

# VALUEVISION MEDIA INC

## FORM S-8

(Securities Registration: Employee Benefit Plan)

Filed 9/25/2000

Address	6740 SHADY OAK RD MINNEAPOLIS, Minnesota 55344-3433
Telephone	612-947-5200
CIK	0000870826
Industry	Retail (Catalog & Mail Order)
Sector	Services
Fiscal Year	01/31

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# SECURITIES AND EXCHANGE COMMISSION

## WASHINGTON, D. C. 20549

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### FORM S-8

#### REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

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## VALUEVISION INTERNATIONAL, INC.

(Exact name of Registrant as specified in its charter)

MINNESOTA  
(State or other jurisdiction of  
incorporation or organization)

41-1673770  
(I.R.S. Employer  
Identification No.)

6740 SHADY OAK ROAD  
EDEN PRAIRIE, MINNESOTA  
"www.vvtv.com"  
(Address of principal executive offices)

55344-3433  
(Zip Code)

OPTION AGREEMENT DATED AS OF: JULY 28, 1999, BY AND BETWEEN THE REGISTRANT AND STUART GOLDFARB  
OPTION AGREEMENT DATED AS OF: JULY 28, 1999, BY AND BETWEEN THE REGISTRANT AND STUART GOLDFARB  
OPTION AGREEMENT DATED AS OF: OCTOBER 5, 1999, BY AND BETWEEN THE REGISTRANT AND MARK BILLITTERI  
OPTION AGREEMENT DATED AS OF: OCTOBER 5, 1999, BY AND BETWEEN THE REGISTRANT AND MARY KRITTER  
OPTION AGREEMENT DATED AS OF: SEPTEMBER 7, 1999, BY AND BETWEEN THE REGISTRANT AND TRISH MUELLER  
OPTION AGREEMENT DATED AS OF: OCTOBER 11, 1999, BY AND BETWEEN THE REGISTRANT AND ANTHONY GIOMBETTI  
OPTION AGREEMENT DATED AS OF: OCTOBER 11, 1999, BY AND BETWEEN THE REGISTRANT AND BILL CAVANAUGH  
OPTION AGREEMENT DATED AS OF: OCTOBER 19, 1999, BY AND BETWEEN THE REGISTRANT AND RICHARD BARNES  
OPTION AGREEMENT DATED AS OF: OCTOBER 25, 1999, BY AND BETWEEN THE REGISTRANT AND MARNIE KITTELSON  
OPTION AGREEMENT DATED AS OF: OCTOBER 26, 1999, BY AND BETWEEN THE REGISTRANT AND SARAH BAUER  
OPTION AGREEMENT DATED AS OF: OCTOBER 29, 1999, BY AND BETWEEN THE REGISTRANT AND TOM CLARK  
OPTION AGREEMENT DATED AS OF: NOVEMBER 3, 1999, BY AND BETWEEN THE REGISTRANT AND MITCH COOK  
OPTION AGREEMENT DATED AS OF: NOVEMBER 15, 1999, BY AND BETWEEN THE REGISTRANT AND GARY HEYER  
OPTION AGREEMENT DATED AS OF: JANUARY 24, 2000, BY AND BETWEEN THE REGISTRANT AND MARRON MEYER  
OPTION AGREEMENT DATED AS OF: APRIL 17, 2000, BY AND BETWEEN THE REGISTRANT AND SAM REINKENSMEYER  
OPTION AGREEMENT DATED AS OF: APRIL 17, 2000, BY AND BETWEEN THE REGISTRANT AND MEENA PATEL  
OPTION AGREEMENT DATED AS OF: APRIL 17, 2000, BY AND BETWEEN THE REGISTRANT AND STEPHANIE JOHNSON  
OPTION AGREEMENT DATED AS OF: APRIL 17, 2000, BY AND BETWEEN THE REGISTRANT AND SARAH CASSERLY  
OPTION AGREEMENT DATED AS OF: APRIL 17, 2000, BY AND BETWEEN THE REGISTRANT AND MARK ROSENSTEIN  
OPTION AGREEMENT DATED AS OF: APRIL 17, 2000, BY AND BETWEEN THE REGISTRANT AND MELANIE TORGERSON  
OPTION AGREEMENT DATED AS OF: APRIL 17, 2000, BY AND BETWEEN THE REGISTRANT AND LYN MUELLER  
OPTION AGREEMENT DATED AS OF: APRIL 17, 2000, BY AND BETWEEN THE REGISTRANT AND KATHLEEN BORMANN  
OPTION AGREEMENT DATED AS OF: APRIL 17, 2000, BY AND BETWEEN THE REGISTRANT AND JOAN RADTKE  
OPTION AGREEMENT DATED AS OF: APRIL 17, 2000, BY AND BETWEEN THE REGISTRANT AND MONTGOMERY WAGEMAN  
OPTION AGREEMENT DATED AS OF: APRIL 17, 2000, BY AND BETWEEN THE REGISTRANT AND JON MARSHALL  
OPTION AGREEMENT DATED AS OF: APRIL 17, 2000, BY AND BETWEEN THE REGISTRANT AND MICHAEL SLY  
OPTION AGREEMENT DATED AS OF: APRIL 17, 2000, BY AND BETWEEN THE REGISTRANT AND RYAN FISHER  
OPTION AGREEMENT DATED AS OF: APRIL 17, 2000, BY AND BETWEEN THE REGISTRANT AND SUE ANN NEWBERG  
OPTION AGREEMENT DATED AS OF: APRIL 17, 2000, BY AND BETWEEN THE REGISTRANT AND LESLIE AGERLAND  
OPTION AGREEMENT DATED AS OF: APRIL 17, 2000, BY AND BETWEEN THE REGISTRANT AND MICHAEL SCULLY  
OPTION AGREEMENT DATED AS OF: APRIL 18, 2000, BY AND BETWEEN THE REGISTRANT AND PAM COOPER  
OPTION AGREEMENT DATED AS OF: APRIL 25, 2000, BY AND BETWEEN THE REGISTRANT AND NANCY LAMBRINOS  
OPTION AGREEMENT DATED AS OF: MAY 1, 2000, BY AND BETWEEN THE REGISTRATION AND DAN EDMONSON  
OPTION AGREEMENT DATED AS OF: MAY 1, 2000, BY AND BETWEEN THE REGISTRATION AND NATHAN E. FAGRE  
OPTION AGREEMENT DATED AS OF: MAY 1, 2000, BY AND BETWEEN THE REGISTRATION AND KATHRYN SMITH  
OPTION AGREEMENT DATED AS OF: MAY 1, 2000, BY AND BETWEEN THE REGISTRATION AND CHREE TAYLOR  
OPTION AGREEMENT DATED AS OF: MAY 8, 2000, BY AND BETWEEN THE REGISTRATION AND LISA HOUDEK  
OPTION AGREEMENT DATED AS OF: MAY 15, 2000, BY AND BETWEEN THE REGISTRATION AND FAITH HARTWAY

**GENE MCCAFFERY**  
**CHAIRMAN OF THE BOARD, PRESIDENT AND CHIEF EXECUTIVE OFFICER**  
**6740 SHADY OAK ROAD**  
**EDEN PRAIRIE, MINNESOTA 55344-3433**  
(Name and address of agent for service)

Telephone number, including area code, of agent for service: (952) 947-5200

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Copies to:

Andrew G. Humphrey, Esq.  
Faegre & Benson LLP  
2200 Wells Fargo Center  
Minneapolis, Minnesota 55402  
(612) 336-3600

Nathan E. Fagre, Esq.  
Senior Vice President and General Counsel  
ValueVision International, Inc.  
6740 Shady Oak Road  
Eden Prairie, Minnesota 55344  
(952) 947-5298

## CALCULATION OF REGISTRATION FEE

Title of Securities to Be registered Common Stock, \$.01 par value	Amount to be registered	Proposed Maximum Offering price Per share (1)	Proposed Maximum Aggregate Offering Price (1)	Amount of Registration Fee
	200,000	\$24.000	\$4,800,000.00	\$1,268
	350,000	\$24.000	\$8,400,000.00	\$2,218
	20,000	\$25.375	\$507,500.00	\$134
	20,000	\$25.375	\$507,500.00	\$134
	75,000	\$23.812	\$1,785,900.00	\$472
	2,500	\$28.031	\$70,077.50	\$19
	10,000	\$28.031	\$280,310.00	\$74
	200,000	\$26.688	\$5,337,600.00	\$1,410
	10,000	\$28.719	\$287,190.00	\$76
	5,000	\$28.750	\$143,750.00	\$38
	15,000	\$32.680	\$490,200.00	\$130
	5,000	\$34.500	\$172,500.00	\$46
	2,500	\$37.500	\$93,750.00	\$25
	10,000	\$42.125	\$421,250.00	\$112
	25,000	\$19.625	\$490,625.00	\$130
	5,000	\$19.625	\$98,125.00	\$26
	10,000	\$19.625	\$196,250.00	\$52
	10,000	\$19.625	\$196,250.00	\$52
	10,000	\$19.625	\$196,250.00	\$52
	10,000	\$19.625	\$196,250.00	\$52
	10,000	\$19.625	\$196,250.00	\$52
	50,000	\$19.625	\$981,250.00	\$260
	1,000	\$19.625	\$19,625.00	\$6
	2,000	\$19.625	\$39,250.00	\$11
	2,000	\$19.625	\$39,250.00	\$11
	2,000	\$19.625	\$39,250.00	\$11
	2,000	\$19.625	\$39,250.00	\$11
	2,000	\$19.625	\$39,250.00	\$11
	2,000	\$19.625	\$39,250.00	\$11
	25,000	\$19.625	\$490,625.00	\$130
	10,000	\$19.625	\$196,250.00	\$52
	5,000	\$19.625	\$98,125.00	\$26
	2,000	\$21.125	\$42,250.00	\$12
	3,000	\$19.875	\$59,625.00	\$16
	2,000	\$19.938	\$39,876.00	\$11
	200,000	\$19.938	\$3,987,600.00	\$1,053
	2,000	\$19.938	\$39,876.00	\$11
	3,000	\$19.938	\$59,814.00	\$16
	2,000	\$25.313	\$50,626.00	\$14
	1,000	\$26.938	\$26,938.00	\$ 8
	5,000	\$24.750	\$123,750.00	\$33
	150,000	\$14.375	\$2,156,250.00	\$570

(1) Option exercise price.

**VALUEVISION INTERNATIONAL, INC.**

**PART II**

**INFORMATION REQUIRED IN THE REGISTRATION STATEMENT**

**ITEM 3. INCORPORATION OF DOCUMENTS BY REFERENCE.**

The following documents of ValueVision International, Inc. (the "Company") filed with the Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act"), are, as of their respective dates, incorporated herein by reference and made a part hereof:

- (1) The Annual Report on Form 10-K of the Company for the fiscal year ended January 31, 2000 filed pursuant to Section 15(d) of the Exchange Act;
- (2) All other reports filed pursuant to Section 13(a) or 15(d) of the Exchange Act since the end of the fiscal year covered by the Annual Report referred to in (1) above; and
- (3) The description of the Company's Common Stock which is contained in the Registration Statement on Form 8-A (Registration No. 0-14709) dated May 22, 1992 under the Exchange Act and all amendments and reports filed for the purpose of updating such description.

All reports and other documents filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date of this Registration Statement and prior to the filing of a post-effective amendment that indicates that all of the shares of Common Stock offered have been sold or that deregisters all shares of the Common Stock then remaining unsold shall be deemed to be incorporated by reference in and a part of this Registration Statement from the date of filing of such documents.

Any statement contained in a document incorporated, or deemed to be incorporated, by reference herein shall be deemed to be modified or superseded for purposes of this Registration Statement to the extent that a statement contained herein or incorporated herein by reference or in any other subsequently filed document that also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Registration Statement.

**ITEM 4. DESCRIPTION OF SECURITIES.**

Not Applicable.

**ITEM 5. INTERESTS OF NAMED EXPERTS AND COUNSEL.**

Not Applicable.

**ITEM 6. INDEMNIFICATION OF DIRECTORS AND OFFICERS.**

The Company is subject to Minnesota Statutes Chapter 302A, the Minnesota Business Corporation Act (the "Corporation Act"). Section 302A.521 of the Corporation Act provides in substance that, unless prohibited by its articles of incorporation or bylaws, a corporation must indemnify an officer or director who is made or threatened to be made a party to a proceeding by reason of his official capacity against judgments, penalties, fines, including, without limitation, excise taxes assessed against the person with respect to an employee benefit plan, settlements and reasonable expenses, including attorneys' fees and disbursements, incurred by such person in connection with the proceeding, if certain criteria are met. These criteria, all of which must be met by the person complained of in the proceeding, are (a) that such person has not been indemnified by another organization for the same judgments, penalties, fines, settlements and expenses; (b) that such person must have acted in good faith;

(c) that no improper personal benefit was obtained by such person and such person satisfied certain statutory conflicts of interest provisions, if applicable; (d) that in the case of a criminal proceeding, such person had no reasonable cause to believe that the conduct was unlawful; and (e) that such person must have acted in a manner he reasonably believed was in the best interests of the corporation or, in certain limited circumstances, not opposed to the best interests of the corporation. The determination as to eligibility for indemnification is made by the members of the corporation's board of directors or a committee of the board who are

at the time not parties to the proceedings under consideration, by special legal counsel, by the shareholders who are not parties to the proceedings or by a court.

#### **ITEM 7. EXEMPTION FROM REGISTRATION CLAIMED.**

Not Applicable.

#### **ITEM 8. EXHIBITS.**

##### **Exhibit**

- |      |   |
|------|---|
| 4.1  | Sixth Amended and Restated Articles of Incorporation of the Company, as amended (incorporated herein by reference to the Company's Quarterly Report on Form 10-QSB, for the quarter ended August 31, 1994, filed on September 13, 1994.). |
| 4.2  | Certificate of Designation of Series A Redeemable Convertible Preferred Stock (incorporated herein by reference to the Company's Current Report on Form 8-K dated April 15, 1999, filed on April 29, 1999).                               |
| 4.3  | Amended and Restated Bylaws of the Company (incorporated herein by reference to the Company's Quarterly Report on Form 10-QSB, for the quarter ended August 31, 1994, filed on September 13, 1994.).                                      |
| 5    | Opinion of Faegre & Benson LLP, counsel for the Company.  |
| 23.1 | Consent of Faegre & Benson LLP (included in Exhibit 5 to this Registration Statement).  |
| 23.2 | Consent of Arthur Andersen LLP, Independent Public Accountants.   |
| 24   | Powers of Attorney (included with signatures to this Registration Statement).   |
| 99   | Form of Option Agreement  |

#### **ITEM 9. UNDERTAKINGS.**

A. The Company hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the Registration Statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Securities and Exchange Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a twenty percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective Registration Statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement;

provided, however, that paragraphs (A)(1)(i) and (A)(1)(ii) do not apply if the Registration Statement is on Form S-3 or Form S-8, and the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Securities and Exchange Commission by the Company pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the Registration Statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

B. The Company hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the Company's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the Registration Statement shall be deemed to be a new registration statement relating to the securities offered herein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

C. Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Company pursuant to the foregoing provisions, or otherwise, the Company has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Company of expenses incurred or paid by a director, officer or controlling person of the Company in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Company will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

**SIGNATURES**

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Minneapolis, State of Minnesota on the 25th day of September, 2000.

**VALUEVISION INTERNATIONAL, INC.**

By /s/ GENE MCCAFFERY

-----  
Gene McCaffery  
Chairman of the Board, President and  
Chief Executive Officer

**POWER OF ATTORNEY**

We, the undersigned officers and directors of ValueVision International, Inc., hereby severally constitute Gene McCaffery, Richard Barnes or Nathan E. Fagre, and each of them singly, as true and lawful attorneys with full power to them, and each of them singly, to sign for us and in our names, in the capacities indicated below the registration statement filed herewith and any amendments to said registration statement, and generally to do all such things in our name and behalf in our capacities as officers and directors to enable ValueVision International, Inc. to comply with the provisions of the Securities Act of 1933, as amended, and all requirements of the Securities and Exchange Commission, hereby ratifying and confirming our signatures as they may be signed by our said attorneys, or any of them, to said registration statement and any and all amendments thereto.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below on the 25th day of September, 2000 by the following persons in the capacities indicated:

NAME -----	TITLE -----
/s/ Gene McCaffery ----- Gene McCaffery Principal Executive Officer	Chairman of the Board, President, Chief Executive Officer and Director
/s/ Richard Barnes ----- Richard Barnes Principal Financial and Accounting Officer	Chief Financial Officer
/s/ Marshall S. Geller ----- Marshall S. Geller	Director
/s/ Robert J. Korkowski ----- Robert J. Korkowski	Director
/s/ Paul D. Tosetti ----- Paul D. Tosetti	Director
/s/ John Flannery ----- John Flannery	Director



## INDEX TO EXHIBITS

Exhibit

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4.1	Sixth Amended and Restated Articles of Incorporation of the Company, as amended (incorporated herein by reference to the Company's Quarterly Report on Form 10-QSB, for the quarter ended August 31, 1994, filed on September 13, 1994).	
4.2	Certificate of Designation of Series A Redeemable Convertible Preferred Stock (incorporated herein by reference to the Company's Current Report on Form 8-K dated April 15, 1999, filed on April 29, 1999).	
4.3	Amended and Restated By-Laws of the Company (incorporated herein by reference to the Company's Quarterly Report on Form 10-QSB, for the quarter ended August 31, 1994, filed on September 13, 1994).	
5	Opinion of Faegre & Benson LLP, counsel for the Registrant.....	Electronically Filed
23.1	Consent of Faegre & Benson LLP (included in Exhibit 5 to this Registration Statement).....	Electronically Filed
23.2	Consent of Arthur Andersen LLP, Independent Public Accountants.....	Electronically Filed
24	Powers of Attorney (included with signatures to this Registration Statement).....	Electronically Filed
99	Form of Option Agreement.....	Electronically Filed

**EXHIBIT 5**

**FAEGRE & BENSON LLP**  
2200 Norwest Center  
90 South Seventh Street  
Minneapolis, Minnesota 55402  
612-336-3000

September 25, 2000

Board of Directors  
ValueVision International, Inc.  
6740 Shady Oak Road  
Eden Prairie, Minnesota 55344

Gentlemen:

In connection with the Registration Statement on Form S-8 under the Securities Act of 1933, as amended (the "Registration Statement"), relating to an aggregate offering of 1,466,000 shares of Common Stock, par value \$.01 per share (the "Shares"), of ValueVision International, Inc., a Minnesota corporation (the "Company"), to be issued by the Company pursuant to the terms of the Option Agreements between the Company and each of Mdms. or Messrs., as the case may be, Billitteri, Barnes, Goldfarb, Kittelson, Kritter, Mueller (Trish), Giombetti, Cavanaugh, Bauer, Clark, Cook, Heyer, Reinkensmeyer, Patel, Johnson, Casserly, Rosenstein, Torgerson, Mueller (Lyn), Bormann, Radtke, Wageman, Marshall, Sly, Fisher, Newberg, Agerland, Scully, Cooper, Lambrinos, Edmonson, Fagre, Smith, Taylor, Houdek, Hartway, Elsenbast, and Fox (collectively, the "Option Agreements"), we have examined such corporate records and other documents, including the Registration Statement, and have reviewed such matters of law as we have deemed relevant hereto, and, based upon such examination and review, it is our opinion that all necessary corporate action on the part of the Company has been taken to authorize the issuance and sale of the Shares and that, when issued and sold as contemplated in the Registration Statement, the Shares will be legally and validly issued, fully paid and nonassessable.

We consent to the filing of this opinion as an exhibit to the Registration Statement.

Very truly yours,

*/s/ Faegre & Benson LLP*

*FAEGRE & BENSON LLP*

**EXHIBIT 23.2**

**CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS**

As independent public accountants, we hereby consent to the incorporation by reference in this registration statement of our report dated March 13, 2000 included in ValueVision International Inc.'s Form 10-K for the year ended January 31, 2000 and to all references to our Firm included in this registration statement.

**ARTHUR ANDERSEN LLP**

Minneapolis, Minnesota,  
September 25, 2000

**EXHIBIT 99**

**OPTION AGREEMENT**

**VALUEVISION INTERNATIONAL, INC.**

**TO**

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OPTION AGREEMENT made as of the day of , , between ValueVision International, Inc., a Minnesota corporation ("ValueVision"), and , an employee of ValueVision ("Employee").

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

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

1. Grant of Option. ValueVision hereby irrevocably grants to Employee the right and option, hereinafter called the Option, to purchase all or any part of an aggregate of ( ) Shares (such number being subject to adjustment as provided in paragraph 7 hereof) on the terms and conditions herein set forth.
2. Purchase Price. The purchase price of the Shares covered by the Option shall be \$ , which is equal to the last price on the NASDAQ System of one share of ValueVision's Common Stock on the last trade date prior to the date hereof first written above.
3. Exercise of Option. The right to exercise the Option in whole or in part, shall be effective, except as otherwise specifically limited herein, as follows: on and after the date hereof, Employee may purchase up to Shares; on and after the first anniversary of the date hereof, Employee may purchase up to an additional Shares; and on and after the second anniversary of the date hereof, Employee may purchase up to an additional Shares. Each of the rights to purchase Shares granted in the preceding sentence shall expire five (5) years after the right to purchase the Shares

became effective, except as otherwise specifically limited herein. The purchase price of Shares acquired through exercise of any part of the Option shall be paid in full in cash at the time of exercise. Employee, as holder of the Option, shall not have any of the rights of a Shareholder with respect to the Shares covered by the Option except to the extent that one or more certificates for such Shares shall be delivered to Employee upon the due exercise of all or any part of the Option.

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

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

6. Exercise Upon Death. If Employee dies while the Option remains in effect, the Option may be exercised (to the extent that Employee shall have been entitled to do so at the date of his death) by the legatee or legatees of Employee under his will, or by his personal representatives or distributees, at any time within ninety (90) days after his death. Upon the expiration of such ninety (90) day period, or, if earlier, upon the expiration date of the Option as set forth in paragraph 3 hereof, the Option shall become null and void.

7. Changes in Capital Structure. If all or any portion of the Option shall be exercised subsequent to any Share dividend, split-up, recapitalization, merger, consolidation, combination or exchange of Shares, separation, reorganization, or liquidation occurring after the date hereof, as a result of which Shares of any class shall be issued in respect of outstanding Shares, or Shares shall be changed into the same or a different number of Shares of the same or another class or classes, the person or persons so exercising the Option shall receive, for the aggregate price paid upon such exercise, the aggregate number and class of Shares which, if Shares (as authorized at the date hereof) had been purchased at the date hereof for the same aggregate price (on the basis of the price per Share set forth in paragraph 2 hereof) and had not been disposed of, such person or persons would be holding, at the time of such exercise, as a result of such purchase and all such shared dividends, split-ups, recapitalizations, mergers, consolidations, combinations or exchanges of Shares, separations, reorganizations, or liquidations; provided, however, that no fractional Share shall be issued upon any such exercise, and the aggregate price paid shall be appropriately reduced on account of any fractional Share not issued.

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

9. Investment Certificate and Registration. Prior to the receipt of the certificates pursuant to the exercise of the Option granted hereunder, Employee shall agree to hold the Shares acquired by exercise of the Option for investment and not with a view to resale or distribution thereof to the public,

and shall deliver to ValueVision a certificate to that effect. Nothing in this Agreement shall require ValueVision to register the Option or the Shares purchased upon the exercise of said Option.

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

[signatures on following page]

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

**VALUEVISION INTERNATIONAL, INC.**

By

Gene McCaffery Chief Executive Officer

**Employee:**

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Page 5 of 5

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**End of Filing**

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