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Circuit City files for bankruptcy

Retailer admits \$2.3 billion in debt

by Katie Scott published on 10 November 2008

Just a week ago, the American retail chain Circuit City admitted it was going to have to shut down 155 stores and slash 17% of its 46,000 strong US workforce.

Now things have gone from bad to worse and the company has filed for Chapter 11 bankruptcy.

Today's move is a last ditch attempt to save the retailer, which has floundered in the face of competition from the likes of Best Buy.

Circuit City will now have to drastically reorganise itself to be able to pay back its debtors which include some of the world's top technology manufacturers including Sony and Samsung.

Says Electronista, the decision to file for bankruptcy is connected to the credit crunch and the weaker US economy, "which has put pressure on Circuit City to reduce its more than \$2.3 billion debt".

Best Buy has hinted that it may well move into some of the retail spaces left vacant by Circuit City.

