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The Honorable Herb Kohl
Chairman
Special Committee on Aging
United States Senate
Washington, D.C. 20510-6400

Dear Senator Kohl:

Thank you for your letter of June 15, inquiring as to Circuit City Stores, Inc.'s role in educating consumers, other retailers, and its employees about the DTV transition and the coupon program. As the second largest consumer electronics retailer in the nation, Circuit City is committed to undertaking a leadership role in the transition to DTV.

In late 2004, Circuit City began distributing a consumer DTV "Tip Sheet" co-developed and co-branded by the FCC, the Consumer Electronics Association ("CEA"), and the Consumer Electronics Retailers Coalition ("CERC"), of which Circuit City is a charter member. During 2004 Circuit City distributed the Tip Sheet electronically to all stores, and in 2005 Circuit City twice distributed printed packs of Tip Sheets to all stores. In February 2005, the same month in which the DTV Transition language was signed by the President, Circuit City distributed Consumer Alert television product area signage to stores on a voluntary basis. In 2007 Circuit City provided a link on our website, www.circuitcity.com/tvsignal, in order to provide consumers a link to information about the DTV transition. As noted in your letter, Circuit City is a member of the DTV Transition Coalition. Circuit City understands there is much work to be done to educate older Americans, particularly if they are homebound, disabled, live in rural areas, have limited English proficiency and/or are low-income. It is Circuit City's desire that our participation in the DTV Transition Coalition, along with the FCC, the NTIA, and the "CECB" contractor, will facilitate a successful transition for all U.S. households.

Circuit City understands that you have specific questions and concerns regarding the company's participation in the NTIA's CECB ("Coupon Eligible Converter Box") program. The NTIA is expected to select its program contractor this coming August, and this should provide the information we need to fully develop our plans. It is our desire to answer your questions as best we can at present.

1. Will Circuit City stores nationwide purchase and make available a sufficient amount of coupon-eligible converter boxes?

Circuit City is committed to selling coupon-eligible converter boxes and, as of the date of this letter, intends to register and become certified to participate in the CECB program. Key business decisions will be made with regards to the stocking, marketing, sales and pricing of converter boxes once a Program Contractor is selected.

2. Will Circuit City stores nationwide honor the NTIA issued coupons for the purchase of an eligible converter box?

Circuit City intends to honor the NTIA issued coupons for the purchase of an eligible converter box. The company supported CERC's comments to the NTIA on the challenges of devising electronic Point of Sale and Electronic Fund Transfer systems compatible to this program. Success in fitting the resources and systems available to retailers lies in the selection in the selection of a Program Contractor that understands the needs of all retailers participating in the program.

3. How will Circuit City indicate/identify which converter boxes are eligible for the coupon program?

Circuit City will work with the NTIA and the Program Contractor in order to obtain all the materials the company needs to identify any product models that are coupon-eligible. We support CERC's recommendation that the Program Contractor include, in the material accompanying the mailing of Coupons to consumers, information conspicuously identifying the manufacturer and product models that are coupon-eligible (updated as any new products are certified). The in-store implementation of the program metrics or guidelines in these respects will be developed once the Program Contractor has been selected and has offered materials and guidance with respect to the details of the program.

4. How will Circuit City assist customers, both on-line and in-store, in receiving the discount for coupon-eligible converter boxes?

Circuit City supports CERC's recommendation to the NTIA that the Program Contractor's system will best serve customers if the Coupons are both electronic and self-authenticating via the retailer's POS system (and equivalently when identifying information is typed in an on-line transaction). As little as possible should be left to on-site, subjective determination. Circuit City supports CERC's recommendation that consumers *not* be asked to provide proof that they or their household are entitled to possess the coupon they present, so long as the Coupon is valid. The validity of the transaction should be based on the validity of the Coupon and on its use for a qualifying CEGB. Circuit City also supports CERC's concern that consumers have a right to return coupon-eligible products that do not meet their needs (*e.g.*, some qualifying products may have additional features, such as input for a "smart antenna," that may prove necessary). Circuit City will support and promote the Program Contractor's efforts to identify eligible products.

5. How will Circuit City assist customers with installing the converter boxes?

Circuit City will look towards the CEGB manufacturers and Consumer Electronics Association to provide standardized guidance on this issue. To the extent the Program Contractor provides such information along with Coupons, Circuit City will provide information in its stores and on its website to assist its customers. Further plans on this issue will need to be decided once a Program Contractor is in place.

6. How will Circuit City mitigate the "up-selling" of converter boxes to consumers seeking to purchase a coupon-eligible converter box?

Circuit City expects that competitive markets will offer several attractive alternatives, including the services of cable, satellite, telephone, and Internet programming providers, as well as ranges of new devices (e.g., recorders and other products that now include digital cable and broadcast tuners, converters with enhanced features, and standard and HDTV digital televisions). The CECB program should be one of many options. In a market as competitive as consumer electronics, no retailer can expect to be successful in pushing consumers toward inefficient product or programming choices. Most observers expect older TVs – whether or not replaced by newer models in prime viewing locations – to retain their uses in households, whether connected to antennas via CECBs or to game players, etc. Tens of millions of consumers are recognizing the attraction of digital television and HDTV (which will not be available via CECB) every year, and programming services continue to offer new HDTV channels and programs. Circuit City associates will work with the customer to identify and satisfy their needs and preferences.

7. How will Circuit City mitigate the occurrence of fraudulent schemes that may target consumers once the coupon program is initiated?

Circuit City shares these concerns that the elderly consumers may be vulnerable to these schemes. It is the company's desire that a Program Contractor is chosen with experience and sensitivity to privacy issues. Once the company has a better understanding of the Program Contractor's systems and requirements, Circuit City can work with CERC, the NTIA, the Program Contractor and other Coalition members to try and help guard consumers against such schemes.

8. Has Circuit City considered initiating an industry-wide approach to identifying coupon-eligible converter boxes?

Circuit City does not have a standards-setting staff and chooses to work through its trade association and coalition memberships on public policy matters. To the extent the FCC, the NTIA, or the Program Contractor chooses to consider any standardized means to identify CECBs, CERC would likely comment and we would identify and relay our questions and concerns through CERC. We agree with CERC's comment that any *ad hoc* label or sticker runs the risk of being misapplied or moved and could in fact enable consumer confusion at best or fraud at worst.

Circuit City appreciates the Committee's interest and understands the impact of this transition on all Americans, including our nation's seniors. We look forward to working with all parties involved on this issue to make the transition a smooth one for all.

Sincerely,



Reginald D. Hedgebeth