

**CIRCUIT CITY DISPUTE RESOLUTION  
RULES AND PROCEDURES**

## CIRCUIT CITY DISPUTE RESOLUTION RULES AND PROCEDURES

### **RULE 1. PURPOSE**

Circuit City Stores, Inc. (the Company) has established a mutual employment dispute resolution procedure, culminating in formal arbitration, designed to provide a fair, private, exclusive, expeditious, final, and binding means for resolving legal disputes arising out of or relating to employment with Circuit City, without the need for litigation in federal, state, or local courts. These Dispute Resolution Rules and Procedures govern arbitrations held pursuant to the Circuit City Dispute Resolution Agreement, whether brought by an Associate or by Circuit City. The term "Associate" includes applicants, employees, and former employees. These Dispute Resolution Rules and Procedures are written to guide an Associate through the arbitration process; however, they apply with full force and effect to both Associates and Circuit City.

### **RULE 2. CLAIMS SUBJECT TO ARBITRATION**

Except as otherwise limited herein, any and all employment-related legal disputes, controversies, or claims arising out of or relating to an Associate's application or candidacy for employment, employment, or cessation of employment with Circuit City or one of its affiliates shall be settled exclusively by final and binding arbitration before a neutral, third-party Arbitrator selected in accordance with these Dispute Resolution Rules and Procedures. Arbitration shall apply to any and all such disputes, controversies, or claims whether asserted against the Company and/or against any employee, officer, alleged agent, director, or affiliated company.

All previously unasserted claims arising under federal, state, or local statutory or common law shall be subject to arbitration. Merely by way of example, these claims include, but are not limited to, claims arising under the Age Discrimination in Employment Act (ADEA); Title VII of the Civil Rights Act of 1964, as amended, including the amendments of the Civil Rights Act of 1991; the Americans with Disabilities Act (ADA); the Fair Labor Standards Act (FLSA); 42 U.S.C. § 1981, as amended, including the amendments of the Civil Rights Act of 1991; state discrimination statutes; state statutes and/or common law regulating employment termination; the law of contract; or the law of tort, including, but not limited to, claims for malicious prosecution, wrongful discharge, wrongful arrest/wrongful imprisonment, intentional/negligent infliction of emotional distress, negligent hiring, negligent retention, or defamation. Statutory or common law claims alleging that Circuit City retaliated or discriminated against an Associate shall be subject to arbitration.

Claims for state employment insurance (e.g. unemployment compensation, worker's compensation, or disability compensation) or brought under the National Labor Relations Act shall not be subject to arbitration.

### **RULE 3. DISMISSAL/STAY OF COURT PROCEEDINGS**

By signing the Dispute Resolution Agreement, an Associate agrees to resolve through arbitration all claims described in or contemplated by Rule 2. If an

Associate files a lawsuit in court to resolve claims subject to arbitration, the Associate agrees that the court shall dismiss the lawsuit and require the Associate to arbitrate the dispute.

If an Associate files a lawsuit in court involving claims that are, and other claims that are not, subject to arbitration, the Associate agrees that the court shall stay litigation of the nonarbitrable claims and require that arbitration take place with respect to those claims subject to arbitration. The Associate further agrees that the Arbitrator's decision on the arbitrable claims, including any determinations as to disputed factual or legal issues, shall be entitled to full force and effect in any subsequent proceeding or any nonarbitrable claims.

#### **RULE 4. COMMENCEMENT OF ARBITRATION**

##### **a. PROCEDURE**

An arbitration shall be commenced by filing the attached Arbitration Request Form with the:

Arbitration Coordinator  
Circuit City Stores, Inc.  
9954 Mayland Drive  
Richmond, VA 23233-1464  
(804) 527-4000 ext. 8912.

##### **b. TIME LIMITS**

###### **i. FILING OF REQUEST FOR ARBITRATION**

The Circuit City Arbitration Request Form shall be submitted not later than **one (1) year** after the date on which the party knew, or through reasonable diligence should have known, of the facts giving rise to the claim(s) or within **one (1) year** of receiving a right to sue letter. A party's failure to initiate an arbitration within the one-year time limit shall constitute a waiver with respect to that dispute.

###### **ii. RESPONSE**

Within twenty-one (21) calendar days of receipt of an Arbitration Request Form, the opposing Party shall send a Response to the claiming Party via first-class mail, postage prepaid, or via hand delivery. The Response shall describe the opposing Party's position regarding the allegations in the Arbitration Request Form.

##### **c. NOTICE/OTHER FILINGS**

All communications, notices, or filings, including discovery requests and responses, shall be in writing and shall be deemed to have been given if (i) delivered by hand to a person of suitable age and discretion, or (ii) mailed first-class mail, postage prepaid, as follows:

- If to Circuit City: (i) Arbitration Coordinator  
Circuit City Stores, Inc.  
9954 Mayland Drive  
Richmond, Virginia 23233-1464; or
- (ii) to the Company's attorney as designated  
in writing by the Company.
- If to the Associate: (i) to the Associate's address of record as it  
appears on the Arbitration Request Form; or  
(ii) to the Associate's attorney as designated  
in the Arbitration Request Form or later  
designated in writing by the Associate.

## **RULE 5. SELECTION OF AN ARBITRATOR**

Circuit City and the Associate shall participate equally in the selection of an Arbitrator to decide the arbitration. Within twenty-one (21) calendar days after the Company receives the Associate's Arbitration Request Form, National Arbitration and Mediation (NAM) or other Arbitrator and/or Arbitration Service as agreed to by the Parties shall be asked to provide a panel of seven (7) neutral arbitrators with experience deciding employment disputes. The Company and the Associate then shall have the opportunity to review the background of the arbitrators by examining the materials provided by the Arbitration Service. Within seven (7) calendar days after the panel composition is received, the Associate and the Company each shall inform the Arbitration Service which arbitrators the Parties find unacceptable for deciding the dispute. The Arbitration Service then will appoint an Arbitrator from among the named individuals the Parties found acceptable. If all arbitrators on the first panel furnished by the Arbitration Service are stricken by the parties as unacceptable for deciding the dispute, the Arbitration Service is authorized to furnish an additional panel, from which each Party may strike up to three (3) arbitrators. The Arbitration Service will then appoint an arbitrator from the remaining names.

## **RULE 6. TIME AND PLACE OF ARBITRATION**

The arbitration hearing shall be held at the offices of, or location selected by, the Arbitration Service in the city nearest the location where the Associate was or sought to be employed with the Company, unless the Parties agree otherwise. If the Arbitration Service does not select an arbitration location within fifty (50) miles of the city of the Associate's last employment with the Company, the Associate and the Company shall designate a mutually amenable location at which to hold the arbitration.

The Parties and the Arbitrator shall make every effort to see that the arbitration is completed, and an award rendered, as soon as possible. There shall be no extensions of time or delays of an arbitration hearing except in cases where both Parties consent to the extension or delay, or where the Arbitrator finds such a delay or extension necessary to resolve a discovery dispute or other matter relevant to the arbitration.

**RULE 7. REPRESENTATION**

Both the Associate and the Company shall have the right to be represented by counsel.

**RULE 8. DISCOVERY**

a. INITIAL DISCLOSURE

Within fourteen (14) calendar days following the appointment of an Arbitrator, the Parties shall provide each other with copies of all documents (except for privileged documents that are protected from disclosure because they involve attorney-client, doctor-patient, or other legally privileged or protected communications or materials) upon which they rely in support of their claims or defenses. Throughout the discovery phase, each Party is under a continuing obligation to supplement its disclosure as described above.

Upon request, the Associate shall be entitled to a copy of all documents (except privileged documents as described above) in the Associate's "PERSONNEL RECORDS FILE."

b. OTHER DISCOVERY

i. INTERROGATORIES/DOCUMENT REQUESTS

Each Party may propound up to twenty (20) interrogatories (including subparts) to the opposing Party. Interrogatories are written questions asked by one Party to the other, who must answer under oath. Such interrogatories may include a request for all documents upon which the responding Party relies in support of its answers to the interrogatories. Answers to interrogatories must be served within twenty-one (21) calendar days of receipt of the interrogatories.

ii. DEPOSITIONS

A deposition is a statement under oath that is given by one Party in response to specific questions from the other Party, and it usually is recorded or transcribed by a court reporter. Each Party shall be entitled to take the deposition of up to three (3) individuals of the Party's choosing. The Party taking the deposition shall be responsible for all costs associated therewith, such as the cost of a court reporter and the cost of a transcript.

iii. ADDITIONAL DISCOVERY

Upon the request of any Party and a showing of substantial need, the Arbitrator may permit additional discovery, but only if the Arbitrator finds that such additional discovery is not overly burdensome and will not unduly delay conclusion of the arbitration.

c. DISCOVERY DISPUTES

The Arbitrator shall decide all disputes related to discovery. Such decisions shall be final and binding on the Parties. In ruling on discovery disputes, the Arbitrator shall be guided by the discovery rules contained in the Federal Rules of Civil Procedure.

d. TIME FOR COMPLETION OF DISCOVERY

All discovery must be completed within ninety (90) calendar days after the selection of the Arbitrator except for good cause shown. To expedite the arbitration, the Parties may initiate discovery prior to the appointment of the Arbitrator.

**RULE 9. HEARING PROCEDURE**

a. WITNESSES

Witnesses shall testify under oath, and the Arbitrator shall afford each Party a sufficient opportunity to examine its own witnesses and cross-examine the other Party's witnesses. Either Party may issue subpoenas compelling the attendance of any other person necessary for the issuing Party to prove its case.

i. SUBPOENAS

A subpoena is a command to an individual to appear at a certain place and time and give testimony. A subpoena also may require that the individual bring documents when he or she gives testimony. The Arbitrator shall have the authority to enforce and/or cancel such subpoenas provided that such subpoenas are issued no less than ten (10) calendar days prior to the commencement of an arbitration hearing or deposition. The Party issuing the subpoena shall be responsible for the fees and expenses associated with the issuance and enforcement of the subpoena and with the attendance of the subpoenaed witness at the arbitration hearing.

ii. SEQUESTRATION

The Arbitrator shall ensure that all witnesses who will testify at the arbitration are not influenced by the testimony of other witnesses. Accordingly, the Arbitrator may sequester all witnesses who will testify at the arbitration, provided that the Arbitrator shall permit the Associate bringing the arbitration and the Company's designated representative to remain throughout the arbitration, regardless of whether they testify at the hearing.

b. EVIDENCE

The Parties may offer evidence that is relevant and material to the dispute and shall produce any and all non-privileged evidence that the Arbitrator deems necessary to a determination of the dispute. The Arbitrator need not specifically follow the Federal Rules of Evidence, although the Arbitrator may consult them to resolve questions regarding the admissibility of particular matters.

c. BURDEN OF PROOF

Each party bears the burden of proving its claim or claims by a preponderance of the evidence. To prevail, the claimant must prove a violation of applicable substantive law.

d. BRIEFING

Each Party shall have the opportunity to submit one pre-hearing brief and one post-hearing brief in support of its position. Briefs, which are written statements of facts and law, shall be typed and shall be limited in length to twenty (20) double-spaced pages.

e. TRANSCRIPTION

The Parties may arrange for transcription of the arbitration by a certified reporter. The Company is responsible for the costs of the reporter and the transcript for the arbitrator, if any. Each party shall pay for its own copy of the transcript, if any.

f. CONSOLIDATION

i. CLAIMS

The Arbitrator shall have the power to hear as many claims as the Parties may have against one another consistent with Rule 2 of these Dispute Resolution Rules and Procedures. The Arbitrator may hear additional claims that were not mentioned in the Arbitration Request Form, provided the Party adding claims notifies the other Party at least thirty (30) calendar days prior to a scheduled arbitration, the additional claims are timely as of the date on which they were added, and the other Party is not prejudiced in its defense by such addition.

ii. PARTIES

The Arbitrator shall not consolidate claims of different Associates into one proceeding, nor shall the Arbitrator have the power to hear an arbitration as a class action (a class action involves an arbitration or lawsuit where representative members of a large group who claim to share a common interest seek relief on behalf of the group).

g. **CONFIDENTIALITY**

All aspects of an arbitration pursuant to these Dispute Resolution Rules and Procedures, including the hearing and record of the proceeding, shall be confidential and shall not be open to the public, except (i) to the extent both Parties agree otherwise in writing, (ii) as may be appropriate in any subsequent proceeding between the Parties, or (iii) as may otherwise be appropriate in response to a governmental agency or legal process.

All settlement negotiations, mediations, and the results thereof shall be confidential.

**RULE 10. SUBSTANTIVE CHOICE OF LAW**

The Arbitrator shall apply the substantive law of the state in which the Associate is, was, or sought to be predominantly employed. For claims arising under federal law, the Arbitrator shall follow the substantive law applicable to the United States District Court for the District in which the Associate is or was predominantly employed.

**RULE 11. ARBITRATOR AUTHORITY**

The Arbitrator shall conduct the arbitration and shall have the authority to render a decision in accordance with these Dispute Resolution Rules and Procedures and in a manner designed to promote rapid and fair resolution of disputes. To that end, seven (7) days prior to the scheduled arbitration hearing, the Parties shall participate in a telephone conference with the Arbitrator. Where a Party has challenged the legal sufficiency of an asserted claim or defense in a pre-hearing brief, each Party may be heard. A Party making such a challenge should file the pre-hearing brief as early as possible to permit due consideration of the issue. The Arbitrator shall strike any legally deficient claim and/or defense by a ruling communicated to the Parties at least five (5) days prior to the scheduled arbitration hearing.

a. **JURISDICTION**

The Arbitrator's authority shall be limited to deciding the claims, counterclaims, and defenses submitted for arbitration. Unless the Associate is subject to a contract providing for the employment of the Associate under specified terms or for a given duration, the Associate's employment remains alterable at the discretion of the Company and/or terminable at any time, at the will of either the Associate or the Company, with or without just cause. Accordingly, the Arbitrator shall have no authority to require that Circuit City have "just cause" to discipline or discharge an Associate unless specifically required by federal, state, or local law, or as a remedy for a violation of applicable law by the Company with respect to the Associate.

b. **SANCTIONS**

The Arbitrator shall have the power to award sanctions against a Party for the Party's failure to comply with these Dispute Resolution Rules and Procedures or with an order of the Arbitrator. These sanctions may include an assessment of costs, prohibitions of evidence, or, if justified by a Party's wanton or willful disregard of these Dispute Resolution Rules and Procedures, an adverse ruling in the arbitration against the Party who has failed to comply.

**RULE 12. AWARD**

Within twenty-one (21) calendar days after receipt of post-hearing briefs, if any, the Arbitrator shall mail to the parties a written award specifying appropriate remedies, if any. In the Arbitrator's discretion, the award may include findings of fact and conclusions of law. The Parties to an arbitration shall be provided with a copy of the Arbitrator's award. Other Associates who have agreed to arbitration may request copies of arbitration decisions in a given case. In cases where an arbitration decision is provided to an Associate who was not a Party to the particular arbitration, the Party-Associate's name shall be deleted from the arbitration decision unless the Party-Associate agrees otherwise in writing.

**RULE 13. COSTS AND FEES**

a. **COSTS OTHER THAN ATTORNEYS' FEES**

Circuit City shall pay the daily or hourly fees of the Arbitrator who decides the case and shall advance the remainder of the costs of the arbitration. Each Party shall advance its own incidental costs, such as photocopying, costs of hearing transcripts, subpoenas, or costs of producing witnesses or other evidence.

b. **ATTORNEYS' FEES**

In the absence of an award under Rule 14, each Party shall be liable for its own attorney fees.

**RULE 14. REMEDIES AND DAMAGES**

If the Arbitrator finds for the Associate, the Arbitrator, in his or her discretion, may award appropriate relief, including costs, in accordance with applicable law.

If appropriate relief includes reinstatement, such reinstatement will be to the position of employment the Associate held or, if such reinstatement is impractical, to a comparable position at the location of the Associate's last employment. If reinstatement at the place of the Associate's last employment is not practical, reinstatement will be to a comparable position at Circuit City in the same general geographic market area.

The Arbitrator may award an assessment of costs as a sanction under Rule 11.b.

The Arbitrator is authorized to award attorneys' fees in accordance with applicable law. Any award shall be reasonable in light of the amount and complexity of work involved in the arbitration and in accordance with customary billing rates of attorneys in the geographic area in which the arbitration is held.

**RULE 15. SETTLEMENT**

The Parties may settle their dispute at any time. Prior to closure of the arbitration hearing, the Parties may settle the case without involvement of the Arbitrator. Once the hearing has closed, settlement may take place only with approval of the Arbitrator. At any point prior to the Arbitrator's issuance of an award, the Parties may, by agreement, refer their dispute to mediation before a mediator provided by the Arbitration Service.

**RULE 16. ENFORCEABILITY**

The Dispute Resolution Agreement and any award rendered pursuant to it shall be enforceable and subject to the Federal Arbitration Act, 9 U.S.C. § 1 et seq., and the Uniform Arbitration Act of Virginia, Va. Code § 8.01-581.01 et seq., regardless of the state in which the arbitration is held or the substantive law applied in the arbitration.

**RULE 17. APPEAL RIGHTS**

The award rendered by the Arbitrator shall be final and binding as to both the Associate and the Company. Either Party may appeal the Arbitrator's decision to court in accordance with the appeal procedures of the Federal Arbitration Act, 9 U.S.C. § 1 et seq., or the Uniform Arbitration Act of Virginia, Va. Code § 8.01-581.01 et seq.

**RULE 18. SEVERABILITY/CONFLICT WITH LAW**

In the event that any of these Dispute Resolution Rules and Procedures agreed upon by the Parties is held to be in conflict with a mandatory provision of applicable law, the conflicting Rule or Procedure shall be modified automatically to comply with the mandatory provision of applicable law until such point as these Dispute Resolution Rules and Procedures may be modified in accordance with Rule 19 below. In the event of an automatic modification with respect to a particular Rule or Procedure, the remainder of these Rules and Procedures shall not be affected. An automatic modification of one of these Rules or Procedures shall be applicable only in the jurisdiction in which it is in conflict with a mandatory provision of law.

In all other jurisdictions, these Dispute Resolution Rules and Procedures shall apply in full force and effect.

**RULE 19. TERMINATION OR MODIFICATION OF DISPUTE RESOLUTION AGREEMENT OR DISPUTE RESOLUTION RULES AND PROCEDURES**

Circuit City may amend or terminate the Agreement and these Dispute Resolution Rules and Procedures on March 1st of any year upon giving thirty (30) calendar days written notice to Associates, provided that all claims arising before alteration or termination shall be subject to the Agreement and corresponding Dispute Resolution Rules and Procedures in effect at the time the Arbitration Service receives the Arbitration Request Form. Notice may be given by posting a written notice by January 30 of each year at all Circuit City locations (including locations of affiliated companies). A copy of the text of any modification to the Agreement or Rules and Procedures will be published online at <http://www.circuitcity.com/cccareers/rules.html> on March 1st of each year.