

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
(Motion Returnable October 13, 2010)**

THE APPLICANTS, InterTAN Canada Ltd. ("InterTAN") and Tourmalet Corporation ("Tourmalet", and together with InterTAN, the "Applicants") will make a motion before the Honourable Mr. Justice Morawetz on October 13, 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 substantially in the form attached to the Motion Record, *inter alia*:
 - (a) if necessary, abridging the time for service of this Notice of Motion and the Motion Record herein, and directing that any further service of the Notice of Motion and the Motion Record be dispensed with;
 - (b) authorizing the acquisition by Tourmalet of all of the issued and outstanding common shares in the capital stock of InterTAN, Inc. from Ventoux International, Inc. ("Ventoux") for consideration of 1 common share in the capital of Tourmalet (the "Transfer");

- (c) authorizing InterTAN to apply for a certificate of continuance in order to continue as a company limited by shares under the Nova Scotia *Companies Act*, R.S.N.S. 1989, c. 81 (the “Continuance”);
- (d) authorizing Tourmalet, on the anticipated dissolution of InterTAN, Inc., to receive a distribution of all of InterTAN, Inc.’s property, including all of the issued and outstanding common shares in the capital stock of InterTAN, and to assume all of the liabilities and obligations of InterTAN, Inc. (the “Assumption”);
- (e) declaring that InterTAN, or any successor entity thereof, shall take no further steps to address the potential French tax liability relating to InterTAN France SNC or any related businesses, the claim of Revenu Quebec or the Amalgamation, the Distribution or the Dissolution (as those terms are defined in the Sixteenth Report of the Monitor dated October 6, 2010 (the “Sixteenth Report”)) without the consent of the Monitor or Monitor’s counsel;
- (f) authorizing InterTAN to take the step outlined in the Confidential Appendix (as defined below) in furtherance of the resolution of the potential French tax liabilities described therein;
- (g) approving the Sixteenth Report and the actions and activities of the Monitor described therein; and
- (h) declaring that the Confidential Appendix to the Sixteenth Report (the “Confidential Appendix”) be treated as confidential, sealed and not form part of the public record, pending further Order of this Court on notice to the Monitor; and

2. Such further and other relief as counsel may request and this Honourable Court may deem just.

THE GROUNDS FOR THE MOTION ARE:

1. On November 10, 2008, the Applicants filed for, and pursuant to the Initial Order, obtained protection from their creditors under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA"), and Alvarez & Marsal Canada ULC was appointed monitor of the Applicants (the "Monitor");
2. Concurrent with the commencement of these CCAA proceedings, the Applicants' ultimate parent company, Circuit City Stores, Inc. ("Circuit City") and certain of its U.S. affiliates (each a "U.S. Debtor and collectively, the "U.S. Debtors"), commenced proceedings under Chapter 11, Title 11 of the *United States Code* (the "Chapter 11 Proceedings");
3. On July 1, 2009, a sale of substantially all of the assets of InterTAN was completed;
4. The Monitor has overseen a Court-ordered claims process, and substantially all of the creditors of InterTAN have been paid in full, including interest. The only claim remaining to be resolved pursuant to the Court-ordered claims process is the claim of Revenu Quebec. Issues also remain with respect to the claims, if any, of French taxing authorities related to the liquidation of the French subsidiary of InterTAN;
5. None of the proceeds held by the Monitor relate to the assets of Tourmalet and no claims were filed against Tourmalet in the claims process;
6. InterTAN, Inc. is a company incorporated pursuant to the laws of Delaware and is the owner of 100% of the common shares of InterTAN. InterTAN, Inc. is a U.S. Debtor and is owned by Ventoux, a Delaware corporation (and also a U.S. Debtor) and Tourmalet, a Nova Scotia unlimited liability company. Tourmalet is in turn wholly-owned by Ventoux, which is wholly-owned by Circuit City. As such, InterTAN is a wholly-owned subsidiary of Ventoux and therefore of Circuit City;
7. Depending upon the resolution of the remaining claims in the estate of InterTAN, there may be funds remaining which would have to be distributed to InterTAN's shareholder;
8. Accordingly, the Applicants and the U.S. Debtors, with input from the Official Committee of Unsecured Creditors in the Chapter 11 Proceedings (the "UCC") and from the

Monitor, have proposed a series of corporate transactions in order to ensure that InterTAN will be able to return any remaining cash to the U.S. Debtors in the most tax efficient manner possible (the “Proposed Transactions”). The ultimate result of the Proposed Transactions is to make Ventoux the sole and direct shareholder of the InterTAN corporate entity;

9. An Advance Income Tax Ruling has been obtained from the Canada Revenue Agency regarding the Proposed Transactions;

10. The Proposed Transactions include (i) the Transfer; (ii) the Continuance; (iii) the Assumption; (iv) the Amalgamation; (v) the Distribution; and (vi) the Dissolution;

11. The United States Bankruptcy Court has granted orders in the Chapter 11 Proceedings confirming a joint plan of liquidation (the “Plan”) for the U.S. Debtors. One of the conditions precedent to the effectiveness of the Plan are the first three steps of the Proposed Transactions, being the Transfer, the Continuance and the Assumption;

12. Thus, at this time, the Applicants, with the support of the Monitor, are only seeking authorization to complete the first three steps of the Proposed Transactions;

13. InterTAN and the UCC are working towards a resolution of the potential French tax liability. The Monitor previously attached to its Fourteenth Report dated July 9, 2010 a confidential appendix which provided a summary of the assessment of the potential French tax liability. This Honourable Court granted a sealing order in respect of the confidential appendix attached to the Fourteenth Report;

14. The Confidential Appendix, for which a sealing order is sought, provides a summary of the issues giving rise to the potential French tax liability and a recommendation to permit InterTAN to take the first step towards attempting to address that potential liability;

15. The matters set out in the Confidential Appendix could, if they were made public, adversely affect the interests of certain stakeholders. Disclosure of this information presents a serious risk to an important interest and there are no reasonable alternative measures that would prevent the risk. The salutary effects of the order sought outweigh any deleterious effects as no third party has a legitimate expectation to review the privileged advice received by InterTAN or the Monitor;

16. The Order sought confirming the role of the Monitor in respect of certain remaining matters to be dealt with in these proceedings is just and appropriate in the circumstances;

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

18. The provisions of the CCAA, and the inherent and equitable jurisdiction of this Honourable Court;

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

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

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

1. The Sixteenth Report of the Monitor dated October 6, 2010, including the Confidential Appendix thereto; and

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

October 7, 2010

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TO: THE SERVICE LIST

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Proceeding commenced at Toronto

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