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

FORM 10-Q

☑ **Quarterly report pursuant to section 13 or 15(d) of the securities exchange act of 1934 for the quarterly period ended August 1, 2009**

Commission File Number 0-20243

VALUEVISION MEDIA, INC.
(Exact Name of Registrant as Specified in Its Charter)

Minnesota	41-1673770
(State or Other Jurisdiction of Incorporation or Reorganization)	(I.R.S. Employer Identification No.)

6740 Shady Oak Road, Eden Prairie, MN 55344
(Address of Principal Executive Offices, including Zip Code)

952-943-6000
(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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 ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐	Accelerated filer ☑	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

As of September 9, 2009, there were 32,326,400 shares of the registrant's common stock, $.01 par value per share, outstanding.

VALUEVISION MEDIA, INC. AND SUBSIDIARIES

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PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

VALUEVISION MEDIA, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share data)

	August 1, 2009 (Unaudited)	January 31, 2009
ASSETS		
Current assets:		
Cash and cash equivalents	$ 27,869	$ 53,845
Restricted cash	8,461	1,589
Accounts receivable, net	56,770	51,310
Inventories	48,834	51,057
Prepaid expenses and other	4,942	3,668
Total current assets	146,876	161,469
Long-term investments	—	15,728
Property & equipment, net	29,998	31,723
FCC broadcasting license	23,111	23,111
NBC trademark license agreement, net	5,768	7,381
Other assets	491	2,088
	$ 206,244	$ 241,500
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 46,232	$ 64,615
Accrued liabilities	36,785	30,657
Deferred revenue	725	716
Total current liabilities	83,742	95,988
Deferred revenue	1,510	1,849
Accrued dividends — Series B Preferred Stock	2,067	—
Series B Mandatory Redeemable Preferred Stock, $.01 per share par value, 4,929,266 shares authorized; 4,929,266 shares issued and outstanding	11,013	—
Total liabilities	98,332	97,837
Commitments and Contingencies		
Series A Redeemable Convertible Preferred Stock, $.01 per share par value, 5,339,500 shares authorized	—	44,191
Shareholders' equity:		
Common stock, $.01 per share par value, 100,000,000 shares authorized; 32,317,620 and 33,690,266 shares issued and outstanding	323	337
Warrants to purchase 6,029,487 and 29,487 shares of common stock	671	138
Additional paid-in capital	314,547	286,380
Accumulated deficit	(207,629)	(187,383)
Total shareholders' equity	107,912	99,472
	$ 206,244	$ 241,500

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

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

	For the Three Month Periods Ended		For the Six Month Periods Ended	
	August 1, 2009	August 2, 2008	August 1, 2009	August 2, 2008
Net sales	$ 119,345	$ 141,927	$ 253,147	$ 298,215
Cost of sales	77,785	94,046	169,398	200,378
(exclusive of depreciation and amortization shown below)				
Operating expense:				
Distribution and selling	43,885	53,827	89,124	110,910
General and administrative	4,309	5,682	8,936	12,017
Depreciation and amortization	3,427	4,246	7,216	8,565
Restructuring costs	485	—	589	330
CEO transition costs	223	553	300	830
Total operating expense	52,329	64,308	106,165	132,652
Operating loss	(10,769)	(16,427)	(22,416)	(34,815)
Other income (expense):				
Interest income	146	761	363	1,586
Interest expense	(1,235)	—	(1,978)	—
Gain on sale of investments	3,628	—	3,628	—
Total other income (expense)	2,539	761	2,013	1,586
Loss before income taxes	(8,230)	(15,666)	(20,403)	(33,229)
Income tax (provision) benefit	(5)	(18)	157	(33)
Net loss	(8,235)	(15,684)	(20,246)	(33,262)
Excess of preferred stock carrying value over redemption value	—	—	27,362	—
Accretion of Series A redeemable preferred stock	—	(73)	(62)	(146)
Net income (loss) available to common shareholders	$ (8,235)	$ (15,757)	$ 7,054	$ (33,408)
Net income (loss) per common share	$ (0.26)	$ (0.47)	$ 0.22	$ (0.99)
Net income (loss) per common share — assuming dilution	$ (0.26)	$ (0.47)	$ 0.21	$ (0.99)
Weighted average number of common shares outstanding:				
Basic	32,272,841	33,574,131	32,688,289	33,576,015
Diluted	32,272,841	33,574,131	33,391,279	33,576,015

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

VALUEVISION MEDIA, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
FOR THE SIX-MONTH PERIOD ENDED August 1, 2009

(Unaudited)

(In thousands, except share data)

	Comprehensive Loss	Common Stock: Number of Shares	Common Stock: Par Value	Common Stock Purchase Warrants	Additional Paid-In Capital	Accumulated Deficit	Total Shareholders' Equity
BALANCE, January 31, 2009		33,690,266	$ 337	$ 138	$286,380	$ (187,383)	$ 99,472
Net loss	$ (20,246)	—	—	—	—	(20,246)	(20,246)
Value assigned to common stock purchase warrants		—	—	533	—	—	533
Repurchase of common stock		(1,622,168)	(16)	—	(921)	—	(937)
Common stock issuances		249,522	2	—	(2)	—	—
Share-based payment compensation		—	—	—	1,790	—	1,790
Excess of Series A preferred stock carrying value over redemption value		—	—	—	27,362	—	27,362
Accretion of Series A redeemable preferred stock		—	—	—	(62)	—	(62)
BALANCE, August 1, 2009		32,317,620	$ 323	$ 671	$314,547	$ (207,629)	$ 107,912

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

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

	For the Six Month Periods Ended	
	August 1, 2009	**August 2, 2008**
OPERATING ACTIVITIES:		
Net loss	$(20,246)	$(33,262)
Adjustments to reconcile net loss to net cash provided by (used for) operating activities:		
Depreciation and amortization	7,216	8,565
Share-based payment compensation	1,790	2,031
Amortization of deferred revenue	(143)	(144)
Gain on sale of investments	(3,628)	—
Changes in operating assets and liabilities:		
Accounts receivable, net	(5,460)	53,759
Inventories	2,223	23,810
Prepaid expenses and other	(1,166)	(1,856)
Deferred revenue	(187)	(2)
Accounts payable and accrued liabilities	(11,127)	(46,201)
Accrued dividends payable — Series B Preferred Stock	1,978	—
Net cash provided by (used for) operating activities	(28,750)	6,700
INVESTING ACTIVITIES:		
Property and equipment additions	(3,616)	(4,702)
Proceeds from sale and maturities of investments	19,356	24,543
Increase in restricted cash	(6,872)	—
Net cash provided by investing activities	8,868	19,841
FINANCING ACTIVITIES:		
Payments for repurchases of common stock	(937)	(3,317)
Payments on redemption of Series A Preferred Stock	(3,400)	—
Payments for Series B Preferred Stock issuance costs	(1,757)	—
Net cash used for financing activities	(6,094)	(3,317)
Net increase (decrease) in cash and cash equivalents	(25,976)	23,224
BEGINNING CASH AND CASH EQUIVALENTS	53,845	25,605
ENDING CASH AND CASH EQUIVALENTS	$ 27,869	$ 48,829
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	$ —	$ —
Income taxes paid	$ 1	$ 181
SUPPLEMENTAL NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Property and equipment purchases included in accounts payable	$ 200	$ 162
Accretion of redeemable Series A Preferred Stock	$ 62	$ 146
Issuance of Series B Preferred Stock	$ 12,959	$ —
Excess of preferred stock carrying value over redemption value	$ 27,362	$ —
Redemption of Series A Preferred Stock	$ 40,854	$ —
Issuance of 6,000,000 common stock purchase warrants	$ 533	$ —

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

VALUEVISION MEDIA, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
August 1, 2009
(Unaudited)

(1) General

ValueVision Media, Inc. and subsidiaries (the "Company") is an integrated multi-channel retailer that markets, sells and distributes its products directly to consumers through various forms of electronic media. The Company's operating strategy incorporates distribution from television, internet and mobile devices.

The Company's television home shopping business uses on-air spokespersons to market brand name and private label consumer products at competitive prices. The Company's live 24-hour per day television home shopping programming is distributed primarily through cable and satellite affiliation agreements and the purchase of month-to-month full and part-time lease agreements of cable and broadcast television time. In addition, the Company distributes its programming through one Company-owned full power television station in Boston, Massachusetts and through leased carriage on full power television stations in Pittsburgh, Pennsylvania and Seattle, Washington. The Company also markets a broad array of merchandise through its internet shopping websites, www.ShopNBC.com and www.ShopNBC.TV.

The Company has an exclusive license agreement with NBC Universal, Inc. ("NBCU"), for the worldwide use of an NBC-branded name and the peacock image through May 2011. Pursuant to the license, the Company operates its television home shopping network under the ShopNBC brand name and operates its internet website under the ShopNBC.com and ShopNBC.TV brand names.

(2) Basis of Financial Statement Presentation

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared on a going concern basis. The Company has experienced an operating loss of approximately $22,416,000 for the first half of fiscal 2009. The Company also experienced operating losses of approximately $88,458,000 and $23,052,000 in fiscal 2008 and fiscal 2007, respectively. The Company reported a net loss of $20,246,000 for the first half of fiscal 2009 and reported a net loss of $97,760,000 in fiscal 2008. As a result of these and other previously reported losses, the Company has an accumulated deficit of $207,629,000 at August 1, 2009. The Company and other retailers generally are particularly sensitive to adverse global economic and business conditions, in particular to the extent they result in a loss of consumer confidence and decreases in consumer spending, particularly discretionary spending. The recent world-wide credit market disruptions and economic slowdown have negatively impacted consumer confidence, consumer spending and, consequently, our business. The timing and nature of any recovery in the credit and financial markets, as well as the general economic climate, continues to remain uncertain, and there is no assurance that market conditions will improve in the near future or that the Company's results will not continue to be adversely affected. In an effort to increase revenues, the Company has broadened its mix of product categories offered on its television home shopping and internet businesses in order to appeal to a broader population of potential customers. The Company has also lowered the average selling price of its products in order to increase the size and purchase frequency of its customer base while improving the shopping experience and its customer service in order to retain and attract more customers.

The Company has taken initiatives to significantly reduce its operating costs, primarily costs associated with its cable and satellite program distribution that has historically represented approximately 50% of the Company's recurring operating expenses. Cable and satellite distribution agreements representing a majority of the total cable and satellite households who currently receive the Company's television programming were scheduled to expire at the end of the 2008 calendar year. The majority of the major agreements have been renegotiated and renewed at this time; and for other of the major agreements, the Company has obtained temporary extensions while it continues negotiations. Failure to successfully renew remaining cable agreements covering a material portion of the existing cable households on acceptable financial terms could adversely affect future growth, sales revenues, operating cash balances and earnings unless the Company arranges for alternative means of broadly distributing its television programming. Additionally, the Company has further reduced other operating expenses as a result of several reductions in its salaried workforce, reductions in its transactional costs and significant reductions in all non-revenue-related discretionary spending. The Company will continue to work to improve product return rates and call center and warehousing processing to continue to reduce its transactional costs.

On February 25, 2009, the Company restructured and extended its remaining $40.9 million preferred stock cash redemption commitment to GE Capital out to 2013 and 2014 and in the second quarter of fiscal 2009 sold its long-term illiquid auction rate securities portfolio for net proceeds of $19,356,000 thus enhancing its near term liquidity position. The Company anticipates that its existing capital resources and cash flows from operations will be adequate to satisfy its liquidity requirements through fiscal 2009. To address future liquidity needs the Company intends to pursue alternative financing arrangements and further reduce operating expenditures as necessary to meet its cash requirements. However, there is no assurance that, if required, the Company will be able to raise additional capital or reduce spending sufficiently to provide the required liquidity. Failure to maintain adequate liquidity would have a material adverse effect on the Company's results of operations and financial position.

Principles of Consolidation

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 in the United States of America have been condensed or omitted in accordance with these rules and regulations. The information furnished in the interim condensed consolidated financial statements includes normal recurring accruals and reflects all adjustments which, in the opinion of management, are necessary for a fair presentation of these financial statements. Although management believes the disclosures and information presented are adequate, 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 annual report on Form 10-K for the fiscal year ended January 31, 2009. Operating results for the three and six-month periods ended August 1, 2009 are not necessarily indicative of the results that may be expected for the fiscal year ending January 30, 2010. Subsequent events have been evaluated through the date of this filing on September 10, 2009.

The accompanying condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. Intercompany accounts and transactions have been eliminated in consolidation.

Fiscal Year

The Company's most recently completed fiscal year ended on January 31, 2009 and is designated "fiscal 2008." The Company's fiscal year ending January 30, 2010 is designated "fiscal 2009." The Company reports on a 52/53 week fiscal year which ends on the Saturday nearest to January 31. The 52/53 week fiscal year allows for the weekly and monthly comparability of sales results relating to the Company's television home-shopping and internet businesses. Each of fiscal 2009 and fiscal 2008 contains 52 weeks.

(3) Stock-Based Compensation

The Company accounts for stock-based compensation arrangements in accordance with Statement of Financial Accounting Standards No. 123(R) (revised 2004), *Share-Based Payment* . Compensation is recognized for all stock-based compensation arrangements by the Company, including employee and non-employee stock options granted after February 2, 2006 and all unvested stock-based compensation arrangements granted prior to February 2, 2006 as of such date, commencing with the quarter ended May 6, 2006. Stock-based compensation expense in the second quarter of fiscal 2009 and the second quarter of fiscal 2008 related to stock option awards was $754,000 and $861,000, respectively. Stock-based compensation expense in the first half of fiscal 2009 and the first half of fiscal 2008 related to stock option awards was $1,423,000 and $1,593,000, respectively The Company has not recorded any income tax benefit from the exercise of stock options due to the uncertainty of realizing income tax benefits in the future.

As of August 1, 2009, the Company had two active omnibus stock plans for which stock awards may be currently granted: the 2004 Omnibus Stock Plan (as amended and restated in fiscal 2006) that provides for the issuance of up to 4,000,000 shares of the Company's common stock; and the 2001 Omnibus Stock Plan which provides for the issuance of up to 3,000,000 shares of the Company's stock. These plans are administered by the human resources and compensation committee of the board of directors and provide for awards for employees, directors and consultants. All employees and directors of the Company and its subsidiaries are eligible to receive awards under the plans. The types of awards that may be granted under these plans include restricted and unrestricted stock, incentive and nonstatutory stock options, stock appreciation rights, performance units, and other stock-based awards. Incentive stock options may be granted to employees at such exercise prices as the human resources and compensation committee may determine, but not less than 100% of the fair market value of the underlying stock as of the date of grant. No incentive stock option may be granted more than ten years after the effective date of the respective plan's inception or be exercisable more than ten years after the date of grant. Options granted to outside directors are nonstatutory stock options with an exercise price equal to 100% of the fair market value of the underlying stock as of the date of grant. Options granted under these plans are exercisable and generally vest over three years in the case of employee stock options and vest immediately on the date of grant in the case of director options, and generally have contractual terms of either five years from the date of vesting or ten years from the date of grant. Prior to

the adoption of the 2004 and 2001 plans, the Company had other incentive stock option plans in place in which stock options were granted to employees under similar vesting terms. The Company has also granted non-qualified stock options to current and former directors and certain employees with similar vesting terms.

The fair value of each option award is estimated on the date of grant using the Black-Scholes option pricing model that uses assumptions noted in the following table. Expected volatilities are based on the historical volatility of the Company's stock. Expected term is calculated using the simplified method taking into consideration the option's contractual life and vesting terms. The risk-free interest rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant. Expected dividend yields were not used in the fair value computations as the Company has never declared or paid dividends on its common stock and currently intends to retain earnings for use in operations.

	Fiscal 2009	Fiscal 2008
Expected volatility	66% — 76%	41% — 56%
Expected term (in years)	6 years	6 years
Risk-free interest rate	2.3% — 3.4%	2.9% — 3.7%

A summary of the status of the Company's stock option activity as of August 1, 2009 and changes during the six months then ended is as follows:

	2004 Incentive Stock Option Plan	Weighted Average Exercise Price	2001 Incentive Stock Option Plan	Weighted Average Exercise Price	1990 Incentive Stock Option Plan	Weighted Average Exercise Price	Other Non-Qualified Stock Options	Weighted Average Exercise Price
Balance outstanding, January 31, 2009	2,690,000	$ 8.01	2,478,000	$ 7.05	11,000	$ 13.73	1,400,000	$ 15.46
Granted	452,000	1.00	50,000	2.62	—	—	—	—
Exercised	—	—	—	—	—	—	—	—
Forfeited or canceled	(350,000)	10.47	(295,000)	9.32	(11,000)	13.73	—	—
Balance outstanding, August 1, 2009	2,792,000	$ 6.56	2,233,000	$ 6.65	—	$ —	1,400,000	$ 15.46
Options exercisable at: August 1, 2009	1,151,000	$ 9.46	1,011,000	$ 9.03	—	$ —	1,400,000	$ 15.46

The following table summarizes information regarding stock options outstanding at August 1, 2009:

Option Type	Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value	Vested or Expected to Vest	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
2004 Incentive:	2,792,000	$ 6.56	8.0	$1,122,000	2,628,000	$ 6.69	8.0	$1,019,000
2001 Incentive:	2,233,000	$ 6.65	8.0	$ 958,000	2,111,000	$ 6.76	7.4	$ 891,000
Other Non-qualified:	1,400,000	$ 15.46	0.2	$ —	1,400,000	$ 15.46	0.2	$ —

The weighted average grant-date fair value of options granted in the six months of fiscal 2009 and 2008 was $0.76 and $2.30, respectively. The total intrinsic value of options exercised during the first six months of fiscal 2009 and 2008 was $-0-. As of August 1, 2009, total unrecognized compensation cost related to stock options was $4,402,000 and is expected to be recognized over a weighted average period of approximately 1.1 years.

(4) Fair Value Measurements

The Company adopted Statement of Financial Accounting Standard No. 157. *Fair Value Measurements* (SFAS No. 157), prospectively effective February 3, 2008, with respect to fair value measurements of (a) nonfinancial assets and liabilities that are recognized or disclosed at fair value in the Company's financial statements on a recurring basis (at least annually) and (b) all financial assets and liabilities. The Company adopted the remaining aspects of SFAS No. 157 relative to nonfinancial assets and liabilities that are measured at fair value, but are recognized and disclosed at fair value on a nonrecurring basis, prospectively effective February 1, 2009.

SFAS No. 157 utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The fair value hierarchy gives the highest priority to observable quoted prices (unadjusted) in active markets for identical assets and liabilities and the lowest priority to unobservable inputs. The following is a brief description of those three levels:

- Level 1—Inputs based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access.
- Level 2—Inputs based on quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; and inputs (other than quoted prices) that are observable for the asset or liability, either directly or indirectly.
- Level 3—Unobservable inputs for the asset or liability that are significant to the fair value measurement.

The following table provides a reconciliation of the beginning and ending balances of items measured at fair value on a recurring basis in the table above that used significant unobservable inputs (Level 3).

	Marketable securities—auction rate securities
Beginning balance (January 31, 2009)	$ 15,728,000
Total gains or losses:	
Included in earnings	3,628,000
Included in other comprehensive loss	—
Purchases, issuances, and settlements	(19,356,000)
Transfers in and/or out of Level 3	—
Ending balance (August 1, 2009)	$ —

In the second quarter of fiscal 2009, the Company sold its long-term illiquid auction rate securities portfolio for net proceeds of $19,356,000. The auction rate securities had a carrying value of $15,728,000 and the Company recorded a $3,628,000 non operating gain in the second quarter of fiscal 2009.

Measured at Fair Value — Nonrecurring Basis

During the quarter ended May 2, 2009, the Company measured the fair value of the Series B Preferred Stock issued in connection with the preferred stock exchange described in Note 15. The Company estimated the fair value of the Series B Preferred Stock of $12,959,000 utilizing a discounted cash flow model estimating the projected future cash payments over the life of the five-year redemption term. The assumptions used in preparing the discounted cash flow model include estimates for discount rate and expected timing of repayment of the Series B Preferred Stock. The Company concluded that the inputs used in its Series B Preferred Stock valuation are Level 3 inputs.

(5) Net Income (Loss) Per Common Share

Basic earnings per share is computed by dividing reported earnings by the weighted average number of common shares outstanding for the reported period following the two-class method. The effect of the Company’s participating convertible preferred stock is included in basic earnings per share under the two-class method if dilutive for fiscal 2008. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock of the Company during reported periods.

A reconciliation of earnings per share calculations and the number of shares used in the calculation of basic earnings per share under the two-class method and diluted earnings per share is as follows:

	Three Month Periods Ended		Six Month Periods Ended	
	August 1, 2009	August 2, 2008	August 1, 2009	August 2, 2008
Net income (loss) available to common shareholders	$ (8,235,000)	$(15,757,000)	$ 7,054,000	$(33,408,000)
Weighted average number of common shares outstanding using two-class method	32,273,000	33,574,000	32,688,000	33,576,000
Effect of participating convertible preferred stock	—	—	—	—
Weighted average number of common shares outstanding using two-class method — Basic	32,273,000	33,574,000	32,688,000	33,576,000
Dilutive effect of stock options, non-vested shares and warrants	—	—	703,000	—
Weighted average number of common shares outstanding — Diluted	32,273,000	33,574,000	33,391,000	33,576,000
Net income (loss) per common share	$ (0.26)	$ (0.47)	$ 0.22	$ (0.99)
Net income (loss) per common share-assuming dilution	$ (0.26)	$ (0.47)	$ 0.21	$ (0.99)

For the three-month periods ended August 1, 2009 and August 2, 2008, approximately 3,131,000 and 13,000, respectively, incremental in-the-money potentially dilutive common share stock options and warrants have been excluded from the computation of diluted earnings per share, as the effect of their inclusion would be antidilutive. For the six-month period ended August 2, 2008, approximately 10,000 incremental in-the-money potentially dilutive common share stock options and warrants have been excluded from the computation of diluted earnings per share, as the effect of their inclusion would be antidilutive. In addition, for the three and six month periods ended August 2, 2008, 5,340,000 shares of convertible preferred stock have been excluded from the computation of diluted earnings per share, as the effect of their inclusion would be antidilutive.

(6) Comprehensive Loss

For the Company, comprehensive loss is computed as net earnings plus other items that are recorded directly to shareholders' equity. Total comprehensive loss was $(8,235,000) and $(19,000,000) for the three-month periods ended August 1, 2009 and August 2, 2008, respectively. Total comprehensive loss was $(20,246,000) and $(37,122,000) for the six-month periods ended August 1, 2009 and August 2, 2008, respectively.

(7) Sales by Product Group

Information on net sales by significant product groups are as follows (in thousands):

	Three-Month Periods Ended		Six-Month Periods Ended	
	August 1, 2009	August 2, 2008	August 1, 2009	August 2, 2008
Jewelry	$ 30,444	$ 51,227	$ 58,269	$ 117,523
Watches, coins & collectibles	39,063	35,453	81,199	66,139
Consumer electronics	17,970	22,988	51,160	45,226
Apparel, fashion accessories and health & beauty	12,475	12,719	26,386	26,298
Home	11,523	10,516	18,697	23,998
All other revenue, less than 10% each	7,870	9,024	17,436	19,031
Total	$ 119,345	$ 141,927	$ 253,147	$ 298,215

(8) Restricted Stock

Compensation expense recorded in the first half of fiscal 2009 and the first half of fiscal 2008 relating to restricted stock grants was $367,000 and $438,000, respectively. As of August 1, 2009, there was $118,000 of total unrecognized compensation cost related to non-vested restricted stock granted. That cost is expected to be recognized over a weighted average period of 0.7 years. The total fair value of restricted stock vested during the first half of fiscal 2009 and 2008 was $251,000 and $383,000, respectively.

A summary of the status of the Company's non-vested restricted stock activity as of August 1, 2009 and changes during the six-month period then ended is as follows:

	Shares	Weighted Average Grant Date Fair Value
Non-vested outstanding, January 31, 2009	268,000	$ 2.52
Granted	39,000	$ 2.26
Vested	(247,000)	$ 2.40
Forfeited	(2,000)	$ 1.35
Non-vested outstanding, August 1, 2009	58,000	$ 2.89

(9) Common Stock Repurchase Program

On February 25, 2009, the Company's board of directors authorized $1.5 million for stock repurchases under a new stock repurchase program. During the first half of fiscal 2009, the Company repurchased a total of 1,622,000 shares of common stock for a total investment of $937,000 at an average price of $0.58 per share.

(10) Intangible Assets

Intangible assets in the accompanying consolidated balance sheets consisted of the following:

	Weighted Average Life (Years)	August 1, 2009		January 31, 2009	
		Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortizable intangible assets:					
NBC trademark license agreement	10.5	$34,437,000	$(28,669,000)	$34,437,000	$(27,056,000)
Cable distribution and marketing agreement	9.5	8,278,000	(8,278,000)	8,278,000	(8,122,000)
		$42,715,000	$(36,947,000)	$42,715,000	$(35,178,000)
Unamortized intangible assets:					
FCC broadcast license		$23,111,000		$23,111,000	

Amortization expense was $807,000 and $1,769,000, respectively for the quarter and six-month periods ended August 1, 2009 and $981,000 and $1,984,000, respectively for the quarter and six-month periods ended August 2, 2008. Estimated amortization expense for the next three years is as follows: $3,383,000 in fiscal 2009, $3,227,000 in fiscal 2010 and $927,000 in fiscal 2011.

(11) ShopNBC Private Label and Co-Brand Credit Card Program

During fiscal 2006, the Company introduced and established a private label and co-brand revolving consumer credit card program (the "Program"). The Program is made available to all qualified consumers for the financing of purchases of products from ShopNBC and for the financing of purchases of products and services from other non-ShopNBC retailers. The Program is intended to be used by cardholders for purchases made primarily for personal, family or household use. The issuing bank is the sole owner of the account issued under the Program and absorbs losses associated with non-payment by cardholders. The issuing bank pays fees to the Company based on the number of credit card accounts activated and on card usage. Once a customer is approved to receive a ShopNBC private label or co-branded credit card and the card is activated, the customer is eligible to participate in the Company's credit card rewards program. Under the original rewards program, points were earned on purchases made with the credit cards at ShopNBC and other retailers where the co-branded card is accepted. Cardholders who accumulated the requisite number of points were issued a $50 certificate award towards the future purchase of ShopNBC merchandise. These certificate awards expire after twelve months if unredeemed. Beginning in the second quarter of fiscal 2008, the rewards program was modified such that newly activated card holders obtain an immediate $25 credit upon activation and first purchase and later, upon the accumulation of the requisite number of points, card holders are issued a $25 certificate award towards the future purchase of ShopNBC merchandise. These certificate awards expire after 90 days if unredeemed. The Company accounts for the rewards program in accordance with Emerging Issues Task Force issue No. 00-22, *Accounting for "Points" and Certain Other Time-Based or Volume-Based Sales Incentive Offers, and Offers for Free Products or Services to Be Delivered in the Future* . The value of points earned is included in accrued liabilities and recorded as a reduction in revenue as points are earned, based on the retail value of points that are projected to be redeemed. The Company accounts for the Private Label and Co-Brand Credit Card Agreement in accordance with EITF No. 00-21, *Revenue Arrangements with Multiple Deliverables* . In connection with the introduction of the Program, the Company entered into a Private Label Credit Card and Co-Brand

Credit Card Consumer Program Agreement with GE Money Bank for the financing of private label credit card purchases from ShopNBC and for the financing of co-brand credit card purchases of products and services from other non-ShopNBC retailers. The Company received a million dollar signing bonus as an incentive for the Company to enter into the agreement. The signing bonus has been recorded as deferred revenue in the accompanying financial statements and is being recognized as revenue over the six-year term of the agreement.

GE Money Bank, the issuing bank for the program, is indirectly wholly-owned by the General Electric Company ("GE"), which is also the parent company of NBCU and GE Equity. NBCU and GE Equity have a substantial percentage ownership in the Company and together have the right to select three members of the Company's board of directors.

(12) Restructuring Costs

On May 21, 2007, the Company announced the initiation of a restructuring of its operations that included a 12% reduction in the salaried workforce, a consolidation of its distribution operations into a single warehouse facility, the exit and closure of a retail outlet store and other cost saving measures. On January 14, 2008, the Company announced additional organizational changes and cost-saving measures following a formal business review conducted by management and an outside consulting firm and again reduced its headcount in the fourth quarter of fiscal 2007. The Company's organizational structure was simplified and streamlined to focus on profitability. As a result of these and other restructuring initiatives, the Company recorded a $5,043,000 restructuring charge for the year ended February 2, 2008, restructuring charges totaling $4,299,000 for the year ended January 31, 2009 and additional restructuring charges of $589,000 for the six-month period ended August 1, 2009. Restructuring costs primarily include employee severance and retention costs associated with the consolidation and elimination of approximately 300 positions across the Company including ten officers. In addition, restructuring costs also include incremental charges associated with the Company's consolidation of its distribution and fulfillment operations into a single warehouse facility, the closure of a retail outlet store, fixed asset impairments incurred as a direct result of the operational consolidation and closures, restructuring advisory service fees and costs associated with a strategic alternative initiative.

The table below sets forth for the six months ended August 1, 2009, the significant components and activity under the restructuring program:

	Balance at January 31, 2009	Charges	Write-offs	Cash Payments	Balance at August 1, 2009
Severance and retention	$ 1,509,000	$562,000	$ —	$(1,362,000)	$ 709,000
Incremental restructuring charges	95,000	27,000	—	(122,000)	—
	$ 1,604,000	$589,000	$ —	$(1,484,000)	$ 709,000

(13) Chief Executive Officer Transition Costs

During fiscal 2008, the Company incurred $1,101,000 of costs associated with the hiring of Rene Aiu as the chief executive officer and the hiring of three other senior executives in March and April 2008.

On August 22, 2008, the Company's board of directors terminated Ms. Aiu's employment with the Company. The Company's board appointed John Buck, the chairman of the board of directors, as the chief executive officer and Keith Stewart to serve as ShopNBC's president and chief operating officer. The Company also announced the departures of three other senior officers who had been named to their positions in April 2008 by Ms. Aiu. During the third and fourth quarters of fiscal 2008, the Company recorded costs totaling $1,580,000 and an additional $300,000 for the six-month period ended August 1, 2009 relating primarily to accrued severance and other costs associated with the departures of the three senior officers, costs associated with hiring of Mr. Stewart and other legal costs associated with the termination of Ms. Aiu.

(14) Legal Proceedings

The Company is involved from time to time in various claims and lawsuits in the ordinary course of business. In the opinion of management, the claims and suits individually and in the aggregate have not had a material adverse effect on the Company's operations or consolidated financial statements.

On November 21, 2008, a lawsuit against ValueVision Media was filed by its former chief executive officer, Rene Aiu in Hennepin County District Court, Minnesota. Her claims include money damages for breach of contract for nonpayment of severance equal to two years of salary and of targeted incentive compensation, fraud and misrepresentation, and violation of certain Minnesota

statutes. The Company filed a response on November 25, 2008, denying Ms. Aiu's claims. Discovery has commenced and is ongoing and the court has set the trial to commence in mid-2010. The Company believes that Ms. Aiu was properly dismissed for "cause" as defined in her employment agreement, intends to defend the suit vigorously and at this time cannot estimate a dollar amount of liability, if any.

(15) Preferred Stock Exchange

On February 25, 2009, GE Equity exchanged all outstanding shares of the Company's Series A Preferred Stock for (i) 4,929,266 shares of the Company's Series B Redeemable Preferred Stock, (ii) warrants to purchase up to 6,000,000 shares of the Company's common stock at an exercise price of $0.75 per share and (iii) a cash payment in the amount of $3,400,000.

The shares of Series B Preferred Stock are redeemable at any time by the Company for the initial redemption amount of $40,900,000, plus accrued dividends. The Series B Preferred Stock accrues cumulative dividends at a base annual rate of 12%, subject to adjustment. All payments on the Series B Preferred Stock will be applied first to any accrued but unpaid dividends, and then to redeem shares. 30% of the Series B Preferred Stock (including accrued but unpaid dividends) is required to be redeemed on February 25, 2013, and the remainder on February 25, 2014. In addition, the Series B Preferred Stock includes a cash sweep mechanism that may require accelerated redemptions if the Company generates excess cash above agreed upon thresholds. Specifically, the Company's excess cash balance at the end of each fiscal year, and at the end of any fiscal quarter during which the Company sells auction rate securities or disposes of assets or incurs indebtedness above agreed upon thresholds, will trigger a calculation to determine whether the Company needs to redeem a portion of the Series B Preferred Stock and pay accrued and unpaid dividends thereon. Excess cash balance is defined as the Company's cash and cash equivalents and marketable securities, adjusted to (i) exclude auction rate securities, (ii) exclude cash pledged to vendors to secure purchase price of inventory, (iii) account for variations that are due to the Company's management of payables, and (iv) provide the Company a cash cushion of at least $20,000,000. Any redemption as a result of this cash sweep mechanism will reduce the amounts required to be redeemed on February 25, 2013 and February 25, 2014. The Series B Preferred Stock (including accrued but unpaid dividends) is also required to be redeemed, at the option of the holders, upon a change in control. The Series B Preferred Stock is not convertible into common stock or any other security, but initially will vote with the common stock on a one-for-one basis on general corporate matters other than the election of directors. In addition, the holders of the Series B Preferred Stock have the class voting rights and rights to designate members of the Company's board of directors previously held by the holders of the Series A Preferred Stock. The Company was not required to make an accelerated redemption payment as of August 1, 2009.

On February 25, 2009, the Company, GE Equity, and NBCU also amended and restated the shareholder agreement and registration rights agreement. The terms of the amended and restated shareholder agreement are generally consistent with the terms of the prior shareholder agreement, and the terms of the amended and restated registration rights agreement are generally consistent with the terms of the prior registration rights agreement.

As a result of the preferred stock exchange transaction, the Company recorded the Series B Preferred Stock at a fair value upon issuance and the excess of the carrying amount of the Series A Preferred Stock over the fair value of the Series B Preferred Stock as an addition to earnings to arrive at net earnings available to common shareholders. The Company estimated the fair value of the Series B Preferred Stock at $12,959,000 utilizing the assistance of an independent fair value consultant and using a discounted cash flow model estimating the projected future cash payments over the life of the five-year redemption term. The excess of the Series B Preferred Stock redemption value over its carrying value (discount) is being amortized and charged to interest expense over the five-year redemption period using the effective interest method. Due to the mandatory redemption feature, the Company has classified the carrying value of the Series B Preferred Stock, and related accrued dividends, as long-term liabilities on its consolidated balance sheet.

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

The following discussion and analysis of financial condition and results of operations should be read in conjunction with our accompanying unaudited condensed consolidated financial statements and notes included herein and the audited consolidated financial statements and notes included in our annual report on Form 10-K for the fiscal year ended January 31, 2009.

Cautionary Statement Regarding Forward-Looking Statements

The following Management's Discussion and Analysis of Financial Condition and Results of Operations and other materials we file with the Securities and Exchange Commission (as well as information included in oral statements or other written statements made or to be made by us) contain certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact, including statements regarding guidance, industry prospects or future results of operations or financial position made in this report are forward looking. We often use words such as anticipates, believes, expects, intends and similar expressions to identify forward-looking statements. These statements are based on management's current expectations and accordingly are subject to uncertainty and changes in circumstances. Actual results may vary materially from the expectations contained herein due to various important factors, including (but not limited to): consumer spending and debt levels; the general economic and credit environment; interest rates; seasonal variations in consumer purchasing activities; changes in the mix of products sold by us; competitive pressures on sales; pricing and sales margins; the level of cable and satellite distribution for our programming and the associated fees; our ability to continue to manage our cash, cash equivalents and investments to meet our company's liquidity needs; our ability to manage our operating expenses successfully; changes in governmental or regulatory requirements; litigation or governmental proceedings affecting our operations; the risks identified under Item 1A in this report and under "Risk Factors" in our Form 10-K for our fiscal year ended January 31, 2009; significant public events that are difficult to predict, such as widespread weather catastrophes or other significant television-covering events causing an interruption of television coverage or that directly compete with the viewership of our programming; and our ability to obtain and retain key executives and employees. Investors are cautioned that all forward-looking statements involve risk and uncertainty. The facts and circumstances that exist when any forward-looking statements are made and on which those forward-looking statements are based may significantly change in the future, thereby rendering the forward-looking statements obsolete. We are under no obligation (and expressly disclaim any obligation) to update or alter our forward-looking statements whether as a result of new information, future events or otherwise.

Overview

Company Description

We are an integrated multi-channel retailer that markets our products directly to consumers through various forms of electronic media. Our operating strategy incorporates distribution from television, internet and mobile devices. Our live 24-hour per day television home shopping programming is distributed primarily through cable and satellite affiliation agreements and on-line through ShopNBC.com and ShopNBC.TV. We have an exclusive license from NBC Universal, Inc., known as NBCU, for the worldwide use of an NBC-branded name and the peacock image for a period ending in May 2011. Pursuant to the license, we operate our television home shopping network under the ShopNBC brand name and operate our internet website under the ShopNBC.com and ShopNBC.TV brand names.

Products and Customers

Products sold on our television home shopping network and internet shopping website include jewelry, watches, consumer electronics, housewares, apparel, cosmetics, seasonal items and other merchandise. Historically, jewelry has been our largest single category of merchandise, followed by watches, coins and collectibles and apparel, consumer electronics, fashion accessories and health & beauty. More recently in fiscal 2009, this product mix has shifted such that watches, coins and & collectibles are the largest single category, followed by consumer electronics, jewelry and apparel, fashion accessories, and health & beauty. The following table shows our merchandise mix as a percentage of television home shopping and internet net sales for the periods indicated by product category:

	For the Three Month Periods Ended		For the Six Month Periods Ended	
	August 1, 2009	August 2, 2008	August 1, 2009	August 2, 2008
Merchandise Mix				
Jewelry	28%	39%	24%	41%
Watches, Coins & Collectibles	33%	26%	33%	23%
Consumer Electronics	16%	18%	23%	17%
Apparel, Fashion Accessories and Health & Beauty	12%	9%	11%	10%
Home and All Other	11%	8%	9%	9%

Our product strategy is to continue to develop new product offerings across multiple merchandise categories as needed in response to both customer demand and in order to maximize margin dollars per minute in our television home shopping operations. Our customers are primarily women over the ages of 35 with average annual household incomes in excess of $50,000 who make purchases based primarily on convenience, unique product offerings, value and quality of merchandise. We recently changed our product mix in order to diversify our product offerings to achieve an improved balance between jewelry and non-jewelry merchandise, which we believe will maximize the acquisition of new customers and the retention of repeat customers.

Company Strategy

We endeavor to be the premium lifestyle brand in the TV shopping and internet retailing industry. As an integrated, multi-channel retailer, our strategy is to offer our current and new customers brands and products that are meaningful, unique and relevant. Our merchandise brand positioning aims to be the destination and authority for home, fashion and jewelry shoppers. We focus on creating a customer experience that builds strong loyalty and a growing customer base.

In support of this strategy, we are pursuing the following actions in our ongoing efforts to improve the operational and financial performance of our company: (i) materially reduce the cost of our current distribution agreements for our television programming with cable and satellite operators, as well as pursuing other means of reaching customers such as through webcasting, internet videos and mobile devices, (ii) broaden and optimize our mix of product categories offered on television and the internet in order to appeal to a broader population of potential customers, (iii) lower the average selling price of our products in order to increase the size and purchase frequency of our customer base, (iv) grow our internet business by providing a broader, internet-only merchandise offering, and (v) improve the shopping experience and customer service in order to retain and attract more customers.

Primary Challenge

Our television home shopping business operates with a high fixed cost base, which is primarily due to fixed contractual fees paid to cable and satellite operators to carry our programming. In order to attain profitability, we must achieve sufficient sales volume through the acquisition of new customers and the increased retention of existing customers to cover our high fixed costs or reduce the fixed cost base for our cable and satellite distribution. Our growth and profitability could be adversely impacted if our sales volume does not sufficiently increase, as we have limited capability to reduce our fixed cable and satellite distribution operating expenses to mitigate a sales shortfall. Our near-term primary challenge is to continue our cost-control efforts while growing margins and sales in order to reach profitability.

Our Competition

The direct marketing and retail businesses are highly competitive. In our television home shopping and e-commerce operations, we compete for customers with other television home shopping and e-commerce retailers; infomercial companies; other types of consumer retail businesses, including traditional “brick and mortar” department stores, discount stores, warehouse stores and specialty stores; catalog and mail order retailers and other direct sellers.

In the competitive television home shopping sector, we compete with QVC Network, Inc. and HSN, Inc., both of whom are substantially larger than we are in terms of annual revenues and customers, and whose programming is carried more broadly to U.S. households than is our programming. The American Collectibles Network, which operates Jewelry Television, also competes with us for television home shopping customers in the jewelry category. In addition, there are a number of smaller niche players and startups in the television home shopping arena who compete with our company. We believe that QVC and HSN incur cable and satellite distribution fees representing a significantly lower percentage of their sales attributable to their television programming than do we;

and that their fee arrangements are substantially on a commission basis (in some cases with minimum guarantees) rather than on the predominantly fixed-cost basis that we currently have. This difference in programming distribution fee structures represents a material competitive disadvantage for our company.

The e-commerce sector also is highly competitive, and we are in direct competition with numerous other internet retailers, many of whom are larger, better financed and/or have a broader customer base. Certain of our competitors in the television home shopping sector have acquired internet businesses complementary to their existing internet sites, which poses additional competitive challenges for our company.

We anticipate continuing competition for viewers and customers, for experienced home shopping personnel, for distribution agreements with cable and satellite systems and for vendors and suppliers — not only from television home shopping companies, but also from other companies that seek to enter the home shopping and internet retail industries, including telecommunications and cable companies, television networks, and other established retailers. We believe that our ability to be successful in the television home shopping and e-commerce sectors will be dependent on a number of key factors, including (i) obtaining more favorable terms in our cable and satellite distribution agreements, (ii) increasing the number of customers who purchase products from us and (iii) increasing the dollar value of sales per customer from our existing customer base.

Results for the Second Quarter of Fiscal 2009

Consolidated net sales for the fiscal 2009 second quarter were $119,345,000 compared to $141,927,000 for the 2008 second quarter, a 16% decrease. We reported an operating loss of ($10,769,000) and a net loss of ($8,235,000) for the 2009 second quarter. We reported an operating loss of ($16,427,000) and a net loss of ($15,684,000) for the 2008 second quarter.

Preferred Stock Exchange

On February 25, 2009, GE Equity exchanged all outstanding shares of our Series A Preferred Stock for (i) 4,929,266 shares of our Series B Redeemable Preferred Stock, (ii) warrants to purchase up to 6,000,000 shares of our common stock at an exercise price of $0.75 per share and (iii) a cash payment in the amount of $3.4 million.

The shares of Series B Preferred Stock are redeemable at any time by us for the initial redemption amount of $40.9 million, plus accrued dividends. The Series B Preferred Stock accrues cumulative dividends at a base annual rate of 12%, subject to adjustment. All payments on the Series B Preferred Stock will be applied first to any accrued but unpaid dividends, and then to redeem shares. 30% of the Series B Preferred Stock (including accrued but unpaid dividends) is required to be redeemed on February 25, 2013, and the remainder on February 25, 2014. In addition, the Series B Preferred Stock includes a cash sweep mechanism that may require accelerated redemptions if we generate excess cash above agreed upon thresholds. Specifically, our excess cash balance at the end of each fiscal year, and at the end of any fiscal quarter during which we sell auction rate securities or dispose of assets or incur indebtedness above agreed upon thresholds, will trigger a calculation to determine whether the Company needs to redeem a portion of the Series B Preferred Stock and pay accrued and unpaid dividends thereon. Excess cash balance is defined as our cash and cash equivalents and marketable securities, adjusted to (i) exclude auction rate securities, (ii) exclude cash pledged to vendors to secure purchase price of inventory, (iii) account for variations that are due to our management of payables, and (iv) provide us a cash cushion of at least $20 million. Any redemption as a result of this cash sweep mechanism will reduce the amounts required to be redeemed on February 25, 2013 and February 25, 2014. The Series B Preferred Stock (including accrued but unpaid dividends) is also required to be redeemed, at the option of the holders, upon a change in control. The Company was not required to make an accelerated redemption payment as of August 1, 2009. The Series B Preferred Stock is not convertible into common stock or any other security, but initially will vote with the common stock on a one-for-one basis on general corporate matters other than the election of directors. In addition, the holders of the Series B Preferred Stock have the class voting rights and rights to designate members of our board of directors previously held by the holders of the Series A Preferred Stock. In addition, as a result of the preferred stock exchange transaction, we recorded the excess of the carrying amount of the Series A Preferred Stock over the fair value of the Series B Preferred Stock as an addition to earnings to arrive at net earnings available to common shareholders. Due to the mandatory redemption feature of the preferred stock, the Company has classified the carrying value of the Series B Preferred Stock, and related accrued dividends, as long-term liabilities on its consolidated balance sheet.

Results of Operations

Selected Condensed Consolidated Financial Data
Continuing Operations
(Unaudited)

	Dollar Amount as a Percentage of Net Sales for the Three-Month Periods Ended		Dollar Amount as a Percentage of Net Sales for the Six-Month Periods Ended	
	August 1, 2009	August 2, 2008	August 1, 2009	August 2, 2008
Net sales	100.0%	100.0%	100.0%	100.0%
Cost of sales				
(exclusive of depreciation and amortization)	65.2%	66.3%	66.9%	67.2%
Operating expenses:				
Distribution and selling	36.7%	37.9%	35.2%	37.2%
General and administrative	3.6%	4.0%	3.5%	4.0%
Depreciation and amortization	2.9%	3.0%	2.9%	2.9%
Restructuring costs	0.4%	—%	0.2%	0.1%
CEO transition costs	0.2%	0.4%	0.1%	0.3%
	43.8%	45.3%	41.9%	44.5%
Operating loss	(9.0)%	(11.6)%	(8.8)%	(11.7)%

Key Performance Metrics*
(Unaudited)

	For the Three Month Periods Ended			For the Six Month Periods Ended		
	August 1, 2009	August 2, 2008	% Change	August 1, 2009	August 2, 2008	% Change
Program Distribution						
Cable FTE's (Average 000's)	43,885	42,988	2%	43,836	42,673	3%
Satellite FTE's (Average 000's)	29,525	28,676	3%	29,347	28,528	3%
Total FTEs (Average 000's)	73,410	71,664	2%	73,183	71,201	3%
Net Sales per FTE (Annualized)	$ 6.50	$ 7.92	(18%)	$ 6.92	$ 8.32	(17%)
Customer Counts						
New	102,421	64,436	59%	215,448	135,027	60%
Active	351,057	265,323	32%	557,456	431,643	29%
Merchandise Metrics						
Net Shipped Units (000's)	980	701	40%	1,832	1,475	24%
Average Selling Price	$ 112	$ 194	(42%)	$ 127	$ 195	(35%)
Return Rate	21.8%	31.5%	(9.7) ppt	21.7%	34.0%	(12.3) ppt

* Includes television home shopping and Internet sales only.

Program Distribution

Our television home shopping programming was available to approximately 73.4 million average full time equivalent, or FTE, households for the second quarter of fiscal 2009 and approximately 71.7 million average FTE households for the second quarter of fiscal 2008. Average FTE subscribers grew 2% in the second quarter of fiscal 2009, resulting in a 1.7 million increase in average FTE's versus the prior year comparable quarter. The increase was driven by continued strong growth in satellite distribution of our programming and increased distribution of our programming on digital cable. We anticipate that our cable programming distribution will increasingly shift towards a greater mix of digital as opposed to analog cable tiers, both through growth in the number of digital subscribers and through cable system operators moving programming that is carried on analog channels over to digital channels. Nonetheless, because of the broader universe of programming choices available for viewers in digital systems and the higher channel placements commonly associated with digital tiers, the shift towards digital systems may adversely impact our ability to compete for television viewers even if our programming is available in more homes. Our television home shopping programming is also simulcast live 24 hours a day, 7 days a week through our internet websites, www.ShopNBC.com and www.ShopNBC.TV, which is not included in total FTE households.

Cable and Satellite Distribution Agreements

We have entered into cable and satellite distribution agreements that represent approximately 1,400 cable systems that require each operator to offer our television home shopping programming substantially on a full-time basis over their systems. The terms of these existing agreements typically range from one to four years. Under certain circumstances, the television operators or we may cancel the agreements prior to their expiration. If certain of these agreements are terminated, the termination may materially or adversely affect our business. Cable and satellite distribution agreements representing a majority of the total cable and satellite households who currently receive our television programming were scheduled to expire at the end of the 2008 calendar year. Most of the major agreements have been renegotiated and renewed at this time; and for other of the major agreements, we have obtained temporary extensions while we continue our negotiations. We expect to preserve all of our distribution footprint and, based on negotiations completed to date, we expect to realize a rate reduction of approximately 30% that will result in a cost savings estimated at $22 million to $25 million in fiscal 2009. Failure to successfully renew remaining cable agreements covering a material portion of our existing cable households on acceptable financial and other terms could adversely affect our future growth, sales revenues and earnings unless we are able to arrange for alternative means of broadly distributing our television programming. In addition, many cable operators are moving to transition our programming (and other cable content providers as well) in many of their local cable systems to digital instead of analog programming tiers. As this occurs, we may experience temporary reductions in cable households in certain markets.

Customer Counts

During the first half of fiscal 2009, customer trends improved with new and active customers up 60% and 29%, respectively over the prior year first half. We attribute the increase in new and active customers during the quarter to our merchandise strategy of lower price points and new products, brands and concepts that proved successful in driving increased customer activity.

Net Shipped Units

The number of net shipped units during the fiscal 2009 second quarter increased 40% from the prior year's comparable quarter to 980,000 from 701,000. For the six-month period ended August 1, 2009, net shipped units increased 24% from the prior years comparable period to 1,832,000 from 1,475,000. We believe that the decline in average selling prices, discussed below, was a major contributing factor to the increase in unit sales.

Average Selling Price

The average selling price, or ASP, per net unit was $112 in the 2009 second quarter, a 42% decrease from the comparable prior year quarter. For the six-month period ended August 1, 2009, the average selling price was $127, a 35% decrease from the prior year's comparable period. The quarter and year-to-date decreases in the fiscal 2009 ASP, which is a part of our overall merchandise strategy, was driven primarily by unit selling price decreases within the jewelry and across almost all other product categories. We intentionally modified our product mix to reduce our average selling price points in order to reduce our return rates, to appeal to a broader audience and to allow for a broader merchandise assortment.

Return Rates

Our return rate was 21.8% in the fiscal 2009 second quarter as compared to 31.5% for the comparable prior year quarter, a 9.7 percentage point decrease. For the six-month period ended August 1, 2009, our return rate was 21.7% as compared to 34.0% for the comparable prior year period, a 12.3 percentage point decrease. We attribute the decrease in the 2009 quarterly and year-to-date return rate primarily to operational improvements in our delivery time and customer service, a change in our merchandise mix, our overall product quality and our lower price points.

Net Sales

Consolidated net sales for the fiscal 2009 second quarter were $119,345,000 as compared with consolidated net sales of $141,927,000 for the fiscal 2008 second quarter, a 16% decrease. Consolidated net sales for the six months ended August 1, 2009 were $253,147,000 as compared with consolidated net sales of $298,215,000 for the comparable prior year period, a 15% decrease. The decrease in consolidated net sales from prior year is directly attributed to decreases experienced in net sales from our television home shopping and internet operations. These declines in consolidated net sales are directly attributed to an approximate 42% quarterly decline (35% year-to-date) in our average selling price offset by a 40% (24% year-to-date) increase in net shipped units. The reduction in our selling price is an essential part of our strategy to increase viewership, rebuild our customer base and increase unit volume. However, with this reduction in our average price point, we will need to achieve a significant increase in the number of sales transactions in order to achieve comparable sales revenues year over year. In addition, total net sales decreased due to reduced total revenues associated with our discontinued polo.com fulfillment operations. Our consolidated net sales are still feeling the effect of the continued challenging overall environment experienced by retailers. From a product category perspective, our gemstone and gold categories experienced significant declines as these businesses are being repositioned at lower price points in order to broaden their appeal and reduce return rates. Year to date, our watch and consumer electronics sales off-set some of the decline experienced in our jewelry business. As part of our strategic merchandise transition during fiscal 2009, we have also been working through a significant amount of aged and lower-performing inventory which has contributed to the sales decreases experienced during the first half of fiscal 2009.

Cost of Sales (exclusive of depreciation and amortization)

Cost of sales (exclusive of depreciation and amortization) for the fiscal 2009 second quarter and fiscal 2008 second quarter was $77,785,000 and $94,046,000, respectively, a decrease of $16,261,000, or 17%. Cost of sales (exclusive of depreciation and amortization) for the six months ended August 1, 2009 and for the comparable prior year period was $169,398,000 and $200,378,000, respectively, a decrease of $30,980,000, or 15%. The decrease in cost of sales is directly attributable to decreased costs associated with decreased sales volume from our television home shopping and internet businesses. Net sales less cost of sales (exclusive of depreciation and amortization) as a percentage of sales for the second quarters of fiscal 2009 and fiscal 2008 quarters were 34.8% and 33.7%, respectively. Net sales less cost of sales (exclusive of depreciation and amortization) as a percentage of sales for the six months ended August 1, 2009 and for the comparable prior year period were 33.1% and 32.8%, respectively. The increase in gross margins experienced during the quarter and year to date periods was driven by less product discounting, fewer promotions and reduced inventory reserves. We expect our margins to gradually improve as we shift and grow our merchandise mix in the key product categories of home, fashion and health & beauty. We will also continue to reposition our core jewelry business with more moderate price points and higher margins. Fiscal 2008 margins were also negatively impacted by a non-cash inventory write down of $3.8 million recorded as a result of strategic decisions made in the prior year to significantly reduce our product's on-air life cycle.

Operating Expenses

Total operating expenses for the fiscal 2009 second quarter were $52,329,000 compared to $64,308,000 for the comparable prior year period, a decrease of 19%. Total operating expenses for the six months ended August 1, 2009 were $106,165,000 compared to $132,652,000 for the comparable prior year period, a decrease of 20%. Distribution and selling expense decreased $9,942 **,** 000, or 18%, to $43,885,000, or 37% of net sales during the 2009 second quarter compared to $53,827,000 or 38% of net sales for the comparable prior year quarter. Distribution and selling expense decreased $21,786 **,** 000, or 20%, to $89,124,000, or 35% of net sales during the six months ended August 1, 2009 compared to $110,910,000 or 37% of net sales for the comparable prior year period. Distribution and selling expense decreased on a year-to-date basis over the prior year primarily due to a $13,552,000 savings resulting from decreases in net cable and satellite rates due to the successful renegotiating of our cable and satellite contracts; a decrease in telemarketing, customer service and fulfillment variable costs of $718,000 associated with decreased sales volume and efficiency gains; decreases in salaries, headcount and other related personnel costs associated with merchandising, television production and

show management personnel and on-air talent of $1,835,000; decreases in marketing expenses of $1,148,000 and decreases in credit card fees and bad debt expense of $1,920,000 due to the overall decrease in net sales during the quarter.

General and administrative expense for the fiscal 2009 second quarter decreased $1,373,000, or 24%, to $4,309,000, or 4% of net sales, compared to $5,682,000, or 4% of net sales for the fiscal 2008 second quarter. General and administrative expense for the six months ended August 1, 2009 decreased $3,081,000, or 26%, to $8,936,000, or 4% of net sales, compared to $12,017,000, or 4% of net sales for the comparable prior year period. General and administrative expense decreased on a year-to-date basis over the prior year primarily as a result of our restructuring initiatives that included reductions in salaries, related benefits and consulting fees totaling $2,524,000 and by a $146,000 decrease associated with share-based compensation expense.

Depreciation and amortization expense for the fiscal 2009 second quarter was $3,427,000 compared to $4,246,000 for the fiscal 2008 quarter, representing a decrease of $819,000, or 19%, from the comparable prior year period. Depreciation and amortization expense for the six months ended August 1, 2009 was $7,216,000 compared to $8,565,000 for the six months ended August 2, 2008, representing a decrease of $1,349,000, or 16%, from the comparable prior year period. Depreciation and amortization expense as a percentage of net sales for the three and six month periods ended August 1, 2009 and August 2, 2008 was constant at 3% for each period. The quarterly and year to date decrease in depreciation and amortization expense relates to the timing of fully depreciated assets year over year, offset by increased depreciation and amortization as a result of assets placed in service in connection with our various application software development and functionality enhancements and new digital transmission equipment.

Operating Loss

For the fiscal 2009 second quarter, our operating loss was $10,769,000 compared to an operating loss of $16,427,000 for the fiscal 2008 second quarter. For the six months ended August 1, 2009, our operating loss was $22,416,000 compared to an operating loss of $34,815,000 for the comparable prior year period. Our operating loss decreased during fiscal 2009 from the comparable prior year periods primarily as a result of decreases in our overall operating expenses year over year, particularly the cable and satellite fees within our distribution and selling expenses. These expense decreases were offset by the second quarter and year to date decreases in net sales and gross profit margin due to the factors noted above.

Net Income (Loss)

For the fiscal 2009 second quarter, we reported a net loss available to common shareholders of ($8,235,000) or ($.26) per share on 32,273,000 weighted average common shares outstanding compared with a net loss available to common shareholders of ($15,757,000) or ($.47) per share on 33,574,000 weighted average common shares outstanding for the fiscal 2008 second quarter. For the six months ended August 1, 2009, we reported net income available to common shareholders of $7,054,000 or $.22 per share on 32,688,000 weighted average common shares outstanding ($.21 per share on 33,391,000 weighted diluted shares) compared with a net loss available to common shareholders of ($33,408,000) or ($.99) per share on 33,576,000 weighted average common shares outstanding for the six months ended August 2, 2009. Net loss available to common shareholders for the second quarter of fiscal 2009 includes interest expense of $1,235,000 related to the Series B preferred stock, the recording of a pre-tax gain of $3,628,000 from the sale of our auction rate investments and interest income totaling $146,000 earned on our cash and investments. Net loss available to common shareholders for the second quarter of fiscal 2008 includes interest income totaling $761,000 earned on our cash and investments.

The primary factor contributing to the increase in our net income available to common shareholders for the six months ended August 1, 2009 is a $27,362,000 addition to earnings related to the recording of the excess of the carrying amount of the Series A Preferred Stock over the fair value of the Series B Preferred Stock. Other factors affecting our net income for the six months ended August 1, 2009 include interest expense of $1,978,000 related to the Series B preferred stock, the recording of a pre-tax gain of $3,628,000 from the sale of our auction rate investments and interest income totaling $363,000 earned on our cash and investments. Net loss available to common shareholders for the six months ended August 2, 2008 includes interest income totaling $1,586,000 earned on our cash and investments.

For the second quarter of fiscal 2009, we recorded state income taxes payable on certain income for which there is no loss carryforward benefit available. For the first six months of fiscal 2009, we recorded an income tax net benefit of $157,000 relating to certain amended state returns for which tax refunds have been received or are currently due, offset by the recording of state income taxes payable on income for which there is no loss carryforward benefit available. For the second quarter of fiscal 2008, we recorded state income taxes payable on certain income for which there is no loss carryforward benefit available.

We have not recorded any income tax benefit on the net loss recorded in the first six months of 2009 due to the uncertainty of realizing income tax benefits in the future as indicated by our recording of an income tax valuation reserve. We will continue to maintain a valuation reserve against our net deferred tax assets until we believe it is more likely than not that these assets will be realized in the future.

Adjusted EBITDA Reconciliation

Adjusted EBITDA (as defined below) for the fiscal 2009 second quarter was a loss of $(5,733,000) compared with an Adjusted EBITDA loss of $(10,666,000) for the fiscal 2008 second quarter. For the six months ended August 1, 2009, Adjusted EBITDA was a loss of $(12,521,000) compared with an Adjusted EBITDA loss of $(23,059,000) for the comparable prior year period.

A reconciliation of Adjusted EBITDA to its comparable GAAP measurement, net loss follows, in thousands:

	For the Three-Month Periods Ended		For the Six-Month Periods Ended	
	August 1, 2009	August 2, 2008	August 1, 2009	August 2, 2008
Adjusted EBITDA	$ (5,733)	$(10,666)	$(12,521)	$(23,059)
Less:				
Non-operating gain on sale of investments	3,628	—	3,628	—
Restructuring costs	(485)	—	(589)	(330)
CEO transition costs	(223)	(553)	(300)	(830)
Non-cash share-based compensation expense	(901)	(962)	(1,790)	(2,031)
EBITDA (as defined)	(3,714)	(12,181)	(11,572)	(26,250)
A reconciliation of EBITDA to net loss is as follows:				
EBITDA as defined	(3,714)	(12,181)	(11,572)	(26,250)
Adjustments:				
Depreciation and amortization	(3,427)	(4,246)	(7,216)	(8,565)
Interest income	146	761	363	1,586
Interest expense	(1,235)	—	(1,978)	—
Income taxes	(5)	(18)	157	(33)
Net loss	$ (8,235)	$(15,684)	$(20,246)	$(33,262)

EBITDA represents net loss for the respective periods excluding depreciation and amortization expense, interest income (expense) and income taxes. We define Adjusted EBITDA as EBITDA excluding non-recurring non-operating gains (losses); non-cash impairment charges and write-downs; restructuring and chief executive officer transition costs; and non-cash share-based compensation expense.

We have included the term Adjusted EBITDA in our EBITDA reconciliation in order to adequately assess the operating performance of our "core" television and internet businesses and in order to maintain comparability to our analyst's coverage and financial guidance when given. Management believes that Adjusted EBITDA allows investors to make a more meaningful comparison between our core business operating results over different periods of time with those of other similar companies. In addition, management uses Adjusted EBITDA as a metric measure to evaluate operating performance under its management and executive incentive compensation programs. Adjusted EBITDA should not be construed as an alternative to operating income (loss) or to cash flows from operating activities as determined in accordance with generally accepted accounting principles and should not be construed as a measure of liquidity. Adjusted EBITDA may not be comparable to similarly entitled measures reported by other companies.

Critical Accounting Policies and Estimates

A discussion of the critical accounting policies related to accounting estimates and assumptions are discussed in detail in our fiscal 2008 annual report on Form 10-K under the caption entitled "Critical Accounting Policies and Estimates."

Financial Condition, Liquidity and Capital Resources

For the six months ended August 1, 2009, we had an Adjusted EBITDA loss of $12,521,000 and our net cash used for operating activities was $28,750,000 which was driven primarily by the Adjusted EBITDA loss and our working capital investment. As of August 1, 2009, we had cash and cash equivalents of $27,869,000 and had restricted cash of $8,461,000 pledged as collateral for our issuances of standby and commercial letters of credit for a total cash and restricted cash balance of $36,330,000. Our restricted cash is generally restricted for a period ranging from 30-60 days and / or to the extent that standby and commercial letters of

credit remain outstanding. As of January 31, 2009 we had cash and cash equivalents of $53,845,000 and had restricted cash of $1,589,000 pledged as collateral for our issuances of standby and commercial letters of credit for a total cash and restricted cash balance of $55,434,000. For the first six months of fiscal 2009, working capital decreased $2,347,000 to $63,134,000. The current ratio was 1.8 at August 1, 2009 compared to 1.7 at January 31, 2009.

Sources of Liquidity

Currently, our principal source of liquidity is our available cash and cash equivalents. We ended August 1, 2009 with cash and cash equivalents of $27,869,000 and restricted cash of $8,461,000 for a total cash and restricted cash balance of $36,330,000. As a result of our recent and continuing operating losses, it is possible that our existing cash and cash equivalent balances may not be sufficient to fund obligations and commitments as they come due beyond fiscal 2009 and we may need to raise additional financing to fund potential foreseeable and unforeseeable contingencies. As for additional sources of liquidity during our turn around efforts to attain profitability, we are in the process of negotiating to obtain an asset-backed line of credit and we are also exploring the potential sale of our Boston television station and other real estate assets. There is no assurance that we will be able to successfully raise funds if necessary or that the terms of any financing will be acceptable to us. The majority of our operating cash flow is generated from credit card receipts from sales transactions and the collection of outstanding customer accounts receivables. The timing of customer collections made pursuant to our ValuePay installment program and the extent to which we extend credit to our customers is important to our short-term liquidity and cash resources. However, to the extent we were to reduce our ValuePay promotions to help our short-term liquidity needs, our sales may be negatively affected. A significant increase in our accounts receivable aging or credit losses could negatively impact our source of cash from operations in the short term. For fiscal 2008 and the first half of fiscal 2009, we have not experienced a significant change or deterioration in our accounts receivable historical write off rate, which has remained relatively stable at approximately 2% to 3% of our net ValuePay sales. While credit losses have historically been within our estimates for these losses, there is no guarantee that we will continue to experience the same credit loss rate that we have had in the past. At August 1, 2009, our cash and cash equivalents were invested in money market funds primarily for the preservation of cash liquidity. Interest earned on money market funds is subject to interest rate fluctuations.

Prior to the second quarter, our investment portfolio included auction rate securities with an estimated fair value of $15.7 million ($26.8 million original cost basis). These investment-grade auction rate securities had failed to settle in auctions beginning in fiscal 2007 and through August of fiscal 2009. In the second quarter of fiscal 2009, we sold our long-term illiquid auction rate securities portfolio for net proceeds of $19,356,000. The auction rate securities had a carrying value of $15,728,000 and we recorded a $3,628,000 non operating gain in the second quarter of fiscal 2009.

Cash Requirements

We experienced Adjusted EBITDA losses of approximately $12.5 million for the first half of fiscal 2009 and Adjusted EBITDA losses of approximately $51.4 million in fiscal 2008, which has caused a significant reduction in our cash balances. As a result of these and previously reported operating losses, we are tightly managing our working capital in an effort to preserve our limited cash resources in order to sustain our ongoing operations during our turn around efforts to attain profitability.

Currently, our principal cash requirements are to fund our business operations, which consist primarily of purchasing inventory for resale, funding accounts receivable growth in support of sales growth during our turn around, funding our basic operating expenses, particularly our contractual commitments for cable and satellite programming and, to a lesser extent, the funding of necessary capital expenditures. We tightly manage our monthly inventory receipts commensurate with our sales levels in order to preserve our cash. We manage our accounts receivables and accounts payables in an effort to more effectively match, as closely as possible, cash receipts from customers with related cash payments to our vendors by extending payment terms for most of our vendors. We have also limited our capital expenditures to only those expenditures necessary to fund and support critical systems within our current operating level.

We have additional long-term contractual cash obligations and commitments with respect to our cable and satellite agreements and operating leases totaling approximately $191 million over the next five fiscal years with average annual cash payments of approximately $50 million from fiscal 2009 through fiscal 2012.

For the six months ended August 1, 2009, net cash used for operating activities totaled $28,750,000 compared to net cash provided by operating activities of $6,700,000 for the six months ended August 2, 2008. Net cash provided by (used for) operating activities for the fiscal 2009 and 2008 periods reflects net loss, as adjusted for depreciation and amortization, share-based payment compensation, gain on the sale of investments and the amortization of deferred revenue. In addition, net cash used for operating activities for the six months ended August 1, 2009 reflects an increase in accounts receivable and prepaid expenses and other, decreases in deferred revenue and accounts payable and accrued liabilities, offset by a decrease in inventories and an increase in dividends payable.

Accounts receivable increased primarily as a result of our increased use of our ValuePay extended credit as a promotional tool to stimulate sales. Inventories decreased during the first half of fiscal 2009 as we continue to aggressively manage our inventory balance down as we introduce new merchandise categories and reinvest in new jewelry inventory in an effort to reposition our merchandise offerings to improve sales performance. The increase in prepaid expenses and other relates primarily to increases in cash deposits made, prepaid insurance, maintenance fees and income taxes receivable. Accounts payable and accrued liabilities decreased in the first half of fiscal 2009 due to reduced inventory purchases and lower cable and satellite rates effective this year. We have extended payment terms for most of our vendors in an effort to more effectively manage our working capital and match cash receipts from our customers with the related cash payments to our vendors. Our days payable outstanding (DPO) has increased by approximately 20% compared to the same quarter last year. In addition, accounts payable and accrued expenses decreased as a result of: payments made in connection with our restructuring liability and series B preferred stock issuance; decreased private label reward points accrual as a result of a reduced redemption period and lower private label sales and a decrease in our employee 401(k) accrual due to the cessation of our company matching policy starting in fiscal 2009.

Net cash provided by investing activities totaled $8,868,000 for the first six months of fiscal 2009 compared to net cash provided by investing activities of $19,841,000 for the first six months of fiscal 2008. For the six months ended August 1, 2009 and August 2, 2008, expenditures for property and equipment were $3,616,000 and $4,702,000, respectively. Expenditures for property and equipment during the fiscal 2009 and 2008 periods primarily include capital expenditures made for the development, upgrade and replacement of computer software, customer care management and merchandising systems, related computer equipment, digital broadcasting equipment and other office equipment, warehouse equipment and production equipment. Principal future capital expenditures are expected to include the development, upgrade and replacement of various enterprise software systems, the expansion of warehousing capacity and security in our fulfillment network, the upgrade and digitalization of television production and transmission equipment and related computer equipment associated with the expansion of our home shopping business and e-commerce initiatives. In the six months ended August 1, 2009, we increased our restricted cash by $6,872,000 and received net cash proceeds totaling $19,356,000 in connection with the sale of our auction rate securities. In the six months ended August 2, 2008, we received proceeds of $24,543,000 from the sale of short-term investments.

Net cash used for financing activities totaled $6,094,000 for the six months ended August 1, 2009 and related primarily to a $3,400,000 cash payment made in conjunction with our Series A preferred stock redemption, payments made totaling $937,000 in conjunction with the repurchase of 1,622,000 shares of our common stock and payments of $1,757,000 made in conjunction with our Series B preferred stock issuance. Net cash used for financing activities totaled $3,317,000 for the comparable prior year period and related primarily to payments made in conjunction with the repurchase of 556,000 shares of our common stock.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We do not enter into financial instruments for trading or speculative purposes and do not currently utilize derivative financial instruments as a hedge to offset market risk. In past years, we held certain equity investments in the form of common stock purchase warrants in public companies and accounted for these investments in accordance with the provisions of SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities* . We no longer have investments of that nature. Our operations are conducted primarily in the United States and are not subject to foreign currency exchange rate risk. However, some of our products are sourced internationally and may fluctuate in cost as a result of foreign currency swings. We currently have no long-term debt other than our Series B preferred stock long-term obligation, and accordingly, are not significantly exposed to interest rate risk, although changes in market interest rates do impact the level of interest income earned on our substantial cash and short and long-term investment portfolio.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

As of the end of the periods covered by this report, management conducted an evaluation, under the supervision and with the participation of our chief executive officer and chief financial officer, of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15 (e) and 15d-15(e) under the Securities Exchange Act of 1934). Based on this evaluation, the officers concluded that our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, and to ensure that information required to be disclosed by us in the reports we file or submit under the Securities Exchange Act of 1934 is accumulated and communicated to management, including our principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosures.

Changes in Internal Controls over Financial Reporting

There were no changes in our internal controls over financial reporting during the most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

On November 21, 2008, a lawsuit against our company was filed by our former chief executive officer, Rene Aiu in Hennepin County Court, Minnesota. Her claims include money damages for breach of contract for nonpayment of severance equal to two years of salary and of targeted incentive compensation, fraud and misrepresentation, and violation of certain Minnesota statutes. We filed a response on November 25, 2008, denying Ms. Aiu's claims. Discovery has commenced and is ongoing and the Hennepin County District Court has set the trial to commence in 2010. We believe that Ms. Aiu was properly dismissed for "cause" as defined in her employment agreement, intend to defend the suit vigorously and at this time cannot estimate a dollar amount of liability, if any.

We are also involved from time to time in various claims and lawsuits in the ordinary course of business. In the opinion of management, these claims and suits individually and in the aggregate have not had a material adverse effect on our operations or consolidated financial statements.

ITEM 1A. RISK FACTORS

If we do not reverse our current trend of operating losses, we could reduce our operating cash resources to the point where we will not have sufficient liquidity to meet the ongoing cash commitments and obligations to continue operating our business.

We have limited cash to fund our business and have a trend of operating losses ($27.8 million of cash and cash equivalents and $8.5 million of restricted cash for a total cash and restricted cash balance of $36.3 million as of August 1, 2009). In addition, we used $28.8 million of cash to fund our current operations for the six months ended August 1, 2009. We expect to use our cash to fund any further operating losses, to finance our working capital requirements and to make necessary capital expenditures in order to operate our business. We also have significant future commitments for our cash, primarily payments for our cable and satellite program distribution obligations. In addition, if our vendors or service providers were to demand a shift from our current payment terms to upfront prepayments or require cash reserves, this will have a significant adverse impact on our available cash balance and our ability to meet the ongoing commitments and obligations of our business. If we are not able to attain profitability and generate positive cash flows from operations or obtain cash from other sources (such as the sale of our Boston television station or other real estate assets, and/or obtaining a secured line of credit from a financial institution), we may not have sufficient liquidity to continue operating.

Current negative economic conditions have adversely affected our business and continued weakness in the macroeconomic environment could further adversely affect our business.

Retailers generally are particularly sensitive to adverse global economic and business conditions, in particular to the extent they result in a loss of consumer confidence and decreases in consumer spending, particularly discretionary spending. The current world-wide credit market disruptions and economic slowdown have negatively impacted consumer confidence, consumer spending and, since September 2008, our business. The timing and nature of recovery in the credit and financial markets remains uncertain, and there can be no assurance that market conditions and consumer confidence will improve in the near future or that our results will not continue to be adversely affected. If these economic and market conditions persist, spread or deteriorate further, it will have a continuing negative impact on our business, financial condition and results of operations.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

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

Our annual meeting of shareholders was held on June 25, 2009. Shareholders holding an aggregate of 32,539,234 shares (common and preferred shares), or approximately 88% of the outstanding shares, were represented at the meeting by proxy or in person. The following matters were submitted at the meeting for vote by the shareholders:

The shareholders present in person or by proxy cast the following numbers of votes in connection with the election of directors:

	For	Withheld
Keith R. Stewart	26,852,245	757,723
John D. Buck	22,191,796	5,418,172
Joseph F. Berardino	26,142,308	1,467,660
Robert J. Korkowski	26,575,287	1,034,681
Randy S. Ronning	26,920,363	689,605
Catherine Dunleavy*	4,929,266	—
Patrick O. Kocsi*	4,929,266	—

* Ms. Dunleavy and Mr. Kocsi are the representatives elected by the holders of our Series B Redeemable Preferred stock.

The shareholders present in person or by proxy cast the following numbers of votes in connection with the ratification of the selection of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending January 30, 2010:

For	Against	Abstentions	Broker Non-Votes
32,272,224	216,272	50,738	—

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

The exhibits filed with this Quarterly Report on Form 10-Q are set forth on the Exhibit Index filed as a part of this report beginning immediately following the signatures.

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 MEDIA, INC. AND SUBSIDIARIES
September 10, 2009	/s/ KEITH R. STEWART
	Keith R. Stewart Chief Executive Officer and President (Principal Executive Officer)
September 10, 2009	/s/ FRANK P. ELSENBAST
	Frank P. Elsenbast Senior Vice President Finance, Chief Financial Officer (Principal Financial Officer)

EXHIBIT INDEX

Exhibit Number	Exhibit	Filed by
3.1	Articles of Incorporation of the Registrant	Filed Electronically
3.2	Bylaws of the Registrant	Incorporated by reference (1)
31.1	Rule 13a-14(a)/15d-14(a) Certification by Principal Executive Officer	Filed Electronically
31.2	Rule 13a-14(a)/15d-14(a) Certification of Principal Financial and Accounting Officer	Filed Electronically
32	Section 1350 Certification of Chief Executive Officer and Chief Financial Officer	Filed Electronically

(1) Incorporated herein by reference to the similarly titled exhibit to the Registrant's Quarterly Report on Form 10-Q for the quarter ended May 3, 2008, filed on June 12, 2008, File No. 000-20243.

Exhibit 3.1

ARTICLES OF INCORPORATION
OF
VALUEVISION MEDIA, INC.
(Conformed Copy – Includes all amendments through August 1, 2009)

ARTICLE 1
NAME

The name of the Corporation is ValueVision Media, Inc.

ARTICLE 2
REGISTERED OFFICE

The address of the registered office of the Corporation is 6740 Shady Oak Road, Minneapolis, Minnesota 55344-3433.

ARTICLE 3
CAPITAL

A. The Corporation is authorized to issue One Hundred Million (100,000,000) shares of capital stock, having a par value of one cent ($.01) per share in the case of common stock, and having a par value as determined by the Board of Directors in the case of preferred stock, to be held, sold and paid for at such times and in such manner as the Board of Directors may from time to time determine in accordance with the laws of the State of Minnesota.

B. In addition to any and all powers conferred upon the Board of Directors by the laws of the State of Minnesota, the Board of Directors shall have the authority to establish by resolution more than one class or series of shares, either preferred or common, and to fix the relative rights, restrictions and preferences of any such different classes or series, and the authority to issue shares of a class or series to another class or series to effectuate share dividends, splits or conversion of the Corporation’s outstanding shares.

C. The Board of Directors shall also have the authority to issue rights to convert any of the Corporation’s securities into shares of stock of any class or classes, the authority to issue options to purchase or subscribe for shares of stock of any class or classes, and the authority to issue share purchase or subscription warrants or any other evidence of such option rights which set forth the terms, provisions and conditions thereof, including the price or prices at which such shares may be subscribed for or purchased. Such options, warrants and rights, may be transferable or nontransferable and separable or inseparable from other securities of the Corporation. The Board of Directors is authorized to fix the terms, provisions and conditions of such options, warrants and rights, including the conversion basis or bases and the option price or prices at which shares may be subscribed for or purchased.

D. Any provisions herein to the contrary notwithstanding, except as otherwise provided by law, not more than twenty percent (20%) of the aggregate voting power of all shares outstanding entitled to vote on any matter shall be at any time voted by or for the account of aliens or their representatives, or by or for the account of a foreign government or representative thereof, or by or for the account of any corporation organized under the laws of foreign country.

   The Board of Directors shall make such rule and regulations as it shall deem necessary or appropriate to enforce the provisions of this paragraph D.

E. Except as otherwise provided by law, aliens, foreign governments, or corporations organized under the laws of a foreign country, or the representatives of such aliens, foreign governments, or corporations organized under the laws of a foreign country, shall not own, directly or through a third party who holds the stock for the account of such alien, foreign government, or corporation organized under the laws of a foreign country: (1) more than twenty percent (20%) of the number of shares of outstanding stock of the Corporation, or (2) shares representing more than twenty percent (20%) of the aggregate voting power of all outstanding shares of voting stock of the Corporation.

Shares of stock shall not be transferable on the books of the Corporation to aliens, foreign governments, or corporations organized under the laws of foreign countries, or to the representatives of, or persons holding for the account of, such aliens, foreign governments, or corporations organized under the laws of foreign countries, unless, after giving effect to such transfer, the aggregate number of shares of stock owned by or for the account of aliens, foreign governments, and corporations organized under the laws of foreign countries, and any representatives thereof, will not exceed twenty percent (20%) of the number of shares of outstanding stock of the Corporation, and the aggregate voting power of such shares will not exceed twenty percent (20%) of the aggregate voting power of all outstanding shares of voting stock of the Corporation.

If, notwithstanding the restriction on transfer set forth in this Article 3E, the aggregate number of shares of stock owned by or for the account of aliens, foreign governments, and corporations organized under the laws of foreign countries, exceed twenty percent (20%) of the number of shares of outstanding stock of the Corporation, or if the aggregate voting power of such shares exceed twenty percent (20%) of the aggregate voting power of all outstanding shares of voting stock of the Corporation, the Corporation shall have 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, foreign governments, and corporations organized under the laws of foreign countries, in order to reduce the number of shares and/or percentage of voting power held by or for the account of aliens, foreign governments, and corporations organized under the laws of foreign countries, and their representatives to the maximum number or percentage allowed under these Articles of Incorporation or as otherwise required by applicable federal law.

The Board of Directors shall make such rules and regulations as it deems necessary or appropriate to enforce the foregoing provisions of this Article 3E.

ARTICLE 4
SHAREHOLDER RIGHTS

A. No shareholder of the Corporation shall have any preemptive rights.

B. No shareholder of the Corporation shall have any cumulative voting rights.

ARTICLE 5
WRITTEN ACTION BY LESS THAN ALL OF THE DIRECTORS

Any action required or permitted to be taken at a Board meeting, other than an action requiring shareholder approval, may be taken by written action of the Board of Directors if signed by the number of directors that would be required to take the same action at a meeting at which all directors were present.

ARTICLE 6
LIMITED LIABILITY OF DIRECTORS

To the fullest extent permitted by law, a director shall have no personal liability to the Corporation or its shareholders for breach of fiduciary duty as a director. Any amendment to or repeal of this Article 6 shall not adversely affect any right or protection of a director of the Corporation for or with respect to any acts or omissions of such director occurring prior to such amendment or repeal.

ARTICLE 7

No officer or director of the Corporation shall be an alien, or a representative of a foreign government.

The term "alien" as used in these Articles of Incorporation shall have the meaning assigned to such term in the Communications Act of 1934 , as amended.

CERTIFICATE OF DESIGNATION OF
SERIES B REDEEMABLE PREFERRED STOCK

Pursuant to Section 302A.401 of the Minnesota Business Corporation Act, ValueVision Media, Inc., a Minnesota corporation (the " **Corporation** "), hereby certifies that the following resolutions were duly adopted by its Board of Directors on February 25, 2009, to set forth the powers, designations, preferences and relative, participating, optional or other rights of its Series B Redeemable Preferred Stock:

RESOLVED, that, pursuant to the authority granted to the Board of Directors in the Articles of Incorporation, there is hereby created, and the Corporation is hereby authorized to issue, a series of preferred stock having the following designations, relative rights and preferences:

I. **Designation of Series and Number of Shares** . This series of the preferred stock shall be designated the "Series B Redeemable Preferred Stock" (the " **Preferred Stock** ") and shall consist of 4,929,266 shares, par value $0.01 per share. The stated value of the Preferred Stock shall be $8.288 per share (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Preferred Stock) (as adjusted, the " **Stated Value** "). The number of shares of Preferred Stock may be decreased from time to time, as such shares are redeemed as provided herein or otherwise reacquired by the Corporation, by a resolution of the Board of Directors filed with the Secretary of State of the State of Minnesota.

II. **Rank** .

(a) All shares of Preferred Stock shall rank prior, both as to payment of dividends and as to distributions of assets upon liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, to all of the Corporation's now or hereafter issued Common Stock, par value $0.01 per share (" **Common Stock** "), and to all of the Corporation's now existing or hereafter issued capital stock which by its terms ranks junior to the Preferred Stock both as to the payment of dividends and as to distributions of assets upon liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, when and if issued (the Common Stock and any such other capital stock being herein referred to as " **Junior Stock** ").

(b) Except as expressly permitted by Section 3.03(a)(ii)(B)(3) of the Shareholder Agreement (as defined below), no payment on account of the purchase, redemption, retirement or other acquisition of shares of Junior Stock or any class or series of the Corporation's capital stock which by its terms ranks junior to the Preferred Stock as to distributions of assets upon liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary (the Junior Stock and any such other class or series of the Corporation's capital stock being herein referred to as " **Junior Liquidation Stock** "), shall be made directly or indirectly by the Corporation unless and until all the Preferred Stock shall have been redeemed as provided for herein or otherwise reacquired by the Corporation.

III. **Dividends** .

(a) From and after the date of the issuance of any shares of Preferred Stock (the " **Issue Date** "), dividends shall accrue at the rate of 12.0% per annum (compounded quarterly) (the " **Standard Rate** ") (or at the Default Rate (as hereinafter defined), if, and to the extent, applicable) of the Base Amount (as hereinafter defined) on such shares of Preferred Stock (the " **Accruing Dividends** "). Notwithstanding the previous sentence, dividends shall accrue at the rate of 15.0% per annum (compounded quarterly) (the " **Default Rate** ") of the Base Amount from and after the date of any Default (as hereinafter defined) through and including the date on which the Corporation has cured any Default. Accruing Dividends shall accrue and be declared by the Board of the Corporation on February 25, May 25, August 25, and November 25 of each year (commencing with the first such date to occur after the Issue Date) and shall be cumulative (whether or not declared and whether or not the Corporation has funds legally available therefor); provided however , the Accruing Dividends shall only be payable as set forth in this Section III(a) or in Sections IV or V. The Corporation shall not declare, pay or set aside any dividends on shares of any Junior Stock, other than dividends payable solely in shares of Junior Stock, so long as any shares of Preferred Stock are outstanding. Holders of Preferred Stock will not be entitled to any dividends, whether payable in cash, property or stock, in excess of the dividends provided for herein. Such dividends shall be payable to holders of record at the close of business on the date specified by the Board of Directors (or, to the extent permitted by applicable law, a duly authorized committee thereof). All dividends paid with respect to shares of Preferred Stock pursuant to this Section III shall be paid pro rata to the holders entitled thereto. The " **Base**

Amount ” means the aggregate Stated Value of all outstanding shares of Preferred Stock plus the Accruing Dividends to date on such shares (to the extent not previously paid in cash); “ **Default** ” means failure by the Corporation to pay in cash when due any of the redemption payments required under Sections V(a) or V(c) (without regard to the Company’s failure to provide a redemption notice as provided in Section V), notwithstanding for this purpose the requirement that funds be legally available therefor; and “cure” of any Default refers to the date on which the Corporation has paid in cash any and all amounts otherwise required to be paid, notwithstanding for this purpose the requirement that funds be legally available therefor, under Sections V(a) or V(c).

(b) No dividends shall be declared, paid or set apart for payment on shares of any class or series of the Corporation’s capital stock whether now existing or hereafter issued which by its terms ranks, as to dividends, on a parity with the Preferred Stock (any such class or series of the Corporation’s capital stock being herein referred to as “ **Parity Dividend Stock** ”) for any period unless dividends have been, or contemporaneously are, paid or declared and set apart for payment on the Preferred Stock. No dividends shall be paid on Parity Dividend Stock except on dates on which dividends are paid on the Preferred Stock. All dividends paid or declared and set apart for payment on the Preferred Stock and any Parity Dividend Stock shall be paid or declared and set apart for payment pro rata so that the amount of dividend paid or declared and set apart for payment per share on the Preferred Stock and the Parity Dividend Stock on any date shall in all cases bear to each other the same ratio that accrued and unpaid dividends on the Preferred Stock and the Parity Dividend Stock bear to each other.

IV. **Liquidation Preference** . In the event of a liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, the holders of the then outstanding shares of Preferred Stock shall be entitled to receive out of the assets of the Corporation available for distribution to shareholders an amount in cash equal to the Stated Value for each share outstanding, plus an amount in cash equal to the Accruing Dividends on such shares on the date of final distribution to such holders (to the extent not previously paid in cash) before any payment shall be made or any assets distributed to the holders of shares of Junior Liquidation Stock. The entire assets of the Corporation available for distribution to holders of Preferred Stock and any class or series of the Corporation’s capital stock which by its terms ranks on a parity with the Preferred Stock as to distributions of assets upon liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary (any such class or series of the Corporation’s capital stock being herein referred to as “ **Parity Liquidation Stock** ”) shall be distributed ratably among the holders of the Preferred Stock and any Parity Liquidation Stock in proportion to the respective preferential amounts (including accrued and unpaid dividends, if any) to which each is entitled (but only to the extent of such preferential amounts). After payment in full of the liquidation preferences of the shares of the Preferred Stock, the holders of such shares shall not be entitled to any further participation in any distribution of assets by the Corporation.

V. **Redemption** .

(a) **Mandatory Redemption** . The Corporation shall redeem for cash, out of any source of funds legally available therefor, at a redemption price in each case equal to 100% of the Stated Value per share, plus an amount in cash equal to all Accruing Dividends thereon outstanding to the applicable redemption date (to the extent not previously paid in cash) (the “ **Redemption Price** ”), shares of Preferred Stock in such amounts and at such dates as set forth below in this Section V(a):

(i) On the fourth anniversary of the Issue Date, the Corporation shall pay an amount equal to (A) $19,667,495, plus (B) an amount in cash equal to 30% of any additional Accruing Dividends that have accrued since the Issue Date (to the extent not previously paid in cash) as a result of the Default Rate (rather than the Standard Rate) being in effect, less (C) any amounts previously paid by the Corporation under Sections V(a)(iii), V(a)(iv), V(b) and V(c), which amount shall be applied first to all Accruing Dividends not previously paid in cash on outstanding shares of Preferred Stock (pro rata with respect to all shares of Preferred Stock then outstanding), and then to redeem shares of Preferred Stock at the Redemption Price.

(ii) On the fifth anniversary of the Issue Date, the Corporation shall redeem any and all remaining outstanding shares of Preferred Stock as of such date at the Redemption Price;

(iii) Within 90 calendar days following the end of each fiscal year of the Corporation (commencing with the fiscal year ending January 31, 2010), the Corporation shall, in the

following priority order, (1) apply any Excess Cash Balance as of the end of such fiscal year to pay any Accruing Dividends on outstanding shares of Preferred Stock not previously paid in cash (pro rata with respect to all shares of Preferred Stock then outstanding), and (2) redeem that number of shares of Preferred Stock obtained by dividing any remaining Excess Cash Balance as of the end of such fiscal year (after the payments required by clause (1) of this Section V(a)(iii)) by the Redemption Price. " **Excess Cash Balance** " as of the end of any fiscal period means an amount equal to (1) the cash and cash equivalents and marketable securities (the " **Cash Balance** ") reported on the Corporation's audited, if at fiscal year-end, or unaudited, if at fiscal quarter-end, balance sheet as of the end of such fiscal period (the " **Balance Sheet** "), less (2) the amount included in such Cash Balance attributable to any securities held by the Corporation that are characterized as "auction rate securities" (or similar term), less (3) the amount obtained (whether positive or negative) from subtracting (i) the accounts payable that would have been reported on the Balance Sheet had all accounts payable been paid on stated terms (and no earlier or later), from (ii) the accounts payable reported on the Balance Sheet, less (4) the bona fide estimated additional cash required to fund operations, as reasonably determined and reflected in an operating budget approved by the Corporation's Board of Directors for the next four fiscal quarters following the end of such fiscal period (the " **Additional Cash Amount** "), less (5) the amount included in the Cash Balance that is attributable to cash pledged to vendors and other similar entities to secure the purchase price of inventory acquired in the ordinary course of business, less (6) $20,000,000.

(iv) Within 45 calendar days following the end of any fiscal quarter of the Corporation (except the fourth fiscal quarter of the Corporation, in which case Section V(a)(iii) shall be applicable) during which an ARS Event (as defined below), an Asset Sale Event (as defined below) or a Financing Event (as defined below) occurs, the Corporation shall, in the following priority order, (1) apply any Excess Cash Balance as of the end of such fiscal quarter to pay any Accruing Dividends on outstanding shares of Preferred Stock not previously paid in cash (pro rata with respect to all shares of Preferred Stock then outstanding), and (2) redeem that number of shares of Preferred Stock obtained by dividing any remaining Excess Cash Balance as of the end of such fiscal quarter (after the payments required by clause (1) of this Section V(a)(iv)) by the Redemption Price. " **ARS Event** " means the receipt of any net cash proceeds from the sale or other disposition of any securities held by the Corporation that are characterized as "auction rate securities" (or similar term). " **Asset Sale Event** " means a sale or other disposition for cash by the Corporation of fixed assets outside of the ordinary course of business and " **Financing Event** " means the issuance by the Corporation of indebtedness for borrowed money outside of the ordinary course of business; provided that an Asset Sale Event or Financing Event shall not be deemed to occur for purposes of the first sentence of this Section V(a)(iv) unless such Asset Sale Event or Financing Event, together with any prior Asset Sale Events and Financing Events, generates net cash proceeds to the Corporation in excess of (x) $500,000 in the current fiscal year or (y) $2,500,000 since the Issue Date; provided, however, that the $500,000 limit in clause (x) shall be increased to the extent such $500,000 limit was not entirely utilized in any prior fiscal year since the Issue Date.

(b) **Redemption at Option of the Corporation** . At any time and from time to time, at the option of the Corporation and upon five calendar days prior written notice to the record holders of the Preferred Stock, the Corporation may redeem for cash, out of any source of funds legally available therefor, all or any of the outstanding shares of Preferred Stock, at the Redemption Price; provided, however, that no share of Preferred Stock may be redeemed pursuant to this Section V(b) until all Accruing Dividends on outstanding shares of Preferred Stock not previously paid in cash have been fully paid in cash.

(c) **Redemption Upon Change in Control** . Upon the occurrence of a Change in Control, the Preferred Stock shall be redeemable at the option of the holders thereof, in whole or in part, at the Redemption Price. The Corporation shall redeem the number of shares specified in the holders' notices of election to redeem pursuant to Section V(e) on the date fixed for redemption. A " **Change of Control** " shall mean (i) the consummation by the Corporation of a merger, consolidation or other business combination in a transaction or series of transactions as a result of which the holders of the Common Stock immediately prior to such transaction or series of transactions will hold less than 50% of the voting power of all

outstanding voting securities of the surviving entity, (ii) the consummation of a sale or other disposition in one or more transactions by the Corporation or its subsidiaries of all or substantially all of the Corporation's consolidated assets other than among the Corporation and its subsidiaries, (iii) the acquisition by any person or entity, together with its affiliates (as defined in Rule 12b-2 under the Exchange Act of 1934, as amended (the " **Exchange Act** ")), or any other group (as defined in Section 13(d) of the Exchange Act), including through the formation of any such group or the affiliation of any such persons or entities other than any Restricted Party (as defined in the Shareholder Agreement) or an Affiliate thereof or any 13D Group (as defined in the Shareholder Agreement) of which any of them is a member, of beneficial ownership of a majority of the voting power of all the then outstanding voting securities of the Corporation entitled to vote generally in the election of directors or (iv) Continuing Directors no longer constitute a majority of the Board of Directors of the Corporation. For purposes of this paragraph (b), " **Continuing Directors** " shall mean (i) each director who is a member of the Board of Directors of the Corporation on the date hereof and (ii) each other director whose initial nomination as a director was approved by a majority of the Continuing Directors as of the time of such nomination (including, without limitation, director designees of the Restricted Parties pursuant to the Shareholder Agreement).

(d) **Procedure for Mandatory or Optional Redemption; Notices** .

(i) In the event that the Corporation shall redeem shares of Preferred Stock pursuant to Section V(a) or V(b) hereof, notice of such redemption shall be mailed by first-class mail, postage prepaid, and mailed (1) in the case of a mandatory redemption under Section V(a)(i) or V(a)(ii), not less than 30 days nor more than 90 days prior to the redemption date, (2) in the case of a mandatory redemption under Section V(a)(iii) or V(a)(iv), not less than 10 days nor more than 90 days prior to the redemption date, and (iii) in the case of an optional redemption under Section V(b), not less than 5 days nor more than 90 days prior to the redemption date, in any case to the holders of record of the shares to be redeemed at their respective addresses as they shall appear in the records of the Corporation; provided, however, that failure of the Corporation to give such notice or any defect therein or in the mailing thereof shall not affect the validity of the proceeding for the redemption of any shares so to be redeemed except as to the holder to whom the Corporation has failed to give such notice or except as to the holder to whom notice was defective. Each such notice shall state: (A) the redemption date; (B) the amount of Accruing Dividends to be paid; (C) the number of shares of Preferred Stock to be redeemed; (D) the Redemption Price; and (E) the place or places where certificates for such shares are to be surrendered for payment of the Redemption Price (which place shall be the principal place of business of the Corporation). In the event the Corporation does not have sufficient funds legally available to redeem for cash at the Redemption Price on any mandatory redemption date all shares of Preferred Stock required to be redeemed on such redemption date, such failure to redeem all such shares shall constitute a Default (notwithstanding for this purpose the requirement that funds be legally available therefor), the Corporation shall redeem for cash at the Redemption Price the maximum number of shares that can be redeemed by the Corporation out of any source of funds legally available therefor, and shall redeem for cash at the Redemption Price the remaining shares to have been redeemed as soon as the Corporation has sufficient funds legally available therefor.

(ii) The Corporation agrees that in the event that its Board of Directors determines that there are insufficient funds legally available (in accordance with the Minnesota Business Corporation Act) for any redemption (in whole or in part) of the Preferred Stock pursuant to Section V, the Corporation shall provide a notice to each holder of Series B Preferred Stock within 5 calendar days of such determination, signed by the Chief Financial Officer of the Corporation. Such notice shall disclose the most recent financial information (including all underlying assumptions, calculations and other information related thereto), provided to the Board of Directors for purposes of making such determination as well as the amount of funds legally available to the Corporation, as determined by the Board of Directors.

(iii) Within 5 calendar days after the determination by the Corporation's Board of Directors of whether the Corporation has an Excess Cash Balance, the Corporation shall provide a notice, signed by the Chief Financial Officer of the Corporation, to each holder of Series B Preferred Stock setting forth in reasonable detail the calculation of the Excess Cash Balance, if any, as well as the Additional Cash Amount, if any, and shall include the most recent financial

information (including all underlying assumptions, calculations and other information related thereto) provided to the Board of Directors for reviewing and approving such determinations, and a confirmation that the Corporation's Board of Directors has approved such determinations.

(e) **Procedure for Change in Control Redemption** .

(i) If a Change in Control should occur, then, in any one or more of such events the Corporation shall give written notice by first-class mail, postage prepaid, to each holder of Preferred Stock at its address as it appears in the records of the Corporation, which notice shall describe such Change in Control and shall state the date on which the Change in Control is expected to take place, and shall be mailed within 10 business days following the occurrence of the Change in Control. Such notice shall also set forth (in addition to the information required by the next succeeding paragraph): (A) each holder's right to require the Corporation to redeem for cash shares of Preferred Stock held by such holder as a result of such Change in Control; (B) the Redemption Price; (C) the optional redemption date (which date shall be no earlier than 30 days and no later than 90 days from the date of such Change in Control); and (D) the procedures to be followed by such holder in exercising its right of redemption, including the place or places where certificates for such shares are to be surrendered for payment of the Redemption Price (which place shall be the principal place of business of the Corporation). In the event a holder of shares of Preferred Stock shall elect to require the Corporation to redeem any or all of such shares of Preferred Stock, such holder shall deliver, within 20 days of the mailing to it of the Corporation's notice described in this Section V(e), a written notice stating such holder's election and specifying the number of shares to be redeemed pursuant to Section V(c) hereof.

(ii) In the case of any redemption pursuant to Section V(c) hereof, the notice by the Corporation shall describe the Change in Control, including a description of the Surviving Person and, if applicable, the effect of the Change in Control on the Common Stock. The notice shall be accompanied by (A) the consolidated balance sheet of the Corporation and its Subsidiaries as of the end of the most recent fiscal year of the Corporation for which such information is available and the related consolidated statements of operations and cash flows for such fiscal year, in each case setting forth the comparative figures for the preceding fiscal year, accompanied by an opinion of independent public accountants of nationally recognized standing selected by the Corporation as to the fair presentation in accordance with generally accepted accounting principles of such financial statements, and (B) a consolidated balance sheet of the Corporation and its Subsidiaries as of the end of the most recent fiscal quarter of the Corporation for which such information is available and the related consolidated statements of operations and cash flows for such quarter and for the portion of the Corporation's fiscal year ended at the end of such fiscal quarter, in each case setting forth in comparative form the figures for the corresponding quarter and the corresponding portion of the Corporation's preceding fiscal year. For so long as the Corporation is subject to the periodic reporting requirements of the Exchange Act and makes timely filings thereunder, the delivery requirements of the preceding sentence shall be satisfied by the Corporation's most current report, schedule, registration statement, definitive proxy statement or other document on file with the United States Securities and Exchange Commission.

(f) Notice by the Corporation having been mailed as provided in Section V(d) hereof, or notice of election having been mailed by the holders as provided in Section V(e) hereof, and provided that on or before the applicable redemption date funds necessary for such redemption shall have been set aside by the Corporation, separate and apart from its other funds, in trust for the pro rata benefit of the holders of the shares so called for or entitled to redemption, so as to be and to continue to be available therefor, then, from and after the redemption date (unless the Corporation defaults in the payment of the Redemption Price, in which case such rights shall continue until the Redemption Price is paid), such shares shall no longer be deemed to be outstanding and shall not have the status of shares of Preferred Stock, and all rights of the holders thereof as shareholders of the Corporation shall cease. Upon surrender of the certificates for any shares so redeemed (properly endorsed or assigned for transfer, if the Board of Directors of the Corporation shall so require and a notice by the Corporation shall so state), such shares shall be redeemed by the Corporation for cash at the Redemption Price as aforesaid. In case fewer than all the shares represented by any such certificate are redeemed, a new certificate or certificates shall be issued representing the unredeemed shares without cost to the holder thereof.

VI. **No Conversion Rights** .

(a) **No Conversion** . The Preferred Stock is not convertible into shares of Common Stock or any other securities, and is entitled solely to the designations, relative rights and preferences set forth in this certificate.

(b) **Reclassification, Consolidation, Merger or Sale of Assets** . In the event that the Corporation shall be a party to any transaction pursuant to which the Common Stock is converted into the right to receive other securities, cash or other property (including without limitation any capitalization or reclassification of the Common Stock (other than a change in par value, or from par value to no par value, or from no par value to par value, or as a result of a subdivision or combination of the Common Stock), any consolidation of the Corporation with, or merger of the Corporation into, any other entity, any merger of another entity into the Corporation (other than a merger which does not result in a reclassification, conversion, exchange or cancellation of outstanding shares of Common Stock), any sale or transfer of all or substantially all of the assets of the Corporation or any share exchange), then effective provisions shall be made in the certificate or articles of incorporation of the resulting or surviving corporation, in any contract of sale, conveyance, lease, transfer or otherwise so that the provisions set forth herein for the protection of the rights of the holders of Preferred Stock shall thereafter continue to be applicable, and any such resulting or surviving corporation shall expressly assume the obligation to pay dividends on and redeem the Preferred Stock as set forth herein. The above provisions shall similarly apply to successive transactions of the foregoing type.

(c) **Prior Notice of Certain Events** . In case:

(i) the Corporation shall (1) declare any dividend (or any other distribution) on its Common Stock, other than (A) a dividend payable in shares of Common Stock or (B) a dividend payable in cash out of its retained earnings other than any special or nonrecurring or other extraordinary dividend or (2) declare or authorize a redemption or repurchase of in excess of 5% of the then outstanding shares of Common Stock;

(ii) the Corporation shall authorize the granting to all holders of Common Stock of rights or warrants to subscribe for or purchase any shares of stock of any class or series or of any other rights or warrants;

(iii) of any reclassification of Common Stock (other than a subdivision or combination of the outstanding Common Stock, or a change in par value, or from par value to no par value, or from no par value to par value), or of any consolidation or merger to which the Corporation is a party and for which approval of any shareholders of the Corporation shall be required, or of the sale of all or substantially all of the assets of the Corporation or of any share exchange whereby the Common Stock is converted into other securities, cash or other property; or

(iv) of the voluntary or involuntary dissolution, liquidation or winding up of the Corporation;

then the Corporation shall cause to be filed with the Transfer Agent for the Preferred Stock, and shall cause to be mailed to the holders of record of the Preferred Stock, at their last addresses as they shall appear upon the stock transfer books of the Corporation, at least ten days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record (if any) is to be taken for the purpose of such dividend, distribution, redemption, repurchase, or grant of rights or warrants or, if a record is not to be taken, the date as of which the holders of Common Stock of record to be entitled to such dividend, distribution, redemption, repurchase, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer, share exchange, dissolution, liquidation, winding up or other event is expected to become effective, and the date as of which it is expected that holders of Common Stock of record shall be entitled to exchange their shares of Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer, share exchange, dissolution, liquidation, winding up or other event (but no failure to mail such notice or any defect therein or in the mailing thereof shall affect the validity of the corporate action required to be specified in such notice).

VII. **Voting Rights** .

(a) **General** . Subject to Sections VII(b), VII(c) and XI(b) and except as set forth below or as otherwise from time to time required by law, the holders of shares of Preferred Stock shall vote as a class together with the holders of the Common Stock on all matters with respect to which the holders of Common Stock have the right to vote. In connection with any right to vote, each share of Preferred Stock shall be entitled to one vote per share. Any shares of Preferred Stock owned, directly or indirectly, by any entity of which the Corporation owns, directly or indirectly, a majority of the shares entitled to vote for directors shall not have voting rights hereunder and shall not be counted in determining the presence of a quorum.

(b) **Limitations on Voting Rights** . Notwithstanding Section VII(a), no share of Preferred Stock shall have any right to vote as a class together with the holders of the Common Stock on any matter pursuant to Section VII(a) if (1) such share is transferred to any third party other than a Restricted Party (as defined in the Shareholder Agreement), or (2) to the extent that shares of Common Stock are issued pursuant to the exercise of the Warrant (as hereinafter defined), on a one share of Common Stock so issued per one share of Preferred Stock outstanding basis (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization). " **Warrant** " means that certain Warrant to purchase 6,000,000 shares of Common Stock dated February 25, 2009 issued to GE Capital Equity Investments, Inc.

(c) **Voting Rights for Directors** .

(i) For so long as the Restricted Parties own a majority of the outstanding shares of Preferred Stock and the Investor (as defined in the Shareholder Agreement) is entitled to designate at least two nominees (each, a " **Designee** ") for election to the Board of Directors of the Corporation pursuant to Section 2.01 of the Shareholder Agreement, subject to Section XI(b), the holders of the outstanding shares of Preferred Stock shall have the right, voting separately as a class and to the exclusion of the holders of all other classes of stock of the Corporation, to (A) initially elect three directors (who are reasonably acceptable to the Corporation) and (B) thereafter, as long as the Investor is entitled to designate at least two Designees for election to the Board of Directors pursuant to Section 2.01 of the Shareholder Agreement, elect that number of directors equal to the number of Designees that the Investor is entitled to so designate (with each Designee being reasonably acceptable to the Corporation if such Designee has not previously been a member of the Board of Directors). For as long as the holders of Preferred Stock voting separately as a class are entitled to elect two or more directors pursuant to this Section VII(c)(i), holders of the outstanding Preferred Stock shall not be entitled to vote in the election of any other directors of the Corporation.

(ii) The right to elect directors as described in Section VII(c)(i) hereof may be exercised at any annual meeting of shareholders held for the purpose of electing directors or by the written consent of the holders of Preferred Stock without a meeting pursuant to Section 302A.441 of the Minnesota Business Corporation Act. For so long as the Restricted Parties own a majority of the outstanding shares of Preferred Stock and the Investor is entitled to designate at least two Designees for election to the Board of Directors of the Corporation pursuant to Section 2.01 of the Shareholder Agreement and subject to Section XI(b) hereof, such voting right shall continue until such time as all outstanding shares of Preferred Stock shall have been redeemed or otherwise retired. If the Restricted Parties own less than a majority of the outstanding shares of Preferred Stock or if the Investor is no longer entitled to designate at least two Designees for election to the Board of Directors pursuant to Section 2.01 of the Shareholder Agreement, the holders of the Preferred Stock shall, in any election of directors, vote as a single class together with the holders of the Common Stock for the election of directors and each share of Preferred Stock will be entitled to one vote per share, except as provided in Section VII(b).

(iii) The Secretary of the Corporation may, and upon the written request of the holders of record of at least 10% of the outstanding shares of Preferred Stock (addressed to the Secretary of the Corporation at the principal office of the Corporation) shall, call a special meeting of the holders of Preferred Stock for the election (and, if applicable, removal) of the directors to be elected by them as herein provided. Such call shall be made by notice to each holder by first-class

mail, postage prepaid at its address as it appears in the records of the Corporation, and such notice shall be mailed at least 10 days but no more than 20 days before the date of the special meeting, or as required by law. Such meeting shall be held at the earliest practicable date upon the notice required for special meetings of shareholders at the place designated by the Secretary of the Corporation. If such meeting shall not be called by a proper officer of the Corporation within 15 days after receipt of such written request by the Secretary of the Corporation, then the holders of record of at least 10% of the shares of Preferred Stock then outstanding may call such meeting at the expense of the Corporation, and such meeting may be called by such holders upon the notice required for special meetings of shareholders and shall be held at the place designated in such notice. Any holder of Preferred Stock that would be entitled to vote at any such meeting shall have access to the stock books of the Corporation for the purpose of causing a meeting of holders of Preferred Stock to be called pursuant to the provisions of this Section VII(c)(iii).

(iv) At any meeting held for the purpose of electing directors at which the holders of Preferred Stock shall have the right to elect directors as a class as provided in this Section VII(c), the presence in person or by proxy of the holders of a majority of the then outstanding shares of Preferred Stock shall be required and be sufficient to constitute a quorum of such class for the election of directors by such class. At any such meeting or adjournment thereof, (x) the absence of a quorum of the holders of Preferred Stock shall not prevent the election of directors other than the directors to be elected by the holders of Preferred Stock as a class, and the absence of a quorum or quorums of the holders of capital stock entitled to elect such other directors shall not prevent the election of the directors to be elected by the holders of Preferred Stock, and (y) in the absence of a quorum of the holders of Preferred Stock, a majority of the holders of Preferred Stock present in person or by proxy shall have the power to adjourn the meeting for the election of directors which such holders are entitled to elect as a class, from time to time, without notice (except as required by law) other than announcement at the meeting, until a quorum shall be present.

(v) Except as provided in Section XI(b) hereof and this paragraph (v), the term of office of any director elected by the holders of Preferred Stock pursuant to Section VII(c)(i) hereof shall terminate upon the expiration of his term and the election of his successor. Directors elected by the holders of Preferred Stock pursuant to Section VII(c) may be removed with or without cause by the holders of a majority of the outstanding shares of Preferred Stock and shall not otherwise be subject to removal other than upon election of their successor or the Preferred Stock voting separately as a class no longer being entitled to elect directors as provided herein.

(vi) For so long as the holders of Preferred Stock are entitled, voting separately as a class, to elect at least two members of the Board of Directors and the Restricted Parties own a majority of the outstanding Preferred Stock, in case of a vacancy occurring in the office of any director so elected pursuant to Section VII(c)(i) hereof, the holders of a majority of the Preferred Stock then outstanding may, at a special meeting of the holders or by written consent as provided above, elect a successor to hold office for the unexpired term of such director.

(vii) Unless otherwise agreed to by the holders of a majority of the outstanding shares of Preferred Stock, for so long as the holders of Preferred Stock are entitled, voting separately as a class, to elect at least two members of the Board of Directors and the Restricted Parties own a majority of the outstanding Preferred Stock, (A) the number of directors constituting the Board of Directors shall remain at nine, (B) each of the Audit Committee and the Compensation Committee of the Board of Directors shall contain at least one director elected by the holders of Preferred Stock and (C) with respect to each other committee of the Board of Directors, the percentage of directors on such committee designated by the holders of Preferred Stock shall, at all times, be at least equal to the percentage of the Board of Directors elected by the holders of Preferred Stock; provided, that, if under applicable law or the rules and regulations of the securities exchange or automated quotation system upon which the Common Stock is listed, such director elected by the holders of Preferred Stock is not permitted to serve on any such Committee, then the provisions of clauses (B) and (C) shall not apply to the holders of the Preferred Stock.

(d) **Class Voting** . So long as any shares of Preferred Stock are outstanding the Corporation shall not, without the affirmative vote or consent of the holders of at least a majority of all outstanding shares of the Preferred Stock, voting or consenting separately as a class without regard to series:

(i) create any class of stock that by its terms ranks senior to or on a parity with the Preferred Stock as to dividends or upon liquidation, dissolution or winding up of the Corporation or increase the authorized number of shares of, or issue any additional shares of or any securities convertible into shares of, or reclassify any Junior Stock into shares of, any such class;

(ii) alter or change any of the provisions of the Corporation's Articles of Incorporation (whether by merger, consolidation or other business combination with another person or by any other means) so as to adversely affect the relative rights and preferences of any outstanding Preferred Stock of the Corporation; provided, however, that neither (A) the creation, amendment or reclassification of any class of stock that following such creation, amendment or reclassification by its terms ranks junior to shares of Preferred Stock of the Corporation as to dividends and upon liquidation, dissolution or winding up, nor (B) an increase in the authorized number of shares of any such class, nor (C) any merger, consolidation or other business combination subject to the provisions of Section VI(b), shall give rise to any such voting right;

(iii) issue any additional shares of Preferred Stock.

(e) **Additional Class Voting** . Unless otherwise agreed to by the holders of a majority of the outstanding shares of Preferred Stock, for so long as the Restricted Parties own a majority of the outstanding shares of Preferred Stock, the Corporation shall not, without the express written consent of the holders of a majority of the shares of Preferred Stock, take any action, requiring the approval of the "Investor" pursuant to Sections 3.02, 3.03 or 3.04 of the Shareholder Agreement. The provisions of this paragraph (d) will terminate with respect to such Sections 3.02, 3.03 or 3.04, as applicable, when the obligations of the Corporation under such Sections terminate under the Shareholder Agreement.

VIII. **Status of Acquired Shares** . For purposes hereof, all shares of Preferred Stock owned, directly or indirectly, by any entity of which the Corporation owns, directly or indirectly, a majority of the shares entitled to vote for directors shall be deemed not outstanding. Subject to the Board of Director's right to reduce the shares of Preferred Stock pursuant to Section I, shares of Preferred Stock redeemed by the Corporation or otherwise acquired by the Corporation shall be restored to the status of authorized but unissued shares of capital stock, without designation as to series, and, subject to the other provisions hereof, may thereafter be issued, but not as shares of Preferred Stock.

IX. **Modification and Waiver** . The Corporation may not, without the consent of each holder affected thereby, (a) change the stated redemption date of the Preferred Stock, (b) reduce the Stated Value or liquidation preference of, or dividend on, the Preferred Stock, (c) change the place or currency of payment of the Stated Value or liquidation preference of, or dividend on, the Preferred Stock or (d) reduce the percentage of outstanding Preferred Stock necessary to modify or amend the terms thereof or to grant waivers in respect thereto.

X. **Severability of Provisions** . Whenever possible, each provision hereof shall be interpreted in a manner as to be effective and valid under applicable law, but if any provision hereof is held to be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating or otherwise adversely affecting the remaining provisions hereof. If a court of competent jurisdiction should determine that a provision hereof would be valid or enforceable if a period of time were extended or shortened or a particular percentage were increased or decreased, then such court may make such change as shall be necessary to render the provision in question effective and valid under applicable law.

XI. **Miscellaneous** .

(a) **Transfer Taxes** . The Corporation shall pay any and all stock transfer and documentary stamp taxes that may be payable in respect of any issuance of delivery of shares of Preferred Stock or certificates or instruments evidencing such shares or securities. The Corporation shall not, however, be required to pay any such tax which may be payable in respect of any transfer involved in the issuance or delivery of shares of Preferred Stock in a name other than that in which the shares of Preferred Stock with respect to which such shares are issued or delivered were registered, or in respect of any payment to any entity with respect to any such shares other than a payment to the registered holder thereof, and shall not be

required to make any such issuance, delivery or payment unless and until the entity otherwise entitled to such issuance, delivery or payment has paid to the Corporation the amount of any such tax or has established, to the satisfaction of the Corporation, that such tax has been paid or is not payable.

(b) **Shareholder Agreement** . Reference is made to the Amended and Restated Shareholder Agreement, dated as of February 25, 2009 (as the same may be amended, supplemented or modified from time to time pursuant to the terms thereof, the " **Shareholder Agreement** "), among the Corporation, the Investor and NBC Universal, Inc. The Preferred Stock shall be subject to the terms and conditions set forth in the Shareholder Agreement, including without limitation, the voting, transfer and standstill restrictions set forth therein.

(c) **Documents on File** . Copies of the Shareholder Agreement shall be kept on file at the principal place of business of the Corporation at 6740 Shady Oak Road, Eden Prairie, MN 55344-3433.

Exhibit 31.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Keith R. Stewart, Chief Executive Officer of ValueVision Media, Inc., certify that:

1. I have reviewed this report on Form 10-Q of ValueVision Media, Inc.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15 (f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: September 10, 2009

/s/ *Keith R. Stewart*

Keith R. Stewart
Chief Executive Officer and President
(principal executive officer)

Exhibit 31.2

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Frank P. Elsenbast, Chief Financial Officer of ValueVision Media, Inc., certify that:

1. I have reviewed this report on Form 10-Q of ValueVision Media, Inc.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: September 10, 2009

/s/ *Frank P. Elsenbast*

Frank P. Elsenbast
Senior Vice President, Chief Financial Officer
(principal financial officer)

Exhibit 32

**CERTIFICATION OF THE PRINCIPAL EXECUTIVE AND FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of ValueVision Media, Inc., a Minnesota corporation (the " *Company* "), for the quarter ended August 1, 2009, as filed with the Securities and Exchange Commission on or about the date hereof (the " *Report* "), the undersigned officers of the Company certify pursuant to 18 U.S.C. Section 1350, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to their knowledge:

- the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Date: September 10, 2009

/s/ *Keith R. Stewart*
Keith R. Stewart
Chief Executive Officer and President
(principal executive officer)

Date: September 10, 2009

/s/ *Frank P. Elsenbast*
Frank P. Elsenbast
Senior Vice President,
Chief Financial Officer
(principal financial officer)