

Edgar Filing: CIRCUIT CITY STORES INC - Form 8-K

CIRCUIT CITY STORES INC  
Form 8-K  
March 29, 2007

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

Date of Report (Date of earliest event reported): March 29, 2007

CIRCUIT CITY STORES, INC.  
-----

(Exact name of registrant as specified in its charter)

Virginia  
-----

(State or other jurisdiction of incorporation)

001-05767  
-----

(Commission File Number)

54-0493875  
-----

(I.R.S. Employer  
Identification Number)

9950 Mayland Drive, Richmond, Virginia 23233  
-----

(Address of principal executive offices) (Zip Code)

(804) 486-4000

(Registrant's telephone number, including area code)

N/A

(Former name or former address, if changed since last report)

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:

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))

SECTION 7 - REGULATION FD

Item 7.01 Regulation FD Disclosure.

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The company returned the management of 92 Rogers Plus(R) stores to Rogers Wireless Inc. in January 2007. The following quarterly information is being provided to reflect the presentation of the results from these 92 Rogers Plus(R) stores as discontinued operations.

### SIGNATURES

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

CIRCUIT CITY STORES, INC.

By:           /s/ Philip J. Dunn  
                   -----  
                   Philip J. Dunn  
                   Senior Vice President, Treasurer, Controller  
                   and Chief Accounting Officer

Dated:    March 29, 2007

CIRCUIT CITY STORES, INC.  
 CONSOLIDATED STATEMENTS OF OPERATIONS  
 (Amounts in thousands except per share data)

|  | (UNAUDITED)<br>Three Months |                  |
|--|-----------------------------|------------------|
|  | May 31,<br>2006             | August 3<br>2006 |
| NET SALES  | \$ 2,596,615                | \$ 2,818,4       |
| Cost of sales, buying and warehousing                          | 1,960,851                   | 2,148,3          |
| GROSS PROFIT   | 635,764                     | 670,1            |
| Selling, general and administrative expenses                   | 634,292                     | 656,6            |
| OPERATING INCOME (LOSS)  | 1,472                       | 13,4             |
| Interest income  | 7,046                       | 5,7              |
| Interest expense   | 212                         | 1                |
| Earnings (loss) from continuing operations before income taxes | 8,306                       | 19,1             |
| Income tax provision (benefit)                                 | 2,999                       | 7,4              |

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|   |          |         |
|---|----------|---------|
| NET EARNINGS (LOSS) FROM CONTINUING OPERATIONS                  | 5,307    | 11,6    |
| LOSS FROM DISCONTINUED OPERATIONS, NET OF TAX                   | (708)    | (1,6    |
| CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE, NET OF TAX | 1,773    |         |
| NET EARNINGS (LOSS)   | \$ 6,372 | \$ 10,0 |
| Weighted average common shares:                                 |          |         |
| Basic   | 171,054  | 169,9   |
| Diluted   | 176,256  | 174,6   |
| EARNINGS (LOSS) PER SHARE:                                      |          |         |
| Basic:  |          |         |
| Continuing operations   | \$ 0.03  | \$ 0.   |
| Discontinued operations   | \$ -     | \$ (0.  |
| Cumulative effect of change in accounting principle             | \$ 0.01  | \$      |
| Net earnings (loss)   | \$ 0.04  | \$ 0.   |
| Diluted:  |          |         |
| Continuing operations   | \$ 0.03  | \$ 0.   |
| Discontinued operations   | \$ -     | \$ (0.  |
| Cumulative effect of change in accounting principle             | \$ 0.01  | \$      |
| Net earnings (loss)   | \$ 0.04  | \$ 0.   |

CIRCUIT CITY STORES, INC.  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(Amounts in thousands except per share data)

|  | (UNAUDITED)<br>Three Months Ended |                    |                    |
|--|-----------------------------------|--------------------|--------------------|
|  | May 31,<br>2005                   | August 31,<br>2005 | November 3<br>2005 |
| NET SALES                                    | 2,212,095                         | \$2,535,956        | \$2,879,715        |
| Cost of sales, buying and warehousing        | 1,658,064                         | 1,931,708          | 2,185,163          |
| GROSS PROFIT                                 | 554,031                           | 604,248            | 694,552            |
| Selling, general and administrative expenses | 579,743                           | 604,573            | 682,843            |
| OPERATING (LOSS) INCOME                      | (25,712)                          | (325)              | 11,709             |

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|   |          |          |           |
|---|----------|----------|-----------|
| Interest income   | 6,292    | 4,602    | 4,334     |
| Interest expense  | 415      | 215      | 1,113     |
| (Loss) earnings from continuing operations before income taxes  | (19,835) | 4,062    | 14,930    |
| Income tax (benefit) provision                                  | (7,565)  | 1,410    | 5,843     |
| NET (LOSS) EARNINGS FROM CONTINUING OPERATIONS                  | (12,270) | 2,652    | 9,087     |
| (LOSS) EARNINGS FROM DISCONTINUED OPERATIONS, NET OF TAX        | (839)    | (1,304)  | 1,055     |
| CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE, NET OF TAX | -        | -        | -         |
| NET (LOSS) EARNINGS   | (13,109) | \$ 1,348 | \$ 10,142 |
| Weighted average common shares:                                 |          |          |           |
| Basic   | 184,729  | 179,057  | 174,438   |
| Diluted   | 184,729  | 181,801  | 177,509   |
| (LOSS) EARNINGS PER SHARE:                                      |          |          |           |
| Basic:  |          |          |           |
| Continuing operations   | (0.07)   | \$ 0.01  | \$ 0.05   |
| Discontinued operations   | (0.00)   | \$(0.01) | \$ 0.01   |
| Cumulative effect of change in accounting principle             | -        | \$ -     | \$ -      |
| Net (loss) earnings   | (0.07)   | \$ 0.01  | \$ 0.06   |
| Diluted:  |          |          |           |
| Continuing operations   | (0.07)   | \$ 0.01  | \$ 0.05   |
| Discontinued operations   | (0.00)   | \$(0.01) | \$ 0.01   |
| Cumulative effect of change in accounting principle             | -        | \$ -     | \$ -      |
| Net (loss) earnings   | (0.07)   | \$ 0.01  | \$ 0.06   |

CIRCUIT CITY STORES, INC.  
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Consolidated

| (Dollar amounts in millions)        | Three Months Ended |            |                 |            |
|-------------------------------------|--------------------|------------|-----------------|------------|
|                                     | May 31, 2006       |            | August 31, 2006 |            |
|                                     | \$                 | % of Sales | \$              | % of Sales |
| Store expenses                      | 534.0              | 20.6 %     | 563.1           | 20.0 %     |
| General and administrative expenses | 87.4               | 3.4        | 83.6            | 3.0        |
| Stock-based compensation expense    | 8.7                | 0.3        | 6.6             | 0.2        |
| Remodel expenses                    | -                  | -          | 0.5             | -          |
| Relocation expenses                 | 1.5                | 0.1        | 0.5             | -          |
| Pre-opening expenses                | 2.6                | 0.1        | 2.4             | 0.1        |

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|       |       |        |       |        |
|-------|-------|--------|-------|--------|
| Total | 634.3 | 24.4 % | 656.7 | 23.3 % |
|-------|-------|--------|-------|--------|

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Three Months Ended

| (Dollar amounts in millions)        | May 31, 2005 |            | August 31, 2005 |            | November 30, 2005 |            | Feb |
|-------------------------------------|--------------|------------|-----------------|------------|-------------------|------------|-----|
|                                     | \$           | % of Sales | \$              | % of Sales | \$                | % of Sales | \$  |
| Store expenses                      | 497.0        | 22.5%      | 516.8           | 20.4%      | 580.1             | 20.1%      | 641 |
| General and administrative expenses | 77.2         | 3.5        | 78.8            | 3.1        | 86.4              | 3.0        | 74  |
| Stock-based compensation expense    | 3.2          | 0.1        | 6.6             | 0.3        | 9.3               | 0.3        | 7   |
| Remodel expenses                    | -            | -          | -               | -          | -                 | -          | -   |
| Relocation expenses                 | 2.0          | 0.1        | 0.3             | -          | 2.6               | 0.1        | 2   |
| Pre-opening expenses                | 0.2          | 0.0        | 2.1             | 0.1        | 4.3               | 0.2        | 2   |
| Total                               | 579.7        | 26.2%      | 604.6           | 23.8%      | 682.8             | 23.7%      | 728 |

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International Segment

Three Months Ended

| (Dollar amounts in millions)        | May 31, 2006 |            | August 31, 2006 |            |
|-------------------------------------|--------------|------------|-----------------|------------|
|                                     | \$           | % of Sales | \$              | % of Sales |
| Store expenses                      | \$ 37.1      | 33.4 %     | 38.9            | 28.2 %     |
| General and administrative expenses | 8.5          | 7.7        | 9.2             | 6.7        |
| Stock-based compensation expense    | 1.1          | 1.0        | 0.2             | 0.1        |
| Total                               | \$ 46.7      | 42.0 %     | 48.3            | 35.0 %     |

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Three Months Ended

| (Dollar amounts in millions)        | May 31, 2005 |            | August 31, 2005 |            | November 30, 2005 |            | Feb |
|-------------------------------------|--------------|------------|-----------------|------------|-------------------|------------|-----|
|                                     | \$           | % of Sales | \$              | % of Sales | \$                | % of Sales | \$  |
| Store expenses                      | \$31.2       | 32.0%      | 32.8            | 26.9%      | 40.6              | 27.3%      | 4   |
| General and administrative expenses | 20.2         | 20.7       | 16.2            | 13.3       | 18.0              | 12.1       | 1   |
| Stock-based compensation expense    | 0.2          | 0.2        | 0.2             | 0.1        | 0.3               | 0.2        | -   |
| Total                               | \$51.6       | 52.9%      | 49.2            | 40.3%      | 58.9              | 39.6%      | 5   |

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CIRCUIT CITY STORES, INC.  
INTERNATIONAL SEGMENT PERFORMANCE SUMMARY AND  
COMPARABLE STORE SALES CHANGE SUMMARY

International Segment Performance Summary

Three Months Ended

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| (Amounts in millions)                          | May 31,<br>2006 | Aug. 31,<br>2006 | Nov. 30,<br>2006 |
|--|-----------------|------------------|------------------|
| Net sales                                      | \$111.1         | \$137.9          | \$150.2          |
| Gross profit                                   | \$ 40.9         | \$ 50.5          | \$ 50.5          |
| Selling, general and administrative expenses   | \$ 46.7         | \$ 48.3          | \$ 50.0          |
| Net (loss) earnings from continuing operations | \$ (4.0)        | \$ 1.2           | \$ (0.1)         |

| (Amounts in millions)                          | Three Months Ended |                  |                  |
|--|--------------------|------------------|------------------|
|  | May 31,<br>2005    | Aug. 31,<br>2005 | Nov. 30,<br>2005 |
| Net sales                                      | \$ 97.5            | \$121.9          | \$148.9          |
| Gross profit                                   | \$ 41.1            | \$ 46.5          | \$ 53.5          |
| Selling, general and administrative expenses   | \$ 51.6            | \$ 49.2          | \$ 58.9          |
| Net (loss) earnings from continuing operations | \$ (6.4)           | \$ (1.7)         | \$ (4.0)         |

Comparable Store Sales Change Summary

Consolidated

|                               | Three Months Ended |                  |                  |
|-------------------------------|--------------------|------------------|------------------|
|                               | May 31,<br>2006    | Aug. 31,<br>2006 | Nov. 30,<br>2006 |
| Comparable store sales change | 14.6 %             | 8.5 %            | 5.2 %            |

|                               | Three Months Ended |                  |                  | One Mo<br>Ende |
|-------------------------------|--------------------|------------------|------------------|----------------|
|                               | May 31,<br>2005    | Aug. 31,<br>2005 | Nov. 30,<br>2005 | Dec.<br>200    |
| Comparable store sales change | 0.0 %              | 5.1 %            | 13.1 %           | 10.            |

International Segment

|                               | Three Months Ended |                  |                  |
|-------------------------------|--------------------|------------------|------------------|
|                               | May 31,<br>2006    | Aug. 31,<br>2006 | Nov. 30,<br>2006 |
| Comparable store sales change | (0.3)%             | (0.1)%           | (3.1)%           |

|                               | Three Months Ended |                  |                  | One M<br>En |
|-------------------------------|--------------------|------------------|------------------|-------------|
|                               | May 31,<br>2005*   | Aug. 31,<br>2005 | Nov. 30,<br>2005 | Dec.<br>2   |
| Comparable store sales change | - %                | 5.4 %            | 7.5 %            | 2           |

\*International segment sales were not included in the company's comparable store sales until the quarter ended August 31, 2005.