

**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

**SIXTH REPORT OF THE MONITOR**  
**ALVAREZ & MARSAL CANADA ULC**  
(dated March 2, 2009)

**Goodmans LLP**  
250 Yonge Street  
Suite 2400  
Toronto, ON M5B 2M6

Jay A. Carfagnini LSUC#: 222936  
Fred Myers LSUC#: 26301A  
L. Joseph Latham LSUC#: 32326A

Tel: 416.979.2211  
Fax: 416.979.1234

Solicitors for the Monitor

## I N D E X

### TAB

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  - Appendix "B" - Amended and Restated Initial Order dated November 10, 2008
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# TAB 1

**ONTARIO**  
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**SIXTH REPORT OF THE MONITOR**  
**ALVAREZ & MARSAL CANADA ULC**

**MARCH 2, 2009**

**INTRODUCTION**

1. By Order of this Honourable Court dated November 10, 2008, InterTAN Canada Ltd. ("InterTAN") and Tourmalet Corporation ("Tourmalet" and together with InterTAN, the "Applicants") obtained protection from their creditors under the *Companies' Creditors Arrangement Act* ("CCAA") and Alvarez & Marsal Canada ULC ("A&M") was appointed monitor of the Applicants (the "Monitor"). These proceedings are referred to herein as the "CCAA Proceedings".
2. Concurrent with the commencement of the CCAA Proceedings, the Applicants' ultimate parent company, Circuit City Stores, Inc. ("Circuit City") and certain of its U.S. affiliates (collectively, the "U.S. Debtors") commenced proceedings under Chapter 11, Title 11 of the *United States Code* (the "U.S. Bankruptcy Code"). These proceedings are referred to herein as the "Chapter 11 Proceedings".
3. In connection with the Applicants' application for protection under the CCAA, A&M provided this Honourable Court with an initial report in its capacity as proposed monitor (the "Initial Report") dated November 10, 2008.

4. The Monitor delivered its first report dated November 24, 2008 (the "First Report") in connection with the "come back" hearing that was returnable on November 26, 2008 under paragraph 52 of the Initial Order. On November 26, 2008, the Court adjourned the "come back" hearing to December 5, 2008.
5. The Monitor delivered its second report dated December 3, 2008 (the "Second Report") in connection with the hearing on December 5, 2008. At that hearing, this Honourable Court granted an Order extending the stay of proceedings under the CCAA and approving a sale process for the business and assets of InterTAN (the "Sale Process Order"), a copy of which is attached as Appendix "A". The Order issued on November 10, 2008 was also amended and restated on December 5, 2008. A copy of the Amended and Restated Initial Order is attached as Appendix "B" (the "Initial Order").
6. In light of certain developments concerning the Second Amendment to the Senior Secured Super-Priority Debtor-in Possession Credit Agreement (the "Second Amendment"), which developments are discussed in detail in the Monitor's third report dated January 10, 2009 (the "Third Report"), the Court issued an interim Order on December 24, 2008 prohibiting the distribution of proceeds of the Applicants' property and any intercompany advances from the Applicants to any of its U.S. affiliates pending a return date before the Court on January 14, 2009 (the "Status Quo Order").
7. The Monitor delivered the Third Report in connection with the motion returnable January 14, 2009, in which the Monitor sought directions from the Court regarding the fair and appropriate way to address the impact of the Second Amendment on the Applicants and their stakeholders. On January 23, 2009, the Court issued an Order extending the Status Quo Order until further Order of the Court and ordering an accounting of the claims of the DIP Lenders (as defined in paragraph 35 of the Initial Order) in the CCAA Proceedings.
8. The Monitor delivered its fourth report dated February 6, 2009 (the "Fourth Report") in connection with the Applicants' motion returnable February 10, 2009 to approve a process for the submission of pre-filing claims against the Applicants (the "Pre-Filing

Claims Process”). On February 10, 2009, the Court granted an Order approving the Claims Process proposed by the Applicants (the “Pre-Filing Claims Process Order”).

9. The Monitor delivered its fifth report dated February 19, 2009 (the “Fifth Report”) to provide the Court and the Applicants’ stakeholders with a status report on the proceedings and to address certain matters in connection with the Applicants’ motion returnable February 23, 2009. On February 23, 2009, the Court granted an Order approving certain amendments to the DIP Facility as defined and approved in the Initial Order as sought by the Applicants.

10. The Applicants have brought a motion returnable March 9, 2009 seeking the following relief:

1. An Order (the “Approval and Vesting Order”) substantially in the form attached as Exhibit “A” to the Affidavit of Mark Wong sworn March 2, 2009 (the “Wong Sale Affidavit”):

(a) approving the sale transaction contemplated by the asset purchase agreement (the “APA”) 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”), a copy of which is attached as an appendix to the Confidential Supplement (as herein defined), 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 APA) free and clear of all encumbrances;

AND,

2. An Order substantially in the form attached as Exhibit “B” to the Wong Sale Affidavit (the “Additional Approvals Order”):

(a) if necessary, abridging the time for service of the Notice of Motion and the Motion Record, 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 Initial Order and as subsequently extended, from March 31, 2009 until July 3, 2009;
- (c) approving the Settlement and Coexistence Agreement between Foto Source Canada Inc., 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 on a date yet to be scheduled with the Court, recognizing an order of the U.S. Bankruptcy Court which, *inter alia*, authorizes InterTAN, Inc.'s authorization of InterTAN's sale of its assets pursuant to the APA, and approves the APA as it relates to Ventoux and West Coast (the "U.S. Sale Order").

11. The purpose of this sixth report of the Monitor is to provide the Court and interested stakeholders with information concerning the Applicants' motion, and in particular the Applicants' request that this Court approve InterTAN entering into the APA to provide for a going concern sale of InterTAN's business to the Purchaser. The Sale Transaction proposed includes the sale of InterTAN's business, including the possibility of the assumption of all employees and leases. For the reasons discussed below, the Monitor respectfully recommends that the Court approve the APA, the Sale Transaction and the other agreements as requested by the Applicants.

12. In the event that the proposed sale does not close, it would be harmful to the Applicants' sale process and to the Applicants' business were the full details of the bids to become public. In the interim, in order to protect the Purchaser and InterTAN's business (and hence the stakeholders), the Monitor believes that it is necessary for the APA itself and certain of its terms to remain confidential. Among other things, the Monitor believes that the sale process could be prejudiced if the details of certain aspects of the APA were to be known to other potential bidders and stakeholders. These issues are dealt with by the Monitor in its Confidential Supplement which the Monitor proposes be sealed, kept confidential and not form part of the public record until further Order of the Court.

#### **TERMS OF REFERENCE**

13. In preparing this report, the Monitor has relied upon unaudited financial information, InterTAN's books and records, financial information prepared by InterTAN and its advisors, and discussions with management of InterTAN and its advisors. The Monitor has not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of the information and, accordingly, the Monitor expresses no opinion or other form of assurance on the information contained in this report.
14. Certain of the information referred to in this report consists of forecasts and/or projections. An examination or review of financial forecasts and projections, as outlined in the Canadian Institute of Chartered Accountants Handbook, has not been performed. Future-oriented financial information referred to in this report was prepared based on management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.
15. The Monitor has requested that management bring to its attention any significant matters that were not addressed in the course of its specific inquiries. Accordingly, this report is based solely on the information (financial or otherwise) made available to the Monitor.
16. All references to dollars in this report are in Canadian currency unless otherwise noted.



## BACKGROUND

17. InterTAN is a leading specialty retailer of consumer electronics in Canada and is the operating Canadian subsidiary of the U.S.-based electronics retailer Circuit City. Tourmalet is a Nova Scotia unlimited liability company that is an indirect, wholly-owned subsidiary of Circuit City. Tourmalet is a non-operating holding company whose sole asset is the preferred stock of InterTAN, Inc., which is the sole shareholder of InterTAN. Circuit City is the Applicants' ultimate parent company. Further background to InterTAN, Tourmalet and Circuit City is contained in the materials filed relating to the Initial Order, including the Affidavit of Mark Wong sworn November 10, 2008. These documents, together with other information regarding the CCAA Proceedings, including the Initial Order and supporting affidavit, have been posted by the Monitor on its website at [www.alvarezandmarsal.com/intertan](http://www.alvarezandmarsal.com/intertan).
18. On November 10, 2008, the U.S. Debtors commenced the Chapter 11 Proceedings in the United States Bankruptcy Court for the Eastern District of Virginia (the "U.S. Bankruptcy Court"). The U.S. Debtors have subsequently commenced a liquidation of their assets and property in the Chapter 11 Proceedings. A hyperlink to information concerning the U.S. Debtors' restructuring and liquidation can be found at [www.kccllc.net](http://www.kccllc.net).
19. Additional background information can be found in the prior report submitted by the Monitor to this Honourable Court.

## SALES PROCESS

20. Pursuant to the Sale Process Order, N M Rothschild & Sons Canada Securities Limited ("Rothschild") was engaged to assist the Applicants in conducting a going concern sale process. As previously reported by the Monitor, Rothschild commenced its efforts with the Applicants very early in these proceedings. On January 14, 2009, this Honourable Court approved Rothschild's engagement. The Monitor notes that it has been in frequent contact with Rothschild and has been included in significant discussions and negotiations throughout.

21. Rothschild has advised the Monitor that it contacted 87 prospective purchasers, both strategic and financial, located in Canada and the U.S., and sent 45 teaser documents to prospects. 31 prospects executed and returned confidentiality agreements to Rothschild, and, of those, 28 prospects accessed the Applicants' confidential data rooms pursuant to confidentiality agreements. As indicated at paragraph 14 of the Wong Sale Affidavit, management presentations were made to 8 potential purchasers.
22. A total of 11 parties submitted Indicative Bids. A summary of the Indicative Bids is contained in the Confidential Supplement.
23. Consistent with the Sale Process Order, Rothschild and the Applicants reviewed the Indicative Bids in consultation with the Monitor and determined which of the potential purchasers to invite to participate in the next phase of the Sale Process.
24. On January 9, 2009, the Applicants and Rothschild provided a *pro forma* purchase and sale agreement to each of the prospective purchasers invited to participate in the second phase of the Sale Process.
25. Pursuant to the Sale Process Order, potential purchasers who had been invited to participate in the second phase of the Sale Process were required to provide firm proposals and a mark-up of the draft asset purchase agreement to Rothschild by no later than 5:00 p.m. (Toronto time) on January 15, 2009. By Order dated January 14, 2009, the Court extended the bid deadline to 5:00 p.m. (Toronto time) on January 23, 2009 (the "Bid Deadline").
26. At the Bid Deadline, Rothschild received four (4) proposals from bidders. A spreadsheet showing the bidders and the most salient terms of each bid is attached to the Confidential Supplement. After discussions among the Applicants, the Monitor and Rothschild, Rothschild held various discussions with each of those bidders to seek clarifications or improvements to the terms of the various bids. The Monitor was involved in many of these discussions.
27. For reasons outlined in greater detail in the Confidential Supplement, it was apparent that the offer of the Purchaser was superior to the other bids in price and other criteria.

28. The Monitor has reviewed the efforts of Rothschild and the Applicants to market InterTAN's business. The Monitor is of the view that the assets had significant exposure to a substantial number of prospective purchasers. Rothschild and the Applicants engaged in detailed discussions with prospective bidders and allowed bidders access to sufficient information (under appropriate confidentiality terms) to allow the bidders to formulate informed views on the value of the business and the terms of their proposals. The Monitor therefore believes that there has been sufficient marketing to conclude that the APA represents the best value that can reasonably be realized for InterTAN's business in the circumstances.

#### **THE PROPOSED APA**

29. The Monitor has reviewed the description of the APA contained in the Wong Sale Affidavit and is satisfied that it fairly summarizes the key terms of the APA other than those contained in the Confidential Supplement.
30. The parties to the APA include InterTAN, West Coast, Ventoux, the Purchaser and Bell Canada.
31. West Coast is a wholly-owned subsidiary of Circuit City and is the owner of certain trademarks which the Purchaser wishes to purchase (such as the name "The Source") and other trademarks which the Purchaser wishes to license (such as the right to use the name "Circuit City").
32. Ventoux is a wholly-owned subsidiary of Circuit City and is the owner of the shares of Circuit City Global Sourcing, Limited ("CCGS"), which sources private label products for InterTAN from offices in Asia, and which the Purchaser wishes to acquire.
33. The APA provides for the Purchaser to make offers of employment to all of InterTAN's non-executive employees, to assume all of the contracts of InterTAN's executive employees, and to assume InterTAN's collective bargaining agreement.

34. Pursuant to the APA, the Purchaser has paid a deposit of \$15,000,000 to the Monitor in escrow. The balance of the purchase price will be paid in cash on closing, and is discussed in detail in the Confidential Supplement.
35. The closing date is the later of June 30, 2009 and the date that is two business days after satisfaction of the closing conditions outlined in the APA (or such other date as the parties may agree). The conditions to closing are listed in paragraph 34 of the Wong Sale Affidavit. The APA provides that the Outside Date of the Sale Transaction is July 31, 2009, subject to extension in certain circumstances to September 30, 2009.
36. InterTAN currently sells products and services under an agreement with Rogers Wireless Inc. and Rogers Wireless Communications Inc. (collectively, "Rogers") made as of June 21, 2001 (the "Rogers Contract"). The Rogers Contract will expire in accordance with its terms on December 31, 2009 if it is not terminated prior to that time by parties who may be entitled to do so. The consent of Rogers is required to assign the Rogers Contract to the Purchaser. Pursuant to the APA, InterTAN and the Purchaser are to use commercially reasonable efforts to obtain such consents as may be required to assign the Rogers Contract to the Purchaser. The APA contains a mechanism to deal with obtaining the required consents to assign the Rogers Contract, including the consent of Rogers, failing which the Rogers Contract will become an Excluded Asset and any liabilities related thereto will become Excluded Liabilities. Specifically, the APA provides that:
  - (a) [InterTAN] agrees that it shall not extend, renew or otherwise modify or amend the Rogers Contract in any manner whatsoever.
  - (b) The Purchaser and [InterTAN] agree that they shall use commercially reasonable efforts to obtain, prior to April 30, 2009, all such consents as may be required to the assignment of the Rogers Contract to the Purchaser on Closing, including the consent of all counterparties thereto. Notwithstanding any other provision of this Agreement, any such consents must be on terms and conditions as are acceptable to the Purchaser in its reasonable discretion, which terms and conditions shall include such confirmations from Rogers and/or such amendments to the Rogers Contract as may be determined by the Purchaser to be necessary or desirable in its reasonable discretion, except that the Purchaser shall not be entitled to stipulate, as a term and condition of assignment of the Rogers Contract, that the term of the Rogers Contract expire prior to December 31, 2009, that the distribution relationship contemplated by the Rogers Contract be non-exclusive or that Rogers agree to material changes to the material financial terms of the Rogers Contract. The Purchaser agrees that it will, in connection with any assignment of the

Rogers Contract, agree to such commercially reasonable operating and information sharing procedures as may be reasonably requested by Rogers that limit the nature and scope of the information relating to the Rogers Contract, and the distribution relationship contemplated thereby, that may be provided by the Purchaser to its Affiliates and/or officers, directors or employees of its Affiliates.

(c) If the required consents to the assignment of the Rogers Contract to the Purchaser are not obtained by the Purchaser on or prior to April 30, 2009, including the consent of all counterparties thereto, on terms and conditions as are acceptable to the Purchaser in its reasonable discretion, including with such confirmations from Rogers and/or such amendments to the Rogers Contract as may be determined by the Purchaser to be necessary or desirable in its reasonable discretion, then, notwithstanding any other provision of this Agreement or any document or instrument delivered in connection herewith, the Rogers Contract and all related Contracts, as well as all rights thereunder, all Accounts Receivable due to [InterTAN] in respect thereof and the inventory of products purchased in connection with the Rogers Contract and all related Contracts, will become Excluded Assets for all purposes of this Agreement, and the Purchaser shall assume no Liabilities with respect thereto (including, for greater certainty, any Liability in respect of any determination by [InterTAN] to repudiate, disclaim, terminate or breach the Rogers Contract).

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(e) The Purchaser acknowledges and agrees that if the Rogers Contract is not assigned to the Purchaser, then all Confidential Information (as such term is defined in the Rogers Contract) of Rogers is and shall remain confidential and shall not be disclosed, transferred or assigned to the Purchaser in any manner whatsoever.

37. The Monitor expects that the Applicants and the Purchaser will be approaching Rogers shortly to commence discussions concerning the assignment of the Rogers Contract.

#### **INTERCOMPANY AGREEMENT WITH THE U.S. DEBTORS**

38. Many of the bids and offers submitted during the Sale Process required the sale of certain intellectual property owned by West Coast and of the shares of CCGS owned by Ventoux. It was necessary therefore to find a mechanism to convey those assets to a purchaser who wished to acquire them and to determine the price to be paid to West Coast and/or Ventoux for those assets.

39. The Monitor was also engaged in discussions with the Applicants and the U.S. Debtors concerning proposed amendments to the DIP Facility. As reported in the Monitor's Fifth Report, the U.S. Debtors have advised the U.S. Bankruptcy Court that they expect that they will generate sufficient net proceeds to fully pay their direct borrowings under the

DIP Facility and to have cash in excess of 103% of the face amount of their outstanding LC obligations on or before the week ending February 28, 2009. A copy of the most recent Weekly Cash Flow Report for Circuit City, for the week ended February 21, 2009, as delivered to the Monitor by FTI Consulting Inc., is attached as Appendix "C". This report indicates that, as at February 21, 2009, the full amount of the DIP Lenders' direct advances to the U.S. Debtors has been repaid and the U.S. Debtors hold cash of approximately U.S.\$215 million that is available to cash collateralize outstanding letters of credit totalling approximately U.S.\$83.7 million. Accordingly, it appears that the DIP Lenders will be paid in full in the Chapter 11 Proceedings (including cash collateralizing the LC's). Therefore, it appears that the DIP Lenders will not need to access the sixth charge listed in paragraph 44 of the Initial Order (the "Sixth Charge").

40. However, despite the expected success of the U.S. Debtors in repaying their DIP Facility, the U.S. Debtors also indicated that they have concerns that they may experience periods in which they need liquidity funding given that their access to future draws under the DIP Facility has been terminated. The U.S. Debtors' need for liquidity funding and InterTAN's need for certainty regarding the availability and pricing of assets owned by West Coast and Ventoux resulted in the U.S. Debtors and InterTAN entering into the Intercompany Agreement as discussed in the Wong Sale Affidavit at paragraphs 48 to 52.
41. The Intercompany Agreement is subject to the approval of both the U.S. and Canadian Courts.
42. The Monitor has reviewed the discussion of the Intercompany Agreement in the Wong Sale Affidavit and supports InterTAN's request for approval of that agreement for the reasons set out by Mr. Wong. The Monitor notes that it is not aware of any independent appraisal having been conducted for the intellectual property and shares that are being sold and/or licensed by the U.S. Debtors under the APA. However, the Monitor has been advised generally of certain costs associated with InterTAN's re-branding efforts in 2004 when it adopted "The Source by Circuit City" brand. The hard costs of further re-branding now, such as purchasing and installing signs for hundreds of stores, would make up a substantial portion of the value being attributed to the purchased intellectual property under the APA (before considering the value of the CCGS shares). In the

context of a transaction of the magnitude of the sale under the APA, the Monitor is satisfied that the price for those assets under the Intercompany Agreement is reasonable.

43. In connection with the borrowing contemplated by the Intercompany Agreement, the Monitor is satisfied that sufficient conditions are in place in that agreement, including the requirement that any loan be approved by this Court, to ensure that the interests of the Applicants and their creditors will be adequately protected.

#### **THE FOTO SOURCE SETTLEMENT AGREEMENT**

44. The terms of the Foto Source Settlement Agreement are set out in paragraphs 44 to 47 of the Wong Sale Affidavit. The effectiveness of the settlement of the litigation between InterTAN and Foto Source is a condition precedent of the APA. In the context of the APA, the Monitor is prepared to recommend the approval of the Foto Source Settlement Agreement.

#### **THE MONITOR'S COMMENTS**

##### **Recovery to Creditors**

45. In paragraph 39 of the First Report, the Monitor reported that management had estimated that the quantum of unsecured trade creditor claims that would be subject to the stay of proceedings contained in the Initial Order (net of potential set-offs and excluding litigation claims and claims that InterTAN expected to pay while subject to these proceedings or to have assumed by a purchaser) totalled approximately \$29.3 million. Currently InterTAN management's estimate is closer to approximately \$31 million and this will be refined further as the Pre-Filing Claims Process unfolds.
46. The Applicants' most recent cash flow projection that is filed with the Court estimated that the Applicants' liability under the DIP Facility will peak at approximately \$32 million between this date and June 30, 2009. At this time, there are no known liabilities under the Directors' Charge contained in the Initial Order. As noted above, with the U.S. Debtors having repaid the DIP Lenders in the Chapter 11 Proceedings, there will likely be no claims under the Sixth Charge. This means that after satisfying the first four charges contained in the Initial Order (including repayment of direct advances to

InterTAN under the DIP Facility) and after payment of the U.S.\$15 million payable to West Coast and Ventoux under the APA, it is expected that there will be significant remaining proceeds available to pay Canadian creditors on their claims. The Monitor notes that, in addition to the expected pre-filing claims outlined above, additional claims may arise under the Pre-Filing Claims Process. Although the Purchaser is assuming a number of liabilities under the APA (i.e. offers to all employees and no requirement to repudiate leases), which should significantly reduce the number of potential restructuring claims, there are a number of Excluded Liabilities (a summary of which is set out in paragraph 33 of the Wong Sale Affidavit) which may result in additional claims in these CCAA Proceedings. The Monitor believes that, subject to the outcome of the Pre-Filing Claims Process and any process related to the adjudication of any restructuring claims which may arise in connection with the Sale Transaction, it appears likely at this time that the Applicants' unsecured creditors will be paid in full, following closing of the Sale Transaction. To the extent that Canadian creditors are paid in full on their claims, any remaining proceeds will be distributed to InterTAN's shareholder on account of its equity.

#### **"Soundair" Principles**

47. The APA reflects the Applicants' efforts to obtain the best price for their assets and is not improvident. Rothschild and the Applicants involved the Monitor in the Sale Process. It appears to the Monitor that the Sale Process was carried out fairly and appropriately at all stages, with efficacy and integrity. In analyzing the APA, the Monitor considered the interests of all stakeholders, including the Applicants' shareholder, and concluded that the APA represents the best option available. In light of the foregoing, the Intercompany Agreement and the Foto Source Settlement Agreement are necessary and reasonable adjuncts to the APA.



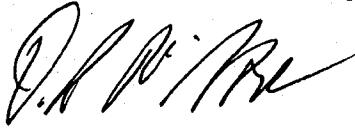
**MONITOR'S RECOMMENDATION**

48. For the foregoing reasons, the Monitor recommends that the APA be approved and that all of the relief sought by the Applicants should therefore be granted.

All of which is respectfully submitted at Toronto, Ontario this 2nd day of March, 2009.

**ALVAREZ & MARSAL CANADA ULC**  
in its capacity as Court appointed Monitor of  
InterTAN Canada Ltd. and Tourmalet Corporation

Per: \_\_\_\_\_



Name: Douglas R. McIntosh

Title: Managing Director

I/We have the authority to bind the corporation

*IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF INTERTAN  
CANADA LTD. AND TOURMALET CORPORATION*

*Court File No.: 08-CL-7841*

**ONTARIO**

**SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

*Proceeding commenced at Toronto*

**SIXTH REPORT OF THE MONITOR**

***Goodmans LLP***

*Barristers & Solicitors*

*250 Yonge Street, Suite 2400*

*Toronto, Canada M5B 2M6*

*Jay A. Carfagnini (LSUC#222936)*

*Fred Myers (LSUC#26301A)*

*L. Joseph Latham (LSCU# 32326A)*

*Tel: 416.979.2211*

*Fax: 416.979.1234*

*Solicitors for the Monitor*

# **EXHIBIT “A”**



Branch) in its capacity as a lender and Canadian agent (the "Canadian Agent"), the Cadillac Fairview Corporation Limited, and other various landlords and other counsel, no one else appearing although duly served as set out in the Affidavit of Service of Gillian S.G. Scott dated December 3, 2008:

**SERVICE**

1. THIS COURT ORDERS that the time for service of the Notice of Motion and the Motion Record is hereby abridged so that this Motion is hereby abridged and any further service of the Notice of Motion and the Motion Record is hereby dispensed with.

**SALE PROCESS**

2. THIS COURT ORDERS that the sale process described in the Wong Affidavit (the "CCAA Sale Process") is approved and the Applicants, N M Rothschild & Sons Canada Securities Limited ("Rothschild Canada") and the Monitor are hereby authorized and directed to take such actions as are required to complete the CCAA Sale Process.

3. THIS COURT ORDERS that pursuant to and in accordance with the terms of the CCAA Sale Process:

- (a) preliminary non-binding indications of interest (the "Indicative Bids") shall be provided by potential purchasers by no later than 5:00 pm Toronto time on December 17, 2008;
- (b) potential purchasers who are invited to participate in the next phase of the sale process, and wish to proceed, shall provide firm proposals, together with a mark-up of the draft purchase and sale agreement, by no later than 5:00 pm Toronto time January 15, 2009; and
- (c) the Applicants will then seek any further relief necessary from this Court to implement any sale transaction.

4. THIS COURT ORDERS that, in addition to the duties of the Monitor set out in the Amended and Restated Initial Order, the Monitor is directed and empowered to:

- (a) participate fully in the CCAA Sale Process;
- (b) discuss the implementation of the CCAA Sale Process with the Applicants and Rothschild Canada, including attending regular meetings with, and receiving updates from, Rothschild Canada regarding its activities with respect to the CCAA Sale Process;
- (c) receive and review copies of all offers, including the Indicative Bids, received by the Applicants and Rothschild Canada under the CCAA Sale Process;
- (d) assist the Applicants, its advisors and Rothschild Canada with respect to the evaluation of all offers, including the Indicative Bids, received under the CCAA Sale Process and the process leading to the selection by the Applicants of potential purchasers to participate further in the CCAA Sale Process, prior to the Applicants engaging in negotiations with potential purchasers in respect of a definitive purchase and sale agreement; and
- (e) assist in negotiations and discussions between the Applicants (or its U.S. debtor affiliates) and potential purchasers regarding the negotiation and execution of a definitive purchase and sale agreement in respect of the Applicants' assets or the shares of the Applicants;

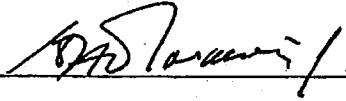
and the Applicants and Rothschild Canada shall fully co-operate with the Monitor in the exercise of its duties with respect to the CCAA Sale Process.

#### **APPROVAL OF MONITOR'S ACTIVITIES**

5. THIS COURT ORDERS that the Report of the Proposed Monitor dated November 10, 2008, the First Report of the Monitor dated November 24, 2008 and the Second Report and the activities of the Monitor as detailed in such reports are hereby approved.

**STAY EXTENSION**

6. THIS COURT ORDERS that the Stay Period is hereby extended until January 30, 2009.

  
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ENTERED AT / INSCRIT A TORONTO  
ON / BOOK NO:  
LE / DANS LE REGISTRE NO.:

DEC 05 2008

PER/PAR: TV

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

Court File No: 08-CL-7851

APPLICANTS

*Ontario*  
**SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

Proceeding commenced at Toronto

**ORDER**  
(December 5, 2008)

**OSLER, HOSKIN & HARCOURT LLP**

P.O. Box 50  
1 First Canadian Place  
Toronto, ON M5X 1B8

Edward Sellers (LSUC #30110F)  
Tel: (416) 862-5959

Jeremy Dacks (LSUC #41851R )  
Tel: (416) 862-4923

Marc Wasserman (LSUC #44066M )  
Tel: (416) 862-4908

F# 1113457



# **EXHIBIT “B”**



## **SERVICE**

1. THIS COURT ORDERS that the time for service of the Notice of Application and the Application Record is hereby abridged so that this Application is properly returnable today and hereby dispenses with further service thereof.

## **APPLICATION**

2. THIS COURT ORDERS AND DECLARES that the Applicants are companies to which the CCAA applies.

## **PLAN OF ARRANGEMENT**

3. THIS COURT ORDERS that the Applicants shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "Plan") between, *inter alia*, the Applicants and one or more classes of its secured and/or unsecured creditors as it deems appropriate.

## **POSSESSION OF PROPERTY AND OPERATIONS**

4. THIS COURT ORDERS that the Applicants shall remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "Property"). Subject to this and any further Order of this Court, the Applicants shall continue to carry on business in a manner consistent with the preservation of its business (the "Business") and Property. The Applicants shall be authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "Assistants") currently retained or employed by it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

5. THIS COURT ORDERS that the Applicants shall be directed to continue to utilize the central cash management system currently in place as described in the Wong Affidavit or replace it with another substantially similar central cash management system as necessary to facilitate the DIP Facility approved herein (the "Cash Management System") and that any present or future bank providing the Cash Management System shall not be under any

obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicants of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicants, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

6. THIS COURT ORDERS that, subject to availability under the DIP Facility (as hereinafter defined), the Applicants shall be entitled but not required to pay the following expenses whether incurred prior to or after this Order:

- (a) the fees and disbursements of any Assistants retained or employed by the Applicants in respect of these proceedings, at their standard rates and charges;
- (b) payments in respect of the key employee retention program (the "KERP") as described in the Wong Affidavit;
- (c) amounts owing for goods or services actually supplied to the Applicants prior to the date of this order:
  - (i) by Purolator Courier and other logistics or supply chain providers;
  - (ii) by custom brokers; and
  - (iii) with the consent of the Monitor, up to \$2 million, by other North American suppliers, including payments in respect of outstanding documentary credits or deposits, if, in the opinion of the Applicants, the supplier is critical to the Business and ongoing operations of the Applicants;

- (d) goods and services actually supplied to the Applicants prior to the date of this order, including payments in respect of outstanding documentary credits or deposits, by trade vendors and suppliers outside of North America;
- (e) the JV Manager Share to the JV Managers (both as defined in the Wong Affidavit);
- (f) all amounts related to servicing warranties and honouring gift cards and reward and loyalty programs issued before or after the date of this Order; and
- (g) any other costs and expenses that are deemed necessary for the preservation of the Property and/or the Business by the Applicants with the consent of the Monitor.

7. THIS COURT ORDERS that, except as otherwise provided to the contrary herein, the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the Applicants in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and
- (b) payment for goods or services actually supplied to the Applicants following the date of this Order.

8. THIS COURT ORDERS that the Applicants shall remit, in accordance with legal requirements, or pay:

- (a) subject to availability under the DIP Facility, all outstanding and future wages, salaries, employee and pension benefits, vacation pay, bonuses and reasonable expenses payable to employees payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements;

- (b) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;
- (c) all goods and services or other applicable sales taxes (collectively, "Sales Taxes") required to be remitted by the Applicants in connection with the sale of goods and services by the Applicants, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order, and
- (d) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicants.

9. THIS COURT ORDERS that until such time as an Applicant delivers a notice in writing to repudiate a real property lease in accordance with paragraph 11(c) of this Order (a "Notice of Repudiation"), such Applicant shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between such Applicant and the relevant landlord from time to time ("Rent"), for the period commencing from and including the date of this Order, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any arrears relating to the period commencing from and including the date of this Order shall also be paid. Upon delivery of a Notice of Repudiation, such Applicant shall pay all Rent due for the notice

period stipulated in paragraph 11(c) of this Order, to the extent that Rent for such period has not already been paid.

10. THIS COURT ORDERS that, except as specifically permitted herein, the Applicants are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicants to any of their creditors as of this date; (b) to grant no security interests, trusts, liens, charges or encumbrances upon or in respect of any of its Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

### RESTRUCTURING

11. THIS COURT ORDERS that the Applicants shall, subject to such covenants as may be contained in the DIP Facility (as hereinafter defined), (other than sub-section 11(c) which shall apply regardless of the covenants contained in the DIP Facility), have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of their businesses or operations and to dispose of redundant or non-material assets not exceeding \$500,000 in any one transaction or \$1,000,000 in the aggregate, subject to paragraph 11(c), if applicable;
- (b) terminate the employment of such of their employees or temporarily lay off such of their employees as they deems appropriate on such terms as may be agreed upon between the Applicants and such employee, or failing such agreement, to deal with the consequences thereof in the Plan;
- (c) subject to paragraph 11A herein, in accordance with paragraphs 12 and 13, vacate, abandon or quit the whole but not any part of any leased premises and/or repudiate any real property lease and any ancillary agreements relating to any leased premises, on not less than fourteen (14) days' notice in writing to the relevant landlord on such terms as may be agreed upon between the Applicants and such landlord, or failing such agreement, to deal with the consequences thereof in the Plan;

- (d) subject to paragraph 11A herein, repudiate such of their arrangements or agreements of any nature whatsoever, whether oral or written, as the Applicants deem appropriate on such terms as may be agreed upon between the Applicants and such counter-parties, or failing such agreement, to deal with the consequences thereof in the Plan;
- (e) pursue all avenues of refinancing and offers for material parts of their Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing or any sale (except as permitted by subparagraph (a), above); and
- (f) apply to this Court for such approval, vesting or other Orders as may be necessary to consummate sale transactions.

all of the foregoing to permit the Applicants to proceed with an orderly restructuring of the Business (the "Restructuring").

11A THIS COURT ORDERS that the Applicants shall obtain the approval of the Monitor prior to the Applicants repudiating or disclaiming any material agreements, which shall include real property leases, in accordance with paragraphs 11(c) or 11(d) herein. If the Monitor does not provide such approval, the Applicants shall be entitled to apply to the Court on no less than seven (7) days' notice to the Monitor and the co-contracting party for an order that the agreement be repudiated or disclaimed.

12. THIS COURT ORDERS that the Applicants shall provide each of the relevant landlords with notice of an Applicant's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Applicant's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicant, or by further Order of this Court upon application by the Applicants on at least two (2) days' notice to such landlord and any such secured creditors. If an Applicant repudiates the lease governing such leased premises in accordance with paragraph 11(c) of this Order, it shall



not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in paragraph 11(c) of this Order), and the repudiation of the lease shall be without prejudice to the Applicant's claim to the fixtures in dispute.

13. THIS COURT ORDERS that if a Notice of Repudiation is delivered, then: (a) during the notice period prior to the effective time of the repudiation, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicant and the Monitor 24 hours' prior written notice, and (b) at the effective time of the repudiation, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicant in respect of such lease or leased premises and such landlord shall be entitled to notify the Applicant of the basis on which it is taking possession and to gain possession of and re-lease such leased premises to any third party or parties on such terms as such landlord considers advisable, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

14. THIS COURT ORDERS that any Charge (as defined below) created by this Order over leases of real property in Canada shall only be a Charge in the Applicants' interest in such real property leases.

15. THIS COURT ORDERS that notwithstanding anything to the contrary in any agreement providing for the liquidation of assets from any leased premises, but subject to: (a) any written agreement between an Applicant, a liquidator and any landlord; or (b) a further Order of this Court:

- (i) the Applicants shall at all times abide by and be subject to the terms of all real property leases (collectively, the "Leases") and shall cause any liquidator to abide by the terms of the Leases, and the Applicant and the liquidator shall obtain the applicable landlord's approval for all signage and promotional advertising for sales to be conducted by the liquidator pursuant to the agreement with the Applicant in any of the leased premises to the extent otherwise not permitted by the applicable Lease; and

- (ii) neither the Applicants nor any liquidator shall augment the merchandise in any leased premises unless otherwise permitted by the applicable Lease or approved by the applicable landlord.

#### **NO PROCEEDINGS AGAINST THE APPLICANTS OR THE PROPERTY**

16. THIS COURT ORDERS that, with the exception of the remedies (other than any steps to seize, possess or foreclose, or such other like remedy, on its own behalf or through any agent on the Property) pursuant to the DIP Facility and the terms of this or any other Order of this Court, until and including December 9, 2008, or such later date as this Court may order (the "Stay Period"), no proceeding or enforcement process in any court or tribunal (each, a "Proceeding") shall be commenced or continued against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, except with the written consent of the Applicants and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicants or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

#### **NO EXERCISE OF RIGHTS OR REMEDIES**

17. THIS COURT ORDERS that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "Persons" and each being a "Person") against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicants and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Applicants to carry on any business which the Applicants are not lawfully entitled to carry on, (ii) exempt the Applicants from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

#### **NO INTERFERENCE WITH RIGHTS**

18. THIS COURT ORDERS that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal

right, contract, agreement, licence or permit in favour of or held by the Applicants, except with the written consent of the Applicants and the Monitor, or leave of this Court.

19. THIS COURT ORDERS that during the Stay Period, no Person (other than the Applicants) having any agreement, arrangement, licence or lease with any dealer of the Applicants in connection with the supply of goods or services or the lease of premises at the retail locations at which products of the Applicants are sold, may take any Proceeding or exercise any right (including but not limited to a right to terminate, accelerate, suspend, modify or cancel) under such agreement, arrangement, licence or lease solely as a result of the filing of this Application or the making of this Order.

#### **CONTINUATION OF SERVICES**

20. THIS COURT ORDERS that during the Stay Period, all Persons having oral or written agreements with the Applicants or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation, services, utility or other services to the Business or the Applicants, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Applicants, and that the Applicants shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Applicants in accordance with normal payment practices of the Applicants or such other practices as may be agreed upon by the supplier or service provider and each of the Applicants and the Monitor, or as may be ordered by this Court.

#### **NON-DEROGATION OF RIGHTS**

21. THIS COURT ORDERS that, notwithstanding anything else contained herein, no creditor of the Applicants shall be under any obligation after the making of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicants. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

## **PROCEEDINGS AGAINST DIRECTORS AND OFFICERS**

22. THIS COURT ORDERS that during the Stay Period, and except as permitted by subsection 11.5(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicants with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicants whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicants or this Court.

## **DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE**

23. THIS COURT ORDERS that InterTAN hereby indemnifies its directors and officers from all claims, costs, charges and expenses relating to the failure of InterTAN, after the date hereof, to make payments of the nature referred to in subparagraphs 8(a), 8(b), 8(c) and 8(d) of this Order which they sustain or incur by reason of or in relation to their respective capacities as directors and/or officers of InterTAN except to the extent that, with respect to any officer or director, such officer or director has actively participated in the breach of any related fiduciary duties or has been grossly negligent or guilty of wilful misconduct.

24. THIS COURT ORDERS that the directors and officers of InterTAN shall be entitled to the benefit of and are hereby granted a charge (the "Directors' Charge") on the Property, which charge shall not exceed an aggregate amount of \$19.3 million, as security for the indemnity provided in paragraph 23 of this Order. The Directors' Charge shall have the priority set out in paragraphs 44 and 46 herein.

25. THIS COURT ORDERS that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) InterTAN's directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 23 of this Order.

## **APPOINTMENT OF MONITOR**

26. THIS COURT ORDERS that Alvarez & Marsal Canada ULC is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the Property and the Applicants' conduct of the Business with the powers and obligations set out in the CCAA or set forth herein and that the Applicants and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicants pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations.

27. THIS COURT ORDERS that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Applicants' receipts and disbursements;
- (b) liaise with the Applicants' financial advisor and investment bankers with respect to all matters relating the Property, the Business and such other matters as may be relevant to the proceedings herein;
- (c) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (d) assist the Applicants, in their dissemination, to the Canadian Agent and its counsel on a regular basis of financial and other information as agreed to between the Applicants and the Canadian Agent;
- (e) advise the Applicants and their financial advisor in the preparation of the Applicants' cash flow statements and reporting required by the Canadian Agent, which information shall be reviewed with the Monitor and delivered to the Canadian Agent and its counsel;
- (f) advise the Applicants in their development of the Plan and any amendments to the Plan;

- (g) assist the Applicants, to the extent required by the Applicants, with the establishment of a claims process and the holding and administering of creditors' meetings for voting on the Plan;
- (h) have full and complete access to the books, records and management, employees, advisors and investment bankers of the Applicants and to the Business and the Property to the extent required to perform its duties arising under this Order;
- (i) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order;
- (j) consider, and if deemed advisable by the Monitor, prepare a report and assessment on the Plan; and
- (k) perform such other duties as are required by this Order or by this Court from time to time.

28. THIS COURT ORDERS that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

29. THIS COURT ORDERS that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder and any other similar legislation and regulations of other provinces or territories in which the Applicants carry on business operations (the "Environmental

Legislation"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

30. THIS COURT ORDERS that that the Monitor shall provide any creditor of the Applicants and the Canadian Agent with information provided by the Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicants is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicants may agree.

31. THIS COURT ORDERS that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

32. THIS COURT ORDERS that the Monitor, counsel to the Monitor and counsel to the Applicants shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Applicants as part of the costs of these proceedings. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicants on a regular basis and, in addition, the Applicants are hereby authorized to pay to the Monitor and counsel to the Applicants, retainers in the amounts of \$100,000 and \$200,000 respectively to be held by them as security for payment of their respective fees and disbursements outstanding from time to time

33. THIS COURT ORDERS that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal

counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

34. THIS COURT ORDERS that the Monitor, counsel to the Monitor, the financial advisors to InterTAN and the Applicants' counsel shall be entitled to the benefit of and are hereby granted a charge (the "Administration Charge") on the Property, which charge shall not exceed an aggregate amount of \$2 million, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 44 and 46 hereof.

#### **DIP FINANCING**

35. THIS COURT ORDERS that the Applicant InterTAN Canada Ltd. ("InterTAN") is hereby authorized and empowered to obtain funding and borrow and become a joint and several obligor with other borrower affiliates which have filed petitions for reorganization under Chapter 11 of the U.S. Bankruptcy Code (the "U.S. Chapter 11 Debtors") under a credit facility between InterTAN and the U.S. Chapter 11 Debtors, as joint and several borrowers, and the Canadian Agent and other lenders (collectively, the "DIP Lenders") on the terms and subject to the conditions set forth in the Senior Secured, Super Priority, Debtor-in-Possession Credit Agreement among, InterTAN (as Canadian Borrower), the U.S. Chapter 11 Debtors and the DIP Lenders dated as of November 7, 2008 (the "DIP Facility"), attached as Exhibit "K" to the Wong Affidavit, in order to finance InterTAN's and the other loan parties' working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility by InterTAN shall not exceed US\$60 million unless permitted by further Order of this Court or otherwise permitted under the DIP Facility.

36. THIS COURT ORDERS that the Applicants are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and Definitive Documents, guarantees and other documents, including confirmations of existing liens and charges in favour of the DIP Lenders, as are contemplated by the DIP Facility or as may be reasonably required by the DIP Lenders pursuant to the terms thereof (collectively, with the DIP Facility the "Definitive Documents"), and the Applicants are hereby authorized and



directed to pay and perform all of their indebtedness, interest, fees, liabilities and obligations to the DIP Lenders under and pursuant to the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

37. THIS COURT ORDERS that the Canadian Agent on behalf of the DIP Lenders shall be entitled to the benefit of and is hereby granted a charge (the "DIP Lenders' Charge") on the Property, which charge shall not exceed the aggregate amount owed to the DIP Lenders under the DIP Facility. The DIP Lenders' Charge shall have the priority set out in paragraphs 44 and 46 hereof.

38. THIS COURT ORDERS that subject to the provisions of this Order:

- (a) the Canadian Agent may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lenders' Charge or any of the Definitive Documents;
- (b) upon the occurrence of an event of default under the Definitive Documents, the Canadian Agent, upon five days notice to the Applicants and the Monitor (or such shorter period as may be ordered by the Court), may exercise any and all of its rights and remedies on behalf of the DIP Lenders against the Applicants or the Property under or pursuant to the Definitive Documents and the DIP Lenders' Charge, including without limitation, to cease making advances to the Applicants and set off and/or consolidate any amounts owing by the DIP Lenders to the Applicants against the obligations of the Applicants to the DIP Lenders under the Definitive Documents, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicants and for the appointment of a trustee in bankruptcy of the Applicants, and upon the occurrence of an event of default under the terms of the DIP Facility, the Canadian Agent shall be entitled to seize and retain proceeds from the sale of the Property and the cash flow of the Applicants to repay amounts owing to the DIP Lenders in accordance with the DIP Facility and the Definitive Documents and

the DIP Lenders' Charge, but subject to the priorities as set out in paragraphs 44 and 46 of this Order; and

- (c) the foregoing rights and remedies of the DIP Lenders shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicants or the Property.

39. THIS COURT ORDERS that, notwithstanding anything contained in the Definitive Documents to the contrary, other than with respect to credit extensions made directly to the Applicants, the Canadian Agent and the DIP Lenders shall not, without first providing five days' notice to the Applicants and the Monitor (or such shorter period as may be ordered by the Court), apply any amounts received in the Blocked Accounts of InterTAN or any collateral of InterTAN to payment of any of the obligations of the U.S. debtor affiliates of the Applicants under the DIP Facility.

40. THIS COURT ORDERS that, notwithstanding anything contained in the Definitive Documents to the contrary, the Canadian Agent and the DIP Lenders shall not, without first providing five days' notice to the Applicants and the Monitor (or such shorter period as may be ordered by the Court), cease making extensions of credit to InterTAN pursuant to the terms of the DIP Facility unless (a) InterTAN has failed to make any payments to the DIP Lenders under the DIP Facility; (b) InterTAN does not have borrowing availability for such extensions of credit as required by the DIP Facility; (c) there is any variation or change to this Order which is materially adverse to the DIP Lenders without the Canadian Agent's consent; or (d) InterTAN is declared bankrupt.

41. THIS COURT ORDERS AND DECLARES that the DIP Lenders shall be treated as unaffected in any plan of arrangement or compromise filed by the Applicants under the CCAA, or any proposal filed by the Applicants under the *Bankruptcy and Insolvency Act* of Canada (the "BIA"), with respect to any advances made under the DIP Facility.

42. THIS COURT ORDERS that the Applicants are hereby authorized and empowered to obtain and make inter-company loans from and to its U.S. Chapter 11 debtor affiliates as described in paragraph 99 of the Wong Affidavit.

43. THIS COURT ORDERS that, notwithstanding anything contained in the Definitive Documents to the contrary:

- (a) unsecured creditors of the Applicants (including, without limitation, all landlord creditors and creditors with restructuring claims under paragraph 11 of this Order, but not including claims by corporate entities related to the Applicants) shall be entitled to the benefit of and are hereby granted a charge (the "Canadian Creditor Charge") on the Property in the amount of \$25 million to secure claims owing by the Applicants to such creditors. To the extent that the Directors' Charge is not realized upon or utilized by the beneficiaries of the Directors' Charge after the passage of a claims bar date in respect of claims against the beneficiaries of the Directors' Charge, then, subject to a reserve for claims (including a reserve for reasonable expenses and defence costs in respect of such claims) (the "Reserve") against the beneficiaries of the Directors' Charge that remain outstanding pending the final determination of such claims, the Canadian Creditor Charge shall increase dollar for dollar by the amount of the Directors' Charge, less the Reserve, until there are no claims against the beneficiaries of the Directors' Charge that have been advanced and remain outstanding, at which time any unutilized portion of the Reserve shall also be used to increase the Canadian Creditor Charge dollar for dollar, meaning that the maximum amount of the Canadian Creditor Charge shall be \$44.3 million; and
- (b) 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.

#### **VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER**

44. THIS COURT ORDERS that the priorities of the Directors' Charge, the Administration Charge, the KERP Charge, the Canadian Creditor Charge and the DIP Lenders' Charge, as among them, shall be as follows:

First – Administration Charge;

Second – Directors' Charge;

Third – KERP Charge;

Fourth – DIP Lenders' Charge in an amount equal to the obligations of InterTAN under the Definitive Documents with respect to direct advances made to InterTAN thereunder, which amount shall not exceed US\$60 million plus accrued and unpaid interest, allowable costs and expenses payable by InterTAN, provided that, an amount equal to the sum of the Administration Charge, the Directors' Charge, the KERP Charge and the Canadian Creditor Charge shall be reserved and remain in the possession of or be transferred to the Applicants before and when the Canadian Agent or the DIP Lenders apply any amounts received in the Blocked Accounts of InterTAN to obligations of the U.S. debtor affiliates of the Applicants under the DIP Facility. Pursuant to the terms of and in accordance with the DIP Facility and this Order, nothing herein shall prevent the Canadian Agent or the DIP Lenders from applying amounts received in the Blocked Accounts of InterTAN or that they otherwise receive, to repay direct advances made by the DIP Lenders to InterTAN;

Fifth – Canadian Creditor Charge; and

Six – DIP Lenders' Charge.

45. THIS COURT ORDERS that the filing, registration or perfection of the Directors' Charge, the Administration Charge, the KERP Charge, the Canadian Creditor Charge, or the DIP Lenders' Charge (collectively, the "Charges") shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

46. THIS COURT ORDERS that each of the Directors' Charge, the Administration Charge, the KERP Charge, the Canadian Creditor Charge and the DIP Lenders' Charge shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, statutory or otherwise (collectively,

"Encumbrances") in favour of any Person, other than claims which may be asserted under Sections 81.3, 81.4, 81.5 and 81.6 of the BIA or other statutory liens and deemed trusts which cannot by law be subordinated to the Charges.

47. THIS COURT ORDERS that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges, unless the Applicants also obtain the prior written consent of the Monitor, the Canadian Agent and the beneficiaries of the Directors' Charge, the Administration Charge and the KERP Charge, or further Order of this Court.

48. THIS COURT ORDERS that the Directors' Charge, the Administration Charge, the KERP Charge, the Canadian Creditor Charge, the Definitive Documents and the DIP Lenders' Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "Chargees") and/or the DIP Lenders thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "Agreement") which binds the Applicants, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the Definitive Documents shall create or be deemed to constitute a breach by an Applicant of any Agreement to which it is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from InterTAN entering

into the DIP Facility, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and

- (c) the payments made by the Applicants pursuant to this Order or the Definitive Documents, the granting of the Charges and the entering into by the Applicants of the Definitive Documents, do not and will not constitute fraudulent preferences, fraudulent conveyances, oppressive conduct, settlements, transactions under value or other challengeable, voidable or reviewable transactions under any applicable law.

### **SERVICE AND NOTICE**

49. THIS COURT ORDERS that the Applicants shall, within ten (10) business days of the date of entry of this Order, send a copy of this Order to the Applicants' landlords or property managers and known creditors, other than employees and creditors to which the Applicants owe less than \$10,000, at their addresses as they appear on the Applicants' records, and shall promptly send a copy of this Order (a) to all parties filing a Notice of Appearance in respect of this Application, and (b) to any other interested Person requesting a copy of this Order, and the Monitor is relieved of its obligation under Section 11(5) of the CCAA to provide similar notice, other than to supervise this process.

50. THIS COURT ORDERS that the Applicants and the Monitor be at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or electronic transmission to the Applicants' creditors or other interested parties at their respective addresses as last shown on the records of the Applicants and that any such service or notice by courier, personal delivery or electronic transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

51. THIS COURT ORDERS that the Applicants, the Monitor, and any party who has filed a Notice of Appearance may serve any court materials in these proceedings by e-mailing a PDF or other electronic copy of such materials to counsels' email addresses as recorded on the Service List from time to time, in accordance with the E-filing protocol of the Commercial

List to the extent practicable, and the Monitor may post a copy of any or all such materials on its website at [www.alvarezandmarsal.com/intertan](http://www.alvarezandmarsal.com/intertan).

**GENERAL**

52. THIS COURT ORDERS that a further hearing in this Application shall be held at 9:00 a.m. on November 26, 2008 or such alternate date as this Court may fix, at which time this Order may be supplemented or otherwise varied. The Applicants and the Monitor shall serve their materials for this further hearing on all parties who serve a Notice of Appearance on the Applicants and the Monitor, such materials to be served no later than 3 days prior to the date scheduled for the further hearing.

53. THIS COURT ORDERS that the Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of their powers and duties hereunder.

54. THIS COURT ORDERS that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicants, the Business or the Property.

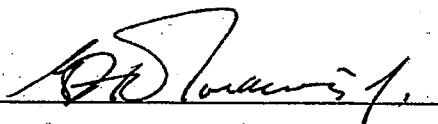
55. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States of America, including the United States Bankruptcy Court for the Eastern District of Virginia, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

56. THIS COURT ORDERS that the Applicants and the Monitor all be at liberty and are hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative

body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

57. THIS COURT ORDERS that any interested party (including the Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

58. THIS COURT ORDERS that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard Time on the date of this Order.



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ENTERED AT / INSCRIT A TORONTO  
ON / BOOK NO:  
LE / DANS LE REGISTRE NO.:

DEC 05 2008

PER / PAR: TV



IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT  
ACT, R.S.C. 1985, c. C-36, AS AMENDED

Court File No: 08-CL-7851

AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF INTERTAN CANADA LTD. AND TOURMALET  
CORPORATION

APPLICANTS

*Ontario*  
**SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

Proceeding commenced at Toronto

**ORDER**  
(December 5, 2008)

**OSLER, HOSKIN & HARCOURT LLP**

P.O. Box 50  
1 First Canadian Place  
Toronto, ON M5X 1B8

Edward Sellers (LSUC #30110F)  
Tel: (416) 862-5959

Jeremy Dacks (LSUC #41851R )  
Tel: (416) 862-4923

Marc Wasserman (LSUC #44066M )  
Tel: (416) 862-4908

F# 1113457

# **EXHIBIT “C”**

Circuit City Stores, Inc  
Weekly Cash Flow Report  
(\$ in 000's)

	Current Week Forecast Variance			Filing to Date Forecast Variance			
	1 Week Ending 21-Feb Actual	21-Feb Forecast	Variance \$ Fav / (Unfav)	5 Weeks Ending 21-Feb Actual	21-Feb Forecast	Variance \$ Fav / (Unfav)	Variance % Fav / (Unfav)
<b>A. PROCEEDS FROM SALE OF ASSETS</b>							
GOB Gross Sales	178,018	144,787	33,231	864,264	831,032	33,231	4.0%
Less: Gift Cards	(1,902)	(3,000)	1,098	(21,766)	(22,864)	1,098	4.8%
Subtotal GOB Sales Receipts	176,116	141,787	34,329	842,498	808,168	34,329	4.2%
Sales Tax	10,850	10,634	216	58,943	58,727	216	0.4%
Total GOB Sales Receipts	186,966	152,421	34,545	901,441	866,895	34,545	4.0%
Corporate Jet - Hawker	4,113	4,113	(0)	4,113	4,113	(0)	0.0%
Corporate Jet - Lear	72	-	72	4,670	4,599	72	1.6%
Vendor Receivables	-	-	-	-	-	-	0.0%
Misc FF&E	-	-	-	-	-	-	0.0%
Salvage Inventory	-	-	-	3,779	3,779	(0)	0.0%
A/R Float	-	-	-	2,455	2,455	-	0.0%
Cash in Stores	5,009	-	5,009	5,009	-	5,009	0.0%
Other	196,160	156,534	39,626	921,466	881,841	39,626	4.5%
<b>Total Cash Proceeds</b>							
Payroll & Taxes	27,435	27,429	(6)	103,805	103,799	(6)	0.0%
Rent & Utilities	2,102	1,092	1,010	35,685	34,675	1,010	-2.9%
Other / General Operating	25,347	32,498	7,151	82,142	89,293	7,151	8.0%
Subtotal	54,885	61,019	6,134	221,632	227,767	6,134	2.7%
<b>Other Admin Claims During GOB</b>							
Post Petition Trade Credit / AP Accruals	1,250	7,500	6,250	13,148	19,399	6,250	32.2%
Management Incentive Plan	63	3,506	3,443	1,462	4,906	3,444	70.2%
Customer Rebates	-	-	-	-	-	-	0.0%
Fund Utilities Reserve	5,000	5,000	-	5,000	5,000	-	0.0%
Sales Tax for Sales Prior to GOB	8,183	9,608	1,425	25,851	27,276	1,425	5.2%
Debtors' Professional Fees per DIP	1,004	2,000	996	3,707	4,703	996	21.2%
Committee's Professional Fees per DIP	1,507	1,580	73	1,507	1,580	73	4.6%
Subtotal	17,008	29,194	12,186	50,676	62,863	12,186	19.4%
<b>Expenses</b>	71,893	90,213	18,321	272,308	290,630	18,321	6.3%
<b>C. SECURED DEBT &amp; CASH ROLL FWD</b>							
Bank Fees and Expenses	-	-	-	2,633	2,633	-	0.0%
Drawn L/C's	852	-	(852)	6,429	5,577	(852)	-15.3%
Taxing Authorities / Other	-	-	-	-	-	-	0.0%
Bank Professionals	-	980	980	20	1,000	980	98.0%
Secured Claims (excl bank debt)	852	980	128	9,082	9,210	128	1.4%
<b>Total Disbursements</b>	72,745	91,193	18,448	281,390	299,841	18,448	6.2%
<b>Net Cash Flow</b>	123,415	65,341	58,074	640,076	582,001	58,073	10.0%
Beginning US Loan Balance	-	-	-	425,040	425,040	-	0.0%
Net Cash Flow Applied to Loan	-	-	-	(425,040)	(425,040)	-	0.0%
Ending US Loan Balance before Check Float	-	-	-	-	-	-	0.0%
Beginning Cash Balance	91,621	91,621	0	-	-	-	0.0%
Net Cash Flow	123,415	65,341	58,074	215,036	156,961	58,074	37.0%
Ending Cash Balance before Check Float	215,036	156,961	58,075	215,036	156,961	58,075	37.0%
Memo: Check Float Adjustment	27,641	N/A	N/A	27,641	N/A	N/A	N/A
Memo: Ending Cash Balance after Check Floa	242,677	N/A	N/A	242,677	N/A	N/A	N/A
LC Balance (not cash collateralized)	83,747	84,913	1,166	83,747	84,913	1,166	1.4%
<b>D. COVENANTS TEST</b>							
Outstanding Commitments Test	83,747	225,000	141,253	83,747	225,000	141,253	62.8%
Cumulative Disbursements Test	72,682	87,687	15,005	279,928	294,935	15,006	5.1%
Loan to Value Test	5,06	N/A	N/A	5,06	N/A	N/A	N/A

Notes:

- Positive performance to budget
- Other proceeds mainly due to \$4.2M interest tax refund from FV01
- Amounts for payroll, rent and other are aggregated into one line item for reporting purposes. See page two with notes [3], [4] & [5] for detail.
- Variance mainly due to timing of utility payments
- Variance mainly due to timing of occupancy expenses (\$4.4M). Balance includes \$6.4M for liquidator expenses.
- Timing of payments
- Timing of payments
- Ending cash balance per the bank forecast budget does not include check float
- Actual \$91.3M LC balance multiplied by 103% reflects cash collateralized equivalent reported in DIP budget
- Calculated as total of loan balance and L/C's versus threshold for the 3rd Amendment
- Calculated as total disbursements less customer rebates, deposits and gift cards.
- Calculation:  $[\$243M \text{ cash balance} + (\text{Inventory } 257M * 70.5\%)] / \$84M \text{ LC balance}$

**ONTARIO**

**SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

Proceeding commenced at Toronto

**SIXTH REPORT OF THE MONITOR  
ALVAREZ & MARSAL CANADA ULC  
(dated March 2, 2009)**

**Goodmans LLP**

Barristers & Solicitors  
250 Yonge Street, Suite 2400  
Toronto, Canada M5B 2M6

Jay A. Carfagnini (LSUC#222936)

Fred Myers (LSUC#26301A)

L. Joseph Latham (LSCU# 32326A)

Tel: 416.979.2211

Fax: 416.979.1234

Solicitors for the Monitor