



## Circuit City Stores, Inc. Reports Fourth Quarter and Fiscal 2008 Results

- Domestic Segment Pre-tax Results Exceed Guidance -
- Company Expects Improved Fiscal 2009 EBT -

RICHMOND, Va., April 9, 2008, 2008 /PRNewswire-FirstCall via COMTEX News Network/ -- Circuit City Stores, Inc. (NYSE: CC) today reported results for the fourth quarter and fiscal year ended February 29, 2008.

### Fiscal 2008 Highlights

During fiscal 2008, the company implemented a number of initiatives and achieved progress against many of its strategic goals. The company

- simplified store operating procedures in all domestic segment Superstores;
- exceeded its fiscal 2008 expense reduction plan by \$50 million, reducing SG&A expenses by approximately \$200 million for the year compared with budgeted expenses;
- achieved its domestic segment Superstore opening goals of 43 incremental and 18 relocated Superstores;
- launched a new store prototype that delivers a differentiated and improved customer experience;
- delivered growth in strategic areas, including a 21 percent increase in direct channel sales and a 29 percent increase in firedog(SM) PC services and home theater installation revenues for the domestic segment;
- hired three experienced senior retail executives to execute the next phase of the turnaround;
- implemented 6 modules of the new merchandising systems and ended the fiscal year with 26 percent of domestic segment Superstores operating on the new point-of-sale system;
- stabilized key operating metrics including close rates, services attachments and warranty units by fiscal year end;
- increased its asset-based credit facility from \$500 million to \$1.3 billion;
- achieved its domestic segment net-owned inventory reduction goal by delivering a \$107 million reduction;
- reduced capital expenditures by 11 percent compared with originally planned fiscal 2008 expenditures in order to conserve capital; and
- delivered substantially improved financial results from the international segment.

### Statements of Operations Highlights

(Dollar amounts in millions except per share data)	Three Months Ended February 29 or 28 2008		2007	
	\$	% of Sales	\$	% of Sales
Net sales	\$3,650.5	100.0%	\$3,954.7	100.0%
Gross profit	\$753.6	20.6%	\$946.6	23.9%
Selling, general and administrative expenses	\$735.8	20.2%	\$835.9	21.1%

Impairment of goodwill	\$26.0	0.7%	\$92.0	2.3%
(Loss) earnings from continuing operations before income taxes	\$(2.7)	(0.1)%	\$27.1	0.7%
Net earnings (loss) from continuing operations	\$4.5	0.1%	\$(7.2)	(0.2)%
Earnings (loss) from continuing operations per share	\$0.03	-	\$(0.04)	-
Non-GAAP measures(a):				
Earnings (loss) from continuing operations before income taxes, as adjusted	\$23.3	0.6%	\$119.1	3.0%
Net earnings (loss) from continuing operations, as adjusted	\$16.6	0.5%	\$84.8	2.1%
Earnings (loss) from continuing operations per share, as adjusted	\$0.10	-	\$0.49	-

	Twelve Months Ended February 29 or 28			
	2008		2007	
(Dollar amounts in millions except per share data)	\$	% of Sales	\$	% of Sales
Net sales	\$11,743.7	100.0%	\$12,429.8	100.0%
Gross profit	\$2,425.5	20.7%	\$2,928.3	23.6%
Selling, general and administrative expenses	\$2,770.1	23.6%	\$2,841.6	22.9%
Impairment of goodwill	\$26.0	0.2%	\$92.0	0.7%
(Loss) earnings from continuing operations before income taxes	\$(353.6)	(3.0)%	\$20.3	0.2%
Net earnings (loss) from continuing operations	\$(321.4)	(2.7)%	\$(10.2)	(0.1)%
Earnings (loss) from continuing operations per share	\$(1.95)	-	\$(0.06)	-
Non-GAAP measures(a):				
Earnings (loss) from continuing operations before income taxes, as adjusted	\$(327.6)	(2.8)%	\$112.3	0.9%
Net earnings (loss) from continuing operations, as adjusted	\$(167.7)	(1.4)%	\$81.8	0.7%
Earnings (loss) from continuing operations per share, as adjusted	\$(1.02)	-	\$0.47	-

(a) Results shown are adjusted to exclude the impairment of goodwill and the tax valuation allowance. A reconciliation of GAAP measures to non-GAAP measures is shown in Table 1.

#### Balance Sheets Highlights

(Dollar amounts in millions)	Feb. 29 2008	Feb. 28 2007	% Change
Cash, cash equivalents and short-term investments	\$297.4	\$739.5	(60)%
Merchandise inventory	\$1,573.6	\$1,636.5	(4)%
Merchandise payable	\$912.1	\$922.2	(1)%
Long-term debt, including current installments	\$68.6	\$57.6	19%
Stockholders' equity	\$1,503.2	\$1,791.2	(16)%

## Quarter Summary

"Pre-tax results exceeded our guidance of a modest pre-tax loss, excluding a non-cash goodwill impairment charge associated with the international segment," said Philip J. Schoonover, chairman, president and chief executive officer of Circuit City Stores, Inc. "With the rollout of the store-level transformation work complete, we have turned our full attention to improving the in-store customer experience through crisp execution and to rebuilding a more effective customer-focused sales culture.

"We are currently facing the toughest macroeconomic environment in years, but, despite the headwinds of the economy, we have stopped the declining trends in close rate, services attachments and warranty units. For most of the operating metrics, the trends are still below prior year, but the gap is narrowing. For others, such as home theater installation and TV warranty unit attachment rates, we saw year-over-year improvement within the quarter. We are focused on the recovery plan and expect to see continued sequential and year-over-year improvements in these margin-driving metrics. We are limiting the amount of change in our stores and store support center so our Associates can stay focused on execution and getting the stores ready to help our customers in a fast, friendly way.

"While the financial results to date clearly do not reflect the expected benefits of our initiatives, we firmly believe the company has the right strategy, the right focus, the right management team and sufficient resources, including expected cash flows and borrowing capacity, to complete our turnaround plan and create long-term sustainable shareholder value.

"Finally, I want to note the improved financial performance from our international segment, InterTAN. The team at InterTAN has done a great job executing on their transformation activities. We continue to explore strategic options for that business but have not selected a course of action at this time."

A summary of results by segment is shown in Table 2.

### Net Sales

For the fourth quarter ended February 29, 2008, net sales decreased 7.7 percent to \$3.65 billion from \$3.95 billion in the prior year, with consolidated comparable store sales decreasing 10.4 percent.

Net sales for the fiscal year ended February 29, 2008, decreased 5.5 percent to \$11.74 billion from \$12.43 billion in the prior year, with consolidated comparable store sales decreasing 7.7 percent.

A summary of net sales results is shown in Table 3.

### Domestic Segment Sales

For the fourth quarter, net sales for the domestic segment decreased 8.8 percent to \$3.45 billion from \$3.78 billion last year, with comparable store sales decreasing 11.3 percent. For the quarter, direct channel sales, including Web- and call center-originated sales, grew 14 percent, and firedog(SM) PC services and home theater installation revenues grew 11 percent from the prior year's fourth quarter.

During the fourth quarter, the domestic segment opened 18 incremental Superstores, relocated 8 Superstores, closed 3 Superstores and closed 2 other locations. An additional Superstore was closed in February in advance of opening a relocated store in fiscal 2009.

The net sales represented by each major category for the periods ended February 29, 2008, and February 28, 2007, are shown in Table 4.

In the video category, Circuit City generated a low-double-digit comparable store sales decrease in the fourth quarter. Strong double-digit growth in comparable store sales of flat panel televisions led performance in the category. Total television comparable store sales decreased by a single digit, as significant comparable store sales decreases in projection and tube televisions more than offset the flat panel television increase. Comparable store sales of digital imaging products and accessories as well as camcorders decreased by double digits.

In the information technology category, Circuit City generated a high- single-digit comparable store sales decrease in the fourth quarter. Comparable store sales of desktop computers declined by double digits, and comparable store sales of notebook computers increased by a low-single digit.

In the audio category, Circuit City generated a double-digit comparable store sales decrease in the fourth quarter. Comparable

store sales of navigation products increased by strong double digits. Comparable store sales of portable digital audio, mobile, home audio and digital satellite radio products declined by strong double digits.

In the entertainment category, Circuit City generated a high-single-digit comparable store sales decrease in the fourth quarter. Comparable store sales of video gaming products increased by a high-single digit. Comparable store sales of video software and music software declined by double digits.

Domestic segment extended warranty net sales were \$75.0 million, or 2.2 percent of domestic segment net sales, in the fourth quarter, compared with \$110.2 million, or 2.9 percent of domestic segment net sales, last year. Firedog(SM) PC services and home theater installation revenues increased 11 percent to \$74.3 million in the fourth quarter from \$66.9 million last year.

For fiscal 2008, domestic segment net sales decreased 6.0 percent to \$11.14 billion from \$11.86 billion in fiscal 2007. The decrease was driven primarily by an 8.1 percent comparable store sales decline. For the year, direct channel sales, including Web- and call center-originated sales, grew 21 percent to \$1.35 billion, and PC services and home theater installation revenues grew 29 percent to \$268.9 million. Domestic segment extended warranty net sales were \$283.2 million, or 2.5 percent of domestic segment net sales, in fiscal 2008, compared with \$413.5 million, or 3.5 percent of domestic segment net sales, last year.

During the fiscal year, the company opened 43 incremental Superstores, relocated 18 Superstores, remodeled one Superstore into the company's the city(TM) format, opened one other location, closed 3 Superstores and closed 2 other locations. An additional Superstore was closed in February 2008 in advance of opening a relocated store in fiscal 2009. One of the fiscal 2008 relocations includes a Superstore that was closed in February 2007. At February 29, 2008, the domestic segment operated 682 Superstores, including 22 in the city(TM) format, and 11 other locations.

#### International Segment Sales

For the fourth quarter, net sales for the international segment increased 17.4 percent to \$200.6 million from \$170.9 million in the prior year fourth quarter. The increase was driven by the favorable impact of fluctuations in foreign currency exchange rates of 16 percent and the comparable store sales increase of 8.6 percent in local currency for the quarter. These increases were partially offset by the impact of the year-over-year net decrease of 27 retail stores and dealer outlets.

For fiscal 2008, net sales for the international segment increased 5.4 percent to \$600.9 million from \$570.2 million for fiscal 2007. The increase was driven by the favorable impact of fluctuations in foreign currency exchange rates of 10 percent and an increase in comparable store sales of 2.4 percent in local currency for the year. These increases were partially offset by the impact of the year-over-year net decrease of 27 retail stores and dealer outlets. At February 29, 2008, the international segment operated through 779 retail stores and dealer outlets in Canada.

#### Gross Profit

The consolidated gross profit margin was 20.6 percent in the fourth quarter compared with 23.9 percent in last year's fourth quarter. Fourth quarter domestic segment gross profit margin decreased 394 basis points from the prior year period. The decrease in gross profit margin was driven by a decrease in product margins, primarily driven by the maturation of the television product cycle and competitive pressures across many product categories, as well as an increase in shrink and a decrease in extended warranty net sales, partially offset by a one-time benefit for the estimated non-redemption of rewards points from the inception of the company's rewards program.

The international segment's fourth quarter gross profit margin increased 719 basis points compared to last year's result and favorably impacted the consolidated gross profit margin decline by 71 basis points. The international segment's results for the fourth quarter of fiscal 2007 include \$3.3 million, or 195 basis points of international segment sales, for inventory write-offs associated with plans to exit certain product lines, clearance sales associated with store closures, and other actions to align international segment merchandise assortment with consumer demand. Similar expenses were not incurred in fiscal 2008. The improvement also was driven by reduced markdowns from clearance activities compared with the prior year's fourth quarter.

For fiscal 2008, the consolidated gross profit margin was 20.7 percent, a decrease of 291 basis points from 23.6 percent in fiscal 2007. The domestic segment contributed 320 basis points to the decline, primarily due to decreases in product margins and extended warranty net sales. The international segment favorably impacted the consolidated gross profit margin decline by 30 basis points.

#### Selling, General and Administrative Expenses

Selling, general and administrative (SG&A) expenses were 20.2 percent of consolidated net sales in the fourth quarter, compared with 21.1 percent of consolidated net sales in last year's fourth quarter.

The domestic segment's fourth quarter SG&A expense-to-sales ratio decreased 65 basis points compared with the prior year's fourth quarter. The decrease primarily reflects an 87 basis point decrease in expenses associated with store and facility closures and other restructuring activities and a 49 basis point decrease in compensation costs that resulted primarily from the company's expense reduction initiatives. These decreases were partially offset by the overall de-leveraging impact of lower sales and a 121 basis point increase in expenses related to the 62 domestic segment stores that have opened during the past 12 months.

During the fourth quarter of fiscal 2007 and the first quarter of fiscal 2008, the company made structural changes to reduce costs and expenses. During the three months and twelve months ended February 29, 2008, the company achieved approximately \$65 million and \$200 million, respectively, in savings from these initiatives compared with budgeted expenses. These savings were partially offset by investments to support strategic initiatives, including incremental and relocated stores and information technology.

The international segment's fourth quarter SG&A expense-to-sales ratio decreased to 27.0 percent of international segment sales from 37.3 percent last year and improved the consolidated expense-to-sales ratio by 13 basis points. During the fourth quarter of fiscal 2007, the segment incurred pre-tax store expenses of \$10.3 million, or 602 basis points of international segment net sales, for store closures and severance. Similar expenses were not incurred in fiscal 2008. The improvement in the expense-to-sales ratio also reflects the overall leveraging impact of higher sales.

Fiscal 2008 consolidated SG&A expenses were 23.6 percent of net sales, compared with 22.9 percent in fiscal 2007, driven by a 95 basis point increase in the domestic segment SG&A expense-to-sales ratio. The year-over-year domestic segment increase primarily reflects the overall deleveraging impact of lower sales. Also impacting the increase were a 61 basis point increase in expenses related to the 62 domestic segment stores that have opened during the past 12 months and a 56 basis point increase in occupancy expenses. Fiscal 2007 domestic segment relocation expenses include a \$12.9 million benefit from the reversal of lease termination charges for seven previously-vacant locations that were to re-open as outlet stores. A similar benefit was not recorded in fiscal 2008. A decrease of 34 basis points in compensation costs and a decrease of 22 basis points in expenses associated with stores and facility closures and other restructuring activities partially offset these increases.

For fiscal 2008, the international segment favorably impacted the consolidated expense-to-sales ratio increase by 6 basis points as expenses of \$10.3 million for store closures and severance in fiscal 2007 were not repeated in fiscal 2008. Additionally, fiscal 2008 international segment expenses include a \$7.5 million recovery related to a former subsidiary.

A summary of SG&A expenses by category is shown in Table 5.

#### Impairment of Goodwill

In the fourth quarter of fiscal 2008, the company recorded a non-cash impairment charge of \$26 million, or 71 basis points of fourth quarter consolidated net sales, related to the goodwill associated with the international segment. The company performed an impairment analysis, which included a third-party valuation, and determined that an impairment charge would be required primarily due to a decline in comparative market multiples of earnings. The carrying cost of the segment has increased as the value of the Canadian dollar has strengthened. The net assets of the international segment at February 29, 2008, totaled \$316 million, of which \$118 million is goodwill.

In the fourth quarter of fiscal 2007, the company recorded a non-cash impairment charge of \$92 million, or 233 basis points of fourth quarter consolidated net sales, related to the goodwill associated with the international segment.

#### Income Tax (Benefit) Expense

For the fourth quarter of fiscal 2008, the company recorded an income tax benefit of \$7.3 million. The benefit primarily reflects a reduction in the tax valuation allowance recorded in the third quarter, partially offset by income tax expense incurred in Canada. For the fourth quarter of fiscal 2007, income tax expense was \$34.3 million.

For fiscal 2008, the company recorded an income tax benefit of \$32.2 million, which includes the benefit of the fiscal 2008 loss that can be applied against prior years' taxes as well as a benefit to record previously unrecognized foreign tax credits. These benefits were partially offset by an expense to establish a valuation allowance against domestic segment deferred tax assets and by tax expense incurred in Canada. For fiscal 2007, income tax expense was \$30.5 million.

Because the impairment of goodwill is not deductible for tax purposes, no tax benefit was recorded associated with the impairment charges.

#### Net Earnings (Loss) from Continuing Operations

The fiscal 2008 fourth quarter net earnings from continuing operations totaled \$4.5 million, or 3 cents per share, compared to a

net loss of \$7.2 million, or 4 cents per share, for the fourth quarter of fiscal 2007.

The fiscal 2008 net loss from continuing operations totaled \$321.4 million, or \$1.95 per share, compared with a net loss of \$10.2 million, or 6 cents per share, in the prior year.

#### Financial Condition

At February 29, 2008, Circuit City had cash, cash equivalents and short-term investments of \$297.4 million compared with \$739.5 million at February 28, 2007. The \$442.1 million year-over-year decrease was driven primarily by purchases of property and equipment; stock repurchases and dividend payments; and cash used in operating activities. As of February 29, 2008, the company had no investments in auction rate securities, and does not intend to invest in that type of security in the foreseeable future.

Merchandise inventory decreased 3.8 percent to \$1.57 billion at February 29, 2008, from \$1.64 billion at February 28, 2007. Merchandise payable decreased 1.1 percent to \$912.1 million from \$922.2 million last year. Despite the net sales decrease, consolidated and domestic segment net-owned inventory decreased by \$52.8 million and \$106.9 million, respectively. The company achieved its previously announced goal to reduce its domestic segment net-owned inventory at February 29, 2008, compared to February 28, 2007, by \$100 million to \$150 million.

At February 29, 2008, Circuit City had \$68.6 million in long-term debt, primarily related to capital leases.

Capital expenditures, net of landlord reimbursements, for the fiscal year totaled \$226.2 million. The capital expenditures included \$123.5 million related to new store construction, store relocations, store refreshes and category resets; \$79.5 million for information technology; \$15.8 million for distribution and other non-store capital expenditures; and \$7.5 million for the international segment. This reflects a reduced level of capital expenditures from the company's previous plan of approximately \$255 million driven by company actions to conserve capital.

#### Stock Buyback

Circuit City did not repurchase stock during the fourth quarter. As of February 29, 2008, the company had repurchased 60.4 million shares under its current authorization at a cost of \$966.3 million, excluding commission fees. As of February 29, 2008, \$233.7 million remained available for repurchase under the current authorization.

#### Fiscal 2009 Outlook

The company expects the following in fiscal 2009:

- Consolidated net sales relatively unchanged from the prior year
- A mid-single digit domestic segment comparable store sales decline
- Improvement in earnings from continuing operations before income taxes (EBT) as a percentage of consolidated net sales of 50 basis points to 100 basis points
- No tax expense or benefit, excluding discrete items, associated with the domestic segment
- Capital expenditures, net of landlord reimbursements, of \$130 million to \$150 million
- Depreciation and amortization expense of approximately \$185 million
- A reduction in domestic segment net-owned inventory from February 29, 2008, to February 28, 2009, of \$50 million to \$100 million
- 45 to 55 domestic segment Superstore openings, including 6 to 8 relocations

The fiscal 2009 outlook is based on the following assumptions:

- A continuation of current operating trends through the first half of fiscal 2009 and an improvement in second half trends
- A continuation of weak macroeconomic trends, particularly in the first half of the fiscal year
- Improved retail execution, leading to higher close rates and improved basket, offsetting a decline in store traffic
- Sales growth in key product areas including LCD televisions, notebook computers and GPS devices, offset by sales declines in projection and

- tube televisions, desktop computers and portable audio products
- Improvements in merchandise margins, shrink and markdowns
- Mid-single-digit percentage growth in SG&A dollars compared with fiscal 2008 driven by incremental and relocated store openings and increased compensation costs

For the first quarter, the company expects to record a loss from continuing operations before income taxes of \$180 to \$195 million, compared with a loss of \$82.5 million in the prior year first quarter. The significant increase in the loss results from our expectation of a continuation of the operating trends seen in the second half of fiscal 2008, including a year-over-year decline in gross margin and deleveraged expenses from incremental and relocated stores opened in the prior 12 months that offset savings from expense reduction initiatives. Due to operating improvements, traction against current sales- and gross margin-driving initiatives, and more favorable year-over-year comparisons, the company expects a gradual recovery in the second half of fiscal 2009, achieving an improved pre-tax profit from continuing operations in the fourth quarter as compared to fiscal 2008 results. The company believes that it has adequate cash and borrowing capacity to complete the next phase of the turnaround plan.

Domestic segment Superstore opening estimates are shown in Table 6. The timing of store openings depends upon a number of factors and can change during the year. Nearly all of the company's openings for fiscal 2009 will be in the new the city(TM) format.

#### Conference Call Information

Circuit City will host a conference call for investors at 10:00 a.m. EDT today. Investors in the United States and Canada may access the call at (800) 399-0127. Other investors may access the call at (706) 634-7512. A live Web cast of the conference call will be available on the company's investor information home page at <http://investor.circuitcity.com>.

A replay of the call will be available by approximately noon EDT today and will remain available through April 16. Investors in the United States and Canada may access the recording at (800) 642-1687, and other investors may dial (706) 645-9291. The access code for the replay is 39012868. A replay of the call also will be available on the Circuit City investor information home page.

#### About Circuit City Stores, Inc.

Circuit City Stores, Inc. (NYSE: CC) is a leading specialty retailer of consumer electronics and related services. At February 29, the domestic segment operated 682 Superstores and 11 other locations in 158 U.S. media markets. At February 29, the international segment operated through 779 retail stores and dealer outlets in Canada. Circuit City also operates Web sites at [www.circuitcity.com](http://www.circuitcity.com), [www.thesource.ca](http://www.thesource.ca) and [www.firedog.com](http://www.firedog.com).

This communication may be deemed to be solicitation material in respect of Circuit City's solicitation of proxies in connection with its 2008 Annual Meeting of Shareholders. Circuit City and its directors and executive officers may be deemed to be participants in such solicitation of proxies. Information regarding the special interests of these directors and executive officers in such solicitation of proxies will be included in any proxy statement filed by Circuit City in connection with the 2008 Annual Meeting of Shareholders. In addition, Circuit City files annual, quarterly and special reports, proxy and information statements, and other information with the Securities and Exchange Commission (SEC). These documents are available free of charge at the SEC's web site at [www.sec.gov](http://www.sec.gov) or from Circuit City at <http://investor.circuitcity.com>. Investors should read any proxy statement filed in connection with the 2008 Annual Meeting of Shareholders carefully when it becomes available before making any voting or investment decision.

#### Forward-Looking Statements

Statements made in this release, other than those concerning historical financial information, may be considered forward-looking statements, which are subject to risks and uncertainties, including without limitation: (1) the impact of pricing and promotional activities of the company's competitors and the company's response to those actions, (2) the pace of commoditization of consumer electronics, (3) the ability of vendors to fulfill merchandise orders and allocation commitments, (4) the impact of a significant change in the relationships with key vendors, (5) the company's ability to control and leverage expenses as a percentage of sales, (6) general economic conditions, including, without limitation, changes in interest rates, consumer sentiment and commodity pricing, (7) the company's ability to generate sales and margin growth through expanded service offerings, (8) the company's ability to continue to generate strong sales growth in key product categories and through its direct sales channel, (9) the impact of initiatives related to transforming retail processes and upgrading merchandising, marketing, point-of-sale and information systems on revenue and margin and the costs associated with these investments, (10) the availability of real estate that meets the company's criteria for new and relocating stores, (11) regulatory and litigation matters, (12) the company's strategic evaluation of the international segment, including the impact of changes in credit markets

and (13) the company's ability to recover its deferred tax assets through future profitability. Discussion of additional factors that could cause actual results to differ materially from management's projections, forecasts, estimates and expectations is set forth under Management's Discussion and Analysis of Results of Operations and Financial Condition in the Circuit City Stores, Inc. Annual Report on Form 10-K for the fiscal year ended February 28, 2007, in the Quarterly Report on Form 10-Q for the fiscal quarter ended November 30, 2007, and in the company's other SEC filings. A copy of the annual report is available on the company's investor information Web site at <http://investor.circuitcity.com>.

CIRCUIT CITY STORES, INC.  
CONSOLIDATED STATEMENTS OF OPERATIONS  
PERIODS ENDED FEBRUARY 29 or 28 (UNAUDITED)  
(Amounts in thousands except per share data)

	Three Months		Twelve Months	
	2008	2007	2008	2007
NET SALES	\$3,650,500	\$3,954,659	\$11,743,691	\$12,429,754
Cost of sales, buying and warehousing	2,896,868	3,008,097	9,318,174	9,501,438
GROSS PROFIT	753,632	946,562	2,425,517	2,928,316
Selling, general and administrative expenses	735,802	835,891	2,770,104	2,841,619
Impairment of goodwill	26,000	92,000	26,000	92,000
OPERATING (LOSS) INCOME	(8,170)	18,671	(370,587)	(5,303)
Interest income	6,043	8,566	18,188	27,150
Interest expense	618	160	1,180	1,519
(Loss) earnings from continuing operations before income taxes	(2,745)	27,077	(353,579)	20,328
Income tax (benefit) expense	(7,256)	34,272	(32,226)	30,510
NET EARNINGS (LOSS) FROM CONTINUING OPERATIONS	4,511	(7,195)	(321,353)	(10,182)
EARNINGS FROM DISCONTINUED OPERATIONS, NET OF TAX	340	2,941	1,456	128
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE, NET OF TAX	-	-	-	1,773
NET EARNINGS (LOSS)	\$4,851	\$(4,254)	\$(319,897)	\$(8,281)
Weighted average common shares:				
Basic	164,935	169,478	165,134	170,448
Diluted	166,492	169,478	165,134	170,448
EARNINGS (LOSS) PER SHARE:				
Basic:				
Continuing operations	\$0.03	\$(0.04)	\$(1.95)	\$(0.06)
Discontinued operations	\$0.00	\$0.02	\$0.01	\$0.00
Cumulative effect of change in accounting principle	\$-	\$-	\$-	\$0.01
Basic earnings (loss)				

per share	\$0.03	\$(0.03)	\$(1.94)	\$(0.05)
Diluted:				
Continuing operations	\$0.03	\$(0.04)	\$(1.95)	\$(0.06)
Discontinued operations	\$0.00	\$0.02	\$0.01	\$0.00
Cumulative effect of change in accounting principle	\$-	\$-	\$-	\$0.01
Diluted earnings (loss) per share	\$0.03	\$(0.03)	\$(1.94)	\$(0.05)

CIRCUIT CITY STORES, INC.  
CONSOLIDATED BALANCE SHEETS (UNAUDITED)  
(Amounts in thousands)

	February 29 or 28	
	2008	2007
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$296,055	\$141,141
Short-term investments	1,366	598,341
Accounts receivable, net of allowance for doubtful accounts	330,599	382,555
Merchandise inventory	1,573,560	1,636,507
Deferred income taxes, net of valuation allowance	38,672	34,868
Income tax receivable	158,116	42,722
Prepaid expenses and other current assets	41,352	47,378
<b>Total Current Assets</b>	<b>2,439,720</b>	<b>2,883,512</b>
Property and equipment, net of accumulated depreciation	1,037,321	921,027
Deferred income taxes	-	31,910
Goodwill	118,031	121,774
Other intangible assets, net of accumulated amortization	18,400	19,285
Other assets	132,458	29,775
<b>TOTAL ASSETS</b>	<b>\$3,745,930</b>	<b>\$4,007,283</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities:		
Merchandise payable	\$912,094	\$922,205
Expenses payable	232,386	281,709
Accrued expenses and other current liabilities	346,818	404,444
Accrued compensation	85,127	98,509
Accrued income taxes	17,680	-
Current installments of long-term debt	11,582	7,162
<b>Total Current Liabilities</b>	<b>1,605,687</b>	<b>1,714,029</b>
Long-term debt, excluding current installments	57,050	50,487
Accrued straight-line rent	145,960	133,759
Deferred rent credits	163,662	143,877
Accrued lease termination costs	82,900	76,326
Deferred income taxes, net of valuation allowance	35,586	-

Other liabilities	151,910	97,561
TOTAL LIABILITIES	2,242,755	2,216,039
Stockholders' Equity:		
Common stock	84,430	85,345
Additional paid-in capital	319,573	344,144
Retained earnings	981,112	1,336,317
Accumulated other comprehensive income	118,060	25,438
TOTAL STOCKHOLDERS' EQUITY	1,503,175	1,791,244
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$3,745,930	\$4,007,283

Table 1: Non-GAAP Reconciliation

(Dollar amounts in millions except per share data)	Three Months Ended February 29 or 28			
	2008	% of Sales	2007	% of Sales
GAAP (loss) earnings from continuing operations before income taxes	\$(2.7)	(0.1)%	\$27.1	0.7%
Impairment of goodwill	26.0	0.7	92.0	2.3
Earnings (loss) from continuing operations before income taxes, as adjusted	\$23.3	0.6%	\$119.1	3.0%
GAAP net earnings (loss) from continuing operations	\$4.5	0.1%	\$(7.2)	(0.2)%
Impairment of goodwill	26.0	0.7	92.0	2.3
Tax valuation allowance	(13.9)	(0.4)	-	-
Net earnings (loss) from continuing operations, as adjusted	\$16.6	0.5%	\$84.8	2.1%
GAAP earnings (loss) from continuing operations per share	\$0.03		\$(0.04)	
Impairment of goodwill	\$0.16		\$0.53	
Tax valuation allowance	\$(0.08)		\$-	
Earnings (loss) from continuing operations per share, as adjusted	\$0.10		\$0.49	

(Dollar amounts in millions except per share data)	Twelve Months Ended February 29 or 28			
	2008	% of Sales	2007	% of Sales
GAAP (loss) earnings from continuing operations before income taxes	\$(353.6)	(3.0)%	\$20.3	0.2%
Impairment of goodwill	26.0	0.2	92.0	0.7
Earnings (loss) from continuing operations before income taxes, as adjusted	\$(327.6)	(2.8)%	\$112.3	0.9%
GAAP net earnings (loss) from continuing operations	\$(321.4)	(2.7)%	\$(10.2)	(0.1)%
Impairment of goodwill	26.0	0.2	92.0	0.7
Tax valuation allowance	127.7	1.1	-	-
Net earnings (loss) from continuing operations, as adjusted	\$(167.7)	(1.4)%	\$81.8	0.7%
GAAP earnings (loss) from				

continuing operations per share	\$(1.95)	\$(0.06)
Impairment of goodwill	\$0.16	\$0.53
Tax valuation allowance	\$0.77	\$-
Earnings (loss) from continuing operations per share, as adjusted	\$(1.02)	\$0.47

Table 2: Segment Performance Summary

Domestic Segment	Three Months Ended February 29 or 28			
	2008		2007	
(Dollar amounts in millions)	\$	% of Sales	\$	% of Sales
Net sales	\$3,449.9	100.0%	\$3,783.7	100.0%
Gross profit	\$684.6	19.8%	\$900.0	23.8%
Selling, general and administrative expenses	\$681.6	19.8%	\$772.1	20.4%
Earnings (loss) from continuing operations before income taxes	\$8.2	0.2%	\$136.1	3.6%
	Twelve Months Ended February 29 or 28			
	2008		2007	
(Dollar amounts in millions)	\$	% of Sales	\$	% of Sales
Net sales	\$11,142.8	100.0%	\$11,859.6	100.0%
Gross profit	\$2,212.4	19.9%	\$2,740.0	23.1%
Selling, general and administrative expenses	\$2,580.0	23.2%	\$2,632.8	22.2%
Earnings (loss) from continuing operations before income taxes	\$(351.0)	(3.2)%	\$133.7	1.1%
	Three Months Ended February 29 or 28			
	2008		2007	
(Dollar amounts in millions)	\$	% of Sales	\$	% of Sales
Net sales	\$200.6	100.0%	\$170.9	100.0%
Gross profit	\$69.0	34.4%	\$46.5	27.2%
Selling, general and administrative expenses	\$54.2	27.0%	\$63.8	37.3%
Impairment of goodwill	\$26.0	13.0%	\$92.0	53.8%
Loss from continuing operations before income taxes	\$(10.9)	(5.4)%	\$(109.0)	(63.8)%
	Twelve Months Ended February 29 or 28			
	2008		2007	
(Dollar amounts in millions)	\$	% of Sales	\$	% of Sales
Net sales	\$600.9	100.0%	\$570.2	100.0%
Gross profit	\$213.1	35.5%	\$188.4	33.0%
Selling, general and administrative expenses	\$190.1	31.6%	\$208.8	36.6%
Impairment of goodwill	\$26.0	4.3%	\$92.0	16.1%
Loss from continuing operations before income taxes	\$(2.6)	(0.4)%	\$(113.4)	(19.9)%
	Three Months Ended February 29 or 28			
			Comparable	
(Dollar amounts in millions)			Year-Over-	Store
			Year	Sales

Table 3: Net Sales Summary

	Three Months Ended February 29 or 28	
	Year	Store Sales
(Dollar amounts in millions)		

	2008	2007	Change	Change(a)
Domestic segment net sales	\$3,449.9	\$3,783.7	(8.8)%	(11.3)%
International segment net sales	200.6	170.9	17.4%	8.6%
Net sales	\$3,650.5	\$3,954.7	(7.7)%	(10.4)%

Twelve Months Ended February 29 or 28  
Comparable  
Year-Over-Store

(Dollar amounts in millions)	2008	2007	Change	Change(a)
Domestic segment net sales	\$11,142.8	\$11,859.6	(6.0)%	(8.1)%
International segment net sales	600.9	570.2	5.4%	2.4%
Net sales	\$11,743.7	\$12,429.8	(5.5)%	(7.7)%

(a) A store's sales are included in comparable store sales after the store has been open for a full 12 months. In addition, comparable store sales include Web- and call center-originated sales and sales from relocated and remodeled stores. The calculation of comparable store sales excludes the impact of fluctuations in foreign currency exchange rates.

Table 4: Net Sales by Category

Domestic Segment	Three Months Ended February 29 or 28			
	2008		2007	
(Dollar amounts in millions)	\$	% of sales	\$	% of sales
Video	\$1,468.3	42.6%	\$1,567.8	41.4%
Information technology	788.6	22.9	838.0	22.1
Audio	492.1	14.3	599.8	15.9
Entertainment	467.8	13.5	498.1	13.2
Warranty, services and other(a)	233.1	6.7	280.1	7.4
Total net sales	\$3,449.9	100.0%	\$3,783.7	100.0%

	Twelve Months Ended February 29 or 28			
	2008		2007	
(Dollar amounts in millions)	\$	% of sales	\$	% of sales
Video	\$4,561.3	40.9%	\$4,980.8	42.0%
Information technology	2,875.6	25.8	2,859.4	24.1
Audio	1,508.3	13.6	1,779.0	15.0
Entertainment	1,372.9	12.3	1,321.4	11.1
Warranty, services and other(a)	824.7	7.4	919.1	7.8
Total net sales	\$11,142.8	100.0%	\$11,859.6	100.0%

(a) Warranty, services and other includes extended warranty net sales; revenues from PC services, mobile installations, home theater installations and product repairs; net financing; and revenues from third parties for services subscriptions.

International Segment	Three Months Ended February 29 or 28			
	2008		2007	
(Dollar amounts in millions)	\$	% of sales	\$	% of sales
Video	\$35.8	17.9%	\$31.4	18.4%
Information technology	62.8	31.3	58.7	34.4
Audio	70.3	35.1	62.2	36.4
Entertainment	23.6	11.8	11.6	6.7
Warranty, services and other(a)	8.1	3.9	7.0	4.1
Total net sales	\$200.6	100.0%	\$170.9	100.0%

	Twelve Months Ended February 29 or 28			
	2008		2007	
(Dollar amounts in millions)	\$	% of sales	\$	% of sales
Video	\$110.1	18.3%	\$106.5	18.7%
Information technology	202.7	33.7	216.5	38.0
Audio	211.3	35.2	190.3	33.4
Entertainment	44.4	7.4	25.4	4.5
Warranty, services and other(a)	32.5	5.4	31.3	5.4
Total net sales	\$600.9	100.0%	\$570.2	100.0%

(a) Warranty, services and other includes extended warranty sales and product repair revenue.

Table 5: Selling, General and Administrative Expenses

Consolidated	Three Months Ended February 29 or 28			
	2008		2007	
(Dollar amounts in millions)	\$	% of Sales	\$	% of Sales
Store expenses(a)	\$624.3	17.1%	\$716.8	18.1%
General and administrative expenses(b)	88.1	2.4	101.0	2.6
Stock-based compensation expense	4.7	0.1	3.5	0.1
Remodel expenses	0.0	0.0	0.1	0.0
Relocation expenses(c)	10.2	0.3	9.5	0.2
Pre-opening expenses	8.4	0.2	5.0	0.1
Total	\$735.8	20.2%	\$835.9	21.1%

	Twelve Months Ended February 29 or 28			
	2008		2007	
(Dollar amounts in millions)	\$	% of Sales	\$	% of Sales
Store expenses(a)	\$2,352.0	20.0%	\$2,447.2	19.7%
General and administrative expenses(b)	359.0	3.1	350.1	2.8
Stock-based compensation expense	18.9	0.2	24.2	0.2
Remodel expenses	0.1	0.0	0.7	0.0
Relocation expenses(c)	20.9	0.2	4.5	0.0
Pre-opening expenses	19.2	0.2	14.8	0.1
Total	\$2,770.1	23.6%	\$2,841.6	22.9%

(a) Store expenses for the three- and twelve-month periods ended February 29, 2008, include expenses of \$5.2 million and \$9.0 million, respectively, associated with store and facility closures and other restructuring activities. Store expenses for the three- and twelve-month periods ended February 28, 2007, include expenses of \$41.3 million associated with store and other facility closures and other restructuring activities.

(b) General and administrative expenses for the twelve-month period ended February 29, 2008, include expenses of \$2.7 million associated with restructuring activities. General and administrative expenses for the three- and twelve-month periods ended February 28, 2007, include expenses of \$7.4 million associated with restructuring activities.

(c) Relocation expenses for the twelve months ended February 28, 2007, include a benefit of \$12.9 million from the reversal of lease termination charges for seven previously-vacant stores that were to re-open as outlet stores.

Domestic Segment	Three Months Ended February 29 or 28			
	2008		2007	
(Dollar amounts in millions)	\$	% of Sales	\$	% of Sales
Store expenses(a)	\$575.4	16.7%	\$664.9	17.6%
General and administrative expenses(b)	83.0	2.4	89.4	2.4
Stock-based compensation expense	4.6	0.1	3.3	0.1
Remodel expenses	0.0	0.0	0.1	0.0
Relocation expenses(c)	10.2	0.3	9.5	0.3
Pre-opening expenses	8.4	0.2	5.0	0.1
Total	\$681.6	19.8%	\$772.1	20.4%

	Twelve Months Ended February 29 or 28			
	2008		2007	
(Dollar amounts in millions)	\$	% of Sales	\$	% of Sales
Store expenses(a)	\$2,184.9	19.6%	\$2,278.2	19.2%
General and administrative expenses(b)	336.7	3.0	312.1	2.6
Stock-based compensation expense	18.2	0.2	22.5	0.2
Remodel expenses	0.1	0.0	0.7	0.0
Relocation expenses(c)	20.9	0.2	4.5	0.0
Pre-opening expenses	19.2	0.2	14.8	0.1
Total	\$2,580.0	23.2%	\$2,632.8	22.2%

(a) Store expenses for the three- and twelve-month periods ended February 29, 2008, include expenses of \$5.2 million and \$9.0 million, respectively, associated with store and facility closures and other restructuring activities. Store expenses for the three- and twelve-month periods ended February 28, 2007, include expenses of \$31.0 million associated with store and other facility closures and other restructuring activities.

(b) General and administrative expenses for the twelve-month period ended February 29, 2008, include expenses of \$2.7 million associated with restructuring activities. General and administrative expenses for the three- and twelve-month periods ended February 28, 2007, include expenses of \$7.4 million associated with restructuring activities.

(c) Relocation expenses for the twelve months ended February 28, 2007, include a benefit of \$12.9 million from the reversal of lease termination charges for seven previously-vacant stores that were to re-open as outlet stores.

International Segment	Three Months Ended February 29 or 28			
	2008		2007	
(Dollar amounts in millions)	\$	% of Sales	\$	% of Sales
Store expenses(a)	\$48.9	24.4%	\$51.9	30.4%
General and administrative expenses	5.1	2.6	11.6	6.8
Stock-based compensation expense	0.1	0.1	0.2	0.1
Total	\$54.2	27.0%	\$63.8	37.3%

	Twelve Months Ended February 29 or 28			
	2008		2007	
(Dollar amounts in millions)	\$	% of Sales	\$	% of Sales
Store expenses(a)	\$167.1	27.8%	\$169.0	29.6%
General and administrative expenses	22.3	3.7	38.1	6.7

Stock-based compensation expense	0.7	0.1	1.7	0.3
Total	\$190.1	31.6%	\$208.8	36.6%

(a) Store expenses for the three- and twelve-month periods ended February 28, 2007, include expenses of \$10.3 million associated with store and other facility closures and other restructuring activities.

Table 6: Domestic Segment Superstore Openings Estimates

	Q1	Q2 (a)	Q3	Q4	FY09
Incremental Superstores	7	18-20	14-19	0-1	39-47
Relocated Superstores	0	6-7	0-1	0	6-8
Total Superstore openings	7	24-27	14-20	0-1	45-55

(a) During the fourth quarter of fiscal 2008, the company closed one store in advance of opening a replacement store in the second quarter of fiscal 2009. The replacement store is included in relocations for the second quarter of fiscal 2009.

(Logo: <http://www.newscom.com/cgi-bin/prnh/20010709/CCLOGO> )

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