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CIRCUIT CITY STORES, INC. REPORTS RECORD RESULTS FOR FISCAL YEAR 1995 AND MARCH 1995 SALES

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RICHMOND, Va., April 6 /PRNewswire/ -- Circuit City Stores, Inc. (NYSE: CC) today reported record earnings for the fiscal year and fourth quarter ended February 28, 1995, and record sales for March 1995.

Circuit City's net earnings for the fiscal year ended February 28, 1995, rose 27 percent to \$167.9 million from \$132.4 million in fiscal 1994. Net earnings per share rose 26 percent to \$1.72 from \$1.36 in fiscal 1994. In fiscal 1995, total sales increased 35 percent to \$5.58 billion from \$4.13 billion. Comparable store sales rose 15 percent.

For the fourth quarter ended February 28, 1995, net earnings increased 24 percent to \$83.7 million from \$67.7 million. Net earnings per share rose 23 percent to 86 cents versus 70 cents in the same period last year. Total sales rose 36 percent to \$1.91 billion from \$1.41 billion in the same quarter last year. Comparable store sales increased 15 percent.

Total sales for March 1995 rose 29 percent to \$445.4 million from \$346.7 million in March 1994. Comparable store sales increased 5 percent.

"Circuit City's sales growth exceeded expectations throughout fiscal 1995," said Richard L. Sharp, Circuit City's chairman and chief executive officer. "Our results were driven by the strong hard goods retail environment, our marketing programs and the outstanding performance of our Associates. March sales were modestly below expectations.

"We were also pleased by the success of our accelerated geographic expansion program in

fiscal 1995," Sharp said. "We opened a net of 59 Superstores, including entries into [Minneapolis](#), [Kansas City](#), Little Rock, [New Orleans](#), Portland and Seattle. We also introduced a larger Superstore prototype, which is 40,000 to 45,000 square feet in size and is designed to serve highly populated trade areas that can produce greater sales volumes.

"Increased competition and rapid growth in personal computer and music software sales produced a gross profit margin of 24.8 percent in fiscal year 1995 compared with 26.8 percent in fiscal year 1994," Sharp said. "An improvement in the expense ratio to 19.8 percent in fiscal 1995 from 21.6 percent in fiscal 1994 mostly offset the lower gross profit margin. The better ratio reflects higher-than-anticipated comparable store sales growth, store operating productivity and overhead expense leverage."

For the company's electronics and appliance business, gross dollar sales from all extended warranty programs were 5.8 percent of sales in both fiscal year 1995 and fiscal year 1994. Third-party warranty revenue was 2.3 percent of sales in fiscal year 1995 versus 0.7 percent in fiscal year 1994. The total extended warranty revenue that is reported in total sales was 5.4 percent of sales in fiscal 1995 versus 4.8 percent last year.

Interest expense rose to 0.2 percent of sales in fiscal 1995 from 0.1 percent in fiscal 1994. The increase reflects higher interest rates and a greater level of seasonal borrowings resulting

from the company's growth.

The company produced a pre-tax profit margin of 4.8 percent in fiscal year 1995 versus 5.1 percent in fiscal 1994. The effective tax rate was 37.5 percent in fiscal 1995 and 36.7 percent in fiscal 1994. The result was a net profit margin of 3.0 percent in fiscal year 1995 versus 3.2 percent in fiscal 1994.

In the fourth quarter, Circuit City produced a gross profit margin of 24.9 percent in fiscal 1995 and 27.5 percent in fiscal 1994. The expense ratio improved to 17.7 percent from 19.6 percent. Interest expense was 0.2 percent of sales in both years. The pre-tax profit margin was 7.0 percent in the fourth quarter of fiscal 1995 compared with 7.7 percent in the same period of fiscal 1994. The effective tax rate declined slightly to 37.5 percent versus 37.6 percent. The result was a net profit margin of 4.4 percent in the fourth quarter of fiscal 1995 versus 4.8 percent in the same period of fiscal 1994.

Circuit City plans to continue its geographic expansion in fiscal 1996 with the opening of approximately 65 Superstores. During March, Circuit City opened one Superstore in Rockford, Ill., and closed a Superstore in Oklahoma City, Okla. The company also continued to expand the test of its used car retail concept with the opening of its first Atlanta, Ga., CarMax Auto Superstore.

Circuit City Stores, Inc. is the nation's largest retailer of brand-name consumer electronics and major appliances and a leading retailer of personal computers and music software. With headquarters in Richmond, Va., it operates 312 Superstores, five consumer electronics-only stores and 35 mall-based Circuit City Express Stores throughout the United States.

CONSOLIDATED STATEMENTS OF EARNINGS -- PERIODS ENDING FEBRUARY 28

(Amounts in thousands except per share data)

	Three Months		Twelve Months	
	1995	1994	1995	1994

NET SALES AND

OPERATING REVENUES \$1,910,235 \$1,406,736 \$5,582,947 \$4,130,415

Cost of sales, buying

and warehousing	1,434,578	1,019,488	4,197,947	3,024,759
GROSS PROFIT	475,657	387,248	1,385,000	1,105,656

Selling, general and

administrative

expenses	337,395	276,227	1,106,370	891,865
Interest expense	4,357	2,497	10,030	4,791

EARNINGS BEFORE

INCOME TAXES	133,905	108,524	268,600	209,000
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Provision for

income taxes	50,215	40,781	100,725	76,600
NET EARNINGS	\$ 83,690	\$ 67,743	\$ 167,875	\$ 132,400

Net earnings

per share	\$ 0.86	\$ 0.70	\$ 1.72	\$ 1.36
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Weighted average common

shares and common share

equivalents	97,424	96,999	97,369	97,391
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CONSOLIDATED BALANCE SHEETS

(Amounts in Thousands)

February 28

1995 1994

ASSETS**Current Assets:**

Cash and cash equivalents	\$ 46,962	\$ 75,194
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Net accounts and

notes receivable	264,565	188,990
Merchandise inventory	1,035,776	721,348
Deferred income taxes	25,696	26,700

Prepaid expenses and

other current assets	14,162	11,476
Total Current Assets	1,387,161	1,023,708
Property and equipment, net	592,956	438,096
Deferred income taxes	5,947	78,688
Other assets	17,991	14,172
TOTAL ASSETS	\$2,004,055	\$1,554,664

LIABILITIES AND STOCKHOLDERS' EQUITY**Current Liabilities:****Current installments of**

long-term debt	\$ 2,378	\$ 1,819
Accounts payable	576,578	419,037

Accrued expenses and other

current liabilities	113,631	86,826
Accrued income taxes	13,533	38,582
Total Current Liabilities	706,120	546,264

Long-term debt, excluding

current installments	178,605	29,648
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Deferred revenue and other

liabilities	241,866	268,360
TOTAL LIABILITIES	1,126,591	844,272
STOCKHOLDERS' EQUITY	877,464	710,392

TOTAL LIABILITIES

AND STOCKHOLDERS' EQUITY	\$2,004,055	\$1,554,664
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/CONTACT: Ann M. Collier of Circuit City Stores, 804-527-4058/

(CC)

CO: Circuit City Stores, Inc. ST: Virginia IN: REA SU: SLS

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