1998 and the registration statement on Form S-4 filed by NBC Internet, Inc. (including amendments thereto) (collectively, the "Xoom SEC Documents"). As of their respective dates, the Xoom SEC Documents, after giving effect to any amendments and supplements thereto filed prior to the date hereof, complied in all material respects with the requirements of the Securities Act or the Exchange Act, as the case may be, applicable to such Xoom SEC Documents. None of the Xoom SEC Documents when filed, after giving effect to any amendments and supplements thereto filed prior to the date hereof, contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The financial statements of Xoom included in the Xoom SEC Documents comply as to form in all material respect with the applicable accounting requirements and with the published rules and regulations of the SEC with respect thereto, have been prepared in accordance with GAAP during the period involved (except as may be indicated in the notes thereto or, in the case of the unaudited statements, as permitted by Form 10-Q of the SEC, or for normal year-end adjustments) and fairly present in all material respects the consolidated financial position of Xoom and its consolidated Subsidiaries as at the dates thereof and the consolidated results of their operations and cash flows for the periods then ended. Except as set forth in the Xoom SEC Documents (including any item accounted for in the financial statements contained in the Xoom SEC Documents or set forth in the notes thereto) as of June 30, 1999, neither Xoom nor any of its Subsidiaries had, and since such date neither Xoom nor any of its Subsidiaries has incurred, any claims, liabilities or obligations of any nature (whether accrued, absolute, contingent or otherwise) which, individually or in the aggregate, would have a Material Adverse Effect on Xoom (other than claims, liabilities or obligations contemplated by this Agreement or the Ancillary Documents or expressly permitted to be incurred pursuant to this Agreement or the Ancillary Documents). In addition, since June 30, 1999, there has not been any declaration, setting aside or payment of a dividend or other distribution with respect to shares of capital stock of Xoom or any material change in accounting methods or practices by Xoom or any of its Subsidiaries.

(f) Absence of Certain Changes. Since June 30, 1999, the business of Xoom has been operated in the usual and ordinary course consistent with past practice (except as disclosed in the Xoom SEC Documents filed prior to the date hereof and the negotiation, execution, delivery and performance of this Agreement and the Ancillary Documents and the transactions contemplated hereby and thereby) and there has been no event, condition or change that has had a Material Adverse Effect on Xoom.

(g) Securities Act. (i) Xoom (A) is acquiring the ValueVision Warrant solely for the purpose of investment and not with a view to, or for resale in connection with, any distribution thereof in violation of the Securities Act; (B) has had the opportunity to ask questions of the officers and directors of, and has had access to information concerning, ValueVision and the ValueVision Warrant; (C) is an "accredited investor" as defined in Rule 501(a) under the Securities Act; (D) has such knowledge, sophistication and experience in business and financial matters so as to be capable of evaluating the merits and risks of the investment in ValueVision and the ValueVision Warrant; (E) has so evaluated the merits and

risks of such investment; (F) is able to bear the economic risk of such investment; and (G) is able to afford a complete loss of such investment.

(ii) Subject to and based in part upon the truth and accuracy of the representations and warranties of ValueVision in Section 3.1(g)(i) hereof, the offering, sale and purchase of the Xoom Warrant contemplated hereby are exempt from registration under the Securities Act and are exempt from registration under any applicable state securities or "blue sky" laws.

(h) Brokers and Finders. Xoom has not utilized any broker, finder, placement agent or financial advisor or incurred any liability for any fees or commissions in connection with any of the transactions contemplated hereby or by the Ancillary Documents.

Section 3.3. Representations and Warranties of Snap. Snap represents and warrants to ValueVision as of the date hereof as follows:

(a) Organization and Good Standing of Snap. Snap is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite corporate power and authority to own, operate and lease its properties and to carry on its businesses as they are now being conducted. Snap is duly licensed or qualified as a foreign corporation for the transaction of business and is in good standing under the laws of each other jurisdiction in which its ownership or leasing of properties, or the conduct of its businesses requires such licensing or qualification and good standing, except where the failure to be so licensed or qualified or in good standing in any such jurisdiction would not have a Material Adverse Effect on Snap.

(b) Authorization; No Conflicts. Snap has full corporate power and authority to enter into this Agreement and the Ancillary Documents and to perform its obligations hereunder and thereunder. The execution, delivery and performance by Snap of this Agreement and each Ancillary Document and the consummation of Snap's obligations hereunder and thereunder have been duly authorized by all necessary corporate action. This Agreement has been, and on or prior to the Closing Date each Ancillary Document will be, duly and validly executed and delivered by Snap. This Agreement constitutes, and upon its execution and delivery on or prior to the Closing Date, each Ancillary Document will constitute, a valid and legally binding obligation of Snap enforceable against Snap in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors generally and by general equitable principles. Except for the consent of NBC (which has been obtained), the execution, delivery and performance of this Agreement and the Ancillary Documents by Snap, the consummation of the transactions by Snap contemplated hereby and thereby and the compliance by Snap with the provisions hereof and thereof will not conflict with, violate or result in a breach of any provision of, require a consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) under, or result in the termination of or accelerate the performance required by, or result in a right of termination or acceleration under, or result in the creation of any Lien upon any of the properties or assets of Snap under (i) the limited liability company agreement, the operating agreement, by-laws or other governing instrument of Snap, (ii) any Contractual Obligation of Snap or (iii) any Requirement of Law applicable to Snap, except, in the case of clauses (ii) and (iii) above, such conflicts, violations,

breaches, consents, approvals, notices, defaults, terminations, accelerations or Liens which would not have a Material Adverse Effect on Snap.

(c) Consents. No consent, approval, order or authorization of, registration, declaration or filing with, or notice to, any Governmental Entity is required on the part of Snap or any of its Subsidiaries in connection with the execution and delivery by Snap of this Agreement and the Ancillary Documents, the consummation by Snap of the transactions contemplated hereby and thereby or the performance by Snap of its obligations hereunder and thereunder, except for such consents, approvals, orders, authorizations, registrations, declarations, filings or notices of which the failure to make or obtain would not have a Material Adverse Effect on Snap.

(d) Brokers and Finders. Snap has not utilized any broker, finder, placement agent or financial advisor or incurred any liability for any fees or commissions in connection with any of the transactions contemplated hereby or by the Ancillary Documents.

ARTICLE IV

Other Agreements

Section 4.1. Public Statements. Before any party or any Affiliate of such party shall release any information concerning this Agreement or the Ancillary Documents or the matters contemplated hereby or thereby which is intended for or may result in public dissemination thereof, such party shall cooperate with the other parties and NBC, shall furnish drafts of all documents or proposed oral statements to the other parties and NBC, provide the other parties and NBC the opportunity to review and comment upon any such documents or statements and shall not release or permit release of any such information without the consent of the other parties and NBC, except (following compliance with this Section 4.1) to the extent required by applicable law or the rules of any securities exchange or automated quotation system on which its securities or those of its Affiliate are traded.

Section 4.2. Reservation of Shares. (a) ValueVision agrees to keep reserved for issuance at all times prior to the exercise of the ValueVision Warrant the aggregate number of shares of ValueVision Common Stock issuable upon exercise of the ValueVision Warrant.

(b) Xoom agrees to keep reserved for issuance at all times prior to the exercise of the Xoom Warrant the aggregate number of shares of Xoom Common Stock issuable upon exercise of the Xoom Warrant.

Section 4.3. Further Assurances. Each party shall execute and deliver such additional instruments and other documents and shall take such further actions as may be necessary or appropriate to effectuate, carry out and comply with all of the terms of this Agreement and the transactions contemplated hereby, including without limitation making application as soon as practicable for all consents and approvals required in connection with the transactions contemplated hereby and diligently pursuing the receipt of such consents and approvals in good faith.

ARTICLE V

Miscellaneous

Section 5.1. Survival of Representations and Warranties. All representations and warranties made herein or in any certificates delivered in connection with the Closing shall survive for a period of eighteen months after the Closing.

Section 5.2. Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given, if delivered personally, by telecopier or sent by overnight courier as follows:

(a) If to Xoom, to:

Xoom.com, Inc. 300 Montgomery Street Suite 300 San Francisco, CA 94104 Attention: Chris Kitze Fax: (415) 288-2580

with copies to:

Morrison & Foerster LLP 425 Market Street San Francisco, California 94105 Attention: Bruce Alan Mann, Esq.

Telecopier: 415-268-7522

(b) If to Snap, to:

SNAP! LLC
One Beach Street
San Francisco, California 94133
Attention: Chief Financial Officer
Telecopier: 415-392-9088

with copies to:

National Broadcasting Company, Inc.
30 Rockefeller Plaza
New York, New York 10112
Attention: Vice President, Corporate Law
Group
Fax: (212) 977-7165

(c) If to ValueVision, to:

ValueVision International, Inc.
6740 Shady Oak Road
Eden Prairie, Minnesota 55344-3433
Attention: Chief Financial Officer
Fax: (612) 947-0188

With a copy to:

Latham & Watkins
633 West Fifth Street
Suite 4000
Los Angeles, CA 90071
Attention: Michael W. Sturrock
Fax: (213) 891-8763

or to such other address or addresses as shall be designated in writing. All notices shall be effective when received.

Section 5.3. Entire Agreement; Amendment. This Agreement, the Ancillary Documents and the documents described herein and therein or attached or delivered pursuant hereto or thereto set forth the entire agreement between the parties hereto with respect to the transactions contemplated by this Agreement. Any provision of this Agreement may be amended or modified in whole or in part at any time by an agreement in writing between the parties hereto executed in the same manner as this Agreement. No failure on the part of any party to exercise, and no delay in exercising, any right shall operate as a waiver thereof nor shall any single or partial exercise by any party of any right preclude any other or future exercise thereof or the exercise of any other right.

Section 5.4. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to constitute an original, but all of which together shall constitute one and the same document.

SECTION 5.5. GOVERNING LAW; JURISDICTION; WAIVER OF JURY TRIAL. THIS AGREEMENT SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS EXECUTED AND PERFORMED WITHIN SUCH STATE, AND EACH PARTY HEREBY SUBMITS TO THE JURISDICTION OF ANY STATE OR U.S. FEDERAL COURT SITTING WITHIN THE COUNTY OF NEW YORK, NEW YORK. THE PARTIES HERETO WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT OR PROCEEDING BROUGHT TO ENFORCE OR DEFEND ANY RIGHTS OR REMEDIES UNDER THIS AGREEMENT.

Section 5.6. Public Announcements. Each of ValueVision, Xoom and Snap agrees to hold in strict confidence and not to disclose to others the status of any discussions or relations among the parties with respect to the subject matter of this Agreement or the Ancillary Documents until such time as the parties mutually agree to publicly disclose such information or are legally obligated to disclose such information or are obligated by applicable Nasdaq rules to disclose such information.

Section 5.7. Fees and Expenses. Each party shall bear its own costs and expenses incurred in connection with this Agreement and the Ancillary Documents and the transactions contemplated hereby, including the fees and expenses of their respective accountants and counsel.

Section 5.8. Successors and Assigns; Third Party Beneficiaries. Subject to applicable law and the following sentence, either party may assign its rights and obligations under this Agreement in whole or in part only to any Affiliate of such party, but no such assignment shall relieve the assigning party of its obligations hereunder. No party shall assign any rights or obligations under this Agreement to any Affiliate if such Affiliate does not expressly assume pursuant to a document in form and substance reasonably satisfactory to the other party all of the obligations of the assigning party hereunder.

Section 5.9. Specific Performance. The parties hereto agree that irreparable damage would occur in the event any provision of this Agreement was not performed in accordance with the terms hereof and that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement in addition to any other remedy to which they are entitled at law or in equity.

Section 5.10. Headings and Captions. The section headings and captions contained in this Agreement are for reference purposes only, are not part of this Agreement and shall not affect the meaning or interpretation of this Agreement.

IN WITNESS WHEREOF, this Warrant Purchase Agreement has been executed by the parties hereto or by their respective duly authorized representatives, all as of the date first above written.

VALUEVISION INTERNATIONAL, INC.

By: /s/ Gene McCaffery

Name: Gene McCaffery
Title: Chief Executive Officer

XOOM.COM, INC.

By: /s/ Chris Kitze

Name: Chris Kitze
Title: Chairman

SNAP! LLC

By: /s/ Edmond Sanctis

Name: Edmond Sanctis
Title: Chief Operating Officer

[WARRANT PURCHASE AGREEMENT]

EXHIBIT 10.8

**COMMON STOCK PURCHASE WARRANT
TO PURCHASE 404,760 SHARES OF COMMON STOCK, \$0.01 PAR VALUE OF
VALUEVISION INTERNATIONAL, INC.**

NEITHER THE SECURITIES REPRESENTED BY THIS CERTIFICATE NOR THE SECURITIES ISSUABLE UPON EXERCISE OF THE SECURITIES REPRESENTED HEREBY HAVE BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAW, AND SUCH SECURITIES MAY NOT BE OFFERED, SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT OR PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS.

THE RESTATED ARTICLES OF INCORPORATION OF THE COMPANY, AS AMENDED, PROVIDE THAT, EXCEPT AS OTHERWISE PROVIDED BY LAW, SHARES OF STOCK IN THE COMPANY SHALL NOT BE TRANSFERRED TO "ALIENS" UNLESS, AFTER GIVING EFFECT TO SUCH TRANSFER, THE AGGREGATE NUMBER OF SHARES OF STOCK OWNED BY OR FOR THE ACCOUNT OF "ALIENS" WILL NOT EXCEED 20% OF THE NUMBER OF SHARES OF OUTSTANDING STOCK OF THE COMPANY, AND THE AGGREGATE VOTING POWER OF SUCH SHARES WILL NOT EXCEED 20% OF THE AGGREGATE VOTING POWER OF ALL OUTSTANDING SHARES OF VOTING STOCK OF THE COMPANY. NOT MORE THAN 20% OF THE AGGREGATE VOTING POWER OF ALL SHARES OUTSTANDING ENTITLED TO VOTE MAY BE VOTED BY OR FOR THE ACCOUNT OF "ALIENS." IF, NOTWITHSTANDING SUCH RESTRICTION ON TRANSFERS TO "ALIENS," THE AGGREGATE NUMBER OF SHARES OF STOCK OWNED BY OR FOR THE ACCOUNT OF "ALIENS" EXCEEDS 20% OF THE NUMBER OF SHARES OF OUTSTANDING STOCK OF THE COMPANY OR IF THE AGGREGATE VOTING POWER OF SUCH SHARES EXCEEDS 20% OF THE AGGREGATE VOTING POWER OF ALL OUTSTANDING SHARES OF VOTING STOCK OF THE COMPANY, THE COMPANY HAS THE RIGHT TO REDEEM SHARES OF ALL CLASSES OF CAPITAL STOCK, AT THEIR THEN FAIR MARKET VALUE, ON A PRO RATA BASIS, OWNED BY OR FOR THE ACCOUNT OF ALL "ALIENS" IN ORDER TO REDUCE THE NUMBER OF SHARES AND/OR PERCENTAGE OF VOTING POWER HELD BY OR FOR THE ACCOUNT OF "ALIENS" TO THE MAXIMUM NUMBER OR PERCENTAGE ALLOWED UNDER THE RESTATED ARTICLES OF INCORPORATION, AS AMENDED, OR AS OTHERWISE REQUIRED BY APPLICABLE FEDERAL LAW. AS USED HEREIN, "ALIENS" MEANS ALIENS AND THEIR REPRESENTATIVES, FOREIGN GOVERNMENTS AND THEIR REPRESENTATIVES, AND CORPORATIONS ORGANIZED UNDER THE LAW OF A FOREIGN COUNTRY, AND THEIR REPRESENTATIVES. THE COMPANY WILL FURNISH TO ANY SHAREHOLDER UPON REQUEST AND WITHOUT CHARGE, A FULL STATEMENT OF THE

DESIGNATIONS, PREFERENCES, LIMITATIONS, AND RELATIVE RIGHTS OF THE SHARES OF EACH CLASS OR SERIES AUTHORIZED TO BE ISSUED, SO FAR AS THEY HAVE BEEN DETERMINED, AND THE AUTHORITY OF THE BOARD TO DETERMINE THE RELATIVE RIGHTS AND PREFERENCES OF SUBSEQUENT CLASSES OR SERIES.

WARRANT NO. NBCI-1

ISSUE DATE: September 13, 1999

THIS CERTIFIES that, for value received, Xoom.com, Inc., a Delaware corporation (the "Holder"), is entitled, upon the terms and subject to the conditions hereinafter set forth, at any time on or after the closing of the NBCi Reorganization (as defined below) and on or before the Final Expiration Date (as defined below), to subscribe for and purchase from ValueVision International, Inc., a Minnesota corporation (the "Company"), up to 404,760 fully paid and non-assessable shares ("Shares") of the Company's Common Stock, \$.01 par value, ("Common Stock") at a purchase price per share of \$24.706 (the "Purchase Price"). This Warrant (the "Warrant") is being issued pursuant to the Warrant Purchase Agreement dated as of September 13, 1999 (the "Effective Date") by and among the Holder, the Company and Snap! LLC, a Delaware limited liability company (the "Warrant Purchase Agreement").

1. Transfer of Warrant. This Warrant may be transferred or assigned by the Holder hereof in whole or in part, provided that (a) the transfer complies with the Articles of Incorporation of the Company, as partially described in the legend set forth above and (b) transferor provides, at the Company's request, an opinion of counsel reasonably satisfactory to the Company that such transfer does not require registration under the Securities Act of 1933, as amended, and the securities laws applicable with respect to any other applicable jurisdiction. Notwithstanding the foregoing, no opinion of counsel shall be necessary for (i) a transfer not involving a change in beneficial ownership or (ii) a transfer by the Holder to any of its affiliates or (iii) transfers in compliance with Rule 144, so long as the Company is furnished with reasonably satisfactory evidence of compliance with such Rule.

2. Exercise of Warrant.

2.1 The term of this Warrant shall commence on the closing of the Agreement and Plan of Contribution, Investment and Merger (the "NBCi Contribution Agreement") among National Broadcasting Company, Inc., GE Investments Subsidiary, Inc., Neon Media Corporation, Xenon 2, Inc. and Xoom.com, Inc. dated as of May 9, 1999, as amended and restated on July 8, 1999 (the "NBCi Reorganization"), and, subject to the terms below, shall expire in its entirety on September 12, 2004 at 5 p.m., New York standard time (the "Final Expiration Date").

2.2 This Warrant may be exercised for all or part of the Shares for which it is then exercisable, in whole or in part, at any time or from time to time from the closing of the NBCi

Reorganization until the Final Expiration Date by the surrender of this Warrant and a Notice of Warrant Exercise in the form of Exhibit 1 duly executed to the office of the Company at 6740 Shady Oak Road, Minneapolis, Minnesota 55344 (or such other office or agency of the Company as it may designate by notice in writing to the Holder at the address of the Holder for notices under the Warrant Purchase Agreement), and upon payment of the Purchase Price of the shares thereby purchased (by wire transfer, cash or by certified check or bank draft payable to the order of the Company in an amount equal to the Purchase Price of the shares thereby purchased); whereupon the Company shall promptly issue and deliver to the person or persons entitled to receive the same a certificate for the number of shares of Common Stock so purchased dated as of the close of business on the date on which such exercise occurred.

2.3 The Company covenants that all shares of Common Stock that may be issued upon the exercise of rights represented by this Warrant will, upon exercise, be fully paid and nonassessable and free from all taxes, liens and charges in respect of the issue (other than taxes in respect of any transfer occurring contemporaneously with such issue). The Company shall pay all taxes and any and all United States federal, state and local taxes and other charges that may be payable in connection with the preparation, issuance and delivery of the certificates representing shares of Common Stock issued hereunder.

2.4 If this Warrant is exercised, in part, the Company will promptly return a new warrant (dated the date hereof) of like tenor, exercisable for a number of Shares equal (without giving effect to any adjustment therein) to the number of Shares for which this Warrant is exercisable minus the number of Shares for which this Warrant is then exercised.

2.5 In the event that the closing of the NBCi Reorganization does not occur by December 31, 1999 or the NBCi Contribution Agreement is terminated before such date, then this Warrant shall immediately terminate, and the Holder shall not be entitled to exercise this Warrant, whether in whole or in part.

3. Net Exercise.

3.1 In lieu of exercising this Warrant in accordance with Section 2.2 above, the Holder may elect to receive Shares equal to the value of this Warrant (or the portion thereof being exercised) by surrender of this Warrant at the principal office of the Company together with notice of such election in which event the Company shall issue to the Holder a number of Shares computed using the following formula:

$$X = Y \text{ times } (A-B)$$

A

Where X = the number of Shares to be issued to the Holder.

Y = the number of Shares for which this Warrant is being exercised.

A = the Market Price of one Share on the date of delivery of the notice pursuant to this Section 3.

B = the Purchase Price.

3.2 For purposes of this Section 3 and Section 4, "Market Price" shall mean, with respect to a share of Common Stock on any day, except as set forth below in the case that the shares of Common Stock are not publicly held or listed, the average of the "quoted prices" of the Common Stock for 30 consecutive trading days commencing 45 trading days before the date in question. The term "quoted prices" of the Common Stock shall mean the last reported sale price on that day or, in case no such reported sale takes place on such day, the average of the last reported bid and asked prices, regular way, on that day, in either case, as reported in the consolidated transaction reporting system with respect to securities quoted on Nasdaq or, if the shares of Common Stock are not quoted on Nasdaq, as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which the shares of Common Stock are listed or admitted to trading or, if the shares of Common Stock are not quoted on Nasdaq and not listed or admitted to trading on any national securities exchange, the last quoted price or, if not so quoted, the average of the high bid and low asked prices on such other nationally recognized quotation system then in use, or, if on any such day the shares of Common Stock are not quoted on any such quotation system, the average of the closing bid and asked prices as furnished by a professional market maker selected by the Board of Directors making a market in the shares of Common Stock. Notwithstanding the foregoing, if the shares of Common Stock are not publicly held or so listed, quoted or publicly traded, the "Market Price" means the fair market value of a share of Common Stock, as determined in good faith by the Board of Directors; provided, however, that if the Holder shall dispute the fair market value as determined by the Board, the Holder and the Company may retain an independent expert mutually agreed upon in good faith by the Holder and the Board (an "Independent Expert"). The determination of fair market value by the Independent Expert shall be final, binding and conclusive on the Company and the Holder. All costs and expenses of the Independent Expert shall be borne by the Holder unless the determination of fair market value is more favorable to such Holder by 5% or more, in which case, all such costs and expenses shall be borne by the Company.

3.3 Notwithstanding anything to the contrary contained herein, the Holder may elect to receive a net issuance of shares of Common Stock pursuant to this Section 3 when exercising this Warrant in part.

4. No Fractional Shares or Scrip. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. If a fractional share interest arises upon any exercise or conversion of the Warrant, the Company shall eliminate such fractional share interest by paying the Holder an amount computed by multiplying the fractional interest by the Market Price of a full share.

5. Adjustments. The purchase rights set forth are subject to adjustment as provided below.

5.1 Stock Splits, Stock Dividends and Combinations. If the Company shall at any time subdivide the outstanding shares of Common Stock or shall issue a stock dividend with respect to the Common Stock, then the number of shares of Common Stock for which this Warrant is exercisable immediately prior to that subdivision shall be proportionately increased and the Purchase Price proportionately decreased, and if the Company shall at any time combine the outstanding shares of Common Stock, then the number of shares of Common Stock for which this Warrant is exercisable immediately prior to that combination shall be proportionately decreased and the Purchase Price proportionately increased and, in the event of a stock dividend, the Purchase Price shall be proportionately decreased. Any adjustment under this Section 5.1 shall become effective at the close of business on the date the subdivision, stock dividend or combination becomes effective.

5.2 Reclassification, Exchange, Substitution and In-Kind Distribution. If the Common Stock issuable on exercise of this Warrant shall be changed into the same or a different number of shares of any other class or classes of stock, whether by capital reorganization, reclassification, or otherwise (other than a subdivision or combination of shares provided for above) or upon the payment of a dividend in cash, securities or property other than Common Stock, then the holder of this Warrant shall, upon its exercise, be entitled to receive, in lieu of the Common Stock that the holder would have become entitled to receive but for such change, that number of shares of such other class or classes of stock that is equivalent to the number of shares of Common Stock that the holder would have received had the holder exercised this Warrant immediately prior to that change. Following any reclassification, exchange, substitution or in-kind distribution, the Company shall promptly issue to Holder a new Warrant for such new securities or other property. The new Warrant shall provide for adjustments which shall be nearly equivalent as may be practicable to the adjustments provided for in this Section 5 including, without limitation, adjustments to the Purchase Price and to the number of securities or property issuable upon exercise of the new Warrant. The provisions of this Section 5.2 shall similarly apply to successive reclassifications, exchanges, substitutions or other events and successive dividends.

5.3 Reorganizations, Mergers, Consolidations or Sale of Assets. In case of any merger of the Company with or into another corporation (other than a merger with another corporation in which the Company is a continuing corporation and which does not result in any reclassification or change of outstanding securities issuable upon exercise of this Warrant), consolidation or in case of any sale of all or substantially all of the assets of the Company, the Company shall, as condition precedent to such transaction, execute a new Warrant or cause such successor or purchasing corporation, as the case may be, to execute a new Warrant, providing that the holder of this Warrant shall have the right to exercise such new Warrant and upon such exercise to receive, in lieu of each share of Common Stock theretofore issuable upon exercise of this Warrant, the kind and amount of shares of stock, other securities, money and property issuable or payable, as the case may be, upon such merger, consolidation, sale of assets or other change to a holder of one share of Common Stock. Such new Warrant shall provide for adjustments that shall be as nearly equivalent

as may be practicable to the adjustments provided for in this paragraph 5. The provisions of this subparagraph 5.3 shall similarly apply to successive mergers, consolidations, sale of assets and other changes and transfers.

5.4 Notice of Adjustments. The Company shall promptly give written notice of each adjustment or readjustment of the number of shares of Common Stock or other securities issuable upon exercise of this Warrant, by first class mail, postage prepaid, to the registered holder of this Warrant at the holder's address for notices in the Warrant Purchase Agreement. This notice shall state that adjustment or readjustment and show in reasonable detail the facts on which that adjustment or readjustment is based. The Company further agrees to notify the Holder in writing of a reorganization, merger or sale in accordance with Section 5.3 hereof at least thirty (30) days prior to the effective date thereof.

5.5 No Change Necessary. The form of this Warrant need not be changed because of any adjustment in the number of shares of Common Stock issuable upon its exercise. A Warrant issued after any adjustment on exercise or upon replacement may continue to express the same number of shares of Common Stock as are stated on this Warrant as initially issued, and such number of shares shall be considered to have been so changed as of the close of business on the date of adjustment.

5.6 Reservation of Stock. The Company covenants that it will at all times reserve and keep available, solely for issuance upon exercise of this Warrant, all shares of its Common Stock from time to time issuable upon exercise of this Warrant, and if at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the exercise of this Warrant, the Company will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purpose. Issuance of this Warrant shall constitute full authority to the Company's officers who are charged with the duty of executing stock certificates to execute and issue the necessary certificates for shares of Common Stock issuable upon the exercise of conversion of this Warrant.

5.7 Notices of Record Date. In the event the Company intends to declare a record date for the holders of Common Stock for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution, the Company shall mail to the holder of this Warrant at least ten days prior to the proposed record date specified therein, a notice specifying the date on which any such record is to be taken for the purpose of such dividend or distribution.

5.8 No Impairment. The Company shall not, by amendment of its Articles of Incorporation or through a reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed under this Warrant by the Company, but shall at all time in good faith assist in carrying out of all the provisions of this Section 5 and in taking all such action as may be necessary or appropriate to protect the Holder's rights under this Section 5 against impairment. If the Company takes any action affecting the Common Stock other than as described above that adversely affects the Holder's rights under this

Warrant, the Purchase Price shall be adjusted downward.

6. No Rights as Stockholders. This Warrant, by itself, as distinguished from any shares purchased hereunder, does not entitle the holder to any voting rights or other rights as a stockholder of the Company prior to the exercise of this Warrant.

7. Investment Representations. The holder of this Warrant by receiving this Warrant makes the representations contained in Section 3.2(g)(i) of the Warrant Purchase Agreement.

8. Legends.

8.1 Inclusion of Legends. Each certificate representing Shares shall be endorsed with the a legend substantially similar to the legend set forth in this Warrant (in addition to any legend required by applicable state securities laws). The Company need not register a transfer of Shares unless the conditions specified in the foregoing legend are satisfied. The Company may also instruct its transfer agent not to register the transfer of any of the Shares unless the conditions specified in the foregoing legend are satisfied.

8.2 Removal of Legends and Transfer Restrictions. The legend relating to the Securities Act of 1933, as amended (the "Act") endorsed on a stock certificate pursuant to Section 8.1 and the stop transfer instructions with respect to the Shares represented by such certificate shall be removed and the Company shall issue a certificate without such legend to the holder of such Shares if such Shares are registered under the Act and a prospectus meeting the requirements of Section 10 of the Act is available, or if such holder provides to the Company an opinion of counsel for such holder of the Shares reasonably satisfactory to the Company or a no-action letter or interpretive opinion of the staff of the Securities and Exchange Commission to the effect that a public sale, transfer or assignment of such Shares may be made without registration and without compliance with any restriction such as those contained in Rule 144.

9. Loss, Theft, Destruction or Mutilation of Warrant. Upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant, and in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it, and upon reimbursement to the Company of all reasonable expenses incidental thereto, and upon surrender and cancellation of this Warrant, if mutilated, the Company will make and deliver a new Warrant of like tenor and dated as of such cancellation or delivery, in lieu of this Warrant.

10. Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall be a Saturday or a Sunday or shall be a legal holiday in New York, then such action may be taken or such right may be exercised on the next succeeding day not a legal holiday in New York.

11. Miscellaneous. The provisions of this Warrant shall be construed and shall be given effect in all respects as if it had been issued and delivered by the Company on the date of this Warrant. This Warrant shall be binding upon any successors or assigns of the Company. This Warrant shall constitute a contract under the laws of the State of New York and for all purposes shall be construed in accordance with and governed by the laws of said state.

IN WITNESS WHEREOF, ValueVision International, Inc. has caused this Warrant to be executed by its duly authorized officer.

Dated: September 13, 1999

VALUEVISION INTERNATIONAL, INC.

By /s/ Gene McCaffery

Name:

Title: Chief Executive Officer

[SIGNATURE PAGE TO NBCI WARRANT]

Exhibit 1

NOTICE OF WARRANT EXERCISE

To: VALUEVISION INTERNATIONAL, INC.

(1) The undersigned hereby elects to exercise the attached Warrant with respect to shares of Common Stock of ValueVision International, Inc. pursuant to the terms of the attached Warrant, and

(a) tenders herewith payment of the purchase price in full or

(b) elects to exercise this Warrant using the Net Exercise provisions of Section 3 of the Warrant

(CHECK ONE)

(2) Please issue a certificate or certificates representing said shares of Common Stock in the name of the under-signed:

(Name)

(Address)

(Date) (Signature)

Registration Rights Agreement

between

Xoom.com, Inc.

and

ValueVision International, Inc.

Dated: September 13, 1999

Registration Rights Agreement

EXHIBIT 10.9

[EXECUTION COPY]

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT (this "Agreement") is made and entered into as of September 13, 1999, by and between ValueVision International, Inc., a Minnesota corporation (together with its successors and assigns, the "Company"), and Xoom.com, Inc., a Delaware corporation (together with its successors and assigns, "Xoom").

RECITALS

WHEREAS, pursuant to a Warrant Purchase Agreement, dated as of the date hereof (the "Warrant Purchase Agreement"), among the Company, Snap! LLC and Xoom, Xoom will acquire a warrant to purchase shares of common stock, par value \$0.01 per share, of the Company (the "Common Stock");

WHEREAS, in consideration of the Warrant Purchase Agreement, the Company has agreed to provide to Xoom certain registration rights under the Securities Act (as defined below).

NOW, THEREFORE, in consideration of the Warrant Purchase Agreement, the mutual promises and agreements set forth herein and therein, and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

Section 1. Definitions. For purposes of this Agreement, the following capitalized terms have the following meanings:

"Prospectus": The prospectus included in any Registration Statement (including, without limitation, a prospectus that discloses information previously omitted from a prospectus filed as part of an effective registration statement in reliance upon Rule 430A under the Securities Act), as amended or supplemented by any prospectus supplement, with respect to the terms of the offering of any portion of the Registrable Securities covered by such Registration Statement and all other amendments and supplements to such prospectus, including post-effective amendments, and all material incorporated by reference or deemed to be incorporated by reference in such prospectus.

"Registrable Securities": All shares of Common Stock issued or issuable to Xoom upon the consummation of the Warrant Purchase Agreement. Registrable Securities shall also include any shares of Common Stock or other securities (or shares of Common Stock underlying such other securities) that may be received by Xoom (x) as a result of a stock dividend on or stock split of Registrable Securities or (y) on account of Registrable Securities in a recapitalization of or other transaction involving the Company.

"Registration Expenses": All expenses, except as otherwise stated in the definition of Selling Expenses, incurred by the Company in complying with

Section 2 hereof, including, without limitation, all registration, qualification and filing fees, printing expenses, escrow fees, fees and disbursements of counsel for the Company, blue sky fees and expenses, the expense of

Registration Rights Agreement 2

any special audits incident to or required by any such registration (but excluding the compensation of regular employees of the Company which shall be paid in any event by the Company) and the reasonable fees and disbursements of one counsel for all selling shareholders in the event of participation by such selling shareholders.

"Registration Statement": Any registration statement of the Company under the Securities Act that covers any of the Registrable Securities pursuant to the provisions of this Agreement, including the related Prospectus, any preliminary prospectus, all amendments and supplements to such registration statement (including post-effective amendments), all exhibits and all material incorporated by reference or deemed to be incorporated by reference in such registration statement.

"SEC": The Securities and Exchange Commission.

"Securities Act": The Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Selling Expenses": All underwriting discounts, selling commissions and stock transfer taxes applicable to the securities registered by Xoom and, except as set forth in the definition of Registration Expenses, all reasonable fees and disbursements of counsel for Xoom.

"Underwritten Offering": A distribution, registered pursuant to the Securities Act, in which securities of the Company are sold to the public through one or more underwriters.

Section 2. Piggyback Registration.

(a) Right to Piggyback. If at any time the Company proposes to file a Registration Statement, whether or not for sale for the Company's own account, on a form and in a manner that would also permit registration of Registrable Securities, the Company shall give to Xoom, written notice of such proposed filing at least fifteen (15) days before the anticipated filing. The notice referred to in the preceding sentence shall offer Xoom the opportunity to register such amount of Registrable Securities as Xoom may request (a "Piggyback Registration"). If the registration of which the Company gives notice is for an Underwritten Offering, the right of Xoom to registration pursuant to this Section 2 shall be conditioned upon Xoom's participation in such underwriting and the inclusion of Registrable Securities in the underwriting to the extent provided herein. If Xoom elects to participate in such Underwritten Offering, Xoom shall (together with the Company and other selling shareholders) enter into an underwriting agreement in customary form with the managing underwriter selected for such underwriting by the Company. Subject to Section 2(b), the Company will include in each such Piggyback Registration all Registrable Securities with respect to which the Company has received written requests for inclusion therein. Xoom will be permitted to withdraw all or part of the Registrable Securities from a Piggyback Registration at any time prior to the effective date of such Piggyback Registration. Unless otherwise provided herein, the Company will not be obligated to effect any registration of Registrable Securities under this Section 2 as a result of the registration of any of its securities solely in connection with mergers, acquisitions, exchange offers, dividend reinvestment and share purchase plans offered solely to current holders of Common Stock, rights offerings or option or other employee benefit plans.

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(b) Priority of Piggyback Registrations. The Company will cause the managing underwriter or underwriters of a proposed Underwritten Offering on behalf of the Company to permit Xoom to include therein all such Registrable Securities requested to be so included on the same terms and conditions as any securities of the Company included therein. Notwithstanding the foregoing, if the managing underwriter or underwriters of such Underwritten Offering determines that marketing factors require a limitation of the number of shares to be underwritten then the number of Registrable Securities to be included in such registration shall be limited to the number of Registrable Securities that, in the written opinion of such managing underwriter or underwriters, can be sold without materially and adversely affecting the success of such Underwritten Offering provided that the securities of any holder or holders of securities who have registration rights which are superior to those of Xoom shall receive priority in such Underwritten Offering to the full extent of the securities such holder or holders desire to sell and the remaining allocation available for sale, if any, shall be allocated pro rata among all other holders, including Xoom, on the basis of the amount of securities requested to be included therein by each such holders. The managing underwriter or underwriters, applying the same standard, may also exclude entirely from such offering all Registrable Securities proposed to be included such offering to the extent the Registrable Securities are not of the same class as securities of the Company included in such offering.

(c) Limitations on Subsequent Piggyback Registration Rights. From and after the date of this Agreement, the Company shall not enter into any agreement granting any holder or prospective holder of any securities of the Company any piggyback registration rights with respect to such securities unless the priority for such new piggyback registration rights are on a pari passu basis with the piggyback registration rights granted to Xoom hereunder.

(d) Expenses of Registration. All Registration Expenses incurred in connection with all registrations pursuant to Section 2 shall be borne by the Company. Unless otherwise stated, all Selling Expenses relating to securities registered on behalf of Xoom shall be borne by Xoom pro rata on the basis of the number of shares registered.

(e) Registration Procedures. In the case of each registration, qualification or compliance effected by the Company pursuant to this Section 2, in which Xoom elects to participate, the Company will keep Xoom advised in writing as to the initiation of each registration, qualification and compliance and as to the completion thereof. At its expense the Company will:

(i) Prepare and file with the Commission a registration statement with respect to such securities and use its best efforts to cause such registration statement to become and remain effective for at least ninety (90) days; and

(ii) Furnish to Xoom (if Xoom is participating in such registration) and to the underwriters of the securities being registered such reasonable number of copies of the registration statement, preliminary prospectus, final prospectus and such other documents as such underwriters may reasonably request in order to facilitate the public offering of such securities.

Section 5. Indemnification.

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(a) Indemnification by the Company. The Company will, without limitation as to time, indemnify and hold harmless, to the fullest extent permitted by law, Xoom, the officers, directors and agents and employees of Xoom, each person who controls Xoom (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) and the officers, directors, agents and employees of any such controlling person, from and against all losses, claims, damages, liabilities, costs (including, without limitation, the costs of investigation and attorneys' fees) and expenses (collectively, "Losses"), as incurred, arising out of or based upon any untrue or alleged untrue statement of a material fact contained in any Registration Statement, Prospectus or form of Prospectus or in any amendment or supplement thereto or in any preliminary prospectus, or arising out of or based upon any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar and to the extent that any such Losses arise out of or are based upon an untrue statement or as the same are based upon information furnished in writing to the Company by Xoom expressly for use therein; provided, however, that the Company will not be liable to Xoom to the extent alleged untrue statement or omission or alleged omission made in any Registration Statement, Prospectus or preliminary prospectus if either (A)(i) Xoom failed to send or deliver a copy of the Prospectus with or prior to the delivery of written confirmation of the sale by Xoom of a Registrable Security to the person asserting the claim from which such Losses arise and (ii) the Prospectus would have corrected such untrue statement or alleged untrue statement, omission or alleged omission; or (B) such untrue statement or alleged untrue statement, omission or alleged omission is corrected in an amendment or supplement to the Prospectus previously furnished by or on behalf of the Company with copies of the Prospectus, and Xoom thereafter fails to deliver such Prospectus as so amended or supplemented prior to or concurrently with the sale of a Registrable Security to the person asserting the claim from which such Losses arise. Further the Company will not be liable to Xoom to the extent that any such Losses arise out of or are based upon any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, to the extent, but only to the extent, that such untrue statement or omission is contained in any information so furnished in writing by Xoom to the Company expressly for use in such Registration Statement, Prospectus or preliminary prospectus and was used by the Company in the preparation of such Registration Statement, Prospectus or preliminary prospectus.

(b) Indemnification by Xoom. In connection with any Registration Statement in which Xoom is participating, Xoom will furnish to the Company in writing such information as the Company reasonably requests for use in connection with any Registration Statement, Prospectus or preliminary prospectus and will indemnify, to the fullest extent permitted by law, the Company, its directors and officers, agents and employees, each person who controls the Company (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act), and the directors, officers, agents or employees of such controlling persons, from and against all Losses, as incurred, arising out of or based upon any untrue or alleged untrue statement of a material fact contained in any Registration Statement, Prospectus or form of Prospectus or in any amendment or supplement thereto or in any preliminary prospectus, or arising out of or based upon any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, to the extent, but only to the extent, that such untrue statement or omission is contained in any information so furnished in writing by Xoom to the Company expressly for use in such Registration Statement, Prospectus or preliminary prospectus and was used by the Company in the preparation of such Registration Statement, Prospectus or preliminary prospectus. In no

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event will the liability of ValueVision hereunder be greater in amount than the dollar amount of the proceeds (net of payment of all expenses) received by Xoom upon the sale of the Registrable Securities giving rise to such indemnification obligation.

(c) Conduct of Indemnification Proceedings. If any person shall become entitled to indemnity hereunder (an "indemnified party"), such indemnified party shall give prompt notice to the party from which such indemnity is sought (the "indemnifying party") of any claim or of the commencement of any action or proceeding with respect to which such indemnified party seeks indemnification or contribution pursuant hereto; provided, however, that the failure to so notify the indemnifying party will not relieve the indemnifying party from any obligation or liability except, to the extent that the indemnifying party has been prejudiced materially by such failure. The indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume the defense thereof with counsel mutually satisfactory to the parties; provided, however, that an indemnified party (together with all other indemnified parties which may be represented without conflict by one counsel) shall have the right to retain one separate counsel, with the fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interest between such indemnified party and any other party represented by such counsel in such proceeding. All fees and expenses (including any reasonable fees and expenses incurred in connection with investigating or preparing to defend such action or proceeding) will be paid to the indemnified party (provided appropriate documentation for such expenses is also submitted to the indemnifying party), as incurred, within five calendar days of written notice thereof to the indemnifying party (regardless of whether it is ultimately determined that an indemnified party is not entitled to indemnification hereunder). The indemnifying party will not consent to entry of any judgment or enter into any settlement or otherwise seek to terminate any action or proceeding in which any indemnified party is or could be a party and as to which indemnification or contribution could be sought by such indemnified party under this Section 8, unless such judgment, settlement or other termination includes as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release, in form and substance reasonably satisfactory to the indemnified party, from all liability in respect of such claim or litigation for which such indemnified party would be entitled to indemnification hereunder.

(d) Contribution. If the indemnification provided for in this Section 5 is unavailable to an indemnified party under Section 5(a) or 5(b) in respect of any Losses or is insufficient to hold such indemnified party harmless, then each applicable indemnifying party, in lieu of indemnifying such indemnified party, will, severally but not jointly, contribute to the amount paid or payable by such indemnified party as a result of such Losses, in such proportion as is appropriate to reflect the relative fault of the indemnifying party or indemnifying parties, on the one hand, and such indemnified party, on the other hand, in connection with the actions, statements or omissions that resulted in such Losses, as well as any other relevant equitable considerations. The relative fault of such indemnifying party or indemnifying parties, on the one hand, and such indemnified party, on the other hand, will be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission of a material fact, has been taken or made by, or related to information supplied by, such indemnifying party or indemnified party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action, statement or omission. The amount paid or payable by a party as a result of any Losses

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will be deemed to include any legal or other fees or expenses incurred by such party in connection with any action or proceeding.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 5(d) were determined by pro rata allocation or by any other method of allocation that does not take into account the equitable considerations referred to in the immediately preceding paragraph. Notwithstanding the provisions of this Section 5(d), Xoom will not be required to contribute any amount in excess of the amount by which the net proceeds which the Registrable Securities sold by such indemnifying party and distributed to the public were offered to the public exceeds the amount of any damages that such indemnifying party has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11 (f) of the Securities Act) will be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

The indemnity, contribution and expense reimbursement obligations of the Company hereunder will be in addition to any liability the Company may otherwise have hereunder or otherwise. The provisions of this Section 5 will survive so long as Registrable Securities remain outstanding, notwithstanding any permitted transfer of the Registrable Securities by Xoom thereof or any termination of this Agreement.

Section 6. Underwritten Registrations. If any Piggyback Registration is an Underwritten Offering, the Company will have the exclusive right to select the investment banker or investment bankers and managers to administer the offering. Each party hereto agrees that, in connection with any Underwritten Offering hereunder, it shall undertake to offer customary indemnification to the participating underwriters.

Section 7. Miscellaneous.

(a) Remedies. In the event of a breach by the Company of its obligations under this Agreement, Xoom, in addition to being entitled to exercise all rights granted by law, including recovery of damages, will be entitled to specific performance of its rights under this Agreement. The Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of any provision of this Agreement and hereby further agrees that, in the event of any action for specific performance in respect of such breach, it will waive the defense that a remedy at law would be adequate.

(b) Amendments and Waivers. The provisions of this Agreement may not be amended, modified or supplemented without the prior written consent of the Company and Xoom.

(c) Notices. Except as set forth below, all notices and other communications provided for or permitted hereunder shall be in writing and shall be deemed to have been duly given if delivered personally or sent by telex or facsimile, registered or certified mail (return receipt requested), postage prepaid or courier or overnight delivery service to the Company and Xoom at the addresses listed in the Warrant Purchase Agreement (or at such other address for any party as shall be specified by like notice, provided that notices of a change of address shall be effective only upon receipt thereof).

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(d) Successors and Assigns. Any transferee of all or a portion of the Registrable Securities shall succeed to Xoom's rights and obligations hereunder to the extent it agrees in writing, to be bound by all of the provisions applicable hereunder to Xoom. Subject to the requirements of this Section 7(d), this Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto. Xoom shall not assign any of its rights hereunder to any third party except in connection with the transfer of beneficial ownership of a number of shares equal to at least 50% of the Shares issuable to Xoom pursuant to the Warrant Purchase Agreement which transferee shall have agreed in writing to be bound by all of the provisions applicable hereunder to Xoom. Upon consummation of the Reorganization (as such term is defined in the Warrant Purchase Agreement), Xoom may assign its rights and obligations under this Agreement to NBCi in connection with the transfer of its Registrable Securities to NBCi.

(e) Counterparts. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed will be deemed to be an original and all of which taken together will constitute one and the same instrument.

(f) Headings. The headings in this Agreement are for convenience of reference only and will not limit or otherwise affect the meaning.

(g) Governing Law. This agreement will be governed by and construed in accordance with the laws of the State of New York applicable to contracts executed and performed within such state, and each party hereby submits to the jurisdiction of any state or U.S. federal court sitting within the County of New York, New York. The parties hereto waive all rights to trial by jury in any action, suit or proceeding brought to enforce or defend any rights or remedies under this Agreement.

(h) Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein will remain in full force and effect and will in no way be affected, impaired or invalidated, and the parties hereto will use their best efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such which may be hereafter declared invalid, void or unenforceable.

(i) Termination. This Agreement shall terminate upon the date upon which Xoom shall be able to dispose of all of its remaining Registrable Securities in any one day without registration pursuant to Rule 144 of the Securities Act.

(j) Entire Agreement. This Agreement is intended by the parties as a final expression of their agreement and intended to be the complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein, with respect to such subject matter. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter.

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[Signature page follows]

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IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

VALUEVISION INTERNATIONAL, INC.

By: /s/ Gene McCaffrey

Name: Gene McCaffrey
Title: Chief Executive Officer

XOOM.COM, INC.

By: /s/ Chris Kitze

Name: Chris Kitze
Title: Chairman

[VALUE VISION REGISTRATION RIGHTS AGREEMENT]

ARTICLE 5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM VALUEVISION INTERNATIONAL, INC.'S CONSOLIDATED BALANCE SHEET AS OF JULY 31, 1999 AND CONSOLIDATED STATEMENT OF OPERATIONS FOR THE SIX-MONTH PERIOD ENDED JULY 31, 1999 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH CONSOLIDATED FINANCIAL STATEMENTS AS FILED ON FORM 10-Q.

PERIOD TYPE	6 MOS
FISCAL YEAR END	JAN 31 2000
PERIOD START	FEB 01 1999
PERIOD END	JUL 31 1999
CASH	211,797
SECURITIES	54,368
RECEIVABLES	28,922 ¹
ALLOWANCES	0
INVENTORY	23,421
CURRENT ASSETS	333,062
PP&E	13,252 ²
DEPRECIATION	0
TOTAL ASSETS	385,620
CURRENT LIABILITIES	38,506
BONDS	0
PREFERRED MANDATORY	41,484
PREFERRED	0
COMMON	370
OTHER SE	305,260
TOTAL LIABILITY AND EQUITY	385,620
SALES	111,016
TOTAL REVENUES	111,016
CGS	66,023
TOTAL COSTS	110,363
OTHER EXPENSES	0
LOSS PROVISION	0
INTEREST EXPENSE	0
INCOME PRETAX	12,171
INCOME TAX	4,755
INCOME CONTINUING	7,416
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	7,416
EPS BASIC	.26
EPS DILUTED	.22

¹ Accounts Receivable represents amounts net of allowances for doubtful accounts.

² Property and equipment represents amounts net of accumulated depreciation.

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