

07 CL-7841

Court File No.

**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

NOTICE OF APPLICATION

TO THE RESPONDENT:

A LEGAL PROCEEDING has been commenced by the Applicants. The claim made by the Applicants appears on the following pages.

THIS APPLICATION will come on for a hearing before a Judge on November 10, 2008, or as soon after that time as the application can be heard at the Court House, 330 University Avenue, Toronto, Ontario.

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application, you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the rules of court, serve it on the applicants' lawyer or, where the applicants do not have a lawyer, serve it on the applicants, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

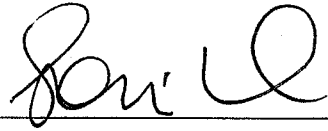
IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the applicants' lawyer or, where the applicants do not have a lawyer, serve it on the applicants, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but not later than 2 p.m. on the day before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU.

If you wish to oppose this application but are unable to pay legal fees, legal aid may be available to you by contacting a local Legal Aid office.

Date: November 10, 2008

Issued by:



Local registrar

Address of court office:
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Toronto, ON M5G 1E6

TO:

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APPLICATION

1. The Applicants, InterTAN Canada Ltd. ("InterTAN") and Tourmalet Corporation ("Tourmalet"), make application for an order substantially in the form attached as Schedule "A" hereto:

- (a) abridging the time for service of this notice of application and dispensing with service on any person other than those served;
- (b) declaring that the Applicants are parties to which the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") applies;
- (c) appointing Alvarez & Marsal Canada ULC (the "Alvarez & Marsal") as officer of this Honourable Court to monitor the assets, businesses and affairs of the Applicants;
- (d) staying all proceedings taken or that might be taken in respect of the Applicants or Alvarez & Marsal; and
- (e) such further and other relief as this Honourable Court may deem just.

2. The grounds for the application are:

- (a) InterTAN is insolvent;
- (b) the Applicants are companies to which the CCAA applies;
- (c) the claims against the Applicants exceed \$5,000,000;
- (d) InterTAN is incorporated under the laws of the Province of Ontario, is a leading specialty retailer of consumer electronics in Canada and is the operating Canadian subsidiary of the major United States based electronics retailer Circuit City Stores, Inc. ("Circuit City");

- (e) Tourmalet is a Nova Scotia unlimited liability corporation and indirect wholly-owned subsidiary of Circuit City. It is a non-operating company whose sole assets are the preferred shares of InterTAN Inc., which is InterTAN's direct parent, and Tourmalet has guaranteed the obligations of the borrowers under the DIP Facility (as defined below);
- (f) InterTAN operates retail stores and licenses dealer operated stores selling brand name and private label consumer electronics throughout Canada under the trade name, "The Source by Circuit City" ("The Source");
- (g) InterTAN currently has 772 retail stores in Canada and employs approximately 3,130 employees in Canada who rely on the continued existence of InterTAN for their livelihoods;
- (h) InterTAN's sole credit facility is through an agreement between Circuit City, certain U.S. affiliates, InterTAN and Bank of America N.A. as agent, together with other loan parties (the "Secured Credit Facility");
- (i) InterTAN has historically relied on the Secured Credit Facility to maintain a consistent cash-flow for its operations;
- (j) Circuit City and certain of its affiliates filed for bankruptcy protection under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Eastern District of Virginia under Title 11 of the United States Code (the "Chapter 11 Proceedings") on November 10, 2008;
- (k) as a result of the Chapter 11 Proceedings, the Secured Credit Facility was terminated and the parties to that loan agreement entered into a Debtor-in-Possession loan facility (the "DIP Facility") that replaced the Secured Credit Facility;
- (l) the lenders providing the DIP Facility will only extend credit to InterTAN if it is a borrower under the DIP Facility and obtains an Initial Order of this Honourable Court under the CCAA providing for a super-priority

charge on all of the assets and property of InterTAN (subject only to certain court-ordered charges) as security for the DIP Facility;

- (m) without the DIP Facility, InterTAN is insolvent as it is not able to:
 - (A) access operating credit;
 - (B) operate as a going concern; or
 - (C) satisfy all of its ongoing obligations to its employees, dealers, landlords, suppliers and other stakeholders;
- (n) the Applicants require a stay of proceedings and the other relief sought to permit InterTAN to continue operating as it pursues restructuring options including a potential sale of the business in order to maximize enterprise value;
- (o) it is necessary and in the best interests of the Applicants and their stakeholders, and in light of the Chapter 11 Proceedings, that the Applicants be afforded the “breathing space” provided by the CCAA as they attempt to restructure their affairs;
- (p) the provisions of the CCAA and the inherent and equitable jurisdiction of this Honourable Court;
- (q) Rules 2.03, 3.02, 14.05(2) and 16 of the Ontario *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended and section 106 of the Ontario *Courts of Justice Act*, R.S.O. 1990, c. C.43 as amended; and
- (r) such further and other grounds as counsel may advise and this Honourable Court may permit.

3. The following documentary evidence will be used at the hearing of the application:

- (a) the Affidavit of Mark J. Wong, sworn November 10, 2008, and the exhibits attached thereto;

- (b) the Consent of Alvarez & Marsal to act as Monitor; and
- (c) such further and other evidence as counsel may advise and this Honourable Court may permit.

November 10, 2008

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