

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 MOTION
(returnable January 14, 2009)

Alvarez & Marsal Canada ULC (the "Monitor"), the Monitor appointed by the Initial Order of this Honourable Court dated November 10, 2008 (the "Initial Order") will make a motion before the Honourable Mr. Justice Morawetz on Wednesday, January 14, 2009, at 10:00 a.m., or as soon after that time as the motion can be heard, at 330 University Avenue, Toronto, Ontario,

PROPOSED METHOD OF HEARING: The motion is to be heard orally.

THE MOTION IS FOR:

1. An Order abridging the time for service of this Notice of Motion and the Motion Record herein if necessary;
2. An Order for directions from the Honourable Court as to the fair and appropriate outcome balancing the interests of all stakeholders of the Applicants, including as among possible available relief:
 - (i) An Order extending the Order of this Honourable Court dated December 24, 2008, (the "Status Quo Order") so that, until further Order of this Court, the Applicants shall not:

- (i) distribute or otherwise permit the payment of any of the Applicants' property, assets and undertaking to any of their affiliates or lenders, provided that nothing herein prevents the distribution or payment of such proceeds to the DIP Lenders in accordance with the Amended and Restated Initial Order dated November 10, 2008, and the DIP Agreement (defined therein) on account of direct indebtedness owing by the Applicants to the DIP Lenders; or
 - (ii) make any advances to any of its U.S. affiliates;
- (ii) An Order directing that, notwithstanding anything contained in the Amended and Restated Initial Order, no amount shall be paid to the DIP Lenders pursuant to the DIP Lenders' Charge listed as item number "six" in paragraph 44 of the Amended and Restated Initial Order (the "Sixth Charge") unless and to the extent that this Honourable Court is satisfied that the DIP Lenders have exhausted all recourse that they may have to realize proceeds from all other sources of recovery that may be available to them from the property and assets of the borrowers other than the property and assets of the Applicants;
 - (iii) An Order that the claims of the DIP Lenders under the Sixth Charge shall be reduced by the amount of the proceeds of the furniture, fixtures and equipment of the U.S. Debtors and by an amount equal to the value or proceeds of any assets of the U.S. Debtors that were encumbered in the initial proposed DIP Facility which may be no longer subject to the DIP Facility approved in the U.S. Bankruptcy Court by Order dated December 23, 2008; and
 - (iv) An Order pursuant to the Second Amendment to the Senior Secured Super-Priority Debtor-in Possession Credit Agreement dated as of December 19, 2008 and, in particular, paragraph 7(b) thereof, that, until such time, if ever, as this Honourable Court orders otherwise, this Honourable Court has made no determination to allow any payment to be made pursuant to the Sixth Charge to be paid directly or indirectly to the estates of any of the U.S. affiliates of the Applicants or to any of the creditors of those estates;
- 3. An Order approving the Third Report of the Monitor dated January 10, 2009 and the actions and activities of the Monitor described therein; and
 - 4. Such further and other relief as to this Honourable Court seems just.

THE GROUNDS FOR THE MOTION ARE:

1. The circumstances under which the Initial Order was made, as amended by the Amended and Restated Initial Order and, in particular, the extraordinary nature of the relief granted in favour of the DIP Lenders have subsequently been determined to have changed [being different than believed] and warrant the protection of the interests of the Applicants and their creditors by the relief sought above;
2. The Monitor relies upon paragraph 53 of the Amended and Restated Initial Order, section 11 of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amendment, Rules 37.14 and 59.06 of the *Rules of Civil Procedure* and the inherent jurisdiction of this Honourable Court to control its own process; and
3. Such further and other grounds as counsel may advise and this Honourable Court permits.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

1. The Third Report of the Monitor dated January 10, 2009 and the appendices thereto, to be filed; and
2. Such further and other materials as counsel may advise and this Honourable Court permits.

January 10, 2009

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Solicitors for the Monitor

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Proceeding commenced at Toronto

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