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

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

AUGUST 31, 2005

Date of report (Date of earliest event reported)

VALUEVISION MEDIA, INC.

(Exact Name of Registrant as Specified in its Charter)

| | | |
|--|--------------------------|---|
| MINNESOTA | 0-20243 | 41-1673770 |
| ----- | ----- | ----- |
| (State of Incorporation) | (Commission File Number) | (I.R.S. Employer Identification No.) |
| 6740 SHADY OAK ROAD | | |
| EDEN PRAIRIE, MINNESOTA | | 55344-3433 |
| ----- | ----- | ----- |
| (Address of principal executive offices) | | (Zip Code) |

Telephone Number: (952) 943-6000

(Registrant's Telephone Number, Including Area Code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

Written communications pursuant to Rule 425 under the Securities Act

(17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act

(17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

On August 31, 2005, we issued a press release discussing our results of operations and financial condition for our second fiscal quarter and six fiscal months ended July 30, 2005. A copy of the press release is furnished as Exhibit 99 hereto.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.

(c) Exhibits.

99 Press Release dated August 31, 2005

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: August 31, 2005

VALUEVISION MEDIA, INC.

By Nathan E. Fagre

Nathan E. Fagre
Senior Vice President and General
Counsel

EXHIBIT INDEX

| No. | Description | Manner of Filing |
|-----|--|-----------------------------|
| --- | ----- | ----- |
| 99 | Press Release dated August 31, 2005..... | Furnished Electronically |

EXHIBIT 99

VALUEVISION MEDIA ANNOUNCES RECORD FINANCIAL RESULTS FOR SECOND QUARTER 2005 SECOND QUARTER RESULTS IN LINE WITH AUGUST 9TH EARNINGS PRE-RELEASE.

ValueVision Media today announced financial results for its second quarter ended July 30, 2005.

Consolidated net sales for the second quarter were a record \$172 million, up 6% vs. prior year. Net sales from the core TV and Internet business were \$167 million, up 8% vs. prior year. Consolidated net loss was \$1.2 million in the second quarter and EBITDA, as defined below, was a positive \$2.4 million vs. a \$3.2 million loss a year ago.

EBITDA DEFINED

The Company defines EBITDA as net income (loss) for the respective periods excluding depreciation and amortization expense, interest income (expense), and income taxes. Management views EBITDA as an important alternative operating performance measure because it is commonly used by analysts and institutional investors in analyzing the financial performance of companies in the broadcast and television home shopping sectors. However, EBITDA should not be construed as an alternative to operating income (loss) or to cash flows from operating activities (as determined in accordance with generally accepted accounting principles) and should not be construed as a measure of liquidity. EBITDA, as presented, may not be comparable to similarly entitled measures reported by other companies. Management uses EBITDA to evaluate operating performance and as a measure of performance for incentive compensation purposes.

ABOUT VALUEVISION MEDIA, INC

Founded in 1990, ValueVision Media is an integrated direct marketing company that sells its products directly to consumers through television, the Internet, and direct mail. For more information, please visit www.valuevisionmedia.com or www.shopnbc.com.

FORWARD-LOOKING INFORMATION

This release contains certain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on management's current expectations and are accordingly subject to uncertainty and changes in circumstances. Actual results may vary materially from the expectations contained herein due to various important factors, including (but not limited to): consumer spending and debt levels; interest rates; competitive pressures on sales, pricing and gross profit margins; the level of cable distribution for the Company's programming and the fees associated therewith; the success of the Company's e-commerce and rebranding initiatives; the performance of its equity investments; the success of its strategic alliances and relationships; the ability of the Company to manage its operating expenses successfully; risks associated with acquisitions; changes in governmental or regulatory requirements; litigation or governmental proceedings affecting the Company's operations; and the ability of the Company to obtain and retain key executives and employees. More detailed information about those factors is set forth in the Company's filings with the Securities and

Exchange Commission, including the Company's annual report on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K. The Company is under no obligation (and expressly disclaims any such obligation to) update or alter its forward-looking statements whether as a result of new information, future events or otherwise.

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

| | JULY, 30 2005 | JANUARY 31, 2005 |
|--|----------------------|---------------------|
| | ----- (Unaudited) | ----- |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 57,003 | \$ 62,640 |
| Short-term investments | 33,790 | 37,941 |
| Accounts receivable, net | 83,386 | 79,405 |
| Inventories | 67,869 | 54,903 |
| Prepaid expenses and other | 5,760 | 5,635 |
| | ----- | ----- |
| Total current assets | 247,808 | 240,524 |
| PROPERTY AND EQUIPMENT, NET | 48,639 | 52,725 |
| FCC BROADCASTING LICENSE | 31,943 | 31,943 |
| NBC TRADEMARK LICENSE AGREEMENT, NET | 17,074 | 18,687 |
| CABLE DISTRIBUTION AND MARKETING AGREEMENT, NET | 3,102 | 3,550 |
| OTHER INTANGIBLE ASSETS, NET | - | 68 |
| OTHER ASSETS | 3,058 | 2,799 |
| | ----- | ----- |
| | \$ 351,624 | \$ 350,296 |
| | ===== | ===== |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| CURRENT LIABILITIES: | | |
| Accounts payable | \$ 59,194 | \$ 48,012 |
| Accrued liabilities | 42,996 | 41,062 |
| | ----- | ----- |
| Total current liabilities | 102,190 | 89,074 |
| LONG-TERM CAPITAL LEASE OBLIGATIONS | 1,099 | 1,380 |
| SERIES A REDEEMABLE CONVERTIBLE PREFERRED STOCK, \$.01 PAR VALUE, 5,339,500 SHARES AUTHORIZED; 5,339,500 SHARES ISSUED AND OUTSTANDING | 43,174 | 43,030 |
| Shareholders' equity: | | |
| Common stock, \$.01 par value, 100,000,000 shares authorized; 37,104,374 and 37,043,912 shares issued and outstanding | 371 | 370 |
| Warrants to purchase 7,630,583 shares of common stock | 46,683 | 46,683 |
| Additional paid-in capital | 264,100 | 264,005 |
| Deferred compensation | (246) | (353) |
| Accumulated deficit | (105,747) | (93,893) |
| | ----- | ----- |
| Total shareholders' equity | 205,161 | 216,812 |
| | ----- | ----- |
| | \$ 351,624 | \$ 350,296 |
| | ===== | ===== |

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

(Unaudited)

| | FOR THE THREE MONTH PERIODS ENDED | | FOR THE SIX MONTH PERIODS ENDED | |
|---|--------------------------------------|------------------|------------------------------------|------------------|
| | JULY 30, 2005 | JULY 31, 2004 | JULY 30, 2005 | JULY 31, 2004 |
| NET SALES | \$ 171,668 | \$ 161,478 | \$ 327,831 | \$ 320,675 |
| COST OF SALES | 111,147 | 107,578 | 214,927 | 213,691 |
| Gross profit | 60,521 | 53,900 | 112,904 | 106,984 |
| OPERATING EXPENSE: | | | | |
| Distribution and selling | 51,766 | 52,275 | 102,911 | 103,077 |
| General and administrative | 6,394 | 5,107 | 13,004 | 10,782 |
| Depreciation and amortization | 5,102 | 4,918 | 10,393 | 9,702 |
| Asset impairments | - | - | 400 | - |
| Employee termination costs | - | - | 528 | - |
| Total operating expense | 63,262 | 62,300 | 127,236 | 123,561 |
| OPERATING LOSS | (2,741) | (8,400) | (14,332) | (16,577) |
| OTHER INCOME: | | | | |
| Other income (expense) | (256) | 250 | (1) | 250 |
| Interest income | 738 | 322 | 1,384 | 596 |
| Total other income | 482 | 572 | 1,383 | 846 |
| LOSS BEFORE INCOME TAXES | (2,259) | (7,828) | (12,949) | (15,731) |
| Equity in income of affiliates | 275 | - | 275 | - |
| Income tax benefit | 826 | - | 820 | - |
| NET LOSS | (1,158) | (7,828) | (11,854) | (15,731) |
| ACCRETION OF REDEEMABLE PREFERRED STOCK | (71) | (71) | (143) | (142) |
| NET LOSS AVAILABLE TO COMMON SHAREHOLDERS | \$ (1,229) | \$ (7,899) | \$ (11,997) | \$ (15,873) |
| NET LOSS PER COMMON SHARE | \$ (0.03) | \$ (0.21) | \$ (0.32) | \$ (0.43) |
| NET LOSS PER COMMON SHARE ---ASSUMING DILUTION | \$ (0.03) | \$ (0.21) | \$ (0.32) | \$ (0.43) |
| Weighted average number of common shares outstanding: | | | | |
| Basic | 37,102,001 | 36,809,884 | 37,089,737 | 36,725,181 |
| Diluted | 37,102,001 | 36,809,884 | 37,089,737 | 36,725,181 |

RECONCILIATION OF EBITDA TO NET LOSS:

| | SECOND QUARTER 30-JUL-05 | SECOND QUARTER 31-JUL-04 | SIX MONTH PERIOD ENDED 30-JUL-05 | SIX MONTH PERIOD ENDED 31-JUL-04 |
|---|-----------------------------|-----------------------------|--|--|
| | ----- | ----- | ----- | ----- |
| EBITDA (AS DEFINED) (000'S) (A) | \$ 2,380 | \$ (3,232) | \$ (3,665) | \$ (6,625) |
| | ===== | ===== | ===== | ===== |
| A reconciliation of EBITDA to net loss is as follows: | | | | |
| EBITDA, as presented | \$ 2,380 | \$ (3,232) | \$ (3,665) | \$ (6,625) |
| Adjustments: | | | | |
| Depreciation and amortization | (5,102) | (4,918) | (10,393) | (9,702) |
| Interest income | 738 | 322 | 1,384 | 596 |
| Income taxes | 826 | - | 820 | - |
| | ----- | ----- | ----- | ----- |
| Net loss | \$ (1,158) | \$ (7,828) | \$ (11,854) | \$ (15,731) |
| | ===== | ===== | ===== | ===== |

(a) EBITDA as defined for this statistical presentation represents net income (loss) for the respective periods excluding depreciation and amortization expense, interest income (expense) and income taxes. Previous to the second quarter of fiscal 2004, management defined EBITDA as operating income (loss) excluding depreciation and amortization expense, other non-operating income (expense) and income taxes. The change was made to conform to the more common definition of EBITDA. Management views EBITDA as an important alternative operating performance measure because it is commonly used by analysts and institutional investors in analyzing the financial performance of companies in the broadcast and television home shopping sectors. However, EBITDA should not be construed as an alternative to operating income or to cash flows from operating activities (as determined in accordance with generally accepted accounting principles) and should not be construed as a measure of liquidity. EBITDA, as presented, may not be comparable to similarly entitled measures reported by other companies. Management uses EBITDA to evaluate operating performance and as a measure of performance for incentive compensation purposes.

VALUE VISION MEDIA, INC.
KEY PERFORMANCE METRICS*
(Unaudited)

| | Q2 FOR THE THREE MONTHS ENDING | | | YTD FOR THE SIX MONTHS ENDING | | |
|---|-----------------------------------|-----------|-----|----------------------------------|-----------|-----|
| | 7/30/2005 | 7/31/2004 | % | 7/30/2005 | 7/31/2004 | % |
| | ----- | ----- | - | ----- | ----- | - |
| PROGRAM DISTRIBUTION | | | | | | |
| Cable FTE's | 37,990 | 36,192 | 5% | 37,759 | 36,046 | 5% |
| Satellite FTE's | 23,956 | 20,942 | 14% | 23,616 | 20,544 | 15% |
| Total FTE's (Average 000's) | 61,946 | 57,134 | 8% | 61,374 | 56,590 | 8% |
| Net Sales per FTE (Annualized) | \$ 10.78 | \$ 10.83 | 0% | \$ 10.39 | \$ 10.81 | -4% |
| Active Customers - 12 month rolling | 773,210 | 753,453 | 3% | n/a | n/a | |
| % New Customers - 12 month rolling | 58% | 62% | | n/a | n/a | |
| % Reactivated & Retained - 12 month rolling | 42% | 38% | | n/a | n/a | |
| Customer Penetration - 12 month rolling | 1.2% | 1.3% | | n/a | n/a | |
| PRODUCT MIX | | | | | | |
| Jewelry | 57% | 67% | | 56% | 67% | |
| Apparel | 4% | 3% | | 5% | 4% | |
| Health & Beauty | 4% | 3% | | 4% | 3% | |
| Computer & Electronics | 23% | 15% | | 22% | 14% | |
| Fitness | 0% | 1% | | 1% | 1% | |
| Home | 12% | 11% | | 12% | 11% | |
| Shipped Units (000's) | 1,159 | 1,233 | -6% | 2,355 | 2,549 | -8% |
| Average Price Point - shipped units | \$ 205 | \$ 186 | 10% | \$ 194 | \$ 177 | 10% |

***Includes ShopNBC TV and ShopNBC.com only.**