

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

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

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

APPLICANTS

NOTICE OF MOTION

(Approval of DIP Side Letter)
(Returnable June 2, 2009)

THE APPLICANTS, InterTAN Canada Ltd. ("InterTAN") and Tourmalet Corporation (collectively, the "Applicants") will make a motion before the Honourable Mr. Justice Morawetz on June 2, 2009 at 10:00 a.m., or as soon after that time as the motion can be heard, at 330 University Avenue, Toronto, Ontario.

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

THE MOTION IS FOR:

1. An Order, if necessary, abridging the time for service of this Notice of Motion and the Motion Record herein, and directing that any further service of the Notice of Motion and the Motion Record be dispensed with;
2. An Order authorizing the Applicants to execute a side letter (the "DIP Side Letter") modifying the DIP Facility (as defined below);
3. An Order approving the DIP Side Letter; and
4. Such further and other relief as counsel may request and this Honourable Court may deem just.

THE GROUNDS FOR THE MOTION ARE:

1. On November 10, 2008, the Applicants filed for and obtained protection from their creditors under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA"), pursuant to the Initial Order of the Honourable Justice Morawetz, dated November 10, 2008, as amended (the "Amended and Restated Initial Order");
2. Circuit City Stores, Inc. ("Circuit City") is InterTAN's ultimate parent company. On November 10, 2008, Circuit City and certain of its affiliates (the "U.S. Debtors") filed for and were granted bankruptcy protection pursuant to Chapter 11 of title 11 of the *United States Code* in the United States Bankruptcy Court for the Eastern District of Virginia (the "Chapter 11 Proceedings");
3. The Amended and Restated Initial Order authorized InterTAN to enter into a cross-border credit facility along with certain of the U.S. Debtors (the "Domestic Borrowers"), as joint and several borrowers (collectively, the "Borrowers"), Bank of America, N.A., as Administrative Agent and Collateral Agent, Bank of American N.A. (acting through its Canadian Branch), as Canadian Administrative Agent and Canadian Collateral Agent and other lenders (the "DIP Lenders") on the terms and subject to the conditions set forth in the Senior Secured, Super-Priority, Debtor-in-Possession Credit Agreement (as amended, supplemented, modified or restated, the "DIP Facility");
4. On January 16, 2009, the United States Bankruptcy Court issued an Order in the Chapter 11 Proceedings approving a going out of business sale at the U.S. Debtors' remaining stores. As a result of the liquidation sale, the U.S. Debtors no longer needed incremental borrowings under the DIP Facility. Conversely, InterTAN still required continuing availability under the DIP Facility to fund its working capital and general corporate purposes as it sought to complete a going concern transaction for the business;
5. On February 23, 2009, this Honourable Court granted an Order approving a Third Amendment to the DIP Facility which, *inter alia*, provided InterTAN with a direct lending commitment that is not dependant on a calculation of the "U.S. Borrowing Base";
6. On March 9, 2009, this Honourable Court approved a going concern transaction for InterTAN's business, which transaction is scheduled to close on or about June 30, 2009;

7. The DIP Side Letter, *inter alia*, provides as follows:

- (a) the Borrowers acknowledge and agree that the “Maturity Date” for advances to the Domestic Borrowers has passed, such that no further advances may be made to the Domestic Borrowers under the DIP Facility, and notwithstanding the foregoing, the DIP Facility remains in full force and effect, including the obligation of the Borrowers to reimburse the DIP Lenders for fees, costs, expenses and indemnities set out in the DIP Facility;
- (b) the Borrowers acknowledge and agree that the guarantee by the Domestic Borrowers of payment in full of the Applicants’ obligations to the DIP Lenders remains in effect and shall continue to be secured by the collateral of the Domestic Borrowers until such liabilities have been paid in full; and
- (c) the Borrowers acknowledge that an amount equal to 103% of outstanding letters of credit related to the Domestic Borrowers has been deposited in the “Cash Collateral Account” – i.e. the DIP Lenders can formally cash collateralize the outstanding letter of credit exposure of the Domestic Borrowers;

8. The DIP Side Letter reflects the current status of the DIP Facility as it confirms that: (i) the guarantee of the Domestic Borrowers remains in place despite the occurrence of the Maturity Date with respect to the Domestic Borrowers; and (ii) the remaining loans (i.e. the outstanding letters of credit) made to the Domestic Borrowers under the DIP Facility have now been fully cash collateralized;

9. It is just and convenient and in the interests of the Applicants and their stakeholders that the Order sought be granted and the DIP Side Letter be approved;

10. Section 11 of the *CCAA*;

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

12. 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 Seventh Report of the Monitor, dated May 26, 2009;
2. The Motion Record of the Applicants regarding the Third Amendment to the DIP Facility, previously filed with the Court, dated February 18, 2009;
3. The Order of the Honourable Mr. Justice Morawetz dated February 23, 2009; and
4. Such further and other materials as counsel may advise and this Honourable Court may permit.

May 27, 2009

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TO: THE SERVICE LIST

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

Court File No: 08-CL-7841

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TOURMALET CORPORATION

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Ontario
**SUPERIOR COURT OF JUSTICE
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Proceeding commenced at Toronto

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