



Circuit City and IBM to launch technology transformation

New Point-of-Sale Systems, wireless devices and data warehousing designed to help Circuit City store associates better serve customers

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Circuit City Stores, Inc. and IBM announced today that they are launching a technology transformation of Circuit City's more than 600 stores, designed to update Circuit City's point-of-sale (POS) systems and other in-store technology to where it is one of the most advanced in the retail industry.

"This new technology initiative, a vital part of our store revitalization effort, will move our store systems from customized, proprietary systems to a system based on open standards," said Michael Jones, chief information officer of Circuit City. "Our current POS systems, which contain a feature set designed in the mid-1980s, are overly complex and restrict our business expansion. The new systems will allow us to adopt leading practices and improve store systems integration while optimizing store infrastructure costs."

The transformation includes new IBM SurePOS 300 POS systems and secure wireless handheld POS systems based on the IBM Store Integration Framework and the open-source Linux operating system. Circuit City also will use IBM Business Consulting Services to help plan the transformation.

"When a retailer can combine the latest technology with a superior business vision and new processes, as Circuit City is doing, then they can increase flexibility and efficiency, as well as transform their store operations and the in-store shopping experience," said Steve Valentine, Retail Consulting Executive of IBM. "The world's best retailers are leveraging this powerful new technology and will be able to create new levels of business efficiency, customer satisfaction and customer loyalty. Circuit City is on the leading edge of this new trend."

The systems include POS software applications from 360Commerce and an integration engine from Yantra. 360Commerce brings an industry-leading POS application with a consistent and comprehensive solution that will easily support Circuit City's complex selling environment. Its Java-based application suite includes POS, Back Office, Central Office and Workforce Management. Yantra offers a powerful process engine and application suite, complementing Circuit City's core POS application. The Yantra applications will be used to create enterprise services for order management and to support Circuit City's Express Pickup order fulfillment, store inventory control, product repair processing and product delivery and installation. Both 360Commerce and Yantra are IBM Business Partners.

These in-store systems will be coupled with new data warehousing capabilities, based on IBM eServer pSeries hardware and IBM DB2 database software. The new data warehousing capabilities will improve internal processes, streamline applications, and allow Circuit City to better view and analyze data from all parts of the company, including POS and Circuitcity.com, empowering the company to create a better customer experience.

By employing the IBM Retail Environment for SUSE Linux at the point of sale, Circuit City will have the flexibility and reliability of open standards, enabling Circuit City to adapt quickly to changes in the retail marketplace and to cost-effectively institute future upgrades to the

platform. The IBM Store Integration Framework allows for customized combinations of IBM middleware solutions with specialized applications from IBM's network of independent software vendors and industry-specific services to allow a retailer to be more responsive to business opportunities and customer demands.

The rollout to all stores is scheduled to start in March 2005 and is expected to be completed by the end of February 2006. Circuit City expects that the POS changes will not result in any material write-offs, nor will it materially affect planned spending on store systems.

About Circuit City Stores, Inc.

Richmond, Va.-based Circuit City Stores, Inc. (NYSE: CC) is a leading specialty retailer of consumer electronics. Circuit City operates 604 Superstores and five mall-based stores in 158 U.S. markets. Its subsidiary, InterTAN, Inc., operates through more than 1,000 retail stores and dealer outlets in Canada. Circuit City also operates a Web site at <http://www.circuitcity.com>.

About IBM

IBM, the world's largest information technology company, is the leader in providing the Retail Industry with a full range of e-business solutions, including: point-of-sale systems, automated self-checkout systems, other hardware and software technology, consulting focused on business transformation, IT strategy and planning, store operations improvement, and supply chain optimization, and with services, such as outsourcing, managed operations, systems integration, and application development and design. IBM has a list of retail customers in 100 countries worldwide that reads like a "Who's Who" of retailing. For more information on IBM Retail Solutions, please visit <http://www.ibm.com/industries/retail>