

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF THE *COMPANIES' CREDITORS*
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE
OR ARRANGEMENT OF INTERTAN CANADA LTD.
AND TOURMALET CORPORATION

APPLICANTS

NINTH REPORT OF THE MONITOR
ALVAREZ & MARSAL CANADA ULC

JULY 24, 2009

INTRODUCTION

1. By Order of this Honourable Court dated November 10, 2008, as subsequently amended and restated on December 5, 2008 (the "Initial Order"), InterTAN Canada Ltd. ("InterTAN") and Tourmalet Corporation ("Tourmalet" and together with InterTAN, the "Applicants") obtained protection from their creditors under the *Companies' Creditors Arrangement Act* ("CCAA") and Alvarez & Marsal Canada ULC ("A&M") was appointed monitor of the Applicants (the "Monitor"). These proceedings are referred to herein as the "CCAA Proceedings".
2. Concurrent with the commencement of the CCAA Proceedings, the Applicants' ultimate parent company, Circuit City Stores, Inc. ("Circuit City") and certain of its U.S. affiliates (collectively, the "U.S. Debtors") commenced proceedings under Chapter 11, Title 11 of the *United States Code* (the "U.S. Bankruptcy Code"). These proceedings are referred to herein as the "Chapter 11 Proceedings".
3. The Applicants have brought a motion returnable July 29, 2009 seeking an Order approving the activities of the Monitor detailed herein and approving the implementation

of a post-filing claims process (which will include a call for claims against the Applicants' directors and officers) and a formal claims resolution process.

4. The purpose of this report (the "Ninth Report") is to provide the Court and the Applicants' stakeholders with information concerning the Applicants' motion. For the reasons discussed below, the Monitor respectfully recommends that the Court grant the relief requested by the Applicants.
5. All terms not otherwise defined herein shall have the meanings ascribed to them in the Monitor's previous reports.

TERMS OF REFERENCE

6. In preparing this report, the Monitor has relied upon unaudited financial information, InterTAN's books and records, financial information prepared by InterTAN and its advisors, and discussions with management of InterTAN and its advisors. The Monitor has not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of the information and, accordingly, the Monitor expresses no opinion or other form of assurance on the information contained in this report.
7. Certain of the information referred to in this report consists of forecasts and/or projections. An examination or review of financial forecasts and projections, as outlined in the Canadian Institute of Chartered Accountants Handbook, has not been performed. Future-oriented financial information referred to in this report was prepared based on management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.
8. The Monitor has requested that management bring to its attention any significant matters that were not addressed in the course of its specific inquiries. Accordingly, this report is based solely on the information (financial or otherwise) made available to the Monitor.
9. All references to dollars in this report are in Canadian currency unless otherwise noted.

BACKGROUND

10. InterTAN was a leading specialty retailer of consumer electronics in Canada and was the operating Canadian subsidiary of the U.S.-based electronics retailer Circuit City. Tourmalet is a Nova Scotia unlimited liability company that is an indirect, wholly-owned subsidiary of Circuit City. Tourmalet is a non-operating holding company whose sole asset is the preferred stock of InterTAN, Inc., which is the sole shareholder of InterTAN. Circuit City is the Applicants' ultimate parent company. Further background to InterTAN, Tourmalet and Circuit City is contained in the materials filed relating to the Initial Order, including the Affidavit of Mark Wong sworn November 10, 2008. These documents, together with other information regarding the CCAA Proceedings, including the Initial Order and supporting affidavit, have been posted by the Monitor on its website at www.alvarezandmarsal.com/intertan.
11. On November 10, 2008, the U.S. Debtors commenced the Chapter 11 Proceedings in the United States Bankruptcy Court for the Eastern District of Virginia (the "U.S. Bankruptcy Court"). The U.S. Debtors have subsequently commenced and substantially completed a liquidation of their assets and property in the Chapter 11 Proceedings. A hyperlink to information concerning the U.S. Debtors' restructuring and liquidation can be found at www.kccllc.net.
12. Additional background information can be found in the prior reports submitted by the Monitor to this Honourable Court.

CLOSING OF THE SALE TRANSACTION

13. By Order dated March 9, 2009 (the "Approval and Vesting Order") the Court approved the transaction of purchase and sale whereby the Purchaser (as therein defined) would acquire substantially all of the assets of InterTAN (the "Sale Transaction") on terms set out in an asset purchase agreement as defined in that order (the "APA"). Under the terms of the APA, upon closing of the Sale Transaction, all of InterTAN's right, title and interest in and to the Seller Assets (as defined in the APA) were to be vested in 4458729 Canada Inc. (the "Purchaser") free and clear of all encumbrances.

14. The Sale Transaction, in fact, closed with effect as of 12:01 a.m. on July 1, 2009.
15. In connection with the closing of the Sale Transaction, consistent with the Order of this Court dated June 29, 2009 (the "Closing Payments Order"), the amounts required to be paid in connection with the closing under the Closing Payments Order have all been paid, and the Monitor is presently holding the balance of sale proceeds in trust pending distribution as further directed by the Court or contemplated by the Closing Payments Order. Copies of the Monitor's Eighth Report and the Closing Payments Order are attached hereto as Appendix "A" and Appendix "B", respectively.
16. Upon closing, substantially all of the employees of InterTAN accepted employment with the Purchaser and all employees who were directors of the Applicants resigned. Accordingly, Michelle Mosier and Elliot Wahle were appointed as directors of the Applicants, with Mr. Wahle fulfilling the Canadian residency requirement. Since the closing of the Sale Transaction, and in accordance with the Closing Payments Order, Ms. Mosier has been working with the Monitor to assist in the continued administration of these proceedings and the wind-down of the business and affairs of the Applicants.

PRE-FILING CLAIMS PROCESS

17. Prior to the closing of the Sale Transaction, and pursuant to the Pre-Filing Claims Process Order, any person and/or entity asserting a Pre-Filing Claim against one or both of the Applicants was to have set out its aggregate Pre-Filing Claim in a Proof of Claim and deliver the Proof of Claim to the Applicants. All Proofs of Claims were to have been delivered by no later than 5:00 p.m. (Toronto time) on March 16, 2009 (the "Pre-Filing Claims Bar Date").
18. Those parties who were not required to file a Proof of Claim under the Pre-Filing Claims Process, include:
 - (a) The DIP Lenders (as defined in the Initial Order);
 - (b) the Applicants' U.S. debtor affiliates;

- (c) customers with gift cards, store credits or with ongoing warranty programs;
 - (d) employees who continued to be employed by the Applicants after November 10, 2008; and
 - (e) Joint Venture Managers in respect of deposits provided to InterTAN pursuant to joint venture agreements.
19. At the time the Pre-Filing Claims Process was implemented, no formal dispute resolution process was put into place. Instead, in seeking to strike an appropriate balance between achieving greater certainty in respect of the total pre-filing claim amount without requiring creditors to engage in a potentially time-consuming and expensive process to resolve disputed claims, the Applicants and Monitor indicated that they would review each Pre-Filing Proof of Claim received and, to the extent there were any discrepancies between the Pre-Filing Proofs of Claim filed and the books and records of the Applicants, the Applicants, with the assistance of the Monitor, would attempt to reconcile the discrepancies.
- (i) **Completion of Pre-Filing Claims Review**
20. As previously reported to this Honourable Court, pursuant to the Pre-Filing Claims Process, the Monitor received 566 Pre-Filing Proofs of Claim claiming a total of \$50.7 million.
21. As of June 30, 2009, the Monitor and the Applicants had substantially completed their review of all of the Pre-Filing Proofs of Claim submitted. To the extent there were discrepancies between the Pre-Filing Proofs of Claim received and the books and records of the Applicants, the Monitor and the Applicants have been able to resolve a number of these discrepancies, and have been able to determine that they will accept (in some cases accepting an agreed upon revised number) or will not dispute approximately 55% of the value of the Pre-Filing Proofs of Claim reviewed. The Monitor and Applicants have also determined that an additional approximately 26% of the value of the Pre-Filing Proofs of Claim reviewed, appear to relate to pre-emptive claims by landlords for repudiation of

leases that did not occur and certain litigation claims that will be disallowed in the claims process.

22. It is anticipated that the remaining approximately 19% of the value of the Pre-Filing Proofs of Claim reviewed will not be accepted based on evidence from the books and records of the Applicants and, in some instances, as a result of a claimant's disagreement regarding the Applicants' set-off of trade credits against the alleged claims. While the Applicants (with input from the Monitor) have attempted to reconcile these disputed claims with the claimants, these efforts have not been successful to date.
23. Accordingly, the Applicants now request the approval of this Court to implement a formal resolution process for Pre-Filing Proofs of Claim as detailed in the proposed form of Claims Process Order and as described in further detail below.

(ii) Additional "Pre-Filing Claims"

24. In connection with the Monitor's review of the Applicants' books and records in preparation for the establishment of the Claims Process, it has come to the Monitor's attention that there may be certain claimants who commenced litigation prior to November 10, 2008 and who did not receive a Pre-Filing Claims Package.
25. The Monitor recommends that these claimants be given the opportunity to file a claim in the within proceedings and, accordingly, recommends that these claimants be sent a copy of an Additional Pre-Filing Claims Package (as defined in the Claims Process Order) on or before August 10, 2009 (the proposed mailing date for the Claims Package, as described below) and that the claimants be permitted to submit a Pre-Filing Proof of Claim on or before September 14, 2009 (the proposed Post-Filing Claims Bar Date, described below).
26. Those Claimants, however, who commenced litigation prior to November 10, 2008 and who did not receive a Pre-Filing Claims Package, but whose claims were reviewed and determined post-filing (by the Ontario Ministry of Labour, Employment Standards Branch ("MOL")) will be sent a Claims Package, as described below. The Monitor will also send a copy of a Claims Package to the MOL.

**APPLICANTS' PROPOSAL FOR FURTHER CLAIMS PROCESSES AND
IMPLEMENTATION OF A FORMAL CLAIMS RESOLUTION PROCESS**

27. In addition to the implementation of a formal claims resolution process for the Pre-Filing Claims, the Applicants also seek an Order establishing a claims process for director and officer claims ("D&O Claims") and for claims arising from and after November 10, 2008 (the "Restructuring Claims") (collectively the D&O Claims and the Restructuring Claims are referred to as "Post-Filing Claims").

(i) Process for the Calling and Barring of Post-Filing Claims

28. The details of the Applicants' proposed Claims Process are outlined in the proposed form of Claims Process Order, and include:

- a procedure for advising creditors with Post-Filing Claims of the Claims Process by mailing proof of claim documents with a specified claim amount (based on the books and records of the Applicants) to known creditors ("Set Proofs of Claim"), and by advertising in the Globe and Mail (National Edition) and La Presse (the French language translation thereof), soliciting claims from unknown potential creditors;
- a procedure to notify former employees and relevant government entities who, based on the books and records of the Applicants, appear to not have Post-Filing Claims, of the establishment of the Claims Process;
- the manner in which parties receiving Set Proofs of Claim may revise those Set Proofs of Claim and return them to the Monitor;
- the manner in which proofs of claim from unknown potential creditors are to be delivered to the Monitor;
- a proposed Post-Filing Claims bar date of September 14, 2009;
- the manner in which Proofs of Claim are to be reviewed and determined by the Monitor, in consultation with the Applicants;

- the process by which the Monitor shall deliver a Notice of Allowance or Revision or Disallowance to all Claimants who delivered a Proof of Claim;
- the process by which a Claimant may deliver a Notice of Dispute disputing the Monitor's determination of its claim;
- the manner in which Notices of Dispute will be addressed by the Monitor, including a referral of the dispute to a Claims Officer;
- the appointment of a Claims Officer; and
- a process by which a creditor may appeal to the Court an adverse determination of its claim by the Claims Officer.

(ii) Formal Claims Resolution Process (Applicable to both Pre-Filing Claims and Post-Filing Claims)

29. As detailed above, certain parties were not required to file a Proof of Claim under the Pre-Filing Claims Process. Given the going-concern nature of the Sale Transaction and the successful completion thereof, it is not anticipated these parties will have any claims against the Applicants (or their directors and officers).
30. In connection with the closing of the Sale Transaction, and pursuant to the terms of the Closing Payments Order, the DIP Lenders' direct advances to the Applicants (as referred to in paragraph 18(a) above) were paid in full and they released the Applicants from any guarantees of the debts of the U.S. Debtors. Additionally, as the Monitor has been further advised, there are no claims expected from the Applicants' U.S. Affiliates (as referred to in paragraph 18(b) above). As such these parties do not require (and will not be sent) a Claims Package.
31. Further, as a result of the completion of the Sale Transaction, it is not expected that there will be any claims on behalf of customers with gift cards, store credits or ongoing warranties, or from Joint Venture Managers in respect of deposits provided to InterTAN pursuant to joint venture agreements (as referred to in paragraphs 18(c) and (e),

respectively, above), all of which outstanding obligations and agreements were assumed by the Purchaser under the APA.

32. Further, with respect to employees who continued to be employed by the Applicants after November 10, 2008 (as referred to in paragraph 18(d) above), all of these employees (with the exception of those who left their employment voluntarily) received offers of employment from the Purchaser. As such, it is not anticipated that these parties will have any claims.
33. However, and in any event, as detailed in the Claims Process Order, the Monitor is publicly calling for D&O Claims and Restructuring Claims, and in consultation with the Applicants will also deliver a Notice of Post-Filing Claims Process to each person who was employed by the Applicants from November 1, 2008 until July 1, 2009 (with the exception of those who left their employment voluntarily over that time period and those who will receive a Set Proofs of Claim) and government authorities.

(iii) Directions regarding Set-Off

34. A number of Claimants who filed a Pre-Filing Proof of Claim with the Monitor continued to do business with InterTAN post-filing, most on payment terms of cash in advance or cash on delivery. Accordingly, in addition to the amounts these Claimants claim are owed to them by InterTAN, based on the books and records of the Applicants certain of these Claimants also owe amounts to InterTAN in connection with pre-filing accounts receivable and/or in connection with certain post-filing credits or rebates.
35. While the Applicants and the Monitor sought to reconcile Claimants' Pre-Filing Claims with any pre-filing accounts receivable in an effort to obtain a net amount owing by InterTAN in the Pre-Filing Claims Process, they have not yet attempted to calculate or reconcile Claimants' Pre-Filing Claims with any related post-filing amounts owing to InterTAN, and are seeking this Honourable Court's authorization to do so in the Claims Process.
36. Accordingly, and in an effort to efficiently manage the collection of post-filing receivables together with the determination (and payment) of related Pre-Filing Claims

and/or Post-Filing Claims against InterTAN, the Monitor recommends that the approval of this Court be granted to permit the Monitor to set-off all or part of the amount of a Claimant's Pre-Filing Claim against related accounts receivables, trade credits or rebates owing to InterTAN.

37. Should any Claimant dispute the assessment or determination of its Claim by the Monitor, including with respect to any amounts the Monitor seeks to set-off, such Claimant is entitled to file a Notice of Dispute as detailed in the proposed Claims Process Order.

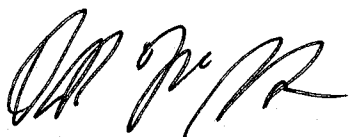
MONITOR'S RECOMMENDATION

38. For the foregoing reasons, the Monitor respectfully recommends that the Claims Process Order sought by the Applicants be granted.

ALL OF WHICH IS RESPECTFULLY SUBMITTED at Toronto, Ontario this 24th day of July, 2009.

ALVAREZ & MARSAL CANADA ULC
in its capacity as Court appointed Monitor of
InterTAN Canada Ltd. and Tourmalet Corporation

Per: _____



Name: Douglas R. McIntosh

Title: Managing Director

I have the authority to bind the corporation