SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q/A
Amendment No. 3

(Mark One)

X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended July 31, 2000

OR

___ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission File Number: 0-21393

SEACHANGE INTERNATIONAL, INC.
(Exact name of registrant as specified in its charter)

Delaware	04-3197974
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

124 Acton Street, Maynard, MA 01754
(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: (978) 897-0100

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days.

YES X NO
- ----------

The number of shares outstanding of the registrant's Common Stock on September 11, 2000 was 21,818,810.

SEACHANGE INTERNATIONAL, INC.

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Item 1. Financial Statements

SeaChange International, Inc.
Consolidated Balance Sheet
(in thousands, except share-related data)

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	July 31, 2000	January 31, 2000	December 31, 1999
<S>	<C>	<C>	<C>
Assets			
Current assets			
Cash and cash equivalents	$11,899	$ 2,721	$ 11,318
Accounts receivable, net of allowance for doubtful accounts of $641 at July 31, 2000 and $908 at January 31, 2000 and December 31, 1999	20,623	16,756	17,840
Inventories	22,893	20,089	17,128
Prepaid expenses and other current assets	3,507	1,634	1,568
Deferred income taxes	3,400	3,400	2,243
Total current assets	62,322	44,600	50,097
Property and equipment, net	12,817	10,492	10,538
Other assets	891	869	884
Goodwill and intangibles, net	545	751	785
	$76,575	$ 56,712	$ 62,304
Liabilities and Stockholders' Equity			
Current liabilities			
Current portion of equipment line of credit and obligations under capital lease	$ 2,078	$ 1,045	$ 1,048
Accounts payable	13,766	10,451	15,038
Accrued expenses	1,939	2,776	3,499
Customer deposits	4,820	2,428	2,092
Deferred revenue	6,574	6,292	4,380
Income taxes payable	671	625	675
Total current liabilities	29,848	23,617	26,732
Long-term equipment line of credit and obligations under capital lease	2,600	1,144	1,231
Commitments and contingencies (Note 8)			
Stockholders' Equity			
Common stock, $.01 par value; 100,000,000			

shares authorized; 21,812,317, 21,300,185 and 21,285,855 shares issued at October 31, 2000, January 31, 2000 and December 31, 1999, respectively	218	213	213
Additional paid-in capital	47,085	35,696	35,634
Accumulated deficit	(3,037)	(3,898)	(1,440)
Treasury stock, 60,750 shares	(1)	(1)	(1)
Accumulated other comprehensive loss	(138)	(59)	(65)
Total stockholders' equity	44,127	31,951	34,341
	$76,575	$ 56,712	$ 62,304

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

SeaChange International, Inc.
Consolidated Statement of Operations
(in thousands, except per share data)

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	Three months ended		Six months ended	
	July 31, 2000	July 31, 1999	July 31, 2000	July 31, 1999
<S>	<C>	<C>	<C>	<C>
Revenues				
Systems	$20,059	$18,277	$36,927	$35,711
Services	5,508	4,351	10,976	8,206
	25,567	22,628	47,903	43,917
Costs of revenues				
Systems	10,928	10,686	20,200	20,759
Services	4,457	3,809	8,689	7,233
	15,385	14,495	28,889	27,992
Gross profit (loss)	10,182	8,133	19,014	15,925
Operating expenses				
Research and development	5,002	4,098	9,355	8,347
Selling and marketing	2,625	1,990	5,115	4,116
General and administrative	1,799	1,330	3,302	2,718
	9,426	7,418	17,772	15,181
Income from operations	756	715	1,242	744
Interest income (expense), net	(1)	2	24	7
Income before income taxes	755	717	1,266	751
Provision (benefit) for income taxes	243	(96)	405	(63)
Net income	$ 512	$ 813	$ 861	$ 814
Basic and diluted earnings per share	$ 0.02	$ 0.04	$ 0.04	$ 0.04

Shares used in calculating:

Basic earnings per share	21,759	20,933	21,570	20,793
Diluted earnings per share	23,306	22,014	23,138	21,736

</TABLE>

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

SeaChange International, Inc.
Consolidated Statement of Cash Flows
INCREASE IN CASH AND CASH EQUIVALENTS (IN THOUSANDS)

<TABLE>
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	For the six months ended	
	July 31, 2000	July 31, 1999
<S>	<C>	<C>
Cash flows from operating activities		
Net income	$ 861	$ 814
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,267	2,029
Inventory valuation allowance	92	288
Changes in operating assets and liabilities:		
Accounts receivable	(3,867)	(2,801)
Inventories	(2,446)	617
Prepaid expenses, other current assets and other assets	(1,974)	(10)
Accounts payable	3,314	362
Accrued expenses	(836)	65
Customer deposits	2,392	934
Deferred revenue	282	218
Income taxes payable	141	--
Net cash provided by operating activities	226	2,516
Cash flows from investing activities		
Purchases of property and equipment	(4,836)	(906)
Net cash used in investing activities	(4,836)	(906)
Cash flows from financing activities		
Proceeds from borrowings under equipment line of credit	3,240	1,106
Repayments under equipment line of credit	(625)	(236)
Repayments of obligation under capital lease	(126)	

(30)		
Proceeds from issuance of common stock	11,299	773
Net cash provided by financing activities	13,788	1,613
Net increase in cash and cash equivalents	9,178	3,223
Cash and cash equivalents, beginning of period	2,721	2,090
Cash and cash equivalents, end of period	$11,899	$5,313
Supplemental disclosure of noncash activity:		
Transfer of items originally classified as inventories to fixed assets	$ --	$2,048
Transfer of items originally classified as fixed assets to inventories	$ 450	$ 109
Equipment acquired under capital leases	$ --	$ 336

</TABLE>

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

SEACHANGE INTERNATIONAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited; in thousands, except share and per share data)

1. Basis of Presentation

The accompanying unaudited consolidated financial statements include the accounts of SeaChange International, Inc. and its subsidiaries. SeaChange believes that the unaudited consolidated financial statements reflect all adjustments (consisting of only normal recurring adjustments), necessary for a fair statement of SeaChange's financial position, results of operations and cash flows at the dates and for the periods indicated. The results of operations for the periods presented are not necessarily indicative of results expected for the full fiscal year or any other future periods. The unaudited consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes for the year ended December 31, 1999, included in SeaChange's Annual Report on Form 10-K for such fiscal year.

2. Revenue Recognition

Revenues from sales of systems are recognized upon shipment provided title and risk of loss has passed to the customer, there is evidence of an arrangement, fees are fixed or determinable and collection of the related receivable is probable. Installation, project management and training revenue is deferred and recognized as these services are performed. Revenue from technical support and maintenance is deferred and recognized ratably over the period of the related agreements, generally twelve months. Customers are billed for installation, project management, training and maintenance at the time of the product sale. Revenue from content fees, primarily movies, is recognized based on the volume of monthly purchases that are made by hotel guests. Revenue from product development contract services is recognized based on the time and materials incurred to complete the work.

SeaChange's transactions frequently involve the sales of systems and services under multiple element arrangements. Systems sales always include one year of free technical support and maintenance services. Revenue under multiple element arrangements is allocated to all elements except systems based upon the fair value of those elements. The amounts allocated to training, project management, technical support and maintenance and content fees is based upon the price charged when these elements are sold separately and unaccompanied by the other elements. The amount allocated to installation revenue is based upon hourly rates and the estimated time required to complete the service. The amount allocated to systems is done on a residual method basis. Under this method, the total arrangement value is allocated first to undelivered elements, based on their fair values, with the remainder being allocated to systems revenue.

Installation, training and project management services are not essential to the functionality of systems as these services do not alter the equipment's capabilities, are available from other vendors and the systems are standard products.

3. Earnings Per Share

Below is a summary of the shares used in calculating basic and diluted earnings per share for the periods indicated:

<TABLE>
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	Three months ended		Six months ended	
	July 31, 2000	July 31, 1999	July 31, 2000	July 31, 1999
<S>	<C>	<C>	<C>	<C>
Weighted average shares used in calculating earnings per share- Basic	21,759,000	20,933,000	21,570,000	20,793,000
Dilutive stock options	1,547,000	1,081,000	1,568,000	943,000
Weighted average shares used in calculating earnings per share- Diluted	23,306,000	22,014,000	23,138,000	21,736,000

</TABLE>

SEACHANGE INTERNATIONAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited; in thousands, except share and per share data)

4. Inventories

Inventories consist of the following:

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	July 31, 2000	January 31, 2000	December 31, 1999
<S>	<C>	<C>	<C>
Components and assemblies	$18,787	$17,602	$14,739
Finished products	4,106	2,487	2,389
	$22,893	$20,089	$17,128

</TABLE>

5. Comprehensive Income

For the three months and six months ended July 31, 2000 and July 31, 1999, SeaChange's comprehensive income was as follows:

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	Three months ended		Six months ended	
	July 31, 2000	July 31, 1999	July 31, 2000	July 31, 1999
<S>	<C>	<C>	<C>	<C>

</TABLE>

Net income	$512	$813	$861	$814
Other comprehensive income (expense), net of tax:				
Foreign currency translation adjustment, net of tax of ($8), $(3), ($33) and $(45), respectively	(23)	26	(54)	46
Other comprehensive income (expense)	(23)	26	(54)	46
Comprehensive income	$489	$839	$807	$860

6. New Accounting Pronouncements

In June 1998, the Financial Accounting Standards Board ("FASB") issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," which establishes accounting and reporting standards for derivative instruments, including derivative instruments embedded in other contracts, collectively referred to as derivatives, and for hedging activities. In June 2000, the FASB issued SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities", an amendment to SFAS No. 133. This accounting standard amended the accounting and reporting standards of SFAS No. 133 for certain derivative instruments and hedging activities. To date SeaChange has not utilized derivative instruments or hedging activities and, therefore, the adoption of SFAS No. 133 is not expected to have a material impact on SeaChange's financial position or results of operations.

In December 1999, the SEC issued Staff Accounting Bulletin No. 101 ("SAB 101"), "Revenue Recognition in Financial Statements." SAB 101 summarizes the SEC's view in applying generally accepted accounting principles to selected revenue recognition issues. The application of the guidance in SAB 101 is required in SeaChange's fourth quarter of its current fiscal year. The effects of applying this guidance, if any, will be reported as a cumulative effect adjustment resulting in a change in accounting principle. SeaChange's evaluation of SAB 101 is not yet complete.

7. Segment Information

SeaChange has three reportable segments: broadband systems, broadcast systems and services. The broadband systems segment provides products to digitally manage, store and distribute digital video for television operators and telecommunications companies. The broadcast systems segment provides products for the storage, archival, on-air playback of advertising and other video programming for the broadcast television industry. The service segment provides installation, training, product maintenance and technical support for all of the above systems and content which is distributed by the broadband product segment. SeaChange does not measure the assets allocated to the segments. SeaChange measures results of the segments based on the respective gross profits. There were no inter-segment sales or transfers. Long-lived assets are principally located in the United States. SeaChange has changed its reportable segments from the prior quarter and prior year-end and has reclassed prior period amounts to conform to these current segments. The following summarizes the revenues and cost of revenues by reportable segment:

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	THREE MONTHS ENDED		SIX MONTHS ENDED	
	JULY 31, 2000	JULY 31, 1999	JULY 31, 2000	JULY 31, 1999
<S>	<C>	<C>	<C>	<C>
Revenues				
Broadband	$14,072	$14,164	$27,663	$28,501
Broadcast	5,987	4,113	9,264	7,210
Services	5,508	4,351	10,976	8,206
Total	$25,567	$22,628	$47,903	$43,917

Costs of revenues				
Broadband	$7,698	$8,596	$15,120	$16,891
Broadcast	3,230	2,090	5,080	3,868
Services	4,457	3,809	8,689	7,233
Total	$15,385	$14,495	$28,889	$27,992

The following summarizes revenues by geographic locations:

Revenues				
United States	$21,710	$16,907	$40,521	$35,179
Canada and South America	414	1,500	1,976	1,775
Europe	990	3,323	2,725	5,166
Asian Pacific and rest of world	2,453	898	2,681	1,797
	$25,567	$22,628	$47,903	$43,917

</TABLE>

For the three and six months ended July 31, 2000 and July 31, 1999 a limited number of customers each accounted for more than 10% of SeaChange's revenue. Individual customers accounted for 17% and 10% of revenues in the three months ended July 31, 2000; 25% and 11% of revenues in the three months ended July 31, 1999; 13%, 12%, 12% and 11% in the six months ended July 31, 2000; and 21% and 14% in the six months ended July 31, 1999.

8. Legal Proceedings

On March 17, 2000, Beam Laser Systems, Inc. and Frank L. Beam instituted a claim (Civil Action No. 2:00-CV-195) in the federal courts in the Eastern District of Virginia against one of SeaChange's customers, Cox Communications, Inc. This claim was later amended by Beam Laser on June 16, 2000 to also include two related companies of Cox Communications: CableRep, Inc. and CoxCom, Inc. Beam Laser has asserted that the ad insertion technology, which includes SeaChange's spot ad insertion system, used by Cox Communications, CableRep and CoxCom infringes two of the patents held by Beam Laser (Patents No. 4,814,883 and 5,200,825). Beam Laser is seeking both an injunction and monetary damages from the defendants in that case. The defendants have made a counterclaim against Beam Laser seeking a declaration of non-infringement, invalidity and unenforceability of the two patents held by Beam Laser that are at question. On May 19, 2000, SeaChange filed a motion seeking to intervene in the action between its customer and Beam Laser, and to transfer the case to the District Court of Massachusetts. On June 23, 2000, the court granted SeaChange's intervention motion and deferred ruling on the issue of transfer. Also on June 23, 2000, SeaChange filed its Intervenor Complaint in the Virginia action seeking, among other things, a declaratory judgment of non-infringement, invalidity and unenforceability regarding the two patents of Beam Laser that are at question. In addition, SeaChange has agreed to indemnify its customer for claims brought against the customer that are related to the customer's use of SeaChange's products. This dispute has a scheduled trial date commencing April 2001.

On June 13, 2000, SeaChange filed in the United States District Court for the District of Delaware a lawsuit against one of its competitors, nCube Corp., whereby SeaChange alleged that nCube's MediaCube-4 product infringed a patent held by SeaChange (Patent No. 5,862,312). In instituting the claim, SeaChange sought both a permanent injunction and damages in an unspecified amount. nCube made a counterclaim against SeaChange that the patent held by SeaChange was invalid and that nCube's MediaCube-4 product did not infringe SeaChange's patent.

On June 14, 1999, SeaChange filed a defamation complaint against Jeffrey Putterman, Lathrop Investment Management, Inc. and Concurrent Computer Corporation in the Circuit Court of Pulaski County, Arkansas alleging that the defendants conspired to injure the business and reputation of SeaChange in the marketplace. The complaint further alleges that Mr. Putterman and Lathrop Investment Management, Inc. defamed SeaChange through false postings on an Internet message board. The complaint seeks unspecified amounts of compensatory and punitive damages. On June 14, 2000, Concurrent filed a counterclaim under seal against SeaChange seeking unspecified damages. These motions are currently pending and no trial date has been set.

SeaChange cannot be certain of the outcome of the foregoing litigation, but does

plan to oppose allegations against it and assert its claims against other parties vigorously. In addition, as these claims are in the early stages of discovery and certain claims for damages are as yet unspecified, SeaChange is unable to estimate the impact to its business, financial condition, and results of operations or cash flows.

9. Fiscal Year Change

In April 2000, SeaChange's Board of Directors voted to change SeaChange's fiscal accounting year from December 31 to January 31, such that SeaChange's current fiscal year began on February 1, 2000 and will end on January 31, 2001. SeaChange has recast its financial statements to present the comparable prior year periods to conform to the current year fiscal periods.

10. Microsoft Investment

On May 8, 2000, SeaChange and Microsoft Licensing, Inc. entered into a licensing and development agreement whereby Microsoft agreed to license to SeaChange certain technology to be used by SeaChange in connection with the development by SeaChange of plug-ins for the streaming media server software update currently being developed by Microsoft to its Windows NT/Windows 2000 operating system. Under the terms of the agreement, SeaChange is also entitled to use the Microsoft technology to enhance SeaChange's software to use the updated streaming media server software being developed by Microsoft. The parties intend that SeaChange will be able to promote and ship the enhanced SeaChange software as its primary streaming media system for all Microsoft Windows 2000-based SeaChange systems.

In addition to the ability to use the technology owned by Microsoft and licensed to SeaChange pursuant to the licensing and development agreement Microsoft agreed pursuant to the terms of an investment term sheet, dated as of May 8, 2000, by and between SeaChange and Microsoft Corporation to purchase 277,162 shares of SeaChange's common stock for $10 million and to purchase

approximately $10 million of additional shares of SeaChange's common stock upon the satisfaction of certain commercial milestones. The initial share purchase for $10 million was completed by SeaChange and Microsoft on May 23, 2000.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Factors That May Affect Future Results

Any statements contained in this Form 10-Q that do not describe historical facts, including without limitation statements concerning expected revenues, earnings, product introductions and general market conditions, may constitute forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. Any such forward-looking statements contained herein are based on current expectations, but are subject to a number of risks and uncertainties that may cause actual results to differ materially from expectations. The factors that could cause actual future results to differ materially from current expectations include the following: SeaChange's ability to integrate the operations of acquired subsidiaries; fluctuations in demand for SeaChange's products and services; SeaChange's ability to manage its growth; SeaChange's ability to develop, market and introduce new and enhanced products and services on a timely basis; the rapid technological change which characterizes SeaChange's markets; SeaChange's significant concentration of customers; SeaChange's dependence on certain sole source suppliers and third-party manufacturers; the risks associated with international sales as SeaChange expands its markets; and the ability of SeaChange to compete successfully in the future. Further information on factors that could cause actual results to differ from those anticipated is detailed in various filings made by SeaChange from time to time with the Securities and Exchange Commission, including but not limited to, those appearing under the caption "Certain Risks That May Affect Our Business" in SeaChange's Annual Report on Form 10-K for the year ended December 31, 1999. Any forward-looking statements should be considered in light of those factors.

Overview

SeaChange develops, manufactures and sells systems that automate the management and distribution of both short-form video streams, such as advertisements, and long-form video streams, such as movies or other feature presentations, each of which requires precise, accurate and continuous execution, and the related services and movie content to television operators, telecommunications companies and broadcast television companies. Revenues from sales of systems are recognized upon shipment provided title and risk of loss has passed to the customer, there is evidence of an arrangement, fees are fixed or determinable and collection of the related receivable is probable. Installation, project management and training revenue is deferred and recognized as these services are performed. Revenue from technical support and maintenance is deferred and

recognized ratably over the period of the related agreements, generally twelve months. Customers are billed for installation, project management, training and maintenance at the time of the product sale. Revenue from content fees, primarily movies, is recognized based on the volume of monthly purchases that are made by hotel guests. Revenue from product development contract services is recognized based on the time and materials incurred to complete the work.

SeaChange's transactions frequently involve the sales of systems and services under multiple element arrangements. Systems sales always include one year of free technical support and maintenance services. Revenue under multiple element arrangements is allocated to all elements except systems based upon the fair value of those elements. The amounts allocated to training, project management, technical support and maintenance and content fees is based upon the price charged when these elements are sold separately and unaccompanied by the other elements. The amount allocated to installation revenue is based upon hourly rates and the estimated time required to complete the service. The amount allocated to systems is done on a residual method basis. Under this method, the total arrangement value is allocated first to undelivered elements, based on their fair values, with the remainder being allocated to systems revenue. Installation, training and project management services are not essential to the functionality of systems as these services do not alter the equipment's capabilities, are available from other vendors and the systems are standard products.

SeaChange has experienced fluctuations in the number of orders being placed from quarter to quarter. SeaChange believes this is principally attributable to the buying patterns and budgeting cycles of television operators and broadcast companies, the primary buyers of digital advertising insertion systems and broadcast systems, respectively. SeaChange expects that there will continue to be fluctuations in the number and value of orders received and that at least in the near future, SeaChange's revenue and results of operations will reflect these fluctuations.

SeaChange's results are significantly influenced by a number of factors, including SeaChange's pricing, the costs of materials used in SeaChange's products and the expansion of SeaChange's operations. SeaChange prices its products and services based upon its costs as well as in consideration of the prices of competitive products and services in the marketplace. The costs of SeaChange's products primarily consist of the costs of components and subassemblies that have generally declined over time. As a result of the growth of SeaChange's business, operating expenses of SeaChange have increased in the areas of research and development, selling and marketing, customer service and support and administration.

In April 2000, SeaChange's Board of Directors voted to change SeaChange's fiscal accounting year from December 31 to January 31, such that SeaChange's current fiscal year began on February 1, 2000 and will end on January 31, 2001. SeaChange has recast its financial statements to present the comparable prior year periods to conform to the current year fiscal periods.

Three Months Ended July 31, 2000 Compared to the Three Months Ended July 31, 1999

Revenues

Systems. SeaChange's systems revenues consist of sales within its broadband segment (primarily digital advertising insertion and interactive television systems) and its broadcast segment. Systems revenues increased 10% from $18.3 million in the three months ended July 31, 1999 to $20.1 million in the three months ended July 31, 2000. Revenues from the broadband segment, which accounted for 55% and 63% of total revenues in the three months ended July 31, 2000 and 1999, respectively, decreased slightly from $14.2 million in 1999 to $14.1 million in 2000. SeaChange expects future growth, if any, in the broadband business to come primarily from its interactive television systems. Broadcast system segment revenues were $6.0 million in the three months ended July 31, 2000 compared to $4.1 million in the three months ended July 31, 1999. The 46% increase in broadcast revenues for the three months ended July 31, 2000 was primarily from the timing of receipt of customer orders and related shipments for new broadcast customers. SeaChange expects future growth, if any, in the broadcast business to come from both U.S. and international customers.

Services. SeaChange's services revenues consist of fees for installation, training, project management, technical support and maintenance services, product development services and movie content fees. SeaChange's services revenues increased 27% to $5.5 million in three months ended July 31, 2000 from $4.4 million in the three months ended July 31, 1999. This increase in services revenues primarily resulted from the renewals of technical support and maintenance, price increases on certain technical support and maintenance, the impact of a growing installed base of systems and a higher revenue level for product development services.

For the three-month period ended July 31, 2000, certain customers accounted for more than 10% of SeaChange's total revenues. Single customers accounted for 17%

and 10% of total revenues in three months ended July 31, 2000 and 25% and 11% in the three months ended July 31, 1999 . Revenue from these customers was primarily in the broadband segment. SeaChange believes that revenues from current and future large customers will continue to represent a significant proportion of total revenues.

International sales accounted for approximately 15% and 25% of total revenues in the three-month periods ended July 31, 2000 and July 31, 1999, respectively. SeaChange expects that international sales will remain a significant portion of SeaChange's business in the future. As of July 31, 2000, substantially all sales of SeaChange's products were made in United States dollars. SeaChange does not expect to change this practice in the foreseeable future. Therefore, SeaChange has not experienced, nor does it expect to experience in the near term, any material impact from fluctuations in foreign currency exchange rates on its results of operations or liquidity. If this practice changes in the future, SeaChange will reevaluate its foreign currency exchange rate risk.

Gross Profit

Systems. Costs of systems revenues consist primarily of the cost of purchased components and subassemblies, labor and overhead relating to the final assembly and testing of complete systems and related expenses. Costs of systems revenues remained relatively flat at $10.9 million in the three months ended July 31, 2000 as compared to $10.7 million in the three months ended July 31, 1999 despite the increase in systems revenues as a result of improved manufacturing efficiencies and lower material costs. SeaChange expects cost of systems revenues for the interactive television products within the broadband segment to be higher as a percentage of revenues as the products are first deployed and to decrease as a percentage of revenues as the revenue level increases and SeaChange improves its manufacturing and material purchasing efficiencies.

Systems gross profit as a percentage of systems revenues was 46% and 42% in the three months ended July 31, 2000 and July 31, 1999, respectively. The increase in systems gross profit in the three months ended July 31, 2000 was primarily due to lower material and other manufacturing costs as a percentage of systems revenue within the broadband segment and specifically for system revenues for the digital advertising insertion products. Gross profit for the broadband segment improved from 39% for the three months ended July 31, 1999 to 45% for the three months ended July 31, 2000 while broadcast segment gross profit decreased from 49% in the three months ended July 31, 1999 to 46% in the three months ended July 31, 2000. The improvement in gross margins for the broadband segment was the result of lower material and other manufacturing costs as a percentage of systems revenues. The decrease in broadcast segment gross profit was due to lower revenues on certain customer orders.

Services. Costs of services revenues consist primarily of labor, materials and overhead relating to the installation, training, project management, product development, and technical support and maintenance services provided by SeaChange and costs associated with

providing movie content. Costs of services revenues increased 17% from $3.8 million in the three months ended July 31, 1999 to $4.5 million in the three months ended July 31, 2000, primarily as a result of increased revenues and the costs associated with SeaChange hiring and training additional service personnel to provide worldwide support for the growing installed base of broadband and broadcast systems and costs associated with providing movie content. Services gross profit as a percentage of services revenue was 19% in the three months ended July 31, 2000 and 12% in the three months ended July 31, 1999. Improvements in the services gross profit in the three months ended July 31, 2000 reflect the increase in the installed base of systems under maintenance, price increases on certain annual technical support and maintenance and higher product development revenues. SeaChange expects that it will continue to experience fluctuations in gross profit as a percentage of services revenue as a result of the timing of revenues from product and maintenance support and other services to support the growing installed base of systems and the timing of costs associated with SeaChange's ongoing investment required to build a service organization to support the installed base of systems and new products.

Research and Development. Research and development expenses consist primarily of compensation of development personnel, depreciation of equipment and an allocation of related facilities expenses. Research and development expenses increased 22% from $4.1 million in the three months ended July 31, 1999 to $5.0 million in the three months ended July 31, 2000. The increase in the dollar amount in the three months ended July 31, 2000 was primarily attributable to the hiring and contracting of additional development personnel which reflects SeaChange's continuing investment in new technology. SeaChange expects that research and development expenses will continue to increase in dollar amount as SeaChange continues its development of new technology and support of new and existing products.

Selling and Marketing. Selling and marketing expenses consist primarily of compensation expenses, including sales commissions, travel expenses and certain promotional expenses. Selling and marketing expenses increased 32% to $2.6

million in the three months ended July 31, 2000 from $2.0 million in the three months ended July 31, 1999. The increase was primarily due to the hiring of additional sales personnel for SeaChange's product segments, increased sales commissions on higher revenues and higher marketing costs.

General and Administrative. General and administrative expenses consist primarily of compensation of executive, finance, human resource and administrative personnel, legal and accounting services and an allocation of related facilities expenses. General and administrative expenses increased 35% from $1.3 million in the three-month period ended July 31, 1999 to $1.8 million in the three-month period ended July 31, 2000. This increase is primarily due to increased legal expenses associated with various litigation matters.

Interest Expense, net. Interest expense, net was approximately $1,000 in the three months ended July 31, 2000. Interest income, net was approximately $2,000 in the three months ended July 31, 1999. The increase in interest expense, net in the three months ended July 31, 2000 primarily resulted from an increase in interest expense on borrowings.

Provision (benefit) for Income Taxes. SeaChange's effective tax rate was 32% in the three months ended July 31, 2000. The effective tax provision for the three months ended July 31, 2000 was favorably impacted by the utilization of research and development tax credits.

SeaChange had net deferred tax assets of $3.4 million at July 31, 2000 and January 31, 2000 and $2.2 million at December 31, 1999. SeaChange has made the determination it is more likely than not that it will realize the benefits of the net deferred tax assets.

Six months Ended July 31, 2000 Compared to the Six months Ended July 31, 1999

Revenues

Systems. SeaChange's systems revenues consist of sales within its broadband segment (primarily digital advertising insertion and interactive television systems) and its broadcast segment. Systems revenues increased 3% from $35.7 million in the six months ended July 31, 1999 to $36.9 million in the six months ended July 31, 2000. Revenues from the broadband segment, which accounted for 58% and 65% of total revenues in the six months ended July 31, 2000 and 1999, respectively, decreased from $28.5 million in 1999 to $27.7 million in 2000. This decrease in broadband revenues is primarily attributable to a shift in the timing of orders by U.S. cable operators between quarters this year versus the previous year. SeaChange expects future growth, if any, in the broadband business to come primarily from its interactive television systems. Broadcast system segment revenues were $9.3 million in the six months ended July 31, 2000 compared to $7.2 million in the six months ended July 31, 1999. The 28% increase in broadcast revenues for the three months ended July 31, 2000 was primarily from the timing of receipt of customer orders and related shipments for new U.S. broadcast customers. SeaChange expects future growth, if any, in the broadcast business to come from both U.S. and international customers.

Services. SeaChange's services revenues increased 34% to $11.0 million in six months ended July 31, 2000 from $8.2 million in the

six months ended July 31, 1999. This increase in services revenues primarily resulted from the renewals of technical support and maintenance, price increases on certain technical support and maintenance, the impact of a growing installed base of systems and a higher level of product development services.

For the six month periods ended July 31, 2000 and July 31, 1999, a limited number of customers each accounted for more than 10% of SeaChange's total revenues. Single customers accounted for 13%, 12%, 12% and 11% of total revenues in six months ended July 31, 2000 and 21% and 14% of total revenues in the six months ended July 31, 1999. Revenue from these customers was primarily in the broadband segment. SeaChange believes that revenues from current and future large customers will continue to represent a significant proportion of total revenues.

International sales accounted for approximately 15% and 20% of total revenues in the six-month periods ended July 31, 2000 and July 31, 1999, respectively. SeaChange expects that international sales will remain a significant portion of SeaChange's business in the future. As of July 31, 2000, substantially all sales of SeaChange's products were made in United States dollars. SeaChange does not expect to change this practice in the foreseeable future. Therefore, SeaChange has not experienced, nor does it expect to experience in the near term, any material impact from fluctuations in foreign currency exchange rates on its results of operations or liquidity. If this practice changes in the future, SeaChange will reevaluate its foreign currency exchange rate risk.

Gross Profit

Systems. Costs of systems revenues decreased 3% to $20.2 million in the six months ended July 31, 2000 as compared to $20.8 million in the six months ended

July 31, 1999. In the six months ended July 31, 2000, the cost of systems revenues decreased from the prior year despite the increase in systems revenues as a result of improved manufacturing efficiencies and lower material costs through improved purchasing efficiencies for both the digital advertising insertion and broadcast products. SeaChange expects the cost of systems revenues for the interactive television products within the broadband segment to be higher as a percentage of revenues as the products are first deployed and to decrease as a percentage of revenues as the revenue level increases and SeaChange improves its manufacturing and material purchasing efficiencies.

Systems gross profit as a percentage of systems revenues was 45% and 42% in the six months ended July 31, 2000 and July 31, 1999, respectively. The increase in systems gross profit in the nine months ended July 31, 2000 was primarily due to lower material and other manufacturing costs as a percentage of systems revenue within the broadband segment and specifically for system revenues for the digital advertising insertion products. Gross profit for the broadband segment improved from 41% for the six months ended July 31, 1999 to 45% for the six months ended July 31, 2000 while gross profit for the broadcast segment decreased to 45% for the six months ended July 31, 2000 compared to 46% for the six months ended July 31, 1999. The improvement in gross margins for the broadband segment was the result of lower material and other manufacturing costs as a percentage of system revenues. The decrease in broadcast segment gross profit was due to lower revenues on certain customer orders.

Services. Costs of services revenues increased 20% from $7.2 million in the six months ended July 31, 1999 to $8.7 million in the six months ended July 31, 2000, primarily as a result of increased revenues and the costs associated with SeaChange hiring and training additional service personnel to provide worldwide support for the growing installed base of broadband and broadcast systems and costs associated with providing movie content. Services gross profit as a percentage of services revenue was 21% in the six months ended July 31, 2000 and 12% in the six months ended July 31, 1999. Improvements in the services gross profit in the six months ended July 31, 2000 reflect the increase in the installed base of systems under maintenance, price increases on certain annual technical support and maintenance and higher product development revenues. SeaChange expects that it will continue to experience fluctuations in gross profit as a percentage of services revenue as a result of the timing of revenues from product and maintenance support and other services to support the growing installed base of systems and the timing of costs associated with SeaChange's ongoing investment required to build a service organization to support the installed base of systems and new products.

Research and Development. Research and development expenses increased 12% from approximately $8.3 million in the six months ended July 31, 1999 to $9.4 million in the six months ended July 31, 2000. The increase in the dollar amount was primarily attributable to the hiring and contracting of additional development personnel which reflects SeaChange's continuing investment in new products. SeaChange expects that research and development expenses will continue to increase in dollar amount as SeaChange continues to focus on the development of new technology and support of new and existing products.

Selling and Marketing. Selling and marketing expenses increased 24% from $4.1 million in the six months ended July 31, 1999 to $5.1 million in the six months ended July 31, 2000. This increase is primarily due to the hiring of additional sales personnel for SeaChange's broadcast and interactive television products, increased sales commissions on higher revenues and higher marketing expenses.

General and Administrative. General and administrative expenses increased 21% from $2.7 million in the six months ended July 31, 1999 to $3.3 million in the six months ended July 31, 2000. This increase is primarily due to increased legal expenses associated with various litigation matters.

Interest income, net. Interest income, net, was approximately $24,000 and $7,000 in the six months ended July 31, 2000 and July 31, 1999, respectively. The increase in interest income, net, primarily resulted from interest income earned on a higher invested cash and cash equivalents balance.

Provision (benefit) for Income Taxes. SeaChange's effective tax rate was 32% in the six months ended July 31, 2000. The effective tax provision was favorably impacted by the utilization of research and development tax credits.

Liquidity and Capital Resources

SeaChange has financed its operations and capital expenditures primarily with the proceeds of SeaChange's common stock, borrowings and cash flows generated from operations. Cash and cash equivalents increased $9.2 million from $2.7 million at January 31, 2000 to $11.9 million at July 31, 2000. Working capital increased from approximately $21.0 million at January 31, 2000 to approximately $32.5 million at July 31, 2000.

Net cash provided by operating activities was approximately $226,000 for the six month period ended July 31, 2000 and $2.5 million for the six month period ended July 31, 1999. The net cash provided by operating activities in the six months

ended July 31, 2000 was the result of the net income adjusted for non-cash expenses including depreciation and amortization of $2.3 million and changes in certain operating assets and liabilities. The significant net changes in operating assets and liabilities that used cash in operations included an increase in accounts receivable of $3.9 million, an increase in inventories of $2.4 million and an increase in prepaid expenses and other assets of $2.0 million. Inventory levels increased during the period principally as a result of procurement of long lead components for the interactive television and broadcast products. SeaChange expects these inventory levels to decrease as revenues from both these products increase. SeaChange expects that the broadcast segment and the interactive television products within the broadband segment will continue to require a significant amount of cash to fund future product development, to manufacture and deploy customer test and demonstration equipment and to meet higher revenue levels in both product segments. These items that used cash in operations were partially offset by an increase in accounts payable of $3.3 million and an increase in customer deposits of $2.4 million.

Net cash used in investing activities was approximately $4.8 million and $900,000 for the six months ended July 31, 2000 and July 31, 1999, respectively. Investment activity consisted primarily of capital expenditures related to construction to expand the current manufacturing facility and the acquisition of computer equipment, office furniture, and other capital equipment required to support the expansion and growth of the business.

Net cash provided by financing activities was approximately $13.8 million and $1.6 million for the six months ended July 31, 2000 and July 31, 1999, respectively. In the six months ended July 31, 2000, the cash provided by financing included $11.3 million received in connection with the issuance of common stock ($10 million of which was issued to Microsoft Corporation) and $3.2 million in borrowings under the equipment line of credit. Microsoft entered into an agreement with SeaChange to collaborate on extending Microsoft Windows Media Technologies from Broadband Internet delivery to cable and broadcast television systems. Concurrent with this agreement, Microsoft purchased 277,162 shares of SeaChange's common stock for $10 million. Microsoft has agreed to purchase additional shares of SeaChange's common stock based upon the achievement of mutually agreed upon development milestones including the development of software that meets specific streaming performance levels and the commercial release of an enhanced version of the software that will be used with Microsoft's Next Generation Media Server. During the same period, cash used in financing activities included approximately $750,000 in principal payments under SeaChange's equipment line of credit and capital lease obligations.

In July 2000, SeaChange renewed its revolving line of credit and equipment line of credit with a bank. The revolving line of credit which expired in March 2000 was extended until March 2001 and borrowings under the facility increased to $7.5 million. The equipment line of credit which also expired in March 2000 was extended to provide SeaChange additional equipment financing of $4.0 million through March 2001. In addition, SeaChange entered into a $3 million line of credit facility with the Export-Import Bank of the United States which allows SeaChange to borrow money based upon eligible foreign customer account balances. This facility also expires in March 2001. Borrowings under all the lines of credit are secured by substantially all of SeaChange's assets. Loans made under the revolving line of credit would generally bear interest at a rate per annum equal to the LIBOR rate plus 2% (9.05% at July 31, 2000). Loans under the EXIM line of credit bear interest as a rate per annum equal to the prime rate (9.5% at July 31, 2000). Loans made under the equipment line of credit bear interest at a rate per annum equal to the bank's base rate plus 1.0% (10.5% at July 31, 2000). The loan agreement relating to the lines of credit requires that SeaChange provide the bank with certain periodic financial

reports and comply with certain financial ratios including the maintenance of total liabilities, excluding deferred revenue, to net worth of at least .80 to 1.0. At July 31, 2000 SeaChange was in compliance with all covenants. As of July 31, 2000, there were no borrowings against the revolving line of credit and borrowings outstanding under the equipment line of credit were $4.7 million.

SeaChange believes that existing funds together with available borrowings under the revolving line of credit and equipment line facility are adequate to satisfy its working capital and capital expenditure requirements for the foreseeable future.

SeaChange had no material capital expenditure commitments as of July 31, 2000.

Effects of Inflation

Management believes that financial results have not been significantly impacted by inflation and price changes.

Recent Accounting Pronouncements.

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," which establishes accounting and reporting standards for derivative instruments,

including derivative instruments embedded in other contracts, collectively referred to as derivatives, and for hedging activities. In June 2000, the FASB issued SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities", an amendment to SFAS No. 133. This accounting standard amended the accounting and reporting standards of SFAS No. 133 for certain derivative instruments and hedging activities. To date SeaChange has not utilized derivative instruments or hedging activities and, therefore, the adoption of SFAS No. 133 is not expected to have a material impact on SeaChange's financial position or results of operations.

In December 1999, the SEC issued Staff Accounting Bulletin No. 101 ("SAB 101"), "Revenue Recognition in Financial Statements." SAB 101 summarizes the SEC's view in applying generally accepted accounting principles to selected revenue recognition issues. The application of the guidance in SAB 101 is required in SeaChange's fourth quarter of its current fiscal year. The effects of applying this guidance, if any, will be reported as a cumulative effect adjustment resulting in a change in accounting principle. SeaChange's evaluation of SAB 101 is not yet complete.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

SeaChange faces exposure to financial market risks, including adverse movements in foreign currency exchange rates and changes in interest rates. These exposures may change over time as business practices evolve and could have a material adverse impact on SeaChange's financial results. SeaChange's primary exposure has been related to local currency revenue and operating expenses in Europe and Asia. Historically, SeaChange has not hedged specific currency exposures as gains and losses on foreign currency transactions have not been material to date. At July 31, 2000, SeaChange had $4,206,000 outstanding related to variable rate U.S. dollar denominated debt. The carrying value of these short-term borrowings approximates fair value due to the short maturities of these instruments. Assuming a hypothetical 10% adverse change in the interest rate, interest expense on these short-term borrowings would increase by $44,000.

The carrying amounts reflected in the consolidated balance sheet of cash and cash equivalents, trade receivables, and trade payables approximates fair value at July 31, 2000 due to the short maturities of these instruments.

SeaChange maintains investment portfolio holdings of various issuers, types, and maturities. SeaChange's cash and marketable securities include cash equivalents, which SeaChange considers investments to be purchased with original maturities of three months or less given the short maturities and investment grade quality of the portfolio holdings at July 31, 2000, a sharp rise in interest rates should not have a material adverse impact on the fair value of SeaChange's investment portfolio. As a result, SeaChange does not currently hedge these interest rate exposures.

PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings

On March 17, 2000, Beam Laser Systems, Inc. and Frank L. Beam instituted a claim (Civil Action No. 2:00-CV-195) in the federal courts in the Eastern District of Virginia against one of SeaChange's customers, Cox Communications, Inc. This claim was later amended by Beam Laser on June 16, 2000 to also include two related companies of Cox Communications: CableRep, Inc. and CoxCom, Inc. Beam Laser has asserted that the ad insertion technology, which includes SeaChange's spot ad insertion system, used by Cox Communications, CableRep and CoxCom infringes two of the patents held by Beam Laser (Patents No. 4,814,883 and

5,200,825). Beam Laser is seeking both an injunction and monetary damages from the defendants in that case. The defendants have made a counterclaim against Beam Laser seeking a declaration of non-infringement, invalidity and unenforceability of the two patents held by Beam Laser that are at question. On May 19, 2000, SeaChange filed a motion seeking to intervene in the action between its customer and Beam Laser, and to transfer the case to the District Court of Massachusetts. On June 23, 2000, the court granted SeaChange's intervention motion and deferred ruling on the issue of transfer. Also on June 23, 2000, SeaChange filed its Intervenor Complaint in the Virginia action seeking, among other things, a declaratory judgment of non-infringement, invalidity and unenforceability regarding the two patents of Beam Laser that are at question. In addition, SeaChange has agreed to indemnify its customer for claims brought against the customer that are related to the customer's use of SeaChange's products. This dispute has a scheduled trial date commencing April 2001.

On June 13, 2000, SeaChange filed in the United States District Court for the District of Delaware a lawsuit against one of its competitors, nCube Corp., whereby SeaChange alleged that nCube's MediaCube-4 product infringed a patent held by SeaChange (Patent No. 5,862,312). In instituting the claim, SeaChange sought both a permanent injunction and damages in an unspecified amount. nCube made a counterclaim against SeaChange that the patent held by SeaChange was invalid and that nCube's MediaCube-4 product did not infringe SeaChange's

patent.

On June 14, 1999, SeaChange filed a defamation complaint against Jeffrey Putterman, Lathrop Investment Management, Inc. and Concurrent Computer Corporation in the Circuit Court of Pulaski County, Arkansas alleging that the defendants conspired to injure the business and reputation of SeaChange in the marketplace. The complaint further alleges that Mr. Putterman and Lathrop Investment Management, Inc. defamed SeaChange through postings on an Internet message board. The complaint seeks unspecified amounts of compensatory and punitive damages. On June 14, 2000, Concurrent filed a counterclaim under seal against SeaChange seeking unspecified damages. These motions are currently pending and no trial date has been set.

SeaChange cannot be certain of the outcome of the foregoing litigation, but does plan to oppose allegations against it and assert its claims against other parties vigorously. In addition, as these claims are in the early stages of discovery and certain claims for damages are as yet unspecified, SeaChange is unable to estimate the impact to its business, financial condition, and results of operations or cash flows.

Item 2. Changes in Securities and Use of Proceeds

On May 23, 2000, SeaChange sold two hundred seventy-seven thousand one hundred sixty-two (277,162) shares of its common stock to Microsoft Corporation in exchange for an aggregate purchase price of $10,000,004.96. This sale was exempt from the registration requirements of the Securities Act of 1933 pursuant to Rule 506 of Regulation D of the rules promulgated by the SEC pursuant to the Securities Act as SeaChange did not make any general solicitation relating to the sale of these shares and Microsoft represented to SeaChange that it was an accredited investor, as such term in defined pursuant to Rule 501 of Regulation D of the rules promulgated by the SEC pursuant to the Securities Act. SeaChange intends to use the proceeds from this sale for general working capital purposes.

Item 4. Submission of Matters to a Vote of Security Holders.

The annual meeting of the security holders of SeaChange was held on May 24, 2000. Matters considered and acted upon the meeting included: the election of one (1) member to SeaChange's Board of Directors, to serve for a three-year term as a Class I Director; the ratification and approval of SeaChange's Amended and Restated 1995 Stock Option Plan, including an increase in the number of shares of common stock available for issuance thereunder from 2,925,000 to 4,800,000 shares; and the approval of an amendment of SeaChange's Amended and Restated Certificate of Incorporation increasing from 50,000,000 to 100,000,000 the number of authorized shares of SeaChange's common stock.

William C. Styslinger, III was elected as the Class I Director of SeaChange with 18,560,286 shares of common stock voted for and 444,823 shares of common stock withheld from the election of Mr. Styslinger. In addition, after the annual meeting, the following persons continued to serve as directors of SeaChange: Martin R. Hoffmann, Paul H. Saunders and Carmine Vona.

With respect to the ratification and approval of SeaChange's Amended and Restated 1995 Stock Option Plan, including an increase in the number of shares of common stock available for issuance thereunder from 2,925,000 to 4,800,000 shares, 9,429,538 shares of common stock voted for, 3,604,800 shares of common stock voted against, and 5,035 shares of Common Stock abstained from such vote.

With respect to the approval of an amendment of SeaChange's Amended and Restated Certificate of Incorporation increasing from 50,000,000 to 100,000,000 the number of authorized shares of SeaChange's common stock, 18,140,225 shares of common stock

voted for, 861,849 shares of common stock voted against, and 3,035 shares of common stock abstained from such vote.

ITEM 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit 10.1 Second Loan Modification Agreement, dated as of July 25, 2000, by and among SeaChange International, Inc., Silicon Valley Bank and Silicon Valley Bank, doing business as Silicon Valley East

Exhibit 10.2 Export-Import Bank Loan and Security Agreement, dated as of July 25, 2000, by and among SeaChange International, Inc., Silicon Valley Bank and Silicon Valley Bank, doing business as Silicon Valley East

Exhibit 10.3 Common Stock Purchase Agreement, dated as of May 23, 2000, by and between SeaChange International, Inc. and Microsoft Corporation

Exhibit 10.4 Registration Rights Agreement, dated as of May 23, 2000, by and between SeaChange International, Inc. and Microsoft Corporation

*Exhibit 10.5 License and Development Agreement, dated as of May 8, 2000, by and between SeaChange International, Inc. and Microsoft Licensing, Inc.

*Exhibit 10.6 Investment Term Sheet, dated as of May 8, 2000, by and between SeaChange International, Inc. and Microsoft Corporation

*Confidential treatment requested as to certain portions of the document, which portions have been omitted and filed separately with the Securities and Exchange Commission.

(b) Reports on Form 8-K

None

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, SeaChange International, Inc. has duly caused this amended report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: June 11, 2001

SEACHANGE INTERNATIONAL, INC.

by: /s/ William L. Fiedler

William L. Fiedler
Vice President, Finance and Administration,
Chief Financial Officer, Secretary and Treasurer
(Principal Financial and Accounting Officer;
Authorized Officer)

SEACHANGE INTERNATIONAL, INC.

EXHIBIT INDEX

Exhibit Number	Description	Page
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10.2	Export-Import Bank Loan and Security Agreement, dated as of July 25, 2000, by and among SeaChange International, Inc., Silicon Valley Bank and Silicon Valley Bank, doing business as Silicon Valley East	
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10.6*	Investment Term Sheet, dated as of May 8, 2000, by and between SeaChange International, Inc. and	

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EXHIBIT 10.1

SECOND LOAN MODIFICATION AGREEMENT

This Second Loan Modification Agreement is entered into as of July 25, 2000, by and between SEACHANGE INTERNATIONAL, INC., a Delaware corporation with its principal place of business at 124 Acton Street, Maynard, Massachusetts ("Borrower"), and SILICON VALLEY BANK, a California-chartered bank ("Lender"), with its principal place of business at 3003 Tasman Drive, Santa Clara, CA 95054 and with a loan production office located at Wellesley Office Park, 40 William Street, Suite 350, Wellesley, MA 02481, doing business under the name "Silicon Valley East".

1. DESCRIPTION OF EXISTING INDEBTEDNESS. Among other indebtedness which may be owing by Borrower to Lender, Borrower is indebted to Lender pursuant to, among other documents, a Loan and Security Agreement dated November 10, 1998, as amended by First Loan Modification Agreement dated as of March 27, 2000 (as may be amended, the "Loan Agreement"). Capitalized terms used but not otherwise defined herein shall have the same meaning as in the Loan Agreement.

Hereinafter, all indebtedness owing by Borrower to Lender shall be referred to as the "Indebtedness".

2. DESCRIPTION OF COLLATERAL AND GUARANTIES. Repayment of the Indebtedness is secured as described in the Loan Agreement (together with any other collateral security granted to Lender, the "Security Documents").

Hereinafter, the Security Documents, together with all other documents evidencing or securing the Indebtedness shall be referred to as the "Existing Loan Documents".

3. DESCRIPTION OF CHANGE IN TERM.

A. Modifications to Loan Agreement.

1. The Loan Agreement shall be amended by deleting the following definitions:

"Approved Foreign Accounts" means Accounts with respect to which the account debtor does not have its principal place of business in the United States, which the Bank approves on a case by case basis.

"Eligible Foreign Accounts" means Accounts with respect to which the account debtor does not have its principal place of business in the United States or Canada and that are: (1) covered by credit insurance in form and amount, and by an insurer satisfactory to Bank less the amount of any deductible(s) which may be or become owing thereon; or (2) supported by one or more letters of credit in an amount and of a tenor, and issued by a financial institution, acceptable to Bank.

2. The Loan Agreement shall be amended by deleting the following definition in Section 1.1:

"Code" means the California Uniform Commercial Code."

and substituting therefor the following:

"Code" means the Uniform Commercial Code, as adopted in Massachusetts, as may be amended from time to time."

3. The Loan Agreement shall be amended by deleting the following definition in Section 1.1:

"Eligible Accounts" means those Accounts that arise in the ordinary course of Borrower's business that comply with all of Borrower's representations and warranties to Bank set forth in Section 5.4. Unless otherwise agreed to by Bank in writing, Eligible Accounts shall not include the following:

(a) Accounts that the account debtor has failed to pay within ninety (90) days of invoice date;

(b) Accounts with respect to an account debtor, fifty percent (50%) of whose Accounts the account debtor has failed to pay within ninety (90) days of invoice date;

(c) Accounts with respect to an account debtor, including

Affiliates, whose total obligations to Borrower exceed twenty-five percent (25%) of all Accounts, to the extent such obligations exceed the aforementioned percentage, except as approved in writing by Bank;

(d) Accounts with respect to which the account debtor does not have its principal place of business in the United States, except for account debtors having their principal place of business in Canada;

(e) Accounts with respect to which the account debtor is a federal, state, or local governmental entity or any department, agency or instrumentality thereof, except for those Accounts of the United States or any department, agency or instrumentality thereof as to which the payee has assigned its rights to payment thereof to Bank and the assignment has been acknowledged, pursuant to the Assignment of Claims Act of 1940, as amended (31 U.S.C. 3727);

(f) Accounts with respect to which Borrower is liable to the account debtor, but only to the extent of any amounts owing to the account debtor (sometimes referred to as "contra" accounts, e.g. accounts payable, customer deposits, credit accounts etc.);

(g) Accounts generated by demonstration or promotional equipment, or with respect to which goods are placed on consignment, guaranteed sale, sale or return, sale on approval, bill and hold, or other terms by reason of which the payment by the account debtor may be conditional;

(h) Accounts with respect to which the account debtor is an Affiliate, officer, employee, or agent of Borrower;

(i) Accounts with respect to which the account debtor disputes liability or makes any claim with respect thereto as to which Bank has reasonably determined, in accordance with its standard commercial practices, that there may be a basis for dispute (but only to the extent of the amount subject to such dispute or claim), or is subject to any Insolvency Proceeding, or becomes insolvent, or goes out of business; and

(j) Accounts the collection of which Bank reasonably determines in accordance with its standard commercial practices to be doubtful.

and by substituting therefor the following:

"Eligible Accounts" means those Accounts that arise in the ordinary course of Borrower's business that comply with all of Borrower's representations and warranties to Bank set forth in Section 5.4. Unless otherwise agreed to by Bank in writing, Eligible Accounts shall not include the following:

(a) Accounts that the account debtor has failed to pay within ninety (90) days of invoice date;

(b) Accounts with respect to an account debtor, fifty percent (50%) of whose Accounts the account debtor has failed to pay within ninety (90) days of invoice date;

(c) Accounts with respect to an account debtor, including Affiliates, whose total obligations to Borrower exceed thirty-five percent (35%) of all Accounts (forty percent (40.0%) for Time Warner Accounts), which shall be limited to fifteen percent (15.0%) per site (twenty percent (20.0%) for Time Warner Accounts), to the extent such obligations exceed the aforementioned percentage, except as approved in writing by Bank;

(d) Accounts with respect to which the account debtor does not have its principal place of business in the United States;

(e) Accounts with respect to which the account debtor is a federal, state, or local governmental entity or any department, agency, or instrumentality thereof, except for those Accounts of the United States or any department, agency or instrumentality thereof as to which the payee has assigned its rights to payment thereof to Bank and the assignment has been acknowledged, pursuant to the Assignment of Claims Act of 1940, as amended (31 U.S.C. 3727);

(f) Accounts with respect to which Borrower is liable to the account debtor, but only to the extent of any amounts owing to the account debtor (sometimes referred to as "contra" accounts, e.g. accounts payable, customer deposits, credit accounts etc.);

(g) Accounts generated by demonstration or promotional equipment, or with respect to which goods are placed on consignment, guaranteed sale, sale or return, sale on approval, bill and hold, or

other terms by reason of which the payment by the account debtor may be conditional;

(h) Accounts with respect to which the account debtor is an Affiliate, officer, employee, or agent of Borrower;

(i) Accounts with respect to which the account debtor disputes liability or makes any claim with respect thereto as to which Bank believes, in its sole discretion, that there may be a basis for dispute (but only to the extent of the amount subject to such dispute or claim), or is subject to any Insolvency Proceeding, or becomes insolvent, or goes out of business; and

(j) Accounts the collection of which Bank reasonably determines in accordance with its standard commercial practices to be doubtful.

4. The Loan Agreement shall be amended by deleting the following definition for Maturity Date:

""Maturity Date" means, as applicable, (i) the Revolving Maturity Date with respect to Advances, and (ii) the Equipment Maturity Date No. 1 and the Equipment Maturity Date No. 2, as applicable, with respect to Equipment Advances."

and substituting therefor the following:

""Maturity Date" means, as applicable, (i) the Revolving Maturity Date with respect to Advances, and (ii) the Equipment Maturity Date No. 1, Equipment Maturity Date No. 2, Equipment Maturity Date No. 3, Equipment Maturity Date No. 4, and Equipment Maturity Date No. 5, as applicable, with respect to Equipment Advances."

5. The Loan Agreement shall be amended by deleting the following definition for Committed Equipment Line:

"Committed Equipment Line" means a credit extension of up to Three Million Dollars ($3,000,000.00) for Equipment Line No. 1, and Equipment Line No. 2, plus Two Million Dollars ($2,000,000.00) for Equipment Line No. 3."

and substituting therefor the following"

"Committed Equipment Line" means a credit extension of up to Three Million Dollars ($3,000,000.00) for Equipment Line No. 1, and Equipment Line No. 2, plus Two Million Dollars ($2,000,000.00) for Equipment Line No. 3, plus Four Million Dollars ($4,000,000.00) for Equipment Line No. 4."

6. The Loan Agreement shall be amended by deleting the following definition for Committed Revolving Line:

"Committed Revolving Line" means a credit extension of up to Six Million Dollars ($6,000,000.00)."

and substituting therefor the following:

"Committed Revolving Line" means a credit extension of up to Seven Million Five Hundred Thousand Dollars ($7,500,000.00)."

7. The Loan Agreement shall be amended by deleting the following definition for Revolving Maturity Date:

""Revolving Maturity Date" means March 31, 2000."

and substituting therefor the following:

""Revolving Maturity Date" means March 31, 2001"

8. The Loan Agreement shall be amended by deleting the following Section 2.3 (a):

"(a) Interest Rate. Except as set forth in Section 2.3(b), any
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Advances under the Committed Revolving Line shall bear interest, on the average daily balance thereof, at a per annum rate equal to: (i) One Half of One percent (0.5%) above the Prime Rate prior to the Debt Service Coverage Event, and (ii) the Prime Rate beginning on the date which is the Debt Service Coverage Event."

and by substituting therefor the following:

"(a) Interest Rate. Except as set forth in Section 2.3(b), any
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Advances under the Committed Revolving Line shall bear interest in accordance with the LIBOR Supplement to Agreement attached hereto as Appendix 1."
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9. The Loan Agreement shall be amended by inserting into Section 1.1, the following definitions:

"Equipment Line No. 4" has the meaning set forth in Section 2.1.2.

"Equipment Availability End Date No. 4" has the meaning set forth in Section 2.12.

"Equipment Availability End Date No. 5" has the meaning set forth in Section 2.1.2.

"Equipment Maturity Date No. 4" means September 1, 2003.

"Equipment Maturity Date No. 5" means March 1, 2004.

"EXIM Loan" means a certain Export-Import Bank Loan and Security Agreement between the Borrower and Bank dated as of _____ __, 2000, and all documents executed in connection therewith and related thereto.

10. The Loan Agreement shall be amended by deleting the following Section 2.1.2:

"2.1.2 Equipment Advances.

(a) Subject to and upon the terms and conditions of this Agreement, Bank agrees to make advances (each an "Equipment Advance" and collectively, the "Equipment Advances") to Borrower: (i) in one advance to take
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place at any time after the Closing Date through thirty (30) days after the Closing Date (the "Equipment Availability End Date No. 1") in the aggregate outstanding amount not to exceed Two Million Dollars ($2,000,000.00) (the "Equipment Line No. 1"), and (ii) at any time and from time to time from the Equipment Availability End Date No. 1 through June 30, 1999 (the "Equipment Availability End Date No. 2") in the aggregate outstanding amount not to exceed Three Million Dollars ($3,000,000.00) less the
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cumulative Equipment Advances made under Equipment Line No. 1 (the "Equipment Line No. 2"), and (iii) at any time and from time to time from March 13, 2000 through March 31, 2000 (the "Equipment Availability End Date No. 3") in the aggregate outstanding amount not to exceed Two Million Dollars ($2,000,000.00) (the "Equipment Line No. 3"). To evidence the Equipment Advances, Borrower shall deliver to Bank, at the time of each Equipment Advance request, an invoice for the equipment to be purchased or refinanced. Equipment Advance requests under Equipment Line No. 1 shall only be permitted for Equipment purchased between July 2, 1997 and June 30, 1998. Equipment Advance requests under Equipment Line No. 2 shall only be permitted for Equipment purchased between July 1, 1998 and June 30, 1999. Equipment Advance requests under Equipment Line No. 3 shall be used only for Equipment purchased through March 31, 2000. The Equipment Advances shall be used only to purchase or refinance Equipment and shall not exceed: (i) eighty percent (80.0%) of the invoice amount on such equipment, including software, approved from time to time by Bank under Equipment Line No. 1, and (ii) one hundred percent (100%) of the invoice amount on such equipment, including software, approved from time to time by Bank in accordance with its standard commercial practices under Equipment Line No. 2, and Equipment Line No. 3, each of (i) and (ii) excluding taxes, shipping, warranty charges, freight discounts, and installation expense.

(b) Interest shall accrue from the date of each Equipment Advance at the per annum rate of: (i) for Equipment

Line No. 1, and Equipment Line No. 2, one percent (1.0%) above the Prime Rate, and (ii) for Equipment Line No. 3, at one half of one percent (.50%) above the Prime Rate. Interest shall be payable monthly on the Payment Date of each month. Any Equipment Advances made pursuant to the Equipment Line No. 1 that are outstanding on the Equipment Availability End Date No. 1 will be payable in Thirty (30) equal monthly installments of principal, plus all accrued interest, beginning on the Payment Date of the month following Equipment Availability End Date No. 1 and ending on the Equipment Maturity Date No. 1. Any Equipment Advances made pursuant to the Equipment Line No. 2 that are outstanding on the Equipment Availability End Date No. 2 will be payable in Thirty-Six (36) equal monthly installments of principal, plus all accrued interest, beginning on the Payment Date of the month following Equipment Availability End Date No. 2 and ending on the Equipment Maturity Date No. 2. Any Equipment Advances made pursuant to the Equipment Line No. 3 that are outstanding on the Equipment Availability End Date No. 3 will be payable in Thirty-Six (36) equal monthly installments of principal, plus all accrued interest, beginning on the Payment Date of the month following Equipment Availability End Date No. 3 and ending on the Equipment Maturity Date No. 3. Equipment Advances, once repaid, may not be reborrowed.

(c) When Borrower desires to obtain an Equipment Advance, Borrower shall notify Bank (which notice shall be irrevocable) by facsimile transmission to be received no later than 3:00 p.m. Eastern time one (1) Business Day before the day on which the Equipment Advance is to be made. Such notice

shall be substantially in the form of Exhibit B. The notice shall be signed by a Responsible Officer or its designee and include a copy of the invoice for the Equipment to be financed."

and substituting therefor the following:

"2.1.2 Equipment Advances.

(a) Subject to and upon the terms and conditions of this Agreement, Bank agrees to make advances (each an "Equipment Advance" and collectively, the "Equipment Advances") to Borrower: (i) in one advance to take place at any time after the Closing Date through thirty (30) days after the Closing Date (the "Equipment Availability End Date No. 1") in the aggregate outstanding amount not to exceed Two Million Dollars ($2,000,000.00) (the "Equipment Line No. 1"), and (ii) at any time and from time to time from the Equipment Availability End Date No. 1 through June 30, 1999 (the "Equipment Availability End Date No. 2") in the aggregate outstanding amount not to exceed Three Million Dollars ($3,000,000.00) less the cumulative Equipment Advances made under Equipment Line No. 1 (the "Equipment Line No. 2"), and (iii) at any time and from time to time from March 13, 2000 through March 31, 2000 (the "Equipment Availability End Date No. 3") in the aggregate outstanding amount not to exceed Two Million Dollars ($2,000,000.00) (the "Equipment Line No. 3"), and (iv) at any time and from time to time from _____, 2000 through September 30, 2000 (the "Equipment Availability End Date No. 4") in the aggregate outstanding amount not to exceed Four Million Dollars ($4,000,000.00) (the "Equipment Line No. 4"), and (v) at any time and from time to time from the Equipment Availability End Date No. 4 through March 31, 2001 (the "Equipment Availability End Date No. 5") in the aggregate outstanding amount not to exceed Four Million Dollars ($4,000,000.00) less the cumulative Equipment Advances made under Equipment Line No. 4. To evidence the Equipment Advances, Borrower shall deliver to Bank, at the time of each Equipment Advance request, an invoice for the equipment to be purchased or refinanced. Equipment Advance requests under Equipment Line No. 1 shall only be permitted for Equipment purchased between July 2, 1997 and June 30, 1998. Equipment Advance requests under Equipment Line No. 2 shall only be permitted

for Equipment purchased between July 1, 1998 and June 30, 1999. Equipment Advance requests under Equipment Line No. 3 shall be used only for Equipment purchased through March 31, 2000. Equipment Advance requests under Equipment Line No. 4 shall be used only for Equipment purchased on or after April 1, 2000. Equipment Advance Requests under Equipment Line No. 5 shall be used only for Equipment purchased on or after October 1, 2000, for invoices dated no more that sixty (60) days prior to the requested Equipment Advance. The Equipment Advances shall be used only to purchase or refinance Equipment and shall not exceed: (i) eighty percent (80.0%) of the invoice amount on such equipment, including software, approved from time to time by Bank under Equipment Line No. 1, and (ii) one hundred percent (100%) of the invoice amount on such equipment, including software, approved from time to time by Bank in accordance with its standard commercial practices under

Equipment Line No. 2, Equipment Line No. 3, Equipment Line No. 4, and Equipment Line No. 5 each of (i) and (ii) excluding taxes, shipping, warranty charges, freight discounts, and installation expense. No more that twenty five percent (25.0%) of aggregate Equipment Advances shall constitute software.

(b) Interest shall accrue from the date of each Equipment Advance at the per annum rate of: (i) for Equipment Line No. 1, and Equipment Line No. 2, one percent (1.0%) above the Prime Rate, and (ii) for Equipment Line Nos. 3, 4 and 5, at one half of one percent (.50%) above the Prime Rate. Interest shall be payable monthly on the Payment Date of each month. Any Equipment Advances made pursuant to the Equipment Line No. 1 that are outstanding on the Equipment Availability End Date No. 1 will be payable in Thirty (30) equal monthly installments of principal, plus all accrued interest, beginning on the Payment Date of the month following Equipment Availability End Date No. 1 and ending on the Equipment Maturity Date No. 1. Any Equipment Advances made pursuant to the Equipment Line No. 2 that are outstanding on the Equipment Availability End Date No. 2 will be payable in Thirty-Six (36) equal monthly installments of principal, plus all accrued interest, beginning on the Payment Date of the month following Equipment Availability End Date No. 2 and ending on the Equipment Maturity Date No. 2. Any Equipment Advances made pursuant to the Equipment Line No. 3 that are outstanding on the Equipment Availability End Date No. 3 will be payable in Thirty-Six (36) equal monthly installments of principal, plus all accrued interest, beginning on the Payment Date of the month following Equipment Availability End Date No. 3 and ending on the Equipment Maturity Date No. 3. Any Equipment Advances made pursuant to the Equipment Line No. 4 that are outstanding on the Equipment Availability End Date No. 4 will be payable in Thirty-Six (36) equal monthly installments of principal, plus all accrued interest beginning on the Payment Date of the month following Equipment Availability End Date No. 4 and ending on the Equipment Maturity Date No. 4. Any Equipment Advances made pursuant to the Equipment Line No. 5 that are outstanding on the Equipment Availability End Date No. 5 will be payable in Thirty-Six (36) equal monthly installments of principal, plus all accrued interest, beginning on the Payment Date of the month following Equipment Availability End Date No. 5 and ending on the Equipment Maturity Date No. 5. Equipment Advances, once repaid, may not be reborrowed.

(c) When Borrower desires to obtain an Equipment Advance, Borrower shall notify Bank (which notice shall be irrevocable) by facsimile transmission to be received no later than 3:00 p.m. Eastern time one (1) Business Day before the day on which the Equipment Advance is to be made. Such notice shall be substantially in the form of Exhibit B. The notice shall be signed by a Responsible Officer or its designee and include a copy of the invoice for the Equipment to be financed."

11. The Loan Agreement shall be amended by deleting the following in Section 6.3:

"6.3 Financial Statements, Reports, Certificates. Borrower shall
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deliver to Bank: (a) as soon as available, but in any event within forty-five (45) days after the end of each quarter, a company prepared consolidated balance sheet and income statement covering Borrower's consolidated operations during such period, in a form and certified by an officer of Borrower reasonably acceptable to Bank; (b) as soon as available, but in any event within thirty (30) days after the end of each month, a company prepared consolidated revenue and expense statement covering Borrower's consolidated operations during such period, in form reasonably acceptable to Bank; (c) as soon as available, but in any event within ninety (90) days after the end of Borrower's fiscal year, audited consolidated financial statements of Borrower prepared in accordance with GAAP, consistently applied, together with an unqualified opinion on such financial statements of an independent certified public accounting firm reasonably acceptable to Bank; (d) promptly upon receipt of notice (thereof, a report of any legal actions pending or threatened against Borrower or any Subsidiary that could result in damages or costs to Borrower or any Subsidiary of Two Hundred Fifty Thousand Dollars ($250,000) or more; (e) prompt notice of any material change in the composition of the Intellectual Property Collateral, including, but not limited to, any subsequent ownership right of the Borrower in or to any Copyright, Patent or Trademark not specified in any intellectual property security agreement between Borrower and Bank or knowledge of an event other than information that is publicly available and applicable generally to Borrower's business practices and industry that materially adversely effects the value of the Intellectual Property Collateral; and (f) such budgets, sales projections, operating plans or other financial information as Bank may reasonably request from time to time.

Within twenty (20) days after the last day of each month, Borrower shall deliver to Bank a Borrowing Base Certificate signed by a Responsible Officer in substantially the form of Exhibit C hereto, together with aged listings of accounts receivable.

Within forty-five (45) days after the fast day of each quarter, Borrower shall deliver to Bank with the quarterly financial statements a Compliance Certificate signed by a Responsible Officer in substantially the form of Exhibit D hereto.

Bank shall have a right from time to time hereafter to audit Borrower's Accounts at Borrower's expense, provided that such audits will be conducted no more often than every six (6) months unless an Event of Default has occurred and is continuing."

and inserting in lieu thereof the following:

"6.3 Financial Statements, Reports, Certificates. Borrower shall deliver to Bank: (a) as soon as available, but in any event within forty-five (45) days after the end of each quarter, a company prepared consolidated balance sheet and income statement covering Borrower's consolidated operations during such period, in a form and certified by an officer of Borrower reasonably acceptable to Bank; (b) as soon as available, but in any event within thirty (30) days after the end of each month, a company prepared consolidated revenue end expense statement covering Borrower's consolidated operations during such period. in form reasonably acceptable to Bank; (c) as soon as available, but in any event within one hundred twenty (120) days after the end of Borrower's fiscal year, audited consolidated financial statements of Borrower prepared in accordance with GAAP, consistently

applied, together with an unqualified opinion on such financial statements of an independent certified public accounting firm reasonably acceptable to Bank; (d) promptly upon receipt of notice thereof, a report of any legal actions pending or threatened against Borrower or any Subsidiary that could result in damages or costs to Borrower or any Subsidiary of Two Hundred Fifty Thousand Dollars ($250,000) or more; (e) prompt notice of any material change in the composition of the Intellectual Property Collateral, including, but not limited to, any subsequent ownership right of the Borrower in or to any Copyright, Patent or Trademark not specified in any intellectual property security agreement between Borrower and Bank or knowledge of an event other than information that is publicly available and applicable generally to Borrower's business practices and industry that materially adversely effects the value of the Intellectual Property Collateral; and (f) such budgets, sales projections, operating plans or other financial information as Bank may reasonably request from time to time.

Within twenty (20) days after the last day of each month in which any Credit Extensions are outstanding or requested, Borrower shall deliver to Bank a Borrowing Base Certificate signed by a Responsible Officer in substantially the form of Exhibit C hereto, together with aged
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listings of accounts receivable.

Within forty-five (45) days after the last day of each quarter, Borrower shall deliver to Bank with the quarterly financial statements a Compliance Certificate signed by a Responsible Officer in substantially the form of Exhibit D hereto.

Bank shall have a right from time to time hereafter to audit Borrower's Accounts at Borrower's expense, provided that such audits will be conducted no more often than every twelve (12) months unless an Event of Default has occurred and is continuing."

12. The Loan Agreement shall be amended by deleting the following financial covenant appearing as Section 6.12:

"6.12 Profitability. Borrower shall maintain, measured as of the last
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day of each quarter: (i) a profit of One Hundred Thousand Dollars ($100,000.00) as of the last day of the first quarter of fiscal year 2000; (ii) a profit of Two Hundred Thousand Dollars ($200,000.00) as of the last day of the second and third quarters of fiscal year 2000; and (iii) a profit of Three Hundred Thousand Dollars ($300,000.00) as of the last day of the fourth quarter of fiscal year 2000, with an allowance for one quarterly loss during such fiscal year of no greater than One Hundred Thousand Dollars ($100,000.00). Notwithstanding the foregoing, the Borrower shall maintain a profit for fiscal year 2000 of Eight Hundred Thousand Dollars ($800,000.000)."

and substituting the following:

"6.12 Profitability. Borrower shall maintain, measured as of the last
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day of each quarter: (i) a profit of One Hundred Thousand Dollars ($100,000.00) as of the last day of the first quarter of fiscal year 2001; (ii) a profit of Two Hundred Thousand Dollars ($200,000.00) as of the last day of the second and third quarters of fiscal year 2001; and (iii) a profit of Three Hundred Thousand Dollars ($300,000.00) as of the last day of the fourth quarter of fiscal year 2001, with an allowance for one quarterly loss during such fiscal year of no greater than One Hundred Thousand Dollars ($100,000.00). Notwithstanding the foregoing, the Borrower shall maintain a profit for fiscal year 2001 of Eight Hundred Thousand Dollars ($800,000.000).

Borrower shall maintain, measured as of the last day of each quarter: (i) a profit of One Dollar ($1.00) as of the last day of each quarter of fiscal years 2002, and 2003"

13. The Loan Agreement shall be amended by deleting the following Section 2.1.1 (a):

"2.1.1(a) Subject to and upon the terms and conditions of this Agreement, Bank agrees to make Advances to Borrower in an aggregate outstanding amount not to exceed the Committed Revolving Line of the Borrowing Base, whichever is less. Subject to the terms and conditions of this Agreement, amounts borrowed pursuant to this Section 2.1 may be repaid and reborrowed at any time during the term of this Agreement."

and substituting therefor the following:

"2.1.1(a) Subject to and upon the terms and conditions of this Agreement, Bank agrees to make Advances to Borrower in an aggregate outstanding amount not to exceed (a) the lesser of the Committed Revolving Line of the Borrowing Base, minus(b) all Obligations under the Committed Equipment Line, minus (c)the amount of all other extensions of credit by the Bank (other than the EXIM Loan). Subject to the terms and conditions of this Agreement, amounts borrowed pursuant to this Section 2.1 may be repaid and reborrowed at any time during the term of this Agreement. Notwithstanding the foregoing, the Obligations (as defined hereunder) and obligations under the EXIM Loan, in the aggregate, shall not exceed the amount of Twelve Million Five Hundred Thousand Dollars ($12,500,000.00)."

14. The Loan Agreement shall be amended by deleting the following Section

2.2:

"2.2 Overadvances. If, at any time or for any reason, the amount of
Obligations owed by Borrower to Bank pursuant to Section 2.1.l plus, prior to the Debt Service Coverage Event, Section 2.1.2, is greater than the Borrowing Base, Borrower shall immediately pay to Bank, in cash, the amount of such excess (the "Overadvance")."

and substituting therefor the following:

"2.2 Overadvances. If, at any time or for any reason, the amount of
(a) Obligations (as defined hereunder) owed by Borrower to Bank (not including the EXIM Loan), is greater than (b) the lesser of the Committed Revolving Line or the Borrowing Base, Borrower shall immediately pay to Bank, in cash, the amount of such excess. In addition, if, at any time or for any reason, the Obligations (as defined hereunder) and the obligations under the EXIM Loan, in the aggregate, exceed the amount of Twelve Million Five Hundred Thousand Dollars ($12,500,000.00). Borrower shall immediately pay to Bank, in cash, the amount of such excess. Any excess calculated pursuant to this Section shall be referred to as the "Overadvance""

Borrower shall immediately pay to Bank, in cash, the amount of such excess. Any excess calculated pursuant to this Section shall be referred to as the "Overadvance"

4. EXIM LOAN. The occurrence of an Event of Default under the EXIM Loan shall constitute an Event of Default under the Loan Agreement. The occurrence of an Event of Default under the Loan Agreement shall constitute an Event of Default under the EXIM Loan.

5. LOAN FEES. The Borrower shall pay to the Bank the following:

(a) Committed Revolving Line Facility Fee. A Committed Revolving Line Facility Fee equal to Eighteen Thousand Seven Hundred Fifty Dollars ($18,750,00), which fee shall be due on the date hereof and shall be fully earned and nonrefundable.

(b) Committed Equipment Line Facility Fee. A Committed Equipment Line Facility Fee equal to: (i) Ten Thousand Dollars ($10,000.00), which fee shall be due on the date hereof, and shall be fully earned and non-refundable.

6. CONSISTENT CHANGES. The Existing Loan Documents are hereby amended wherever necessary to reflect the changes described above.

7. RATIFICATION OF LOAN DOCUMENTS. Borrower hereby ratifies, confirms, and reaffirms all terms and conditions of all security or other collateral granted to the Lender, and confirms that the indebtedness secured thereby includes, without limitation, the Indebtedness.

8. NO DEFENSES OF BORROWER. Borrower agrees that, as of this date, it has no defenses against the obligations to pay any amounts under the Indebtedness.

9. CONTINUING VALIDITY. Borrower understands and agrees that in modifying the existing Indebtedness, Lender is relying upon Borrower's representations, warranties, and agreements, as set forth in the Existing Loan Documents; provided however that the Schedule to the Loan Agreement shall be amended and restated as set forth on Exhibit C attached hereto. Except as expressly modified pursuant to this Loan Modification Agreement, the terms of the Existing Loan Documents remain unchanged and in full force and effect. Lender's agreement to modifications to the existing Indebtedness pursuant to this Loan Modification Agreement in no way shall obligate Lender to make any future modifications to the Indebtedness. Nothing in this Loan Modification Agreement shall constitute a satisfaction of the Indebtedness. It is the intention of Lender and Borrower to retain as liable parties all makers and endorsers of Existing Loan Documents, unless the party is expressly released by Lender in writing. No maker, endorser, or guarantor will be released by virtue of this Loan Modification Agreement. The terms of this Paragraph apply not only to this Loan Modification Agreement, but also to all subsequent loan modification agreements.

10. JURISDICTION/VENUE. Borrower accepts for itself and in connection with its

properties, unconditionally, the non-exclusive jurisdiction of any state or federal court of competent jurisdiction in the Commonwealth of Massachusetts in any action, suit, or proceeding of any kind against it which arises out of or by reason of this Loan Modification Agreement; provided, however, that if for any reason Lender cannot avail itself of the courts of the Commonwealth of Massachusetts, then venue shall lie in Santa Clara County, California.

11. COUNTERSIGNATURE. This Loan Modification Agreement shall become effective only when it shall have been executed by Borrower and Lender (provided, however, in no event shall this Loan Modification Agreement become effective until signed by an officer of Lender in California).

This Loan Modification Agreement is executed as of the date first written above.

BORROWER:	LENDER:
SEACHANGE INTERNATIONAL, INC.	SILICON VALLEY BANK, doing business as SILICON VALLEY EAST
By: W L FIEDLER	By:_____
Name: W L FIEDLER	Name:_____
Title: Vice President	Title:_____
	SILICON VALLEY BANK
	By:_____
	Name:_____
	Title:_____

APPENDIX 1

LIBOR SUPPLEMENT TO AGREEMENT

This LIBOR Supplement to Agreement (the "Supplement") is a supplement to the Loan and Security Agreement (the "Loan Agreement") dated as of November 10, 1998, between Silicon Valley Bank ("Bank") and Seachange International, Inc. ("Borrower"), and forms a part of and is incorporated into the Loan Agreement.

1. Definitions.

"Business Day" means a day of the year (a) that is not a Saturday, Sunday or other day on which banks in the State of California or the City of London are authorized or required to close and (b) on which dealings are carried on in the interbank market in which Bank customarily participates.

"Interest Period" means for each LIBOR Rate Loan, a period of approximately one, two or three months as the Borrower may elect, provided that the last day of an Interest Period for a LIBOR Rate Loan shall be determined in accordance with the practices of the LIBOR interbank market as from time to time in effect, provided, further, in all cases such period shall expire not later than the applicable Maturity Date.

"Interest Rate" shall mean as to: (a) Prime Rate Loans, a rate equal to the Prime Rate; and (b) LIBOR Rate Loans, a rate of 2.0% per annum in excess of the LIBOR Rate (based on the LIBOR Rate applicable for the Interest Period selected by the Borrower).

"LIBOR Base Rate" means, for any Interest Period for a LIBOR Rate Loan, the rate of interest per annum determined by Bank to be the per annum rate of interest as which deposits in United States Dollars are offered to Bank in the London interbank market in which Bank customarily participates at 11:00 A.M. (local time in such interbank market) two (2) Business Days before the first day of such Interest Period for a period approximately equal to such Interest Period and in an amount approximately equal to the amount of such Loan.

"LIBOR Rate" shall mean, for any Interest Period for a LIBOR Rate Loan, a rate per annum (rounded upwards, if necessary, to the nearest 1/16 of 1%) equal

to (i) the LIBOR Base Rate for such Interest Period divided by (ii) 1 minus the Reserve Requirement for such Interest Period.

"LIBOR Rate Loans" means any Loans made or a portion thereof on which interest is payable based on the LIBOR Rate in accordance with the terms hereof.

"Prime Rate" means the variable rate of interest per annum, most recently announced by Bank as its "prime rate," whether or not such announced rate is the lowest rate available from Bank. The interest rate applicable to the Prime Rate Loans shall change on each date there is a change in the Prime Rate.

"Prime Rate Loans" means any Loans made or a portion thereof on which interest is payable based on the Prime Rate in accordance with the terms hereof.

"Regulatory Change" means, with respect to Bank, any change on or after the date of this Loan Agreement in United States federal, state or foreign laws or regulations, including Regulation D, or the adoption or making on or after such date of any interpretations, directives or requests applying to a class of lenders including Bank of or under any United States federal or state, or any foreign, laws or

regulations (whether or not having the force of law) by any court or governmental or monetary authority charged with the interpretation or administration thereof.

"Reserve Requirement" means, for any Interest Period, the average maximum rate at which reserves (including any marginal, supplemental or emergency reserves) are required to be maintained during such Interest Period under Regulation D against "Eurocurrency liabilities" (as such term is used in Regulation D) by member banks of the Federal Reserve System. Without limiting the effect of the foregoing, the Reserve Requirement shall reflect any other reserves required to be maintained by Bank by reason of any Regulatory Change against (I) any Category of liabilities which includes deposits by reference to which the LIBOR Rate is to be determined as provided in the definition of "LIBOR Base Rate" or (ii) any category of extensions of credit or other assets which include Loans.

2. Requests for Loans; Confirmation of Initial Loans. Each LIBOR Rate Loan shall be made upon the irrevocable written request of Borrower received by Bank not later than 11:00 a.m. (Santa Clara, California time) on the Business Day three (3) Business Days prior to the date such Loan is to be made. Each such notice shall specify the date such Loan is to be made, which day shall be a Business Day; the amount of such Loan, the Interest Period for such Loan, and comply with such other requirements as Bank determines are reasonable or desirable in connection therewith.

Each written request for a LIBOR Rate Loan shall be in the form of a LIBOR Rate Loan Borrowing Certificate as set forth on Exhibit A, which shall be duly executed by the Borrower.

3. Conversion/Continuation of Loans.

(a) Borrower may from time to time submit in writing a request that Prime Rate Loans be converted to LIBOR Rate Loans or that any existing LIBOR Rate Loans continue for an additional Interest Period. Such request shall specify the amount of the Prime Rate Loans which will constitute LIBOR Rate Loans (subject to the limits set forth below) and the Interest Period to be applicable to such LIBOR Rate Loans. Each written request for a conversion to a LIBOR Rate Loan or a continuation of a LIBOR Rate Loan shall be substantially in the form of a LIBOR Rate Conversion/Continuation Certificate as set forth on Exhibit B, which shall be duly executed by the Borrower. Subject to the terms and conditions contained herein, three (3) Business Days after Bank's receipt of such a request from Borrower, such Prime Rate Loans shall be converted to LIBOR Rate Loans or such LIBOR Rate Loans shall continue, as the case may be provided that:

(i) no Event of Default or event which with notice or passage of time or both would constitute an Event of Default exists;

(ii) no party hereto shall have sent any notice of termination of this Supplement or of the Loan Agreement;

(iii) Borrower shall have complied with such customary procedures as Bank has established from time to time for Borrower's requests for LIBOR Rate Loans;

(iv) the amount of a LIBOR Rate Loan shall be $100,000 or such greater amount which is an integral multiple of $50,000; and

(v) Bank shall have determined that the Interest Period or LIBOR Rate is available to Bank which can be readily determined as of the date of the request

for such LIBOR Rate Loan.

Any request by Borrower to convert Prime Rate Loans to LIBOR Rate Loans or continue any existing LIBOR Rate Loans shall be irrevocable. Notwithstanding anything to the contrary contained herein, Bank shall not be required to purchase United States Dollar deposits in the London interbank market or other applicable LIBOR Rate market to fund any LIBOR Rate Loans, but the provisions hereof shall be deemed to apply as if Bank had purchased such deposits to fund the LIBOR Rate Loans.

(b) Any LIBOR Rate Loans shall automatically convert to Prime Rate Loans upon the last day of the applicable Interest Period, unless Bank has received and approved a complete and proper request to continue such LIBOR Rate Loan at least three (3) Business Days prior to such last day in accordance with the terms hereof. Any LIBOR Rate Loans shall, at Bank's option, convert to Prime Rate Loans in the event that (i) an Event of Default, or event which with the notice or passage of time or both would constitute an Event of Default, shall exist, (ii) this Supplement or the Loan Agreement shall terminate, or (iii) the aggregate principal amount of the Prime Rate Loans which have previously been converted to LIBOR Rate Loans, or the aggregate principal amount of existing LIBOR Rate Loans continued, as the case may be, at the beginning of an Interest Period shall at any time during such Interest Period exceeds the Revolving Maturity Date. Borrower agrees to pay to Bank, upon demand by Bank (or Bank may, at its option, charge Borrowers loan account) any amounts required to compensate Bank for any loss (including loss of anticipated profits), cost or expense incurred by such person, as a result of the conversion of LIBOR Rate Loans to Prime Rate Loans pursuant to any of the foregoing.

(c) On all Loans, Interest shall be payable by Borrower to Bank monthly in arrears not later than the first day of each calendar month at the applicable Interest Rate.

4. Additional Requirements/Provisions Regarding LIBOR Rate Loan: Etc.

(a) If for any reason (including voluntary or mandatory prepayment or acceleration), Bank receives all or part of the principal amount of a LIBOR Rate Loan prior to the last day of the Interest Period for such Loan, Borrower shall immediately notify Borrower's account officer at Bank and, on demand by Bank, pay Bank the amount (if any) by which (i) the additional interest which would have been payable on the amount so received had it not been received until the last day of such Interest Period exceeds (ii) the interest which would have been recoverable by Bank by placing the amount so received on deposit in the certificate of deposit markets or the offshore currency interbank markets or United States Treasury investment products, as the case may be, for a period starting on the date on which it was so received and ending on the last day of such Interest Period at the interest rate determined by Bank in its reasonable discretion. Bank's determination as to such amount shall be conclusive absent manifest error.

(b) Borrower shall pay to Bank, upon demand by Bank, from time to time such amounts as Bank may determine to be necessary to compensate it for any costs incurred by Bank that Bank determines are attributable to its making or maintaining of any amount receivable by Bank hereunder in respect of any Loans relating thereto (such increases in costs and reductions in amounts receivable being herein called "Additional Costs"), in each case resulting from any Regulatory Change which:

(i) changes the basis of taxation of any amounts payable to Bank under this Supplement in respect of any Loans (other than changes which affect taxes measured by or imposed on the overall net income of Bank by the jurisdiction in which such Bank has its principal office); or

(ii) imposes or modifies any reserve, special deposit or similar requirements relating to any extensions of credit or other assets of, or any deposits with or other liabilities of Bank (including any Loans or any deposits referred to in the definition of "LIBOR Base Rate"): or

(iii) imposes any other condition affecting this Supplement (or any of such extensions of credit or liabilities).

Bank will notify Borrower of any event occurring after the date of the Loan Agreement which will entitle Bank to compensation pursuant to this section as promptly as practicable after it obtains knowledge thereof and determines to request such compensation. Bank will furnish Borrower with a statement setting forth the basis and amount of each request by Bank for compensation under this Section 4. Determinations and allocations by Bank for purposes of this Section 4 of the effect of any Regulatory Change on its costs of maintaining its obligations to make Loans or of making or maintaining Loans or on amounts receivable by it in respect of Loans, and of the additional amounts required to compensate Bank in respect of any Additional Costs, shall be conclusive absent

manifest error.

(c) Borrower shall pay to Bank, upon the request of Bank, such amount or amounts as shall be sufficient (in the sole good faith opinion of such Bank) to compensate it for any loss, costs or expense incurred by it as a result of any failure by Borrower to borrow a Loan on the date for such borrowing specified in the relevant notice of borrowing hereunder.

(d) If Bank shall determine that the adoption or implementation of any applicable law, rule, regulation or treaty regarding capital adequacy, or any change therein, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the Interpretation or administration thereof, or compliance by Bank (or its applicable lending office) with any respect or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, has or would, have the effect of reducing the rate of return on capital of Bank or any person or entity controlling Bank (a "Parent") as a consequence of its obligations hereunder to a level below that which Bank (or its Parent) could have achieved but for such adoption, change or compliance (taking into consideration its policies with respect to capital adequacy) by an amount deemed by Bank to be material, then from time to time, within 15 days after demand by Bank, Borrower shall pay to Bank such additional amount or amounts as will compensate Bank for such reduction. A statement of Bank claiming compensation under this Section and setting forth the additional amount or amounts to be paid to it hereunder shall be conclusive absent manifest error.

(e) If at any time Bank, in its sole and absolute discretion, determines that: (i) the amount of the LIBOR Rate Loans for periods equal to the corresponding Interest Periods are not available to Bank in the offshore currency interbank markets, or (ii) the LIBOR Rate does not accurately reflect the cost to Bank of lending the LIBOR Rate Loan, then Bank shall promptly give notice thereof to Borrower, and upon the giving of such notice Bank's obligation to make the LIBOR Rate Loans shall terminate, unless Bank and the Borrower agree in writing to a different interest rate Loans shall terminate, unless Bank and the Borrower agree in writing to a different interest rate applicable to LIBOR Rate Loans. If it shall become unlawful for Bank to continue to fund or maintain any Loans, or to perform its obligations hereunder, upon demand by Bank, Borrower shall prepay the Loans in full with accrued interest thereon and all other amounts payable by Borrower hereunder (including, without limitation, any amount payable In connection with such prepayment pursuant to Section 4(a)).

EXHIBIT A

LIBOR RATE LOAN BORROWING CERTIFICATE

The undersigned hereby certifies as follows:

I, _____, am the duly elected and acting _____ of Seachange International, Inc. ("Borrower").

This certificate is delivered pursuant to Section 2 of that certain LIBOR Supplement to Agreement together with the Loan and Security Agreement by and between Borrower and Silicon Valley Bank ("Bank") (the "Loan Agreement"). The terms used in this Borrowing Certificate which are defined in the Loan Agreement have the same meaning herein as ascribed to them therein.

Borrower hereby requests on _____, 200___ a LIBOR Rate Loan (the "Loan") as follows:

(a) The date on which the Loan is to be made is _____, 200___.

(b) The amount of the Loan is to be_____($_____), for an Interest Period of _____ month(s).

All representations and warranties of Borrower stated in the Loan Agreement are true, correct and complete in all material respects as of the date of this request for a loan; provided, however, that those representations and warranties expressly referring to another date shall be true, correct and complete in all material respects as of such date.

IN WITNESS WHEREOF, this Borrowing Base Certificate is executed by the undersigned as of this _____ day of _____, 2000.

_____

By: _____

Title:_____

For Internal Bank Use Only

LIBOR Pricing Date	LIBOR RATE	LIBOR Rate Variance	Maturity Date
		_____%	

EXHIBIT B

LIBOR RATE CONVERSION/CONTINUATION CERTIFICATE

The undersigned hereby certifies as follows:

I, _____, am the duly elected and acting _____ of _ Seachange International, Inc. ("Borrower").

This certificate is delivered pursuant to Section 2 of that certain LIBOR Supplement to Agreement together with the Loan and Security Agreement by and between Borrower and Silicon Valley Bank ("Bank") (the "Loan Agreement"). The terms used in this Borrowing Certificate which are defined in the Loan Agreement have the same meaning herein as ascribed to them therein.

Borrower hereby requests on _____, 200___ a LIBOR Rate Loan (the "Loan") as follows:

(a) _____ (i) A rate conversion of an existing Prime Rate Loan from a Prime Rate Loan to a LIBOR Rate Loan; or

_____ (ii) A continuation of an existing LIBOR Rate Loan as a LIBOR Rate Loan; [Check (i) or (ii) above]

(b) The date on which the Loan is to be made is _____, 200___.

(c) The amount of the Loan is to be _____($_____), for an Interest Period of _____ month(s).

All representations and warranties of Borrower stated in the Loan Agreement are true, correct and complete in all material respects as of the date of this request for a loan; provided, however, that those representations and warranties expressly referring to another date shall be true, correct and complete in all material respects as of such date.

IN WITNESS WHEREOF, this LIBOR Rate Conversion/Continuation Certificate is executed by the undersigned as of this _____ day of _____, 2000.

_____

By: _____

Title:_____

For Internal Bank Use Only

LIBOR Pricing Date	LIBOR RATE	LIBOR Rate Variance	Maturity Date
		_____%	

EXHIBIT C

Silicon Valley Bank
Representations & Warranties

EXHIBIT 5.3

<TABLE>
<CAPTION>
Equipment Leases:

<S>	<C>	<C>
Oce' Copier	Ikon Capital Corp.	Leased from 10/01/96 through 10/01/01
AT&T/Lucent Definity	AT&T Credit Corp.	Leased from 08/31/97 - 08/31/02

Generic 3SI Comm. System		
Microspace	Transponder Lease Agreement From 3/97 - 4/02	Mr. Joseph L. Amor III Microspace Communications Group 3100 Highwoods Blvd. Raleigh, NC 27604
Paramount Financial Corporation	Movie Systems & TV Sets From 7/98 - 7/03	One Jericho Plaza Jerico, New York 11753
Silicon Valley Bank	TV Sets	Leased from 6/97 to 6/02
Property Leases:		
Office Location City, State	Property Address	Landlord
Greenville, NH	15 and 47 Main Street, #1 Mill Greenville, NH 03048 (603) 878-5055	Alden T. Greenwood 773 Greenville Road Mason, NH 03048 (603) 878-2485
Baltimore, MD	38 Bellchase Court Baltimore, MD 21208 (410) 653-7175	Ira Goldfarb 38 Bellchase Court Baltimore, MD 21208 (410) 653-7175
Burlingame, CA	500 Airport Blvd., Suite 345 Burlingame, CA 94010 (415) 589-4499	The Horn Group Sabrina Horn 500 Airport Blvd., Suite 345 Burlingame, CA 94010
St. Louis, MO	710 North Second Street Suite 350S St. Louis, MO 63102 (314) 436-8989	Arch Equities II, LLC 319 No. Fourth St. Suite 300 St. Louis, MO 63102
Fort Washington, PA	1075 Virginia Drive Fort Washington, PA 19034	Bet Investments 2660 Philmont Avenue, Suite 212 Huntingdon Valley, PA 19006
Property Leases:		
Office Location City, State	Property Address	Landlord
Englewood, CO	6050 S. Greenwood Blvd. Suite 150 Englewood, CO 80111 (303) 694-0900	Axis Commercial Realty
Lawrenceville, GA	100 Hurricane Shoals Rd NE D-1200 Lawrenceville, GA 30043	316 BC, LLC 316 Business Center Gwinett County, GA
Novato, CA	Digital Drive Novato, CA	Harding and Lawson
Singapore	10 Tannery Lane #03-02, Singapore 347773	IPC Corporation Singapore
Sophia Antipolis, France	Centre International DE Communication Avancee De Sophia Antipolis (C.I.C.A.) FRANCE	Monsieur Alain ANDRE. C.I.COM. Organisation, S.A.R.L. 06560 Valbonne 2229 401 432 059 (France)
Maynard, MA	124 Acton Street Maynard, MA 01754	Maynard Industrial Properties Association 124 Acton Street Maynard, MA 01754

EXHIBIT 5.4

The following accounts receivable are adequately reserved for as part of SeaChange International's general account receivable reserve. They are specifically identified here for purposes of disclosure:

Cape Elegance, Singapore	$ 110,000
HCI	74,320
Galavu Entertainment	84,794

EXHIBIT 5.5

Merchantable Inventory:

The inventory identified in the balance sheet of SeaChange International, Inc., is in all material respects, good and marketable quality and free from all material defects. The Company has, as part of general business practice, customer returned materials which undergoes evaluation for before final disposition. The Company also maintains a level of logistical materials for support of our installation base which generally is less than 13% of our total inventory value. This material is primarily used and is adequately reserved for.

EXHIBIT 5.8

Litigation:

The following actions or proceedings are pending with the Company, none of which either individually or in the aggregate would have a material adverse effect on the financial performance of the Company in the event the Company did not prevail:

Linda Karagosian	Employee dispute	*$40,000
Beamhit	Vendor dispute	See paragraph below
nCube, Inc.	Patent Infringement	Injunctive relief sought by SeaChange against nCube
Putterman	Libel	SeaChange seeking relief against Putterman on behalf of

* = less than

EXHIBIT 10.2

EXPORT-IMPORT BANK LOAN AND SECURITY AGREEMENT

This EXPORT-IMPORT BANK LOAN AND SECURITY AGREEMENT (the "Exim Agreement") is entered into as of July 25, 2000, by and between SILICON VALLEY BANK, a California-chartered bank ("Bank"), with its principal place of business at 3003 Tasman Drive, Santa Clara, CA 95054 and with a loan production office located at Wellesley Office Park, 40 William Street, Suite 350, Wellesley, MA 02481, doing business under the name "Silicon Valley East" ("Bank") and SEACHANGE INTERNATIONAL, INC., a Delaware corporation with its chief executive office located at 124 Acton Street, Maynard, Massachusetts 01754 (the "Borrower").

RECITALS

A. Borrower and Bank are parties to that certain Loan and Security Agreement dated November 10, 1998 (as amended to date, the "Domestic Agreement"), together with related documents executed in conjunction therewith.

B. Borrower and Bank desire in this Exim Agreement to set forth their agreement with respect to a working capital facility to be guaranteed by the Export-Import Bank of the United States (the "Exim Bank").

AGREEMENT

The Parties agree as follows:

1. DEFINITIONS AND CONSTRUCTION

1.1 Definitions. Except as otherwise defined, terms that are capitalized in this Exim Agreement shall have the meanings assigned in the Domestic Loan Documents. As used in this Exim Agreement, the following terms shall have the following definitions:

"Accounts" means all presently existing and hereafter arising accounts, contract rights, and all other forms of obligations owing to Borrower arising out of the sale or lease of goods (including, without limitation, the licensing of software and other technology) or the rendering of services by Borrower, whether or not earned by performance, and any and all credit insurance, guaranties, and other security therefor, as well as all merchandise returned to or reclaimed by Borrower and Borrower's books relating to any of the foregoing.

"Advances" means any loans or other extensions of credit hereunder.

"Borrower Agreement" means the Export-Import Bank of the United States Working Capital Guarantee Program Borrower Agreement between Borrower and Bank.

"Borrowing Base" means an amount equal to (i) ninety percent (90%) of Exim Eligible Foreign Accounts which Exim Eligible Foreign Accounts are billed and collected by the Borrower in the United States, plus (ii) the lesser of (A) Seven Hundred Fifty Thousand Dollars ($750,000.00) or (B) fifty (50%) percent of Export-Related Inventory Value of Eligible Export-Related Inventory which is determined acceptable by the Bank.

"Collateral" is the property described on Exhibit 4.

"Domestic Agreement" has the meaning set forth in recital paragraph A.

"Domestic Loan Documents" means the Domestic Agreement and all instruments, documents, and agreements executed in connection with the Domestic Agreement.

"Eligible Export-Related Inventory" shall have the meaning set forth for such term in the Borrower Agreement.

"Exim Bank" means Export-Import Bank of the United States.

"Exim Bank Expenses" means all: reasonable costs or expenses (including reasonable attorneys' fees and expenses) incurred in connection with the preparation, negotiation, and administration of the Exim Loan Documents, including any costs incurred in relation to opposing or seeking to obtain relief from any stay or restructuring order prohibiting Bank from exercising its rights as a secured creditor, foreclosing upon or disposing of Collateral, or such related matters; and Bank's reasonable attorneys' fees and expenses incurred in enforcing or defending the Exim Loan Documents, whether or not suit is brought,

unless a final court of competent jurisdiction finds the Bank acted with gross negligence or willful misconduct.

"Exim Committed Line" means Three Million Dollars ($3,000,000.00).

"Exim Eligible Foreign Accounts" means those Accounts payable in United States Dollars that arise in the ordinary course of Borrower's business and (i) with respect to which the account debtor is not a resident of the United States; (ii) that have been validly assigned or pledged to Bank in a manner satisfactory to the Bank giving the Bank a first priority perfected security interest, or its equivalent, in such Accounts, (iii) comply with all of Borrower's representations and warranties to Bank, and (iv) that either (A) the Bank approves on a case by case basis or (B) are supported by letter(s) of credit acceptable to Bank; standards of eligibility may be fixed revised from time to time by Bank in Bank's reasonable judgment and upon notification thereof to the Borrower in accordance with the provisions hereof. Exim Eligible Foreign Accounts shall not include the following:

(a) Accounts with a term in excess of one hundred twenty (120) days;

(b) Accounts that the account debtor has failed to pay within sixty (60) calendar days of the original due date of the invoice unless such accounts are insured through Exim Bank export credit insurance for comprehensive commercial and political risk, or through Exim Bank approved private insurers for comparable coverage, in which case ninety (90) calendar days shall apply;

(c) Account with respect to an account debtor, twenty five percent (25%) or more of whose Accounts the account debtor has failed to pay within one hundred twenty (120) days of the original date of invoice;

(d) Accounts evidenced by a letter of credit until the date of shipment of the items covered by the subject letter of credit;

(e) Accounts with respect to which an invoice has not been sent;

(f) Accounts with respect to which the account debtor is an Affiliate, officer or director of Borrower;

(g) Accounts with respect to which the account debtor is located in a country in which Exim Bank is legally prohibited from doing business as designated in the Country Limitation Schedule (as such term is defined in the Borrower Agreement);

(h) Accounts with respect to which the account debtor is located in a country in which Exim Bank coverage is not available for commercial reasons;

(i) Accounts with respect to which Borrower is liable to the account debtor for goods sold or services rendered by the account debtor to Borrower, but only to the extent of Borrower's liability to such account debtor.

(j) Accounts with respect to which the account debtor has disputed liability or makes any claim with respect thereto (but only to the extent of the amount subject to such dispute or claim), or is subject to any Insolvency Proceeding, or becomes insolvent, or goes out of business;

(k) Accounts with respect to an account debtor, including Subsidiaries and Affiliates, whose total obligations to Borrower exceed twenty-five percent (25%) of the aggregate dollar amount of all Accounts, only to the extent such obligations exceed such percentage, except as approved in writing by Bank;

(l) Accounts generated by the sale of products purchased for military purposes or that are due and payable from a military Buyer;

(m) Accounts, if any, generated by sales of Inventory which constitutes defense articles or defense services;

(n) Accounts payable in currency other than Dollars, except as may be approved in writing by the Bank and the Exim Bank;

(o) Accounts which are due and owing and the collection of which must be made outside the United States;

(p) Accounts the collection of which Bank or Exim Bank determines in its reasonable judgment to be doubtful; and

(q) Any account which is not an "Eligible Export-Related Accounts Receivable", as such term is defined in the Borrower Agreement.

"Exim Guarantee" means that certain Master Guarantee Agreement or other

agreement, as amended from time to time, the terms of which are incorporated by reference into this Exim Agreement, pursuant to which Exim Bank guarantees Borrower's obligations under this Exim Agreement.

"Exim Loan Documents" means, collectively, this Exim Agreement, the Domestic Loan Documents, any note or notes executed by Borrower, and any other agreement entered into between Borrower and Bank in connection with this Exim Agreement, all as amended or extended from time to time.

"Exim Maturity Date" means the earliest of (i) the Revolving Maturity Date under the Domestic Loan Documents, or (ii) March 31, 2001.

"Export-Related Inventory Value" shall have the meaning set forth in the Borrower Agreement.

"Inventory" shall mean "Export-Related Inventory" as such term is defined in the Borrower Agreement.

"Note" is defined in Section 2.1.1.

"Obligations" shall mean all debts, principal, interest, Exim Bank Expenses arising under the Exim Loan Documents and other amounts Borrower owes Bank now or later, and including interest

accruing after Insolvency Proceedings begin and debts, liabilities, or obligations of Borrower assigned to Bank.

"Payment Date" means the first (1/st/) calendar day of each month commencing with the first such date after the date of this Exim Agreement and ending on the Exim Maturity Date.

"Responsible Officer" means each of the Chief Executive Officer, Chief Financial Officer and Controller of the Borrower.

2. LOAN AND TERMS OF PAYMENT

2.1.1 Revolving Advances. Subject to the terms and conditions of this Exim Agreement, Bank agrees to make Advances to Borrower in an amount not to exceed (i) the Exim Committed Line or the Borrowing Base, whichever is less, minus (ii) the aggregate outstanding Advances hereunder, as determined by the Borrowing Base Certificate to be delivered to the Bank. Notwithstanding the foregoing, the aggregate of (i) the Obligations hereunder, and (ii) all Obligations under the Domestic Agreement, and all other indebtedness owed by Borrower to Bank, shall not exceed the amount of Twelve Million Five Hundred Thousand Dollars ($12,500,000.00).

To evidence the Advances, Borrower shall execute and deliver to Bank on the date hereof a promissory note (the "Note") in substantially the form attached hereto as Exhibit B.

Whenever Borrower desires an Advance, Borrower will notify Bank by facsimile transmission or telephone no later than 3:00 pm. Eastern time, on the Business Day that the Advance is to be made. Each such notification shall be promptly confirmed by a Payment/Advance Form in substantially the form of Exhibit C hereto together with any additional documentation required under the Borrower Agreement, including without limitation, as set forth in Section 2.03 of the Borrower Agreement. In addition to the procedure set forth in the preceding sentence, Bank is authorized to make Advances under this Exim Agreement, based upon instructions received from a Responsible Officer or without instructions if in Bank's discretion such Advances are necessary to meet Obligations which have become due and remain unpaid. Bank shall be entitled to rely on any telephonic notice given by a person who Bank reasonably believes to be a Responsible Officer or a designee (as designated in writing by a Responsible Officer) thereof, and Borrower shall indemnify and hold Bank harmless for any damages or loss suffered by Bank as a result of such reliance. Bank will credit the amount of Advances made under this Section 2.1.1 to Borrower's deposit account. Amounts borrowed pursuant to this Section 2.1.1 may be repaid at any time and re-borrowed at any time during the term of this Exim Agreement so long as no Event of Default has occurred and is continuing.

2.2 Overadvances. If, at any time or for any reason, the following occurs (an "Overadvance"): (i) the amount of Obligations pursuant to this Exim Agreement owed by Borrower to Bank pursuant to Section 2.1 of this Exim Agreement is greater than: (a) the lesser of the Borrowing Base or the Exim Committed Line, minus (b) all outstanding Advances, or (ii) the Obligations hereunder, under the Domestic Agreement and any other indebtedness owed to the Bank shall, in the aggregate, exceed the amount of Twelve Million Five Hundred

Thousand Dollars ($12,500,000.00), Borrower shall immediately pay to Bank, in cash, the amount of such excess. In addition, if at any time or for any reason, the aggregate amount of Advances made as a result of Eligible Export-Related Inventory (as determined by the Borrowing Base Certificate) exceeds the maximum allowable under Section 2.07(c) of the Borrower Agreement, the Borrower shall within five (5) calendar days either (i) furnish additional collateral satisfactory to the Bank which shall not consist of inventory (as such term is defined in the UCC), or (ii) pay to Bank, in cash, the amount of such excess

2.3 Interest Rates, Payments, and Calculations.

(a) Interest Rate. Except as set forth in Section 2.3(b), or as specified to the contrary in any Loan Document, any Advances under this Exim Agreement shall bear interest, on the average daily balance, at a rate equal to the Prime Rate per annum.

(b) Default Rate. All Obligations shall bear interest, from and after the occurrence of an Event of Default, at a rate equal to the lesser of (i) five (5%) percentage points above the rate that applied immediately prior to the occurrence of the Event of Default, and (ii) the maximum interest rate allowed by applicable law.

(c) Payments. Interest hereunder shall be due and payable on each Payment Date. Bank shall, at its option, charge such interest, all Exim Bank Expenses, and all Periodic Payments against Borrower's deposit account or against the Exim Committed Line, in which case those amounts shall thereafter accrue interest at the rate then applicable hereunder. Unless sooner demanded, all Advances made hereunder shall be due and payable in full on the Exim Maturity Date.

(d) Computation. In the event the Prime Rate is changed from time to time hereafter, the applicable rate of interest hereunder shall be increased or decreased contemporaneously with such change by an amount equal to such change in the Prime Rate. All interest chargeable under the Exim Loan Documents shall be computed on the basis of a three hundred sixty (360) day year for the actual number of days elapsed.

2.4 Crediting Payments. The receipt by Bank of any wire transfer of funds, check, or other item of payment shall be immediately applied to conditionally reduce Obligations, but shall not be considered a payment on account unless such wire transfer is of immediately available federal funds and is made to the appropriate deposit account of Bank or unless and until such check or other item of payment is honored when presented for payment. Notwithstanding anything to the contrary contained herein, any payment (other than a wire transfer of immediately available funds) received by Bank after 12:00 p.m. (noon) Eastern time shall be deemed to have been received by Bank as of the opening of business on the immediately following Business Day.

2.5 Fees. Borrower shall pay to Bank the following fees:

(a) Financial Examination and Appraisal Fees. Bank's customary fees and out-of-pocket expenses for Bank's audits of Borrower's Accounts and for each appraisal of the Collateral and financial analysis and examination of Borrower performed from time to time by Bank or its agents;

(b) Exim Fee. A facility fee equal to Thirty Thousand Dollars ($30,000.00), which fee shall be due and fully earned upon the Closing Date; and

(c) Exim Bank Expenses. On the Closing Date, Exim Bank Expenses incurred through the Closing Date and, after the Closing Date, all Exim Bank Expenses as they become due, if any.

2.6 Additional Costs. In case any law, regulation, treaty or official directive or the interpretation or application thereof by any court or any governmental authority charged with the administration thereof or the compliance with any guideline or request of any central bank or other governmental authority (whether or not having the force of law):

(a) subjects Bank to any tax with respect to payments of principal or interest or any other amounts payable hereunder by Borrower or otherwise with respect to the transactions contemplated hereby (except for taxes on

the overall net income of Bank imposed by the United States of America or any political subdivision thereof):

(b) imposes, modifies or deems applicable any deposit insurance, reserve, special deposit or similar requirement against assets held by, or deposits in or for the account of, or loans by, Bank; or

(c) imposes upon Bank any other condition with respect to its performance under this Agreement,

and the result of any of the foregoing is to increase the cost to Bank, reduce the income receivable by Bank or impose any expense upon Bank with respect to any loans, Bank shall promptly notify Borrower thereof. Borrower agrees to pay to Bank the amount of such increase in cost, reduction in income or additional expense as and when such cost, reduction or expense is incurred or determined, upon presentation by Bank of a statement of the amount and setting forth Bank's calculation thereof, all in reasonable detail which statement shall be deemed true and correct absent manifest error.

2.7 Term. This Exim Agreement shall become effective once duly executed and authorized by Borrower and Bank and shall continue in full force and effect for a term ending on the Exim Maturity Date, on which date all Obligations shall become immediately due and payable. Notwithstanding the foregoing, Bank shall have the right to terminate this Exim Agreement immediately and without notice upon the occurrence of an Event of Default. Notwithstanding any termination of this Exim Agreement, all of Bank's security interest in all of the Collateral and all of the terms and provisions of this Exim Agreement shall continue in full force and effect until all Obligations have been paid and performed in full, and no termination shall impair any right or remedy of Bank, nor shall any such termination relieve Borrower of any Obligation to Bank until all of the Obligations have been paid and performed in full.

2.8 Use of Proceeds. Borrower will use the proceeds of Advances only for the purposes specified in the Borrower Agreement. Borrower shall not use the proceeds of the Advances for any purpose prohibited by the Borrower Agreement.

3. CONDITIONS OF LOANS

3.1 Conditions Precedent to all Advances. The obligation of Bank to make each Advance, including the initial Advance, is subject to the following conditions:

(a) timely receipt by Bank of the Payment/Advance Form as provided in Section 2.1;

(b) timely receipt by Bank of a Borrowing Base Certificate as defined in the Borrower Agreement;

(c) the Exim Guarantee shall be in full force and effect;

(d) receipt by the Bank of a valid purchase order and such other documentation as the Bank may require with respect to any Advance based upon Inventory;

(e) if required by the Bank in its reasonable discretion, a satisfactory appraisal of Inventory with respect to any Advances to be made based in whole or in part upon the value of the Inventory; and

(f) except as otherwise disclosed to the Bank, the representations and warranties contained in Section 5 hereof shall be true and accurate in all material respects on and as of the date of such Payment/Advance Form and on the effective date of each Advance as though made at and as of each such date (except to the extent they relate specifically to an earlier date, in which case such representations and warranties shall continue to have been true and accurate as of such date), and no potential Event of Default or Event of Default shall have occurred and be continuing, or would result from such Advance.

The making of each Advance shall be deemed to be a representation and warranty by Borrower on the date of such Advance as to the accuracy of the facts referred to in this Section 3.1.

4. CREATION OF SECURITY INTEREST

4.1 Grant of Security Interest. Borrower grants and pledges to Bank a

continuing security interest in all presently existing and hereafter acquired or arising Collateral in order to secure prompt payment of any and all Obligations (which Obligations shall include, without limitation, all obligations of the Borrower to the Bank under the Domestic Loan Documents) and in order to secure prompt performance by Borrower of each of its covenants and duties under the Exim Loan Documents and Domestic Loan Documents. Except as set forth in the Schedule, such security interest constitutes a valid, first priority security interest in the presently existing Collateral, and will constitute a valid, first priority security interest in Collateral acquired after the date hereof. Borrower acknowledges that Bank may place a "hold" on any Deposit Account pledged as Collateral to secure the Obligations. Notwithstanding termination of this Agreement Banks Lien on the Collateral shall remain in effect for so long as any Obligations are outstanding. Upon termination of this Agreement and satisfaction in full of the Obligations, Bank shall execute all documents and take all actions reasonably requested by Borrower in evidence thereof. Notwithstanding the foregoing, it is expressly acknowledged and agreed that the security interest created in this Exim Agreement in all of the Collateral (with the exception of both Exim Eligible Foreign Accounts and Eligible Export-Related Inventory but only to the extent any Advances are actually made by the Bank to the Borrower based upon such Exim Eligible Foreign Accounts and Eligible Export-Related Inventory), is subject to and subordinate to the security interest granted to the Bank in the Domestic Agreement and the Permitted Liens (as defined in the Domestic Agreement or the Borrower Agreement) with respect to the Collateral.

4.2 Delivery of Additional Documentation Required. Borrower shall from time to time execute and deliver to Bank, at the request of Bank, all financing statements and other documents that Bank may reasonably request, in form satisfactory to Bank, to perfect and continue perfected Bank's security interests in the Collateral and in order to fully consummate all of the transactions contemplated under the Exim Loan Documents.

4.3 Power of Attorney. Effective only upon the occurrence and during the continuance of an Event of Default Borrower hereby irrevocably appoints Bank (and any of Bank's designated officers or employees) as Borrower's true and lawful attorney, with power to: (a) send requests for verification of Accounts; (b) endorse Borrower's name on any checks or other forms of payment or security that may come into Bank's possession; (c) sign the name of Borrower on any of the documents described in Section 4.2 (regardless of whether an Event of Default has occurred); (d) sign Borrower's name on any invoice or bill of lading relating to any Account, drafts against account debtors, schedules and assignments of Accounts, verifications of Accounts, and notices to account debtors; (e) make, settle, and adjust all claims under and decisions with respect to Borrower's policies of insurance; and (f) settle and adjust disputes and claims respecting the accounts directly with account debtors, for amounts and upon terms which Bank determines to be reasonable. The appointment of Bank as Borrower's attorney-in-fact, and each of Bank's rights and powers, being coupled with an interest, is irrevocable until all of the Obligations have been fully repaid and Bank's obligation to provide Advances hereunder is terminated.

4.4 Right to Inspect. Each of Bank and Exim Bank (through any of their respective officers, employees, or agents) shall have the right, upon reasonable prior notice, from time to time during Borrower's usual business hours, without causing any disruptions of Borrower's operations (prior to an Event of Default) to inspect Borrower's Books, facilities and activities, and to check, test, and appraise the Collateral in order to verify Borrower's financial condition or the amount, condition of, or any other matter relating to, the Collateral. Bank shall conduct annual accounts receivable audits, the results of which audits shall be satisfactory to Bank. Borrower will cause its officers and employees to give their full cooperation and assistance in connection therewith.

5. REPRESENTATIONS AND WARRANTIES

Borrower represents, warrants and covenants as follows:

5.1 Domestic Loan Documents. The representations and warranties contained in the Domestic Loan Documents, which are incorporated by reference into this Exim Agreement, are true and correct as of the date hereof, except as set forth on Exhibit D attached hereto.

6. AFFIRMATIVE COVENANTS

Borrower covenants and agrees that, until payment in full of the Obligations, each Borrower shall do all of the following:

6.1 Domestic Loan Documents. Borrower shall comply in all respects with

the terms and provisions of the Domestic Loan Documents, which terms and provisions are incorporated into this Exim Agreement and which shall include, without limitation, compliance with the financial reporting requirements and the financial covenants set forth in Article 6 of the Domestic Agreement. Ln addition, the Borrower shall deliver to the Bank within twenty (20) days of the end of each month (i) a Borrowing Base Certificate, (ii) a schedule of Inventory for the preceding month, and (ii) an aged listing of accounts receivable, which shall include all Accounts whether domestic or foreign.

6.2 Terms of Sale. Borrower shall cause all sales of products upon which Advances are based to be on open account to creditworthy buyers that have been preapproved in writing by Bank and Exim Bank.

6.3 Borrower Agreement. Borrower shall comply with all of the terms of the Borrower Agreement, including without limitation, the delivery of any and all notices required pursuant to Sections 2.11 and/or 2.18 of the Borrower Agreement. In the event of any conflict or inconsistency between any provision contained in the Borrower Agreement with any provision contained in this Exim Agreement, the more strict provision with respect to the Borrower, as determined by the Bank shall control.

6.4 Notice in Event of Filing of Action for Debtor's Relief. Borrower shall notify Bank in writing within five (5) days of the occurrence of any of the following: (1) Borrower begins or consents in any manner to any proceeding or arrangement for its liquidation in whole or in part or to any other proceeding or arrangement whereby any of its assets are subject generally to the payment of its liabilities or whereby any receiver, trustee, liquidator or the like is appointed for it or any substantial part of its assets (including without limitation the filing by Borrower of a petition for appointment as debtor-in-possession under Title 11 of the U.S. Code); (2) Borrower fails to obtain the dismissal or stay on appeal within thirty (30) calendar days of the commencement of any proceeding arrangement referred to in (1) above; (3) Borrower begins any other procedure for the relief of financially distressed or insolvent debtors, or such procedure has been commenced against it, whether voluntarily or involuntarily, and such procedure has not been effectively terminated, dismissed or stayed within thirty (30) calendar days after the commencement thereof, or (4) Borrower begins any procedure for its dissolution, or a procedure therefor has been commenced against it.

6.5 Payment in Dollars. Borrower shall require payment in United States Dollars for the products, unless the Exim Bank otherwise agrees in writing hereafter.

6.6 Inventory Audits. Bank shall have the right to conduct audits of the Borrower's Inventory at Borrower's expense.

6.7 Audits. Bank shall have the right from time to time hereafter to audit Borrower's Accounts at Borrower's expense, provided that such audits will be conducted no more often than every six (6) months unless an Event of Default has occurred and is continuing.

6.8 Further Assurances. At any time and from time to time Borrower shall (i) execute and deliver such further instruments, (ii) take such further action as may reasonably be requested by Bank, and (iii) deliver such additional information, reports, contracts, invoices and other data concerning the Collateral as may reasonably be requested by Bank, all of the foregoing in furtherance of the purposes of this Exim Agreement.

7. NEGATIVE COVENANTS

Borrower covenants and agrees that, so long as any Advance hereunder shall be available and until payment in full of the outstanding Obligations or for so long as Bank may have any commitment to make any Advances, Borrower will not do any of the following:

7.1 Domestic Loan Documents. Violate or otherwise fail to comply with any provisions of the Domestic Loan Documents, which provisions are incorporated into this Exim Agreement.

7.2 Loans to Shareholders or Affiliates. Without Exim Bank's prior written consent, make any loans to any shareholder or entity affiliated with Borrower. As used in this Section 7.2, the term "loan" does not include salary,

reasonable rent paid to an affiliated entity owned by the shareholders, or to other expenses incurred in the ordinary course of Borrower's business.

7.3 Borrower Agreement. Violate or otherwise fail to comply with any provision of the Borrower Agreement, including without limitation the negative covenants set forth in Section 2.15.

7.4 Exim Guarantee. Take any action, or permit any action to be taken, that causes or, with the passage of time, could reasonably be expected to cause, the Exim Guarantee to cease to be in full force and effect.

8. EVENTS OF DEFAULT

Any one or more of the following events shall constitute an Event of Default by Borrower under this Exim Agreement:

8.1 Payment Default. If Borrower fails to pay, when due, any of the Obligations.

8.2 Covenant Default; Cross Default. If Borrower fails or neglects to perform, keep, or observe any material term, provision, condition, covenant, or agreement contained in this Exim Agreement, in any of the Domestic Loan Documents, the Borrower Agreement, or the Exim Loan Documents, or an Event of Default occurs under any of the Domestic Loan Documents or the Borrower Agreement and as to any default under such other term, provision, condition, covenant or agreement that can be cured, has failed to cure such default within twenty (20) days after the occurrence thereof; provided, however, that if the default cannot by its nature be cured within the twenty (20) day period or cannot after diligent attempts by Borrower be cured within such twenty (20) day period, and such default is likely to be cured within a reasonable time, then Borrower shall have an additional reasonable period (which shall not in any case exceed thirty (30) days) to attempt to cure such default, and within such reasonable time period the failure to have cured such default shall not be deemed an Event of Default (provided that no Advances will be required to be made during such cure period); or

8.3 Exim Guarantee. If the Exim Guarantee ceases for any reason to be in full force and effect, or if the Exim Bank declares the Exim Guarantee void or revokes or purports to revoke any obligations under the Exim Guarantee.

9. BANK'S RIGHTS AND REMEDIES

9.1 Rights and Remedies. Upon the occurrence and during the continuance of an Event of Default, Bank may, at its election, without notice of its election and without demand, do any one or more of the following, in accordance with applicable law, all of which are authorized by the Borrower:

(a) Declare all Obligations, whether evidenced by this Exim Agreement, the Domestic Loan Documents, or by any of the other Exim Loan Documents, or otherwise, immediately due and payable (provided that upon the occurrence of an Event of Default described in Section 8.5 of the Domestic Agreement, all Obligations shall become immediately due and payable without any action by Bank);

(b) Cease advancing money or extending credit to or for the benefit of Borrower under this Exim Agreement or under any other agreement between Borrower and Bank;

(c) Settle or adjust disputes and claims directly with account debtors for amounts, upon terms and in whatever order that Bank reasonably considers advisable;

(d) Notify customers of Borrower or other third parties to pay amounts owing to Borrower directly to the Bank;

(e) Without notice to or demand upon Borrower, make such payments and do such acts as Bank considers necessary or reasonable to protect its security interest in the Collateral. Borrower agrees to assemble the Collateral if Bank so requires, and to make the Collateral available to Bank as Bank may designate. Borrower authorizes Bank to enter the premises where the Collateral is located, to take and maintain possession of the Collateral, or any part of it, and to pay, purchase, contest, or compromise any encumbrance, charge, or lien which in Bank's determination appears to be prior or superior to its security interest and to pay all expenses incurred in connection therewith. With respect to any of Borrower's

premises, Borrower hereby grants Bank a license to enter such premises and to occupy the same, without charge, in order to exercise any of Bank's rights or remedies provided herein, at law, in equity, or otherwise;

(f) With notice to the Borrower, set off and apply to the Obligations any and all (i) balances and deposits of Borrower held by Bank, or (ii) indebtedness at any time owing to or for the credit or the account of Borrower held by Bank;

(g) Ship, reclaim, recover, store, finish, maintain, repair, prepare for sale, advertise for sale, and sell (in the manner provided far herein) the Collateral. Bank is hereby granted a non-exclusive, royalty-free license or other right, solely pursuant to the provisions of this Section 9.1, to use, without charge, Borrower's labels, patents, copyrights, mask works, rights of use of any name, trade secrets, trade names, trademarks, service marks, and advertising matter, or any property of a similar nature, as it pertains to the Collateral, in completing production of, advertising for sale, and selling any Collateral and, to the extent required for Bank's exercise of its rights under this Section 9.1, Borrower's rights under all licenses and all franchise agreements shall inure to Bank's benefit;

(h) Sell the Collateral in a commercially reasonable manner at either a public or private sale, or both, by way of one or more contracts or transactions, for cash or on terms, in such manner and at such places (including Borrower's premises) as Bank determines is commercially reasonable, and apply the proceeds thereof to the Obligations in whatever manner or order it deems appropriate; and

(i) Bank may credit bid and purchase at any public sale, or at any private sale permitted by law.

Any deficiency that exists after disposition of the Collateral as provided above will be paid immediately by Borrower.

9.2 Exim Direction. Upon the occurrence of an Event of Default, Exim Bank shall have a right to: (i) direct Bank to exercise the remedies specified in Section 9.1 and (ii) request that Bank accelerate the maturity of any other loans to Borrower as to which Bank has a right to accelerate.

9.3 Exim Notification. Bank shall have the right to immediately notify Exim Bank in writing if it has knowledge of the occurrence of any of the following events: (1) any failure to pay any amount due under this Exim Agreement or the Note; (2) the Borrowing Base is less than the sum of outstanding Advances hereunder; (3) any failure to pay when due any amount payable to Bank by the Borrower under any loan(s) extended by Bank to Borrower; (4) the filing of an action for debtor's relief by, against, or on behalf of Borrower; or (5) any threatened or pending material litigation against Borrower, or any material dispute involving Borrower.

In the event that it sends such a notification to Exim Bank, Bank shall have the right to thereafter send Exim Bank a written report on the status of the events covered by said notification on each Business Day which occurs every thirty (30) calendar days after the date of said notification, until such time as Bank files a claim with Exim Bank or said default or other events have been cured. Bank shall not have any obligation to make any Advances following said notification to Exim Bank, unless Exim Bank gives its written approval thereto. If directed to do so by Exim Bank, Bank shall have a right promptly to exercise any rights it may have against borrower to demand the immediate repayment of all amounts outstanding under the Exim Loan Documents.

9.4 Remedies Cumulative. Bank's rights and remedies under this Exim Agreement, the Exim Loan Documents, the Domestic Loan Documents and all other agreements shall be cumulative. Bank shall have all other rights and remedies not inconsistent herewith as provided under the Code, by law, or in equity. No exercise by Bank of one right or remedy shall be deemed an election, and no waiver by Bank of any Event of Default on Borrower's part shall be deemed a continuing waiver. No delay by Bank shall constitute a waiver, election, or acquiescence by it. No waiver by Bank shall be effective unless made in a written document signed on behalf of Bank and then shall be effective only in the specific instance and for the specific purpose for which it was given.

9.5 Power of Attorney. Effective only upon the occurrence and during the continuance of an Event of Default, Borrower hereby irrevocably appoints Bank (and any of Bank's designated officers, or employees) as Borrower's true and lawful attorney to: (a) send requests for verification of Accounts or notify account debtors of Bank's security interest in the Accounts; (b) endorse Borrower's name on any checks or other forms of payment or security that may come into Bank's possession; (c) sign Borrower's name on any invoice or bill of lading relating to any Account, drafts against account debtors, schedules and

assignments of Accounts, verifications of Accounts, and notices to account debtors; (d) make, settle, and adjust all claims under and decisions with respect to Borrower's policies of insurance; and (e) settle and adjust disputes and claims respecting the accounts directly with account debtors, for amounts and upon terms which Bank determines to be reasonable; and (f) to file, in its sole discretion, one or more financing or continuation statements and amendments thereto, relative to any of the Collateral without the signature of Borrower where permitted by law provided Bank may exercise such power of attorney to sign the name of Borrower on any of the documents described in Section 4.2 regardless of whether an Event of Default has occurred. The appointment of Bank as Borrower's attorney in fact, and each and every one of Bank's rights and powers, being coupled with an interest, is irrevocable until all of the Obligations have been fully repaid and performed and Bank's obligation to provide advances hereunder is terminated.

9.6 Accounts Collection. Upon the occurrence and during the continuance of an Event of Default, Bank may notify any Person owing funds to Borrower of Bank's security interest in such funds and verify the amount of such Account. Borrower shall collect all amounts owing to Borrower for Bank, receive in trust all payments as Bank's trustee, and if requested or required by Bank, immediately deliver such payments to Bank in their original form as received from the account debtor, with proper endorsements for deposit.

9.7 Bank Expenses. If Borrower fails to pay any amounts or furnish any required proof of payment due to third persons or entities, as required under the terms of this Agreement, then Bank may do any or all of the following: (a) make payment of the same or any part thereof; (b) set up such reserves under the Committed Revolving Line as Bank deems necessary to protect Bank from the exposure created by such failure; or (c) obtain and maintain insurance policies of the type discussed in Section 6.5 of the Domestic Agreement, and take any action with respect to such policies as Bank deems prudent. Any amounts so paid or deposited by Bank shall constitute Bank Expenses, shall be immediately due and payable and shall bear interest at the then applicable rate hereinabove provided, and shall be secured by the Collateral. Any payments made by Bank shall not constitute an agreement by Bank to make similar payments in the future or a waiver by Bank of any Event of Default under this Agreement.

9.8 Bank's Liability for Collateral. So long as Bank complies with reasonable banking practices and applicable law, Bank shall not in any way or manner be liable or responsible for: (a) the safekeeping of the Collateral; (b) any loss or damage thereto occurring or arising in any manner or fashion from any cause: (c) any diminution in the value thereof; or (d) any act or default of any carrier, warehouseman, bailee, forwarding agency, or other person whomsoever. All risk of loss, damage or destruction of the Collateral shall be borne by Borrower.

9.9 Demand: Protest. Borrower waives demand, protest, notice of protest, notice of default or dishonor, notice of payment and nonpayment, notice of any default, nonpayment at maturity, release, compromise, settlement, extension or renewal of accounts, documents, instruments, chattel paper, and guarantees at any time held by Bank on which Borrower may in any way be liable.

10. CHOICE OF LAW AND VENUE; JURY TRIAL WAIVER

The laws of the Commonwealth of Massachusetts shall apply to this Agreement. BORROWER ACCEPTS FOR ITSELF AND IN CONNECTION WITH ITS PROPERITIES, UNCONDITIONALLY, THE NON-EXCLUSIVE JURISDICTION OF ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION IN

THE COMMONWEALTH OF MASSACHUSETTS IN ANY ACTION, SUIT, OR PROCEEDING OF ANY KIND, AGAINST IT WHICH ARISES OUT OF OR BY REASON OF THIS AGREEMENT; PROVIDED, HOWEVER, THAT IF FOR ANY REASON BANK CANNOT AVAIL ITSELF OF THE COURTS OF THE COMMONWEALTH OF MASSACHUSETTS, BORROWER ACCEPTS JURISDICTION OF THE COURTS AND VENUE IN SANTA CLARA COUNTY, CALIFORNIA.

BORROWER AND BANK EACH HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF ANY OF THE EXIM LOAN DOCUMENTS OR ANY OF THE TRANSACTIONS CONTEMPLATED THEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS. EACH PARTY RECOGNIZES AND AGREES THAT THE FOREGOING WAIVER CONSTITUTES A MATERIAL INDUCEMENT FOR IT TO ENTER INTO THIS AGREEMENT. EACH PARTY REPRESENTS AND WARRANTS THAT IT HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL AND THAT IT KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL.

11. WAIVERS: INDEMNIFICATION

11.1 Indemnification. Borrower shall defend, indemnify and hold harmless
Bank and its officers, employees, and agents against: (a) all obligations, demands, claims, and liabilities claimed or asserted by any other party in connection with the transactions contemplated by this Exim Agreement, and (b) all losses or Exim Bank. Expenses in any way suffered, incurred, or paid by Bank as a result of or in any way arising out of, following, or consequential to transactions between Bank and Borrower whether under this Exim Agreement, or otherwise (including without limitation reasonable attorneys fees and expenses), except for losses caused by Bank's gross negligence or willful misconduct.

12. NOTICES

Unless otherwise provided in this Exim Agreement, all notices or demands by any party relating to this Exim Agreement at any other agreement entered into in connection herewith shall be in writing and (except for financial statements and other informational documents which may be sent by first-class mail, postage prepaid) shall be personally delivered or sent by a recognized overnight delivery service, by certified mail, postage prepaid, return receipt requested, or by telefacsimile to Borrower or to Bank, as the case may be, at the address set forth in the Domestic Loan Documents. The parties hereto may change the address at which they are to receive notices hereunder, by notice in writing in the foregoing manner given to the other.

13. GENERAL PROVISIONS

13.1 Succesors and Assigns. This Exim Agreement shall bind and inure to the
benefit of the respective successors and permitted assigns of each of the parties; provided, however, that neither this Exim Agreement nor any rights hereunder may be assigned by Borrower without Bank's prior written consent, which consent may be granted or withheld in Bank's sole discretion. Bank shall have the right without the consent of or notice to Borrower to sell, transfer, negotiate, or grant participations in all or any part of, or any interest in Bank's obligations, rights and benefits hereuder.

13.2 Time of Essence. Time is of the essence for the performance of all
obligations set forth in this Exim Agreement.

13.3 Severability of Provisions. Each provision of this Exim Agreement
shall be severable from every other provision of this Exim Agreement for the purpose of determining the legal enforceability of any specific provision.

13.4 Amendments in Writing. This Exim Agreement cannot be changed or
terminated orally. Without the prior written consent of Exim Bank, no material amendment of or deviation from the terms of this Exim Agreement or the Note shall be made that would adversely affect the interests of Exim Bank under the Exim Guarantee, including without limitation the rescheduling of any payment terms provided for in this Exim

Agreement. All prior agreements, understandings, representations, warranties, and negotiations between the parties hereto with respect to the subject matter of this Exim Agreement, if any, are merged into this Exim Agreement.

13.5 Counterparts. This Exim Agreement may be executed in any number of
counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Exim Agreement.

13.6 Survival. All covenants, representations and warranties made in this
Exim Agreement shall continue in full force and effect so long as any Obligations remain outstanding. The obligations of Borrower to indemnify Bank with respect to the expenses, damages, losses, costs and liabilities described in Section 11.1 shall survive until all applicable statute of limitations periods with respect to actions that may be brought against Bank have run.

13.7 Countersignature. This Agreement shall become effective only when it
shall have been executed by Borrower and Bank (provided, however, in no event shall this Agreement become effective until signed by an officer of Bank in California).

13.8 Confidentiality. In handling any confidential information Bank shall
exercise the same degree of care that it exercises with respect to its own

proprietary information of the same types to maintain the confidentiality of any non-public information thereby received or received pursuant to this Agreement except that disclosure of such information may be made (i) to the subsidiaries or affiliates of Bank in connection with their present or prospective business relations with Borrower, (ii) to prospective transferees or purchasers of any interest in the Loans, provided that they have entered into a comparable confidentiality agreement in favor of Borrower and have delivered a copy to Borrower, (iii) as required by law, regulations, rule or order, subpoena, judicial order or similar order, (iv) as may be required in connection with the examination, audit or similar investigation of Bank, and (v) as Bank may deem appropriate in connection with the exercise of any remedies hereunder. Confidential information hereunder shall not include information that either: (a) is in the public domain or in the knowledge or possession of Bank when disclosed to Bank, or becomes part of the public domain after disclosure to Bank through no fault of Bank; or (b) is disclosed to Bank by a third party, provided Bank does not have actual knowledge that such third party is prohibited from disclosing such information.

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

SEACHANGE INTERNATIONAL, INC.

By: /s/ WL Fielder

Name: WL FIELDER

Title: VICE PRESIDENT

SILICON VALLEY BANK, d/b/a
SILICON VALLEY EAST

By:_____

Name:_____

Title:_____

SILICON VALLEY BANK

By:_____

Name:_____

Title:_____
(Signed in Santa Clan County, California)

EXHIBIT A

The Collateral consists of all right, title and interest of Borrower in and to the following:

All goods, equipment, inventory, contract tights, general intangibles, accounts, documents, instruments, chattel paper, cash, deposit accounts, fixtures, letters of credit, investment property, and financial assets, whether now owned or hereafter acquired, wherever located; and

All Borrower's Books relating to the foregoing and arty and all claims, rights and interests in any of the above and all substitutions for, additions, attachments, accessories, accessions and improvements to and replacements, products, proceeds and insurance proceeds of any or all of the foregoing.

The Collateral does not include:

Any copyright tights, copyright applications, copyright registrations and like protections in each work of authorship and derivative work, whether published or unpublished, now owned or later acquired; any patents, trademarks, service marks and applications therefor, any trade secret rights, including any rights to unpatented inventions, know-how, operating manuals, license rights and agreements and confidential information, now owned or hereafter acquired; or any claims for damages by way of any past, present and future infringement of any of the foregoing.

EXHIBIT B

Revolving Promissory Note
(Export-Import Line)

$3,000,000.00 _____, 2000

FOR VALUE RECEIVED, the undersigned (the "Borrower"), promises to pay to the order of Silicon Valley Bank ("Bank"), at such place as the holder hereof may designate, in lawful money of the United States of America, the aggregate unpaid principal amount of all advances ("Advances") made by Bank to Borrower, up to a maximum principal amount of Three Million Dollars ($3,000,000.00), plus interest on the aggregate unpaid principal amount of such Advances, at the rates and in accordance with the terms of the Export-Import Bank Loan and Security Agreement between Borrower and Bank of even date herewith, as amended from time to time (the "Loan Agreement") on the first calendar day of each month after an Advance has been made. The entire principal amount and all accrued interest shall be due and payable on March 31, 2001, or on such earlier date, as provided for in the Loan Agreement.

Borrower irrevocably waives the right to direct the application of any and all payments at any time hereafter received by Bank from or on behalf of Borrower, and Borrower irrevocably agrees that Bank shall have the continuing exclusive right to apply any and all such payments against the then due and owing obligations of Borrower as Bank may deem advisable. In the absence of a specific determination by Bank with respect thereto, all payments shall be applied in the following order: (a) then due and payable fees and expenses; (b) then due and payable interest payments and mandatory prepayments; and (c) then due and payable principal payments and optional prepayments.

Bank is hereby authorized by Borrower to endorse on Bank's books and records each Advance made by Bank under this Note and the amount of each payment or prepayment of principal of each such Advance received by Bank; it being understood, however, that failure to make any such endorsement (or any errors in notation) shall not affect the obligations of Borrower with respect to Advances made hereunder, and payments of principal by Borrower shall be credited to Borrower notwithstanding the failure to make a notation (or any errors in notation) thereof on such books and records.

Borrower promises to pay Bank all reasonable costs and expenses, including all reasonable attorneys' fees, incurred in such collection or in any suit or action to collect this Note or in any appeal thereof, unless a final court of competent jurisdiction finds that the Bank acted with gross negligence or willful misconduct. Borrower waives presentment, demand, protest, notice of protest, notice of dishonor, notice of nonpayment, and any and all other notices and demands in connection with the delivery, acceptance, performance, default or enforcement of this Note, as well as any applicable statute of limitations. No delay by Bank in exercising any power or right hereunder shall operate as a waiver of any power or tight. Time is of the essence as to all obligations hereunder.

This Note is issued pursuant to the Loan Agreement, which shall govern the rights and obligations of Borrower with respect to all obligations hereunder.

The law of the Commonwealth of Massachusetts shall apply to this Agreement. BORROWER ACCEPTS FOR ITSELF AND IN CONVECTION WITH ITS PROPERTIES, UNCONDITIONALLY, THE NON-EXCLUSIVE JURISDICTION OF ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION IN THE COMMONWEALTH OF MASSACHUSETTS IN ANY ACTION, SUM OR PROCEEDING OF ANY KIND, AGAINST IT WHICH ARISES OUT OF OR BY REASON OF THIS AGREEMENT; PROVIDED, HOWEVER, THAT IF FOR ANY REASON BANK CANNOT AVAIL ITSELF OF THE COURTS OF THE COMMONWEALTH OF MASSACHUSETTS, BORROWER ACCEPTS JURISDICTION OF THE COURTS AND VENUE IN SANTA CLARA COUNTY, CALIFORNIA.

BORROWER WAIVES ITS RIGHT TO A BURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF ANY OF THE EXIM LOAN DOCUMENTS OR ANY OF THE TRANSACTIONS CONTEMPLATED THEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS. BORROWER RECOGNIZES AND AGREES THAT THE FOREGOING WAIVER CONSTITUTES A MATERIAL INDUCEMENT FOR IT TO ENTER INTO THIS AGREEMENT. BORROWER REPRESENTS AND WARRANTS THAT IT HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL AND THAT IT KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY-TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL.

SEACHANGE INTERNATIONAL, INC.

By:

Name:

Title:

EXHIBIT C

LOAN PAYMENT/ADVANCE TELEPHONE REQUEST FORM -
DEADLINE FOR SAME DAY PROCESSING IS 3:00 P.M., E.S.T.

TO: CENTRAL CLIENT SERVICE DIVISION DATE:_____
FAX #: (781) 431-0753 TIME:_____

FROM:

CLIENT NAME (BORROWER)

REQUESTED BY:

AUTHORIZED SIGNERS NAME

AUTHORIZED SIGNATURE:

PHONE NUMBER:

FROM ACCOUNT # _____ TO ACCOUNT # _____

REQUESTED TRANSACTION TYPE	REQUEST DOLLAR AMOUNT
PRINCIPAL INCREASE (ADVANCE)	$
PRINCIPAL PAYMENT (ONLY)	$
INTEREST PAYMENT (ONLY)	$
PRINCIPAL AND INTEREST (PAYMENT)	$

OTHER INSTRUCTIONS:

All representations and warranties of Borrower stated in the Loan Agreement are true, correct and complete in all material respects as of the date of the telephone request for and Advance confirmed by this Borrowing Certificate; provided, however, that those representations and warranties expressly referring to another date shall be true, correct and complete in all material respects as of such date.

BANK USE ONLY:

TELEPHONE REQUEST

The following person is authorized to request the loan payment transfer/loan advance on the advance designated account and is known to me.

_____ _____
Authorized Requester Phone #

_____ _____
Received by (Bank) Phone #

_____
Authorized Signature (Bank)

EXHIBIT D

BORROWING BASE CERTIFICATE

COLLATERAL SCHEDULE
(FOREIGN AIR LINE OF CREDIT)

Borrower: Seachange International, Inc.
124 Acton Street
Maynard MA 01754

Lender: Silicon Valley Bank
3003 Tasman Drive
Santa Clara, CA 95054

Commitment Amount: $3,000,000.00

FOREIGN ACCOUNTS RECEIVABLE FROM EXPORT ACTIVITIES

1.	Accounts Receivable Book Value as of _____	$_____
2.	Additions (please explain on reverse)	$_____
3.	TOTAL FOREIGN ACCOUNTS RECEIVABLE	$_____

ACCOUNTS RECEIVABLE DEDUCTIONS

4.	Term in excess of 120 days	$_____
5.	Amounts over 60 days from due date of invoice	$_____
6.	Balance of 25% over 120 day accounts	$_____
7.	Excess 25% Concentration	$_____
8.	Accounts not payable in the U.S.	$_____
9.	Governmental and Military Accounts	$_____
10.	Contra Accounts	$_____
11.	Promotion, Demo or Consignment Accounts	$_____
12.	Intercompany/Employee and Affiliate Accounts	$_____
13.	Accounts in the form of L/Cs, if subject items have not yet been shipped by Borrower	$_____
14.	Accounts, if any, arising from Inventory not originally located in and shipped from the US.	$_____
15.	Accounts arising from the sale of defense articles or items	$_____
16.	Accounts of buyers located in or form countries in which shipment is prohibited or no coverage available	$_____
17.	Amounts due and collectable outside U.S.	$_____
18.	Other exclusions under Borrower Agreement or otherwise	$_____
19.	TOTAL ACCOUNTS RECEIVABLE DEDUCTIONS	$_____
20.	Eligible Accounts (No. 3 - No. 19)	$_____
21.	Loan Value of Accounts (90%-Advance)	$_____
INVENTORY		
22.	Eligible Export-Related Inventory Value as of _____	$_____
23.	LOAN VALUE OF INVENTORY (50% of #22)	$_____
BALANCES		
24.	Maximum Loan Amount	$3,000,000.00
25.	Total Available (2t plus lesser of (i) $750,000.00 or (ii) #23)	$_____
26.	Present balance owing on Line of Credit	$_____
27.	Outstanding under Sublimits	$_____
28.	RESERVE POSITION (No. 25 - (No. 26 + No. 27))	$_____

The undersigned represents and warrants that the foregoing is true, complete and correct, and that the information reflected in this Collateral Schedule complies with the representations and warranties set forth is the Borrower Agreement, executed by Borrower and acknowledged by Lender, and the Export-Import Bank Loan and Security Agreement, executed by Borrower and acknowledged by Leader dated _____, 2000, as may be amended from time to time, as if all representations and warranties were made as of the date hereof and that Borrower is, and shall remain, in full compliance with its agreements, covenants, and obligations under such agreement. Such representations and warranties include, without limitation, the following: Borrower is using disbursements only for the purpose of enabling Borrower to finance the cost of manufacturing, producing, purchasing or selling items intended for export. Borrower is not using disbursements foe the purpose of (a) servicing any of Borrower's unrelated pre-existing or future indebtedness; (b) acquiring fixed assets or capital goods for the use of Borrower's business; (c) acquiring, equipping, equipping or renting commercial spaces outside the United States; (d) supporting research and development; (c) paying salaries of non-U.S. citizens or non-U.S. permanent residents who are located in the offices of the United States; or (f) serving as a retainage or warranty bond. Additionally, disbursements are not being used to finance the manufacture, purchase or sale of say of the following: (a) items to be sold to a buyer located in a country in which the Export Import Bank of the United States is legally prohibited from doing business; (b) that part of the cost of the items which is not U.S. Content unless such part is not greater than fifty percent (50%) of the cost of the items and is incorporated into the items in the United States; (c) defense articles or defense services or items directly or indirectly destined for use by military organizations designed primarily far military use (regardless of the nature or actual use of the items); or (d) any items to be used is the construction, alteration, operation or maintenance of nuclear power, enrichment, reprocessing, research of heavy water production facilities.

Sincerely,

SEACHANGE INTERNATIONAL, INC.

By:

Name:

Chief Financial Officer

Date:

BANK USE ONLY

Received

By: _____

Date: _____

Verified

By: _____

EXHIBIT 10.3

COMMON STOCK PURCHASE AGREEMENT

This COMMON STOCK PURCHASE AGREEMENT (this "Agreement") is made as of this 23rd day of May, 2000 between SeaChange International, Inc., a Delaware corporation (the "Company"), and Microsoft Corporation, a Washington corporation (the "Purchaser").

RECITALS

WHEREAS, the Company desires to sell to the Purchaser, and the Purchaser desires to purchase from the Company, shares of the Company's Common Stock, $0.01 par value per share (the "Common Stock"), on the terms and conditions set forth in this Agreement;

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual promises hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1

Agreement to Purchase and Sell Common Stock

1.1 Agreement to Purchase and Sell Common Stock. Upon the terms and subject to the conditions of this Agreement, the Company hereby agrees to sell to the Purchaser at the Closing (as defined below), and the Purchaser agrees to purchase from the Company at the Closing, two hundred seventy-seven thousand one hundred sixty-two (277,162) shares of Common Stock, (the "Shares") at a price of $36.08 per share (the "Per Share Purchase Price") for an aggregate purchase price of $10,000,004.96.

SECTION 2

Closing Date; Delivery

2.1 Closing Date. The Closing of the purchase and sale of the Shares hereunder (the "Closing") shall be held at the offices of the Company at 5:00 p.m. on May 23, 2000, or at such other time and place as the Company and the Purchaser mutually agree (the date of the Closing being hereinafter referred to as the "Closing Date").

2.2 Delivery. At the Closing, the Company will deliver to the Purchaser a certificate or certificates representing the Shares against payment of the aggregate purchase price of $10,000,000 by wire transfer of immediately available funds to an account designated by the Company. The certificate or certificates representing the Shares shall be subject to the following legend restricting transfer under the Securities Act of 1933, as amended (the "Securities Act"):

> THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAW. NO TRANSFER OF THE
>
> SHARES REPRESENTED BY THIS CERTIFICATE SHALL BE VALID OR EFFECTIVE UNLESS (A) SUCH TRANSFER IS MADE PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, OR (B) THE HOLDER SHALL DELIVER TO THE COMPANY AN OPINION OF COUNSEL IN FORM AND SUBSTANCE REASONABLY ACCEPTABLE TO THE COMPANY THAT SUCH PROPOSED TRANSFER IS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND OF ANY APPLICABLE STATE SECURITIES LAWS.

The Company agrees to remove the legend set forth in the preceding paragraph upon receipt of an opinion of counsel in form and substance reasonably satisfactory to the Company that the Shares or the shares of Common Stock issuable upon conversion of the Shares are eligible for transfer without registration under the Securities Act.

SECTION 3

Representations and Warranties of the Company

Except as disclosed in a document referring specifically to the representations and warranties in this Agreement which identifies by section number the section and subsection to which such disclosure relates and is delivered by Company to Purchaser prior to the execution of this Agreement (which is attached as Exhibit A hereto), the Company hereby represents and warrants to the Purchaser as follows:

3.1 Organization. The Company is a corporation duly organized and validly existing under the laws of the State of Delaware and is in good standing under such laws. The Company has the requisite corporate power to own and operate its properties and assets, and to carry on its business as presently conducted and as proposed to be conducted. The Company is qualified to do business as a foreign corporation in each jurisdiction in which the ownership of its property or the nature of its business requires such qualification, except where the failure to be so qualified would not have a materially adverse effect on the Company and its subsidiaries, taken as a whole.

3.2 Authorization. All corporate action on the part of the Company necessary for the authorization, execution, delivery and performance of this Agreement and the Registration Rights Agreement (attached as Exhibit B hereto) by the Company, the authorization, sale, issuance and delivery of the Shares hereunder has been taken. This Agreement and the Registration Rights Agreement constitute legal, valid and binding obligations of the Company enforceable in accordance with their respective terms, subject to laws of general application relating to bankruptcy, insolvency and the relief of debtors and rules of law governing specific performance, injunctive relief or other equitable remedies, and to limitations of public policy as they may apply to Section 6 of the Registration Rights Agreement. Upon their issuance and delivery pursuant to this Agreement, the Shares will be validly issued, fully paid and nonassessable. The issuance and sale of the Shares will not give rise to any preemptive rights or rights of first refusal on behalf of any person in existence on the date hereof.

3.3 No Conflict. The execution and delivery of this Agreement and the Registration Rights Agreement do not, and the consummation of the transactions contemplated hereby and thereby will not, conflict with, or result in any violation of, or default (with or without notice or lapse

of time, or both), or give rise to a right of termination, cancellation or acceleration of any obligation or to a loss of a material benefit under, any provision of the Certificate of Incorporation or Bylaws of the Company or any mortgage, indenture, lease or other agreement or instrument, permit, concession, franchise, license, judgment, order, decree, statute, law, ordinance, rule or regulation applicable to the Company, its properties or assets, the effect of which would have a material adverse effect on the Company and its subsidiaries, taken as a whole, or materially impair or restrict the Company's power to perform its obligations as contemplated under said agreements.

3.4 SEC Documents. The Company has filed all required reports, schedules, forms, statements and other documents required to be filed by the Company with the Securities and Exchange Commission (the "SEC") since January 1, 1999 (the "SEC Documents"). As of their respective dates, the SEC Documents complied in all material respects with requirements of the Securities Act or the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as the case may be and the rules and regulations of the SEC promulgated thereunder applicable to such SEC Documents, and none of the SEC Documents, except to the extent that information contained in any SEC Document has been revised or superseded by a later Filed SEC Document (as defined below), contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The financial statements of the Company included in the Company's Form 10-K for the year ended December 31, 1999 comply as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto, have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto or as described in writing to the Purchaser prior to the date hereof) and fairly present the consolidated financial position of the Company and its consolidated subsidiaries as of the dates thereof and the consolidated results of their operation and cashflows for the periods then ending in accordance with GAAP (subject, in the case of the unaudited statements, to normal year end audit adjustments). Except as set forth in the Filed SEC Documents (as defined below), neither the Company nor any of its subsidiaries has any material liabilities or obligations of any nature (whether accrued, absolute, contingent or otherwise) required by GAAP to be set forth on a consolidated balance sheet of the Company and its consolidated subsidiaries or in the notes thereto and which can reasonably be expected to have a material adverse effect on the Company and its subsidiaries taken as a whole.

3.5 Absence of Certain Changes or Events. Except as disclosed in the SEC Documents filed and publicly available (either on the EDGAR system or by delivery to Purchaser) prior to the date of this Agreement (the "Filed SEC Documents"), since the date of the most recent audited financial statements included in the Filed SEC Documents, there has not been (i) any declaration, setting aside or payment of any dividend or distribution (whether in cash, stock or property) with respect to any of the Company's capital stock, (ii) any split, combination or reclassification of any of its capital stock or any issuance or

the authorization of any issuance of any other securities in respect of, in lieu of or in substitution for shares of its capital stock, (iii) any damage, destruction or loss of property, whether or not covered by insurance, that has or is likely to have a material adverse effect on the Company and its subsidiaries taken as a whole, or (iv) any change in accounting methods, principles or practices by the Company materially affecting its assets, liabilities, or business, except insofar as may have been required by a change in GAAP.

3.6 Governmental Consent, etc. In reliance on the representations of the Purchaser contained herein, no consent, approval or authorization of, or designation, declaration or filing with,

any governmental authority on the part of the Company is required in connection with the valid execution and delivery of this Agreement, or the offer, sale or issuance of the Shares, or the consummation of any other transaction contemplated hereby, except such filings as may be required to be made with the SEC and the National Association of Securities Dealers, Inc.

3.7 Litigation. Except as is disclosed in the Filed SEC Documents, there is no suit, action or proceeding pending against the Company or any of its subsidiaries that, individually or in the aggregate, would (i) have a material adverse effect on the Company and its subsidiaries taken as a whole, (ii) impair the ability of the Company to perform its obligations under this Agreement and the Registration Rights Agreement, or (iii) prevent the consummation of any of the transactions contemplated by said agreements.

3.8 Capitalization.

(a) As of the date of this Agreement, the authorized capital stock of the Company consists of 50,000,000 shares of the Common Stock and 5,000,000 shares of preferred stock, par value $.01 per share, of the Company (the "Company Preferred Stock").

(b) As of April 30, 2000, there were approximately (1) 21,437,873 shares of the Common Stock issued and outstanding, (2) 40,500 shares of the Common Stock held in the treasury of the Company, (3) no shares of the Company Preferred Stock issued and outstanding, (4) 2,222,585 shares of the Common Stock reserved for issuance upon exercise of outstanding stock options issued by the Company to current or former employees and directors of the Company and its subsidiaries, and (5) no shares of the Common Stock have been reserved for issuance upon exercise of authorized but unissued Company Preferred Stock.

(c) All outstanding shares of the Common Stock are duly authorized, validly issued, fully paid and nonassessable, free from any liens created by the Company with respect to the issuance and delivery thereof and not subject to preemptive rights.

3.9 Registration Rights. No person has the right to register shares of Common Stock on a Registration Statement filed by the Company pursuant to this Agreement.

SECTION 4

Representations and Warranties of the Purchaser

The Purchaser hereby represents and warrants to the Company as follows:

4.1 Organization. The Purchaser is a corporation duly organized and validly existing and in good standing under the laws of the State of Washington, with all requisite corporate power and authority to own, lease and operate its properties and to conduct its business as now being conducted.

4.2 Authority. All corporate action on the part of the Purchaser necessary for the authorization, execution, delivery and performance of this Agreement and the Registration Rights Agreement by the Purchaser has been taken. This Agreement and the Registration Rights Agreement have been duly executed and delivered by the Purchaser and constitute legal, valid and binding obligations of the Purchaser, enforceable in accordance with their respective terms, subject to laws of

general application relating to bankruptcy, insolvency and the relief of debtors and rules of law governing specific performance, injunctive relief or other equitable remedies, and to limitations of public policy as they may apply to Section 6 of the Registration Rights Agreement. The execution and delivery of said agreements do not, and the consummation of the transactions contemplated hereby and thereby will not, conflict with or result in any violation of any obligation under any provision of the Articles of Incorporation or Bylaws of the Purchaser or any judgment, order, decree, statute, law, ordinance, rule or regulation applicable to the Purchaser.

4.3 Investment. The Purchaser is acquiring the Shares for investment for its own account, not as a nominee or agent, and not with a view to, or for resale in connection with, any distribution thereof. The Purchaser understands that the Shares have not been registered under the Securities Act by reason of a specific exemption from the registration provisions of the Securities Act which depends upon, among other things, the bona fide nature of the investment intent and the accuracy of the Purchaser's representations and warranties contained herein.

4.4 Disclosure of Information. The Purchaser has had full access to all information it considers necessary or appropriate to make an informed investment decision with respect to the Shares to be purchased by the Purchaser under this Agreement. The Purchaser further has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the offering of the Shares and to obtain additional information necessary to verify any information furnished to the Purchaser or to which the Purchaser had access.

4.5 Investment Experience. The Purchaser understands that the purchase of the Shares involves substantial risk. The Purchaser has experience as an investor in securities of companies and acknowledges that it is able to fend for itself, can bear the economic risk of its investment in the Shares and has such knowledge and experience in financial or business matters that it is capable of evaluating the merits and risks of this investment in the Shares and protecting its own interests in connection with this investment.

4.6 Accredited Investor Status. The Purchaser is an "accredited investor" within the meaning of Regulation D promulgated under the Securities Act.

4.7 Restricted Securities. The Purchaser understands that the Shares to be purchased by the Purchaser hereunder are characterized as "restricted securities" under the Securities Act inasmuch as they are being acquired from the Company in a transaction not involving a public offering and that under the Securities Act and applicable regulations thereunder such securities may be resold without registration under the Securities Act only in certain limited circumstances. The Purchaser is familiar with Rule 144 of the Securities Act, as presently in effect, and understands the resale limitations imposed thereby and by the Securities Act. The Purchaser understands that the Company is under no obligation to register any of the Shares sold hereunder except as provided in the Registration Rights Agreement.

4.8 Governmental Consent, etc. In reliance on the representations of the Company contained herein, no consent, approval or authorization of, or designation, declaration or filing with, any governmental authority on the part of the Purchaser is required in connection with the valid execution and delivery of this Agreement, or the offer, sale or issuance of the Shares, or the consummation of any other transaction contemplated hereby, except such filings as may be required to be made with the SEC and the National Association of Securities Dealers, Inc.

SECTION 5

Conditions to Obligation of the Purchaser

The Purchaser's obligation to purchase the Shares at the Closing is subject to the fulfillment on or prior to the Closing Date of the following conditions:

5.1 Representations and Warranties. Each of the representations and warranties of the Company contained in Section 3 will be true and correct on and as of the date hereof and on and as of the Closing Date with the same effect as though such representations and warranties had been made as of the Closing Date. The Purchaser shall have received a certificate signed by an officer of the Company to such effect on the Closing Date.

5.2 No Order Pending. There shall not then be in effect any order enjoining or restraining the transactions contemplated by this Agreement.

5.3 No Law Prohibiting or Restricting Sale of the Shares. There shall not be in effect any law, rule or regulation prohibiting or restricting the sale of the Common Stock, or requiring any consent or approval of any Person which shall not have been obtained to issue the Common Stock.

5.4 Registration Rights Agreement. The Company shall have executed and delivered the Registration Rights Agreement substantially in the form attached hereto as Exhibit B.

5.5 Opinion of Counsel. The Purchaser shall have received an opinion dated as of the Closing Date of Testa, Hurwitz & Thibeault, LLP, counsel to the Company, substantially in the form attached as Exhibit 5.5.

SECTION 6

Conditions to Obligation of the Company

The Company's obligation to sell and issue the Shares at the Closing is subject to the fulfillment on or prior to the Closing Date of the following conditions:

6.1 Representations and Warranties. The representations and warranties of the Purchaser contained in Section 4 will be true and correct on and as of the date hereof and on and as of the Closing Date with the same effect as though such representations and warranties had been made as of the Closing Date. The Company shall have received a certificate signed on behalf of the Purchaser by an officer of the Purchaser to such effect on the Closing Date.

6.2 No Order Pending. There shall not then be in effect any order enjoining or restraining the transactions contemplated by this Agreement.

6.3 No Law Prohibiting or Restricting the Sale of the Shares. There shall not be in effect any law, rule or regulation prohibiting or restricting the sale of the Shares, or requiring any consent or approval of any Person which shall not have been obtained to issue the Shares with full benefits afforded the Common Stock (except as otherwise provided in this Agreement).

6.4 Registration Rights Agreement. The Purchaser shall have executed and delivered the Registration Rights Agreement substantially in the form attached hereto as Exhibit B.

6.5 Opinion of Counsel. The Company shall have received an opinion dated as of the Closing Date of Preston Gates & Ellis LLP, counsel to the Purchaser, substantially in the form attached as Exhibit 6.5.

SECTION 7

Miscellaneous

7.1 Best Efforts. Each of the Company and the Purchaser shall use its best efforts to take all actions required under any law, rule or regulation adopted subsequent to the date hereto to ensure that the conditions to the Closing set forth herein are satisfied on or before the Closing Date.

7.2 Governing Law. This Agreement shall be governed in all respects by the internal laws of the State of Delaware as applied to contracts entered into solely between residents of, and to be performed entirely within, such state, and without reference to principles of conflicts of laws or choice of laws.

7.3 Survival. The representations and warranties in Sections 3 and 4 of this Agreement shall not survive the Closing except for the representations and warranties in Sections 4.3, 4.6 and 4.8 hereof, which shall continue to survive.

7.4 Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

7.5 Entire Agreement; Amendment. This Agreement and the Registration Rights Agreement constitute the full and entire understanding and agreement between the parties with regard to the subject matter hereof and thereof and supersede all prior agreements and understandings among the parties relating to the subject matter hereof. Neither this Agreement nor any term hereof may be amended, waived, discharged or terminated other than by a written instrument signed by the party against whom enforcement of any such amendment, waiver, discharge or termination is sought.

7.6 Notices. All notices, requests, demands or other communications which are required or may be given pursuant to the terms of this Agreement shall be in writing and shall be deemed to have been duly given: (i) on the date of delivery if personally delivered by hand, (ii) upon the third day after such notice is (a) deposited in the United States mail, if mailed by registered or certified

mail, postage prepaid, return receipt requested, or (b) sent by a nationally recognized overnight express courier, or (iii) by facsimile upon written confirmation (other than the automatic confirmation that is received from the recipient's facsimile machine) of receipt by the recipient of such notice:

(a) if to the Company, to it at:

SeaChange International, Inc.
124 Acton Street
Maynard, MA 01754
Facsimile Number: (978) 897-9590
Attention William L. Fiedler

with a copy to:

William B. Simmons, Jr., Esq.
Testa, Hurwitz & Thibeault, LLP
125 High Street
Boston, MA 02110
Facsimile Number: (617)248-7100

(b) if to the Purchaser, to it at:

Microsoft Corporation
One Microsoft Way
Building 8 North Office 2211
Redmond, WA 98052
Attention: Chief Financial Officer
Facsimile Number: (425) 936-7369

with a copy addressed as set forth above but to the attention of Deputy General Counsel, Finance and Operations, Facsimile Number: (425) 869-1327

with a copy to:

Richard B. Dodd, Esq.
Preston Gates & Ellis LLP
701 Fifth Avenue, Suite 5000
Seattle, WA 98104-7078
Facsimile Number: (206) 623-7022

7.7 Brokers.

(a) The Company has not engaged, consented to or authorized any broker, finder or intermediary to act on its behalf, directly or indirectly, as a broker, finder or intermediary in connection with the transactions contemplated by this Agreement. The Company hereby agrees to indemnity and hold harmless the Purchaser from and against all fees, commissions or other payments owing to any party acting on behalf of the Company hereunder.

(b) The Purchaser has not engaged, consented to or authorized any broker, finder or intermediary to act on its behalf, directly or indirectly, as a broker, finder or intermediary in

connection with the transactions contemplated by this Agreement. The Purchaser hereby agrees to indemnify and hold harmless the Company from and against all fees, commissions or other payments owing to any party acting on behalf of the Purchaser hereunder.

7.8 Fees, Costs and Expenses. All fees, costs and expenses (including
----
attorneys' fees and expenses) incurred by either party hereto in connection with the preparation, negotiation and execution of this Agreement and the Registration Rights Agreement and the consummation of the transactions contemplated hereby and thereby, shah be the sole and exclusive responsibility of such party.

7.9 Severability. If any term, provision, covenant or restriction of this
----
Agreement or the Registration Rights Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restriction of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

7.10 Counterparts. This Agreement may be executed in two or more partially
----
or fully executed counterparts and by facsimile signatures each of which shall be deemed an original and shall bind the signatory, but all of which together shall constitute but one and the same instrument. The execution and delivery of a Signature Page - Common Stock Purchase Agreement in the form attached to this Agreement by any party hereto who shall have been furnished the final form of this Agreement shall constitute the execution and delivery of this Agreement by such party.

7.11 Initial Public Announcement. The Company and the Purchaser shall agree on the form and content of the initial public announcement which shall be made concerning this Agreement and the Registration Rights Agreement and the transactions contemplated hereby and thereby, and neither the Company nor the Purchaser shall make such public announcement without the consent of the other, except as required by law.

[this space left intentionally blank]

SIGNATURE PAGE-COMMON STOCK PURCHASE AGREEMENT

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective authorized officers as of the date set forth above.

MICROSOFT CORPORATION

By: /s/ Amar Nehru

Name: Amar Nehru

Title: Corporate Development VP

SEACHANGE INTERNATIONAL, INC.

By: _____

Name: _____

Title: _____

SIGNATURE PAGE-COMMON STOCK PURCHASE AGREEMENT

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective authorized officers as of the date set forth above.

MICROSOFT CORPORATION

By: _____

Name: _____

Title: _____

SEACHANGE INTERNATIONAL, INC.

By: /s/ W.L. Fiedler

Name: W.L. FIEDLER

Title: Vice President

Exhibit A

Schedule of Exceptions of Company

3.1 Organization.

None.

3.2 Authorization.

None.

3.3 No Conflict.

None.

3.4 SEC Documents.

None.

3.5 Absence of Certain Changes or Events.

None.

3.6 Governmental Consent, etc.

None.

3.7 Litigation.

One of our customers is subject to a lawsuit whereby a third party has made a claim of patent infringement against our customer, which claim is believed to relate at least in part to such customer's use of our products. In connection with this matter, on Tuesday, May 16, 2000, we filed in the federal courts in Boston a complaint (Civil Action No. 00-CV-10954-MEL) seeking a declaratory judgment of non-infringement regarding U.S. Patents Nos. 4,814,883 and 5,200,825, and on Friday, May 19, 2000 we filed a motion in Civil Action No. 00-CV-195, in the federal courts in the Eastern District of Virginia seeking to intervene in that action between our customer and the third party. In addition, our customer has requested that we indemnify it for claims brought against our customer that are related to the customer's use of our products and we are currently in the process of negotiating such an indemnification agreement. We do not believe that the charge of infringement against our customer based on use of our products has any merit and we plan to oppose the allegations vigorously.

3.8 Capitalization.

On April 14, 2000, the Company's board of directors authorized, subject to stockholder approval, an amendment to the Company's Amended and Restated Certificate of Incorporation increasing from 50,000,000 to 100,000,000 the number of authorized shares of Common Stock. This amendment will be voted on by the Company's stockholders at the Company's annual meeting of stockholders to be held on Wednesday, May 24, 2000.

In addition, on April 14, 2000, the Company's board of directors authorized, subject to stockholder approval, an increase from 2,925,000 to 4,800,000 shares of Common Stock available for issuance under the Company's Amended and Restated 1995 Stock Option Plan. This amendment will be voted on by the Company's stockholders at the Company's annual meeting of stockholders to be held on Wednesday, May 24, 2000.

3.9 Registration Rights.

None.

Exhibit B

Incorporated by reference to Exhibit 10.4 of SeaChange's Quarterly Report on Form 10-Q for the quarterly period ended July 31, 2000 (File No. 0-21393)

Exhibit 5.5

May 23, 2000

Microsoft Corporation
One Microsoft Way
Building 8 North Office 2211
Redmond, Washington 98052

Ladies and Gentlemen:

We have acted as counsel for SeaChange International, Inc., a Delaware corporation (the "Company"), in connection with the Common Stock Purchase Agreement dated May 23, 2000 by and between you and the Company (the "Stock Purchase Agreement"). This opinion is furnished to you pursuant to and in satisfaction of Section 5.5 of the Stock Purchase Agreement. Capitalized terms used herein, unless otherwise defined herein, shall have meanings assigned to such terms in the Stock Purchase Agreement.

In rendering our opinion, we have examined and relied upon originals or certified copies of the certificate of incorporation and by-laws, each as amended, of the Company, the Stock Purchase Agreement and the Registration

Rights Agreement (the Stock Purchase Agreement and the Registration Rights Agreement together constitute the "Transaction Documents"), the certificate for the shares of Common Stock to be issued and delivered under the Stock Purchase Agreement, and such other documents as we have deemed necessary as a basis for the opinions hereinafter expressed.

As to all matters of fact relevant to this opinion, we have assumed the completeness and accuracy of, and are relying upon, the statements set forth in certificates of public officials, officers of the Company and the representations and warranties of the Company and the other parties thereto set forth in the Transaction Documents, and have undertaken no independent verification of such facts.

In our examination of the foregoing documents, we have assumed the genuineness of all signatures and the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as copies, whether certified or not, and the completeness of the corporate minute books and other record books of the Company. For purposes of this opinion, we have assumed compliance by you with all laws and regulations relating to your authority to enter into the Transaction Documents and to effect the transactions contemplated thereby, we have assumed that you have all requisite power and authority and have taken all action necessary for you to enter the Transaction Documents and to effect such transactions contemplated thereby, and we have assumed that each of the Transaction Documents has been duly authorized, executed and delivered by you, and constitutes the valid, binding and enforceable obligation of you.

Any reference to "our knowledge" or to matters "known to us" or "of which we have knowledge," or any variation thereof, shall mean the actual knowledge, but not including any constructive or imputed notice of any information, of attorneys in our firm who regularly perform services for the Company without any independent investigation, except for inquiry of officers of the Company.

This opinion is based upon our knowledge of the law and facts as of the date hereof and assumes no event will take place in the future which would affect the opinions set forth herein. We assume no duty to communicate with you with respect to any change in law or facts which comes to our attention hereafter.

Our opinion in paragraph 1 below as to due incorporation, valid existence and good standing of the Company is based solely on a certificate received from the Secretary of State of the State of Delaware, and such opinion is limited accordingly and is rendered on the date of such certificate.

All opinions herein contained with respect to the enforceability of documents and instruments are qualified to the extent that: (a) the availability of equitable remedies, including without limitation, specific enforcement and injunctive relief, is subject to the discretion of the court before which any proceedings therefor may be brought; and (b) the enforceability of certain terms provided in the Transaction Documents may be limited by (i) applicable bankruptcy, reorganization, arrangement, fraudulent conveyance or transfer, insolvency, moratorium or similar laws affecting the enforcement of creditors' rights generally as at the time in effect, (ii) general principles of equity and the discretion of a court in granting equitable remedies (whether enforceability is considered in a proceeding at law or in equity), or (iii) public policy.

In addition, we express no opinion as to (i) waivers or provisions relating to delay or omission of enforcement of remedies, (ii) provisions dealing with the effect of invalidity or unenforceability of any provisions of the Transaction Documents on the validity or enforceability of any other provision thereof, (iii) the effect of the rules of law governing specific performance, injunctive relief or other equitable remedies, (iv) compliance with, or non-contravention of, state securities laws, (v) provisions relating to choice of law, (vi) anti-trust laws or regulations, (vii) anti-fraud laws or regulations, or (viii) the validity or enforceability of the indemnification and contribution provisions of the Registration Rights Agreement. Furthermore, with respect to our opinions in paragraphs 2, 3 and 4 below as to the Company's obligations under the Registration Rights Agreement, we assume compliance by the Company at such time with the registration requirements of the Securities Act of 1933.

Based on the foregoing, we are of the opinion that:

1. The Company is a corporation validly existing and in good standing under the laws of the State of Delaware.

2. The execution, delivery and performance by the Company of the Transaction Documents are within the corporate power of the Company and have been duly authorized by all necessary corporate action on the part of the Company. Each of the Transaction Documents constitutes a

valid and binding obligation of the Company, enforceable against the Company in accordance with its terms.

3. Except as set forth in Section 3.6 to the Stock Purchase Agreement, the execution, delivery and performance of the Stock Purchase Agreement and the consummation of the transactions contemplated thereby by the Company require no consent, approval or action by or in respect of, or filing with, any third party or governmental body, agency, official or authority.

4. The execution and delivery of the Stock Purchase Agreement does not, and the consummation of the transactions contemplated by the Stock Purchase Agreement and the compliance with the terms, conditions and provisions of the Stock Purchase Agreement by the Company, will not (a) contravene any provision of the Company's certificate of incorporation or bylaws, as amended, or (b) contravene or conflict with or constitute a violation of any provision of any law, regulation, judgment, injunction, order or decree known to us that is currently binding upon or applicable to the Company.

5. The shares of Common Stock of the Company to be issued pursuant to the Stock Purchase Agreement will, upon payment therefor at the Closing in accordance with the terms of the Stock Purchase Agreement, be validly issued, fully paid and nonassessable and are not subject to any statutory, or to our knowledge, contractual, preemptive rights.

We are members of the bar of the Commonwealth of Massachusetts and have not made an independent review of the laws of any state or jurisdiction other than those of the Commonwealth of Massachusetts, the federal securities laws of the United States of America, and the General Corporation Law of the State of Delaware ("DGCL"). With respect to any and all opinions rendered herein, to the extent such opinions would otherwise purport to opine on matters governed by laws other than the laws of the Commonwealth of Massachusetts, the DGCL and the federal securities laws of the United States of America, we have assumed with your consent that such laws are identical in all respects to the laws of the Commonwealth of Massachusetts. Accordingly, we express no opinion herein with respect to the laws of any state or jurisdiction other than those of the Commonwealth of Massachusetts, the federal securities laws of the United States of America, and the DGCL. For the purposes of this opinion, we have assumed that the facts and law governing the performance by the Company under the Transaction Documents will be identical to the facts and law governing such performance as of the date of this opinion.

The opinions herein expressed are solely for the benefit and information of, and may be relied upon solely by you and no other person shall be entitled to rely upon the opinions herein expressed. Except with our prior written consent, the opinions herein expressed are not to be used, circulated, quoted or otherwise referred to nor are they to be filed with any governmental agency or any other person. The opinion is rendered solely for purposes of the transaction contemplated by the Stock Purchase Agreement and may not be relied upon for any other purpose.

Very truly yours,

TESTA, HURWITZ &
THIBEAULT, LLP

Exhibit 6.5

May 23, 2000

SeaChange International, Inc.
124 Acton Street
Maynard, MA 01754

Re: Microsoft Corporation

Ladies and Gentlemen:

We have acted as counsel to Microsoft Corporation, a Washington corporation ("Microsoft"), in connection with (i) the Common Stock Purchase Agreement

between Microsoft and SeaChange International, Inc., a Delaware corporation ("Company"), (the "Purchase Agreement"); and (ii) the Registration Rights Agreement between Microsoft and Company (the "Rights Agreement") and together with the Purchase Agreement, collectively, the "Transaction Documents"). We are providing this opinion to you at the request of Company pursuant to Section 6.5 of the Purchase Agreement. Except as otherwise indicated herein, capitalized terms used in this opinion letter are defined as set forth in the Agreement or the Accord (see below).

This opinion letter is governed by, and shall be interpreted in accordance with, the Legal Opinion Accord and the accompanying commentary and technical notes as published in The Business Lawyer, Volume 47, No. 1, November 1991 (the "Accord"), except as modified in this letter. As a consequence, it is subject to a number of assumptions, qualifications, exceptions, definitions, limitations on coverage and other limitations, all as more particularly described in the Accord, and this opinion letter should be read in conjunction therewith. The law covered by the opinions expressed herein is limited to the federal law of the United States, the law of the State of Washington and the General Corporation Law of the State of Delaware all as limited by the Accord.

In addition to the assumptions contained in the Accord, we have assumed that the facts and law governing the future performance by Microsoft and Company of their respective obligations under the Transaction Documents will be identical to the facts and law governing such performance as of the date of this opinion. We have also relied upon the representations and warranties of Microsoft and Company contained in the Transaction Documents as to the factual matters covered therein.

Based upon and subject to the foregoing, we are of the opinion that:

1. Microsoft has been duly incorporated, and is validly existing under the laws of the State of Washington, with corporate power to enter into the Transaction Documents, and to perform its obligations under the Transaction Documents.

2. The execution, delivery and performance of the Transaction Documents have been duly authorized by all necessary corporate action on the part of Microsoft, and the Transaction Documents have been duly executed and delivered by Microsoft.

3. The Transaction Documents constitute the legally valid and binding obligations of Microsoft enforceable against Microsoft in accordance with their respective terms.

4. Microsoft's execution and delivery of, and performance of its obligations on or prior to the date of this opinion under, the Transaction Documents do not (i) violate Microsoft's articles of incorporation, or (ii) violate, breach, or result in a default under, any existing obligation of or restriction on Microsoft under any other agreement included as an exhibit to Microsoft's most recent annual report on Form 10-K, except any violation which individually or in the aggregate would not have a material adverse effect on the business condition of Microsoft or materially impair or restrict Microsoft's power to perform its obligations as contemplated under the Transaction Documents.

5. The execution and delivery by Microsoft of, and performance of its obligations on or prior to the date of this opinion under, the Transaction Documents do not violate any Washington or federal statute, rule or regulation or Delaware corporate statute that we have, in the exercise of customary professional diligence, recognized as applicable to Microsoft or to the transactions of the type contemplated by the Transaction Documents.

6. No order, consent, permit or approval of any Washington or federal governmental authority that we have, in the exercise of customary professional diligence, recognized as applicable to Microsoft or to transactions of the type contemplated by the Transaction Documents is required on the part of Microsoft for the execution and delivery of, and performance of its obligations on or prior to the date of this opinion under, the Transaction Documents, except for such as have been obtained.

The General Qualifications (which include the Bankruptcy and Insolvency Exception, the Equitable Principles Limitation and the Other Common Qualifications) of the Accord apply to the above opinions.

Please note that we are opining only as to the matters expressly set forth herein and no opinion should be inferred as to any other matters. This opinion is being furnished to you in connection with the execution and delivery by Microsoft of the Transaction Documents and the transactions contemplated therein and may not be relied upon by any other party or for any other purpose without our prior written consent.

Very truly yours,

Preston Gates & Ellis LLP

By
Richard B. Dodd

EXHIBIT 10.4

REGISTRATION RIGHTS AGREEMENT

This REGISTRATION RIGHTS AGREEMENT (this "Agreement") is entered into as of this 23rd day of May, 2000, between SeaChange International, Inc., a Delaware corporation (the "Company"), and Microsoft Corporation, a Washington corporation (the "Purchaser").

WHEREAS, the Purchaser intends to purchase shares of Common Stock, par value, $0.01 per share (the "Common Stock") of the Company pursuant to the terms and conditions of a Stock Purchase Agreement dated as of May 23, 200O (the "Purchase Agreement"); and

WHEREAS, the Purchase Agreement requires that the Company enter into this Agreement with the Purchaser;

NOW, THEREFORE, in consideration of the foregoing, the parties to this Agreement hereby agree as follows:

1. Demand Registration. If, after the date of this Agreement the Purchaser shall request the Company in writing to register under the Securities Act of 1933, as amended (the "Securities Act"), any or all of the shares of the Common Stock acquired by Purchaser pursuant to the Purchase Agreement (the shares of such Common Stock so registrable are referred to as the "Subject Stock"), the Company shall use its reasonable best efforts to cause the Subject Stock to be registered as soon as reasonably practicable so as to permit the sale thereof, and in connection therewith shall prepare and file a Form S-3 registration statement with the Securities and Exchange Commission (the "SEC") under the Securities Act to effect such registration; provided, however, such request shall (i) express the intention of the Purchaser to offer or cause the offering of the Subject Stock for distribution, (ii) describe the nature or method of the proposed offer and sale thereof, and (iii) contain the undertaking of the Purchaser to provide all such information and materials and take all such action as may be required in order to permit the Company to comply with all applicable requirements of the SEC and to obtain any desired acceleration of the effective date of such registration statement. In the event that Form S-3 is not then available, the registration statement shall be filed on the successor to Form S-3 or if there is no clear successor form, or if the Company is not eligible to use Form S-3 or a successor form, then the registration statement shall be filed using such form as may be available for the proposed distribution by the Purchaser with which it is least burdensome for the Company to comply. The Company agrees not to grant to any other person registration rights pursuant to which such person would have the right to register shares of Common Stock on a registration statement filed by the Company pursuant to the exercise of Purchaser's rights under this Agreement. Subject to the limitations in Section 2 and the termination of this Agreement pursuant to Section 12 Purchaser may make no more than two such requests, provided that a second request shall not be made prior to six months after the termination of the distribution made pursuant to the first registration statement and neither request shall be for less than 25% of the shares acquired by Purchaser pursuant to the Purchase Agreement.

2. Obligations of the Company.

(a) Whenever the Company is required by the provisions of this Agreement to use its reasonable best efforts to effect the registration of any Subject Stock under the Securities Act, the Company shall (i) prepare and, as soon as reasonably practicable, file with the SEC a registration statement with respect to the shares of Subject Stock, and shall use its reasonable best efforts to cause such registration statement to become effective and to remain effective until the earlier of (A) the sale of the shares of Subject Stock so registered, (B) the

withdrawal at the request of Purchaser of such shares from such registration statement or (C) the ability of the Purchaser to sell within a single three month period pursuant to Rule 144 or Rule 144(k) of the Securities Act all of the shares of Common Stock acquired by Purchaser pursuant to the Purchase Agreement and then held by Purchaser; (ii) subject to paragraph (b) below, prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be reasonably necessary to make and to keep such registration statement effective and to comply with the provisions of the Securities Act with respect to the sale or other disposition of all securities proposed to be registered pursuant to such registration statement until the earlier of (A), (B) or (C) in (i) above; and (iii) take all such other action reasonably necessary to permit the shares of Subject Stock held by the Purchaser to be registered and disposed of in accordance with the method of disposition described herein.

(b) Notwithstanding anything in this Agreement to the contrary, by

delivery of written notice to the Purchaser (a "Suspension Notice"), stating which one or more of the following limitations shall apply to the Purchaser, the Company may (1) postpone effecting a registration under this Agreement or (2) require the Purchaser to refrain from disposing of Subject Stock under the registration, in each case for a reasonable time specified in the notice but not exceeding an aggregate of 90 days in any one year period (which period may not be extended or renewed). The Company may postpone effecting a registration or require the Purchaser to refrain from disposing of Subject Stock under the registration, if (1) the Company in good faith determines that such registration or disposition would materially impede, delay or interfere with any material financing, offer or sale of equity securities or debt securities of the Company, acquisition, disposition or other material transaction by the Company or any of its material subsidiaries, (2) an investment banking firm of recognized national standing shall advise the Company in writing that effecting the disposition by such person of Subject Stock would materially and adversely affect an offering of equity securities of the Company, by the Company for its own account the preparation of which had then been commenced, or (3) the Company in good faith determines that the Company is in possession of material non-public information the disclosure of which during the period specified in such notice the Company reasonably believes would not be in the best interests of the Company; provided that the Company may not take any action pursuant to this Section with respect to any of the limitations on dispositions specified in clause (2) for a period of time in excess of 90 days in any one year period.

(c) In connection with any registration statement, the following provisions shall apply:

(1) The Company shall furnish to the Purchaser, prior to the filing thereof with the SEC, a copy of any registration statement, and each amendment thereof and each amendment or supplement, if any, to the prospectus included therein and shall use its reasonable efforts to reflect in each such document, when so filed with the SEC, such comments as the Purchaser and its counsel reasonably may propose.

(2) The Company shall take such action as may be necessary so that: (i) any registration statement and any amendment thereto and any prospectus forming part thereof and any amendment or supplement thereto (and each report or other document incorporated therein by reference) complies in all material respects with the Securities Act and the Securities Exchange Act of 1934, as amended (the "Exchange Act") and the respective rules and regulations thereunder, and (ii) any registration statement and any amendment thereto does not, when it becomes effective, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading.

(3) (A) The Company shall advise the Purchaser and, if requested by the Purchaser, confirm such advice in writing:

(i) when a registration statement and any amendment thereto has been filed with the SEC and when the registration statement or any post-effective amendment thereto has become effective; and

(ii) of any request by the SEC for amendments or supplements to the registration statement or the prospectus included therein or for additional information.

(B) The Company shall advise the Purchaser and, if requested by Purchaser, confirm such advice in writing of:

(i) the issuance by the SEC of any stop order suspending effectiveness of the registration statement or the initiation of any proceedings for that purpose; and

(ii) the receipt by the Company of any notification with respect to the suspension of the qualification of the securities included therein for sale in any jurisdiction or the initiation of any proceeding for such purpose.

(4) The Company shall notify the Purchaser at any time when a Prospectus with respect to the Subject Stock is required to be delivered under the Securities Act, when the Company becomes aware of the happening of any event as a result of which the Registration Statement or the Prospectus (as then in effect) contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein (in the case of the Prospectus or any preliminary Prospectus, in light of the circumstances under which they were made) not misleading; and, as promptly as practicable thereafter, but subject to Sections 2(b) and 4, the Company shall use its reasonable best efforts to prepare and file with the SEC an amendment or supplement to the Registration Statement or the Prospectus so that, as thereafter delivered to the purchasers of the Subject Stock, such Prospectus will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the

circumstances under which they were made, not misleading. As promptly as practicable after the issuance by the SEC of an order suspending the effectiveness of the Registration Statement, but subject to Sections 2(b) and 4, the Company shall use its best efforts to obtain the withdrawal of such order at the earliest possible moment.

(5) The Company shall furnish to the Purchaser with respect to the registration statement relating to the Subject Stock, without charge, such number of copies of such registration statement and any post-effective amendment thereto, including financial statements and schedules, and all reports, other documents and exhibits (including those incorporated by reference) as the Purchaser shall reasonably request.

(6) The Company shall furnish to the Purchaser such number of copies of any prospectus (including any preliminary prospectus and any amended or supplemented prospectus) relating to the Subject Stock as the Purchaser may reasonably request in order to effect the offering and sale of the shares of Subject Stock to be offered and sold, but only while the Company shall be required under the provisions hereof to cause the

registration statement to remain current, and the Company consents (except during the continuance of any event described in Sections 2(b) or 4 to the use of the Prospectus or any amendment or supplement thereto by the Purchaser in connection with the offering and sale of the Subject Stock covered by the Prospectus or any amendment or supplement thereto.

(7) Prior to any offering of Subject Stock pursuant to any registration statement, the Company shall use its reasonable best efforts to register or qualify the shares of Subject Stock covered by such registration statement under the securities or blue sky laws of such states as the Purchaser shall reasonably request, maintain any such registration or qualification current until the earlier of (i) the sale of the shares of Subject Stock so registered, (ii) termination pursuant to Section 4 or (iii) the withdrawal of Subject Stock from the registration statement, and do any and all other acts and things either reasonably necessary or advisable to enable the Purchaser to consummate the public sale or other disposition of the shares of Subject Stock in domestic jurisdictions where the Purchaser desires to effect such sales or other disposition; provided, however, that the Company shall not be required to take any action that would subject it to the general jurisdiction of the courts of any jurisdiction in which it is not so subject or to qualify as a foreign corporation in any jurisdiction where the Company is not so qualified.

(8) In connection with any offering of shares of Subject Stock registered pursuant to this Agreement, the Company shall (x) furnish the Purchaser, at the Company's expense, on a timely basis with certificates free of any restrictive legends representing ownership of the shares of Subject Stock being sold in such denominations and registered in such names as the Purchaser shall request and (y) instruct the transfer agent and registrar of the Subject Stock to release any stop transfer orders with respect to the shares of Subject Stock.

(9) The Company shall make generally available to its security holders or otherwise provide in accordance with Section 11(a) of the Securities Act as soon as reasonably practicable after the effective date of the registration statement an earnings statement satisfying the provisions of Section 1l(a) of the Securities Act.

(10) The Company shall, if requested, promptly include or incorporate in a prospectus supplement or post-effective amendment to a registration statement, such information as the Purchaser or any underwriters reasonably request to be included therein in accordance with Section 3(b) and to which the Company does not reasonably object and shall make all required filings of such prospectus supplement or post-effective amendment as soon as practicable after they are notified of the matters to be included or incorporated in such prospectus supplement or post-effective amendment.

(11) [Intentionally Omitted]

(12) The Company will use its best efforts to cause the Subject Stock to be admitted for quotation on the Nasdaq National Market or other stock exchange or trading system on which the Common Stock primarily trades on or prior to the effective date of any registration statement hereunder.

(13) Any obligation of the Company under this Agreement, including any obligation to use its "best efforts," "reasonable best efforts" or take such actions as are reasonably required, shall not preclude the Company from taking any action or omitting

to take any action (other than omitting to file necessary amendments, post-effective amendments and supplements if a Suspension Notice or Termination Notice is not then in effect pursuant to Section 2(b) or 4, respectively) that would result in the Company issuing a Suspension Notice or Termination

Notice pursuant to Section 2(b) or 4, respectively.

(d) With a view to making available the benefits of certain rules and regulations of the SEC which may at any time permit the sale of the Subject Stock to the public without registration, the Company agrees to:

(1) make all filings with the SEC required by Rule 144(c) (or any similar provision then in force) under the Securities Act to permit the sale of the Subject Stock by any holder thereof to satisfy the conditions of Rule 144 (or any similar provision then in force).

(2) during the term of this Agreement, to furnish to the Purchaser upon request (i) a written statement by the Company as to its compliance with the reporting requirements of Rule 144, (ii) a copy of the most recent annual or quarterly report of the Company, and (iii) such other reports and documents of the Company as the Purchaser may reasonably request in availing itself of any rule or regulation of the SEC allowing the Purchaser to sell any such securities without registration.

3. Obligations of the Purchaser.

(a) The Purchaser shall, (i) offer to sell or otherwise distribute the Subject Stock in reliance upon a registration contemplated by this Agreement only after a registration statement shall have been filed with the SEC, (ii) sell or otherwise distribute the Subject Stock in reliance upon such registration only if a registration statement is then effective under the Securities Act, (iii) not sell or otherwise distribute any of the Subject Stock during any period specified in a Suspension Notice delivered to the Purchaser pursuant to Section 2(b) or after receiving a Termination Notice pursuant to Section 4 (until the Purchaser shall have received written notice from the Company that the registration is again effective), (iv) distribute the Subject Stock only in accordance with the manner of distribution contemplated by the prospectus and (v) report to the Company distributions made by the Purchaser of shares of the Subject Stock pursuant to the prospectus. The Purchaser, by participating in a registration pursuant to this Agreement, acknowledges that the remedies of the Company at law for failure by the Purchaser to comply with the undertaking contained in this paragraph (a) would be inadequate and that the failure would not be adequately compensable in damages and would cause irreparable harm to the Company, and therefore agrees that undertakings made by the Purchaser in this paragraph (a) may be specifically enforced.

(b) The Purchaser shall furnish to the Company in writing promptly upon the request of the Company the information regarding the Purchaser, the contemplated distribution of the Subject Stock and the other information regarding the proposed distribution by the Purchaser that shall be required in connection with the proposed distribution by the applicable securities laws of the United States of America and the states thereof in which the Subject Stock are contemplated to be distributed. The information furnished by the Purchaser shall be certified by the Purchaser and shall be stated to be specifically for use in connection with the registration.

(c) The obligations of the Company to maintain a registration statement are conditioned upon the Purchaser of the Subject Stock furnishing to the Company the information

in respect of the distribution of the Subject Stock that may be required under this Agreement to be furnished by the Purchaser to the Company.

4. Termination Provisions. Notwithstanding anything in this Agreement to the contrary, if, in the opinion of counsel for the Company (which opinion shall be reasonably acceptable to counsel for the Purchaser), there shall have arisen any legal impediment to the offering of the Subject Stock pursuant to this Agreement or if any legal action or administrative proceeding shall have been instituted or threatened or any other claim shall have been made relating to the registration or the offer made by the related prospectus or against any of the parties involved in the offering, the Company may at any time upon written notice to the Purchaser (a "Termination Notice") terminate the effectiveness of the related Registration Statement; provided that, promptly after those matters shall be resolved to the satisfaction of counsel for the Company, then, the Company shall cause the registration of the Subject Stock formerly covered by the Registration Statement that were removed from registration by the action of the Company.

5. Expenses. The Company shall pay all fees and expenses incurred in connection with the performance of its obligations under Sections 1 and 2 hereof, including, without limitation, all SEC and blue sky registration and filing fees, printing expenses, transfer agents' and registrars' fees, and the reasonable fees and disbursements of the Company's outside counsel and independent accountants incurred in connection with the preparation, filing and

amendment of any registration statement authorized by this Agreement (but excluding underwriters' and brokers' discounts and commissions).

6. Indemnification and Contribution.

(a) Indemnification by the Company. In the case of any offering registered pursuant to this Agreement, the Company agrees to indemnify and hold the Purchaser and each person who controls any of the foregoing within the meaning of Section 15 of the Securities Act harmless against any and all losses, claims, damages or liabilities to which they or any of them may become subject under the Securities Act or any other statute or common law or otherwise, and to reimburse them, from time to time upon request, for any legal or other expenses reasonably incurred by them in connection with investigating any claims and defending any actions, insofar as any such losses, claims, damages, liabilities or actions shall arise out of or shall be based upon (i) any untrue statement or alleged untrue statement of a material fact contained in the registration statement (or any amendment thereto) relating to the sale of such shares of Subject Stock, including all documents incorporated therein by reference, or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, or (ii) any untrue statement or alleged untrue statement of a material fact contained in any preliminary prospectus (as amended or supplemented if the Company shall have filed with the SEC any amendment thereof or supplement thereto), if used prior to the effective date of such registration statement or contained in the prospectus (as amended or supplemented if the Company shall have filed with the SEC any amendment thereof or supplement thereto), if used within the period during which the Company shall be required to keep the registration statement to which such prospectus relates current pursuant to the terms of this Agreement, or the omission or alleged omission to state therein (if so used) a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the indemnification agreement contained in this Section 6(a) shall not apply to such losses, claims, damages, liabilities or actions which shall arise out of or shall be based upon any such untrue statement or alleged untrue statement, or any such omission or alleged omission, if such statement or omission shall have been (x) made in reliance upon and

in conformity with information furnished in writing to the Company by the Purchaser specifically for use in connection with the preparation of the registration statement or any preliminary prospectus or prospectus contained in the registration statement or any such amendment thereof or supplement thereto, or (y) made in any preliminary prospectus, and the prospectus shall have corrected such statement or omission and a copy of such prospectus shall have been delivered to the Purchaser or any such underwriter prior to the time such prospectus is required to be delivered by the Purchaser or the underwriter under applicable law.

(b) Indemnification by the Purchaser. In the case of each offering registered pursuant to this Agreement, the Purchaser agrees, in the same manner and to the same extent as set forth in Section 6(a) of this Agreement to indemnify and hold harmless the Company and each person, if any, who controls the Company within the meaning of Section 15 of the Securities Act, its directors and those officers of the Company who shall have signed any such registration statement with respect to any statement in or omission from such registration statement or any preliminary prospectus (as amended or as supplemented, if amended or supplemented as aforesaid) or prospectus contained in such registration statement (as amended or as supplemented, if amended or supplemented as aforesaid), if such statement or omission shall have been made in reliance upon and in conformity with information furnished in writing to the Company by the Purchaser specifically for use in connection with the preparation of such registration statement or any preliminary prospectus or prospectus contained in such registration statement or any such amendment thereof or supplement thereto.

(c) Notice of Claims. Each party indemnified under Section 6(a) or Section 6(b) of this Agreement shall, promptly after receipt of notice of the commencement of any action against such indemnified party in respect of which indemnity may be sought, notify the indemnifying party in writing of the commencement thereof, enclosing a copy of all papers served on such indemnified party. The omission of any indemnified party so to notify an indemnifying party of any such action shall not relieve the indemnifying party from any liability in respect of such action which it may have to such indemnified party on account of the indemnity agreement contained in Section 6(a) or Section 6(b) of this Agreement, unless the indemnifying party was prejudiced by such omission, and in no event shall relieve the indemnifying party from any other liability which it may have to such indemnified party. In case any such action shall be brought against any indemnified party and it shall notify an indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it may wish, jointly with any other indemnifying

party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party; provided, that if any indemnified party or parties reasonably determine that there may be legal defenses available to such indemnified party that are different from or in addition to those available to such indemnifying party or that representation of such indemnifying party and any indemnified party by the same counsel would present a conflict of interest, then such indemnifying party shall not be entitled to assume such defense. If an indemnifying party is not entitled to assume the defense of such action as a result of the proviso to the preceding sentence, counsel for such indemnifying party shall be entitled to conduct the defense of such indemnifying party and counsel for the indemnified party shall be entitled to conduct the defense of such indemnified party or parties. If an indemnifying party assumes the defense of an action in accordance with and as permitted by the provisions of this paragraph, such indemnifying party shall not be liable to such indemnified party under Section 6(a) or Section 6(b) of this Agreement for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation. In no event shall the indemnifying party be liable for the fees and expenses of more than one counsel (in addition to local counsel) separate from its own counsel for all indemnified parties in connection with any

one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances. The indemnifying party shall not be liable for any settlement of any action or proceeding effected without its written consent, but if settled with its written consent, or if there be a final judgment for the plaintiff in any such action or proceeding, the indemnifying party shall indemnify and hold harmless the indemnified persons from and against any loss or liability by reason of the settlement or judgment.

(d) In order to provide for just and equitable contribution in circumstances in which the indemnity provided for in this Section 6 is for any reason held to be unavailable to the indemnified parties although applicable in accordance with its terms, the Company and Purchaser shall contribute to the aggregate losses, liabilities, claims, damages and expenses of the nature contemplated by said indemnity incurred by the Company and Purchaser, as incurred; provided that no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person that was not guilty of such fraudulent misrepresentation. As between the Company, on the one hand, and Purchaser, on the other hand, such parties shall contribute to such aggregate losses, liabilities, claims, damages and expenses of the nature contemplated by such indemnity agreement in such proportion as shall be appropriate to reflect the relative fault of the Company, on the one hand, and the Purchaser, on the other hand, with respect to the statements or omissions which resulted in such loss, liability, claim, damage or expense, or action in respect thereof, as well as any other relevant equitable considerations. The relative fault of the Company, on the one hand, and of the Purchaser, on the other hand, shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company, on the one hand, or by or on behalf of the Purchaser, on the other hand, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and the Purchaser agree that it would not be just and equitable if contribution pursuant to this Section 6 were to be determined by pro rata allocation or by any other method of allocation that does not take into account the relevant equitable considerations. For purposes of this Section 6(d), each person who controls the Company or the Purchaser within the meaning of Section 15 of the Securities Act shall have the same rights to contribution as Purchaser or the Company, as the case may be. No party shall be liable for contribution with respect to any action, suit, proceeding or claim settled without its written consent.

(e) The Company may require, as a condition to entering into any underwriting agreement with respect to the registration of Subject Stock, that the Company shall have received an undertaking reasonably satisfactory to it from each underwriter named in any such underwriting agreement, severally and not jointly, to comply with the provisions of paragraphs (a) through (d) of this Section 6.

(f) The obligations of the Company and Purchaser under this Section 6 shall survive the completion of any offering of Subject Stock in a registration statement.

7. Notices. Any notice or other communication given under this Agreement shall be sufficient if in writing and sent by registered or certified mail, return receipt requested, postage prepaid, to a party at its address set forth below (or at such other address as shall be designated for such purpose by such party in a written notice to the other party hereto):

(a) if to the Company, to it at:

SeaChange International Inc.
124 Acton Street
Maynard, MA 01754
Facsimile Number: (978) 897-9590
Attention: Mr. William L. Fiedler

with a copy to:

William B. Simmons, Jr., Esq.
Testa, Hurwitz & Thibeault, LLP
125 High Street
Boston, MA 02110
Facsimile Number: (617) 248-7100

(b) if to the Purchaser, to it at:

Microsoft Corporation
One Microsoft Way
Redmond, WA 98052-6399
Attention: Chief Financial Officer
Facsimile Number: (425) 936-7369

with a copy addressed as set forth above but to the attention of Deputy General Counsel, Finance and Operations, facsimile number: (425) 869-1327

with a copy to:

Richard B. Dodd, Esq.
Preston Gates & Ellis LLP
701 Fifth Avenue, Suite 5000
Seattle, WA 98104-7078
Facsimile Number: (206) 623-7022

All such notices and communications shall be effective when received by the addressee.

8. Governing Law. This Agreement shall be governed in all respects by the internal laws of the State of Delaware as applied to contracts entered into solely between residents of, and to be performed entirely within, such state, and without reference to principles of conflicts of laws or choice of laws.

9. Entire Agreement; Amendments. This Agreement constitutes the full and entire understanding and agreement between the parties with regard to the subject matter hereof and supersedes all prior agreements and understandings among the parties relating to the subject matter hereof. Neither this Agreement nor any term hereof may be amended, waived, discharged or terminated other than by a written instrument signed by the party against whom enforcement of any such amendment, waiver, discharge or termination is sought.

10. Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

11. Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restriction of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

12. Termination of Company Obligation. All registration rights provided hereunder shall terminate upon the earlier of (i) the third anniversary of the date of this Agreement or (ii) the ability of the Purchaser to sell within a single three month period pursuant to Rule 144 or Rule 144(k) of the Securities Act all of the shares of Common Stock acquired by Purchaser pursuant to the Purchase Agreement and then held by Purchaser.

13. Counterparts This Agreement may be executed in two or more partially or fully executed counterparts and by facsimile signatures each of which shall be deemed an original and shall bind the signatory, but all of which together shall constitute but one and the same instrument. The execution and delivery of a Signature Page - Registration Rights Agreement in the form attached to this Agreement by any party hereto who shall have been furnished the final form of this Agreement shall constitute the execution and delivery of this Agreement by such party.

14. No Transfer or Assignment of Registration Rights. The registration rights set forth in this Agreement shall not be transferable or assignable by the Purchaser, except to (i) any person or group approved in writing by the Company; or (ii) a corporation of which the Purchaser owns more than 50% of the voting power entitled to be cast in the election of directors; provided, however, that each transferee agrees in writing to be subject to all the terms and conditions of this Agreement and the Purchase Agreement and in the case of a transfer permitted by (ii) the number of shares shall not represent less than 50% of the shares initially acquired by the Purchaser.

15. Interpretation. The words "include," "includes," and "including" when used therein shall be deemed in each case to be followed by the words "without limitation." The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

[The balance of this page intentionally left blank.]

SIGNATURE PAGE-REGISTRATION RIGHTS AGREEMENT

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective authorized officers as of the date set forth above.

SEACHANGE INTERNATIONAL, INC.,
a Delaware corporation

By: /s/ W.L. Fiedler
Name: W.L. FIEDLER
Title: VICE PRESIDENT

MICROSOFT CORPORATION,
a Washington corporation

By: /s/ Amar Nehru
Name: Amar Nehru
Title: Corporate Development VP

Exhibit 10.5

LICENSE AND DEVELOPMENT AGREEMENT

This License and Development Agreement (the "Agreement") is made and entered into as of May 8, 2000 (the "Effective Date"), by and between SEACHANGE INTERNATIONAL, INC. ("SeaChange"), a Delaware corporation with a principal place of business at 124 Acton Street, Maynard, MA 01754 and MICROSOFT LICENSING, INC. ("Microsoft"), a Nevada corporation located at 6100 Neil Road, Reno, Nevada 89520. Microsoft and SeaChange are sometimes referred to individually as a "Party", and collectively as the "Parties".

Recitals

SeaChange has substantial experience in the delivery of high performance streaming video for Cable TV, Broadband Internet and Broadcast Television systems and is willing to supplement its product development efforts to enable the integration of Microsoft's Windows Media Technology server platform as the primary internet protocol and MPEG streaming platform for SeaChange's next generation Cable TV, Broadband Internet and Broadcast Television systems.

Microsoft is developing the next generation of software products commonly referred to as Window Media Technologies, which are currently anticipated to ship in beta form by the end of calendar year 2000. Microsoft wishes to provide SeaChange with technical assistance, engineering support and certain resources to assist it in the development efforts described above.

NOW, THEREFORE, in consideration of the mutual promises as stated herein and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows.

Agreement

1. Definitions

1.1 "Confidential Information" shall have the meaning set forth in the Microsoft Corporation Reciprocal NonDisclosure Agreement executed between the Parties with an effective date of October 11, 1999.

1.2 "Content" means digital audio (including, but not limited to, timeline-synchronized audio, music, voice and sounds), digital video, and other digital information including data, text (including, but not limited to, script command data and related metadata such as a song title or an artist's name), animation, graphics, photographs, and artwork, and combinations of any or all of the foregoing.

1.3 "Derivative Technology" means: (i) for copyrightable or copyrighted material, any translation (including translation into other computer languages), portation, modification, correction, addition, extension, upgrade, improvement, compilation, abridgment or other form in which an existing work may be recast, transformed or adapted; (ii) for patentable or patented material, any improvement thereon; and (iii) for material which is protected by trade secret, any new material derived from such existing trade secret material, including new material which may be protected by copyright, patent and/or trade secret.

1.4 "Distribute" means to reproduce, license, rent, lease, sell, offer to sell, broadcast, publicly display, publicly perform, transmit and otherwise distribute through any means or medium now existing or later developed.

1.5 "Licensed Software" means the Source Code and Object Code for the SeaChange Plug-Ins and Enhancements (as defined in Section 2.1 below) to be developed by SeaChange under this Agreement, along with all necessary documentation, as more fully described in the Statement of Work.

1.6 "Microsoft Technology" means: Windows Media Services CD-ROM software developers' kit, the current release of which is referred to as Hercules Developers release one, Updates thereof released during the Term (collectively, the "Hercules SDK"), and any supporting documentation, including white papers, that Microsoft may make available therefor for the Next Generation Microsoft Windows Media Server, to the extent that Microsoft determines, after discussion with and consideration of SeaChange's requests, is reasonably necessary for SeaChange to integrate its SeaChange System Software with the Next Generation Microsoft Windows Media Server as contemplated by this Agreement.

1.7 "Next Generation Microsoft Windows Media Server" means the Microsoft streaming media server software Update to the Windows NT/Windows 2000 operating

system currently under development by Microsoft, which Update currently is anticipated to be released in beta form by the end of calendar year 2000 and to be commercially available during calendar year 2001, and which provides both internet protocol and high speed MPEG streaming support for MPEG1 and 2 Content.

1.8 "Object Code" means computer code in a form for execution on a computer and/or the code that results from running source code through a compiler.

1.9 "Schedule" means the schedule set forth in the Statement of Work that identifies the key milestones and timeframes applicable to SeaChange's development efforts under this Agreement.

1.10 "SeaChange Media Cluster" means the SeaChange video server platform used for streaming video applications.

1.11 "SeaChange System Software" means the streaming media software components of SeaChange's next generation Cable TV, Broadband Internet and Broadcast Television systems and Updates of any of the foregoing released during the Term, as more fully described in the Statement of Work.

1.12 "SeaChange Web Site" means the world wide web site currently located at http:\\www.schange.com that is SeaChange's primary public web site, including any updates or successor sites made available by SeaChange during the Term.

1.13 "Source Code" means computer code in high level, human readable language, including associated comments, documentation, build tools, test harnesses, test utilities and test plans reasonably necessary to allow Microsoft to use and/or modify the Licensed Software as contemplated under this Agreement.

1.14 "Statement of Work" means the agreed upon document, attached hereto as

Exhibit A, that describes the SeaChange System Software, and the high-level
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development efforts to be performed by SeaChange in connection with development of the Licensed Software, and includes the Schedule. The Statement of Work may be amended from time to time by mutual written agreement of the Parties.

1.15 "Updates" means as to software, all subsequent public releases thereof during the Term, including public maintenance releases, error corrections, upgrades, enhancements, additions, improvements, extensions, modifications and successor versions.

1.16 "Use" means to use, copy, edit, format, modify, translate and otherwise create Derivative Technology of software.

1.17 Windows Media Formats means the current version, and any Updates thereof commercially released during the Term, of formats developed by or for Microsoft for authoring, storing, editing, distributing, streaming, playing, referencing, or otherwise manipulating Content which formats are used by the Windows Media Technologies during the Term.

1.18 "Windows Media Technologies" means, collectively and interchangeably, Microsoft Windows Media Player, Windows Media Protocols, Windows Media Formats, Microsoft Windows

NT/Windows 2000 Server Windows Media Services, and Windows Media Tools, all of which are available as standard components of Windows operating systems releases and/or which are available as Updates to Windows operating systems users via Microsoft's Windows Update Web site.

1.19 "Windows Media Protocols" means the current version, and any Updates thereof commercially released during the Term, of protocols developed by or for Microsoft for authoring, storing, editing, distributing, streaming playing, referencing or otherwise manipulating Content which are used by the Windows Media Technologies during the term.

1.20 "Windows Media Stream" means: (i) live or on-demand Windows Media Format Content delivered across a network, including (without limitation) wired or wireless communications media, using IP Multicast, HTTP, MMSU, MMST, MSBD, or other protocols supported by Windows Media Technologies during the Term; and (ii) Windows Media Format Content files. A Windows Media Stream can originate from, without limitation, a third party application built with the Microsoft Windows Media Format SDK pursuant to a license from Microsoft, a Windows Media Technologies component, an HTTP server, a local or network shared file system, a Content Proxy Server, or a Cache Proxy Server. For purposes of this Agreement: (A) "Cache Proxy Server" means an application, under a license from Microsoft, (1) that is a server that streams or delivers Windows Media Format Content that has originated solely from a Windows Media Server, and (2) that performs caching and delivery functions solely for the purpose of enhancing network performance

in delivering Windows Media Streams from a Windows Media Server to a Windows Media Player or Licensed Application; and (B) "Content Proxy Server" means an application, under a license from Microsoft, that is a server which streams or manages Windows Media Format Content for purposes of distribution and tracking Windows Media Streams.

1.21 "Windows Media Format Content" means Content created in or encoded into Windows Media Formats.

1.22 All other initially capitalized terms shall have the meanings assigned to them in this Agreement.

2. License Grants; Ownership

2.1 License Grant to SeaChange.

(a) SDKs. Microsoft will license to SeaChange the Hercules SDK, at such time as the Hercules SDK is made commercially available, under Microsoft's standard license terms applicable to such Hercules SDK. At the time of receipt of such Hercules SDK, SeaChange must agree to and execute the license agreement accompanying and/or applicable to such Hercules SDK (or Update thereof) before it shall have any right to use such Hercules SDK.

(b) Microsoft Technology. Microsoft hereby grants to SeaChange the following additional limited right to use the Microsoft Technology, solely in conjunction with the development efforts described in this Agreement, and according to the terms and conditions of this Agreement: a non-exclusive, nonassignable, non-sublicensable, nontransferable, royalty-free, limited right and license to use the Microsoft Technology internally at SeaChange, solely for purposes of integrating the SeaChange System Software with the Next Generation Microsoft Windows Media Server by:

(i) *

CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. ASTERISKS DENOTE OMISSIONS.

(ii) migrating existing SeaChange Windows NT device drivers to Windows 2000 and enabling them to work with the newly created Plug Ins; and

(iii) ***

SeaChange will have no rights to Distribute or have Distributed Plug-Ins, device drivers or Enhancements developed using the Microsoft Technology ("SeaChange Modified Code") unless and until such SeaChange Modified Code is a valid "Licensed Application" under the terms and conditions of the Hercules SDK.

2.2 License Grant to Microsoft. Provided that the Parties are in full compliance with the terms of this Agreement, SeaChange hereby grants to Microsoft the following worldwide, nonexclusive, perpetual, irrevocable, royalty free, fully paid up rights:

(a) to Distribute and have Distributed, under Microsoft's standard license terms, copies of the Licensed Software, including any Derivative Technology thereof created under Section 2.2(b) (collectively, "Changes") in Object Code form as an integrated module of and in conjunction with the Next Generation Microsoft Windows Media Server, and

(b) to Use and make Changes of the Licensed Software in both Source Code and Object Code form, including the right to have a third party do the foregoing on Microsoft's behalf;

provided, however, that Microsoft's rights under this Section 2.2(a) and 2.2(b) shall be solely for the purposes of making bug fixes to the Licensed Software available to end users solely in the event SeaChange is unwilling or unable to do so, and

(c) to use and Distribute the Licensed Software and Changes solely via restricted license for the purpose of demonstrating the Licensed Software and Changes thereof in conjunction with Microsoft software used with SeaChange products, including without limitation, Next Generation Microsoft Windows Media Server.

The Parties agree that there may be certain technology developed by SeaChange for which the parties may wish to establish other rights, including without limitation licenses or ownership rights. In such case, the Parties agree to negotiate in good faith and agree on the applicable terms. Any such agreement shall be documented by way of written amendment to this Agreement.

2.3 Ownership of Licensed Software, Ownership and License in Changes. Except as expressly licensed to Microsoft pursuant to this Agreement, SeaChange retains all right, title and interest in and to the Licensed Software and all Derivative Technology created by SeaChange related thereto; except that, Microsoft shall own all right, title and interest in and to any Changes of the Licensed Software created solely by or on behalf of Microsoft. SeaChange shall have a worldwide, nonexclusive, perpetual, irrevocable, royalty-free, fully paid up right to Use the Changes and to Distribute and have Distributed via restricted license, the Changes and Derivative Technology thereof created by or for SeaChange in object code form only, solely in conjunction with the Licensed Software, and in all cases solely for the purposes of making bug fixes and/or updates to the Licensed Software available to licensees of the Licensed Software.

2.4 Ownership of Microsoft Technology. Microsoft retains all right, title and interest in and to the Microsoft Technology, including any and all Derivative Technology thereof.

2.5 No Other Licenses Granted. Except as expressly granted herein or in other duly authorized written agreement(s) between the Parties, no other licenses to patents, copyrights, trade secrets or other intellectual property are granted by implication, estoppel, exhaustion or any other theory. Under no circumstances will the license grants set forth in Section 2.1 be construed as granting to SeaChange, by

implication, estoppel or otherwise, a license to any Microsoft technology or intellectual property other than the Microsoft Technology. All rights not expressly granted therein as to the foregoing are expressly reserved by Microsoft. Under no circumstances will the license grants set forth in Section 2.2 be construed as granting to Microsoft, by implication, estoppel or otherwise a license to any SeaChange technology or intellectual property other than the Licensed Software. All rights not expressly granted therein as to the foregoing are expressly reserved by SeaChange.

3 Microsoft Obligations

3.1 Technical Assistance. Microsoft will use commercially reasonable efforts to provide SeaChange with such other reasonable resources, including technical assistance and engineering resources as Microsoft determines, after consultation with SeaChange, are appropriate to support SeaChange's development efforts. Such resources may take the form of Microsoft Technology, engineering resources, technical assistance from Microsoft product group resources, and any other form as Microsoft determines appropriate.

4. SeaChange Obligations.

4.1 Development of the Licensed Software. SeaChange will develop the Licensed Software in accordance with the Statement of Work and as follows:

(a) Device Drivers: SeaChange will port the device drivers listed in statement of work to the Windows 2000 operating system and Updates thereof.

(b) Media Cluster: SeaChange will adapt the Media Cluster, Vstream and other required software components as identified in the Statement of Work to Microsoft Windows 2000, in order to facilitate the development of Plug Ins as described in Section 4.1(c) below. The desired goal is that the integrated components will serve as the primary streaming software component of a node in a SeaChange Media Cluster, which subsequently will be used in SeaChange's streaming product lines. The component would facilitate the delivery of Content in either Windows Media Formats and or native MPEG2 transport streams.

(c) Plug-Ins. SeaChange will create and build Plug-Ins as appropriate and set forth in the Statement of Work to fully integrate SeaChange System Software with Windows Media Technologies. The purpose of the Plug-Ins is for integration of SeaChange System Software functionality into Windows Media Server to facilitate: (i) the storage of Content in both MPEG1/2 and Windows Media Formats in a SeaChange Media Cluster, (ii) enable Windows Media Streaming or native MPEG2 streaming from Windows Media Server through the use of the Plug-Ins, (iii) support the integration of the SeaChange Media Cluster into Windows Media Server, and (iv) enable the support for additional required control protocols and resource management. The detailed specifications of such development efforts shall be set forth in the attached Statement of Work, as such may be amended from time to time by mutual written agreement of the Parties. By way of example, but not limitation, SeaChange's development of the Plug-Ins, ported device drivers and ported SeaChange Media Cluster will support:

(i) output of MPEG 2 TS over DVB-ASI, QAM and SMPTE 259M from Windows Media Server servers;

(ii) output of MPEG 1 and MPEG 2 TS over IP over ATM from Windows Media Server servers;

(iii) Output of ASF wrapped MPEG 1 or 2 TS and PS over TCP/IP from Windows Media Servers servers;

(iv) Plug-in support for MPEG 2 transport stream multiplexing

(d) Enhancements. SeaChange will enhance the SeaChange System Software to use Next Generation Microsoft Windows Media Server as the primary streaming platform for such software (the "Enhanced Version"). All such development efforts shall be completed in accordance with the attached Statement of Work, as such may be amended from time to time by mutual written agreement of the Parties.

4.2 Acceptance. The acceptance procedures and criteria that will apply to Microsoft's acceptance of the Licensed Software will be set forth in the Statement of Work. In particular, Microsoft shall have the right to review and accept the Licensed Software as to the development of the necessary plug ins and other interface technology. SeaChange shall use commercially reasonable efforts to meet all development schedules as set forth in the Statement of Work. The Parties will cooperate to agree on and document the performance criteria for the Next Generation Microsoft Windows Media Server as part of the Statement of Work.

4.3 Failure of the Next Generation Microsoft Windows Media Server. In the event that SeaChange demonstrates that the Next Generation Microsoft Windows Media Server or Microsoft Windows 2000 fails to meet such performance criteria in a way that materially impacts SeaChange's ability to market and sell the Enhanced Version, then the Parties will cooperate in good faith to address and resolve such issues.

4.4 Other Development Efforts. SeaChange agrees to work with Microsoft in good faith to determine the feasibility of the following additional development efforts.

(a) Integration of Existing Media Cluster Technology and Windows Media Server 4.1. As an interim solution prior to completion of the Licensed Software, SeaChange will work with Microsoft to investigate the integration by SeaChange of the SeaChange Media Cluster file system with Microsoft's existing Windows Media Server, in order to facilitate SeaChange's ability to immediately leverage Microsoft's TCP/IP streaming delivery system across SeaChange's fault tolerant systems. The Parties will cooperate to make a decision whether to pursue the work identified in this Section 4.4(a) within sixty (60) days immediately following the Effective Date.

(b) Soft Cable Modem Termination System ("CMTS"). SeaChange will work with Microsoft to investigate the feasibility of jointly developing a software-based CMTS.

4.5 Promotion of Enhanced Version; Promotional Fund.

(a) Promotion of Enhanced Version. After completion of the Licensed Software, and provided Microsoft has and continues to make commercially available the Next Generation Microsoft Windows Media Server or a replacement product that is compatible with the Licensed Software, it is the intent of the parties that SeaChange shall promote the Enhanced Version as its primary streaming media system for all Microsoft Windows 2000-based SeaChange systems, and, subject to customer requirements, ship the Enhanced Version as its primary streaming media system for all Microsoft Windows 2000-based SeaChange systems.

(b) Promotional Fund. During the first three (3) years following first commercial shipment of the Enhanced Version, SeaChange shall set aside a minimum amount into a promotional fund (the "Promotional Fund"), which amounts Seachange will use for activities designed to promote and market the Enhanced Version, pursuant to the Marketing Plan identified in Section 4.5(c) below. SeaChange shall set aside a minimum amount of $600,000 for each of Year 1, Year 2, Year 3. For purposes of this Section 4.5, a "Year" shall be defined as the twelve month period beginning on the first date of commercial shipment of the Enhanced Version, and subsequent anniversaries of such initial shipment date.

(c) Marketing Plan. For each of Year 1, Year 2 and Year 3, SeaChange shall prepare a marketing plan that identifies the promotional and marketing activities in which it will

engage to promote and market the Enhanced Version and on which it proposes to spend the Promotional Fund in each such Year (the "Marketing Plan"). No

later than sixty (60) days prior to the beginning of each of Year 1, Year 2 and Year 3, SeaChange shall provide Microsoft with a draft of the applicable Marketing Plan, for Microsoft's review and approval. Microsoft shall provide SeaChange with any input or revisions it may have to such draft Marketing Plan within thirty (30) days and the parties will cooperate in good faith to mutually agree upon and implement such input and/or revisions. Each such Marketing Plan may be amended during the applicable Year upon mutual written agreement of the Parties.

4.6 Non-Performance.

(a) In the event Microsoft's commercial release of Next Generation Microsoft Windows Media Server slips beyond the dates set out in the Statement of Work, or the Parties agree to change any schedule set out in the Statement of Work, then the parties will negotiate in good faith a revised schedule that is mutually agreeable to both parties. In addition, in the event that Microsoft fails to commercially release the Next Generation Microsoft Windows Media Server in accordance with the performance standards set out in the Statement of Work within eighteen (18) months after the commercial release date identified in the Statement of Work, then SeaChange shall have the option to notify Microsoft in writing within thirty (30) days immediately following the end of the expiration of such eighteen (18) month period of its election to terminate its obligations under this Agreement without liability or further obligation on the part of either Party under this Agreement. The Parties shall meet on an as-needed basis to review the status of the development of the Next Generation Microsoft Windows Media Server and the Licensed Software until such time as they are commercially released.

(b) In the event that on the date that is eighteen (18) months immediately after the date on which SeaChange is obligated to make commercially available the Enhanced Version (the "Delivery Deadline"), SeaChange has failed to make commercially available the Enhanced Version, then effective as of such Delivery Deadline, Microsoft shall have the right to terminate this Agreement upon written notice, without further liability on the part of either party.

4.7 Reporting. No later than thirty (30) days following the end of the SeaChange fiscal quarter next following the end of every Year during the Term, SeaChange shall provide Microsoft with a report identifying the total number of copies of the Enhanced Version distributed by SeaChange or on its behalf, and the total number of licenses of Next Generation Microsoft Windows Media Server distributed therewith ("Report") during the applicable Year. SeaChange shall also submit a copy of the Report to the Microsoft Contact identified in Section 12.1.

4.8 SeaChange Development and Marketing Systems. On or before the Effective Date, SeaChange shall provide Microsoft, at SeaChange's cost, with two (2) SeaChange video server systems, including all Software and hardware, for Microsoft's use for development and marketing purposes. Microsoft shall have the right to use such systems in accordance with SeaChange's standard licensing terms for such systems attached hereto as Exhibit E. SeaChange will provide
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Microsoft with technical support, as mutually agreed by the Parties in writing, to assist it in its marketing and development efforts with such ITV Software.

5. Consulting Services and Technical Support.

5.1 Execution of MSA. Within sixty (60) days of the Effective Date, SeaChange will execute a Microsoft Master Services Agreement (the "MSA") pursuant to which all Microsoft Consulting Services ("MCS") and Premier Support For Developers Services ("Premier Support") will be acquired by SeaChange during the Term.

5.2 Premier Support for Developers. SeaChange will contract with Microsoft for a Premier Support Application Development Consultant ("ADC"), for a minimum of the first two years of the Agreement. SeaChange may also obtain additional Premier Support Services and Microsoft Consulting

Services by executing additional Services Description(s) under the MSA. Any such Premier resources shall be used to assist SeaChange with the development efforts as identified in this Agreement.

5.3 Personnel. SeaChange will hire (or transfer from other areas within SeaChange) and use commercially reasonable efforts to retain 3 to 5 qualified engineering and other required personnel by September 1, 2000 increasing to 5 to 10 qualified engineering and other required personnel by January 5, 2001, and such other personnel as necessary to facilitate its development efforts under this Agreement.

6. Marketing Efforts.

6.1 Joint Marketing. The Parties will cooperate to identify and carry out joint marketing activities in support of cable, satellite, DSL, Broadcast and other broadband opportunities as they relate to the Parties' respective technologies. Such activities may include joint sales calls to prospective customers, trade show support and seminar support and participation. The Parties will mutually agree on any such joint activities to be undertaken, including any personnel to be involved as well as amounts to be spent in support of such activities. The Parties will cooperate in good faith to identify and pursue additional opportunities for promotion of the Windows Media Technologies in conjunction with the sale of SeaChange System Software to broadband network operators (i.e., cable, satellite and telephone) through the Term.

6.2 Public Relations. The Parties will agree upon a press release regarding the relationship contemplated in this Agreement, to be released no later than 5 business days following the Effective Date. Microsoft will use commercially reasonable efforts to support SeaChange's future publicity and promotional endeavors related to streaming media by providing appropriate quotes for SeaChange press releases and participants for SeaChange sponsored events, subject to availability of Microsoft personnel. Any and all press releases or public statements regarding the Parties' relationship as contemplated in this Agreement shall be subject to review and approval of both Parties.

6.3 Promotion. Throughout the Term, SeaChange will deploy, describe and promote Windows Media Technologies and the Windows Media Format to prospective and actual customers as a recommended platform and format for all SeaChange streaming software systems, and in no event less favorably than Company promotes and markets any similar third party technologies as part of SeaChange System Software. Throughout the Term, Microsoft will deploy, describe and promote SeaChange's ITV systems and the SeaChange System Software to prospective and actual customers as a recommended ITV system and format for Windows Media Technologies and the Windows Media Format, and in no event less favorably than Microsoft promotes and markets any similar third party systems or technologies for its Windows Media Technologies platform and the Windows Media Formats. Microsoft and SeaChange shall coordinate a mutually agreed public announcement of this Agreement, Each party agrees that the other party will be the only entity with which it announces a binding contract or any other relationship regarding Windows Media Server for VOD at Cable 2000, on or about May 8, 2000.

6.4 Branding. During the Term, SeaChange agrees to affix the "Plays Windows Media" logo ("Logo") on the control monitor and face plate of the rack mount for the hardware containing the Enhanced Version. All use of the Logo by Company is subject to compliance with the Plays Windows Media Logo License and guidelines attached hereto as Exhibit D.

6.5 SeaChange Web Site. Beginning on the Effective Date and continuing thereafter throughout the Term, SeaChange shall develop and update a web page within the SeaChange Web Site for the purpose of identifying and promoting the relationship between SeaChange and Microsoft contemplated herein. Such web page shall include the "Get Windows Media Player" link logo shown on Exhibit B hereto
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("Microsoft Link Logo") pursuant to the guidelines in Exhibit B (including any
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updates thereto provided in writing by Microsoft to SeaChange) and in accordance with the following terms.

(a) The Microsoft Link Logo shall appear prominently, on a non-exclusive basis, on the Windows Media page of the SeaChange Web Site.

(b) On all pages of the SeaChange Web Site in which SeaChange includes any sponsorship notices of other streaming and downloadable media technology vendors, the Microsoft Link Logo shall appear in a position at least as favorable in prominence, size and positioning as any other sponsorship notice on such page.

(c) In all cases, the Microsoft Link Logo shall be a minimum of 65 by 57 pixels, and shall conform to trademark usage standards provided by Microsoft to SeaChange from time to time.

(d) Microsoft shall be entitled to substitute a different Windows Media Logo in place of the Microsoft Link Logo for purposes of this Agreement upon Microsoft's reasonable advance written notice to SeaChange. In the event that Microsoft substitutes an alternative logo, SeaChange agrees that its usage of such logo shall be subject to applicable logo usage guidelines as provided by Microsoft.

6.6 Microsoft Web Site. The Parties acknowledge that Microsoft is currently contemplating updating its web site to include a section regarding the Next Generation Windows Media Server upon commercial release of that product. Provided that Microsoft has accepted the Licensed Software as provided in Section 4.2 above, Microsoft agrees that it will use commercially reasonable efforts to include information regarding the Licensed Software in the applicable section of the updated Microsoft web site, including a link to the SeaChange Web Site.

6.7 Additional Promotions. Each Party agrees to use commercially reasonable efforts to prominently place and promote the other Party's streaming media and software technology and appropriate logo at relevant trade show events, subject to mutual written agreement of the Parties. Any use of either Party's logo or trademark shall be subject to all applicable usage guidelines of that Party, And each Party shall have the right to review and approve any such usage by the other Party. Microsoft's written approval will be required with respect to any additional promotions by SeaChange of Windows Media Technologies. Microsoft will include SeaChange in its Broadband Jumpstart program as a VOD supplier and shall use commercially reasonable efforts to investigate such other promotions of SeaChange and its products compatible with the Next Generation Microsoft Windows Media Server that may be available through Microsoft's appropriate marketing channels. In no event shall this section 6.7 be deemed to require either Party to engage in any promotional activities to which such Party has not, in its reasonable discretion, already consented in writing.

7. NonDisclosure

7.1 The Parties acknowledge and agree that the terms and conditions of the Microsoft Corporation Reciprocal Non-Disclosure Agreement entered into by and between the Parties and dated October 11, 1999 (the "NDA"), attached hereto as Exhibit C and incorporated into this Agreement. The terms of this Agreement and all discussions and negotiations related thereto and all information exchanged pursuant hereto are considered Confidential Information as defined in the NDA.

7.2 Each Party may disclose the terms and conditions of this Agreement to its employees, affiliates and its immediate legal and financial consultants on a need to know basis as required in the ordinary course of that Party's business, provided that such employees, affiliates and/or legal and/or financial consultants have agreed in writing in advance of disclosure to be bound or are otherwise bound by confidentiality requirements substantially similar to those found in the NDA, and may disclose Confidential Information as required by government or judicial order, provided each Party gives each other Party prompt notice of such order and complies with any protective order (or equivalent) imposed on such disclosure. Further, the Parties acknowledge that this Agreement, or portions thereof, may be required under applicable law to be disclosed, as part of or an exhibit to a Party's required public disclosure documents. If any Party is advised by its legal counsel that such disclosure is required, it will notify the others in writing and the Parties will jointly seek confidential treatment of this Agreement to the maximum extent reasonably possible, in documents approved by all Parties and filed with the applicable governmental or regulatory authorities.

8. No Obligation/Independent Development

Notwithstanding any other provision of this Agreement, Microsoft shall have no obligation or restriction to market, sell or otherwise distribute the Licensed Software, either as a stand-alone or in any Microsoft product. Nothing in this Agreement will be construed as restricting either party's ability to acquire, license, develop, manufacture or distribute for itself, or have others acquire, license, develop, manufacture or distribute for a party, similar technology performing the same or similar functions as the technology contemplated by this Agreement, or to market and distribute such similar technology in addition to, or in lieu of, the technology contemplated by this Agreement.

9. Representations and Warranties

9.1 By SeaChange. SeaChange warrants and represents that:

(a) it has the full power to enter into this Agreement and grant the license rights set forth herein; and

(b) it has not previously and will not grant any rights in the Licensed Software to any third party that are inconsistent with the rights granted to Microsoft herein.

9.2 By Microsoft. Microsoft warrants and represents that:

(a) it has the full power to enter into this Agreement and grant the license rights set forth herein; and

(b) it has not previously and will not grant any rights in the Microsoft Technology to any third party that are inconsistent with the rights granted to SeaChange herein.

10. Term and Termination

10.1 Term. This Agreement shall commence as of the Effective Date and

shall continue for three (3) years (the "Initial Term") unless terminated earlier pursuant to Section 10.2 or as otherwise provided under this Agreement. At the end of the Initial Term, the Parties may renew this Agreement for successive one (1) year periods upon mutual written agreement, provided that the Party wishing to renew provides the other Party with at least sixty (60) days written notice prior to the end of the then current term.

10.2 Termination. This Agreement may terminate at the election of the non-defaulting Party if any of the following events of default occur: (i) if either Party materially fails to perform or comply with this Agreement or any provision thereof; (ii) if either Party becomes insolvent or admits in writing its inability to pay its debts as they mature, or makes an assignment for the benefit of creditors; (iii) if a petition under any foreign, state or United States bankruptcy act, receivership statute, or the like, as they now exist, or as they may be amended, is filed by either Party; or (iv) if such a petition is filed by any third party, or an application is not resolved favorably to such Party within sixty (60) days. Termination due to default shall be effective thirty (30) days after written notice to the defaulting Party if the default has not been cured within such thirty (30) day period; provided, however that termination shall be effective immediately upon written notice at any time, if the defaulting Party is in material breach of Section 6 or Section 12.2.

10.3 Survival. Sections 1, 2.2, 2.3, 2.4, 2.5, 7, 8, 9, 10.3, 11 and 12 shall survive termination or expiration of this Agreement for any reason. Neither Party shall be liable to the other for damages of any sort resulting solely from terminating this Agreement in accordance with its terms. Any licenses or sublicenses already granted by either party to a third party as may be authorized under this Agreement shall not be affected by any termination of this Agreement and shall remain in full force and effect. Termination of this Agreement shall not affect any other agreement between the Parties.

11. Exclusion of Incidental and Consequential Damages; Limitation of Liability

TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR ANY DIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL, OR INDIRECT DAMAGES WHATSOEVER (INCLUDING, BUT NOT LIMITED TO, DAMAGES FOR PERSONAL INJURY, LOSS OF PROFITS, BUSINESS INTERRUPTION, LOSS OF BUSINESS INFORMATION, LOSS OF PRIVACY, FAILURE TO MEET ANY DUTY INCLUDING OF GOOD FAITH OR OF REASONABLE CARE, NEGLIGENCE, AND FOR ANY OTHER PECUNIARY LOSS OR OTHER LOSS WHATSOEVER) ARISING OUT OF OR IN ANY WAY RELATED TO THIS AGREEMENT, EVEN IN THE EVENT OF THE FAULT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY, BREACH OF CONTRACT OR BREACH OF WARRANTY OF SUCH PARTY, AND EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. THE PROVISIONS OF THIS SECTION 11 SHALL NOT APPLY TO SECTION 7 (REGARDING CONFIDENTIALITY) OR TO ANY ACTION ARISING OUT OF THE BREACH OF A PARTY'S INTELLECTUAL PROPERTY RIGHTS AS TO TECHNOLOGY, SOFTWARE OR OTHER TECHNOLOGY PROVIDED TO A PARTY UNDER THIS AGREEMENT.

12. General

12.1 Notices. All notices and other communications required or desired to be served, given or delivered hereunder shall be made in writing and shall be addressed to the Party to be notified as follows:

if to Microsoft:	Microsoft Corporation One Microsoft Way Redmond, WA 98052-6399 Attn: Tom Gershaw Senior Business Development Manager Phone: (425) 882-8080
copy to:	Law & Corporate Affairs Fax: (425) 936-7329
if to SeaChange:	SeaChange International, Inc. 124 Acton Street Maynard, MA 01754 Attn: Ed Delaney Vice President, Business Development Phone: 978-889-3004

or, as to each Party, at such other address as designated by such Party in a written notice to the other Party. All such notices and communications shall be deemed to be validly served, given or delivered (i) upon delivery thereof if delivered by hand to the Party to be notified; (ii) upon the scheduled delivery date in the case of delivery to a reputable express delivery service or (iii) upon acknowledgment of receipt thereof (by the sender's telecommunications device) if transmitted by a telecommunications device.

12.2 Successors and Assigns; Assignment. This Agreement shall be binding

upon and inure to the benefit of the Parties and their respective successors and assigns. A Party's successors and assigns shall include, without limitation, a receiver, trustee or debtor in possession of or for such Party. Notwithstanding the foregoing, neither party may assign this Agreement, or any rights or obligations hereunder, except with the express written consent of the other party, which consent shall not be unreasonably withheld, conditioned or delayed. For purposes of this Agreement, an "assignment" under this Section shall be deemed to include the following: (a) a merger of a Party where such Party is not the surviving entity; (b) any transaction or series of transactions whereby a third party acquires direct or indirect power to control the management and policies of a Party, whether through the acquisition of voting securities, by contract, or otherwise; or (c) the sale of more than 50% of a Party's assets (whether in a single transaction or series of related transactions).

12.3 Independent Contractor. SeaChange is an independent licensor and contractor for Microsoft and nothing in this Agreement shall be construed as creating an employer-employee relationship, a partnership, an agency or a joint venture between the parties.

12.4 Governing Law; Attorneys' Fees. This Agreement shall be governed by the laws of the State of Washington without regard to the choice of law provisions of Washington law. SeaChange consents to jurisdiction by the state and federal courts sitting in the State of Washington. Process may be served on either Party by regular mail, postage prepaid, certified or registered, return receipt requested. In any action or suit to enforce any right or remedy under this Agreement or to interpret any provision of this Agreement, the prevailing Party shall be entitled to recover its costs, including reasonable attorneys' fees.

12.5 Construction. If for any reason a court of competent jurisdiction finds any provision of this Agreement, or portion thereof, to be unenforceable, that provision of the Agreement will be enforced to the maximum extent permissible so as to effect the intent of the Parties, and the remainder of this Agreement will continue in full force and effect. Failure by either Party to enforce any provision of this Agreement will not be deemed a waiver of future enforcement of that or any other provision. This Agreement has been negotiated by the Parties and their respective counsel and will be interpreted fairly in accordance with its terms and without any strict construction in favor of or against either Party.

12.6 Amendments, Waivers and Consents. No amendment or waiver of any provision of this Agreement nor consent to any departure by any Party herefrom, shall in any event be effective unless the same shall be in writing and signed by the other Party, and then such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

12.7 Section Headings. The section headings herein are for convenience of reference only, and shall not affect in any way the interpretation of any of the provisions hereof.

12.8 Entire Agreement. This Agreement does not constitute an offer by either Party and it shall not be effective until signed by both Parties. This Agreement, the attached Exhibits and the NDA constitute the entire agreement between the Parties with respect to the subject matter hereof and merge all prior and contemporaneous oral and written communications. It shall not be modified except by a written agreement dated subsequent to the date of this Agreement and signed on behalf of Microsoft and SeaChange by their respective duly authorized representatives.

IN WITNESS WHEREOF, SeaChange and Microsoft have executed this License and Development Agreement as of the Effective Date.

MICROSOFT CORPORATION	SEACHANGE INTERNATIONAL, INC.
By _____	By _____
Name _____	Name _____
Title _____	Title _____
Date _____	Date _____

CONFIDENTIAL MATERIAL OMITTED AND FILED SEPERATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. ASTERISKS DENOTE OMISSIONS.

EXHIBIT A

STATEMENT OF WORK

*

CONFIDENTIAL MATERIAL OMITTED AND FILED SEPERATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. ASTERISK DENOTE OMISSIONS.

***

EXHIBIT B

Get Windows Media(TM) player
Link Logo

Get Windows Media(TM) Player logo usage instructions
- ------------------- ----------------------------

To put the link logo on your Web site, follow these easy steps:

1. Read our policy below on using the Get Windows Media Player link logo.
2. Copy the Get Windows Media Player logo .gif file image to your desktop.

   [LOGO]

3. Move the Get Windows Media Player logo .gif file from your desktop to your Web server.
4. Insert the following HTML code on your Web page. Be sure to point the IMG SRC to the location of the Get Windows Media Player logo .gif file on your server:

   BR CENTER
   AHREF="http://www.microsoft.com/windows/mediaplayer/download/default.asp"
   IMG SRC="type path to logo image here" WIDTH="65"
   HEIGHT="57" BORDER="0"
   ALT="Get Windows Media Player" VSPACE="7"/A
   CENTER BR

5. You can modify this HTML code to fit your formatting as long as you follow the guidelines outlined below.

Get Windows Media(TM) Player logo usage guidelines
--------------------- ----------------------------

1. Except as Microsoft may authorize elsewhere, non-Microsoft Web sites may display only the Get Windows Media Player link logo provided above ("Logo"). By downloading the Logo to your Web site, you agree to be bound by these Policies.
2. You may only display the Logo on your Web site, and not in any other manner. It must always be an active link to the download page for the Windows Media Player at http://www.microsoft.com/windows/mediaplayer/download/default.asp.
3. The Logo GIF image includes the words "Get Windows Media Player" describing the significance of the Logo on your site (that the Logo is a link to the download page for the Microsoft Windows Media Player, not an endorsement of your site). You may not remove or alter any element of the Logo.
4. The Logo may be displayed only on Web pages that make accurate references to Microsoft or its products or services or as otherwise authorized by Microsoft. Your Web page title and other trademarks and logos must appear at least as prominently as the Logo. You may not display the Logo in any manner that implies sponsorship, endorsement, or license by Microsoft except as expressly authorized by Microsoft.
5. The Logo must appear by itself, with a minimum spacing (30 pixels) between each side of the Logo and other distinctive graphic or textual elements on your page. The Logo may not be displayed as a feature or design element of any other logo.
6. You may not alter the Logo in any manner, including size, proportions, colors, elements, or animate, morph, or otherwise distort its perspective or appearance, except in the event expressly authorized by Microsoft.
7. You may not display the Logo on any site that infringes any Microsoft intellectual property or other rights, or violates any state, federal, or international law.
8. These Policies do not grant a license or any other right to Microsoft's logos or trademarks. Microsoft reserves the right at its sole discretion to terminate or modify permission to display the Logo at any

time. Microsoft reserves the right to take action against any use that does not conform to these Policies, infringes any Microsoft intellectual property or other right, or violates other applicable law.

9. MICROSOFT DISCLAIMS ANY WARRANTIES THAT MAY BE EXPRESS OR IMPLIED BY LAW REGARDING THE LOGO, INCLUDING WARRANTIES AGAINST INFRINGEMENT.

EXHIBIT C

MICROSOFT CORPORATION RECIPROCAL NONDISCLOSURE AGREEMENT

MICROSOFT CORPORATION NON-DISCLOSURE AGREEMENT
(STANDARD RECIPROCAL)

THIS AGREEMENT (the "Agreement") is made between MICROSOFT CORPORATION, a Washington corporation, and _____ ("COMPANY") and entered into this _____ day of _____, 19_____.

In consideration of the mutual promises and covenants contained in this Agreement, the mutual disclosure of confidential information to each other, the parties hereto agree as follows:

1. Confidential Information and Confidential Materials

(a) "Confidential Information" means nonpublic information that Disclosing Party designates as being confidential or which, under the circumstances surrounding disclosure ought to be treated as confidential. "Confidential Information" includes, without limitation, information relating to released or unreleased Disclosing Party software or hardware products, the marketing or promotion of any Disclosing Party product, Disclosing Party's business policies or practices, and information received from others that Disclosing Party is obligated to treat as confidential. Confidential Information disclosed to Receiving Party by any Disclosing Party Subsidiary and/or agents is covered by this Agreement.

(b) Confidential Information shall not include any information that: (i) is or subsequently becomes publicly available without Receiving Party's breach of any obligation owed Disclosing Party; (ii) became known to Receiving Party prior to Disclosing Party's disclosure of such information to Receiving Party; (iii) became known to Receiving Party from a source other than Disclosing Party other than by the breach of an obligation of confidentiality owed to Disclosing Party; or (iv) is independently developed by Receiving Party.

(c) "Confidential Materials" shall mean all tangible materials containing Confidential Information, including without limitation written or printed documents and computer disks or tapes, whether machine or user readable.

2. Restrictions

(a) Receiving Party shall not disclose any Confidential Information to third parties for five (5) years following the date of its disclosure by Disclosing Party to Receiving Party, except to Receiving Party's consultants as provided below. However, Receiving Party may disclose Confidential Information in accordance with judicial or other governmental order, provided Receiving Party shall give Disclosing Party reasonable notice prior to such disclosure and shall comply with any applicable protective order or equivalent.

(b) Receiving Party shall take reasonable security precautions, at least as great as the precautions it takes to protect its own confidential information, to keep confidential the Confidential Information. Receiving Party may disclose Confidential Information or Confidential Material only to Receiving Party's employees or consultants on a need-to-know basis. Receiving Party will have executed or shall execute appropriate written agreements with its employees and consultants sufficient to enable it to comply with all the provisions of this Agreement.

(c) Confidential Information and Confidential Materials may be disclosed, reproduced, summarized or distributed only in pursuance of Receiving Party's business relationship with Disclosing Party, and only as otherwise provided hereunder. Receiving Party agrees to segregate all such Confidential Materials from the confidential materials of others in order to prevent commingling.

(d) Receiving Party may not reverse engineer, decompile or disassemble any software disclosed to Receiving Party.

3. Rights and Remedies

(a) Receiving Party shall notify Disclosing Party immediately upon discovery of any unauthorized use or disclosure of Confidential Information and/or Confidential Materials, or any other breach of this Agreement by Receiving Party, and will cooperate with Disclosing Party in every reasonable way to help Disclosing Party regain possession of the Confidential Information and/or Confidential Materials and prevent its further unauthorized use.

(b) Receiving Party shall return all originals, copies, reproductions and summaries of Confidential Information or Confidential Materials at Disclosing Party's request, or at Disclosing Party's option, certify destruction of the same.

(c) Receiving Party acknowledges that monetary damages may not be a sufficient remedy for unauthorized disclosure of Confidential Information and that Disclosing Party shall be entitled, without waiving any other rights or remedies, to such injunctive or equitable relief as may be deemed proper by a court of competent jurisdiction.

(d) Disclosing Party may visit Receiving Party's premises, with reasonable prior notice and during normal business hours, to review Receiving Party's compliance with the terms of this Agreement.

4. Miscellaneous

(a) All Confidential Information and Confidential Materials are and shall remain the property of Disclosing Party. By disclosing information to Receiving Party, Disclosing Party does not grant any express or implied right to Receiving Party to or under Disclosing Party patents, copyrights, trademarks, or trade secret information.

(b) If either party provides pre-release software as Confidential Information or Confidential Materials under this Agreement, such pre-release software is provided "as is" without warranty of any kind. Receiving Party agrees that neither Disclosing Party nor its suppliers shall be liable for any damages whatsoever relating to Receiving Party's use of such pre-release software.

(c) Any software and documentation provided under this Agreement is provided with RESTRICTED RIGHTS. Use, duplication, or disclosure by the Government is subject to restrictions as set forth in subparagraph (c)(1)(ii) of The Rights in Technical Data and Computer Software clause at DFARS 252.227-7013 or subparagraphs (c)(1) and (2) of the Commercial Computer Software -- Restricted Rights at 48 CFR 52.227-19, as applicable. Manufacturer is Microsoft Corporation/One Microsoft Way/Redmond, WA 98052-6399.

(d) Both parties agree that they do not intend nor will they, directly or indirectly, export or re-export (i) any Confidential Information or Confidential Materials, or (ii) any product (or any part thereof), process or service that is the direct product of the Confidential Information or Materials to (A) any country that is subject to U.S. export restrictions (currently including, but not necessarily limited to, Cuba, , Iran, Iraq, Libya, North Korea, Sudan, and Syria), or to any national of any such country, wherever located, who intends to transmit or transport the products back to such country; (B) to any end-user who either party knows or has reason to know will utilize them in the design, development or production of nuclear, chemical or biological weapons; or (C) to any end-user who has been prohibited from participating in U.S. export transactions by any federal agency of the U.S. government.

(e) The terms of confidentiality under this Agreement shall not be construed to limit either party's right to independently develop or acquire products without use of the other party's Confidential Information. Further, either party shall be free to use for any purpose the residuals resulting from access to or work with such Confidential Information, provided that such party shall maintain the confidentiality of the Confidential Information as provided herein. The term "residuals" means information in non-tangible form, which may be retained by persons who have had access to the Confidential Information, including ideas, concepts, know-how or techniques contained therein. Neither party shall have any obligation to limit or restrict the assignment of such persons or to pay royalties for any work

resulting from the use of residuals. However, the foregoing shall not be deemed to grant to either party a license under the other party's copyrights or patents.

(f) This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof. It shall not be modified except by a written agreement dated subsequent to the date of this Agreement and signed by both parties. None of the provisions of this Agreement shall be deemed to have been waived by any act or acquiescence on the part of Disclosing Party, its agents, or employees, but only by an instrument in writing signed by an authorized officer of Disclosing Party. No waiver of any provision of this Agreement shall constitute a waiver of any other provision(s) or of the same

provision on another occasion.

(g) If either party employs attorneys to enforce any rights arising out of or relating to this Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees. This Agreement shall be construed and controlled by the laws of the State of Washington, and both parties further consent to jurisdiction by the state and federal courts sitting in the State of Washington. Process may be served on either party by U.S. Mail, postage prepaid, certified or registered, return receipt requested, or by such other method as is authorized by the Washington Long Arm Statute.

(h) Subject to the limitations set forth in this Agreement, this Agreement will inure to the benefit of and be binding upon the parties, their successors and assigns.

(i) If any provision of this Agreement shall be held by a court of competent jurisdiction to be illegal, invalid or unenforceable, the remaining provisions shall remain in full force and effect.

(j) All obligations created by this Agreement shall survive change or termination of the parties' business relationship.

5. Suggestions and Feedback

Either party may from time to time provide suggestions, comments or other feedback to the other party with respect to Confidential Information provided originally by the other party (hereinafter "Feedback"). Both parties agree that all Feedback is and shall be entirely voluntary and shall not, absent separate agreement, create any confidentiality obligation for the Receiving Party. However, the Receiving Party shall not disclose the source of any feedback without the providing party's consent. Feedback shall be clearly designated as such and, except as otherwise provided herein, each party shall be free to disclose and use such Feedback as it sees fit, entirely without obligation of any kind to the other party. The foregoing shall not, however, affect either party's obligations hereunder with respect to Confidential Information of the other party.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

COMPANY:_____	MICROSOFT CORPORATION
Address:_____	By:_____
_____	Name:_____
By:_____	Title:_____
Name:_____	Date:_____
Title:_____	MS Contact:_____
Date:_____	

EXHIBIT D

COMPANY:_____

Address:_____

Attention:_____
Phone:_____
Fax:_____
Email:_____

PLAYS WINDOWS MEDIA LOGO LICENSE AGREEMENT

This Plays Windows Media Logo License Agreement ("Logo Agreement") is made and entered into by and between Microsoft Corporation, ("Microsoft"), and the company identified in the table above ("Company").

1. DEFINITIONS

(a) "Effective Date" means the date upon which the Logo Agreement takes effect, which is the later of the signature dates below.

(b) "Logo" means the "Plays Windows Media" logo depicted in the attached Exhibit A, or such additional or replacement logos as Microsoft may provide from time to time under this Logo Agreement.

(c) "Product" means the Company product(s) listed in Exhibit B that meet the applicable criteria set forth in Exhibit B.

2. LICENSE GRANT & RESTRICTIONS

(a) Subject to and expressly conditioned upon compliance with the terms and conditions of this Logo Agreement, Microsoft hereby grants to Company a worldwide nonexclusive, nontransferable, royalty-free, personal right to use the Logo solely in conjunction with the Product and solely in the manner described in the specifications set forth in the attached Exhibit A, as such specifications may be prescribed by Microsoft from time to time (the "Specifications"). Company shall have no other rights in the Logo.

(b) The license grant in Section 2(a) is personal to Company, and Company shall not assign, transfer or sublicense this Logo Agreement (or any right granted herein) in any manner without the prior written consent of Microsoft.

(c) All rights not expressly granted herein are reserved by Microsoft. Under no circumstances will anything in this Logo Agreement be construed as granting, by implication, estoppel or otherwise, a license to any Microsoft technology or proprietary right other than the permitted use of the Logo pursuant to Section 2(a).

3. OWNERSHIP, IDENTIFICATION & USE

(a) Company agrees and acknowledges that: (i) Microsoft is the sole owner of the Logo and any trademarks related to Windows Media, and all associated goodwill; and (ii) Microsoft retains all right, title, and interest in and to the Logo.

(b) Company represents and warrants that it will use the Logo solely as provided in this Logo Agreement, and will not use the Logo in any manner that will diminish or otherwise damage Microsoft's title or goodwill in the Logo. Company will not adopt, use, or register any corporate name, trade name, trademark, domain name, service mark or certification mark, or other designation similar to, or containing in whole or in part, the Logo. All use of the Logo by Company will inure to the benefit of Microsoft. Company may not use the Logo in any way as an endorsement or sponsorship of Product by Microsoft.

(c) Company will promptly notify Microsoft of any suspected infringement of or challenge to the Logo or any of its constituent elements. Microsoft will have the sole right to, and in its sole discretion may, commence, prosecute, or defend, and control any action concerning the Logo.

4. QUALITY CONTROL

(a) Company represents and warrants that Product meets the applicable criteria set forth in Exhibit B, and Company will maintain the quality of Product at a level that is at least commensurate with the quality of products distributed by Company before the Effective Date ("Quality Standards"). Company will use the Logo solely in connection with Product that meets the Quality Standards, and Company represents and warrants that it will not use the Logo on products that do not meet the Quality Standards.

(b) Company will reasonably and fully cooperate with Microsoft to facilitate periodic review of Company's use of the Logo and of Company's compliance with the Quality Standards. Company will fully correct and

remedy any deficiencies in its use of the Logo and conformance to the Quality Standards upon reasonable notice from Microsoft.

(c) Company represents and warrants that it will comply with all applicable laws, rules, and regulations, and will not violate or infringe any right of any third party in relation to promotion, sale, or use of Product with the Logo.

5. INDEMNIFICATION FROM COMPANY

Company will indemnify and defend Microsoft from and against any and all claims, damages, costs, and expenses (including reasonable attorneys' fees) and pay the amount of any adverse final judgment (or settlement to which both parties consent) arising out of or related to the Product in any manner; provided

Company is notified promptly in writing of any claim, Company has sole control over its defense or settlement, and Microsoft provides reasonable assistance, at Company's expense, in the defense of the same.

6. INDEMNIFICATION FROM MICROSOFT

(a) Microsoft will indemnify and defend Company from and against any and all claims, damages, costs, and expenses (including reasonable attorney's fees), and pay the amount of any adverse final judgment (or settlement to which both parties consent) resulting from, third party claim(s) (hereinafter "Indemnified Claims") that the Logo infringes any trademark rights of such third party; provided Microsoft is notified promptly in writing of the Indemnified Claim and has sole control over its defense or settlement, and Company provides reasonable assistance, at Microsoft's expense, in the defense of the same.

(b) In the event Microsoft receives information concerning an intellectual property infringement claim (including an Indemnified Claim) related to the Logo, Microsoft may at its expense, without obligation to do so: (i) procure for Company the right to continue to distribute the alleged infringing Logo, or (ii) replace or modify the Logo to make it non-infringing, in which case, Company shall thereupon cease distribution of the alleged infringing Logo; or (iii) instruct Company to cease use of the Logo without providing a replacement.

(c) Microsoft shall have no liability for any intellectual property infringement claim (including an Indemnified Claim) based on Company's manufacture, distribution, or use of the Logo after Microsoft's notice that Company should cease use of such Logo, or begin use of a substitute Logo due to such a claim. For all claims described in this Section 6(c), Company agrees to indemnify and defend Microsoft from and against all damages, costs and expenses, including reasonable attorneys' fees.

(d) MICROSOFT MAKES NO WARRANTIES EITHER EXPRESS, IMPLIED, STATUTORY OR OTHERWISE WITH RESPECT TO THE LOGO, INCLUDING ANY WARRANTY OF NON-INFRINGEMENT, IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

7. LIMITATION OF LIABILITY

EXCEPT AS PART OF A THIRD PARTY DAMAGE CLAIM FOR WHICH ONE OF THE PARTIES IS OBLIGATED TO INDEMNIFY THE OTHER, NEITHER PARTY SHALL BE LIABLE FOR ANY CONSEQUENTIAL, INCIDENTAL, INDIRECT, PUNITIVE OR SPECIAL DAMAGES (INCLUDING LOSS OF BUSINESS PROFITS) ARISING FROM OR RELATED TO COMPANY'S MARKETING, DISTRIBUTION OR ANY USE OF THE LOGO, REGARDLESS OF WHETHER SUCH LIABILITY IS BASED ON BREACH OF CONTRACT, TORT, STRICT LIABILITY, BREACH OF WARRANTIES, INFRINGEMENT OF INTELLECTUAL PROPERTY, FAILURE OF ESSENTIAL PURPOSE OR OTHERWISE, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IN NO EVENT SHALL MICROSOFT BE LIABLE FOR ANY DAMAGES FOR COMPANY'S USE OF THE LOGO IN VIOLATION OF THE TERMS AND CONDITIONS OF THIS LOGO AGREEMENT.

8. TERM AND TERMINATION

(a) The term of this Logo Agreement shall be a period of two (2) years commencing upon the Effective Date; provided however, that Microsoft may terminate this Logo Agreement, with or without cause, upon thirty (30) days prior written notice.

(b) From and after termination or expiration of this Logo Agreement, Company will immediately cease and desist from all use of the Logo. However, unless the Logo Agreement is terminated for breach, Company may distribute then-existing units of Product and advertising materials containing the Logo for a period of ninety (90) days from the termination date or expiration of the term, provided use of the Logo in connection with such inventory is in compliance with the terms and conditions of this Logo Agreement.

9. NOTICES

All notices in connection with this Logo Agreement will be addressed as stated below (or to such other address as the party to receive the notice so designates by written notice to the other) and will be deemed given on the day they are: (i) deposited in the U.S.A. mails, postage prepaid, certified or registered, return receipt requested; or (ii) sent by air express courier, charges prepaid. The parties agree to fax a copy of any such notices to the fax numbers identified below on the same day as given per (i) and (ii) above.

MICROSOFT: Microsoft Corporation

One Microsoft Way
Redmond, WA 98052-6399 USA

Attention: Windows Logo Department

Fax: (425)936-7329

With Copy To: Law & Corporate Affairs, Trademarks

Fax: (425) 936-4112

COMPANY: Information listed at the top of this Agreement.

10. MISCELLANEOUS

(a) Entire Agreement. Microsoft's providing this Logo Agreement to Company does not constitute an offer by Microsoft. Upon execution by both Microsoft and Company, this Logo Agreement, including all Exhibits, contains the entire agreement of the parties with respect to the subject matter hereof, and shall supersede and merge all prior and contemporaneous communications. It shall not be amended except by a written agreement

subsequent to the Effective Date and signed on behalf of the parties by their respective authorized representatives.

(b) Governing Law. This Logo Agreement shall be governed by and construed in accordance with the laws of the State of Washington, and Company consents to the jurisdiction and venue in the federal courts sitting in King County, Washington, unless no federal subject matter jurisdiction exists, in which case Company consents to the jurisdiction and venue in the Superior Court of King County, Washington. Company waives all defenses of lack of personal jurisdiction and forum non conveniens. Process may be served on either party in the manner set forth in Section 9 for the delivery of notices or by such other method as is authorized by applicable law or court rule.

(c) Attorneys' Fees. If either party employs attorneys to enforce any rights arising out of or related to this Logo Agreement, the prevailing party shall be entitled to recover its reasonable attorneys' fees, costs, and other expenses.

(d) Equitable Relief. Company acknowledges that a breach by it of this Logo Agreement may cause Microsoft irreparable damage that cannot be remedied in monetary damages in an action at law and may also constitute infringement of the Logo. In the event of any breach that could cause irreparable harm to Microsoft, or cause some impairment or dilution of its reputation or Logo, Microsoft shall be entitled to an immediate injunction in addition to any other legal or equitable remedies.

(e) No Waiver. No waiver of any breach of any provision of this Logo Agreement shall constitute a waiver of any prior, concurrent or subsequent breach of the same or any other provision hereof, and no waiver shall be effective unless made in writing and signed by an authorized representative of the waiving party.

(f) Severability. If any provision of this Logo Agreement (or any other agreements incorporated herein) shall be held by a court of competent jurisdiction to be illegal, invalid or unenforceable, the remaining provisions shall remain in full force and effect.

(g) Relationship. Neither this Logo Agreement, nor any terms and conditions contained herein, shall be construed as creating a partnership, joint venture or agency relationship or as granting a franchise.

(h) Headings. Section headings are used in this Logo Agreement for convenience of reference only and shall not affect the meaning of any provision of this Logo Agreement.

(i) Survival. The provisions of Sections 2(c), 3(a), 3(b), 6(d), 7, 8(b), 9, 10(b), as well as Section 5 with respect to Product(s) distributed during the term of this Logo Agreement and Section 6 for claims based on use of the Logo permitted herein prior to the effective date of termination or expiration of the term of this Logo Agreement, shall survive expiration or termination of this Logo Agreement.

(j) Exhibits. This Logo Agreement includes Exhibits A and B, both of which are hereby incorporated by reference.

IN WITNESS WHEREOF, the parties hereto have executed this Logo Agreement by their duly authorized representatives. The individual signing on behalf of Company below hereby represents and warrants that he or she has full authority to sign this Logo Agreement and bind Company to perform all duties and

obligations contemplated by this Logo Agreement.

MICROSOFT CORPORATION	COMPANY
By:	By:
Name (print):	Name (print):
Title:	Title:
Date:	Date:

Exhibit A

Plays Windows Media Logo License Agreement
Specifications for Using the Plays Windows Media Logo

[LOGO] [LOGO]

Vertical Logo Horizontal Logo

Microsoft has established the following set of branding specifications to assist you in proper use of the Plays Windows Media logo ("Logo"). Microsoft reserves the right to change the Logo and/or these specifications at any time at its discretion. You must comply with the specifications set forth in this Exhibit A as amended by Microsoft from time to time.

Outlined below are Microsoft's standard requirements for use of the Logo. For your convenience, Microsoft has outlined logo usage benefits and additional usage recommendations for the Logo on the Windows Media logo Web page: http://www.microsoft.com/windowsmedia/logo/default.asp

If you have any questions please e-mail wmlogo@microsoft.com.

A) Branding for Consumer Electronics Hardware Device Manufacturers (OEM):

Mandatory Branding. OEMs must use the Logo in the following places:

1. A single use in Product documentation, such as manuals, pamphlets, getting started guides etc.; such single use can be on an attribution page or other similar location.

2. All Web pages that are primarily designed to describe the Product(s), including pages that list Product features. The Logo must appear "above the fold" on such web page(s) where Product is marketed, promoted or distributed., ("above the fold" means the user must not have to scroll the page up or down for the Logo to be visible). The Logo must appear with the same prominence as other media format logos that may be displayed on such web pages.

3. When the Product is installed or run for the first time, the Product must display the Logo where it is visible to the user for a minimum of five (5) seconds during such installation or running for the first time, and the Logo must be shown with the same prominence as other format logos that may appear.

Optional Branding:

1. OEMs may use the black and white (positive or reversed) version of the Logo on the casing of Product. The Logo shall be permanently affixed on the casing of the device (no stickers).

2 OEMs may also use the Logo on Product packaging, collateral, and advertisements.

B) Branding for Software Applications:

Mandatory Branding. Software Developers must use the Logo in the following places:

1. The Product's physical media or label. For example, on a CD label or CD liner, or both.

2. All Web pages that feature Product, including download pages for software that ships as part of the Product. Logo must appear "above the fold" on the web page(s) where Product is promoted. The Logo must appear with the same prominence as other media format logos that may be displayed on the web pages .

3. When the Product is installed or run for the first time, the Product must display the Logo where it is visible to the user for a minimum of five (5) seconds during such installation or running for the first time, and the Logo must be shown with the same prominence as other format logos that may appear.

Optional Branding:

1. Software developers may use the Logo on Product packaging, collateral, advertisements and documentation.

C) Specifications for Logo use:

. You must sign the Plays Windows Media Logo License Agreement ("Logo Agreement") before using the Logo.

. You have the option to use the vertical or horizontal version of the Logo.

. Your company name, logo, or Product name must appear on any Products or related materials where the Logo is used. The Logo must be smaller and less prominent than your Product name, trademark, logo, or trade name.

. The Logo may not be used in any manner that expresses or might imply Microsoft's affiliation, sponsorship, endorsement, or approval other than as contemplated by the Logo Agreement.

. You may not use the Logo in a manner that might suggest co-branding or otherwise create potential confusion as to the source of the Product or ownership of the Logo. You may not display the Logo in any manner that suggests that your Product is a Microsoft product, or in any manner that suggests that "Microsoft" , "Windows", or "Windows Media" are a part of your Product name.

. The Logo may not be included or incorporated in any non-Microsoft trade name, business name, product or service name, logo, trade dress, design, slogan, or other trademark.

. Microsoft will provide you with artwork of the Logo. You may not alter this artwork in any way. None of the words may be abbreviated, translated or transliterated, as in non-English documentation.

. The Logo may not be combined with any other symbols including, words, logos, icons, graphics, photos, slogans, numbers, or other design elements.

. The Logo (including but not limited to Microsoft's logos, logotypes, trade dress, and other elements of product packaging and web sites) may not be imitated in any of your materials.

. The Logo, or any element thereof, may not be used as a design feature in any materials.

. The Logo must stand-alone. A minimum amount of empty space must be left between the Logo and any other object such as type, photography, borders, edges, etc. The required border of empty space around the Logo must be 1/2x wide, where x equals the height of the Logo.

. Minimum size for the Logo is 1/2 inch high unless otherwise approved by Microsoft.

. The Logo must include the/TM/and (R) symbols as shown in this exhibit.

. The Logo shall be attributed to Microsoft Corporation in all materials where it is used, with the attribution clause: "Microsoft, Windows Media,

and the Windows Logo are trademarks or registered trademarks of Microsoft Corporation in the United States and/or other countries." You must also use the following notice in the local or online help/support content for Product: Portions based upon Microsoft Windows Media Technologies. Copyright (C) 1999 Microsoft Corporation. All Rights Reserved. Microsoft, Windows Media, and the Windows Logo are trademarks or registered trademarks of Microsoft Corporation in the United States and/or other countries."

Four color applications

The color version is the preferred way of reproducing the Logo. The Flag consists of a black frame with corresponding tails and four colored panes with corresponding tails. The color version can be reproduced only as described here. The pane colors must appear in the positions described and the tails must appear in the colors of the corresponding left-hand panes. The frame and accompanying words print in black. The four-color version must always appear on a white background. The designated colors are as follows:

Pane	Color	Pantone	Four-color process	RGB (8-bit)	Hex#
Upper left	Red	PMS 172	M65%+Y85%	255-51-0	FF3300
Upper right	Green	PMS 360	C55%+Y80%	102-204-51	66CC33
Lower left	Blue	PMS 279	C70%+M30%	0-153-255	0099FF
Lower right	Yellow	PMS 123	M20%+Y100%	255-204-0	FFCC00

Black and white applications: Black and white reproductions of the Logo may be positive or reversed.

Exhibit B

Plays Windows Media Logo License Agreement Criteria and Licensed Product

Criteria

Hardware Devices. For hardware devices, Criteria means that Product utilizes one or both of the following: the Microsoft Windows Media Audio Codec, or the Microsoft Windows Media Digital Rights Management system licensed from Microsoft or its authorized licensees.

Software applications. For Software applications, Criteria shall mean:

1. Product supports the playback of audio content in the Windows Media format encoded at 64 Kbps bit rate, 22KHz sample rate, and optionally using digital rights management protection.

2. Product was built using one of the following:

   (a) The Microsoft Windows Media Format Software Development Kit, or Microsoft Windows Media Audio Software Development Kit (either or both being the "SDK") in compliance with the license agreement for the SDK.

      (i) If multiple versions of the Product are available, at least one version (described as "Full") must include the "Redistributable Components" (as defined in the license agreement for the SDK), and must be listed as prominently as other versions available for download or purchase.

      (ii) If not all versions of the Product include the appropriate Redistributable Components (e.g., a minimal install version), then only those versions that include the Redistributable Components may include the Logo.

   (b) The Microsoft Windows Media Player Software Development Kit in compliance with the Internet Explorer Application Kit license Agreement. These are Products that use the COM

Product
- -------

Company	Product Name and Description	Version Number
-		
-		
-		
-		
-		

Exhibit 10.6

CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. ASTERISKS DENOTE OMISSIONS.

INVESTMENT TERM SHEET

HIGHLY CONFIDENTIAL

Issuer:	SeaChange International Inc. (the "Company")
Investor:	Microsoft Corporation ("Investor")
Initial Investment:	Microsoft will purchase 277,162 shares of the Company's common stock, par value $0.01 per share (the "Common Stock") for a purchase price of $10,000,000.
Subsequent Investments:	Upon the achievement of each of the First and Second Commercial Milestones (as defined below), Investor shall purchase additional shares of the Company's Common Stock equal in value to $5,000,000. The per share price to be paid by Investor in such subsequent closing shall be 8% below the average closing price of the Company's Common Stock as publicly reported by the Nasdaq Stock Market as of 4:00 p.m. Eastern Time over the ten trading days ending one trading day prior to the date the relevant Commercial Milestone is met.
Commercial Milestones:	(a) First Commercial Milestone ----------

The "SeaChange System Software" (as defined in that certain License and Development Agreement between the parties dated as of May 8, 2000) will demonstrate a high level of system stability and will meet the following performance criteria:

(i) A single and multiple node system will stream *** Windows Media Format streams at *** of total system capacity for a period of ***.

(ii) A single and multiple node system will stream *** MPEG 2

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streams at *** of total system capacity for a period of ***.

(b) Second Commercial Milestone

Shipment of the commercial release of the "Enhanced Version" (as defined in that certain License and Development Agreement between the parties dated as of May 8, 2000) no more than 18 months after the commercial availability of the Next Generation Windows Media Server.

Registration Rights:	Demand right for immediate registration of shares.
Strategic Relationship:	Both parties will identify a contact within the respective companies for ongoing consultation between the parties. In addition, upon the reasonable request of Microsoft, the Company will make available members of Company management to meet with representatives of Microsoft on a quarterly basis to discuss issues relating to the Microsoft-SeaChange relationship.
Financial Information:	For so long as Investor holds at least 50% of the Common Stock acquired under the transactions contemplated herein, the Company will deliver to the

Investor copies of the Company's 10-K's, 10-Q's, 8-K's and Annual Reports to Shareholders promptly after such documents are filed with the Securities and Exchange Commission.

Conditions to Closing: The obligation of the Investor to purchase the Common Stock will be subject to customary closing conditions including, without limitation:

- Execution of mutually satisfactory definitive documentation in forms substantially similar to those attached hereto as Exhibit A (Stock Purchase Agreement) and Exhibit B (Registration Rights Agreement);
- Any applicable governmental and regulatory approvals;
- Closing certificates; and
- Legal opinions.

Both parties will use commercially reasonable efforts to cause the foregoing closing conditions to be satisfied.

Confidentiality: The existence and terms of this proposal will not be disclosed to any third party (other than each party's professional advisors and such third parties as may be required to consent to the transaction) without the prior written consent of the other party. Upon the signing of this Term Sheet, the parties intend to make a mutually-acceptable public statement regarding the transactions contemplated herein.

Effect: The parties agree that this Term Sheet is binding upon both parties and neither party may unilaterally terminate the contemplated transactions described herein except based upon the other party's failure to satisfy a closing condition listed above.

[Remainder of page intentionally left blank]

Dated: May 8, 2000

SeaChange International Inc. ("Company")	Microsoft Corporation ("Investor")
By: /s/ William L. Fiedler	By: /s/ Amar Nehru
Its: Vice President	Its: Corporate Development, VP

Exhibit A

Form of Stock Purchase Agreement by and between the Registrant and Microsoft Corporation incorporated by reference to Exhibit 10.3 hereto.

Exhibit B

Form of Registration Rights Agreement by and between the Registrant and Microsoft Corporation incorporated by reference to Exhibit 10.4 hereto.