

**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**

(Sale Approval Motion)  
(Returnable March 9, 2009 )

**THE APPLICANTS**, InterTAN Canada Ltd. ("InterTAN") and Tourmalet Corporation (collectively, the "Applicants") will make a motion before the Honourable Mr. Justice Morawetz on March 9, 2009 at 2:00 p.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 substantially in the form attached as Exhibit "A" to the Affidavit of Mark Wong, sworn March 2, 2009 (the "Approval and Vesting Order"):

- (a) approving the sale transaction contemplated by the Asset Purchase Agreement by and among InterTAN, Circuit City Stores West Coast, Inc. ("West Coast") and Ventoux International, Inc. ("Ventoux") (collectively, the "Seller Parties"), 4458729 Canada Inc. (the "Purchaser") and Bell Canada (the "Sale Transaction"), attached as an appendix to the Confidential Supplement to the Sixth Report of the Monitor (the "Confidential Supplement"), as filed; and

- (b) vesting in the Purchaser all of InterTAN's right, title and interest in and to the Seller Assets (as defined in the Asset Purchase Agreement) free and clear of all encumbrances;

**AND,**

2. An Order substantially in the form attached as Exhibit "B" to the Affidavit of Mark Wong, sworn March 2, 2009 (the "Additional Approvals Order"):

- (a) 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;
- (b) extending the Stay Period, as defined in the Amended and Restated Initial Order dated November 10, 2008, and as subsequently extended, from March 31, 2009 until July 3, 2009;
- (c) approving the Settlement and Coexistence Agreement between Foto Source Canada Inc. ("Foto Source"), InterTAN and West Coast, made as of February 20, 2009 (the "Foto Source Settlement Agreement");
- (d) approving the agreement dated February 23, 2009 between InterTAN, Circuit City Stores, Inc. ("Circuit City"), West Coast and Ventoux (the "Intercompany Agreement");
- (e) providing that the contents of the Confidential Supplement be sealed, kept confidential and not form part of the public record until further Order of the Court; and
- (f) such further and other relief as counsel may request and this Honourable Court may deem just;

**AND,**

3. AN ORDER, following a hearing at a date yet to be scheduled with the Court, recognizing an order of the U.S. Bankruptcy Court (as defined below) which, *inter alia*,

authorizes InterTAN, Inc.'s authorization of InterTAN's sale of its assets pursuant to the Asset Purchase Agreement; and approves the Asset Purchase Agreement as it relates to Ventoux and West Coast (the "U.S. Sale Order").

**THE GROUNDS FOR THE MOTION ARE:**

***Approval and Vesting Order***

1. Circuit City, a publicly-held Virginia corporation, is InterTAN's ultimate parent company. On November 10, 2008, Circuit City, West Coast, Ventoux and certain of their 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 "U.S. Bankruptcy Court");
2. Also on November 10, 2008, the Applicants commenced an application under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA"), and were granted an Initial Order which provided, *inter alia*, a stay of proceedings in favour of the Applicants;
3. On December 5, 2008, the Honourable Justice Morawetz approved a CCAA sale process for the Applicants (the "CCAA Sale Process"). The CCAA Sale Process was subsequently amended by a further order of the Honourable Justice Morawetz on January 14, 2009;
4. Prior to, and over the course of the CCAA Sale Process, N M Rothschild & Sons Canada Securities Limited, together with its U.S. affiliate, Rothschild, Inc. (collectively "Rothschild") worked closely with InterTAN's management team and InterTAN's financial advisor FTI Consulting to market InterTAN's business;
5. Rothschild contacted a total of 87 entities concerning a possible transaction involving the business of InterTAN. InterTAN received a total of 11 indicative bids from prospective purchasers. Subsequently, InterTAN received four formal bids for its business in the CCAA Sale Process;

6. Rothschild, in consultation with the Monitor, discussed each formal bid with each bidder in an attempt to reach an agreement to sell InterTAN's business as a going-concern and to secure the best possible transaction for the sale of InterTAN's business in the circumstances;

7. The Purchaser, a direct, wholly-owned subsidiary of Bell Canada, made a formal bid for the InterTAN business in the CCAA Sale Process (the "Bell Canada Bid");

8. The Bell Canada Bid was the best overall bid received, both in terms of the proposed purchase price for the InterTAN business and with respect to the certainty of the Purchaser's ability to close the transaction;

9. The Asset Purchase Agreement was finalized and executed on February 23, 2009, and is subject to the approval of this Honourable Court. It contemplates a going-concern sale of substantially all of the assets and business operations of InterTAN to the Purchaser. Bell Canada has guaranteed the Purchaser's obligations under the Asset Purchase Agreement;

10. The Asset Purchase Agreement also provides that West Coast, a U.S. Debtor, shall sell and/or license certain trade-marks owned by West Coast and used in InterTAN's business to the Purchaser;

11. Furthermore, under the Asset Purchase Agreement, Ventoux, a U.S. Debtor and owner of all of the issued and outstanding shares of Circuit City Global Sourcing, Limited ("CCGS") shall sell all of the shares of CCGS to the Purchaser;

12. The Sale Transaction contemplated by the Asset Purchase Agreement shall close on June 30, 2009 (or such later date on which the conditions are satisfied), or on another date determined by agreement between the parties, with an outside date of September 30, 2009 (the "Closing");

13. The proposed sale to the Purchaser, as guaranteed by Bell Canada, has the benefit of preserving the InterTAN business as a going concern, which includes the consequential benefits of:

- (a) preserving the jobs of InterTAN's employees who accept an offer of employment from the Purchaser;

- (b) providing for an ongoing distribution channel in the Canadian consumer electronics market;
- (c) preserving customer programs such as warranties and gift cards;
- (d) including an offer for all of InterTAN's real property leases that are assigned to the Purchaser in accordance with the terms of the Asset Purchase Agreement; and
- (e) generally minimizing restructuring claims that may result from a transaction for InterTAN's business;

14. The Asset Purchase Agreement represents the best possible transaction in the circumstances for the benefit of InterTAN's stakeholders;

15. It is a condition of Closing that this Honourable Court issue the Approval and Vesting Order;

### ***Additional Approvals Order***

#### ***Stay Extension***

16. The Stay Period currently expires on March 31, 2009 and the Applicants are proposing that the Stay Period be extended to July 3, 2009;

17. The requested stay extension will allow the Applicants to proceed to close a going-concern sale of substantially all of the assets of InterTAN pursuant to the Asset Purchase Agreement, and thereby maximize enterprise value for the benefit of stakeholders;

18. InterTAN has been and continues to act in good faith and with due diligence in these CCAA proceedings;

#### ***Foto Source Settlement Agreement***

19. The Foto Source Settlement Agreement settles a trade-mark infringement action brought by Foto Source against InterTAN and West Coast, court file number T-2243-06, arising out of InterTAN's use in Canada of West Coast's "SOURCE" trade-marks, including "The

Source” and “The Source by Circuit City”, as well as various proceedings under the *Trade-marks Act*. These trade-marks are used by InterTAN in the operation of its business. The approval of the Foto Source Settlement Agreement is a condition precedent to closing the Sale Transaction and is fair and reasonable in the circumstances;

*Intercompany Agreement*

20. On February 23, 2009, InterTAN also entered into the Intercompany Agreement. Under the Intercompany Agreement, upon Closing, and subject to certain conditions precedent, InterTAN shall:

- (a) make a payment of no more than the Canadian Dollar equivalent of U.S. \$15 million in the aggregate (less any applicable withholding taxes) to West Coast and/or Ventoux and/or as they may otherwise so direct in writing, as consideration for the Purchaser’s acquisition and/or licence of the trade-marks from West Coast and the shares of CCGS owned by Ventoux; and
- (b) make a \$35,000,000 loan to Circuit City out of the proceeds of sale received from the Purchaser;

21. As both InterTAN and the Monitor must agree to the terms, security and conditions surrounding the proposed loan to Circuit City, the Intercompany Agreement is fair and reasonable in the circumstances;

*Sealing*

22. The Confidential Supplement provides further details concerning the other offers received by InterTAN for its business. It also includes a copy of the Asset Purchase Agreement and provides further details concerning the Asset Purchase Agreement, including details concerning the purchase price payable by the Purchaser and other commercially sensitive information;

23. Public disclosure of the Confidential Supplement will seriously harm the commercial, competitive and proprietary interests being acquired by the Purchaser under the Asset Purchase Agreement. In order to preserve the integrity of the CCAA Sale Process as well

as certain commercially sensitive information contained in the Asset Purchase Agreement, it is proposed that the Confidential Supplement should remain sealed until further Order of the Court;

24. It is just and convenient and in the interests of the Applicants and their stakeholders that the Approval and Vesting Order and the Additional Approvals Order both be granted;

25. Section 11 of the *CCAA*;

26. Rules 1.04, 1.05, 2.03, 3.02 and 37 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended; and

27. 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 Mark Wong, sworn March 2, 2009 and the Exhibits thereto;
2. The Sixth Report of the Monitor, together with the Confidential Supplement to be filed; and
3. Such further and other materials as counsel may advise and this Honourable Court may permit.

March 2, 2009

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TO: THE SERVICE LIST

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ACT, R.S.C. 1985, c. C-36, AS AMENDED

Court File No: 08-CL-7841

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Proceeding commenced at Toronto

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