

**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

**AFFIDAVIT OF MARK J. WONG
(sworn June 25, 2009)**

I, Mark J. Wong, of the Town of Caledon, in the Province of Ontario, MAKE
OATH AND SAY:

1. I am the Vice-President, General Counsel and Secretary of the Applicant, InterTAN Canada Ltd. ("InterTAN"). As such, I have personal knowledge of the matters deposed to herein. Where I have relied on other sources for information, I have specifically referred to such sources and verily believe them to be true. This affidavit is sworn in support of a motion for an Order, substantially in the form attached as Exhibit "A" (the "Draft Order"): (i) extending the Stay Period (as defined in the Amended and Restated Initial Order dated November 10, 2008, the "Initial Order") from July 3, 2009 until October 31, 2009; and (ii) providing for certain relief ancillary to the closing of the Sale Transaction (as defined below).

History of Proceedings

2. On November 10, 2008, the Applicants filed for and obtained protection from their creditors under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA"), pursuant to the Initial Order. A copy of the Initial Order is attached as Exhibit "B".

3. Circuit City Stores, Inc. ("Circuit City") is InterTAN's ultimate parent company. On November 10, 2008, Circuit City and certain of its affiliates (the "U.S. Debtors") filed for and were granted bankruptcy protection pursuant to Chapter 11 of title 11 of the *United States Code* in the United States Bankruptcy Court for the Eastern District of Virginia (the "Chapter 11 Proceedings").

4. The Initial Order authorized InterTAN to enter into a cross-border credit facility along with certain of the U.S. Debtors, as joint and several borrowers, Bank of America, N.A., as Administrative Agent and Collateral Agent, Bank of America N.A. (acting through its Canadian Branch), as Canadian Administrative Agent and Canadian Collateral Agent (the "Canadian Agent") and other lenders on the terms and subject to the conditions set forth in the Senior Secured, Super-Priority, Debtor-in-Possession Credit Agreement (as amended, supplemented, modified or restated, the "DIP Facility").

5. On January 16, 2009, the United States Bankruptcy Court issued an Order in the Chapter 11 Proceedings approving a going out of business sale at the U.S. Debtors' remaining stores. As a result of the liquidation sale, the U.S. Debtors no longer needed incremental borrowings under the DIP Facility. Conversely, InterTAN still required continuing availability under the DIP Facility to fund its working capital and general corporate purposes as it sought to complete a going concern transaction for the business.

6. On February 23, 2009, this Honourable Court granted an Order approving a Third Amendment to the DIP Facility which, *inter alia*, provided InterTAN with a direct lending commitment that is not dependant on a calculation of the "U.S. Borrowing Base". A copy of the February 23, 2009 Order is attached as Exhibit "C".

The Sale Transaction

7. On February 23, 2009, 4458729 Canada Inc. (a direct wholly-owned subsidiary of Bell Canada, the "Purchaser"), InterTAN, Circuit City Stores West Coast, Inc. ("West Coast"), Ventoux International, Inc. ("Ventoux") and Bell Canada entered into an asset purchase agreement providing for, *inter alia*: (i) the sale of substantially all of the assets and operations of InterTAN to the Purchaser; (ii) the sale and/or license of certain trade-marks owned by West Coast and used in InterTAN's business to the Purchaser; and (iii) the sale of all of the issued and

outstanding shares of Circuit City Global Sourcing, Limited owned by Ventoux to the Purchaser (the "Asset Purchase Agreement").

8. On March 9, 2009, this Honourable Court approved the Asset Purchase Agreement and made an Approval and Vesting Order and an Additional Approvals Order to facilitate the transactions contemplated by the Asset Purchase Agreement (the "Sale Transaction"). A copy of the Approval and Vesting Order is attached as Exhibit "D". A copy of the Additional Approvals Order is attached as Exhibit "E".

9. The parties to the Sale Transaction have agreed that the closing of the Sale Transaction will occur at 12:01 a.m. on July 1, 2009. As of the date of this affidavit, it appears that all conditions to closing will be waived or satisfied on or before that date. Accordingly, to facilitate the landlord consent process, InterTAN has made payments totalling approximately \$640,000 to landlords in respect of pre-closing rent adjustments and other amounts payable under the leases for the period prior to closing pursuant to its obligations under the Asset Purchase Agreement. It is expected that InterTAN will make further similar payments to landlords prior to closing, with the amount of such further payments currently estimated to be approximately \$75,000.

Expansion of the Role of the Monitor

10. The Asset Purchase Agreement provides that, after making certain payments provided for therein, the balance of the purchase price shall be paid to InterTAN or as InterTAN may direct. In order to facilitate the closing of the Sale Transaction, the parties to the Asset Purchase Agreement (other than Bell Canada) will be entering into a Payment and Escrow Agreement (the "Escrow Agreement") with the Monitor. A copy of the current form of the Escrow Agreement with certain confidential information redacted will be attached as an Appendix to the Monitor's Eighth Report. Pursuant to the terms of the Escrow Agreement, the Purchaser has been authorized and directed to make the payments required on closing of the Sale Transaction to the Monitor in advance of the closing, and the Monitor has agreed to hold such closing payments in escrow pending receipt of written confirmation of the closing of the Sale Transaction in accordance with the terms of the Escrow Agreement. It is proposed that the Monitor will then disburse or hold, the payments required to be made on closing in accordance with the terms of the Escrow Agreement and in accordance with the terms of the Draft Order.

11. The Asset Purchase Agreement provides for the assumption by the Purchaser of all of the employees of InterTAN in the manner specified in the agreement. As a result, subsequent to the closing of the Sale Transaction, senior management of InterTAN will no longer be employed by the company. As such, it is proposed that the Monitor be provided with additional specific authority, from and after the closing of the Sale Transaction, to take such administrative and other steps that it deems necessary to assist the Applicants in the administration of these proceedings and the wind-down of the business and affairs of the Applicants.

Appointment of Post-Closing Officer

12. As set out in my affidavit dated November 10, 2008 filed in support of the Applicants' application for the Initial Order (the "Initial Wong Affidavit"), on October 7, 2008, InterTAN, Inc., in its capacity as sole shareholder of InterTAN, executed a unanimous shareholder declaration pursuant to the *Business Corporations Act* (Ontario) wholly relieving the Board of Directors of InterTAN of its directorial powers and assuming those powers unto itself (the "Unanimous Shareholder Declaration"). Members of the Board of Directors of InterTAN have been functioning solely in a managerial role since that time. A copy of the Initial Wong Affidavit (without exhibits) is attached as Exhibit "F".

13. In light of the Unanimous Shareholder Declaration and as a result of senior management no longer being employed by InterTAN after the closing of the Sale Transaction, Ms. Michelle Mosier, an officer and director of InterTAN, Inc. and the Controller and Chief Accounting Officer of Circuit City (InterTAN's ultimate parent company) will be appointed as a director and officer of InterTAN to assist the Applicants in the administration of these proceedings and the wind-down of the business and affairs of the Applicants effective upon the closing of the Sale Transaction.

Repayment of DIP Facility

14. As set out in the Third Amendment to the DIP Facility, which was approved by the February 23, 2009 Court Order, the "Maturity Date" of the DIP Facility with respect to the "Canadian Liabilities" is the earlier of: (i) the consummation of a sale of the "Canadian Loan Parties" or substantially all of their assets, or (ii) June 30, 2009. A copy of the Third Amendment to the DIP Facility is attached as Exhibit "G".

15. As a result, InterTAN is obligated to repay all amounts owing to the DIP Lenders (as defined in the Initial Order) with respect to direct advances made to InterTAN (the "DIP Payout") upon the closing of the Sale Transaction and is proposing to do so (through the Monitor) based on a payout letter provided by the DIP Lenders and agreed to by InterTAN and the Monitor on or before the closing of the Sale Transaction (the "Payout Letter"). The current form of the Payout Letter is attached as Exhibit "H".

16. Pursuant to the terms of the Payout Letter, the DIP Lenders have agreed to release and discharge all liens, charges and security interests, including the DIP Lenders' Charge (as defined in the Initial Order), against the assets and property of the Applicants. The DIP Lenders and the Applicants have also agreed to a mutual release in connection with the DIP Facility. As a result, it is proposed that, upon the making of the DIP Payout, the DIP Lenders' Charge and the Canadian Creditor Charge (as defined in the Initial Order) shall be released and be of no further force or effect, subject to the terms of the Draft Order.

17. InterTAN has arranged for the Canadian Agent to issue two standby letters of credit in the aggregate face amount of \$1,234,220 and a further standby letter of credit in the face amount of US\$600,000 (collectively, the "Standby L/Cs"). The Standby L/Cs expire on or before July 1, 2009. In order to ensure that the Canadian Agent is repaid all amounts that may be drawn down on the Standby L/Cs and any costs and expenses in connection with the Standby L/Cs (the "Standby L/C Obligations"), in accordance with the terms of the DIP Facility, it is proposed that the Monitor will hold sufficient funds to satisfy and pay such Standby L/C Obligations up and until July 31, 2009.

18. The Canadian Agent has issued certain documentary letters of credit on behalf of InterTAN totalling approximately US\$5.2 million (the "Documentary L/Cs"), in order to allow the business to continue its customary foreign vendor relationships post-closing. The Documentary L/Cs mainly relate to inventory purchased from foreign vendors and are satisfied upon presentation of the required documentation that evidences that the inventory had been shipped.

19. InterTAN has or is in the process of providing cash collateral to the Canadian Agent equal to approximately 103% of the face amount of the Documentary L/Cs (the "Cash Collateral"). The Documentary L/Cs will be satisfied after closing and will be retired in the

ordinary course. Thus, in order to facilitate a smooth transition of the business to the Purchaser, the Applicants are seeking authority for the Canadian Agent to continue to hold the Cash Collateral subsequent to the proposed DIP Payout, to secure all obligations under or in connection with the Documentary L/Cs (the "Documentary L/C Obligations"), provided that any excess Cash Collateral, after the satisfaction of all Documentary L/C Obligations, be returned to the Monitor.

Payment of KERP

20. As set out in the Initial Wong Affidavit, in order to ensure the continued participation of InterTAN's senior management in the business, and so that senior management would guide the business through a restructuring, InterTAN agreed to a key employee retention plan (the "KERP") with certain key management employees.

21. Paragraph 43(b) of the Initial Order provides, in part, that "notwithstanding anything contained in the Definitive Documents to the contrary: the key employees referred to in the KERP shall be entitled to the benefit and are hereby granted a charge (the "KERP Charge") on the Property in the amount of \$838,000 to secure amounts owing to such key employees under the KERP".

22. I am informed by Marc Wasserman, counsel for the Applicants, and verily believe that the consummation of the Sale Transaction results in the amounts provided for under the KERP being payable to those employees who remain eligible to receive payments pursuant to the KERP. I am advised by Marc Wasserman and believe that the Monitor concurs with this analysis. Four of the five original participants in the KERP remain eligible to receive payments under the KERP and it is proposed that such employees will receive combined payments totalling \$458,298 (less applicable withholdings) upon the closing of the Sale Transaction. It is proposed that InterTAN will provide funds in the amount of \$261,893.90 to the Monitor to make the payments under the KERP and the Monitor will disburse such funds pursuant to the terms of the Escrow Agreement and the Draft Order. After the employees are paid the amounts owing to them under the KERP, it is proposed that the KERP Charge be released and be of no further force or effect.

Payment to West Coast and Ventoux

23. The Asset Purchase Agreement provides that the Purchaser shall pay to Ventoux and West Coast, collectively or as they may otherwise together direct the Purchaser in writing, but without duplication, the Canadian dollar equivalent of US\$15 million in the aggregate, less any applicable withholding taxes in respect of the licensed trade-marks, by wire transfer of immediately available funds. As set out above, in order to facilitate the closing of the Sale Transaction, it is proposed that the Purchaser provide all of the funds payable on closing to the Monitor pursuant to the Escrow Agreement, including the funds payable to Ventoux and West Coast, and the Monitor will then disburse the funds in the manner set out in the Escrow Agreement and the Draft Order.

Payment to Rothschild

24. By Order dated January 14, 2009, this Honourable Court approved the agreement dated as of October 13, 2008 by and among InterTAN, Inc., on behalf of and as the sole shareholder of InterTAN, InterTAN, Inc. and N M Rothschild & Sons Canada Securities Limited and Rothschild Inc. (collectively, "Rothschild") regarding the retention of Rothschild as investment banker to InterTAN (the "Rothschild Agreement"). A copy of the January 14, 2009 Order is attached as Exhibit "I". A copy of the Rothschild Agreement is attached as Exhibit "J".

25. Specifically, the January 14, 2009 Order provides that: "the fees payable to Rothschild pursuant to and in accordance with the terms of the Rothschild Agreement, including section 4 thereof, are hereby approved and that Rothschild shall receive payment of any fees directly from the proceeds of any Transaction (as defined in the Rothschild Agreement) to the exclusion of the entitlement of any third party".

26. I am advised by Marc Wasserman and believe that the transactions contemplated by the Asset Purchase Agreement meet the definition of "M&A Transaction" set out in the Rothschild Agreement resulting in the "M&A Fee" being payable to Rothschild directly from the proceeds generated by the Sale Transaction. I am also advised by Marc Wasserman and believe that the Monitor concurs with this analysis. It is proposed that the Monitor will pay Rothschild the M&A Fee pursuant to the terms of the Escrow Agreement and the Draft Order.

27. It is InterTAN's belief that the relief requested related to the consummation of the Sale Transaction is in the best interests of the Applicants and their stakeholders as it will assist

the Applicants and the Monitor with the mechanics involved in the closing of the Sale Transaction, and will ensure that the net proceeds of sale are held by the Monitor pursuant to the terms of a Court Order.

Extension of Stay Period

28. The Stay Period currently expires on July 3, 2009 and the Applicants are proposing that the Stay Period be extended to October 31, 2009. The Applicants have been and continue to act in good faith and with due diligence in these CCAA proceedings.

29. The requested stay extension will allow the Applicants: (i) to deal with post-closing matters arising out of the Asset Purchase Agreement; (ii) to propose and implement a post-filing claims process (which will include a call for claims against the Applicants' directors and officers); and (iii) to propose and implement a process to resolve claims received pursuant to the pre-filing and post-filing claims processes, all with the goal of effecting stakeholder distributions in a timely and efficient manner.

30. The Applicants intend to serve materials seeking approval of the post-filing claims process shortly after the closing of the Sale Transaction.

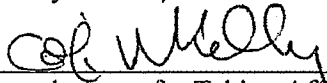
Sealing of Cash Flows Projections

31. The Applicants' cash flow projections for the requested extension of the Stay Period will be filed on a confidential basis and subject to a request for a sealing order. The Applicants' cash flow projections contain details concerning the purchase price payable by the Purchaser under the Asset Purchase Agreement and certain post-closing mechanics, which information is subject to a sealing order granted by this Honourable Court as part of the Additional Approvals Order dated March 9, 2009.

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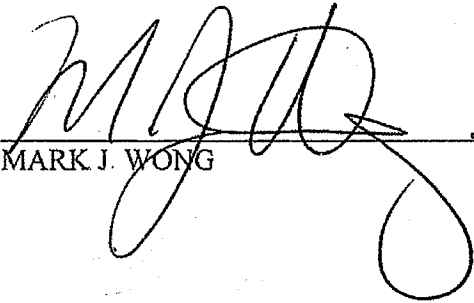
32. In order to respect the previous sealing order of this Honourable Court with respect to the Asset Purchase Agreement and the commercially sensitive information set out in the cash flow projections, it is proposed that the cash flow projections remain sealed until further Order of the Court.

SWORN BEFORE ME at the CITY of
Barrie, in the Province of Ontario, this
25th day of June, 2009.



Commissioner for Taking Affidavits

**Collin James Kelly, a
Commissioner, etc., Province of
Ontario, while a Student-at-Law.
Expires April 7, 2012.**



MARK J. WONG