

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

TENTH REPORT OF THE MONITOR
ALVAREZ & MARSAL CANADA ULC

October 21, 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 October 26, 2009 seeking an Order extending to January 31, 2010, the Stay Period (as defined in the Initial Order and

subsequently extended to October 31, 2009); an Order unsealing the cash flow projections of the Applicants for the period from July 3, 2009 until October 30, 2009 which were sealed by Order of this Court on July 29, 2009; and an Order approving the activities of the Monitor detailed herein.

4. The purpose of this report (the "Tenth 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 may consist of or include 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. 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 the Post-Closing Officer, Ms. Michelle Mosier, 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.

ADMINISTRATION AND WIND-DOWN OF THE APPLICANTS POST-CLOSING

13. By Order dated March 9, 2009 (the "Approval and Vesting Order"), a copy of which is attached as Appendix "A", 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"). The Sale Transaction closed with effect as of 12:01 a.m. on July 1, 2009.

14. The amounts required to be paid in connection with the closing of the Sale Transaction, as contemplated in the Order of this Court dated June 29, 2009 (the "Closing Payments Order"), a copy of which is attached as Appendix "B", were all paid, and the Monitor is holding, in trust, the balance of sale proceeds and other amounts received by or owing to InterTAN as at October 18, 2009, being the total amount of \$101,978,597, pending distribution as further directed by the Court. The Monitor is also holding, as escrow agent, the further amount of \$34,950,000 (the "Escrow Amount"), which Escrow Amount is being held pursuant to the escrow agreement dated February 23, 2009, and is to be dealt with in accordance with section 2.7 of the APA.
15. Upon closing, InterTAN ceased to carry on any business 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.
16. 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. Accordingly, the Applicants do not have any going-concern type expenditures other than the payment of Mr. Wahle's director's fees and the professional fees of the Monitor, its counsel, and the Applicants' advisors in connection with the wind down and administration of these proceedings, including the conduct of the Claims Processes.

WORKING CAPITAL ADJUSTMENT

17. Pursuant to the APA, on June 22, 2009, the Seller delivered to the Purchaser an estimated closing date financial statement, as at June 30, 2009. The estimated closing date financial statement provided the basis for calculating the Escrow Amount which is being held pending the determination of the final working capital adjustment.
18. Pursuant to section 2.7 of the APA, the Purchaser was required to deliver to InterTAN a Closing Date Financial Statement (as the term was defined in the APA) within forty-five

(45) days of closing. On August 15, 2009, InterTAN received a Closing Date Financial Statement from the Purchaser.

19. On August 28, 2009 InterTAN delivered an Information Request to the Purchaser requesting further details with regard to the calculation of the Closing Date Financial Statement. On September 28, 2009 the Purchaser responded to InterTAN's request. As provided by the terms of the APA, if InterTAN disputed any matter related to whether the Purchaser prepared the Closing Date Financial Statement as required by the APA, InterTAN was required to deliver a notice of dispute ("Seller's Dispute Notice") within fifteen (15) Business Days (as defined therein) of its receipt of any information requested under section 2.7(b) of the APA.
20. On October 20, 2009, InterTAN delivered a Seller's Dispute Notice to the Purchaser. Accordingly, as prescribed by the terms of the APA, the parties have fifteen (15) Business Days from the date of InterTAN's delivery of the Seller's Dispute Notice to attempt to resolve the matters in dispute. Failing consensual resolution, the parties will be required to submit to arbitration. As provided for in the APA, it is intended that the matters in dispute be determined as soon as practicable, with a goal of making such determination within twenty (20) Business Days of their submission to arbitration.
21. The Monitor continues to be apprised by the Applicants and their advisors of the ongoing discussions with the Purchaser regarding the Closing Date Financial Statement and will continue to report upon this matter to the Court. Pending resolution of these matters, the Monitor will continue to hold the Escrow Amount.

CONDUCT OF THE CLAIMS PROCESSES

(i) Call For Claims

22. Pursuant to the terms of the Order dated February 10, 2009 (the "Pre-Filing Claims Process Order"), the Applicants, with the assistance of the Monitor, conducted a call for "Pre-Filing Claims" (as the term is defined in the Pre-Filing Claims Process Order, a copy of which is attached as Appendix "C"). As previously detailed in earlier reports of

the Monitor, 566 Pre-Filing Proofs of Claim ("Pre-Filing POCs") totalling \$50.7 million were initially received by the Monitor.

23. Following the Monitor's initial review of the Pre-Filing POCs, by order dated July 29, 2009 (the "Claims Process Order"), a formal resolution process for the final administration of the Pre-Filing POCs was implemented. A copy of the Claims Process Order is attached as Appendix "D".
24. Additionally, as provided in the Claims Process Order, the Applicants, aided by the Monitor, also conducted a call for the following claims:
 - (i) Any claim by a Claimant who had commenced litigation against an Applicant prior to November 10, 2008 but who did not receive a Pre-Filing Claims Package (as defined in the Claims Process Order) ("Additional Pre-Filing Claim");
 - (ii) Any claim by a Person against a Director and/or Officer of an Applicant which is indemnified by the Applicants pursuant to paragraph 23 of the Initial CCAA Order relating to the failure of the Applicants to make payments of the nature referred to in subparagraphs 8(a), 8(b), 8(c) or 8(d) of the Initial Order, which arose or arises or has been or may be sustained or incurred by any reason of or in relation to such Director's or Officer's capacity as a Director and/or Officer of an Applicant ("D&O Claim"); and
 - (iii) Any claim that arose on or following November 10, 2008 arising from or caused by the repudiation by an Applicant of any contract, lease or other agreement, whether written or oral, as part of these CCAA proceedings, or caused by any other step of the Applicants taken as part of these CCAA proceedings ("Restructuring Claims").
25. Pursuant to paragraph 6 of the Claim Process Order, the Monitor delivered 27 Claims Packages (as the term is defined therein) by August 10, 2009; and pursuant to paragraph 9 of the Claim Process Order, the Monitor delivered 5 Additional Pre-Filing Claims Packages (as the term is defined therein) by August 10, 2009.

any contract, lease or other agreement, whether written or oral, as part of these CCAA proceedings, or caused by any other step of the Applicants taken as part of these CCAA proceedings ("Restructuring Claims").

25. Pursuant to paragraph 6 of the Claim Process Order, the Monitor delivered 27 Claims Packages (as the term is defined therein) by August 10, 2009; and pursuant to paragraph 9 of the Claim Process Order, the Monitor delivered 5 Additional Pre-Filing Claims Packages (as the term is defined therein) by August 10, 2009.
26. Pursuant to paragraph 11 of the Claims Process Order, any Claimant asserting an Additional Pre-Filing Claim, D&O Claim and/or Restructuring Claim was required to deliver to the Monitor a Proof of Claim in respect of their Claim on or before 5:00 p.m. (Toronto Time) on September 14, 2009 (the "Post-Filing Claims Bar Date").
27. Additionally, after August 10, 2009, the Monitor was advised of the existence of a further four (4) Additional Pre-Filing Claims. Accordingly, the Monitor delivered a further four (4) Additional Pre-Filing Claims Packages to those Claimants on September 21, 2009.
28. Pursuant to the terms of the Claims Process Order, Additional Pre-Filing Claimants were given a minimum of 35 days following the date of the delivery of the Additional Pre-Filing Claims Packages to file a Proof of Claim. Accordingly, each of the four (4) Claimants who received an Additional Pre-Filing Claims Package after August 10, 2009, were advised by the Monitor that they would have 35 days following the delivery of the Additional Pre-Filing Claims Package to deliver a Proof of Claim, failing which their Claim would be barred.
29. As a result of the above-noted additional call for claims, the Monitor received 23 Proofs of Claims totalling \$1.14 million in respect of Restructuring Claims ("Restructuring POCs") and three (3) Proofs of Claims totalling ~~\$14,053.00~~\$14,053 in respect of Additional Pre-Filing Claims ("Additional Pre-Filing POCs").
30. No Proofs of Claim in respect of any D&O Claims were received by the Monitor and the Claims Bar Date, as fixed by the Claims Process Order, has since passed.

33. In connection with the Sale Transaction, the Purchaser had advised that it was not willing to adopt or purchase InterTAN's agreements with Shaw. Accordingly, the parties were required to address a number of issues associated with the conclusion of the agreements with Shaw, including the existence of outstanding receivables, credits and inventory.
34. As part of a global settlement, by agreement effective August 28, 2009 between Shaw Satellite G.P., DBA Shaw Direct®, Successor in Interest to Star Choice Communications Inc. and Star Choice Television Network Inc. DBA Star Choice®, ("Shaw Direct") and Shaw Cablesystems G.P. ("Shaw Cable") (collectively "Shaw") and InterTAN, the parties, with consultation and input of the Monitor, agreed to settle the matters in issue including those matters detailed in the Shaw POC and, as a result, the Shaw POC has been withdrawn.
35. Pursuant to the formal resolution process stipulated by the terms of the Claims Process Order, the Monitor has undertaken to deliver a Notice of Allowance or Revision or Notice of Disallowance (as each term is defined therein) (collectively, "Notices") in respect of each Pre-Filing POC. To date, the Monitor has formally administered 504 of the 565 remaining Pre-Filing POCs as follows:
 - (i) The Monitor has delivered 329 Notices of Allowance or Revision allowing, in their entirety, Pre-Filing POCs totalling \$6.26 million;
 - (ii) The Monitor has delivered 142 Notices of Disallowance disallowing, in their entirety, Pre-Filing POCs totalling \$7.43 million; and
 - (iii) The Monitor has delivered 33 Notices of Allowance or Revision effectively allowing \$4.31 million from Pre-Filing POCs totalling \$11.16 million, and disallowing \$6.85 million.
36. The Monitor, with the assistance of the Applicants, continues to work through the determination of the remaining 61 Pre-Filing POCs totalling \$20.9 million in claims. Pursuant to the terms of the Claims Process Order, 59 of the remaining 61 Pre-Filing POCs (totalling \$20.7 million) may be subject to full or partial set-off against post-filing accounts receivable, and which accounts receivable remain an issue for discussion and

resolution by InterTAN and the Purchaser as discussed above in paragraph 20. The Monitor will, however, continue to report upon its progress in determining the remaining Pre-Filing POCs.

37. As detailed in the Claims Process Order, any Claimant (as defined therein) who receives a Notice of Disallowance or Notice of Allowance or Revision and wishes to dispute the determination of its claim by the Monitor, may do so by delivering a Notice of Dispute (as defined in the Claims Process Order) to the Monitor within 14 days of the issuance of the Notice of Disallowance or Notice of Allowance or Revision.
38. To date, the Monitor has received seven (7) Notices of Dispute in respect of its determination of Pre-Filing POCs, disputing a total of \$6,219,188 in amounts claimed that were otherwise revised, and in one case allowed, by the Monitor.
39. The time for delivering a Notice of Dispute has otherwise expired for the 504 Pre-Filing POCs that have been determined.

(B) Restructuring Claims

40. Pursuant to the terms of the Claims Process Order, the Monitor has reviewed and determined 18 of the 23 Restructuring POCs received. The Monitor has delivered Notices allowing 14 of the Restructuring POCs totalling \$317,686 and disallowing four (4) of the Restructuring POCs, totalling \$62,262.
41. The deadline to file a Notice of Dispute for the Restructuring POC Claimants who received Notices of Disallowance expired on October 13, 2009. The deadline to file a Notice of Dispute for the Restructuring POC Claimants who received Notices of Allowance expired on October 19, 2009.
42. With the assistance of the Applicants, the Monitor continues to review and administer the remaining five (5) Restructuring POCs and expects to deliver the appropriate Notices of Disallowance or Notices of Allowance or Revision shortly.

(C) Additional Pre-Filing Claims

43. To date, the Monitor has not yet reviewed or determined the three (3) Additional Pre-Filing POCs but expects to do so and to deliver the appropriate Notices of Disallowance or Notices of Allowance or Revision shortly.

(iii) Notices of Dispute and Dispute Process

44. With respect to the seven (7) Claimants who have filed Notices of Dispute, the Monitor, with the input and assistance of the Applicants, is attempting to consensually resolve each of the Claims in dispute (the "Disputed Claims"). However, if the Disputed Claims cannot be resolved, the Monitor will be required to refer the matters to the Claims Officer for determination.
45. Three (3) of the Disputed Claims are litigious in nature and account for \$6.13 million of the Disputed Claims. The Monitor and Applicants expect these three (3) Disputed Claims will need to be referred to the Claims Officer for resolution. The Monitor believes the other four (4) Disputed Claims will be resolved between the parties without referral to the Claims Officer.
46. As a result of discussions with the Monitor, the Claims Officer has reserved November 19 and 20, 2009 and December 3 and 4, 2009 to hear and determine Disputed Claims.
47. Additionally, given the Pre-Filing POCs and Restructuring POCs that have yet to be determined, the Monitor has also asked the Claims Officer to set aside additional dates in January 2010 should there be any additional Disputed Claims resulting from the Monitor's review and determination of the outstanding Proofs of Claim.

ADDITIONAL POTENTIAL LIABILITY

48. InterTAN has a subsidiary company located in France that has not operated for more than 10 years. In connection with the winding up of the Applicants' operations, InterTAN will need to wind-up its French subsidiary, which may result in potential tax liabilities to the French taxing authorities. The Applicants have retained PricewaterhouseCoopers to

conduct an analysis of the potential tax implications and the Monitor will report further once the analysis has been received.

CASHFLOWS

49. The last cashflows provided to the Court in this matter showed projections up to October 30, 2009. These were provided to the Court under seal. The sealing order with regard to these cashflows is no longer necessary, and the Monitor supports the Applicants' motion that they be unsealed.
50. As discussed above, the only going-concern type expenditures of the estate are the payment of Mr. Wahle's director's fees and the professional fees of the Monitor, its counsel, and the Applicants' advisors in connection with the wind down and administration of these proceedings. Given the balance of funds held in trust, the Monitor is of the view that there will be sufficient funds to continue to make these going concern payments to January 31, 2010. For these reasons, the Monitor is of the view that it is not necessary to prepare and include further cashflow projections in this Tenth Monitor's Report.

EXTENSION OF STAY PERIOD

51. The Stay Period currently expires on October 31, 2009 and the Applicants are proposing that the Stay Period be extended to January 31, 2010.
52. As detailed above, the Monitor has made substantial progress in reviewing, reconciling and administering the Proofs of Claims filed in the Claims Processes. However, a significant number still remain to be reviewed and determined.
53. Further, the Claims Officer may be required to formally determine certain Disputed Claims, which determinations (and what, if any, associated appeals) will not likely be made until January 2010 at the earliest.
54. The Monitor reported in its Sixth Report that it appeared likely that the Applicants' unsecured creditors would be paid in full. Based on the claims received in the Claims

Processes, the Monitor continues to remain of the view that the Applicants' unsecured creditors will be paid in full.

55. The Monitor believes the Applicants have been and continue to act in good faith and with due diligence in these CCAA Proceedings. The extension as sought is necessary to complete the final stages of the Claims Processes in order to allow for the expeditious distribution of the Sale Proceeds to the creditors and shareholders of the Applicants.

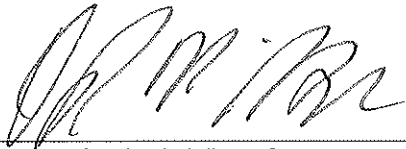
MONITOR'S RECOMMENDATION

56. For the foregoing reasons, the Monitor respectfully requests that this Tenth Report and the activities of the Monitor described herein be approved. The Monitor also recommends that the orders sought by the Applicants be granted.

ALL OF WHICH IS RESPECTFULLY SUBMITTED at Toronto, Ontario this 21st day of October, 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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

TENTH REPORT OF THE MONITOR

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