

CIRCUIT CITY STORES INC
Form PRER14A
May 16, 2008
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No. 1)

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

Circuit City Stores, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which the transaction applies:

(2) Aggregate number of securities to which the transaction applies:

(3) Per unit price or other underlying value of the transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of the transaction:

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(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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Circuit City Stores, Inc.

9950 Mayland Drive

Richmond, Virginia 23233

Notice of Annual Meeting of Shareholders

The Annual Meeting of Shareholders of Circuit City Stores, Inc. will be held on Tuesday, June 24, 2008, at 10:00 a.m., local time, at the Jepson Alumni Center, University of Richmond, 49 Crenshaw Way, Richmond, Virginia 23173, for the following purposes:

- (1) Approve an increase in the number of directors from 12 to 15;
- (2) Elect Carolyn H. Byrd, Lyle G. Heidemann, Alan Kane, J. Patrick Spainhour and _____ to a three-year term on the Board of Directors, Ronald L. Turner and _____ to a two-year term and _____ to a one-year term;
- (3) Approve the Circuit City Stores, Inc. 2008 Annual Performance-Based Incentive Plan;
- (4) Ratify the appointment of KPMG LLP as the company's independent registered public accounting firm for the 2009 fiscal year; and
- (5) Transact any other business that may properly come before the meeting and any adjournments or postponements of the meeting.

If you were a shareholder of record at the close of business on April 17, 2008, then you are entitled to vote at our annual meeting and any adjournments or postponements of the meeting. You are also cordially invited to attend the meeting. If you plan to attend the meeting in person, please see the information on admission procedures under the heading "May I attend the Annual Meeting?" in the attached proxy statement.

Your vote is important. Whether or not you plan to attend the meeting, please vote as soon as possible. You can vote your shares by completing and returning your proxy card or by voting through the Internet or by telephone by following the instructions on your proxy card. For additional details, please see the information under the heading "How do I vote?"

If you have any questions or need assistance in voting your shares, please call or contact our proxy solicitor, Innisfree M&A Incorporated, which is assisting Circuit City, toll-free at (877) 687-1875.

By Order of the Board of Directors,

Reginald D. Hedgebeth
Senior Vice President, General Counsel and Secretary

May __, 2008

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PROXY STATEMENT

THE ANNUAL MEETING

This proxy statement is being furnished to the holders of common stock, par value \$0.50 per share, of Circuit City Stores, Inc., a Virginia corporation (Circuit City, the Company, we, us or our). Proxies are being solicited on behalf of the Board of Directors of the Company to be used at the 2008 Annual Meeting of Shareholders (the Annual Meeting). The Annual Meeting will be held at the Jepson Alumni Center, University of Richmond, 49 Crenshaw Way, Richmond, Virginia 23173, on Tuesday, June 24, 2008, beginning at 10:00 a.m. local time, for the purposes set forth in the Notice of Annual Meeting of Shareholders.

On May 8, 2008, the Company entered into an agreement with Wattles Capital Management, LLC (WCM), Mark J. Wattles, James A. Marcum, Elliott Wahle, Don R. Kornstein, Anthony Bergamo and Alexander M. Bond in order to avoid a proxy solicitation contest pertaining to the election of directors to the Company's Board of Directors at the Annual Meeting and certain other proposals. Additional information on this agreement is included in Information Concerning the Board of Directors and its Committees Agreement with Wattles Capital Management on page 15.

QUESTIONS AND ANSWERS ABOUT

THE ANNUAL MEETING AND VOTING

Why did I receive these proxy materials?

This proxy statement was mailed to holders of our common stock on or about May __, 2008. The Company's Board of Directors is asking for your proxy. By giving us your proxy, you authorize the proxyholders (Bruce H. Besanko, Reginald D. Hedgebeth and John M. Oakey, III) to vote your shares at the Annual Meeting according to the instructions that you provide. If the Annual Meeting adjourns or is postponed, your proxy will be used to vote your shares when the meeting reconvenes.

A copy of the Annual Report on Form 10-K of the Company for the fiscal year ended February 29, 2008, has been mailed to you with this proxy statement.

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to be Held on June 24, 2008:

This proxy statement is available on the Company's investor Web site at <http://investor.circuitcity.com>. In addition, Circuit City makes available, free of charge on its investor Web site, its annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to those reports as soon as practicable after electronically filing the material with or furnishing the material to the Securities and Exchange Commission.

May I attend the Annual Meeting?

All shareholders are invited to attend the meeting. It will be held on Tuesday, June 24, 2008, beginning at 10:00 a.m. local time, at the Jepson Alumni Center, University of Richmond, 49 Crenshaw Way, Richmond, Virginia 23173.

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You will need to present photo identification, such as a driver's license, and proof of Circuit City stock ownership as of the record date when you arrive at the meeting. If you hold your shares through a bank, broker or other holder of record and you plan to attend the Annual Meeting, you must present proof of your ownership of Circuit City stock, such as a bank or brokerage account statement, in order to be admitted to the meeting. No cameras, recording equipment, electronic devices, large bags, briefcases or packages will be permitted in the Annual Meeting.

Even if you plan to attend the Annual Meeting, please vote your proxy in advance through the Internet, by telephone or by mail.

Who is entitled to vote?

If you are a shareholder of Circuit City common stock at the close of business on the Record Date of April 17, 2008, you can vote. There were 168,806,491 shares of common stock outstanding and entitled to vote on that date. For each matter properly brought before the Annual Meeting, you have one vote for each share that you own.

What is the difference between holding shares as a shareholder of record and as a beneficial owner?

If your shares are registered directly in your name with Circuit City's transfer agent, Wells Fargo Shareowner Services, you are considered, with respect to those shares, the shareholder of record. The Notice of Annual Meeting of Shareholders, this proxy statement and the Annual Report have been sent directly to you by Circuit City.

If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held in street name. The Notice of Annual Meeting of Shareholders, this proxy statement and the Annual Report have been forwarded to you by your broker, bank or other nominee who is considered, with respect to those shares, the shareholder of record. As the beneficial owner, you have the right to direct your broker, bank or other nominee on how to vote your shares using the voting instruction card included in the mailing or by following the instructions on that card for voting by telephone or through the Internet.

How do I vote?

You may vote using any of the following methods:

Telephone You can vote by calling the toll-free telephone number on your proxy card. Please have your proxy card in hand when you call. Easy-to-follow voice prompts allow you to vote your shares and confirm that your instructions have been properly recorded.

Internet You can vote by visiting the Web site for Internet voting listed on your proxy card. Please have your proxy card available when you go online.

Mail Be sure to sign and date the proxy card and return it in the enclosed postage-paid envelope.

In person You may vote in person at the Annual Meeting.

A valid proxy, if not revoked, will be voted **FOR** the approval of an increase in the number of directors from 12 to 15, **FOR** the election of the nominees for director named in this proxy statement, **FOR** the approval of our 2008 Annual Performance-Based Incentive Plan and **FOR** the ratification of the appointment of KPMG LLP as the Company's independent registered public accounting firm for our 2009 fiscal year.

If your shares are held in street name, do not follow the above instructions. Instead, follow the separate instructions provided by your broker, bank or other nominee.

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Can I change my vote?

If you are a shareholder of record, you may revoke your proxy or change your vote at any time before it is voted at the Annual Meeting by

submitting a new proxy by telephone or Internet, after the date of the earlier voted proxy;

returning a signed proxy card dated later than your last proxy;

submitting a written revocation to the Secretary of Circuit City Stores, Inc. at 9950 Mayland Drive, Richmond, Virginia 23233; or

appearing in person and voting at the Annual Meeting.

If your shares are held in street name by your bank, broker or other nominee, you may revoke your proxy or change your vote only by following the separate instructions provided by your bank, broker or nominee.

To vote in person at the Annual Meeting, you must attend the meeting and cast your vote in accordance with the voting provisions established for the Annual Meeting. Attendance at the Annual Meeting without voting in accordance with the voting procedures will not in and of itself revoke a proxy. If your bank, broker or other nominee holds your shares and you want to attend and vote your shares at the Annual Meeting, you must bring a legal proxy signed by your bank, broker or nominee to the Annual Meeting.

What is a quorum ?

A quorum consists of a majority of the outstanding shares of our common stock, as of the Record Date, present, or represented by proxy, at the meeting. A quorum is necessary to conduct business at the Annual Meeting. Inspectors of election will determine the presence of a quorum at the Annual Meeting. You are part of the quorum if you have voted by proxy. Abstentions count as shares present at the meeting for purposes of determining a quorum. Shares held by brokers that are not voted on any matter at the Annual Meeting will not be included in determining whether a quorum is present at the meeting.

How are votes counted?

Our Bylaws provide for a majority vote standard for director elections that are not contested. As a result, each incumbent director and director nominee who is standing for election will be elected if the number of votes for that individual exceeds the number of votes against. If an incumbent director who is up for election does not receive enough for votes and thus is not elected at the Annual Meeting, the director will continue to serve on the Board as a holdover director under Virginia law. To address this, our corporate governance principles provide that a director in this situation shall tender his or her resignation for consideration by the Nominating and Governance Committee and the full Board.

The increase in the number of directors will be approved if the votes cast in favor of the action exceed the votes cast against it.

The Circuit City Stores, Inc. 2008 Annual Performance-Based Incentive Plan will be approved if the votes cast in favor of the action exceed the votes cast against it.

The ratification of the appointment of KPMG LLP as the Company's independent registered public accounting firm will be approved if the votes cast in favor of the action exceed the votes cast against it.

Abstentions and broker non-votes will not be considered cast either for or against a matter. A broker non-vote occurs when a broker or other nominee who holds shares for another does not vote on a particular item because the nominee does not have discretionary voting authority for that item and has not received instructions from the owner of the shares.

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Will my shares be voted if I do not provide instructions to my broker?

If you are the beneficial owner of shares held in street name by a broker, the broker, as the record holder of the shares, is required to vote those shares in accordance with your instructions. If you do not give instructions to the broker, the broker will be entitled to vote the shares with respect to discretionary items, but will not be permitted to vote the shares with respect to non-discretionary items (those shares are treated as broker non-votes).

The approval of the increase in the number of directors, the election of directors, the approval of the Circuit City Stores, Inc. 2008 Annual Performance-Based Incentive Plan and the ratification of the appointment of KPMG LLP as the Company's independent registered public accounting firm are all discretionary items.

How are shares held in the Employee Stock Purchase Plan voted?

Participants in the 1984 Circuit City Stores, Inc. Employee Stock Purchase Plan will receive a form to provide voting instructions for the shares of common stock held on each participant's behalf. If you also own shares as a record holder, you will separately receive proxy materials to vote those shares. Voting instructions should be returned, properly executed, in the envelope provided. Participants in the Employee Stock Purchase Plan may also provide voting instructions by telephone or through the Internet, as described on the proxy card mailed with this proxy statement. Your shares will be voted in accordance with your instructions. If you do not return voting instructions, your shares in your plan account will not be voted.

Who will count the vote?

We have engaged Wells Fargo Shareowner Services to serve as the inspector of elections for the Annual Meeting.

What does it mean if I get more than one proxy or voting instruction card?

If your shares are registered in more than one name or in more than one account, you will receive more than one card. Please complete and return all of the proxy or voting instruction cards that you receive (or vote by telephone or through the Internet all of the shares on all of the proxy or voting instruction cards received) to ensure that all of your shares are voted.

SOLICITATION OF PROXIES

Circuit City is soliciting the proxies solicited by this proxy statement. Circuit City may solicit proxies by mail, telephone, email, Internet, facsimile, press releases and in person. Solicitations may be made by directors, officers and employees of Circuit City, none of whom will receive additional compensation for such solicitations. Circuit City will request banks, brokerage houses and other custodians, nominees and fiduciaries to forward all of its solicitation materials to the beneficial owners of the shares they hold of record. Circuit City will reimburse these record holders for customary clerical and mailing expenses incurred by them in forwarding these materials to customers.

Circuit City has retained Innisfree M&A Incorporated (Innisfree), a professional proxy solicitation firm, to assist it in soliciting proxies from brokers, nominees, institutions and individuals. Circuit City has agreed to pay Innisfree customary compensation for its services and reimbursement of out-of-pocket expenses in connection with such services. Circuit City has also agreed to indemnify Innisfree against certain liabilities arising out of or in connection with the engagement. Circuit City estimates that total cost for Innisfree's services, including services previously in connection with a potential proxy solicitation contest, will not exceed \$50,000.

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We encourage stock ownership by our directors, officers and employees. The following table sets forth information regarding beneficial ownership of Circuit City's common stock, as of April 17, 2008, for each director and director nominee, each of the executive officers named in the Summary Compensation Table on page 40 (whom we refer to as our named executive officers) and our current directors and executive officers as a group.

Name	Beneficial Ownership (1)		Percent of Class
	Option Shares That May Be Acquired within 60 Days after April 17, 2008 (2)	Total Shares of Common Stock Beneficially Owned as of April 17, 2008 (3)	
NAMED EXECUTIVE OFFICERS			
Philip J. Schoonover (4)	520,000	755,000	*
Bruce H. Besanko	0	100,000	*
Reginald D. Hedgebeth	90,000	160,000	*
Peter C. Weedfald (5)	20,300	20,300	*
Eric A. Jonas, Jr.	119,750	200,030	*
Michael E. Foss (5)	0	32,442	*
DIRECTORS AND DIRECTOR NOMINEES			
Ronald M. Brill	8,408	42,741	*
Carolyn H. Byrd	11,153	40,739	*
Ursula O. Fairbairn	0	23,498	*
Barbara S. Feigin	15,986	50,244	*
James F. Hardyman	15,986	51,125	*
Lyle G. Heidemann (6)	0	0	*
Alan Kane	0	43,071	*
Allen B. King	0	31,490	*
Mikael Salovaara	15,986	89,174	*
J. Patrick Spainhour	0	20,163	*
Ronald L. Turner	0	11,055	*
Carolyn Y. Woo	12,191	41,371	*
_____ (6)			*
_____ (6)			*
_____ (6)			*
All current directors and executive officers as a group (25 persons)	1,325,108	2,696,654	1.63%

* Less than one percent of class, based on the total number of shares of common stock outstanding on April 17, 2008.

(1) Unless otherwise noted, each shareholder has sole voting power and sole investment power with respect to the securities shown in the table below.

(2) Includes shares of common stock that could be acquired through the exercise of stock options within 60 days after April 17, 2008.

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(3) In addition to the option shares described in note (2) above, includes shares of stock held by the named executive officers as follows: Mr. Schoonover, 235,000; Mr. Besanko, 100,000; Mr. Hedgebeth 70,000; Mr. Weedfald, 0; Mr. Jonas, 80,280; Mr. Foss, 0; and all other current executive officers, 560,147.

In addition to the option shares described in note (2) above, includes non-vested restricted stock units, deferred restricted stock units and additional non-vested or deferred units earned as dividends on the restricted stock unit awards held by the directors as follows: Mr. Brill, 8,251; Ms. Byrd, 28,608; Ms. Fairbairn, 15,362; Ms. Feigin, 28,608; Mr. Hardyman, 28,608; Mr. Kane, 28,608; Mr. King, 27,888; Mr. Salovaara, 28,608; Mr. Spainhour, 20,166;

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Mr. Turner, 8,873; and Ms. Woo, 8,251. Additionally, Ms. Feigin and Mr. Hardyman each have 1,479 stock units that represent deferred stock retainer awards made in fiscal years 2000, 2001 and 2002 in connection with service as a non-employee director.

The restricted stock units and deferred stock units held by the directors are not shares of common stock and have no voting power.

(4) Mr. Schoonover is also a director.

(5) Former executive officers.

(6) Director nominees.

Principal Shareholders

The following table contains information regarding the persons or groups that we know beneficially own more than five percent of our common stock as of April 17, 2008.

Name and Address	Shares of Common Stock Beneficially Owned	
	Number	Percent of Class
HBK Master Fund L.P. ⁽¹⁾	15,420,600	9.1
HBK Investments L.P.		
HBK Services LLC		
HBK Partners II L.P.		
HBK Management LLC 300 Crescent Court, Suite 700 Dallas, Texas 75201		
First Pacific Advisors, LLC ⁽²⁾	12,430,000	7.4
Robert L. Rodriguez		
J. Richard Atwood 11400 West Olympic Boulevard, Suite 1200 Los Angeles, California 90064		

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Name and Address	Shares of Common Stock	
	Number	Percent of Class
Mark J. Wattles ⁽³⁾ 321 W. 84th Avenue, Suite A Thornton, Colorado 80260	11,044,200	6.5
Wattles Capital Management, LLC		
HKW Trust 7945 W. Sahara Avenue, Suite 205 Las Vegas, Nevada 89117		
James A. Marcum c/o Tri-Artisan Capital Partners 110 East 59 th Street, 37 th Floor New York, New York 10022		
Elliott Wahle c/o Rustique Home Furnishings 114 Railside Road Toronto, Ontario M3A 1A3		
Don R. Kornstein c/o Alpine Advisors LLC 825 Lakeshore Boulevard Incline Village, Nevada 89451		
Anthony Bergamo c/o MB Real Estate 335 Madison Avenue, 14th Floor New York, New York 10017		
Alexander M. Bond c/o Wattles Capital Management, LLC 7945 W. Sahara Avenue Las Vegas, Nevada 89117		
Classic Fund Management Aktiengesellschaft ⁽⁴⁾ Raetikonstrasse 33 FL-9490 Vaduz, Liechtenstein	9,525,671	5.6

(1)

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- Information concerning the Circuit City common stock beneficially owned by the persons identified in the table was obtained from a Schedule 13D filed with the Securities and Exchange Commission on April 28, 2008. According to the Schedule 13D, HBK Master Fund L.P. is an investment fund, each of HBK Investments L.P. and HBK Services LLC is an investment management firm, HBK Partners II L.P. is the general partner of HBK Investments L.P., and HBK Management LLC is the general partner of HBK Partners II L.P. and the managing member of HBK Services LLC. The Schedule 13D reports that, as of April 28, 2008, each of these entities has shared voting power and dispositive power with respect to 15,420,600 shares of common stock.
- (2) Information concerning the Circuit City common stock beneficially owned by the persons identified in the table was obtained from a Schedule 13G filed with the Securities and Exchange Commission on February 12, 2008. According to the Schedule 13G, First Pacific Advisors, LLC (FPA) is an investment adviser to its various clients, and Messrs. Rodriguez and Atwood are part-owners and managing members of FPA. The Schedule 13G reports that, as of December 31, 2007, each of FPA, in its capacity as investment adviser, Messrs. Rodriguez and Atwood, as a controlling person of FPA, has shared voting power with respect to 5,126,700 shares of common stock and shared dispositive power with respect to 12,430,000 shares of common stock, all of which are owned by FPA's clients.
- (3) Information concerning the Circuit City common stock beneficially owned by the persons identified in the table was obtained from a Schedule 13D filed with the Securities and Exchange Commission on January 22, 2008, and Schedule 13D/As filed with the Securities and Exchange Commission on February 28, 2008, March 3, 2008, and May 9, 2008. On May 8, 2008, the Company entered into an agreement with Wattles Capital Management, LLC (WCM), Mark J. Wattles, James A. Marcum, Elliott Wahle, Don R. Kornstein, Anthony Bergamo and Alexander M. Bond in order to avoid a proxy solicitation contest pertaining to the election of directors to the Company's Board of Directors at the

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- Annual Meeting and certain other proposals. Additional information on this agreement is included in Information Concerning the Board of Directors and its Committee Agreement with Wattles Capital Management on page 15. The filings report that, as of May 9, 2008, WCM owns 10,000,000 shares of common stock, and HKW Trust owns 1,000,000 shares of common stock. Mark J. Wattles is the sole member, manager and owner of WCM and the settler and sole trustee of HKW Trust and thus may be deemed to have sole voting and dispositive power with respect to 11,000,000 shares of common stock. The filings report that, as of May 9, 2008, Mr. Marcum owns 6,200 shares of common stock, Mr. Wahle owns 7,500 shares of common stock, Mr. Kornstein owns 5,500 shares of common stock, Mr. Bergamo owns 15,000 shares of common stock and Mr. Bond owns 10,000 shares of common stock. In addition, the May 9, 2008 filing reports that, following the settlement of the potential proxy contest, Messrs. Marcum, Wahle, Kornstein, Bergamo and Bond, are no longer members of the group that is required to make joint Schedule 13D filings with the other reporting parties.
- (4) Information concerning the Circuit City common stock beneficially owned by Classic Fund Management Aktiengesellschaft (Classic Fund Management) was obtained from a Schedule 13G filed with the Securities and Exchange Commission on January 14, 2008. According to the Schedule 13G, Classic Fund Management is an investment adviser and the trustee of three mutual funds. The Schedule 13G reports that, as of January 8, 2008, in its role as trustee, Classic Fund Management has sole voting power and dispositive power with respect to 9,525,671 shares of common stock, all of which are owned by the mutual funds.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act requires our executive officers, directors and persons who own more than 10% of our common stock to file reports of ownership and changes in ownership on Forms 3, 4 and 5 with the Securities and Exchange Commission. Officers, directors and greater-than-10% shareholders are required by regulation to furnish us with copies of all Forms 3, 4 and 5 that they file.

Based on our review of the copies of those forms, and any amendments we have received, and written representations from our officers and directors, we believe that all officers, directors and beneficial owners of more than 10% of Circuit City's common stock complied with all of the filing requirements applicable to them with respect to transactions during the fiscal year ended February 29, 2008.

INFORMATION CONCERNING THE BOARD OF DIRECTORS

AND ITS COMMITTEES

General

The business and affairs of the Company are managed under the direction of the Board of Directors in accordance with the Virginia Stock Corporation Act and the Company's Articles of Incorporation and Bylaws, as amended. Members of the Board are kept informed of the Company's business through discussions with the Chairman, President and Chief Executive Officer and other officers, by reviewing materials provided to them and by participating in meetings of the Board of Directors and its committees.

The Board of Directors met seven times during the fiscal year ended February 29, 2008.

Information concerning the current membership of the principal oversight committees of the Board and the number of meetings held during the fiscal year is provided in the tables below.

Each director attended at least 75% of the aggregate number of meetings of the Board and each committee on which the director served.

Ten of the 11 persons who were directors or director nominees on June 26, 2007 attended the 2007 annual meeting of shareholders. Meetings of the Board and its committees are held in conjunction with the annual meeting of shareholders, and all directors and nominees are expected to attend the annual meeting of shareholders.

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Each member of the Audit, Nominating and Governance, and Compensation and Personnel Committees is an independent, non-management director. The Chair of each committee reports decisions and recommendations to the full Board.

Audit Committee

Members	Primary Responsibilities	Meetings
Ronald M. Brill, Chair (1)	Assist Board oversight of (i) the integrity of our consolidated financial statements, (ii) compliance with legal and regulatory requirements, (iii) the independent registered public accounting firm's qualifications and independence, and (iv) the performance of the internal audit function and independent registered public accounting firm	13
Carolyn H. Byrd		
J. Patrick Spainhour		
Ronald L. Turner	Appoint, set compensation of, and oversee work of our independent registered public accounting firm, including pre-approval of audit and permitted non-audit services	
Carolyn Y. Woo		
	Periodically consult with management, internal audit and the independent registered public accounting firm about our internal controls	

(1) The Board of Directors has determined that Mr. Brill, the committee's Chairman, is an audit committee financial expert.

Nominating and Governance Committee

Members	Primary Responsibilities	Meetings
Mikael Salovaara, Chair (2)	Identify individuals qualified to become members of the Board	6
Ursula O. Fairbairn		
Barbara S. Feigin	Recommend director nominees	
James F. Hardymon		
Alan Kane	Recommend non-employee director compensation and benefits	
Allen B. King		
	Coordinate oversight of management succession planning, evaluation of the Chief Executive Officer, and evaluation of the Board and its Committees	
	Develop and recommend corporate governance principles to the Board	

(2) Mr. Salovaara also serves as the Board's Lead Director.

Compensation and Personnel Committee

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Members	Primary Responsibilities	Meetings
Allen B. King, Chair	Review and approve the executive compensation philosophy	11
Ursula O. Fairbairn		
Barbara S. Feigin	Review and approve executive compensation programs and awards	
James F. Hardymon		
Alan Kane	Review and recommend to the Board, as applicable, short- and long-term incentive compensation plans	
Mikael Salovaara	Review and recommend to the independent members of the Board the Chief Executive Officer's compensation	
	Review and approve other executives' compensation	
	Oversee investment allocations of the funds of the Retirement Plan and performance of fund managers.	

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Corporate Governance Documents

The Board of Directors has adopted a written charter for each of the Audit, Nominating and Governance, and Compensation and Personnel Committees. The Board has also adopted Corporate Governance Guidelines, which set forth the practices of the Board with respect to the directors' responsibilities and organizational matters, qualification standards, access to management and independent advisors, compensation and stock ownership, and training and information and related matters.

Copies of each of the following documents are available on the Company's investor information home page at <http://investor.circuitcity.com> and in print, without charge, to any shareholder who requests them from the Company's Secretary at Circuit City Stores, Inc., Attention: Corporate Secretary, 9950 Mayland Drive, Richmond, Virginia 23233:

Audit Committee Charter

Compensation and Personnel Committee Charter

Nominating and Governance Committee Charter

Corporate Governance Guidelines

Global Code of Business Conduct

In addition, you can find information concerning the Company's strategic planning process, including the Board's active involvement in the process, on the Company's investor information home page at <http://investor.circuitcity.com>.

Global Code of Business Conduct

The Board of Directors has adopted the Global Code of Business Conduct, which is a code of ethics that applies to all members of the Board of Directors and Company employees, including the Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer and Controller. The Company satisfies any disclosure obligations with respect to amendments to or waivers of the Code of Business Conduct by posting the information on the Company's investor information Web site at <http://investor.circuitcity.com>.

Independence

A director of the Company is considered independent if he or she meets the independence requirements of the New York Stock Exchange. Affiliation with a customer or supplier of goods or services to us is not considered to be material to a determination of a Board member's independence as long as payments in any fiscal year to or from us do not exceed two percent of the gross revenues of the customer or supplier or \$1 million, whichever is greater. Other commercial and business relationships are evaluated by the Board on a case-by-case basis to determine if they constitute a material relationship. Each director and each director nominee is responsible for disclosing to our legal department all relationships with us that should be taken into account when determining the member's or nominee's independence. Members of the Audit Committee must also meet separate applicable independence requirements under the rules of the New York Stock Exchange adopted in accordance with the Sarbanes-Oxley Act of 2002.

Based on the foregoing criteria, the Company has determined that each of the following directors is independent: Mr. Brill, Ms. Byrd, Ms. Fairbairn, Ms. Feigin, Mr. Hardyman, Mr. Kane, Mr. King, Mr. Salovaara, Mr. Spainhour, Mr. Turner and Ms. Woo. In addition, the Company has determined that each of Mr. Heidemann, Mr. _____, Mr. _____ and Mr. _____, who are director nominees, is independent based on the same criteria.

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Each member of the Audit, Compensation and Personnel and Nominating and Governance Committees satisfies the standards of independence for members of such Committees established under applicable law and New York Stock Exchange listing requirements. The Board of Directors has determined that each member of the Audit Committee is independent as defined in the applicable listing standards of the New York Stock Exchange and the rules of the Securities and Exchange Commission. In addition, the Board of Directors has determined that each member of the Audit Committee is financially literate and that Mr. Brill qualifies as an audit committee financial expert as defined by Securities and Exchange Commission regulations.

Review of Related Person Transactions

The Board of Directors adopted a Related Person Transactions Policy for the review, approval or ratification of transactions involving the Company and a Related Person. The term Related Person includes directors, director nominees, executive officers and five percent or greater shareholders and beneficial owners. In addition, any immediate family members or any firm, corporate or other entity in which one of these people is employed or is a general partner or principal would be a related person.

Under the policy, our legal department requests information from directors and executive officers to identify Related Persons. The information is used to identify any transaction or series of transactions in which the Company is a participant, the amount involved exceeds \$120,000 and a Related Person has a direct or indirect material interest. Proposed or existing transactions that are identified are submitted to the Board of Directors for consideration. Based on all the relevant facts and circumstances, the Board will determine whether or not to approve a transaction and will approve only those transactions that are in the best interests of the Company. If we become aware of an existing transaction that was not approved under this policy, it will be referred to the Board who will consider all alternatives, including ratification, amendment or termination of the transaction.

We did not have any transactions with a Related Person in our 2008 fiscal year.

Additional Information about the Compensation and Personnel Committee

The Compensation and Personnel Committee uses a consultant from Towers Perrin Human Resources Services to obtain information about market competitiveness, trends and industry compensation practices. Towers Perrin also advises the Committee on the design of our long-term incentive compensation programs. Towers Perrin is engaged by the Committee and reports to the Committee. The compensation consultant attended all of the Compensation and Personnel Committee meetings in the 2008 fiscal year.

Under the terms of the engagement letter between the Compensation and Personnel Committee and Towers Perrin, Towers Perrin assists the Committee with the following:

Providing the Compensation and Personnel Committee with market data for each senior officer position

Providing the Compensation and Personnel Committee with an independent assessment of management recommendations for changes in the compensation structure and design of individual programs

Attending all regularly scheduled Compensation and Personnel Committee meetings

Supporting the Senior Vice President Human Resources in ensuring that the Company's executive compensation programs are designed and administered consistent with the Compensation and Personnel Committee's requirements

Providing periodic support to the Chair and the other members of the Compensation and Personnel Committee
Towers Perrin and the Compensation and Personnel Committee have agreed that no work shall be undertaken for Circuit City outside of the Towers Perrin engagement letter (unless fees are under \$5,000) without prior approval of the Committee's Chair. In this regard, Towers Perrin performed work for management related to analysis of stock-based compensation burn rate and dilution and assisted with preparation of the

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information shown in the Potential Payments Upon Termination or Change-in-Control section of this proxy statement.

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The compensation consultant also advised the Nominating and Governance Committee on setting compensation for non-employee directors. Non-employee director compensation is reviewed annually based upon market data gathered by Towers Perrin for a sample of general industry companies with similar revenues, as well as several specialty consumer electronics retailers. Towers Perrin also provides information concerning current trends in director compensation. Following discussion of this data, the Nominating and Governance Committee provides a recommendation to the Board of Directors concerning compensation for the non-employee directors.

Management provides recommendations to the Compensation and Personnel Committee regarding executive compensation plan design and compensation levels for individual senior executives. The Chief Executive Officer and the Chief Financial Officer review Circuit City's performance goals and financial budget with the Committee for consideration in establishing incentive compensation targets. The Chief Executive Officer is responsible for performance evaluations of the executives who report to him. He communicates the results of those evaluations to the Compensation and Personnel Committee in connection with his recommendations concerning salary increases and pay adjustments for these executives.

For additional information regarding the Compensation Committee, see Compensation Discussion and Analysis elsewhere in this proxy statement.

Non-Employee Director Meetings

The non-management directors of the Board meet in executive session at each regularly scheduled Board meeting and at other times, when appropriate. These meetings may include discussion with the Chairman, President and Chief Executive Officer present for a portion of the discussion. The Lead Director generally presides at the meetings of the non-management directors. In addition, the Lead Director undertakes such other responsibilities as the directors may designate, including communicating with the Chairman, President and Chief Executive Officer on behalf of the non-employee directors.

Shareholder Recommendations for Director Candidates

On behalf of the Board, the Nominating and Governance Committee considers director nominees recommended by the Company's shareholders. In accordance with the Company's Bylaws, a shareholder who desires to nominate a person to the Board should submit to the Secretary of the Company written notice of his or her intent to make such nomination. That notice must be given either by personal delivery or by United States mail, postage prepaid, not later than 120 days in advance of the Annual Meeting or, with respect to a special meeting of shareholders for the election of directors, the close of business on the seventh day following the date on which notice of such meeting is first given to shareholders. Each such notice must set forth the following items:

The name and address of the shareholder who intends to make the nomination and of the person or persons to be nominated

A representation that the shareholder is a record holder of the Company entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice

A description of all arrangements or understandings between the shareholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the shareholder

Such other information regarding each nominee proposed by such shareholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission, had the nominee been nominated, or intended to be nominated, by the Board of Directors

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The consent of each nominee to serve as a director of the Company if so elected

The Company's Board of Directors embraces the principle that diversity in all respects both strengthens its membership and increases its effectiveness. The Board strives to select for its membership highly qualified individuals who are dedicated to advancing the interests of the Company's shareholders. When vacancies on the Board occur, the Nominating and Governance Committee seeks individuals who, based on their background and qualifications, can promote this goal in conjunction with the other members of the Board. The Committee actively seeks nominees who will bring diverse talents, experiences and perspectives to the Board's deliberations. The Committee would evaluate nominees for director proposed by shareholders in the same manner that it evaluates other prospective nominees. The Company generally engages a third party firm to assist in the evaluation of new directors.

Lyle G. Heidemann and Ronald L. Turner, who are standing for election for the first time at the Annual Meeting, were recommended by the Nominating and Governance Committee. _____, _____ and _____, who are standing for election for the first time under the agreement that the Company has entered into with WCM and certain individuals, were also recommended by the Nominating and Governance Committee.

Communicating with the Board

Interested parties may communicate with the Lead Director, the non-management directors as a group or the Board of Directors by writing to the following:

Lead Director

Circuit City Stores, Inc.

9950 Mayland Drive

Richmond, Virginia 23233

The Board has requested that the Corporate Secretary's office assist with processing of mail addressed to the Board or addressed to individual directors (other than the Lead Director). Communications are distributed to the Board or to the addressee, with copies to other relevant parties such as committee chairs or the Lead Director. Solicitations, marketing or other unsolicited vendor information will be excluded unless it pertains to a substantive matter.

Concerns may also be communicated to the Board by calling the following confidential, anonymous, toll-free Alertline telephone number: (800) 296-4948. Any concern relating to accounting, internal accounting controls or auditing matters will be referred both to the Chairman and to the Chair of the Audit Committee.

Agreement with Wattles Capital Management

On May 8, 2008, the Company entered into an agreement with WCM, Mark J. Wattles, James A. Marcum, Elliott Wahle, Don R. Kornstein, Anthony Bergamo and Alexander M. Bond (collectively, the "Wattles Group") in order to avoid a proxy solicitation contest pertaining to the election of directors to the Company's Board of Directors at the Annual Meeting and certain other proposals. The Company had previously received a notice from WCM that WCM intended to nominate Messrs. Marcum, Wahle, Kornstein, Bergamo and Bond for election to the Board at the Annual Meeting. In addition, WCM had indicated that it intended to submit two business proposals for consideration at the Annual Meeting.

Under the agreement, the Wattles Group agreed to withdraw its director nominations and business proposals and to cease its solicitation efforts in support of them. The Company agreed to select and nominate three of Messrs. Marcum, Wahle, Kornstein and Bergamo (each, a "WCM Nominee") for election to the Board at the Annual Meeting. The Wattles Group indicated a preference for the selection of Mr. Marcum, and the Company agreed that it would not unreasonably fail to select him as one of the three WCM Nominees.

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The Company's Board of Directors currently consists of 12 directors and is divided into three classes with staggered three-year terms. The three WCM Nominees that were selected and are being nominated will be divided equally among the three Board classes so that one of their terms will expire at each of the next three annual meetings. In addition, at the Company's 2009 annual meeting of shareholders, the Board will recommend that the shareholders re-elect the WCM Nominee whose term is then expiring. WCM and the other members of the Wattles Group have further agreed that they will not nominate other directors for election at the 2009 annual meeting of shareholders.

The agreement also provides that the Company not increase the number of directors to more than 15 directors before the 2009 annual meeting of shareholders and that the Company, at or prior to that annual meeting, reduce the size of the Board by at least two directors. However, the agreement does not restrict the Board from increasing its size by up to three additional members in connection with any material third-party investment in the Company.

Effective from and after the date of the agreement and until the time of the Annual Meeting, Mr. Marcum will be a non-voting observer (but not a member) of the Board and the Board's Executive Committee. In addition, following its selection of three WCM Nominees and until the time of the Annual Meeting, the Board will allow each selected WCM Nominee to be a non-voting observer (but not a member) of the Board, and one WCM Nominee, as designated by the Wattles Group, will be a non-voting observer (but not member) of the Executive Committee. Following the Annual Meeting, the Board will appoint one of the elected WCM Nominees to the Board's Executive Committee, which will consist of no more than four directors. Each of the other two elected WCM Nominees will be appointed to one Board committee. The WCM Nominees are Messrs. _____, _____ and _____.

The Wattles Group and the Company have further agreed to a standstill pursuant to which, until the day after the 2009 annual meeting of shareholders (or, if earlier, the date that is 90 days after the one-year anniversary of the Annual Meeting), WCM and the other members of the Wattles Group will not acquire any voting securities of the Company that would increase their ownership to more than 15% of the outstanding shares of the Company's common stock (except that they are not precluded from making an offer to acquire all of the outstanding shares of the Company's common stock), or sell any voting securities of the Company to any person who would, as a result of such sale, hold more than 15% of the outstanding shares of the Company's common stock. The standstill also restricts the Wattles Group from, among other things, engaging in proxy solicitations in an election contest, advancing shareholder proposals in connection with the election or removal of directors, seeking to call a meeting of shareholders or solicit consents from shareholders, or seeking to obtain additional representation on the Board or remove any Board member.

The Company has agreed to reimburse the Wattles Group for its reasonable, out-of-pocket fees and expenses incurred prior to the date of the agreement in connection with the proxy contest, subject to an aggregate maximum of \$700,000.

The foregoing summary of the agreement is qualified in its entirety by reference to the full text of the agreement, which the Company filed with the Securities and Exchange Commission as an exhibit to a current report on Form 8-K on May 9, 2008.

PROPOSAL ONE

APPROVAL OF INCREASE IN NUMBER OF DIRECTORS

The Company is asking its shareholders to approve an increase in the number of directors on its Board, as described below.

The Company's Articles of Incorporation, as amended to date, provide that the number of the Company's directors shall be fixed by its Bylaws. Section 2.2 of the Company's Bylaws, as amended to date, sets the number of directors at 12, and Virginia law permits the Board to change that number, except as described below. The Board of Directors approved the current number in August 2007 when it appointed Ronald L. Turner as a new director. The number of directors had been 11 following the Company's 2007 annual meeting of shareholders.

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As contemplated in the agreement between the Company, WCM and certain individuals, as disclosed above, the Company has nominated three individuals who had been proposed by WCM for election as directors at the Annual Meeting. In addition, the Company has nominated an additional nominee to fill the vacancy in the current Board created by a director, Ursula O. Fairbairn, who is retiring at the Annual Meeting. As a result, assuming shareholder election of these four director nominees and the four incumbent directors that are standing for election at the Annual Meeting, the Company will have 15 directors following the end of the Annual Meeting. See Proposal Two Election of Directors for more information on the directors and director nominees that are standing for election at the Annual Meeting.

The increase in the number of the Company's directors from 11, following the Company's 2007 annual meeting of shareholders, to 15, to accommodate the addition of all director nominees, is greater than 30%. Under Virginia law, the board of directors of a company that has directors with staggered terms, such as Circuit City, has the right to amend a bylaw that states a fixed number of directors in order to increase (or decrease) by 30% or less the number of directors of all classes immediately following the most recent election of directors by the shareholders. However, only shareholders may increase (or decrease) such number of directors by more than 30%. Because of the 30% limitation, in the absence of shareholder approval, the Board can only increase the number of directors to 14 at the present time.

As a result, the Company is asking shareholders to approve an increase in the number of its directors from 12, which is the current number, to 15, in order to permit the election of the four incumbent directors and the four director nominees who are standing for election at the Annual Meeting. Following such approval, the Board will amend Section 2.2 of the Bylaws so that it reads as follows:

The number of directors shall be fifteen (15).

The increase in the number of directors from 12 to 15 will be approved if the votes cast in favor of the action exceed the votes cast against it. Abstentions and broker non-votes will not be considered cast either for or against the proposal.

The Board of Directors recommends that shareholders vote **FOR** approval of the increase in the number of directors to 15.

If shareholders approve this proposal, and all director nominees are elected, there will be 15 directors following the Annual Meeting.

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PROPOSAL TWO

ELECTION OF DIRECTORS

General

The Company's Board of Directors currently consists of 12 directors and is divided into three classes with staggered three-year terms. At the Annual Meeting, the Company will ask its shareholders to approve an increase in the number of directors from 12 to 15. See Proposal One Approval of Increase in Number of Directors.

The Board, upon the recommendation of the Nominating and Governance Committee, has nominated Carolyn H. Byrd, Lyle G. Heidemann, Alan Kane, J. Patrick Spainhour and Ronald L. Turner, for election to the Board at the Annual Meeting. Ms. Byrd and Messrs. Kane, Spainhour and Turner presently serve as directors. In addition, under the agreement that the Company has entered into with WCM and certain individuals, the Board, upon the recommendation of the Nominating and Governance Committee, has also nominated _____, _____ and _____ for election to the Board at the Annual Meeting

The terms of Ms. Byrd and Messrs. Kane and Spainhour will expire at the Annual Meeting, and we are asking shareholders to re-elect each of them for a three-year term. The Company also is asking shareholders to elect each of Mr. Heidemann and Mr. _____ to a three-year term. Mr. Turner was appointed to the Board in August 2007 and is being presented to shareholders for election for the first time for a two-year term. The Company also is asking shareholders to elect Mr. _____ to a two-year term and Mr. _____ to a one-year term.

Ursula O. Fairbairn, who has served as a director since 2004, is not standing for re-election to the Board when her term expires at the Annual Meeting.

The Board of Directors recommends that the shareholders vote **FOR** the election of Ms. Byrd and Messrs. Heidemann, Kane, Spainhour, Turner, _____, _____ and _____. If you sign and return your proxy card in the enclosed envelope or execute a proxy by telephone or by Internet, the persons named in the enclosed proxy card will vote to elect these eight nominees unless you indicate otherwise. Your proxy for the Annual Meeting cannot be voted for more than eight nominees.

All of the Company's nominees have indicated their willingness to serve if elected. If any nominee of the Company is unable or unwilling to serve as a director at the time of the Annual Meeting, then shares represented by properly executed proxies will be voted at the discretion of the persons named in those proxies for such other person as the Board may designate. We do not presently expect that any of the nominees will be unavailable.

Each director nominee will then be elected if the number of votes for that director exceeds the number of votes against.

Information about the Company's nominees for election as directors and the other directors of the Company whose terms of office do not expire this year appears below.

Nominees for Election to a Three-Year Term

CAROLYN H. BYRD, 59, Chairman and Chief Executive Officer of GlobalTech Financial, LLC, a financial services company, since 2000. Ms. Byrd was President of Coca-Cola Financial Corporation from 1997 to 2000. She is a director of AFC Enterprises, Inc. Ms. Byrd has been a director of the Company since 2001.

LYLE G. HEIDEMANN, 63, President and Chief Executive Officer of True Value Company, a wholesale hardware cooperative, since 2005. He served in various positions with Sears, Roebuck and Co., a retailer of apparel, automotive and home products and services and a predecessor of Sears Holdings Corporation, from 1967 until his retirement at the end of 2003. At Sears, Roebuck and Co., he served as Executive Vice

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President of Home and Off-the-Mall Stores Hardlines from 1999 to 2003, Senior Vice President of Appliances and Electronics from 1998 to 1999, Vice President of Sears Brand Central Appliances from 1996 to 1998, and Divisional Vice President and General Manager of Lawn & Garden and Sporting Goods from 1992 to 1996. His responsibilities have given him extensive experience in retail, merchandising, brand management, operations and logistics. Mr. Heidemann is a director of True Value Company.

ALAN KANE, 66, Dean of the School of Business and Technology at the Fashion Institute of Technology (FIT) since 2005. From 1997 to 2006, Mr. Kane was Professor of Retailing at the Columbia Graduate School of Business. Before joining the faculty at Columbia, he spent 28 years in the retailing industry with Federated Department Stores, The May Company, Grossman's Inc. and a privately held retailer. He is a director of American Eagle Outfitters. Mr. Kane has been a director of the Company since 2003.

J. PATRICK SPAINHOUR, 58, Chief Executive Officer of The ServiceMaster Company, a provider of lawn, housekeeping, pest-control and maintenance services since 2006. He also served as Chairman of The ServiceMaster Company from 2006 to July 2007. Mr. Spainhour served as Chairman and Chief Executive Officer of Ann Taylor Stores Corporation, a specialty retailer of women's apparel, shoes and accessories, from 1996 to 2005. He is a director of Tupperware Brands Corporation. Mr. Spainhour has been a director of the Company since 2004.

[NOMINEE UNDER AGREEMENT WITH WCM]

Nominee for Election to a Two-Year Term

RONALD L. TURNER, 61, retired as Chairman, President and Chief Executive Officer of Ceridian Corporation in 2006. Mr. Turner served as Chairman, President and Chief Executive Officer of Ceridian Corporation, an information services company principally operating in human resource, transportation and retail markets, from 2000 until his retirement. He joined a predecessor company of Ceridian Corporation in 1993 and served in a variety of executive roles including executive vice president of operations and chief operating officer. He is a director of The Brink's Company. Mr. Turner has been a director of the company since August 2007.

[NOMINEE UNDER AGREEMENT WITH WCM]

Nominee for Election to a One-Year Term

[NOMINEE UNDER AGREEMENT WITH WCM]

Directors Whose Terms Do Not Expire This Year

RONALD M. BRILL, 64, retired as Executive Vice President and Chief Administrative Officer of The Home Depot, Inc. in 2000. Mr. Brill served as Executive Vice President and Chief Administrative Officer of The

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Home Depot, Inc., a home improvement retailer, from 1995 until 2000 and as a director of the same company from 1987 until 2000. He is a director of Pharmaca Integrative Pharmacy, Inc. Mr. Brill has been a director of the Company since 2002. His present term will expire in 2009.

BARBARA S. FEIGIN, 70, consultant specializing in strategic marketing and branding since 1999. Ms. Feigin served as Executive Vice President, Worldwide Director of Strategic Services and a member of the Agency Policy Council of Grey Global Group, Inc. (formerly Grey Advertising, Inc.), the principal business of which is advertising and marketing communications, from 1983 until her retirement in 1999. She is a director of VF Corporation. Ms. Feigin has been a director of the Company since 1994. Her present term will expire in 2010.

JAMES F. HARDYMON, 73, retired as Chairman of Textron, Inc. in 1999. Mr. Hardymon joined Textron, Inc., a public company that produces aircraft, fastening systems, and industrial components and products, in 1989 as President and Chief Operating Officer. He became Chief Executive Officer in 1992 and assumed the title of Chairman in 1993. He is a director of Lexmark International, Inc. and WABCO Holdings Inc. Mr. Hardymon has been a director of the Company since 1998. His present term will expire in 2009.

ALLEN B. KING, 61, Chairman of Universal Corporation, a corporation with operations in leaf tobacco, since 2003. Mr. King also served as Chief Executive Officer of Universal Corporation, and Chairman and Chief Executive Officer of Universal Leaf Tobacco Company, Inc., international buyers and processors of leaf tobacco, from 2003 until his retirement on March 31, 2008. Prior to his election as Chief Executive Officer, he was Chief Operating Officer for more than five years. He is a director of Universal Corporation. Mr. King has been a director of the Company since 2003. His present term will expire in 2010.

MIKAEL SALOVAARA, 54, Private Investor. Mr. Salovaara is a retired partner from Goldman, Sachs & Co., an investment banking firm, from 1980 to 1991 and from Greycliff Partners, a merchant banking firm, from 1991 to 2002. Mr. Salovaara has been a director of the Company since 1995. His present term will expire in 2009.

PHILIP J. SCHOONOVER, 48, Chairman, President and Chief Executive Officer of the Company. Mr. Schoonover joined the Company in 2004 as Executive Vice President and Chief Merchandising Officer. He was elected President in 2005, Chief Executive Officer in 2006 and Chairman in 2006. Before joining the Company, he served in various positions with Best Buy Co., Inc. from 1995 to 2004, including Executive Vice President Customer Segments in 2004 and Executive Vice President New Business Development from 2002 to 2004. Mr. Schoonover has been a director of the Company since 2005. His present term will expire in 2009.

CAROLYN Y. WOO, 54, Dean of the Mendoza College of Business, University of Notre Dame, since 1997. Ms. Woo is a director of AON Corporation and NISource, Inc. Ms. Woo has been a director of the Company since 2001. Her present term will expire in 2010.

2008 NON-EMPLOYEE DIRECTOR COMPENSATION

General

During the 2008 fiscal year, directors who were not employees of Circuit City received a combination of equity-based and cash compensation. Directors who are also employees receive no compensation for service as members of the Board of Directors or Board committees. If a director is elected to fill a vacancy between annual meetings, the director's cash retainer and equity-based compensation is prorated for the actual period of service.

All cash compensation, and all stock grants in lieu of cash, are paid quarterly on the dates of our regular dividend payments.

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Annual Retainer Fees

The cash compensation for non-employee directors includes an annual retainer of \$60,000 for service on the Board. The Lead Director receives an additional retainer of \$5,000 per year. The Chair of the Audit Committee receives an additional annual retainer of \$10,000 per year. The Chair of each of the Compensation and Personnel Committee and Nominating and Governance Committee receives an additional annual retainer of \$5,000. If a non-employee director attends less than 75% of the aggregate meetings of the Board and committees on which the director serves during a year, he or she forfeits 50% of the annual cash retainer earned for the year.

Committee Meeting Fees

Committee meeting fees are paid as follows:

\$1,500 for each day of committee meetings attended that are held in person

\$750 for each day of committee meetings attended that are held by telephone

No separate fees are paid for Board meetings.

Payment in Stock

Non-employee directors may elect to receive a stock grant in lieu of the retainer, meeting fees or other cash compensation to which the director would otherwise be entitled. The number of shares under the stock grant will equal the amount of fees otherwise payable to the director divided by the fair market value of our common stock on the payment date, rounded to the nearest whole share.

Restricted Stock Units

The non-employee directors' equity-based compensation for the 2008 fiscal year was a restricted stock unit grant with a fair market value on the date of grant of \$100,000, which vests one year from the date of grant. Non-employee directors are not permitted to sell or transfer the shares underlying the restricted stock units granted until the shares are fully vested and the non-employee director ceases to be a director of the Company. Restricted stock units are generally awarded on the date of the annual meeting. Accordingly, on June 26, 2007, the date of the 2007 annual meeting of shareholders, we issued to each of the 10 non-employee directors a retainer grant of 6,481 shares of restricted stock units, which vest on June 26, 2008. The Company amended the vesting date of the restricted stock units granted to Ms. Fairbairn, who is not standing for re-election at the Annual Meeting, so that they will vest on June 23, 2008.

Stock Ownership Guidelines for Directors

In order to further encourage a link between director and shareholder interests, non-employee directors receive more than half of their director compensation in the form of equity, which they are required to hold while they serve on the Board. Within five years of joining the Board of Directors, non-employee directors are expected to own an amount of shares or share equivalents equal to five times the annual retainer. Shares or units held by a director under any deferral plan are included in calculating the value of ownership to determine whether this minimum ownership requirement has been met.

Deferred Compensation

Non-employee directors may defer all or part of the annual retainer and committee meeting fees under a deferred compensation plan. On the last day of the fiscal year, a non-employee director's deferred cash compensation account is credited with an additional amount equal to the product of (1) the average daily balance credited to the cash deferral account in the plan during that fiscal year and (2) a percentage that is the average of the five-year Treasury Bill rates in effect on the first business day of each fiscal quarter during such fiscal year plus 30 basis points.

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Non-employee directors may also defer the restricted stock units awarded to them. Unvested restricted stock units and deferred restricted stock units are credited with additional units equal to the fair market value of the cash dividend payable on the non-vested and deferred restricted stock units listed in the 2008 Director Compensation Table below. The additional units earned become vested at the time the related restricted stock units vest. Ms. Byrd, Ms. Fairbairn, Ms. Feigin, Mr. Hardymon, Mr. Kane, Mr. King, Mr. Salovaara, Mr. Spainhour and Mr. Turner elected to defer the restricted stock units granted to them in the 2008 fiscal year.

Other Compensation

All directors may participate in the Circuit City Foundation's matching gift program. The Foundation will match charitable contributions up to a total of \$10,000 per year for each director.

We pay or reimburse the cost of transportation, lodging and expenses related to Circuit City business and make our aircraft available to transport directors to and from the location of the Board and Committee meetings. On occasion, directors may arrive from or return to a location other than their primary residence or business address due to the timing and schedule for our Board meetings. We calculated the incremental cost to the Company for this travel to other locations when preparing the table shown below. We used the same method described in the Perquisites sub-section following the Summary Compensation Table for personal use of corporate aircraft by executive officers.

Directors are covered by our business travel accident insurance policy, which generally covers all employees and directors.

Director Compensation Table

The total compensation of our non-employee directors for the fiscal year ended February 29, 2008 is shown in the following table:

Name	Fees Earned or Paid in Cash (\$ (1))	Stock Awards (\$ (2) (3))	All Other Compensation (\$ (4))	Total (\$)
Ronald M. Brill	81,250	114,205	10,000	205,455
Carolyn H. Byrd	73,500	114,205	1,500	189,205
Ursula O. Fairbairn	77,000	112,576	9,935	199,511
Barbara S. Feigin	72,000	114,205	3,250	189,455
James F. Hardymon	71,250	114,205	10,000	195,455
Alan Kane	72,000	114,205	2,150	188,355
Allen B. King	73,500	114,205	0	187,705
Mikael Salovaara	81,250	114,205	10,000	205,455
J. Patrick Spainhour	70,500	114,205	0	184,705
Ronald L. Turner	36,000	52,456	1,000	89,456
Carolyn Y. Woo	72,000	114,205	10,000	196,205

- (1) Amounts include annual retainer, meeting fees, Committee Chair fees and the Lead Director fee. Dollar amounts reflect fees earned as cash compensation, regardless of whether the director has elected to be paid in cash or stock.
- (2) The amounts disclosed in the table reflect the dollar amount recognized for financial statement reporting purposes for the fiscal year ended February 29, 2008, in accordance with Statement of Financial Accounting Standards (SFAS) No. 123R, Share-Based Payments, of awards pursuant to the Circuit City Stores, Inc. 2003 Stock Incentive Plan and thus may include amounts from awards granted in and prior to our 2008 fiscal year. See Note 14 to the consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended February 29, 2008 for a description of assumptions underlying valuation of equity awards. Unlike the amount reflected in the consolidated financial statements, this amount does not reflect any estimate of forfeitures related to service-based vesting. Instead, it assumes that the director will perform the requisite service to vest in the award.

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- (3) The differences in the amounts shown among Board members reflect length of service. Mr. Turner joined the Board in 2007, and Ms. Fairbairn joined the Board in 2005.

The grant date fair value of stock awards covered in the table for all directors except for Ms. Fairbairn and Mr. Turner is as follows: \$100,002 with respect to an award of 6,481 restricted stock units on June 26, 2007; \$99,994 with respect to an award of 3,720 restricted stock units on June 27, 2006; \$79,992 with respect to an award of 4,813 restricted stock units on June 21, 2005; and \$58,624 with respect to an award of 4,649 restricted stock units on June 15, 2004. The grant date fair value of stock awards covered in the table for Mr. Turner includes \$99,999 with respect to an award of 8,873 restricted stock units on August 21, 2007. For Ms. Fairbairn, it includes the value of the awards made in 2007, 2006 and 2005, as described above.

The following chart provides the number of outstanding stock awards for each director listed in the table above as of February 29, 2008:

Name	Unvested Restricted Stock Units*	Vested Deferred Restricted Stock Units*	Deferred Retainer Units	Non-Qualified Stock Options
Brill	8,317	0	0	8,408
Byrd	8,317	19,871	0	11,153
Fairbairn	8,317	6,973	0	0
Feigin	8,317	20,358	1,479	15,986
Hardymon	8,317	19,871	1,479	15,986
Kane	8,317	19,871	0	0
King	8,317	19,171	0	0
Salovaara	8,317	19,871	0	15,986
Spainhour	8,317	11,665	0	0
Turner	9,095	0	0	0
Woo	8,317	0	0	12,191

* Amounts include additional units earned as dividend equivalents.

We ceased granting non-qualified stock options and deferred retainer units to Directors in 2002. The stock options and deferred retainer units shown in the chart above are fully vested and do not impact the value of stock awards listed in the 2008 Director Compensation Table.

- (4) The incremental cost to the Company of perquisites and other personal benefits for each non-employee director did not exceed \$10,000. The amounts in the All Other Compensation column to the 2008 Director Compensation Table represent the matching contributions made by the Circuit City Foundation on behalf of directors.

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COMPENSATION AND PERSONNEL COMMITTEE REPORT

The Compensation and Personnel Committee of the Board of Directors of Circuit City Stores, Inc. reviews and establishes the compensation program for its executive officers, including the named executive officers included in the summary compensation table of the Company's proxy statement, and provides oversight of the Company's compensation program. The Committee specifically discharges Board oversight responsibilities with respect to:

the compensation of the Company's Chief Executive Officer, other executive officers and other key employees;

the administration of incentive compensation plans, including stock plans and short- and long-term incentive compensation plans; and

the approval, review and oversight of certain other benefit plans of the Company.

A discussion of the principles, objectives, components, analyses and determinations of the Committee with respect to executive compensation is included in the Compensation Discussion and Analysis that follows this Committee report. The specific decisions of the Committee regarding the compensation of the named executive officers are reflected in the compensation tables and narrative that follow the Compensation Discussion and Analysis.

For the fiscal year ended February 29, 2008, the Committee engaged an independent consultant, Towers Perrin Human Resources Services, to assist it in carrying out its responsibilities with respect to executive compensation.

The Committee has reviewed the Compensation Discussion and Analysis and discussed it with the Company's management and its consultant. Based on this review and discussion, the Compensation and Personnel Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the Company's annual report on Form 10-K for the year ended February 29, 2008 and this proxy statement.

Compensation and Personnel Committee

Allen B. King, Chair

Ursula O. Fairbairn

Barbara S. Feigin

James F. Hardymon

Alan Kane

Mikael Salovaara

Date: April 29, 2008

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COMPENSATION DISCUSSION AND ANALYSIS

OVERVIEW

The Compensation and Personnel Committee of our Board of Directors reviews and establishes the compensation program for our executive officers, including the named executive officers in the Summary Compensation Table below, and provides oversight of our compensation program. The Committee consists entirely of non-employee, independent members of our Board and operates under a written charter approved by the Board.

Our executive compensation program consists of base salary and at-risk compensation, both short-term and long-term. The elements of our executive compensation program include base salary, an annual performance-based bonus, long-term incentive awards, retirement programs and perquisites and fringe benefits. The Committee uses a variety of resources, including competitive market data, an independent consultant, tally sheets and our external auditors to make decisions about executive compensation that are consistent with our executive compensation philosophy. The Committee considers our business performance and financial goals and the current industry environment when determining how to apply its executive compensation philosophy to decisions about executive compensation.

We continue to implement our transformation initiatives as we rebuild our company. A significant part of our turnaround effort has been focused on attracting and retaining a strong management team to lead this business transformation and, as described below, our compensation program needs to support this effort. The Board, in consultation with management, continues to set aggressive bonus targets, and the Committee continues to provide programs that motivate our executive team to focus on long-term growth targets and remain with the Company during our transformation. The programs place a significant portion of management's compensation at risk and keep incentives aligned with the business challenges and competitive environment.

For the fiscal year ended February 29, 2008, the Committee engaged an independent consultant, Towers Perrin Human Resources Services, to assist it in carrying out its responsibilities with respect to executive compensation. See Executive Compensation Philosophy Market Competitiveness below for additional information on Towers Perrin's role.

The following discussion explains the material elements of compensation paid to our named executive officers and provides the material factors underlying our compensation policies and practices. The information in this discussion specifically provides context for the compensation disclosures in the tables that follow it and should be read along with those disclosures.

EXECUTIVE COMPENSATION PHILOSOPHY

General

Our executive compensation program is designed to

align compensation with short-term and long-term business objectives and the interests of our shareholders;

attract, motivate, reward and retain executive leadership who will contribute to our long-term success; and

reward achievement of high levels of performance that drive long-term business success and enhance shareholder value.

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In making decisions concerning executive compensation, the Committee reviews external competitive data prepared by the independent consultant. The total direct compensation opportunity consists of base salary and at-risk incentive compensation, both short-term and long-term, and is targeted at the median of the competitive market data.

At-risk incentive compensation plans are structured to align compensation with performance. In aligning compensation with performance, we consider current business conditions and the need to balance short-term and longer-term results with the ability to attract, motivate, reward and retain an experienced executive team.

The compensation program is designed to reward both individual performance and company performance with regard to established goals and objectives. Specifically, we have used two different financial measures for the short-term and long-term incentive awards in order to maintain focus on both earnings per share and longer-term gains in net operating profit margin. Operating profit margin is earnings from continuing operations before income taxes as percentage of net sales and operating revenues. We have chosen to balance the allocation between annual and long-term incentives to ensure that our executive officers are motivated to achieve both annual and long-term company goals.

As an executive officer's responsibility within the organization increases, we allocate a higher portion of his or her total cash compensation to at-risk compensation. The target percentage of base salary for payment of the annual performance-based bonus increases from 50% or 60% for Senior Vice Presidents to 80% for Executive Vice Presidents and 100% for the Chief Executive Officer. The rationale for these increases is that, as an executive officer moves higher in the organization, a greater portion of his or her annual and cash-based compensation should be at risk.

Market Competitiveness

One purpose of our executive compensation program is to attract, motivate, reward and retain executive leadership who will contribute to our long-term success. The Committee believes that benchmarking is an important consideration in its compensation decisions. Benchmarking allows the Committee to compare our compensation program with the compensation levels and practices in both the general industry and the retail industry and to make corresponding adjustments to the program and its components, as necessary to remain competitive for highly qualified employees.

The Committee has adopted the median level as a benchmark for its compensation decisions because it believes that this level allows the Committee to vary its compensation decisions to higher and lower levels when comparing compensation practices of other companies of similar size, most of which also use a median benchmark level. The Committee therefore defines market competitiveness as the median, or 50th percentile, level of the data for companies of comparable size in both the general industry and the retail industry, based on the compensation surveys that the Committee reviews. As a result, average performance should generally result in a median level of compensation relative to this market data. Likewise, above-average performance should generally result in an above-average level of compensation relative to the median of the market data if we exceed our goals.

The Committee engaged Towers Perrin to review the competitiveness of our executive compensation program for the named executive officers. This review focused on base salary, target total cash compensation (equal to salary plus target bonus), and target total direct compensation (equal to salary plus target bonus plus the annualized, expected value of long-term incentives). Based on a review of the duties of the named executive officers, Towers Perrin matched their positions to various benchmark positions reported in the following two primary surveys:

the Towers Perrin's Executive Compensation Data Bank; and

the Hay Total Remuneration Survey - Retail Industry.

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The Towers Perrin Executive Compensation Data Bank, which includes more than 500 companies, presents the compensation levels and practices across a broad cross-section of industries, including aerospace/defense and automotive and transportation, chemicals, computer hardware, software and services, consumer products (excluding food and beverage), electronics and scientific equipment, food and beverages, metals and mining, oil and gas, pharmaceuticals, retail and telecommunications. The range of annual revenues of the companies in this survey is generally \$1.0 billion to \$39.0 billion, with the median at \$5.8 billion. While the Committee used the Towers Perrin's Executive Compensation Data Bank to help set the benchmarks that it uses to determine executive compensation, the Committee is unaware of the identities of the companies underlying the survey.

The Hay Total Remuneration Survey – Retail Industry, which includes more than 70 retailers that participate in the survey, presents the compensation levels and practices solely within the retail industry. The range of annual revenues of the companies in the survey is generally \$1.0 billion to \$39.0 billion, with the median at \$4.5 billion. The Committee is provided with a list of the component companies in the Hay Total Remuneration Survey – Retail Industry, and a copy of the list of the component companies is attached to this proxy statement as Appendix A.

Towers Perrin and our management also collected available data from proxy statements for the following companies to use as secondary information: Best Buy Co., Inc., Dillard's, Inc., The Gap, Inc., The Home Depot, Inc., Kohl's Corporation, Limited Brands, Inc., Lowe's Companies, Inc., Macy's, Inc. (f/k/a Federated Department Stores, Inc.), Nordstrom, Inc., Office Depot, Inc., RadioShack Corporation, Sears Holdings Corporation, Staples, Inc., Target Corporation, The TJX Companies, Inc. and Walgreen Co.

Because it is publicly available, the secondary information is a readily available source of information that the Committee may use from time to time when considering comparative peer group data. The secondary information represents a much smaller sample size, but includes companies in the retail industry and supplements the two surveys above.

In approving compensation matters for the named executive officers, the Committee focuses on the formally prepared Towers Perrin Executive Compensation Data Bank and the Hay Total Remuneration Survey – Retail Industry. The independent consultant develops a blended rate that averages the 50th percentile data from the two surveys for positions that are commonly found in all industries. Towers Perrin does not present a blended rate for positions that are specific to the retail industry – the focus for these positions is the retail-industry survey. In addition to the 50th percentile data, which would correspond with average performance by us, the compensation consultant also presents information at the 75th percentile data, to approximate the compensation levels expected if we exceeded our goals.

The Committee reviews this information primarily to compare the current compensation levels of our named executive officers to the applicable comparative data to analyze where such levels fall in the competitive range for their positions. A compensation decision for a particular executive officer relies on the comparative data for his or her position, as presented above.

The Committee uses the secondary information to review the compensation practices of specific companies in our peer group in order to assist it with the design of certain elements of compensation, including the types of perquisites offered, operating measures for the annual performance-based bonus and vesting criteria for any long-term incentive awards.

Use of Tally Sheets

The Committee uses the information provided in tally sheets as part of its review of our overall executive compensation program. The tally sheets are tables that disclose, for each named executive officer, total direct compensation, equity ownership and potential costs to us under various termination scenarios. The presentation for total direct compensation quantifies each component of the executive officer's compensation, including

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current salary, target bonus and the annualized expected value of stock-based long-term incentive awards, and then provides a total compensation number. The tally sheets are prepared by Towers Perrin for the Committee, based on information that it obtains from us.

The tally sheets assist the Committee in understanding all of the components of compensation for each named executive officer and are used to calculate the costs that we could potentially incur under various termination scenarios for each executive officer. While tally sheets help the Committee review our overall executive compensation program, the Committee did not specifically use the tally sheets as a factor in making its compensation decisions with respect to the year ended February 29, 2008.

ELEMENTS OF COMPENSATION PROGRAM

General

Our executive compensation program consists of the following elements:

base salary

annual performance-based bonus

long-term incentive awards

retirement programs

perquisites and fringe benefits

The elements of our compensation program represent the elements that we have offered in the past in order to attract, motivate, reward and retain highly qualified executive officers. These elements are also standard compensation components of our peer companies and allow us to present an attractive compensation package to each of our named executive officers in comparison with these companies.

Specifically, base salary is designed to provide a specific level of cash compensation that is competitive and appropriate for the executive officer position. The annual bonus is designed to be at-risk and to provide an incentive to executive officers to achieve, and exceed, annual business objectives and goals. Long-term incentive awards are designed to be at-risk, to provide an incentive for executive officers to achieve, and exceed, business objectives and goals over the course of multiple years and to retain executive officers by conditioning these awards with vesting requirements. The retirement program is designed to provide executive officers with an appropriate level of financial security and income, following retirement, relative to their pre-retirement earnings, with a view to attract executive leadership to us. Perquisites and fringe benefits are designed to provide certain personal benefits and to fund certain expenditures that are common among executive officers in many companies, such as financial planning and a car allowance.

Base Salary

Base salary is designed to provide a specific level of cash compensation that is competitive and appropriate for the executive officer position. Individual base salaries are established in relation to benchmark competitive data and are adjusted to recognize the level of responsibility, business performance, individual performance and internal equity.

Through our human resources department, we conduct annually an internal performance evaluation process with respect to our executive officers. Each evaluation focuses on both the individual's job accountabilities, which will differ by executive officer, and performance against pre-defined objectives and commitments. The Chief Executive Officer evaluates the performance of the named executive officers (except for himself) and reviews the evaluations and proposed base salary increases arising from these evaluations with the Committee. The Committee's compensation consultant reviews the proposed total compensation for these executive officers with the Committee. The Chief Executive Officer and the Committee then discuss this information and use it to consider any merit-based adjustments to an executive officer's base salary. The

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Committee ultimately approves the base salaries, including any adjustments to the proposed amounts. The market data that the Committee reviews from benchmarking assists it with establishing competitive levels of compensation, with a target at the median level of this data, prior to the effect of any merit-based adjustment as described above. Tally sheets do not play a role in salary increases.

As part of the process described above, and as one of its stated responsibilities, the Nominating and Governance Committee of our Board of Directors evaluates the individual performance of the Chief Executive Officer and summarizes the evaluation for the benefit of the Committee. The Committee then discusses this information in executive session and uses it to make any merit-based adjustments to the Chief Executive Officer's base salary.

In April 2007, the Committee approved the base salaries for the named executive officers for the fiscal year ended February 29, 2008. For Mr. Schoonover, the Committee approved a 2.8% increase in base salary, from \$900,000 to \$925,000, as a result of the annual performance review. Mr. Schoonover, however, declined to accept the salary increase in light of the Company's performance for the fiscal year ended February 28, 2007.

For Mr. Hedgebeth, the Committee approved a 10.3% increase in base salary, from \$340,000 to \$375,000, as a result of the annual performance review and an adjustment based on competitive market data. The Committee approved an additional increase to Mr. Hedgebeth's base salary to \$435,000 in December 2007 in order to make an additional adjustment based on market data. For Mr. Jonas, the Committee approved a 4.5% increase in base salary, from \$375,000 to \$391,900, as a result of the annual performance review. For Mr. Weedfald, the Committee approved a 2.0% increase in base salary, from \$350,000 to \$357,000, as a result of the annual performance review.

The Committee took no action with respect to Mr. Foss, as he had already provided notice that he would resign from his position in early 2007. We did enter into a consulting services arrangement with him to complete his role as our principal financial officer for the 2007 fiscal year and help us transition to a new chief financial officer. In consideration for his transition services, we accelerated the vesting of three sets of options, to acquire a total of 65,833 shares of our common stock, that would not have vested by the date of his resignation.

When hiring or promoting executive officers, the Committee also takes into consideration their compensation levels at their previous employers, the results of competitive market information for the positions they were hired into and their total direct compensation opportunity. The Committee relies on benchmarking, which allows the Committee to review market data for comparable positions. In addition to benchmarking data, the Committee looks at the executive officers' compensation package with their prior employers. The Committee aims to keep base salary and target bonus for a new or promoted officer consistent with the competitive market information. To the extent that it determines that it needs to offer a more attractive package to a particular officer, either due to additional responsibilities with us or to increasing the chances of having the executive officer leave his or her prior employer, the Committee may use a one-time signing bonus or a stock-based award, or both. This type of award seeks to maintain the level of total direct annual compensation for our executive officers generally at a median level. The overall compensation package for new executive officers is prepared by us and the compensation consultant working together, using the benchmarking analysis that the consultant has prepared.

We hired one of our named executive officers, Mr. Besanko, in July 2007. Using the criteria and analysis described above for hiring executive officers, the Committee approved a base salary of \$500,000 per year for Mr. Besanko. In addition, the Committee awarded him options to purchase 200,000 shares of our common stock and 100,000 shares of restricted stock, all vesting over four-year periods. The Committee also awarded Mr. Besanko a performance-based bonus consistent with his position as Executive Vice President, as described below (set at 80% of his base salary), but guaranteed the payment of \$400,000 for any such bonus following the end of the 2008 fiscal year. The Committee believes that this guaranteed bonus for his first year with us was appropriate in order to make his compensation package competitively attractive in light of the potential risk involved in joining us during our turnaround period. Mr. Besanko also received the perquisites and benefits that we provide our executive officers.

Table of Contents**Annual Performance-Based Bonus**

The annual performance-based bonus is designed to be at-risk and to provide an incentive to our named executive officers to achieve, and exceed, annual business objectives and goals. Specifically, short-term incentive compensation is designed to reinforce the relationship between executive pay and our performance each fiscal year.

Our annual bonus is a cash incentive award that is tied to attainment of company goals that, if achieved, would fund the payments under the plan. Executive officers are eligible for target awards in an amount based on a percentage of their base salary. The target levels, which do not change from year to year, for the named executive officers are as follows:

Position	Target bonus percent of base annual salary	Maximum bonus percent of base annual salary
Chief Executive Officer	100%	200%
Executive Vice President (which includes the Chief Financial Officer)	80%	160%
Senior Vice President (who are named executive officers)	60%	120%

The amount paid to individual executive officers under the annual performance-based bonus plan is equal to the executive officer's base annual salary in effect on December 1st of the applicable fiscal year multiplied by the target bonus percent applicable to his or her job position and multiplied by the performance level that we achieved as a company. If achieved, attainment of performance levels is certified by the Committee following the end of the fiscal year based on actual results in our audited financial statements.

For the 2008 fiscal year, the Committee set the criteria for the company performance level based upon earnings per share results. We believe that this performance measure was appropriate for the annual bonus because it is widely accepted, easily understood, reflects our efforts to grow revenue and takes into account our goal to reduce and leverage expenses. Achievement of this performance goal is determined based on GAAP earnings as reported in our audited financial statements, excluding the effects of any changes in accounting principles. All determinations regarding the achievement of the performance goal are made by the Committee, and expenses related to store and facility closures, if any, are included in the results. Individual performance did not affect the target level for the annual performance-based bonus for the 2008 fiscal year.

The Committee approved two sets of performance levels for the annual performance-based bonus in April 2007, one based on our consolidated results and an alternative based on our results if we sold InterTAN, Inc., which conducts our operations in Canada, during the 2008 fiscal year. Actual payout opportunity for fiscal year 2008 ranged as shown in the table below, with the 100% payout level intended to represent our target performance goal.

FY08 Goal	Performance Levels				
	50%	75%	100%	150%	200%
Earnings per share					
(with InterTAN)	\$ 0.63	\$ 0.68	\$ 0.74	\$ 0.84	\$ 0.95
Earning per share					
(without InterTAN)(1)	\$ 0.57	\$ 0.62	\$ 0.67	\$ 0.78	\$ 0.88

- (1) This goal would reflect earnings per share, as adjusted, to remove any impact of InterTAN from our results, including the impact of business performance and any gain or loss on its sale.

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The performance levels shown above were established in connection with projections made in our annual financial planning process at the beginning of the fiscal year. The Committee approved the performance criteria and target levels within the first 90 days of the fiscal year. The Committee approves new targets under the annual performance-based bonus plan each year.

In August 2007, the Committee recognized that we would not achieve the minimum performance level for the payment of the annual performance-based bonus for the year. While it acknowledged that it could award discretionary bonuses at the end of the year, the Committee also recognized our need to retain proactively our key employees to lead and execute our transformation initiatives. As a result, in order to manage retention issues and continue to motivate the executive officers, the Committee modified the annual performance-based bonus in order to provide for a potential payment based on our earnings per share results for the second half of the fiscal year ended February 29, 2008, instead of the full year. The Committee approved the payment of a percentage of the original target bonus, as described above, if we achieved specific targeted performance levels over that six-month period, based on our performance prospects for that period. Mr. Schoonover declined this change to his proposed bonus in light of his commitment to the company and the transformation process.

Actual payout opportunity for the performance-based bonus, as modified, ranged as shown in the table below.

FY08 Goal	Performance Levels				
	50%	63%	75%	138%	200%
Earnings per share	\$ 0.32	\$ 0.40	\$ 0.48	\$ 0.72	\$ 0.96

As a result of the issues that we encountered during our turnaround initiatives, we did not achieve any of the earnings per share targets listed above. The Committee also has the authority to award discretionary bonuses to the named executive officers, which bonuses are separate from the annual performance-based bonus, but it chose not to do so due to the fact that we did not achieve our performance goals. Consequently, none of the named executive officers who were serving as executive officers on the last day of the fiscal year received a bonus, with the exception of Mr. Besanko's guaranteed bonus specified in his employment agreement as described above.

Long-Term Incentive Awards

The purpose of our long-term incentive awards is to encourage and motivate selected employees to contribute to our successful performance. Long-term compensation consists primarily of stock-based awards. Stock-based awards, whether stock options or shares of restricted stock, may be awarded based on the executive officer's position, experience and performance. Generally, granting stock-based awards directly links an executive officer's compensation opportunities with the creation of shareholder value. Stock option grants, in particular, require stock price appreciation in order for executive officers to realize any benefit, thus directly aligning executive officer and shareholder interests. We believe that awards under the plan reward the achievement of high levels of performance.

Our plan of long-term incentive awards also supports the achievement of our primary long-term performance objectives by stimulating the efforts of employees and strengthening their desire to remain with us during our strategic turnaround period. We expected that results would be volatile during this time. Therefore, the long-term incentive plan has been designed to provide a balanced opportunity rewarding both the increase in shareholder value and retention through the award of stock options and restricted stock.

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The timing of our long-term incentive awards has varied, and the Committee approves awards as it deems appropriate for our circumstances. Prior to 2003, we made stock-based awards on an annual basis. In order to provide additional incentive to executive officers during its strategic turnaround period, in 2003, we made stock-based awards that were to vest in 2006 if we met certain performance criteria (which we did not).

In 2005, we made stock-based awards that were to vest in annual installments over the next four years. The Committee believes that the vesting requirements were appropriate at this stage of our turnaround in order to recruit and retain highly qualified employees. Executive officers who were employed with us when this program was implemented in June 2005 received equity awards at the following levels based upon their position:

Position	Restricted Stock	Performance Accelerated Restricted Stock	Non-Qualified Stock Options
Chief Executive Officer	100,000	100,000	0 ⁽¹⁾
President	90,000	90,000	340,000
Executive Vice President	65,000	65,000	200,000
Senior Vice President (Management Executive Committee)	35,000	35,000	140,000
Senior Vice President	13,500	13,500	54,000

⁽¹⁾ At the former Chief Executive Officer's request, the options that would have been awarded to him were set aside for use in making special awards of restricted stock to employees that were not named executive officers.

We awarded an equal number of shares of restricted stock and performance-accelerated restricted stock under the program as a balance between retaining these executive officers through the end of the vesting period and providing an incentive to drive results above our business plan goals by meeting the criteria for acceleration. Executive officers who were hired or promoted to their current position after June 2005 received awards of a pro-rata number of shares of restricted stock, performance-accelerated restricted stock and stock options. In addition, we have awarded options and restricted stock that are not part of an annual long-term incentive program to newly hired executive officers in connection with their employment offer.

The restricted stock awards under the long-term incentive program vest in four equal annual installments beginning on July 1, 2006. The performance-accelerated restricted stock awards under the program will vest on July 1, 2009, with a provision for earlier accelerated vesting based upon attainment of annual operating profit margin at the following levels, which are cumulative:

Operating Profit Margin	Acceleration of Shares
2.3%	25% of shares vest
3.25%	50% of shares vest
4.0%	75% of shares vest
4.5%	100% of shares vest

Operating profit margin is earnings from continuing operations before income taxes as a percentage of net sales and operating revenues, as each is reflected in our annual audited consolidated financial statements. We have not achieved any of the percentages required for accelerated vesting of performance-accelerated restricted stock.

The non-qualified stock options under the long-term incentive program vest at a rate of one-fourth per year from the grant date.

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With respect to our equity awards, we have a policy that requires each of our executive officers to retain at least 50% of the shares received upon vesting or exercise, after satisfaction of applicable tax liabilities, until the executive officer meets our stock ownership guidelines.

In addition, the restricted stock awards and the performance-accelerated restricted stock awards under the long-term incentive program contain a performance condition applicable to the named executive officers that will prevent shares from vesting unless our stock price has increased to a specified level by the final vesting date for the award. If the stock price is not at the specified level, then the award will remain restricted until it reaches and maintains the required stock price for five consecutive trading days. If that performance condition is not met within three years after the final vesting date, then any shares that had not vested on the final vesting date will be forfeited by the named executive officer. This provision is designed to ensure that the awards are fully deductible for tax purposes when they vest.

In June 2005, the Committee set the stock price target for purposes of vesting its restricted stock awards and performance-accelerated restricted stock awards for its named executive officers at \$23, which represented just less than a 50% premium over the stock price at the date of the award. Subsequent awards for new hires and promotions initially maintained this \$23 stock price target. The Committee reconsidered this \$23 target as our stock price increased in value to that level, thus making the performance condition less meaningful and possibly impacting the deductibility of the awards under Section 162(m) of the Internal Revenue Code. As a result, in June 2006, the Committee reset the stock price target for vesting for future awards at a price equal to 10% higher than the fair market value of the stock on the date of the award.

Upon issuance of the award, the time-based restricted stock and performance-accelerated restricted stock are included in our outstanding shares. Dividends are paid on these shares at the regular dividend rate in effect for our common stock. No dividends are paid on stock options.

In March 2006, upon his promotion to Chief Executive Officer, we awarded Mr. Schoonover non-qualified stock options to acquire 1,000,000 shares of common stock. These stock options will vest one-third on March 1, 2009, one-third on March 1, 2010 and one-third on March 1, 2011. These stock options have a longer vesting period than our normal terms and conditions because this award is designed to provide a long-term incentive to Mr. Schoonover to lead changes in our business that will increase shareholder value. Additionally, the number of shares of common stock underlying the options reflects the Committee's belief that the Chief Executive Officer should have a significant stake in us as a shareholder. The award of stock options will allow him to acquire shares necessary to achieve his required stock ownership levels.

In July 2007, the Committee awarded Mr. Besanko options to purchase 200,000 shares of our common stock and 100,000 shares of restricted stock, all vesting over four-year periods, in connection with his employment. In addition to the criteria and analysis described above for hiring executive officers, the Committee believed that this award will provide a long-term incentive to him as part of our management team during this turnaround period.

In December 2007, the Committee approved and recommended, and our board of directors approved, a special retention award for our executive officers and other key employees on our leadership team. The purpose of the award was to ensure the stability of our leadership team by providing an incentive for these individuals to remain with us during the period that the award vests. We have been through several years of volatile performance, and our executive officers and other key employees have been implementing a critical strategic plan. However, the turnover in members of our leadership team during the 2008 fiscal year has exceeded industry averages, as three of our executive officers, including Mr. Foss, resigned. We believe that the award is an important component of our compensation package at a time when we are seeking to successfully execute our business strategy.

Each retention award was effective as of January 1, 2008, and vests over a three-year period from that date. The right to receive any amount that has vested is contingent on the officer's continuous full-time

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employment with us through the respective vesting date. The officer will forfeit any unvested amounts upon his or her termination of employment, except for termination due to death or permanent disability. For terminations for those reasons, the next amount of the award to vest following such termination will vest effective as of the death or termination for disability, and any remaining unvested amounts will be forfeited.

The named executive officers who received the cash retention award were Messrs. Besanko, Hedgebeth, Jonas and Weedfald. The Committee offered a retention award to Mr. Schoonover, our Chairman, President and Chief Executive Officer, but he declined to participate in the retention plan. The following table sets forth the amounts and vesting dates for the retention award for each of our executive officers by position.

Position	Total Amount	Amount Vesting and	Amount Vesting and	Amount Vesting and
		Payable on January 1, 2009	Payable on January 1, 2010	Payable on January 1, 2011
Executive Vice President	\$ 1,000,000	\$ 500,000	\$ 330,000	\$ 170,000
Senior Vice President	\$ 600,000	\$ 300,000	\$ 200,000	\$ 100,000

Also in December 2007, the Committee approved long-term incentive awards to the Chief Executive Officer and each of its Executive Vice Presidents and Senior Vice Presidents under our 2003 Stock Incentive Plan. Similar to its reasons for modifying the annual bonus, the Committee recognized our need to proactively retain our key employees to lead and execute our transformation initiatives in approving the awards. The amounts for each level, except for the Chief Executive Officer, were based on recommendations from our management, using an analysis of competitive market data from Towers Perrin. All of the awards were effective as of January 1, 2008. The awards are in the form of options to acquire shares of our common stock that will vest equally over each of the first three anniversaries of the grant date. The award for the Chief Executive Officer, based on a recommendation from the Committee's consultant, is an option to acquire 710,000 shares of our common stock, the award for each Executive Vice President, including Mr. Besanko, is an option to acquire 189,000 shares, the award for each Senior Vice President who is on our executive management team, including Messrs. Hedgebeth and Jonas, is an option to acquire 79,000 shares and the award for each Senior Vice President who is not on our executive management team, including Mr. Weedfald, is an option to acquire 73,000 shares. The exercise price for each award was fixed on the grant date, using \$4.20, the fair market value of our common stock at the close of business on December 31, 2007.

The Committee currently views long-term incentive awards as a component of an executive officer's annual compensation package. As a result, the Committee expects to consider the potential timing of these awards on an annual basis, but has not adopted any express plans to do so.

Individual performance did not affect the determination of long-term incentive awards during the fiscal year ended February 29, 2008.

Retirement Programs

Our retirement program is designed to provide executive officers with an appropriate level of financial security and income, following retirement, relative to their pre-retirement earnings. We believe that our retirement program is a valuable tool in attracting and retaining highly qualified employees. The retirement program historically has been reflective of common practices among companies of similar size and structure.

In fiscal year 2005, we substantially froze our pension plan and a related benefit restoration plan for executives. The benefit restoration plan was designed to provide benefits for the senior executive officers who were affected by the Internal Revenue Code limits on benefits provided under a pension plan. It is a non-qualified defined benefit plan. The freezing of the pension plan and the benefit restoration plan were part of the restructuring of the retirement program, which began in 2004. The purpose of the restructuring was to make changes that were more in line with what employees valued, and to provide a more competitive 401(k) plan.

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Executive officers who were within 10 years of early or normal retirement under the pension plan in the 2005 fiscal year remained eligible to receive supplemental benefits under the non-qualified benefit restoration plan. Of the current named executive officers, only Mr. Jonas remains eligible for benefits under the benefit restoration plan. He will only receive these benefits if he works for us until retirement.

We replaced the pension plan with an improved employer match under our 401(k) plan and introduced a Supplemental 401(k) Plan to offset the loss of the benefit restoration plan. The Supplemental 401(k) Plan, like the benefit restoration plan, is designed to provide benefits for executive officers affected by the Internal Revenue Code limits on qualified retirement plans. The Supplemental 401(k) plan is designed to mirror the tax-qualified 401(k) plan. It is not designed to provide any additional benefit features to these executives beyond those available under the qualified plan.

The Supplemental 401(k) Plan is an unfunded, non-qualified deferred compensation plan, under which executive officers may defer up to 40% of their compensation and are eligible to receive a matching contribution of up to four percent of their compensation less any matching contribution received under the tax-qualified 401(k) plan. These deferral and matching contribution percentages are the same as the percentages under our regular 401(k) plan.

Matching contributions are made following the same formula used for safe harbor matching contributions under the qualified plan and the investment choices are substantially equal to those offered in the qualified plan. For fiscal year 2008, Mr. Schoonover, Mr. Foss and Mr. Jonas participated in the Supplemental 401(k) Plan.

Based on its analysis of the secondary information of the competitive market data, the Committee believes that the retirement program in its current form provides a competitive part of our compensation program for attracting and retaining highly qualified executive officers. Specifically, the program is now similar to the structure at many of our competitors.

Perquisites and Fringe Benefits

Perquisites and fringe benefits are designed to provide certain personal benefits and to fund certain expenditures that are common among executive officers in many companies. The Committee believes that this component of compensation is a valuable tool in attracting, motivating, rewarding and recruiting highly qualified employees. In order to remain competitive for these employees in our industry, the Committee considered the secondary information of the competitive market data and selected each of these particular perquisites and fringe benefits in order to maintain a level of parity with the perquisites and fringe benefits that our peer companies offer.

We provide perquisites to the named executive officers as outlined in the chart following the Summary Compensation Table. These benefits may include, specifically, the following items:

a car allowance of \$858 per month

a financial planning allowance of up to \$6,000 per year

participation in the Officer Evaluation Program, which provides consumer electronics to the executive officer for personal use and evaluation of the merchandise

relocation benefits

merchandise

other fringe benefits

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The purpose of the Officer Evaluation Program is to give our executive officers the opportunity to become familiar with the products that we sell and to evaluate them over a 18- to 24-month period in order to provide longer-term user input for our merchandising department. Each executive officer may use merchandise with a total specified discounted retail value at any give time. At the end of the evaluation process, the executive officer must return the merchandise or purchase it at its then current value. The incremental cost to us for providing this benefit in each year is the sum of the discounted retail prices of all products purchased during the year.

We offer relocation benefits to certain employees when they join us. In some cases, the relocation benefits offered to the named executive officers are more generous than the relocation benefits that are generally available to other salaried employees.

We incur the cost of travel expenses and merchandise gifts for named executive officers and their spouses in connection with an annual recognition event for our top performing store directors and field personnel. On occasion, we may gross-up the employee's pay for taxes related to imputed income on these gifts. We consider each of these fringe benefits to be business-related but are reporting them as perquisites to provide full disclosure for investors.

We also provide certain benefits to all employees and/or all full-time employees that are not included as perquisites in the Summary Compensation Table for the named executive officers because they are broadly available. These benefits include health and welfare benefits, an associate discount program on merchandise, adoption assistance, credit union membership, matching gift contributions to qualifying educational and cultural organizations and an employee stock purchase plan.

Additionally, the Chief Executive Officer is allowed limited personal use of our aircraft and may use up to 50 hours per year. He is taxed for his personal use of the aircraft based on a standard industry fare level formula, which equates to roughly the cost of first-class airfare. The aggregate incremental cost of the use of the aircraft for this executive officer is described further under the Summary Compensation Table in the 2008 Executive Compensation section.

Post-Termination Compensation

Under our employment agreements and certain plan documents, the named executive officers may be entitled to post-termination compensation in certain cases. These provisions are detailed further and quantified in the section of this proxy statement titled Potential Payments Upon Termination or Change-In-Control.

We provide these benefits to the named executive officers because we want their focus to be directed toward business objectives and not disrupted by an actual or rumored change-in-control of us. Further, we believe that these provisions are necessary to retain key employees during the volatility of our business turnaround and in light of past situations where we were the target of unsolicited offers to acquire us. In the event that a corporate transaction was being considered, we believe that these provisions would cause the executive officers to act in the best interest of shareholders without undue concern over how a transaction might affect their personal employment.

To ensure this post-termination compensation is reasonable, the Board of Directors has adopted a policy with respect to employment agreements with executive officers that limits benefits payable in the event of a change-in-control. For employment agreements with executive officers entered into after June 21, 2005 (including written amendments to, but excluding automatic renewals of, existing employment agreements), the value of change-in-control severance benefits payable under the agreements, determined as set forth below, may not exceed 2.99 times the sum of the executive officer's base salary plus the most recent bonus paid to the executive officer (or, if no bonus has been paid to the executive officer in his or her current position, the executive officer's target bonus at a 100% payout).

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Of the named executive officers, Messrs. Besanko and Hedgebeth joined us after this provision was implemented, but it applies to all executive officers who enter into new employment agreements with us.

The following are subject to the 2.99x limit:

lump sum severance payments

periodic cash payments

consulting fees (other than fees paid on an hourly or per diem basis for work actually performed)

the value of post-termination employee benefit plan and fringe benefit continuation

additional service credit under our frozen non-qualified defined benefit plan

The value of accelerated vesting of stock options and other long-term incentive awards is not subject to the 2.99x limit, nor is accelerated payment of an amount that would otherwise be due to the executive officer at a later date. We believe that accelerated vesting protects an existing award under a stock incentive plan and does not provide an additional severance benefit. Acceleration of payment is only a timing change, and we do not view it as providing an additional severance benefit.

Because excise taxes may be imposed on a portion of change-in-control benefits in some cases, excise tax reimbursement and gross-up payments may still apply in these situations. Such payments do not increase the after tax value of benefits to the executive officer and, therefore, we do not count them for purposes of our 2.99x limit.

Our employment agreements also provide for severance payments in the event of the executive's termination. In the event of a termination without cause or termination by the executive for good reason, we will provide cash severance in amounts that range from one times base salary and target bonus up to two times base salary and target bonus plus a pro-rata share of target bonus for the fiscal year in which the termination occurs. Other severance provisions include accelerated vesting of stock that would have vested during the then-current term of the agreement, outplacement services and continuation of employee benefits for up to two years.

OTHER COMPENSATION POLICIES AND PRACTICES

Stock Ownership Guidelines

Our stock ownership guidelines require executive officers to hold specific levels of our stock in order to ensure focus on long-term success and shareholder value. The Committee determined the levels of share ownership following a review of the stock ownership practices in the general industry and the retail industry. The Committee elected to express the ownership requirement as a fixed number of shares for each executive officer level based on a consideration of market practices and our long-term incentive program. Since the program was established, the Committee reviews data on the ownership level of individual executive officers in relation to the guidelines and competitive practices to ensure that the program is meeting its objectives

Consistent with this philosophy, the Committee has implemented stock ownership guidelines for the senior executives as follows:

Job Level	Number of Shares
Chief Executive Officer	325,000

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Executive Vice President (which includes Chief Financial Officer and Chief Operating Officer)	165,000
Senior Vice President (Management Executive Committee)	85,000
Senior Vice President	45,000

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The guidelines were effective July 1, 2004. Executive officers in their positions at that time have until July 1, 2009 to attain the required minimum level. New executive officers or those promoted into a new position have five years from their date of hire or promotion to attain the required level.

Under the guidelines, non-vested restricted stock and stock options do not count toward ownership until all restrictions lapse or options are exercised. Each year, the Committee evaluates management's progress in meeting the target levels.

The guidelines are designed to further align management's long-term interests with that of shareholders by encouraging executive officers to make a commitment to hold a minimum amount of our common stock. The Committee takes these guidelines into account when making decisions about equity awards to executive officers. Long-term incentive awards are designed to ensure that each executive officer has the ability to meet his or her target ownership levels.

Executive officers who fail to meet these guidelines by the specified date will be expected to hold all shares acquired through stock option exercises (or the net number of shares remaining after a cashless exercise) until they reach their target level. In addition, these executive officers will be expected to invest 25% to 30% of the proceeds from their annual bonus payment until they reach their target level.

Stock Option Practices

We award stock options to our executive officers. We may also make restricted stock awards to a new executive officer in connection with an employment offer.

Stock option grants and restricted stock awards to executive officers are made at regularly scheduled Committee meetings, which occur every two months. Grants and awards that are made in connection with an employment offer may also be made at a Committee meeting scheduled for that purpose. Our Senior Vice President of Human Resources, in consultation with the Chief Executive Officer and the Chief Financial Officer, provides the Committee with a recommendation concerning the recipients, the reason for the award and the number of shares to be awarded. The Committee is also provided with information concerning stock utilization and the number of shares available under our stock plans. The grant date is generally the date of the meeting when the awards are approved by the Committee. For awards in connection with an employment offer, the grant date is the first day of the executive officer's employment. We communicate the fact of the award promptly to each executive officer, and we issue a written award letter setting forth our obligations under the award.

We do not coordinate the issuance of stock options or restricted stock awards with the release or withholding of material non-public information. The date of our regular Committee meetings is established at least one year in advance without regard to the expected release dates for quarterly or annual financial results or for other announcements.

Stock options are awarded at the fair market value of our stock on the grant date, as defined in the stock incentive plan; no discounted options are awarded. Until December 2006, fair market value was defined in our stock incentive plan as the average of the high and low prices of our stock on the grant date. Effective December 14, 2006, fair market value is now defined in the plan as the closing price on the grant date. This change was made to simplify disclosure for investors under the proxy statement rules.

Prohibition on Repricing and Reloads

As a matter of policy, our stock incentive plans prohibit the surrender of a stock option in consideration for the grant of a new option with a lower exercise price or for another equity award. We are not allowed to make changes to the plan that would permit this practice without shareholder approval. In addition, the Committee cannot take any action which would reduce the exercise price of a stock option or stock appreciation right, whether by amendment, cancellation or otherwise, after such award is granted.

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Executive Compensation Recovery Policy

It is our policy that we will, to the extent permitted by governing law, require reimbursement of a portion of any performance-based bonus paid to any executive officer after March 1, 2007, where

the payment was based on the achievement of certain financial results that were subsequently the subject of a substantial financial restatement, as determined by the non-management members of the Board;

in the view of the non-management members of the Board, the officer personally engaged in fraud or misconduct that caused or partially caused the need for substantial financial restatement; and

a lower payment would have been made to the officer based upon the restated financial results.

In each such instance we will, to the extent practicable, seek to recover the amount by which the individual officer's annual bonus for the relevant period exceeded the lower payment that would have been made to the officer based upon the restated financial results, plus a reasonable rate of interest. We will not seek, however, to recover bonuses paid more than three years prior to the date the applicable restatement is disclosed.

Tax Considerations

The Committee considers tax implications when making compensation decisions.

Under Section 162(m) of the Internal Revenue Code, non-performance based compensation paid to the named executive officers in excess of \$1 million dollars is not tax-deductible. Certain other criteria apply for performance-based compensation to be deductible. Where possible, we try to preserve the tax deductibility of executive compensation. From time to time, we may award compensation that is not fully deductible when deemed necessary by the Committee, balancing tax efficiency with the objectives of our executive compensation philosophy.

In addition, our deduction for personal use of the corporate aircraft by the Chief Executive Officer is limited because we report this compensation as income to him using a standard industry fare level calculation, but we are required by the Internal Revenue Service to compute the cost of this perquisite to us on a higher non-deductible basis.

Table of Contents**2008 EXECUTIVE COMPENSATION****ANNUAL COMPENSATION OF EXECUTIVE OFFICERS****Summary Compensation Table**

The table below sets forth, for the fiscal years ended February 29, 2008 and February 28, 2007, the compensation earned by the following individuals:

our Chief Executive Officer

each of the two individuals who served as our Chief Financial Officer during the 2008 fiscal year

the three other most highly compensated executive officers who were executive officers at the end of the 2008 fiscal year
We refer to these individuals as our named executive officers.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$ (4))	Option Awards (\$ (4))	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Non-Qualified Deferred Compensation Earnings (\$ (5))	All Other Compensation (\$ (6))	Total (\$)
Philip J. Schoonover <i>Chairman, President and Chief Executive Officer</i>	2008	900,000	0	978,616	4,459,847	0		178,105	6,516,568
	2007	894,615	0	1,074,852	4,777,004	0		208,477	6,954,948
Bruce H. Besanko (1) <i>Executive Vice President, Chief Financial Officer</i>	2008	276,923	400,000	181,483	163,649	0		35,159	1,057,214
Reginald D. Hedgebeth <i>Senior Vice President, General Counsel and Secretary</i>	2008	379,115	0	316,498	447,486	0		28,290	1,171,389
	2007	337,115	0	307,130	440,326	0		24,558	1,109,129
Eric A. Jonas, Jr. <i>Senior Vice President, Human Resources</i>	2008	388,650	0	289,466	352,062	0	3,971	41,181	1,075,330
	2007	370,192	0	288,058	390,492	0	68,591	49,947	1,167,280
Peter C. Weedfald (2) <i>Former Senior Vice President, Chief Marketing Officer</i>	2008	355,654	0	464,457	279,645	0		20,797	1,120,553
	2007	193,077	0	58,303	95,875	0		11,977	359,232
Michael E. Foss (3) <i>Former Executive Vice President, Chief Financial Officer</i>	2008	117,212		(906,248)	(14,891)	0		7,614	(796,313)
	2007	570,192		544,123	504,513	0	713	56,356	1,675,897

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- (1) Mr. Besanko's employment with us commenced on July 30, 2007.
- (2) Mr. Weedfald's employment with us commenced on July 27, 2006, and terminated on April 14, 2008.
- (3) Mr. Foss's employment with us terminated on April 17, 2007. The amount included as Salary in our 2008 fiscal year includes amounts paid under a consulting services arrangement with him through April 30, 2007.
- (4) Each amount presented reflects the dollar amount recognized for financial statement reporting purposes for the respective fiscal year in accordance with Statement of Financial Accounting Standards (SFAS) No. 123R, Share-Based Payments, of awards pursuant to the Circuit City Stores, Inc. 2003 Stock Incentive Plan and thus may include an amount from awards granted in and prior to the respective fiscal year. See Note 14 to the consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended February 29, 2008 and Note 14 to the consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended February 28, 2007, for a description of assumptions underlying valuation of equity awards. Unlike the amount reflected in the consolidated financial statements, the amount presented does not reflect any estimate of forfeitures related to service-based vesting. Instead, it assumes that the executive officer will perform the requisite service to vest in the award.
- (5) Messrs. Schoonover, Besanko and Hedgebeth are not, and Mr. Weedfald was not, eligible to participate in our frozen defined benefit plans. Mr. Jonas has a frozen vested pension benefit and is a sustained participant in our non-qualified benefit restoration plan. Mr. Foss had a frozen pension benefit based on two years of service that would have become vested if he had earned five years of service; he was not eligible to receive benefits under the non-qualified benefit restoration plan. The aggregate annual change in the actuarial present value of accumulated benefits under these plans for Mr. Jonas for our 2008 fiscal year is shown above and comprised of the following amounts:
Change in pension benefit value of \$(9,953)
Change in benefit restoration plan value of \$13,924
- (6) All Other Compensation for the named executive officers includes the following:

Name	Year	Company Match Under Defined Contribution Plans (\$)	Income Attributable to Benefit Plans (\$)	Relocation Payment (\$ (a))	Matching Contributions by Circuit City Foundation (\$)	Perquisites and Other Personal Benefits (\$ (b))	Total (\$)
Schoonover	2008	36,000	872		10,000	131,233	178,105
	2007	35,785	1,051	50,000	5,000	116,641	208,477
Besanko	2008		263	25,000	2,500	7,396	35,159
Hedgebeth	2008	9,564	346		1,000	17,380	28,290
	2007	2,092	297		1,000	21,169	24,558
Jonas	2008	14,527	4,115		2,500	20,039	41,181
	2007	24,048	4,059		3,250	18,590	49,947
Weedfald	2008	6,822	822			13,153	20,797
	2007		314			11,663	11,997
Foss	2008	4,688	351			2,574	7,614
	2007	22,808	471		2,000	31,077	56,356

- (a) In connection with his promotion to Chief Executive Officer in 2007, Mr. Schoonover was provided with a payment of \$50,000 for relocation expenses that are not otherwise reimbursable by us. In connection with his hiring as Chief Financial Officer in 2008, Mr. Besanko was provided with a payment of \$25,000 for relocation expenses that are not otherwise reimbursable by us.
- (b) The amount shown for Mr. Schoonover for 2008 includes \$104,983 representing the incremental cost to us for personal use of the corporate aircraft and an aggregate of \$10,296 for car allowance, financial planning

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reimbursement, value of merchandise acquired in the 2008 fiscal year through the officer evaluation program and gifts of merchandise. The amount shown for Mr. Besanko includes car allowance. The amounts shown for Mr. Hedgebeth and Mr. Jonas for 2008 include car allowance, financial planning reimbursement, value of merchandise acquired in the 2008 fiscal year through the officer evaluation program and gifts of merchandise. The amount shown for Mr. Weedfald includes car allowance and financial planning. The amount shown for Mr. Foss includes car allowance.

Employment Agreements

We have employment agreements with each of the named executive officers. Each agreement is for an initial period of one year, which is automatically renewed for additional periods of one year each unless either party terminates the agreement prior to the end of the initial term or any renewal period.

Each employment agreement provides for an initial base salary that will be reviewed annually for any changes by the Compensation and Personnel Committee. Each agreement also entitles the executive officer to participate in our annual bonus plan, with the award and amount to be determined under the plan by the Committee. The effective date of each agreement and the initial base salary and annual bonus percentage for each of the named executive officers, as set forth in his agreement, is as follows:

Name	Effective Date	Initial Base Salary	Initial Annual Bonus (as a percentage of base annual salary)
Schoonover	October 4, 2004	\$ 600,000	80%
Besanko	July 30, 2007	500,000	80%
Hedgebeth	July 11, 2005	325,000	60%
Jonas	July 26, 2004	325,000	40%
Weedfald	July 27, 2006	325,000	60%

Mr. Foss had an employment agreement that terminated when he resigned effective as of April 17, 2007. Mr. Weedfald's employment with us terminated on April 14, 2008.

In April 2007, the Compensation and Personnel Committee approved the base salaries for the named executive officers for the fiscal year ended February 29, 2008. For Mr. Schoonover, the Committee approved a 2.8% increase in base salary, from \$900,000 to \$925,000, as a result of the annual performance review, as described in the CD&A section above. Mr. Schoonover, however, declined to accept the salary increase in light of our performance for the fiscal year ended February 28, 2007.

We hired one of our named executive officers, Mr. Besanko, in July 2007. Using the criteria and analysis described in the CD&A section above for hiring executive officers, the Committee approved a base salary of \$500,000 per year for Mr. Besanko.

For Mr. Hedgebeth, the Committee approved a 10.3% increase in base salary, from \$340,000 to \$375,000, as a result of the annual performance review and an adjustment based on competitive market data. The Committee approved an additional increase to Mr. Hedgebeth's base salary to \$435,000 in December 2007 in order to make an additional adjustment based on market data. For Mr. Jonas, the Committee approved a 4.5% increase in base salary, from \$375,000 to \$391,900, as a result of the annual performance review. For Mr. Weedfald, the Committee approved a 2.0% increase in base salary, from \$350,000 to \$357,000, as a result of the annual performance review.

The Committee took no action with respect to Mr. Foss, as he had already provided notice that he would resign from his position in early 2007.

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Our annual bonus is a cash incentive award that is tied to attainment of company goals that, if achieved, would fund the payments under our annual bonus plan. Target levels and maximum payout under the 2003 Annual Performance Based Bonus Plan for the named executive officers for our 2008 fiscal year was as follows:

Name	Target bonus as percent of base salary	Maximum bonus as percent of base salary
Schoonover	100%	200%
Besanko	80%	160%
Hedgebeth	60%	120%
Jonas	60%	120%
Weedfald	60%	120%
Foss		

As described in the CD&A section above, we did not achieve any of the earnings per share targets for the payment of an annual bonus. We also did not award any discretionary bonuses to the named executive officers. We paid Mr. Besanko a guaranteed bonus of \$400,000 following the end of the 2008 fiscal year under the terms of his hiring in July 2007.

Each employment agreement also permits the executive officer to participate in our long-term incentive plan, retirement benefits and other employee benefit programs.

Each employment agreement addresses termination of the executive officer's employment under various scenarios, including termination due to death or disability, termination for cause, involuntary termination by us without cause, termination by the executive officer with good reason and termination following a change in control. Information on these terms and the amounts that may be payable to the executive officer under each of these scenarios is provided in the Potential Payments upon Termination or Change-in-Control section below.

Each agreement contains provisions confirming the executive officer's obligation not to compete with us for a period of one year after his employment ends, not to solicit our employees for a period of one year after his employment ends and to maintain confidentiality of our information.

Perquisites

In the 2008 fiscal year, the executive officers were eligible for a car allowance of \$858 per month, reimbursement of financial planning expenses of up to \$6,000 and participation in the officer evaluation program. Additional information on our perquisites is included in the CD&A section above.

We calculate the incremental cost of personal use of our aircraft by calculating fuel cost per mile and adding expenses such as crew expenses, ramp fees, landing fees and catering. We also include the incremental tax expense that is incurred because these executive officers are taxed for their personal use of the corporate aircraft based on a standard industry fare level formula rather than the full cost of operating the aircraft. We do not include in our calculation non-variable items such as maintenance, labor, parts, engine restoration, crew salaries, hangar, insurance, training and weather monitoring services.

Table of Contents**Grants of Plan-Based Awards**

The following table shows cash incentive awards under the 2003 Annual Performance-Based Bonus Plan and awards of restricted stock and non-qualified stock options under the 2003 Stock Incentive Plan during the fiscal year ended February 29, 2008.

Name	Grant Date	Approval Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards (1)			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Awards: Number of Securities Underlying Options (#)(3)	Exercise or Base Price of Option Awards (\$/Sh) (4)	Closing Price on Grant Date (\$/Sh)	Grant Date Fair Value of Stock and Option Awards (\$)(5)
			Thresh-old (\$)	Target (\$)	Maximum (\$)	Thresh-old (#)	Target (#)(2)	Max-imum (#)					
Schoonover	01/01/08	12/31/07	450,000	900,000	1,800,000					710,000	4.20	4.20	994,000
Besanko	07/30/07	06/25/07	200,000	400,000	800,000					200,000	12.39	12.39	1,020,000
	07/30/07	06/25/07					100,000						1,239,000
	01/01/08	12/31/07								189,000	4.20	4.20	264,600
Hedgebeth	01/01/08	12/31/07	112,500	225,000	450,000					79,000	4.20	4.20	110,600
Jonas	01/01/08	12/31/07	117,570	235,140	470,280					79,000	4.20	4.20	110,600
Weedfald	01/01/08	12/31/07	107,100	214,200	428,400					73,000	4.20	4.20	102,200

Foss

- (1) The amounts shown in the table represent the amounts that the Company approved in April 2007 for the potential annual performance-based bonus. Threshold levels shown in the table represent a 50% payout under the bonus plan, which is the minimum performance level under the plan. In August 2007, we recognized that we would not achieve the minimum performance level for the payment of the annual performance-based bonus for the year. As described in the CD&A section, the Company modified the annual performance-based bonus in order to provide for a potential payment based on its earnings per share results for the second half of the fiscal year ended February 29, 2008, instead of the full year. The Company approved a target payout of 75% of the original target bonus if we achieved the specified target performance level over that six-month period, based on our performance prospects for that period. The threshold and maximum payouts remained the same under the revised performance levels.

As described in the CD&A section, no amounts were awarded to the named executive officers under the plan for fiscal 2008 because the performance thresholds were not achieved.

In connection with his hiring in July 2007, we agreed to guarantee the payment of \$400,000 (which is equal to 80% of his base salary) of the potential payout to Mr. Besanko.

- (2) We awarded Mr. Besanko shares of restricted stock in connection with his hiring. This stock will vest one-quarter on each of the second and third anniversaries of the grant date and one-half on the fourth anniversary of the grant date, subject to the market condition described below.

The restricted stock award is subject to a stock price performance condition that will prevent shares from vesting unless our stock price has increased to a specified level by the final vesting date for the award. If the stock price is not at the specified level, then the award will remain restricted until it reaches and maintains the required stock price for five consecutive trading days. If that performance condition is not met within

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three years after the final vesting date, then any shares that had not vested on the final vesting date will be forfeited by the executive officer.

- (3) On July 30, 2007, we granted Mr. Besanko non-qualified stock options in connection with his hiring. The options will become exercisable in equal installments on each of the first four anniversaries of the grant date. On January 1, 2008, we

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granted each of Messrs. Schoonover, Besanko, Hedgebeth, Jonas and Weedfald non-qualified stock options. The options will become exercisable in equal installments on each of the first three anniversaries of the grant date. The options granted to Mr. Weedfald will not vest because his employment with us terminated on April 14, 2008.

- (4) For the July 30, 2007 grant, the exercise price was the closing price on the grant date. For the January 1, 2008 grants, the exercise price was the closing price on the day before the grant date, as the grant date was a holiday.
- (5) The grant date fair value of these stock and options awards reflects the full accounting expense, as of the grant date, that will be recognized by us over the course of multiple years and does not necessarily represent the value that will be realized by the executive officer upon vesting or exercise.

Cash Retention Awards

In December 2007, the Compensation and Personnel Committee approved and recommended, and our board of directors approved, a special retention award for our executive officers and other key employees on our leadership team, as described in the CD&A section above.

Each retention award was effective as of January 1, 2008, and vests over a three-year period from that date. The right to receive any amount that has vested is contingent on the officer's continuous full-time employment with us through the respective vesting date. The officer will forfeit any unvested amounts upon his or her termination of employment, except for termination due to death or permanent disability. For terminations for those reasons, the next amount of the award to vest following such termination will vest effective as of the death or termination for disability, and any remaining unvested amounts will be forfeited.

The named executive officers who received the cash retention award were Messrs. Besanko, Hedgebeth, Jonas and Weedfald. The Committee offered the retention award to Mr. Schoonover, our Chairman, President and Chief Executive Officer, but he declined to participate in the retention plan. The following table sets forth the amounts and vesting dates for the retention award for each of our executive officers by position.

Position	Total Amount	Amount	Amount	Amount
		Vesting and Payable on January 1, 2009	Vesting and Payable on January 1, 2010	Vesting and Payable on January 1, 2011
Executive Vice President	\$ 1,000,000	\$ 500,000	\$ 330,000	\$ 170,000
Senior Vice President	\$ 600,000	\$ 300,000	\$ 200,000	\$ 100,000

Because Mr. Weedfald's employment with us terminated on April 14, 2008, his cash retention award will not vest.

Table of Contents**STOCK OPTIONS AND STOCK AWARDS****Outstanding Equity Awards**

The following table shows outstanding equity awards held by the named executive officers as of February 29, 2008.

Name	Option Awards					Stock Awards			Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
	No. of Securities Underlying Unexercised Options (#) Exercisable	No. of Securities Underlying Unexercised Options (#) Un-exercisable	Equity Incentive Plan Awards: No. of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	No. of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: No. of Unearned Shares, Units or Other Rights That Have Not Vested (#)	
Schoonover	350,000(1)			15.63	10/04/14				
	170,000(2)	170,000(2)		16.62	06/21/15				
		1,000,000(3)		23.845	03/01/16				
		710,000(4)		4.20	01/01/18			210,000(5)	\$ 928,200
Besanko		200,000(6)		12.39	07/30/17				
		189,000(4)		4.20	01/01/18			100,000(7)	\$ 442,000
Hedgebeth	20,000(8)	10,000(8)		17.925	07/11/15				
	70,000(9)	70,000(9)		17.925	07/11/15				
		79,000(4)		4.20	01/01/18			70,000(5)	\$ 309,400
Jonas	5,750(10)			5.61	04/15/11				
	14,000(11)			12.165	06/01/14				
	30,000(12)			12.84	08/17/14				
	70,000(2)	70,000(2)		16.62	06/21/15				
		79,000(4)		4.20	01/01/18			70,000(5)	\$ 309,400
Weedfald	20,300(13)	40,600(13)		27.25	10/23/16				
		73,000(4)		4.20	01/01/18			44,200(14)	\$ 195,364

Foss

- (1) The options vested on October 4, 2007.
- (2) The options vest in four equal annual installments beginning on July 1, 2006.
- (3) The options vest in three equal annual installments beginning on March 1, 2009.
- (4) The options vest in three equal annual installments beginning on January 1, 2009. The options granted to Mr. Weedfald will not vest because his employment with us terminated on April 14, 2008.
- (5) One-half of the shares are subject to accelerated vesting. All shares will vest on July 1, 2009 if acceleration does not occur, subject to a stock price performance condition.

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- (6) The options vest in four equal annual installments beginning on July 30, 2008.
- (7) The shares vest one-quarter on each of July 30, 2009 and July 30, 2010 and one-half on July 30, 2011, subject to a stock price performance condition.

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- (8) The options vest in three equal annual installments beginning on July 11, 2006.
- (9) The options vest in four equal annual installments beginning on July 11, 2006.
- (10) The options vested on April 15, 2006.
- (11) The options vested on June 1, 2007.
- (12) The options vested on September 1, 2007.
- (13) The options were scheduled to vest in three equal annual installments beginning on October 23, 2007. Due to the termination of Mr. Weedfald's employment with us on April 14, 2008, the first installment will expire on July 13, 2008, and the second and third installments will not vest.
- (14) Because Mr. Weedfald's employment with us terminated on April 14, 2008, this award will not vest. 30,000 shares would have vested on February 19, 2009, and 7,100 shares would have vested on July 1, 2009. 7,100 shares were subject to accelerated vesting, but would have vested on July 1, 2009 if acceleration does not occur, subject to a stock price performance condition.

Option Exercises and Stock Vested

The following table shows amounts received upon exercise of stock options or the vesting of restricted stock awards during the fiscal year ended February 29, 2008.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting \$(1)
Schoonover			12,500	105,625
Besanko				
Hedgebeth				
Jonas				
Weedfald				
Foss				

- (1) Amounts listed in the table above as value realized on vesting of the shares of stock awards are calculated by multiplying the number of shares of stock by the market value of the shares on the vesting date. These amounts do not include amounts withheld or paid for taxes and fees.

Table of Contents**POST-EMPLOYMENT COMPENSATION****Pension Benefits**

We have maintained a defined benefit pension plan and a related non-qualified benefit restoration plan. These defined benefit plans were frozen in our 2005 fiscal year in connection with changes in our employee benefit plans that included providing additional company matching contributions under the defined contribution plans.

The following table provides the actuarial present value of each named executive officer's total accumulated benefit under the pension plan and the benefit restoration plan as of February 29, 2008:

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit (\$)	Payments During Last Fiscal Year (\$)
Philip J. Schoonover				
Bruce H. Besanko				
Reginald D. Hedgebeth				
Eric A. Jonas, Jr.	Pension Plan	7	80,192	
	Benefit Restoration Plan	10	152,506	
Peter C. Weedfald				
Michael E. Foss				

Messrs. Schoonover, Besanko and Hedgebeth are not, and Mr. Weedfald was not, eligible to participate in either plan because the plans were frozen before they could have become eligible to participate. Mr. Jonas has frozen vested pension benefits. If he remains employed with us until retirement, he will be entitled to receive a supplemental benefit under the benefit restoration plan. Mr. Foss had a frozen pension benefit based on two years of benefit service prior to his departure in April 2007, which would have vested if he continued employment with us for one more year. Mr. Foss was not eligible to receive benefits under the benefit restoration plan. None of the named executive officers is currently eligible for early retirement.

The values in the table above were calculated in accordance with generally accepted accounting principles using the same assumptions used for financial statement valuation purposes. The values were calculated based upon our normal retirement age of 65 and were based upon the named executive officer's average compensation for the five highest consecutive of the last 10 calendar years of employment. For additional information about the valuation method and all material assumptions applied in quantifying the present value of the accumulated benefit, please refer to note 14 to the financial statements in our Annual Report on Form 10-K for the year ended February 29, 2008.

For purposes of both plans, compensation of participants includes base pay, bonuses, overtime and commissions and excludes amounts realized under any employee stock purchase plan or stock incentive plan. Compensation for those individuals listed in the Summary Compensation Table for benefit determination purposes is therefore substantially the same as the amounts listed in the salary, bonus and non-equity incentive plan awards columns.

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Pension Plan

The pension plan covers employees who, as of February 28, 2005, had reached age 21 and completed one year of service. The pension plan was frozen as of February 28, 2005, except for employees who, as of that date, were

within three years of their early retirement date;

had reached their early or normal retirement date; or

were permanently disabled before March 1, 2005.

The pension plan was frozen for the preceding grandfathered group as of February 29, 2008. Consequently, on and after February 29, 2008, no participant will accrue any further benefits under the pension plan.

Benefits under the pension plan are based on a designated percentage of the average of compensation for the five highest consecutive of the last 10 calendar years of employment, multiplied by years of credited service, and integrated with Social Security covered compensation. The formula for calculating the annual benefit at Normal Retirement is as follows: (i) 0.85 percent of the participant's Highest Average Earnings, plus (ii) 0.65 percent of the excess of the participant's Highest Average Earnings over the participant's social security covered compensation, multiplied by (iii) the participant's years of benefit service earned through February 28, 2005 (not to exceed 35 years) except for grandfathered participants who continued to earn benefit service through February 29, 2008.

Benefit service accrued up to February 28, 1989, however, was subject to the terms of a prior retirement plan, with a different accrued benefit formula.

Benefit Restoration Plan

The Internal Revenue Code imposes certain limits related to pension plan benefits. The benefit restoration plan was designed to compensate executive officers for any resulting reduction in their pension plan benefit due to the IRS limits up to the pension plan's maximum benefit limit. The benefit restoration plan uses the same formula as the pension plan without restrictions on compensation minus the amount of the participant's benefit payable under the pension plan. The total combined retirement benefit will be equal to the amount resulting from the formula described above without applying any of the IRS limitations.

For the pension plan year that coincided with our 2008 fiscal year, the Internal Revenue Code limit on the annual retirement benefits that may be paid from the pension plan was \$185,000, and the limit on the amount of compensation on which accruals may be based under the pension plan was \$225,000. Any annual pension benefit accrued over \$185,000 would have been payable under the benefit restoration plan. The maximum annual benefit payable under the benefit restoration plan was \$277,500 for the 2008 fiscal year.

The benefit restoration plan was frozen as of February 28, 2005, except for a sustained group of participants who, as of that date, were within 10 years of attaining their early retirement date or normal retirement date. None of the named executive officers is currently eligible for early retirement. The benefit restoration plan was frozen for the preceding grandfathered group as of February 29, 2008. Consequently, on and after February 29, 2008, no participant will accrue any further benefits under the benefit restoration plan.

As of February 29, 2008, there were eight active senior executive officers participating in the benefit restoration plan and 21 participants who were retired, terminated or disabled at the time that the plan was frozen and are receiving or are entitled to receive benefits. All other senior executive officers are ineligible to participate in the benefit restoration plan. The accumulated benefit obligation under the benefit restoration plan at February 29, 2008 was \$13.7 million. The plan is unfunded. The Board of Directors has the authority to award past service credits and accelerated service benefits.

Table of Contents**Non-qualified Deferred Compensation**

The following table provides specific information for each named executive officer for the Supplemental 401(k) Plan as of February 29, 2008:

Name	Executive Contributions in Last Fiscal Year (\$)(1)	Registrant Contributions in Last Fiscal Year (\$)(2)	Aggregate Earnings in Last Fiscal Year (\$)(2)	Aggregate Withdrawals/Distributions \$(3)	Aggregate Balance at Fiscal Year End (\$)
Schoonover	74,500	29,115	(18,414)		184,931
Besanko					
Hedgebeth					
Jonas	7,427	5,975	(5,442)		99,1