

Court File No. 08-CL-7841

*ONTARIO*  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST

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

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

APPLICANTS

**NOTICE OF MOTION**  
(returnable January 29, 2010)

Alvarez & Marsal Canada ULC in its capacity as Monitor (the "Monitor") of InterTAN Canada Ltd. ("InterTAN") and Tourmalet Corporation (collectively, the "Applicants"), appointed by the Initial Order of this Honourable Court dated November 10, 2008, as subsequently amended and restated on December 5, 2008 (the "Initial Order"), will make a motion before the Honourable Mr. Justice Morawetz on Friday, January 29, 2010, at 10:00 a.m., or as soon after that time as the motion can be heard, at 330 University Avenue, Toronto, Ontario,

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

THE MOTION IS FOR:

1. An Order abridging the time for service and filing of the Notice of Motion. Motion Record and the Twelfth Report of the Monitor dated January 26, 2010 (the "Twelfth Report"), if necessary;
2. An Order extending the Stay Period, as defined in the Initial Order and as subsequently extended, from January 31, 2010 until April 30, 2010;

3. An Order approving a distribution of proceeds to those creditors of the Applicants whose claims have been resolved since the distribution authorized by the Order of the Honourable Justice Morawetz dated December 7, 2009 (the “First Distribution Order”);
4. An Order authorizing the Monitor to distribute proceeds to the remaining creditors of the Applicants as and when their claims are resolved consensually, but otherwise directing the Monitor to retain all proceeds pending further order of the Court;
5. An Order approving the Twelfth Report of the Monitor, and the actions and activities of the Monitor described therein; and
6. Such further and other relief as to this Honourable Court seems just.

THE GROUNDS FOR THE MOTION ARE:

#### **INTERIM DISTRIBUTION**

1. In accordance with the terms of the Initial Order, the Monitor has been monitoring the business and financial operations of the Applicants in these restructuring proceedings;
2. By Order dated March 9, 2009, the Court approved the transaction of purchase and sale whereby the Purchaser (as defined therein) would acquire substantially all of the assets of InterTAN (the “Sale Transaction”);
3. The Sale Transaction closed with effect as of 12:01 a.m. on July 1, 2009;
4. Pursuant to the First Distribution Order, the Monitor made distributions, from the proceeds of the Sale Transaction and other amounts received by or owing to InterTAN that were in the Monitor’s possession, in the total amount of \$11,672,749.48 to those creditors and in the amounts set forth in Schedule “A” to the First Distribution Order, which amounts included interest on such claims calculated at a rate of 5% per annum;
5. These distributions, together with the revisions and disallowances issued by the Monitor in the Claims Process, resolved 527 of the total 598 Pre-Filing and Post-Filing Claims filed with the Monitor;

6. As at January 21, 2010, the Monitor was holding, in trust, the total amount of \$90,434,192;

7. After the revisions and disallowances described in the Eleventh Report, and taking into account “additional pre-filing” and “restructuring” claims filed after November 30, 2009, there remained to be administered (i) 61 Pre-Filing POCs, (ii) 3 “additional pre-filing” claims, and (iii) 7 “restructuring” claims (collectively, the “Remaining Claims”);

8. In summary, with respect to the 71 total claims remaining to be determined after the First Distribution, as of the date hereof and including disputes already resolved, the Monitor and the Applicants:

- (i) have allowed a further total of \$5,292,567.82 from the Pre-Filing POCs (comprised of 41 claims);
- (ii) have disallowed a further total of \$595,470.63 from the Pre-Filing POCs (comprised of 5 claims);
- (iii) have 14 outstanding Disputed Claims, involving the disallowance of \$6,278,774.05 from the remaining Pre-Filing POCs with a face amount of \$12,145,993.33, which are pending resolution;
- (iv) have allowed a further total of \$42,258.16 from the “additional pre-filing” and “restructuring” claims (comprised of 6 claims);
- (v) have 1 outstanding disputed “restructuring” claim, involving the disallowance of \$572,704.61 claims;
- (vi) have 3 “restructuring” claims in the face amount of \$168,803.24 which have yet to be administered as the Monitor is awaiting further information on each claim; and
- (vii) have 1 Pre-Filing POC in the amount of \$224,029.60 yet to administer as its administration depends upon the application of set-offs against other claims.

9. The Monitor recommends that it be authorized and directed to make payment to the claimants and in the amounts (inclusive of interest) identified in Exhibit “B” to the Twelfth Report in the total amount of \$5,663,843.26;

10. To avoid the costs which would be associated with one or more further motions concerning distributions to be made as and when the Remaining Claims are resolved, and to avoid delays in making distributions if and when any such claims are resolved, the Monitor recommends that it be authorized and directed by this Honourable Court to make distributions on account of those claims if the resolution and related distribution in respect thereof is (i) below the high end of the range specified for the claimant in Exhibit "C" to the Twelfth Report, and (ii) agreed to in writing by each of the claimant in question, the Monitor, InterTAN and the Purchaser;

### **EXTENSION OF STAY PERIOD**

11. The Stay Period currently expires on January 31, 2010 and the Monitor is proposing that the Stay Period be extended to April 30, 2010;

12. The Monitor has made substantial progress in reviewing, reconciling and administering the Proofs of Claim filed in the Claims Processes. However, a number of disputed claims still remain to be determined, and the Monitor is assisting the Applicants and the Purchaser in attempting to resolve their differences concerning the Closing Date Financial Statement;

13. The Monitor believes that the Applicants have been and continue to act in good faith and with due diligence in these CCAA Proceedings. The extension as sought is necessary in order to complete the final stages of the Claims Processes and to allow for the expeditious distribution of the Sale Proceeds to the creditors and shareholders of the Applicants;

14. Section 11 of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, Rule 37 of the *Rules of Civil Procedure*; and

15. Such further and other grounds as counsel may advise and this Honourable Court permits.

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

1. The Twelfth Report of the Monitor dated January 26, 2010 and the appendices thereto.

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

January 26, 2010

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

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

Proceeding commenced at Toronto

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