

CIRCUIT CITY STORES INC

Form 8-K/A

January 04, 2008

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K/A

(Amendment No. 1)

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **December 13, 2007**

CIRCUIT CITY STORES, INC.

(Exact name of registrant as specified in its charter)

Virginia

(State or other jurisdiction
of incorporation)

9950 Mayland Drive

Richmond, Virginia

(Address of principal executive offices)

1-5767

(Commission File Number)

23233

54-0493875

(I.R.S. Employer

Identification No.)

(Zip Code)

Registrant's telephone number, including area code **(804) 486-4000**

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Not Applicable

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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EXPLANATORY NOTE

Circuit City Stores, Inc. is filing this Amendment No. 1 to Current Report on Form 8-K/A dated December 13, 2007 solely to provide modified and additional disclosure on the amounts of the long-term incentive awards for its executive officers.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(e) On December 13, 2007, the Board of Directors of Circuit City Stores, Inc. (the Company) approved a special cash retention award for each of its executive vice presidents and senior vice presidents. The terms of each cash retention award will be set forth in a letter agreement (the Agreement) between the Company and the officer. Under the Agreement, each award is effective as of January 1, 2008 and vests over a three-year period from that date. The total amount of the award for each executive vice president will be \$1,000,000, and the total amount of the award for each senior vice president will be \$600,000.

For all of these officers, the award vests on January 1, 2009 with respect to 50% of the total amount, on January 1, 2010 with respect to 33% of the total amount and on January 1, 2011 with respect to the remaining 17%. The right to receive any amount that has vested is contingent on the officer's continuous full-time employment with the Company 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 officers who will receive the cash retention award include Bruce H. Besanko, Executive Vice President and Chief Financial Officer, and George D. Clark, Jr., Executive Vice President - Multi-Channel Sales, Reginald D. Hedgebeth, Senior Vice President, General Counsel and Secretary, and Eric A. Jonas, Jr., Senior Vice President - Human Resources, each of whom is a named executive officer of the Company, as set forth in the Company's most recent proxy statement. The Board of Directors also approved a special cash retention award for each of the Company's employees at the vice president and director levels. Philip J. Schoonover, the Company's Chairman, President and Chief Executive Officer, will not be participating in this retention plan.

The cash retention award is an additional incentive award for the Company's executive officers and other key employees on its leadership team. The purpose of the award is to ensure the stability of the Company's leadership team by providing an incentive for these individuals to remain with the Company during the period that the award vests. The Company believes that the award is an important component of its compensation package at a time when the Company is seeking to successfully execute its business strategy.

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The full text of the form of the Agreement for the awards described above is attached as Exhibit 10.1 to this report and is incorporated by reference into this Item 5.02.

In addition to the approval of the cash retention awards by the Board of Directors, the Compensation and Personnel Committee approved long-term incentive awards to the chief executive officer and each of its executive vice presidents and senior vice presidents under the Company's 2003 Stock Incentive Plan. All of the awards will be effective as of January 1, 2008. The awards will be in the form of options to acquire shares of the Company's common stock that will vest equally over each of the first three anniversaries of the effective date.

The Compensation and Personnel Committee had previously approved dollar amounts as the value for each award, with the exact number of shares to be fixed on the effective date, using the fair market value of the Company's common stock at the close of business on December 31, 2007. On December 31, 2007, the Compensation and Personnel Committee modified this approval and, instead of a dollar amount, approved the exact number of shares of the Company's common stock subject to the awards. The award for the chief executive officer is an option to acquire 710,000 shares of the Company's common stock, the award for each executive vice president is an option to acquire 189,000 shares, the award for each senior vice president who is on the Company's executive management team, including Messrs. Hedgebeth and Jonas, is an option to acquire 79,000 shares and the award for each other senior vice president is an option to acquire 73,000 shares. The exercise price for each award was fixed on the effective date, using \$4.20, the fair market value of the Company's common stock at the close of business on December 31, 2007.

The right to receive the full value of the option is contingent on the officer's continuous full-time employment with the Company through each of the vesting dates. The officer will forfeit any unvested amounts upon his or her termination of employment, except for termination due to death or disability. The option will become fully vested in the event of death or disability.

The Compensation and Personnel Committee also approved long-term incentive awards for each of the Company's employees at the vice president, director, store director and other comparable position levels. The Company has not granted long-term incentive awards generally to its officers and other employees since 2005.

The Company had previously put in place retention and incentive programs for its employees at the store associate level.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.

Description

10.1

Form of Letter Agreement between Circuit City Stores, Inc. and each of Bruce H. Besanko, George D. Clark, Jr., Reginald D. Hedgebeth and Eric A. Jonas, Jr.*

* Previously filed.

SIGNATURES

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

CIRCUIT CITY STORES, INC.

(Registrant)

Date: January 3, 2008
Reginald D. Hedgebeth

By: /s/ Reginald D. Hedgebeth

Senior Vice President,

General Counsel and Secretary

EXHIBIT INDEX

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