

Circuit City Stores has filed for bankruptcy protection... let's see what the history shows!

## Circuit City Stores, Inc.

Phone: (804) 486-4000

9950 Mayland Drive  
Richmond, VA 23233 United States

Ticker: [CC](#)

**Filed for Bankruptcy on 11/10/2008**  
**Case #08-35653, filed in the U.S. Bankruptcy Court for the Eastern District of Virginia**

### Latest Financial Statements as of 8/31/2008

#### Business Summary

Circuit City Stores, Inc. is a specialty retailer of consumer electronics, home office products, entertainment software and related services. The Company has two segments: domestic and international. The domestic segment is engaged in the business of selling brand name consumer electronics, personal computers (PCs), entertainment software and related services in its stores in the United States and via the Web at [www.circuitcity.com](http://www.circuitcity.com) and [www.firedog.com](http://www.firedog.com). As of May 31, 2008, the Company's domestic segment operated 687 Superstores and nine outlet stores in 158 United States media markets. The international segment, which comprises the operations of InterTAN, Inc., is engaged in the business of selling private-label and brand-name consumer electronics products in Canada. As of May 31, 2008, the international segment conducted business through 775 retail stores and dealer outlets, which consisted of 502 Company-owned stores and 273 dealer outlets.

(Source: 10-K)

Employees: 42,974 (as of 2/29/2008)

Federal Tax Id: 540493875

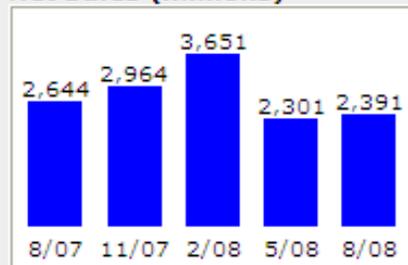
#### Credit Scores

<b>FRISK2 Score</b>	<b>2</b>	11/8/2008
<b>Probability of default range: 14.1% - 21.0%</b>		
<b>Z" Score</b>	<b>0.89 (Fiscal danger)</b>	8/31/2008

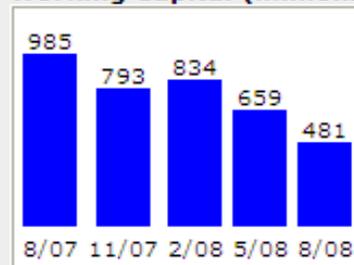
#### Auditor Information

Last Audit: 2/29/2008  
Auditors: KPMG LLP  
Opinion: **Unqualified**

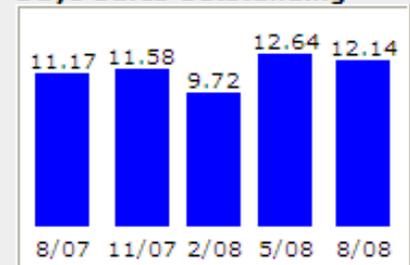
#### Net Sales (millions)



#### Working Capital (millions)



#### Days Sales Outstanding



#### Second Quarter and Year-to-Date Results

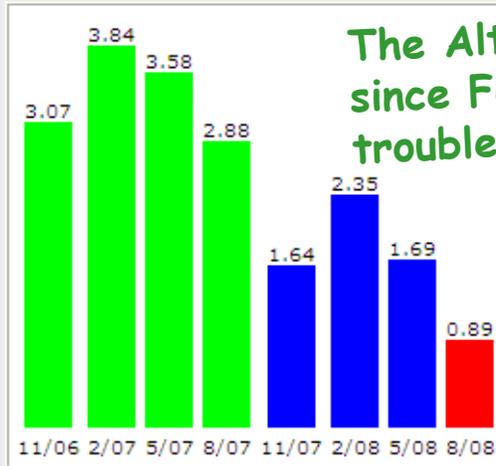
Sales for the 3 months ended 8/31/2008 decreased 9.55% to \$2.39 billion from last year's comparable period amount of \$2.64 billion. Sales for the 6 months ended 8/31/2008 decreased 8.52% to \$4.69 billion from \$5.13 billion for the same period last year.

Gross profit margin decreased 6.78% for the period to \$509.00 million (21.28% of revenues) from \$546.01 million (20.65% of revenues) for the same period last year. Gross profit margin decreased 10.71% for the

**CreditRiskMonitor**

(845) 230-3000  
[info@crmz.com](mailto:info@crmz.com)

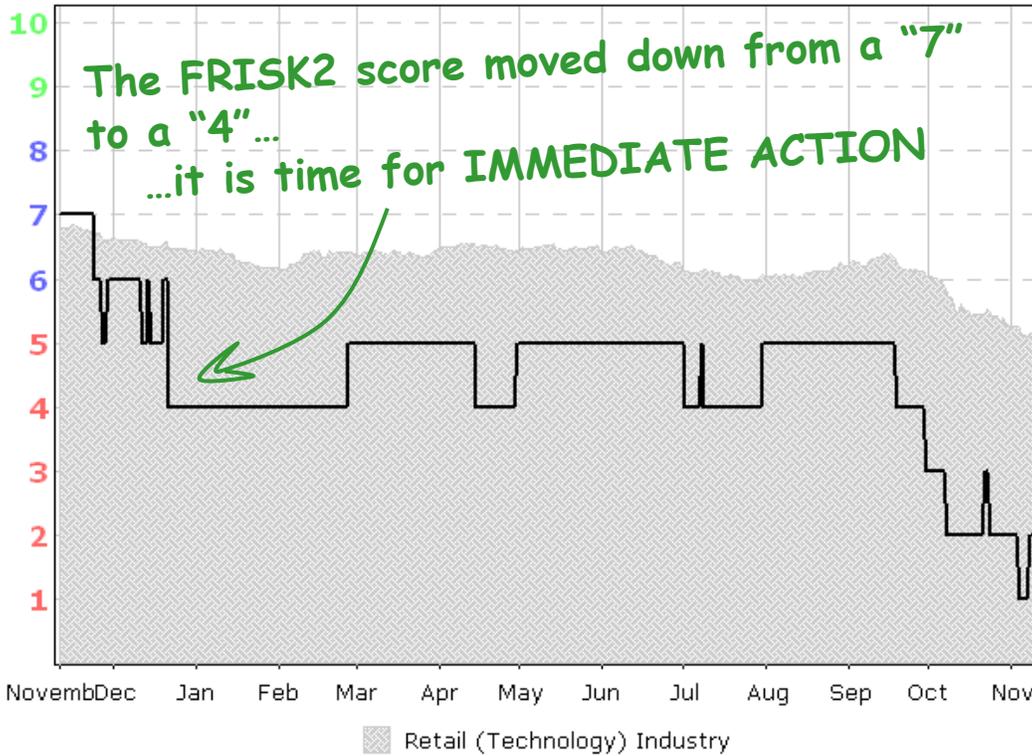
### Z" Score



The Altman Z" was declining since February, then signaled trouble in August...



The current FRISK2 score is 2 (probability of default\* 14.1% - 21.0%), below its 13-month average and below its industry average.



	FRISK2	Probability of default within 12 months	
		From	To
Best	10	0%	0.3%
	9	0.3%	0.4%
	8	0.4%	0.9%
	7	0.9%	1.9%
	6	1.9%	3.7%
	5	3.7%	7.4%
	4	7.4%	10.1%
	3	10.1%	14.1%
	2	14.1%	21.0%
Worst	1	21.0%	50.0%

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...plus, looking at our News Alerts you would have seen...

Store closings announced...

Non-compliance for NYSE listing...

Considers store closings...

Chief Accounting Officer departs after 24 years of service...

Dividend payments suspended due to continued losses...

Largest shareholder calls for sale of company...

#	Date	Source	Headline
1	11/10/2008	PR Newswire	<u>Circuit City Stores, Inc. to Reorganize Under Chapter 11</u>
2	11/10/2008	CCNMatthews	<u>InterTAN Canada to File for Creditor Protection</u>
4	11/5/2008	CRMZ News Service	<u>CIRCUIT CITY STORES INC FILES (8-K) Disclosing Entry into a Material Definitive Agreement, Costs Associated with Exit or Disposal Activities, Material Impairments, Other Events, Financial Statements a</u>
6	11/3/2008	PR Newswire	<u>Circuit City Stores, Inc. Provides Update on Liquidity and Announces Store Closing Plan</u>
7	10/30/2008	CRMZ News Service	<u>CIRCUIT CITY STORES INC FILES (8-K) Disclosing Notice of Delisting or Failure to Satisfy a Continued Listing Rule or Standard: Transfer of Listing</u>
8	10/30/2008	PR Newswire	<u>Circuit City Stores, Inc. Receives Notification from NYSE about Non-Compliance with a Continued Listing Standard</u>
9	10/28/2008	CRMZ News Service	<u>CIRCUIT CITY STORES INC FILES (8-K) Disclosing Change in Directors or Principal Officers</u>
12	10/20/2008	CRM News Service	<u>Circuit City Weighs Broad Cuts</u>
15	9/30/2008	CRM News Service	<u>Circuit City Stores, Inc. -- updated financials available</u>
16	9/30/2008	CRM News Service	<u>CIRCUIT CITY STORES INC: a Form 10-Q has been Filed with the SEC</u>
21	9/29/2008	CRM News Service	<u>CIRCUIT CITY STORES INC FILES (8-K) Disclosing Results of Operations and Financial Condition</u>
22	9/29/2008	PR Newswire	<u>Circuit City Stores, Inc. Reports Second Quarter Results</u>
23	9/25/2008	CRM News Service	<u>CIRCUIT CITY STORES INC FILES (8-K) Disclosing Results of Operations and Financial Condition, Change in Directors or Principal Officers, Amendments to Articles of Inc. or Bylaws; Change in Fiscal Year</u>
24	9/22/2008	PR Newswire	<u>Circuit City Stores, Inc. Announces CEO Change</u>
25	9/8/2008	CRM News Service	<u>CIRCUIT CITY STORES INC FILES (8-K) Disclosing Change in Directors or Principal Officers</u>
28	8/28/2008	PR Newswire	<u>Circuit City Stores, Inc. to Host Second Quarter Results Conference Call</u>
29	8/19/2008	CRM News Service	<u>CIRCUIT CITY STORES INC FILES (8-K) Disclosing Change in Directors or Principal Officers, Financial Statements and Exhibits</u>
30	8/19/2008	PR Newswire	<u>Circuit City Names James A. Marcum Vice Chairman</u>
34	7/2/2008	CRM News Service	<u>CIRCUIT CITY STORES INC FILES (8-K) Disclosing Change in Directors or Principal Officers, Amendments to Articles of Inc. or Bylaws; Change in Fiscal Year, Financial Statements and Exhibits</u>
36	6/30/2008	CRM News Service	<u>CIRCUIT CITY STORES INC: a Form 10-Q has been Filed with the SEC</u>
37	6/30/2008	CRM News Service	<u>CIRCUIT CITY STORES INC FILES (8-K) Disclosing Change in Directors or Principal Officers, Amendments to Articles of Inc. or Bylaws; Change in Fiscal Year, Financial Statements and Exhibits</u>
39	6/20/2008	CRM News Service	<u>Circuit City Stores, Inc. -- updated financials available</u>
40	6/19/2008	CRM News Service	<u>CIRCUIT CITY STORES INC FILES (8-K) Disclosing Results of Operations and Financial Condition, Other Events, Financial Statements and Exhibits</u>
41	5/9/2008	CRM News Service	<u>CIRCUIT CITY STORES INC FILES (8-K) Disclosing Entry into a Material Definitive Agreement, Other Events, Financial Statements and Exhibits</u>
42	4/29/2008	CRM News Service	<u>Circuit City Gets Pressure From Big Investor for a Deal</u>
43	4/28/2008	CRM News Service	<u>CIRCUIT CITY STORES INC: a Form 10-K has been Filed with the SEC</u>
52	3/6/2008	CRM News Service	<u>2 Circuit City Executives Lose Their Jobs Amid Turnaround Attempt</u>
63	2/6/2008	CRM News Service	<u>CIRCUIT CITY STORES INC FILES (8-K) Disclosing Entry into a Material Definitive Agreement, Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Regist</u>

Files Chapter 11...

Another Director resigns...

Increasing losses reported...

Chairman/CEO resigns...

Director Resigns, Company exploring "strategic alternatives"...

Significant losses reported...

Two Executives Terminated...

...need more depth? Look at the Performance Ratios...  
 ...Increasingly negative operating income & continual  
 degradation in Income/Loss...

Performance Ratios - Sequential Quarters					
(Thousands of U.S. Dollars )					
Period Ended	3 mos 8/31/2008	3 mos 5/31/2008	3 mos 2/29/2008	3 mos 11/30/2007	3 mos 8/31/2007
<b>Net sales \$</b>	\$2,391,402	\$2,301,074	\$3,650,500	\$2,963,686	\$2,643,968
% change	3.93%	-36.97%	23.17%	12.09%	6.37%
<b>Gross margin \$</b>	\$508,998	\$478,674	\$753,632	\$565,689	\$546,011
% change	6.34%	-36.48%	33.22%	3.60%	-2.53%
% of sales	21.28%	20.80%	20.64%	19.09%	20.65%
<b>SG&amp;A \$</b>	\$668,042	\$640,009	\$735,802	\$708,039	\$677,909
% change	4.38%	-13.02%	3.92%	4.44%	4.56%
% of sales	27.94%	27.81%	20.16%	23.89%	25.64%
<b>Operating margin \$</b>	(\$235,656)	(\$161,849)	(\$2,745)	(\$140,195)	(\$128,164)
% change	-45.60%	-5796.14%	98.04%	-9.39%	-55.40%
% of sales	-9.85%	-7.03%	-0.08%	-4.73%	-4.85%
<b>EBITDA \$</b>	(\$185,937)	(\$115,560)	\$38,268	(\$99,659)	(\$83,549)
% change	-60.90%	-401.98%	138.40%	-19.28%	-119.72%
% of sales	-7.78%	-5.02%	1.05%	-3.36%	-3.16%
<b>Pre-tax income \$</b>	(\$235,656)	(\$161,849)	(\$2,745)	(\$140,195)	(\$128,164)
% change	-45.60%	-5796.14%	98.04%	-9.39%	-55.40%
% of sales	-9.85%	-7.03%	-0.08%	-4.73%	-4.85%
<b>Net income (loss) \$</b>	(\$239,174)	(\$164,815)	\$4,851	(\$207,346)	(\$62,836)
% change	-45.12%	-3497.55%	102.34%	-229.98%	-15.16%
% of sales	-10.00%	-7.16%	0.13%	-7.00%	-2.38%
<b>Tax expense \$</b>	\$3,518	\$2,966	(\$7,256)	\$67,803	(\$65,110)
Effective tax rate	-1.49%	-1.83%	264.34%	-48.36%	50.80%
<b>Depreciation expense \$</b>	\$45,448	\$45,106	\$45,763	\$41,581	\$47,108
% of sales	1.90%	1.96%	1.25%	1.40%	1.78%
% of capital expenses	76.06%	88.87%	57.68%	42.48%	57.10%
% of PP&E, net (annualized)	18.14%	17.39%	17.75%	16.64%	19.67%
<b>Capital expenditures \$</b>	\$59,749	\$50,753	\$79,341	\$97,880	\$82,500
% change	17.73%	-36.03%	-18.94%	18.64%	25.65%
% of PP&E, net (annualized)	23.85%	19.57%	30.78%	39.16%	34.45%
% of working capital (annualized)	41.92%	27.20%	39.01%	44.04%	32.12%
<b>Interest coverage ratio</b>	(41.93)	(68.70)	61.92	(252.30)	(673.78)
% change	38.96%	-210.95%	124.54%	62.55%	23.81%
<b>Free cash flow \$</b>	(\$130,566)	(\$326,279)	(\$16,252)	(\$69,659)	\$39,787
% change	59.98%	-1907.62%	76.67%	-275.08%	112.87%
Source:	10-Q 9/30/2008	10-Q 6/30/2008	10-K 4/28/2008	10-Q 1/9/2008	10-Q 10/9/2007