

Court File No. 08-CL-7841

**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**

**(Approval of Third Amendment to DIP Facility)  
(Returnable February 23, 2009 )**

**THE APPLICANTS**, InterTAN Canada Ltd. ("InterTAN") and Tourmalet Corporation (collectively, the "Applicants") will make a motion before the Honourable Mr. Justice Morawetz on Monday, February 23, 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, if necessary, abridging the time for service of this Notice of Motion and the Motion Record herein, and directing that any further service of the Notice of Motion and the Motion Record be dispensed with;
2. An Order approving the Third Amendment to the DIP Facility (as defined below) (the "Third Amendment"); and
3. Such further and other relief as counsel may request and this Honourable Court may deem just.

**THE GROUNDS FOR THE MOTION ARE:**

1. 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 of the Honourable Justice Morawetz, dated November 10, 2008, as amended (the "Amended and Restated Initial Order");

2. 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");

3. The Amended and Restated 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, and the Canadian Agent and other lenders (the "DIP Lenders") on the terms and subject to the conditions set forth in the Senior Secured, Super-Priority, Debtor-in-Possession Credit Agreement (the "DIP Facility");

4. 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. In the absence of the proposed Third Amendment, such liquidation would be a default under the DIP Facility. The DIP Lenders have advised InterTAN that credit is currently being advanced to InterTAN on a discretionary basis;

5. As a result of the liquidation sale, the U.S. Debtors do not need incremental borrowings under the DIP Facility. Conversely, InterTAN still relies on continuing availability under the DIP Facility to fund its working capital and general corporate purposes as it seeks to complete a going concern transaction for the business;

6. The structure of the current DIP Facility no longer reflects the commercial reality of the needs of the U.S. Debtors or InterTAN. InterTAN is extremely concerned about a situation where it may have no access to additional credit that it needs to operate its business as a going concern. As such, the parties to the DIP Facility negotiated the Third Amendment which

is acceptable to InterTAN under the circumstances and which provides InterTAN with a direct lending commitment that is not dependant on a calculation of the "U.S. Borrowing Base";

7. InterTAN's cash flows project that InterTAN's liquidity needs will be satisfied by the modified Canadian commitment levels and other changes set out in the Third Amendment;

8. It is just and convenient and in the interests of the Applicants and their stakeholders that the Order sought be granted;

9. Section 11 of the *CCAA*;

10. Rules 1.04, 2.03, 3.02 and 37 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended; and

11. Such further and other grounds as counsel may advise and this Honourable Court may permit.

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

1. The Affidavit of Ian Young, sworn February 17, 2009 and the Exhibits thereto;

2. The Fifth Report of the Monitor to be filed; and

3. Such further and other materials as counsel may advise and this Honourable Court may permit.

February 17, 2009

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TO: THE SERVICE LIST

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Proceeding commenced at Toronto

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