

**APPENDIX D**

**CLAIM 1: NICOLLET ENTERPRISE 1 S.À.R.L claim against TCC – PROOF OF  
CLAIM AND EXPLANATORY NOTES**

See Next Page

**PROOF OF CLAIM FORM FOR CLAIMS AGAINST  
THE TARGET CANADA ENTITIES<sup>1</sup>**

**1. Name of Target Canada Entity or Entities (the "Debtor"):**

**Debtor:** Target Canada Co.

**2(A) Original Claimant (the "Claimant")**

Legal Name of Claimant:	<u>Nicollet Enterprise 1 S.à r.l</u>	Name of Contact:	<u>Corey Haaland</u>
Address:	<u>1000 Nicollet Mall</u>	Title:	<u>SVP Financial Planning &amp; Analysis</u>
		Phone #:	<u>612-761-1325</u>
		Fax #:	<u>612-761-9956</u>
City:	<u>Minneapolis</u>	Prov /State:	<u>MN</u>
Postal/Zip Code:	<u>55403</u>	email:	<u>Corey.Haaland@Target.com</u>

**2b. Assignee, if claim has been assigned**

Legal Name of Assignee:	<u></u>	Name of Contact:	<u></u>
Address:	<u></u>	Phone #:	<u></u>
		Fax #:	<u></u>
City:	<u></u>	Prov /State:	<u></u>
Postal/Zip Code:	<u></u>	email:	<u></u>

<sup>1</sup> Target Canada Co., Target Canada Health Co., Target Canada Mobile GP Co., Target Canada Pharmacy (BC) Corp., Target Canada Pharmacy Corp., Target Canada Pharmacy (SK) Corp., Target Canada Property LLC, Target Canada Pharmacy Franchising LP, Target Canada Mobile LP, And Target Canada Property LP (collectively, the "Target Canada Entities").

**3. Amount of Claim**

The Debtor was and still is indebted to the Claimant as follows:

Currency	Amount of Claim (including interest up to and including January 14, 2015) <sup>2</sup>	Unsecured Claim	Secured Claim
Canadian Dollars	\$3,068,729,437.68	<input checked="" type="checkbox"/>	<input type="checkbox"/>
_____	_____	<input type="checkbox"/>	<input type="checkbox"/>
_____	_____	<input type="checkbox"/>	<input type="checkbox"/>
_____	_____	<input type="checkbox"/>	<input type="checkbox"/>
_____	_____	<input type="checkbox"/>	<input type="checkbox"/>

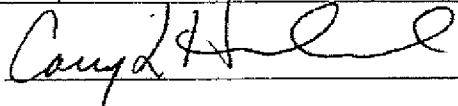
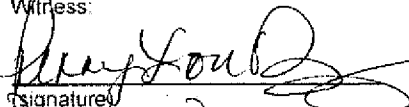
**4. Documentation**

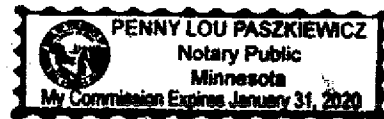
Provide all particulars of the Claim and supporting documentation, including amount, and description of transaction(s) or agreement(s), or legal breach(es) giving rise to the Claim, including any claims assignment/transfer agreement or similar document, if applicable, and amount of invoices, particulars of all credits, discounts, etc. claimed, description of the security, if any, granted by the affected Debtor to the Claimant and estimated value of such security.

**5. Certification**

I hereby certify that:

1. I am the Claimant or authorized representative of the Claimant.
2. I have knowledge of all the circumstances connected with this Claim.
3. The Claimant asserts this Claim against the Debtor as set out above.
4. Complete documentation in support of this claim is attached.

Signature: 	Witness: 
Name: <u>Corey Haaland</u>	(signature) <u>Penny Lou Paszkiewicz</u>
Title: <u>SVP Financial Planning &amp; Analysis</u>	(print)
Dated at <u>Minneapolis, MN</u> this <u>30th</u> day of <u>July</u> , 2015	



<sup>2</sup> Pursuant to paragraph 9 of the Claims Procedure Order, interest accruing from the Filing Date (January 15, 2015) shall not be included in any Claim.

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**6. Filing of Claim**

**This Proof of Claim must be received by the Monitor on or before 5:00 p.m. (Toronto time) on August 31, 2015 by prepaid ordinary mail, registered mail, courier, personal delivery or electronic transmission at the following address:**

**Alvarez & Marsal Canada Inc.  
Target Canada Monitor  
Royal Bank Plaza, South Tower  
200 Bay Street, Suite 2900, P.O. Box 22  
Toronto, ON Canada M5J 2J1  
Attention: Greg Karpel  
Email: [targetcanadaclaims@alvarezandmarsal.com](mailto:targetcanadaclaims@alvarezandmarsal.com)  
Fax No.: 416-847-5201**

For more information see [www.alvarezandmarsal.com/targetcanada](http://www.alvarezandmarsal.com/targetcanada), or contact the Monitor  
by telephone (1-844-864-9548)

## EXHIBIT A TO PROOF OF CLAIM

Nicollet Enterprise 1 S.à r.l (“NE1”) files this Proof of Claim against Target Canada Co. (“Debtor”).

NE1 (f/k/a TSS 1 S.à r.l) and Debtor were parties to that certain Loan Facility Agreement dated May 18, 2011, which provided an unsecured loan facility to Debtor in the maximum amount of CAD\$3,000,000,000 (as amended, the “Facility Agreement”). The Facility Agreement was amended (i) pursuant to that certain Amendment to Facility Agreement dated March 28, 2014 (the “First Amendment”); (ii) pursuant to that certain Second Amendment to Facility Agreement dated October 30, 2014 (and effective as of September 1, 2014) (the “Second Amendment”); and (iii) pursuant to that certain Third Amendment to Facility Agreement dated January 2, 2015 (the “Third Amendment”).

The First Amendment increased the maximum amount Debtor could borrow under the loan facility to CAD\$4,000,000,000 in order to fulfill the anticipated funding needs of Debtor. The Second Amendment stopped the further accrual of interest on the outstanding principal balance of the loan facility as of September 1, 2014. Because Debtor’s repayment of outstanding interest was dependent on further borrowing from NE1 or another Target entity, no business justification for further accrual of interest existed. The Third Amendment modified the definition of “event of default” in the Facility Agreement, by removing “affirmative acts of insolvency” by Debtor, the filing of any petition under bankruptcy or insolvency law, and Debtor ceasing to carry on its business (the “Removed Events of Default”). These modifications were made to address the contingency of Debtor filing for protection under the CCAA or other insolvency events, as such an occurrence could have led to an automatic acceleration of the maturity of the debt owed under the Facility Agreement. An acceleration of the debt owed under the Facility Agreement posed a risk of a default under certain Indentures between Target Corporation and The Bank of New York Mellon Trust Company, National Association related to Target Corporation’s overall corporate financing structure. The removal of the Removed Events of Default eliminated such risk. Copies of the Facility Agreement, the First Amendment, the Second Amendment, and the Third Amendment are submitted with this Proof of Claim as **Schedule 1**.

On January 12, 2015, NE1 and Debtor executed that certain Subordination and Postponement Agreement, pursuant to which NE1 agreed to subordinate and postpone payment on all indebtedness under the Facility Agreement owing by Debtor to the payment by Debtor of all arm’s length and other non-arm’s length claims against the Debtor in the Debtor’s anticipated CCAA proceeding. Under the Subordination and Postponement Agreement, however, NE1’s right to payment was not subordinated to any and all equity claims against Debtor. A copy of the Subordination and Postponement Agreement is submitted herewith as **Schedule 2**.

Under the Facility Agreement, NE1 primarily provided cash funding to Debtor to cover operating losses. As of January 14, 2015, Debtor owed NE1 CAD\$3,068,729,437.68 on account of amounts advanced by NE1 under the Facility Agreement (the “Facility Balance”).

Submitted with this Proof of Claim in support of the Facility Balance as **Schedule 3** are: (i) General Ledger summary tying the Facility Balance to cash movements; (ii) a summary of

cash movements between NEI and Debtor; (iii) General Ledger detail for the Facility Balance; (iv) cash movement detail for the Debtor's bank accounts; (v) support for non-cash transactions that contributed to the Facility Balance; (vi) Bank of America Merrill Lynch account statements for Debtor's account number ending 9721; (vii) TD Bank account statements for Debtor's account number ending 2071; (viii) Bank of America account statements for Debtor's bank account ending 3108; and (ix) Bank of America account statements for Debtor's bank account ending 3207.

NEI files this claim in the total amount of CAD\$3,068,729,437.68.

NEI RESERVES ALL RIGHTS IT MAY NOW OR AT ANY TIME HEREAFTER HAVE AGAINST DEBTOR IN THE CCAA PROCEEDING OR ANY OTHER PERSON. THIS CLAIM IS NOT INTENDED TO BE, AND SHALL NOT BE CONSTRUED AS: (1) AN ELECTION OF REMEDIES; OR (2) A WAIVER OF, OR LIMITATION ON, ANY RIGHTS, REMEDIES, CLAIMS OR INTERESTS OF NEI.

NEI RESERVES ANY AND ALL RIGHTS WITH RESPECT TO THIS CLAIM, INCLUDING, BUT NOT LIMITED TO, THE RIGHT TO SUPPLEMENT OR AMEND THIS PROOF OF CLAIM, IN ANY MANNER AND FOR ANY PURPOSE, AFTER THE LAST DATE SET FOR FILING CLAIMS IN THE CCAA PROCEEDING.

**APPENDIX E**

**NICOLLET ENTERPRISE 1 S.À.R.L LOAN FACILITY AGREEMENT AND  
AMENDMENTS**

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**LOAN FACILITY AGREEMENT**

**between**

**TSS 1 S.à r.l**

**and**

**Target Canada Co.**



**This Loan Facility Agreement is made as of 18 May 2011:**

**Between:**

1. **TSS 1 S.à r.l.**, a *société à responsabilité limitée* existing and organised under the laws of the Grand Duchy of Luxembourg, with a share capital of CAD 20,000.-, having its registered office at 5, rue Guillaume Kroll, L- 1025 Luxembourg, registered with the Luxembourg trade and companies register under number B160201, hereinafter referred to as the "**Lender**",

**and**

2. **Target Canada Co.**, a company formed under the laws of Nova Scotia, Canada, with a registered office at 1959 Upper Water Street, Suite 900, P.O. Box 997, Halifax, Nova Scotia, Canada B3J 3N2, hereinafter referred to as the "**Borrower**",

the Lender and the Borrower hereinafter jointly referred to as the "**Parties**", and each of them individually as a "**Party**",

**WHEREAS:**

- A. The Lender is prepared to grant a loan facility to the Borrower which the Borrower is willing to accept;
- B. The Lender and the Borrower wish to lay down the terms and conditions applicable to the foregoing in writing in this Loan Facility Agreement,

**HAVE AGREED AS FOLLOWS:**

**Article 1 - Preamble**

- 1.1 The preamble is deemed to be embodied in this Loan Facility Agreement.

**Article 2 - Definitions**

- 2.1 In this Loan Facility Agreement, unless the context otherwise requires, the following expressions shall have the following meaning:

<b>Annual Accrual Date</b>	means, in relation to the initial Annual Accrual Date, 31 May 2012, and, in relation to each subsequent Annual Accrual Date, the 31 <sup>st</sup> day of May of each year;
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<b>Affiliate:</b>	any person or entity that directly or indirectly is controlled by or is under common control of the party as specified;
<b>Agreement:</b>	this Loan Facility Agreement;
<b>Business Day:</b>	a day (other than a Saturday or Sunday) on which banks are generally open for business in the City of Toronto, Canada, the City of Minneapolis in the United States and the Grand Duchy of Luxembourg;
<b>Canadian Bond Rate:</b>	the rate per annum equal to the yield of the lowest CAD priced debt instrument as displayed on the Bloomberg screen or such other electronic or quotation service that is satisfactory to the Lender, having a maturity which most nearly approximates the remaining average term to maturity of the prepayment amount being prepaid. For illustrative purposes, an example of a Bloomberg screen displaying CAD priced debt is attached as Annex D and the column called "Yield" on such screen is the relevant column for purposes of determining the Canadian Bond Rate;
<b>CDOR</b>	Canadian Dealer Offered Rate;
<b>Drawdown Date:</b>	the date or dates on which a particular Drawing is to be made under the Facility;
<b>Drawdown Notice:</b>	a notice given in accordance with Article 4 with respect to a particular Drawing;
<b>Drawing:</b>	each advance made under the Facility;
<b>Effective Date:</b>	18 May 2011;
<b>Events of Default:</b>	the events of default specified in Article 9.1;
<b>Facility:</b>	the Facility of a maximum amount of three billion Canadian dollars (CAD 3,000,000,000) granted by the Lender to the Borrower under this Agreement;

<b>Interest Payment Date:</b>	means, in relation to the initial Interest Payment Date, 15 June 2012, and, in relation to each subsequent Interest Payment Date, the 15 <sup>th</sup> day of June of each year, or any earlier date in case of a prepayment of any Drawing under the Facility or any other date mutually agreed by the Lender and the Borrower;
<b>Interest Rate:</b>	the interest rate as specified in or determined pursuant to Article 5;
<b>Maturity Date:</b>	means ten (10) years after the Effective Date;
<b>Principal Balance</b>	the cumulative Drawings on the Facility to date, as summarized in Annex B, less any amount repaid on account of the principal balance thereof;
<b>Semi-annual Period:</b>	each six-month period ending on the last day of January (January 31 <sup>st</sup> ) or the last day of July (July 31 <sup>st</sup> ).

- 2.2 Where the context so allows, the above expressions in singular shall include the plural and vice versa.

### **Article 3 - Loan Facility**

- 3.1 The Lender hereby grants to the Borrower a loan facility in a maximum amount of three billion Canadian dollars (CAD 3,000,000,000) subject to the terms and conditions of this Agreement.
- 3.2 The Facility will be available to the Borrower to be drawn in one or several Drawings, each Drawing to be made on a Drawdown Date between the Effective Date and the Maturity Date.
- 3.3 Notwithstanding the foregoing provisions of Article 3.1, this Agreement may be terminated by mutual agreement of both Parties, and the date of any such early termination thereafter shall be considered the Maturity Date for all purposes hereunder.

#### **Article 4 - Drawdown**

- 4.1 If the Borrower wants to make a Drawing under the Facility then it must submit an appropriately completed and duly signed Drawdown Notice, substantially in the form attached hereto as Annex A, to the Lender at or before the beginning of the calendar quarter on which the funds under the Drawing are sought to be made available (i.e. 1 January, 1 April, 1 July and 1 October) or if additional Drawings are desired during the course of a calendar quarter, at any time during such quarter. At the end of each quarter (i.e. 31 March, 30 June, 30 September and 31 December), each Drawing with respect to which such Drawdown Notice was delivered will be recorded by the Lender and acknowledged by the Borrower in Annex B. Amounts drawn down under this section and repaid or prepaid may not be reborrowed.

#### **Article 5 - Interest; Repayment**

- 5.1 Interest shall accrue on the outstanding Principal Balance, both before and after default, demand, maturity and judgment, from and including the date of the draw down of a Drawing until the full repayment of the Drawing, and, at the latest, on the Maturity Date. Interest shall be calculated separately on each Drawing at the CDOR swap rate as at the date of the Drawing, plus 2.75% per annum. For multiple Drawings in a quarter calendar, Interest shall be calculated on the quarterly Drawings at the weighted average of the CDOR swap rate, plus 2.75% per annum, based on the calculation illustrated in Annex C. The CDOR swap rate will correspond with the remaining term to maturity at the time of the Drawing.
- 5.2 Interest shall be calculated on the basis of the actual number of days elapsed and on the basis of a year of 365 days and the Borrower must pay (on each Interest Payment Date) accrued interest as of the Annual Accrual Date. In calculating the amount of interest payable, any period for which such amounts are to be calculated shall include the first day of the period and exclude the last day of the period. Interest will be payable on each Interest Payment Date but may be paid earlier without penalty subject to giving not more than 60 nor less than 10 Business Days' prior written notice to the Lender.
- 5.3 For any period for which the interest rate is calculated that does not equal a year (each a "deemed interest period"), the interest rate, as calculated hereunder for the purposes of the Interest Act (Canada), shall be yearly rate calculated by dividing the interest rate as otherwise calculated by the actual number of days in such deemed interest period, then multiplying such result by the actual number of days in the applicable calendar year (365 or 366).

- 5.4 Subject to the terms and conditions of this Facility, the Borrower shall not be required to make repayments of the Facility until the Maturity Date. The Principal Balance, together with all accrued and unpaid interest and other amounts payable hereunder, shall be due and payable in full in cash on the Maturity Date. In case the Facility has been drawn through several Drawings, all Drawings shall terminate and be repaid no later than the Maturity Date.
- 5.5 Unless otherwise expressly agreed to in writing between the Parties, each Drawing, each repayment and the accrual of interest thereon shall be denominated in Canadian dollars (CAD).

**Article 6 - Make-Whole Payment**

- 6.1 The outstanding Principal Balance of this Facility may be prepaid to the Lender, in whole or in part, at the option of the Borrower, on giving not more than 60 nor fewer than 10 Business Days' prior written notice to the Lender, at any time at a prepayment amount equal to the greater of (i) 100% of the Principal Balance being repaid and (ii) the sum of the present values of the future scheduled payments of principal and interest thereon (exclusive of interest accrued to the date of prepayment) discounted to the prepayment date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) effective as at the last day of a Semi-annual Period at the Canadian Bond Rate, plus 25 basis points plus in each case accrued interest thereon to the date of prepayment.
- 6.2 Unless the Borrower defaults in payment of the prepayment amount, on and after the prepayment date, interest will cease to accrue on this Facility or portions thereof called for prepayment upon such date as notice of prepayment is given.

**Article 7 - Withholding Taxes**

- 7.1 In the event that any withholding taxes or other duties are levied on any payments due the Lender from the Borrower, the Borrower shall not be required to pay the Lender any additional amount and shall pay to the Lender each amount due on which such withholding taxes or other duties are levied, net of such withholding taxes or other duties paid to payable by the Borrower. The Borrower shall promptly provide the Lender with a certificate of receipt, or other evidence, from the relevant taxing authorities showing any such withholding taxes or other duties paid by the Borrower. Each Party shall comply with their respective tax obligations pursuant to the laws applicable to it

**Article 8 - Representations and Warranties**

- 8.1 The Borrower represents and warrants to the Lender at the date hereof that it has the power to enter into this Agreement, to borrow hereunder and to comply with all the provisions hereof, and that all acts, terms and conditions required to be done have been performed and that the execution and performance of this Agreement has been duly authorized by all necessary actions of the Borrower.
- 8.2 The Lender represents and warrants to the Borrower at the date hereof that it has the power to enter into this Agreement, to lend hereunder and to comply with all the provisions hereof, and that all acts, terms and conditions required to be done have been performed and that the execution and performance of this Agreement has been duly authorized by all necessary actions of the Lender.

**Article 9 - Events of Default**

- 9.1 The Lender has the right, but not the obligation, to declare each Drawing, together with accrued interest thereon, immediately due and payable in advance of any of the following events of default:
- a) the Borrower defaults in the due observance or performance of any other obligation or agreement contained in this Agreement, and such default continues for a period of thirty (30) business days after the Lender's written notice to Borrower of the occurrence of such default; or
  - b) any involuntary petition of bankruptcy is filed against the Borrower and is not dismissed within ninety (90) days or any affirmative act of insolvency by the Borrower occurs or the Borrower files any petition or action under any bankruptcy, insolvency or moratorium law for the financial relief of or relating to the dissolution of the Borrower; or
  - c) the Borrower ceases or threatens to cease to carry on the whole or a major part of the business conducted by it.
- 9.2 If an Event of Default occurs, then the Lender may give written notice to the Borrower of the occurrence of such an Event of Default, and the Borrower shall have ten Business Days after receipt of such notice from the Lender to correct or remedy the default, and if the Borrower has not corrected or remedied such default within such ten Business Days period, then the Lender may accelerate the payment of the outstanding principal balance and accrued interest due hereunder.

- 9.3 The Borrower shall hold the Lender harmless and indemnify the Lender against any losses or expenses which the Lender may sustain or incur as a consequence of any Event of Default by the Borrower as stipulated herein.

**Article 10 - Notices**

- 10.1 Except as otherwise required by mandatory rules of law, all announcements, notices or other communications in connection with this Agreement shall be in writing and sent by electronic mail, registered mail with return receipt or by courier with proof of sending to the following addresses (or to such other address as duly notified in accordance with this provisions):

(i) if directed to the Lender:

TSS 1 S.à r.l.  
5, rue Guillaume Kroll  
L- 1025 Luxembourg  
Attention: Board of Managers

(ii) if directed to the Borrower:

Target Canada Co.  
1959 Upper Water Street  
Suite 900, P.O. Box 997  
Halifax, Nova Scotia, Canada B3J 3N2  
Attention: Treasurer

- 10.2 Notices sent as follows shall be deemed to have been received at the following times:

- if sent by courier: at the moment of delivery by the courier to the addressee;
- if sent by recorded mail delivery: on the date noted on the return receipt;
- if sent by email: at the moment of delivery of the email to the addressee as shown in the email delivery report.

**Article 11 - Entire Agreement, miscellaneous**

- 11.1 This Agreement contains all agreements between the Parties with respect to the Facility and supersedes all earlier written and/or oral agreements, which the Parties may have made in respect thereof.

- 11.2 This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns. Neither the Borrower nor the Lender may assign any of its rights, interests, or obligations under this Agreement without the prior written approval of the other Party, with the exception that either of the Borrower and the Lender may assign any and all of its rights and interests under this Agreement to one or more of its Affiliates.
- 11.3 Any waiver of a provision of this Agreement must be in writing signed by the Party waiving its rights.
- 11.4 Should any part, term or provision of this Agreement be declared invalid, void or unenforceable to any extent, all remaining parts, terms and provisions hereof shall remain in full force and effect and shall in no way be invalidated, impaired or effected thereby.
- 11.5 This Agreement can only be validly amended or supplemented by an instrument in writing duly executed on behalf of all Parties.

#### **Article 12 - Headings**

- 12.1 The section and paragraph headings contained in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation of any provision of this Agreement.

#### **Article 13 - Applicable Law and Jurisdiction**

- 13.1 This Agreement shall be governed by and construed and interpreted in accordance with the laws of the Grand Duchy of Luxembourg.
- 13.2 Except as otherwise agreed in writing by the concerned Parties, any claims, disputes or disagreements arising under, in connection with or by reason of the relationships contemplated under this Agreement and any subsequent amendment thereof, including, without limitation, all controversies which may arise between each of the Parties concerning any transaction pursuant to this Agreement, the construction, performance or breach of this Agreement, shall be brought by either of the Parties in the courts of Luxembourg-City, and each of the Parties hereby submits to the exclusive jurisdiction of such courts in any such actions or proceeding and waives any objection to the jurisdiction or venue of such courts.



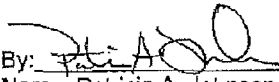
**Article 14 - Counterparts**

- 14.1 This Agreement may be executed in any number of counterparts each of which when executed and delivered shall be an original, but all the counterparts together shall constitute one and the same instrument.

**[signature page to follow]**

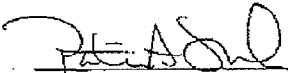
IN WITNESS WHEREOF the Parties hereto have duly executed this Agreement or have caused it to be duly executed in two (2) originals as of the date first set forth above.

TSS 1 S.à r.l.

By:   
Name: Patricia A. Johnson  
Title: A Manager

By: \_\_\_\_\_  
Name: Erik Adam  
Title: B Manager

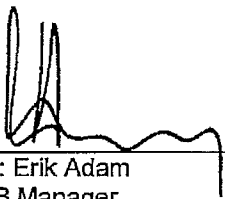
Target Canada Co.

  
By: Patricia A. Johnson  
Title: Vice President

IN WITNESS WHEREOF the Parties hereto have duly executed this Agreement or have caused it to be duly executed in two (2) originals as of the date first set forth above.

**TSS 1 S.à r.l.**

By: \_\_\_\_\_  
Name: Patricia A. Johnson  
Title: A Manager

By:  \_\_\_\_\_  
Name: Erik Adam  
Title: B Manager

**Target Canada Co.**

\_\_\_\_\_  
By: Patricia A. Johnson  
Title: Vice President

ANNEX A

[1st/ 2nd/ 3rd/ 4th] Quarter or Additional Intra-Quarter  
DRAWDOWN NOTICE

**From:** Target Canada Co.

**To:** TSS 1 S.à r.l.

**Dated:**

Dear Sirs,

1. We refer to the Loan Facility Agreement (the "**Agreement**") dated May 18, 2011 and entered into between us as Borrower and you as Lender and in particular the Section 4 thereof. Terms defined in the Agreement shall have the same meaning in this Drawdown Notice.
2. We hereby give you notice that, pursuant to the Agreement and upon the terms and subject to the conditions contained therein, we wish to make one or more Drawings under the Agreement as follows:
  - **Amount:** up to CAD \_\_\_\_\_
  - **Drawdown Date:** [one or more Business Days in the upcoming quarter/or list specific dates]

Each specific Drawing shall be agreed upon at the given time orally or by electronic means between the Lender and the Borrower.

At the end of the quarter, the Lender and the Borrower shall, in a common document formalize all the Drawings (amount, date, interest rate) performed during the quarter.

3. We confirm that, at the date hereof, the Representations and Warranties of Borrower stated in Article 8 of the Agreement are true in all material respects and no Event of Default or potential Event of Default has occurred or is continuing.
4. The account into which the amount of any Drawing under this Drawdown Notice shall be paid is:

Account held in the name of: Target Canada Co.  
Bank: Bank of America N.A., Canada Branch  
Bank address: 200 Front St W, 26<sup>th</sup> Floor, Toronto, Ontario M5V 3L2  
Bank SWIFT code: BOFACATT  
Account number: 49493207

Yours faithfully,

**Target Canada Co.**

\_\_\_\_\_  
By:  
Title:

**Annex B**

**[1st/ 2nd/ 3rd/ 4th] Quarter or Additional Intra-Quarter  
DRAWDOWN CONFIRMATION**

**From:** Target Canada Co.

**To:** TSS 1 S.à r.l.

**Dated:**

Dear Sirs,

1. We refer to the Loan Facility Agreement (the "**Agreement**") dated May 18, 2011 and entered into between us as Borrower and you as Lender and in particular the Section 4 thereof. Terms defined in the Agreement shall have the same meaning in this Drawdown Confirmation.
2. We confirm the following Drawings made during the past quarters, pursuant to the Agreement and upon the terms and subject to the conditions contained therein:

Drawdown Amount	Date of Drawdown	Applicable Interest Rate	

3. In the schedule hereto you will find a table reflecting all the current positions under the Loan Facility Agreement.

Yours faithfully,  
**TSS 1 S.à r.l.**

\_\_\_\_\_  
Name:  
Title: A Manager

\_\_\_\_\_  
Name:  
Title: B Manager

Acknowledged and approved by:  
**Target Canada Co.**

\_\_\_\_\_  
Name:  
Title:



ANNEX C

Weighted Average Interest Rate Calculation on Quarterly Drawings  
Section 5.1

Drawdown Date	(A) Amount of Drawing (CAD)	(B) CDOR Swap Rate, plus 2.75%	(C) (A) x (B)
15/05/2011	\$ 100.000.000	6,15%	6.150.000
05/06/2011	\$ 80.000.000	6,25%	5.000.000
28/06/2011	\$ 25.000.000	6,29%	1.572.500
<b>Total</b>	<hr/> \$ 205.000.000		<hr/> \$ 12.722.500
		\$ 12.722.500	/ \$ 205.000.000
Weighted Average Interest Rate		<b>6,21%</b>	

ANNEX D

GRAB Index: **TYC**

Hit <PAGE> for graph or <MENU> for list of curves.

**YIELD CURVE - CANADIAN GOVERNMENT** Page 2/2

DATE 5/12/11

	DESCRIPTION	PRICE	SRC	UPDATE	YIELD	HEDGED YIELD
3MO	1 CTB 0 08/18/11	B 99.7350	BGN	7:30	0.9900	0.9900
6MO	2 CTB 0 11/10/11	B 99.4080	BGN	14:00	1.1940	1.1940
1YR	3 CTB 0 09/10/12	B 98.6020	BGN	14:00	1.4220	1.4220
2YR	4 CAN 1 3/4 03/01/13	B 100.0880	BGN	14:06	1.6995	1.6995
3YR	5 CAN 2 03/01/14	B 99.9420	BGN	14:04	2.0210	2.0210
4YR	6 CAN 2 12/01/14	B 99.2210	BGN	14:06	2.2299	2.2299
5YR	7 CAN 2 06/01/16	B 97.4050	BGN	14:06	2.5517	2.5517
6YR	8 CAN 4 06/01/17	B 107.0310	BGN	14:06	2.7295	2.7295
7YR	9 CAN 4 1/2 06/01/18	B 108.8170	BGN	14:06	2.8585	2.8585
8YR	10 CAN 3 3/4 06/01/19	B 105.3080	BGN	14:06	3.0020	3.0020
9YR	11 CAN 3 1/2 06/01/20	B 102.9050	BGN	14:06	3.1285	3.1285
10YR	12 CAN 3 1/4 06/01/21	B 100.2050	BGN	14:06	3.2258	3.2258
15YR	13 CAN 9 06/01/25	B 162.2210	BGN	14:06	3.3927	3.3927
20YR	14 CAN 5 3/4 06/01/33	B 131.7280	BGN	14:06	3.6434	3.6434
30YR	15 CAN 4 06/01/41	B 106.9330	BGN	14:06	3.6195	3.6195

To change price source for securities, use <FMPS>.  
 To change price source for swaps, use <ODF>.

Yields are based on STANDARD settlement and are Conventional

Australia 61 2 9777 8600 Brazil 5511 3048 4906 Europe 44 20 7930 7000 Germany 49 69 9204 1210 Hong Kong 852 2977 8000  
 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 219 2000 Copyright 2011 Bloomberg Finance L.P.  
 SN 581797 0716-1457-2 12-May-11 14:07:22 EDT GMT-4:00





## AMENDMENT TO FACILITY AGREEMENT

**THIS AMENDMENT TO FACILITY AGREEMENT** (hereinafter referred to as the "Amendment") is made effective 28 March 2014.

### **BETWEEN**

(1) **Nicollet Enterprise 1 S.à r.l.**, a private limited company (*société à responsabilité limitée*) duly incorporated and existing under the laws of the Grand Duchy of Luxembourg, with a share capital of CAD 20,000 -having its registered office at 5, rue Guillaume Kroll L-1882, Luxembourg and duly registered with the Luxembourg trade and companies register under number B 160 201 (the "Lender")

and

(2) **Target Canada Co.**, an unlimited company formed under the laws of Nova Scotia, Canada, having its registered office at 1959 Upper Water Street, Suite 900, P.O. Box 997, Halifax, Nova Scotia, Canada B3J 3N2, registered with the Nova Scotia Registry of Joint Stock Companies under number 3250374 (the "Borrower")

Together hereinafter referred to as the "Parties"

### **WHEREAS**

- A. The Lender entered into a loan facility agreement with the Borrower as of 18 May 2013, pursuant to which a maximum amount of three billion Canadian Dollars (CAD 3,000,000,000.-) may be drawn down by the Borrower to the Lender (collectively with this Amendment, the "Agreement")
- B. The Parties desire to amend the Agreement to increase the maximum amount to borrowed under the Agreement, to memorialize the prepayment of interest and to waive a certain provision in the Agreement.
- C. It is intended to amend the maximum amount that may be drawn down by the Borrower to the Lender under Article 2, "Facility" of the Agreement from three billion Canadian Dollars to four billion Canadian Dollars to be repaid according to the terms and conditions of the Agreement. As of March 28, 2014, a total amount of two billion nine hundred sixty-four million sixty-two thousand four hundred sixty-eight Canadian Dollars (CAD 2,964,062,468.-) has been drawn down.
- D. It is intended to permit the Borrower to prepay on March 28, 2014, any interest due and owing for the Annual Accrual Dates of May 31, 2014 and May 31, 2015 and due and payable on the Interest Payment Dates of June 15, 2014 and June 15, 2015, respectively, according to the terms and conditions of the Agreement.

- E. It is intended to waive subpart (ii) of Section 6.1 of under Article 6 "Make-Whole Payment" of the Agreement.
- F. All capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Agreement.

**THEREFORE THE PARTIES AGREE AS FOLLOWS:**

**I. ACKNOWLEDGEMENT; AMENDMENTS**

**1. Amendment 1**

- (a) The Parties hereby agree to amend and replace the definition of 'Facility' under Article 1 of the Agreement as follows.

*"Facility" means the Facility of a maximum amount of four billion Canadian dollars (CAD 4,000,000,000) granted by the Lender to the Borrower under this Agreement*

**2. Amendment 2**

- (b) The Parties hereby agree to amend and replace Article 3.1 of the Agreement as follows.

*The Lender hereby grants to the Borrower a loan facility in a maximum amount of four billion Canadian Dollars (CAD 4,000,000,000) subject to the terms and conditions of the Agreement.*

**3. Acknowledgement**

- (c) The Parties hereby acknowledge and agree that, pursuant to Section 5.2 under Article 5 of the Agreement, the Borrower has the right and has elected to prepay to the Lender as of the Effective Date the Interest due and owing as of the Annual Accrual Date of May 31, 2014 which would otherwise be due and payable on June 15, 2014 and a portion of the Interest due and owing as of the Annual Accrual Date of May 31, 2015, for the period June 1, 2014 through August 31, 2014, which would otherwise be due and payable on June 15, 2015. The Interest prepayment in the amount of CAD\$176,768,484 reflects aggregate Interest in the amount of CAD\$181,150,000 adjusted by an appropriate discount as agreed by the Parties to reflect the prepayment of Interest.



IN WITNESS WHEREOF the Parties hereto have executed this Amendment to the Agreement effective as of 28 March 2014 in two originals, in the place and on the day and year above written.

Duly authorized for and on behalf of the Lender,  
Nicolet Enterprise 1 S.à r.l.



Name: Terri K. Simard  
(Teresa Kae Simard)  
Title: A Manager

Name: Erik Adam  
Title: B Manager

Duly authorized for and on behalf of the Borrower,

Target Canada Co.

Name: Aaron E. All  
Title: Vice President and Treasurer

(Signature Page to Amendment to Facility Agreement)

IN WITNESS WHEREOF the Parties hereto have executed this Amendment to the Agreement effective as of 28 March 2014 in two originals, in the place and on the day and year above written.

Duly authorized for and on behalf of the Lender,  
Nicolet Enterprise F.S.à r.l.

\_\_\_\_\_  
Name: Tern K. Simard  
(Teresa Kao Simard)  
Title: A Manager

\_\_\_\_\_  
Name: Erik Adam  
Title: B Manager

Duly authorized for and on behalf of the Borrower,

Target Canada Co.

\_\_\_\_\_  
Name: Aaron E. All  
Title: Vice President and Treasurer

*Grantway Facility Agreement to Facility Agreement*

**IN WITNESS WHEREOF** the Parties hereto have executed this Amendment to the Agreement effective as of 28 March 2014 in two originals, in the place and on the day and year above written.


Duly authorized for and on behalf of the Lender,  
**Nicolet Enterprise 1 S.à r.l.**

\_\_\_\_\_  
Name: Terri K. Simard  
(Teresa Kae Simard)  
Title: A Manager

\_\_\_\_\_  
Name: Erik Adam  
Title: B Manager

Duly authorized for and on behalf of the Borrower

**Target Canada Co.**

  
\_\_\_\_\_  
Name: Aaron E. Alt  
Title: Vice President and Treasurer

*(Signature Page to Amendment to Facility Agreement)*





## SECOND AMENDMENT TO FACILITY AGREEMENT

**THIS SECOND AMENDMENT TO FACILITY AGREEMENT** (hereinafter referred to as the "**Amendment**") is entered into as of October 30, 2014, with retroactive effect to September 1, 2014

### **BETWEEN**

(1) **Nicollet Enterprise 1 S.à r.l.**, a private limited company (*société à responsabilité limitée*) duly incorporated and existing under the laws of the Grand Duchy of Luxembourg, with a share capital of CAD 20,000-, having its registered office at 5, rue Guillaume Kroll L-1882, Luxembourg and duly registered with the Luxembourg trade and companies register under number B 160 201 (the "**Lender**")

and

(2) **Target Canada Co.**, an unlimited company formed under the laws of Nova Scotia, Canada, having its registered office at 1959 Upper Water Street, Suite 900, P.O. Box 997, Halifax, Nova Scotia, Canada B3J 3N2, registered with the Nova Scotia Registry of Joint Stock Companies under number 3250374 (the "**Borrower**")

Together hereinafter referred to as the "**Parties**".

### **WHEREAS:**

- A. A loan facility agreement dated as of 18 May 2011 is currently in place between the Lender and the Borrower pursuant to which a maximum amount of three billion Canadian Dollars (CAD 3,000,000,000.-) may be drawn down by the Borrower to the Lender (as amended from time to time, including by this Amendment, the "**Agreement**").
- B. The Parties amended the Agreement effective 28 March 2014, to increase the maximum amount to be borrowed under the Agreement to four billion Canadian Dollars (CAD 4,000,000,000.-), to provide for prepayment of interest and to waive a certain provision in the Agreement.
- C. It is intended to waive a portion of the Interest accrued and to amend the Agreement in order that Interest no longer accrues.
- D. All capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Agreement.

**THEREFORE THE PARTIES AGREE AS FOLLOWS:**

**I. AMENDMENT; ACKNOWLEDGEMENT**

**1. Amendment**

- (a) The Parties hereby agree to amend and replace Sections 5.1, 5.2 and 5.3 under Article 5 of the Agreement as follows:

*Effective September 1, 2014, Interest shall no longer accrue on the outstanding Principal Balance or any Drawing.*

**2. Acknowledgement**

- (b) The Parties hereby acknowledge that as of 28 March 2014, pursuant to Section 5.2 under Article 5 of the Agreement, the Borrower elected to prepay to the Lender, Interest in the amount of CAD\$176,768,484 (reflecting aggregate Interest in the amount of CAD\$181,150,000 adjusted by an appropriate discount) due and owing as of the Annual Accrual Date of May 31, 2014 which would otherwise have been due and payable on June 15, 2014 and a portion of the Interest due and owing as of the Annual Accrual Date of May 31, 2015, for the period June 1, 2014 through August 31, 2014, which would otherwise be due and payable on June 15, 2015. The Parties acknowledge that the Interest prepayment amount was incorrect and should have been CAD\$177,888,354 (reflecting aggregate Interest in the amount of CAD\$182,079,007 adjusted by an appropriate discount). The Parties agree that the underpayment amount of CAD\$1,119,870 shall be waived.

**II. EFFECTIVE DATE**

This Amendment shall be effective as of September 1, 2014.

**III. COUNTERPARTS**

This Amendment may be executed in counterparts and delivered by means of facsimile or portable document format (PDF) copies, each of which when so executed and delivered shall be an original, but all such counterparts together shall constitute one and the same instrument.

**IV. APPLICABLE LAW AND JURISDICTION**

This Amendment shall be governed by and interpreted in accordance with the laws of the Grand Duchy of Luxembourg.

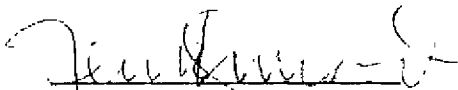
Each Party to this Amendment hereby irrevocably and unconditionally submits on a non exclusive basis to the district Courts of Luxembourg, Grand Duchy of Luxembourg in respect of all matters arising out of or in connection with this Amendment.

**\*\*[Signature Page Follows]\*\***

**IN WITNESS WHEREOF** the Parties hereto have executed this Second Amendment to the Agreement effective as of September 1, 2014 in two originals, in the place and on the day and year above written.

Duly authorized for and on behalf of the Lender,

**Nicollet Enterprise 1 S.à r.l.**



Name: Terri K. Simard  
(Teresa Kae Simard)  
Title: A Manager  
Date Signed: October 30, 2014

\_\_\_\_\_  
Name: Erik Adam  
Title: B Manager

Date Signed: \_\_\_\_\_

Duly authorized for and on behalf of the Borrower,

**Target Canada Co.**



Name: Sara J. Ross  
Title: Assistant Treasurer  
Date Signed: October 30, 2014

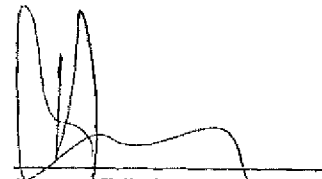
[Signature Page to Second Amendment to Facility Agreement]

**IN WITNESS WHEREOF** the Parties hereto have executed this Second Amendment to the Agreement effective as of September 1, 2014 in two originals, in the place and on the day and year above written.

Duly authorized for and on behalf of the Lender,

**Nicollet Enterprise 1 S.à r.l.**

\_\_\_\_\_  
Name: Terri K. Simard  
(Teresa Kae Simard)  
Title: A Manager  
Date Signed: \_\_\_\_\_

  
\_\_\_\_\_  
Name: Erik Adam  
Title: B Manager

Date Signed: 30.10.2014

Duly authorized for and on behalf of the Borrower,

**Target Canada Co.**

\_\_\_\_\_  
Name: Sara J. Ross  
Title: Assistant Treasurer  
Date Signed: \_\_\_\_\_

*[Signature Page to Second Amendment to Facility Agreement]*



## THIRD AMENDMENT TO FACILITY AGREEMENT

**THIS THIRD AMENDMENT TO FACILITY AGREEMENT** (hereinafter referred to as the "Amendment") is entered into effective as of January 2, 2015

### **BETWEEN**

- (1) **Nicollet Enterprise 1 S.à r.l.**, a private limited company (*société à responsabilité limitée*) duly incorporated and existing under the laws of the Grand Duchy of Luxembourg, with a share capital of CAD 20,000-, having its registered office at 5, rue Guillaume Kroll L-1882, Luxembourg and duly registered with the Luxembourg trade and companies register under number B 160 201 (the "**Lender**")

and

- (2) **Target Canada Co.**, an unlimited company formed under the laws of Nova Scotia, Canada, having its registered office at 1959 Upper Water Street, Suite 900, P.O. Box 997, Halifax, Nova Scotia, Canada B3J 3N2, registered with the Nova Scotia Registry of Joint Stock Companies under number 3250374 (the "**Borrower**")

Together hereinafter referred to as the "**Parties**".

### **WHEREAS:**

- A. A loan facility agreement dated as of 18 May 2011 is currently in place between the Lender and the Borrower pursuant to which a maximum amount of four billion Canadian Dollars (CAD 4,000,000,000.-) may be drawn down by the Borrower to the Lender (as amended from time to time, including by this Amendment, the "**Agreement**").
- B. The Parties desire to amend the Agreement in order to change the definition of Event of Default.
- C. All capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Agreement.

**THEREFORE THE PARTIES AGREE AS FOLLOWS:**

**I. THE AMENDMENT**

The Parties hereby agree to amend and replace in its entirety Section 9.1 under Article 9 of the Agreement as follows:

9.1 *The Lender has the right, but not the obligation, to declare each Drawing, together with accrued interest thereon, immediately due and payable in advance of the following event of default:*

(a) *the Borrower defaults in the due observance or performance of any obligation or agreement contained in this Agreement, and such default continues for a period of thirty (30) business days after the Lender's written notice to Borrower of the occurrence of such default.*

**II. EFFECTIVE DATE**

This Amendment shall be effective as of 2 January 2015.

**III. COUNTERPARTS**

This Amendment may be executed in counterparts and delivered by means of facsimile or portable document format (PDF) copies, each of which when so executed and delivered shall be an original, but all such counterparts together shall constitute one and the same instrument.

**IV. APPLICABLE LAW AND JURISDICTION**

This Amendment shall be governed by and interpreted in accordance with the laws of the Grand Duchy of Luxembourg.

Each Party to this Amendment hereby irrevocably and unconditionally submits on a non exclusive basis to the district Courts of Luxembourg, Grand Duchy of Luxembourg in respect of all matters arising out of or in connection with this Amendment.

**\*\*[Signature Page Follows]\*\***



**IN WITNESS WHEREOF** the Parties hereto have executed this Amendment to the Agreement effective as of 2 January 2015 in the place and on the day and year above written.

Duly authorized for and on behalf of the Lender,

**Nicollet Enterprise 1 S.à r.l.**



Name: Sara Justice Ross  
Title: A Manager



Name: Erik Adam  
Title: B Manager

Duly authorized for and on behalf of the Borrower,

**Target Canada Co.**



Name: Aaron E. Alt  
Title: Vice President

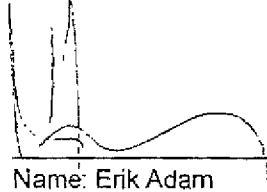
*[Signature Page to Third Amendment to Facility Agreement]*

**IN WITNESS WHEREOF** the Parties hereto have executed this Amendment to the Agreement effective as of 2 January 2015 in the place and on the day and year above written.

Duly authorized for and on behalf of the Lender,

**Nicollet Enterprise 1 S.à r.l.**

\_\_\_\_\_  
Name: Sara Justice Ross  
Title: A Manager

  
\_\_\_\_\_  
Name: Erik Adam  
Title: B Manager

Duly authorized for and on behalf of the Borrower,

**Target Canada Co.**

\_\_\_\_\_  
Name: Aaron E. Alt  
Title: Vice President

*[Signature Page to Third Amendment to Facility Agreement]*

**APPENDIX F**  
**SUBORDINATION AND POSTPONEMENT AGREEMENT**

See Next Page

## SUBORDINATION AND POSTPONEMENT AGREEMENT

THIS AGREEMENT is made as of January 12, 2015

### AMONG:

**NICOLLET ENTERPRISE 1 S.À R.L.**, a private limited company (*société à responsabilité limitée*) duly incorporated and existing under the laws of the Grand Duchy of Luxembourg, with a share capital of CAD 20,000-, having its registered office at 5, rue Guillaume Kroll, L-1882, Luxembourg and registered with the Luxembourg trade and companies register under number B 160.201 (the "**Lender**")

- and -

**TARGET CANADA CO.**, an unlimited company duly organized and existing under the laws of Nova Scotia (the "**Borrower**").

### RECITALS:

- A. The Borrower and the Lender are parties to a loan facility agreement dated as of May 18, 2011, as amended effective March 28, 2014, as further amended as of October 31, 2014 with retroactive effect to September 1, 2014 and as further amended effective as of January 2, 2015 (and as may be further amended, restated, supplemented and/or modified from time to time, the "**Facility Agreement**") pursuant to which the Lender has made available to the Borrower an unsecured credit facility in the maximum amount of four billion Canadian dollars (Cdn\$4,000,000,000.-) on the terms and conditions set out in the Facility Agreement.
- B. Absent additional funding, the Borrower will be unable to meet its liabilities as they become due. Accordingly, the Borrower is contemplating filing an application for protection under the *Companies' Creditors Arrangement Act* (the "**CCAA**") with the Ontario Superior Court of Justice (Commercial List) (the "**Court**") in Toronto (such proceedings, the "**CCAA Proceedings**").
- C. The Borrower intends to seek Court approval for a claims process to identify and quantify all arm's length and non-arm's length claims against the Borrower for voting and distribution purposes (collectively, the "**Proven Claims**") in connection with any plan of compromise or arrangement that may be filed by the Borrower (individually or together with certain of its subsidiaries and affiliates) in the CCAA Proceedings (a "**Plan**").
- D. In connection therewith, the Borrower has requested that the Lender agree to postpone and subordinate all present and future indebtedness, liabilities and obligations due and owing by the Borrower to the Lender arising out of or in connection with the Facility Agreement (collectively, the "**Subordinated Obligations**") to the payment in full of all Proven Claims (other than the Lender's Proven Claims in respect of the Subordinated Obligations) (collectively, the "**Priority Obligations**").

**THEREFORE** the Parties agree as follows:

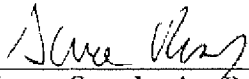
1. **Ranking of Debt.** All of the Subordinated Obligations or any claim that is the equivalent of or in substitution for the payment of principal, interest and fees or any other amount in respect of the Subordinated Obligations for reimbursement or contribution on account of such claim or any other amount owed by the Borrower to the Lender in respect of the Subordinated Obligations, are hereby expressly, irrevocably and unconditionally postponed and made subordinate in right of payment to the prior payment in full of the Priority Obligations. For greater certainty, the Parties acknowledge and agree that the Subordinated Obligations shall not be subordinated or postponed to, and shall have priority over, any and all equity claims (as defined in the CCAA) against the Borrower.
2. **Ranking.** The priorities referred to in Section 1 will not be affected by:
  - (a) the time of the making of advances, loans or payments under the Facility Agreement;
  - (b) any fluctuation from time to time in the amounts of the Subordinated Obligations or the Priority Obligations owing;
  - (c) any provision to the contrary in the Facility Agreement; or
  - (d) any other factor of legal relevance, whether similar or dissimilar to any of the foregoing, other than this Agreement.
3. **Covenants.** The Lender will not assert in any action, suit or proceeding whatsoever the invalidity, unenforceability or ineffectiveness of this Agreement, and will not participate in, co-operate with or finance any other party to pursue any such action, suit or proceeding.
4. **Funds Held in Trust.** All proceeds and monies actually received by the Lender from or in respect of the Subordinated Obligations shall be received by the Lender in trust, or to the extent not permitted under any applicable law, as agent, for the holders of Priority Obligations in accordance with the terms of this Agreement.
5. **Miscellaneous.**
  - (a) Headings of Sections are inserted for convenience of reference only and do not affect the construction or interpretation of this Agreement.
  - (b) This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Ontario, and the federal laws of Canada applicable in Ontario.
  - (c) This Agreement enures to the benefit of and is binding upon the Parties and their successors and assigns.

- (d) No amendment, supplement, modification, waiver or termination of this Agreement and, unless otherwise specified, no consent or approval by any Party, shall be binding unless executed in writing by the Party to be bound.
- (e) No Party may assign this Agreement or any rights or obligations under this Agreement without the prior written consent of each of the other Parties.
- (f) This Agreement may be executed in counterparts and delivered by means of facsimile or portable document format (PDF) copies, each of which when so executed and delivered shall be an original, but all such counterparts together shall constitute one and the same instrument.

*\*\*[Signature Page Follows]\*\**

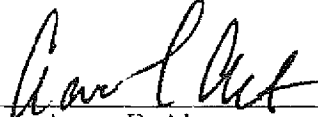
IN WITNESS OF WHICH the Parties have duly executed this Agreement.

**NICOLLET ENTERPRISE 1 S.À R.L.**

By:   
Name: Sara Justice Ross  
Title: A Manager

By: \_\_\_\_\_  
Name: Erik Adam  
Title: B Manager

**TARGET CANADA CO.**

By:   
Name: Aaron E. Alt  
Title: Vice President and Treasurer

*[Signature Page to Subordination and Postponement Agreement]*

**IN WITNESS OF WHICH** the Parties have duly executed this Agreement.

**NICOLLET ENTERPRISE 1 S.À R.L.**

By: \_\_\_\_\_  
Name: Sara Justice Ross  
Title: A, Manager

By: \_\_\_\_\_  
Name: Erik Adam  
Title: B Manager

**TARGET CANADA CO.**

By: \_\_\_\_\_  
Name:  
Title:

*[Signature Page to Subordination and Postponement Agreement]*



**APPENDIX G**

**CLAIM 2.A: TARGET BRANDS, INC. claim against TCC – PROOF OF CLAIM AND EXPLANATORY NOTES**

See Next Page

**PROOF OF CLAIM FORM FOR CLAIMS AGAINST  
THE TARGET CANADA ENTITIES<sup>1</sup>**

**1. Name of Target Canada Entity or Entities (the "Debtor"):**

Debtor: Target Canada Co.

**2(A) Original Claimant (the "Claimant")**

Legal Name of Claimant:	<u>Target Brands, Inc.</u>	Name of Contact:	<u>Corey Haaland</u>
Address:	<u>1000 Nicollet Mall</u>	Title:	<u>SVP Financial Planning &amp; Analysis</u>
		Phone #:	<u>612-761-1325</u>
		Fax #:	<u>612-761-9956</u>
City:	<u>Minneapolis</u>	Prov /State:	<u>MN</u>
Postal/Zip Code:	<u>55403</u>	email:	<u>Corey.Haaland@Target.com</u>

**2b. Assignee, if claim has been assigned**

Legal Name of Assignee:	_____	Name of Contact:	_____
Address:	_____	Phone #:	_____
		Fax #:	_____
City:	_____	Prov /State:	_____
Postal/Zip Code:	_____	email:	_____

<sup>1</sup> Target Canada Co., Target Canada Health Co., Target Canada Mobile GP Co., Target Canada Pharmacy (BC) Corp., Target Canada Pharmacy Corp., Target Canada Pharmacy (SK) Corp., Target Canada Property LLC, Target Canada Pharmacy Franchising LP, Target Canada Mobile LP, And Target Canada Property LP (collectively, the "Target Canada Entities").

**3. Amount of Claim**

The Debtor was and still is indebted to the Claimant as follows:

Currency	Amount of Claim (including interest up to and including January 14, 2015) <sup>2</sup>	Unsecured Claim	Secured Claim
United States Dollars	\$23,573,541.52 (See Exhibit A for detail)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
United States Dollars	\$37,502,539 (See Exhibit B for detail)	<input checked="" type="checkbox"/>	<input type="checkbox"/>

**4. Documentation**

Provide all particulars of the Claim and supporting documentation, including amount, and description of transaction(s) or agreement(s), or legal breach(es) giving rise to the Claim, including any claims assignment/transfer agreement or similar document, if applicable, and amount of invoices, particulars of all credits, discounts, etc. claimed, description of the security, if any, granted by the affected Debtor to the Claimant and estimated value of such security.

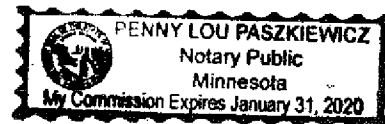
**5. Certification**

I hereby certify that:

1. I am the Claimant or authorized representative of the Claimant.
2. I have knowledge of all the circumstances connected with this Claim.
3. The Claimant asserts this Claim against the Debtor as set out above.
4. Complete documentation in support of this claim is attached.

Signature: <u><i>Corey Haaland</i></u>	Witness: <u><i>Penny Lou Paszkiewicz</i></u>
Name: <u>Corey Haaland</u>	(signature)
Title: <u>SVP Financial Planning &amp; Analysis</u>	<u>Penny Lou Paszkiewicz</u>
	(print)

Dated at Minneapolis, MN this 30th day of July, 2015



<sup>2</sup> Pursuant to paragraph 9 of the Claims Procedure Order, interest accruing from the Filing Date (January 15, 2015) shall not be included in my Claim.

---

**6. Filing of Claim**

**This Proof of Claim must be received by the Monitor on or before 5:00 p.m. (Toronto time) on August 31, 2015 by prepaid ordinary mail, registered mail, courier, personal delivery or electronic transmission at the following address:**

**Alvarez & Marsal Canada Inc.  
Target Canada Monitor  
Royal Bank Plaza, South Tower  
200 Bay Street, Suite 2900, P.O. Box 22  
Toronto, ON Canada M5J 2J1  
Attention: Greg Karpel  
Email: [targetcanadaclaims@alvarezandmarsal.com](mailto:targetcanadaclaims@alvarezandmarsal.com)  
Fax No.: 416-847-5201**

For more information see [www.alvarezandmarsal.com/targetcanada](http://www.alvarezandmarsal.com/targetcanada), or contact the Monitor  
by telephone (1-844-864-9548)

## EXHIBIT A TO PROOF OF CLAIM

Target Brands, Inc. (“Target Brands”) files this Proof of Claim against Target Canada Co. (“Debtor”).

Target Brands and Debtor are parties to that certain Master Agreement dated February 3, 2013. Pursuant to the Master Agreement, Target Brands provided certain services to the Debtor, including retail support services, administrative and business services, and marketing, merchandising, strategy and management services (the “Services”). Debtor is obligated to reimburse Target Brands for the expenses and actual costs incurred by Target Brands for the Services pursuant to a process known as “transfer pricing.” A copy of the Master Agreement is submitted with this Proof of Claim as **Schedule A1**.

Target Brands engaged PwC annually to review the transfer pricing methodology, including mark-up percentages, reasonableness of expenses, and consistency of practice within the industry. These prices are intended to be the same as if negotiated at arms-length with a third party.

Debtor owes Target Brands USD\$18,592,081.00 on account of Services provided in December 2014 (the “December Service Expense”). Submitted with this Proof of Claim in support of the December Service Expense as **Schedule A2** are the following: (i) a summary of the cross charges that comprise the December Service Expense; (ii) a table of actual expenses by cost center; (iii) summary of payroll-related expenses; (iv) general ledger payroll detail; (v) incentive accruals; (vi) summary of vendor payments and general ledger detail; (vii) cost center detail for expenses; and (viii) general ledger depreciation report.

Debtor owes Target Brands USD\$4,981,460.52 on account of Services provided January 2015 (the “January Service Expense”). Submitted with this Proof of Claim in support of the December Service Expense as **Schedule A3** are the following: (i) a summary of the cross charges that comprise the January Service Expense; (ii) a table of actual expenses by cost center; (iii) cost center detail for reimbursable expenses; and (iv) general ledger depreciation report.

In total, as of January 14, 2015, Debtor owed Target Brands USD\$23,573,541.52 for the December Service Expense and January Service Expense.

Target Brands files a claim in the total amount of USD\$23,573,541.52.

TARGET BRANDS RESERVES ALL RIGHTS IT MAY NOW OR AT ANY TIME HEREAFTER HAVE AGAINST DEBTOR IN THE CCAA PROCEEDING OR ANY OTHER PERSON. THIS CLAIM IS NOT INTENDED TO BE, AND SHALL NOT BE CONSTRUED AS: (1) AN ELECTION OF REMEDIES; OR (2) A WAIVER OF, OR LIMITATION ON, ANY RIGHTS, REMEDIES, CLAIMS OR INTERESTS OF TARGET BRANDS.

TARGET BRANDS RESERVES ANY AND ALL RIGHTS WITH RESPECT TO THIS CLAIM, INCLUDING, BUT NOT LIMITED TO, THE RIGHT TO SUPPLEMENT OR AMEND THIS PROOF OF CLAIM, IN ANY MANNER AND FOR ANY PURPOSE, AFTER THE LAST DATE SET FOR FILING CLAIMS IN THE CCAA PROCEEDING.

**APPENDIX H**  
**SHARED SERVICES MASTER AGREEMENT**

See Next Page

## MASTER AGREEMENT

This MASTER AGREEMENT (the "*Agreement*") is entered into effective as of February 3, 2013 (the "*Effective Date*"), by and between Target Brands, Inc., a Minnesota corporation ("*TBI*"), and Target Canada Co., a Nova Scotia, Canada unlimited company ("*Target Canada*").

### RECITALS

WHEREAS, Target Corporation and related entities (the "*Target Group*") have expanded their business to include a Canadian retail operations segment to be carried out by Target Canada;

WHEREAS, TBI possesses the knowledge, expertise, resources and ability to provide certain services to Target Canada such as: (i) retail support services; (ii) administrative and business services; and (iii) marketing, merchandising, merchandising sourcing and strategy and management services through the use of its own resources or through its contractual arrangements with other Target Group companies;

WHEREAS, Target Canada desires to engage TBI to perform such services, and TBI desires to provide such services to Target Canada, in the manner and on the terms set forth in this Agreement;

WHEREAS, TBI is the owner of or has rights to certain interests in existing Intangible Property (as defined below);

WHEREAS, TBI is willing to grant to Target Canada an exclusive, sublicensable, royalty-bearing license in the Territory to TBI's rights to the Intangible Property in connection with Target Canada's operation of retail stores in Canada;

NOW THEREFORE, in consideration of the promises, the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

#### 1. TBI RETAIL SUPPORT AND RELATED SERVICES

1.1 TBI hereby agrees to perform through its own resources or through its contractual relationships with other Target Group companies or provided by authorized third parties pursuant to a duly executed sublicense agreement; (i) retail and pharmacy support services; (ii) administrative and business services; and (iii) marketing, merchandising, merchandising sourcing and strategy and management services for Target Canada, all solely in connection with its retail operations in Canada and its manufacture of merchandise and goods to be sold in such retail operations (the "*TBI Services*"), as further described below:

(a) Retail Support Services as described on Schedule 1.1(a) ("*Retail Support Services*");

- (b) Administrative and Business Services as described on Schedule 1.1(b) ("*Business Services*").
- (c) Marketing, merchandising, merchandise sourcing, strategy and management services as described on Schedule 1.1(c), (d), and (e) ("*Other Consulting Services*").

1.2 Target Canada hereby sublicenses TBI, subject to the conditions on sublicenses in Section 3.1(d), any and all Licensed IP needed by TBI to perform or have others perform the TBI Services hereunder.

## 2. DEFINITIONS

- 2.1 **Defined Terms.** Capitalized terms appearing in this Agreement shall have the meaning described below.
- 2.2 "*Affiliate*" or "*Affiliates*" shall mean a corporation, company or other legal entity which is a member of the Target Group for United States Generally Accepted Accounting Principles ("US GAAP") purposes.
- 2.3 "*Intangible Property*" shall mean any and all of TBI's intangible property rights and associated intellectual property rights, including all Work Product, whether existing as of the Effective Date or developed or acquired later in time, including, but not limited to: (i) works of authorship throughout the world, including but not limited to copyrights, neighboring rights, moral rights and all derivative works thereof; (ii) trademark and trade name rights and similar rights; (iii) trade secret rights; (iv) patents, designs, manufacturing processes, know-how and other industrial property rights; (v) all theatrical, video and DVD, television, live stage production, sound recording, software applications and all ancillary and derivative rights; (vi) all other intellectual and industrial property rights (of every kind and nature throughout the world and however designated) whether arising by operation of law, contract, license, or otherwise; and (vii) all registrations, initial applications, renewals, extensions, continuations, divisions or reissues thereof now or hereafter in force (including any rights in any of the foregoing).
- 2.4 "*Licensed IP*" shall mean Intangible Property that: (i) is owned by or Licensed to Target Canada either as of the Effective Date or any time thereafter, including all Intangible Property that is Work Product hereunder; and (ii) Target Canada permits TBI to use in its provision of the TBI Services hereunder.
- 2.5 "*Net Revenues*" shall mean net revenues determined in accordance with US GAAP as applied by Target Canada for financial reporting purposes and shall mean the revenues recognized by or for the account of Target Canada from the distribution of the Products and provision of Services within the Territory, provided that Net Revenues shall not include any of the following:
- i. Any government taxes or levies collected from customers with respect to the sale of the Products that are to be paid over to any applicable governmental authority; or



- ii. Any portion of the revenues from the sale of the Products that is refunded by Target Canada to a customer; or
  - iii. Any amounts associated with the shipment and delivery of the Products, including, without limitation, all freight charges, freight forwarding fees, customs fees and insurance premiums.
- 2.6 **"Party"** shall mean Target Brands, Inc. or Target Canada Co. or, if used in the plural, both Target Brands, Inc. and Target Canada Co.
- 2.7 **"Product"** or **"Products"** shall mean any products distributed by Target Canada or on behalf of Target Canada or sold or distributed by authorized third parties pursuant to a duly executed sublicense (as defined in Section 3.1(a) of this Agreement).
- 2.8 **"Royalty"** shall mean as defined in section 5.3.
- 2.9 **"Royalty Payment"** shall mean as defined in section 5.4.
- 2.10 **"Service"** or **"Services"** shall mean any services provided by Target Canada or provided by authorized third parties pursuant to a duly executed sublicense agreement.
- 2.11 **"Territory"** shall mean everywhere in the world.
- 2.12 **"Work Product"** shall mean all intellectual property including specifications, data, designs, discoveries, inventions, products, modifications, technical information, market information, procedures, processes, manufacturing know-how developed in the Territory that becomes patented, improvements, developments, drawings, notes, documents, live motion picture or television films, live stage productions, sound recordings, software applications and all ancillary or derivative media reproductions, information and materials directly or indirectly made, conceived, reduced to practice or developed by Target Canada, on Target Canada's behalf or by Sublicensees (as defined in section 3.1(a)) which result from, relate to or arise out of Target Canada's performance under this Agreement and relate to the Products or Services or any Intangible Property therein.
- 2.13 **"Year"** shall mean the calendar year, or any other twelve (12) month period corresponding to TBI's fiscal year.

### 3. LIMITED LICENSE TO USE INTANGIBLE PROPERTY

- 3.1 **Grant of License by TBI.** To the extent of its legal right to do so, and subject to the rights of third party licensors under any development, research or licensing agreements (whether now in effect or entered into in the future or arising otherwise), TBI hereby grants to Target Canada within the Territory a revocable, exclusive, sublicensable, royalty-bearing license to commercially exploit all Intangible Property for all legal purposes in connection with Target Canada's

retail operations within Canada, its territories and possessions, and the right to manufacture merchandise and goods to be purchased by Target Canada and sold in its retail operations within Canada, for the term set forth in Section 6, subject to and upon the terms and conditions of this Agreement as follows:

- (a) Under specified terms and conditions set out below, TBI grants to Target Canada the right to grant and enter into sublicense agreements (hereinafter "Sublicense(s)") with third parties and Affiliates (hereinafter "Sublicensee(s)") to sublicense the Intangible Property rights in connection with Target Canada's retail operations within Canada, its territories and possessions, including the operation of retail pharmacies, and provision of Products to be distributed or Services to be provided within Canada, its territories and possessions, and the right to manufacture merchandise and goods to be purchased by Target Canada and sold in its retail operations within Canada. TBI does not grant the right to sublicense the Intangible Property rights for any other purpose.
- (b) Notwithstanding anything to the contrary herein contained, TBI and Target Canada agree that the rights granted herein and the restrictions herein contained shall be subject to the laws of the relevant Territory and all rules, regulations, directives, laws and legislation associated therewith as the same may be in force from time to time.
- (c) Unless otherwise agreed in writing, Target Canada shall not actively seek trade customers for the retail operations, or for the Product or Service, nor establish any branch or agency, nor maintain any distribution or provision depot for the Product or Service in any country outside of Canada where intellectual property rights exist in respect of the retail operations, or for the Product or Service, whether in the name of TBI, an Affiliate or any registered user or other licensee of TBI.
- (d) It is a condition of the right to Sublicense granted under this Agreement that Target Canada shall procure that any Sublicense(s) between itself and any Sublicensee shall:
  - (i) be in writing;
  - (ii) grant no rights inconsistent with this Agreement;
  - (iii) impose on the Sublicensee in respect of the rights sublicensed thereunder all covenants and obligations, including confidentiality obligations, which are assumed by or imposed on Target Canada under this Agreement, *mutatis mutandis*;
  - (iv) absent consent of the parties, terminate, *inter alia*, not later than when all licensed rights under the Agreement, subject of said Sublicense(s) have terminated or expired. In the event the Agreement is not renewed, TBI will honor the Sublicense(s) entered into by Target Canada;

- (v) be maintained on file and available upon request to TBI within seven (7) days of execution;
- (vi) require Target Canada at first request of TBI to register the Sublicense(s) in the appropriate registers as indicated by TBI;
- (vii) provide for TBI's inspection of Products, including samples, and provide timely notice regarding misuse of TBI's Intangible Property;
- (viii) require Sublicensees' further Sublicenses, if any, to comply with the provisions of Section 3 herein;
- (ix) require all Sublicensees to assign and transfer all Work Product created during this Agreement's term to TBI at the moment of its creation, including works made for hire, which shall designate TBI as the author with the intent that TBI's rights and protection under this Agreement shall not be in any way adversely affected by any such Sublicense(s) and/or upon termination of this Agreement between TBI and Target Canada; and
- (x) No Sublicensee may obtain or be granted any rights greater than the rights granted to Target Canada under this Agreement.

**3.2 Control By TBI.** TBI shall have the right to inspection and prior approval of all uses of the Intangible Property on or in connection with the Products and Services, including but not limited to review of advertising, and also have the right of inspection and prior approval of the quality of the Product, premises, or of any Services associated with the Intangible Property as set forth in Schedule 2. TBI's rights shall apply as against Target Canada and all sublicensees, agents, and successors.

**3.3 Notice to TBI.** Except as provided in Section 3.1, Target Canada shall not sublicense, make available or otherwise transfer any of its rights hereunder without the prior written consent of TBI.

**3.4 Subject To Third Party Rights.** The rights granted under this Agreement to Target Canada are subject to any existing or future third party licensor rights in the Intangible Property and/or the Products and Services and nothing in this Agreement shall relieve either Party of its obligations in respect of royalty payments to third parties with respect to Products or Intangible Property if and to the extent applicable.

#### **4. RIGHTS AND CONFIDENTIALITY**

**4.1 Rights in Intangible Property.** As between TBI and Target Canada:

- (a) All right, title, and interest in the Intangible Property licensed hereunder are and shall remain with TBI, subject to the license granted to Target

Canada here-in, Target Canada shall not at any time do or cause to be done, or fail to do or cause to be done, any act or thing, directly or indirectly, contesting or in any way impairing TBI's right, title, or interest in the Intangible Property licensed hereunder.

- (b) Target Canada will not make any representation or do any act which may be taken to indicate that it has any right, title or interest in or to the ownership or use of any of the Intangible Property except as defined under the terms of this Agreement, and acknowledges that nothing contained in this Agreement shall give Target Canada any right, title or interest in or to the Intangible Property save as expressly granted hereby.
- (c) TBI shall use its best endeavors to secure and preserve its rights with regard to the Intangible Property by such means as are required by the laws of Canada to keep the rights valid and effective, including the payments of taxes and fees.
- (d) Target Canada agrees to take whatever action is appropriate or necessary to protect TBI's rights in the Intangible Property including but not limited to: cooperating in and compensating TBI for any new domestic or foreign applications for intellectual property registration pursued by TBI within the Territory to support retail operations in Canada, its territories and possessions; and registering as a licensee or user of TBI's trademarks, trade names or similar rights upon request by TBI.
- (e) Target Canada shall not do or omit to do any act or thing the doing or omission of which might prejudice the continued existence of the rights with regard to the Intangible Property.
- (f) During and after the term of this Agreement, Target Canada agrees and warrants that it will not, within the Territory, infringe upon or cause or facilitate the infringement of any trademarks or other related rights derived from or confusingly similar to the Intangible Property.
- (g) Target Canada agrees to promptly notify TBI of conflicting activities by third parties of which Target Canada becomes aware. On written notice from Target Canada of such activities, in the first instance TBI may, but is not required to, take appropriate legal action. During this period, Target Canada shall take no legal action, however, without TBI's prior written consent. Target Canada agrees to cooperate fully in and pay for any action taken by TBI to protect Target Canada's exclusivity hereunder. TBI may, but is not required to, initiate and control any legal action undertaken pursuant to this provision.
- (h) Target Canada agrees to ensure that all exploitation of the Intangible Property, including use on the Product or in connection with any Services authorized hereunder, comply with and are distributed in compliance with all relevant copyright, trademark, design right, registered design and other

relevant intellectual property laws in all parts of the Territory where it is exploited.

- (i) Notwithstanding paragraph 6.2 herein, TBI may terminate this Agreement immediately upon giving notice to Target Canada if Target Canada shall challenge the validity of or TBI's ownership of the Intangible Property or any rights licensed by TBI to Target Canada hereunder.
- (j) Target Canada hereby unconditionally and irrevocably grants, agrees to grant, assigns, agrees to assign, transfers, agrees to transfer, conveys, agrees to convey and delivers and agrees to deliver to TBI all rights, titles and interests in and to all Work Product created or developed during the term of this Agreement, all as of the date of creation or development of such Work Product, with no further act or action required in order to effect such assignment and transfer, and subject to the license granted to Target Canada herein. To the extent Work Product is a "work made for hire" under applicable copyright law, it shall be considered a "work made for hire" from the moment of creation, the copyright of which shall be owned exclusively by TBI worldwide. To the extent such Work Product does not qualify as a "work made for hire" under applicable copyright law, all rights, titles and interests that Target Canada may have in and to same is hereby assigned, transferred and conveyed from the moment of creation exclusively to TBI. Target Canada shall execute such documents, render such assistance, and take such other action as TBI may reasonably request, at TBI's expense, to apply for, register, perfect, confirm, and protect TBI's rights to the Work Product. Target Canada shall not at any time do or cause to be done, or fail to do or cause to be done, any act or thing, directly or indirectly, contesting or in any way impairing TBI's rights, titles, or interests in the Work Product. Target Canada acknowledges that any right to Work Product assigned, transferred or conveyed to TBI may be assigned by TBI to any Affiliate or other third party. Pursuant to Section 3.1 above, the Work Product, along with all other Intangible Property, is licensed to Target Canada within the territory under the terms of this Agreement.

**4.2 Waiver of Moral Rights.** Target Canada hereby waives any and all moral rights, including without limitation any right to identification of authorship or limitation on subsequent modification that Target Canada (or its employees, agents or consultants) has or may have in any Work Product and any derivatives, improvements or modifications thereof.

**4.3 Goodwill.** Target Canada shall uphold TBI's good name, preserve its goodwill, and protect TBI's Intangible Property rights and associated rights or interest during the term of this Agreement. Notwithstanding paragraph 6.2 herein, TBI shall have the right to immediately terminate this Agreement upon giving notice to Target Canada, in the event that Target Canada engages in any illegal, indecent, immoral, harmful or scandalous behavior or activities that may directly or indirectly damage TBI's reputation or good will.

**4.4 Confidentiality.** During and subsequent to the term of this Agreement, Target Canada, its agents and employees shall not make any unauthorized use or disclosure of any knowledge or information of a confidential or proprietary nature concerning the Intangible Property, or other private or confidential matters of TBI, and shall refrain from any acts or omissions that would reduce the value of such confidential matters to TBI or that would deprive or tend to deprive TBI of trade secret or other intellectual property protection with respect to such confidential matters. Target Canada shall develop and implement such procedures as may be reasonable and prudent to prevent the intentional or negligent disclosure to third parties of the Intangible Property licensed hereunder and related confidential information, including (but not limited to) requiring each of its employees having access to such information to enter into an appropriate written confidentiality agreement with Target Canada. The foregoing obligations shall not apply to knowledge or information which prior to receipt thereof from TBI was in the possession of Target Canada and at its free disposal, or is subsequently disclosed to Target Canada without any obligations of confidence by a third party who has not derived it directly or indirectly from TBI, or is or becomes generally available to the public through no act or default of Target Canada or its agents or employees.

**4.5 Permitted Disclosure.** Notwithstanding the foregoing, Target Canada shall have the right: (a) to communicate to suppliers relevant portions of the Intangible Property licensed hereunder reasonably necessary for, and solely for the purposes of, the procurement by Target Canada of commercially available materials and parts for use in the manufacture and/or installation of the Products; and (b) to communicate to customers acquiring the Products such portions of the Intangible Property licensed hereunder as are reasonably needed by such customers for operating and maintaining the Products, provided however, that any recipients of the Intangible Property which constitutes a trade secret or information of a confidential nature and licensed hereunder shall be advised by Target Canada, in writing, at the time of or before such communication, that proprietary information is being communicated and that such information is to be kept confidential and must not be used or disclosed except as permitted hereunder, and provided further, that such recipient undertakes, in writing, prior to disclosure, to respect such confidentiality and to be bound by terms and conditions given in this Article 4.

## 5. COMPENSATION

**5.1 Fees.** In consideration for TBI Services and any related materials and property provided by TBI, Target Canada agrees to pay TBI arm's length fees ("Fee") as agreed upon between the parties from time to time. The Fee shall be analyzed at the end of the Term of this Agreement and, in the event this Agreement is extended or amended, the Fee shall be agreed as between the parties. If any payment under this Agreement is required to be adjusted by the US or Canadian tax authorities or is adjusted at TBI's initiative, then TBI shall provide a refund or Target Canada shall make an additional payment as necessary to ensure that actual payments tie to the adjusted amount.

- 5.2 **Payment of Fees.** The Fee owed by Target Canada for the TBI Services and any related materials and property shall accrue and be charged either throughout or at the end of TBI's fiscal year and shall be paid as follows: no later than 60 days after the end of TBI's fiscal year, Target Canada shall pay to TBI the total amount of charges due for all TBI Services performed and any related materials and property provided during such fiscal year, with a credit against such payment for any amounts previously paid in excess of the amounts actually due for the fiscal year. The Fee owed by Target Canada may be offset by any amounts owed to Target Canada by TBI.
- 5.3 **Royalty.** In consideration for the license granted under this Agreement, Target Canada agrees to pay a Royalty Payment to TBI that is based on Net Revenues and produces an arm's length result as set forth in Schedule 3. If any Royalty Payment under this Agreement is required to be adjusted by the US or Canadian tax authorities or is adjusted at TBI's initiative, then TBI shall provide a refund or Target Canada shall make an additional payment as necessary to ensure that actual payments tie to the adjusted amount. It is acknowledged by the Parties that the payment of the portion of the Fee set forth in Schedule 3 by Target Canada is not a condition of purchase of goods or merchandise from third parties by Target Canada.
- 5.4 **Royalty Payments.** A Royalty Payment shall accrue and be charged either throughout or at the end of TBI's fiscal year and shall be paid as follows: no later than 60 days after the end of TBI's fiscal year, Target Canada shall pay to TBI the total amount of Royalties, with a credit against such payment for any amounts previously paid in excess of the amounts actually due for the fiscal year. The parties may also agree to prepay Royalties at any time based on an estimate of the Net Revenues for the following year, or a portion thereof, with an adjustment to be made at the end of the following year for the calculation of actual Net Revenues. However, the prepayment of Royalties shall not be trueed up with regard to foreign currency fluctuations. Royalties owed by Target Canada may be offset by any amounts owed to Target Canada by TBI.
- 5.5 **Exclusive of Sales Taxes.** All amounts payable by Target Canada to TBI pursuant to this Agreement do not include any value-added, sales, use, consumption, multi-staged, ad valorem, personal property, customs, excise, stamp, transfer, or similar taxes, duties, or charges, (collectively "**Sales Taxes**") and all Sales Taxes are the responsibility and for the account of Target Canada. If TBI is required by law or by administration thereof to collect any applicable Sales Taxes, Target Canada shall pay such Sales Taxes to TBI concurrent with the payment of any consideration payable pursuant to this Agreement, unless Target Canada qualifies for an exemption from any such applicable Sales Taxes, in which case Target Canada shall, in lieu of payment of such applicable Sales Taxes, deliver to TBI such certificates, elections, or other documentation required by law or the administration thereof to substantiate and effect the exemption claimed.

5.6 **Currency.** All payments must be made in United States dollars ("*US Dollar*") unless otherwise agreed by the parties. Any reported amount in currencies other than the US dollar shall be translated into US dollars at the prevailing bookkeeping rate used by Target Canada during the period in which the amount is recognized under GAAP as applied by Target Canada for financial reporting purposes.

5.7 **Non-Residency.** As TBI is a non-resident of Canada, as that term is defined in the Income Tax Act (Canada), as amended from time to time and all regulations promulgated thereunder from time to time, if Target Canada is required to withhold tax in accordance with Section 5.8 and Section 5.9 then payments under this Agreement by Target Canada shall be reduced by the amount of such withholding taxes and Target Canada shall remit such withholding taxes to the applicable taxing authorities. Target Canada shall provide TBI with a copy of any information reporting forms required to be filed by Target Canada with the applicable taxing authorities on or before the filing due date for such forms. If, after Target Canada has paid such amounts, Target Canada receives a refund, rebate or credit on account of such taxes, then Target Canada shall promptly remit such refund, rebate or credit amount to TBI.

5.8 **Regulation 105.**

(a) Subject to the terms of Section 5.8(b), 5.8(c), 5.8(d), and 5.8(e) hereof, where Target Canada makes a payment to TBI for services rendered in Canada, Target Canada shall reduce the payment amount by 15% pursuant to Regulation 105 of the Income Tax Act (Canada) and shall remit such withheld amount to the applicable taxing authorities. A further 7% will be withheld and remitted to the applicable taxing authorities if the services are provided in the province of Quebec.

(b) Where Target Canada is required to make a payment to TBI for TBI Services rendered by TBI inside Canada, Target Canada shall withhold all applicable amounts as outlined in Section 5.8(a) on the entire payment unless TBI provides Target Canada, within ten (10) days of the request for payment from Target Canada, with records evidencing the portion of the required payment that is in respect of the TBI Services rendered inside of Canada. If such records are timely provided, Target Canada shall withhold all applicable amounts as outlined in section 5.8(a) on the payment that is in respect of services rendered inside of Canada.

(c) Where Target Canada is required to make a payment to TBI for Services rendered both inside and outside of Canada, Target Canada shall withhold all applicable amounts as outlined in Section 5.8(a) on the entire payment unless TBI provides Target Canada, within ten (10) days of the request for payment from Target Canada, with records evidencing the portion of the required payment that is in respect of Services rendered inside of Canada and the portion of the required payment that is in respect of Services rendered outside of Canada. If such records are timely provided, Target



Canada shall withhold all applicable amounts as outlined in section 5.8(a) on the payment that is in respect of Services rendered inside of Canada.

- (d) Where Target Canada is required to make a payment to TBI for any amounts invoiced (or otherwise charged) by TBI's consultants or other service providers to TBI, Target shall withhold all applicable amounts on the payment as outlined in Section 5.8(a) unless TBI provides Target Canada, within ten (10) days of the request for payment from Target Canada, with records evidencing that the required payment is a reimbursement of amounts invoiced (or otherwise charged) by TBI's consultants or other service providers to TBI.
- (e) Where prior to any applicable payment by Target Canada to TBI, TBI has furnished Target Canada with a valid waiver issued by the tax authorities either reducing or eliminating the requirement to withhold tax for the services in question, Target Canada will take into account any relief provided by the applicable waiver, and reduce its withholding obligation accordingly, however only in the circumstances where Target Canada determines such reduction is appropriate and in accordance with the provisions of the applicable waiver.

5.9 **Withholding Taxes.** In the event that any withholding taxes or other duties are levied on any payments due to TBI from Target Canada (other than those covered in Section 5.8), Target Canada intends to fully comply with its requirements and remit such withholding taxes to the applicable taxing authorities. Target Canada will take into account any relief provided by an applicable income tax convention, and reduce its withholding obligation accordingly, however only in the circumstances where Target Canada determines such reduction is appropriate and in accordance with the provisions of the applicable income tax convention. Target Canada shall not be required to pay TBI any additional amount in respect to taxes withheld by Target Canada on payments made to TBI and, as outlined in Section 5.7, shall pay to TBI each amount due on which such withholding taxes or other duties are levied as a net amount. Where TBI is eligible to receive a reduced rate of tax or exemption provided by an applicable income tax convention in respect of a payment made by Target Canada to TBI, TBI will complete and retain the Canadian tax Form NR301 (*DECLARATION OF ELIGIBILITY FOR BENEFITS UNDER A TAX TREATY FOR A NON-RESIDENT TAXPAYER*) as support for residency requirements under the applicable income tax convention. For purposes of Canadian withholding tax allocation only, fifty percent (50%) of each Royalty Payment due on Schedule 3 shall be determined to relate to the intellectual property rights licensed under the agreement excluding know-how, patents, and software. The remaining fifty percent (50%) of each Royalty Payment shall be determined to relate to the license of know-how, patents and software.

## 6. TERM AND TERMINATION

- 6.1 Term. This Agreement is effective as of the Effective Date and will continue for a term of five (5) years ("Term").
- 6.2 Termination. Except where provided herein, either party may terminate this Agreement upon three (3) months prior written notice.
- 6.3 Consequences upon Termination.
- (a) Upon termination or expiration of this Agreement, the parties shall continue to be bound by the provisions of Section 4 (Intangible Property Rights) above, Section 7 (Limitation of Liability), Section 9 (Compliance with Laws), Section 10 (Relationship Between the Parties), and Section 11 (General Provisions).
  - (b) Further, in the event of termination of this Agreement under any of its provisions, Target Canada is not relieved of its liabilities accruing up to the time of termination.
  - (c) Target Canada shall immediately assign any Sublicense(s) in effect at the time of expiration or termination of this Agreement to TBI or its designee.
  - (d) Target Canada agrees that upon expiration or termination of this Agreement based on default of Target Canada and provided TBI has given the termination notice in accordance with Section 6.2 hereof, Target Canada shall forthwith cease and desist in the manufacture and sale of Products and marketing, and shall deliver to TBI without cost all plates, molds, preprints, matrices and other devices and materials using the Intangible Property for TBI's free and unencumbered disposal or shall certify to TBI that such have been destroyed.
  - (e) TBI agrees that upon expiration or at the termination of this Agreement for any reason other than the default of Target Canada, Target Canada shall have a period of not more than ninety (90) days thereafter to dispose of all of the unsold Product that has been completed by it prior to such termination, provided such Product was in the process of manufacture more than sixty (60) days before said termination. It is further provided under this Section 6.3(e) that Target Canada shall, prior to disposing of said unsold Product, give TBI a true itemized statement of all such unsold Product in inventory and sufficient detailed manufacturing information to substantiate the applicability of this Section 6.3(e) to said Product. TBI or its authorized representative shall have the option to conduct a physical inventory in order to verify such inventory statement.
  - (f) Nothing in Section 6.3(e) shall be construed as authorizing Target Canada to: (i) sell Product not approved by TBI, or (ii) to sell Product otherwise than as set forth or contemplated in this Agreement or, (iii) to discontinue regular sales of and to sell the remainder of the Product in job lots at

reduced prices without first offering to sell the same to TBI at such prices and giving TBI a reasonable opportunity to purchase the same or, (iv) manufacture, sell or dispose of any Product covered by this Agreement after its expiration or its termination based on the failure of Target Canada to affix notice of copyright, trademark or service mark registration or any other notice to the Product cartons, containers, packing or wrapping material or advertising, promotional or display material. Additionally, any termination or expiration based on the departure by Target Canada from the quality and style approved by TBI pursuant to Section 2.2, or the exercise by TBI of its rights under Sections 4.3, or this Section 6 hereof shall not be construed as authorizing any manufacture, sale or disposition of any Product under the preceding Section 6.3(c).

- (g) Upon expiration or termination for any reason, Target Canada shall immediately and permanently cease to use the Intangible Property in any manner, including use of any the trademark, trade name rights or similar rights licensed hereunder.

## 7. LIMITATION OF LIABILITY

- 7.1 **Target Canada's Liability.** Target Canada will indemnify, defend and hold TBI harmless from and against any and all claims, demands, suits, losses, damages and liabilities (including, without limitation, interest and reasonable attorneys' fees) arising out of or resulting from Target Canada's failure to comply with any law, ordinance or regulation applicable to its business or Target Canada's breach of this Agreement, except to the extent TBI has primary liability pursuant to Section 7.2.
- 7.2 **TBI's Liability.** TBI will indemnify, defend and hold Target Canada harmless from and against any and all claims, demands, suits, losses, damages and liabilities (including, without limitation, interest and reasonable attorneys' fees) arising out of or resulting from TBI's failure to comply with any law, ordinance, or regulation applicable to its business or TBI's breach of this Agreement, except to the extent Target Canada has accepted primary liability pursuant to Section 7.1.
- 7.3 **Notice.** A party's obligation to defend and indemnify the other hereunder is subject to the conditions that the party seeking indemnification promptly notifies the other party in writing of any such claim, the party seeking indemnification cooperates fully in defense of the claim and the indemnifying party has control of the defense, to the extent of the indemnity.

## 8. REPRESENTATIONS AND WARRANTIES

TBI represents and warrants that: (a) it has the full power and authority to enter into this Agreement and (b) the execution and performance of this Agreement has received all necessary corporate approvals and consents and will not constitute a default under any provision of TBI's organizational documents.

## 9. COMPLIANCE WITH LAWS

- 9.1 **Compliance with the Law.** TBI must strictly comply with all applicable laws, rules, regulations and governmental orders, now or hereafter in effect, relating to its performance of this Agreement. TBI further agrees to make, obtain, and maintain in force at all times during the term of this Agreement, all filings, registrations, reports, licenses, permits and authorizations (collectively "*Authorizations*") required under applicable law or order in order for TBI to perform its obligations under this Agreement. Target Canada will provide TBI with such assistance as TBI may reasonably request in making or obtaining any such Authorizations.
- 9.2 **Export Law Compliance.** Target Canada undertakes to obtain all licenses, permits or approvals required by any government in connection with its manufacture, distribution, sale, lease and license of Products, and shall comply with all applicable rules, policies and procedures of the US government. TBI and Target Canada each agree to provide the other such information and assistance as may reasonably be required by the other in connection with securing such licenses, permits and approvals, and to take timely action to obtain all required import and export documents.
- 9.3 **Changes in the Law.** TBI will inform Target Canada of all actual and anticipated changes in the law or regulatory environment that might have an impact on the provision of Services under this Agreement.

## 10. RELATIONSHIP BETWEEN THE PARTIES

TBI, in providing Services and any related materials and property to Target Canada hereunder, is acting only as an independent contractor. The parties agree that the relationship between them is not that of partners and, except as expressly authorized in writing or pursuant to the terms of this Agreement, neither party has the authority to act on behalf of or bind the other party.

## 11. GENERAL PROVISIONS

- 11.1 **Governing Law.** This Agreement is governed by, and construed in accordance with, the laws of Minnesota conflict-of-law principles excluded.
- 11.2 **Amendments.** No provision of this Agreement shall be amended or waived except by a written agreement executed by both parties.
- 11.3 **Severability.** If any one or more provisions of this Agreement shall be found to be illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.
- 11.4 **Headings.** The descriptive headings contained herein are for convenience only and shall not control or affect the meaning, interpretation or construction of any provision of this Agreement.

**11.5 Successors and Assigns.** This Agreement shall be binding upon and inure to the benefit of the successors and legal representatives of the respective parties hereto. This Agreement may not be assigned by any party without the prior written consent of the other party, except to an entity directly or indirectly controlling, controlled by, or under common control with the assigning party.

**11.6 Notices.** All notices required by this Agreement shall be in writing to the addresses set forth below, or such other addresses as may be designated in writing by the respective party. Any notices shall be deemed effectively given when received by the other party.

If to Target Canada: Target Canada Co.  
5570 Explorer Drive  
Mississauga, ON L4W 0C3  
CANADA  
Attention: General Counsel


If to TBI: Target Brands, Inc.  
1000 Nicollet Mall  
Minneapolis, MN 55403  
Attention: Stephen C. Lee

**11.7 Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.


**\*\*[Signature Page to Follow]\*\***

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

**TARGET CANADA CO.**

By:   
Name: Terri K. Simard  
Title: Vice President  
Date Signed: 5/27/14

**TARGET BRANDS, INC.**

By:   
Name: Stephen C. Lee  
Title: Vice President  
Date Signed: 5/21/14

*(Signatures Page to Master Agreement eff Feb 3 2013)*

**Schedule 1.1(a)**  
**Retail Support Services**

- i. Retail training services related to all retail store employees and operations;
- ii. Retail training services related to distribution center employees; and
- iii. Any other ad hoc retail store/distribution center consulting requests by Target Canada

**Schedule 1.1(b)**  
**Business Services**

- i. Accounting, Accounts Payable, Financial Reporting, Finance services;
- ii. Assets Protection services;
- iii. Cash Management services;
- iv. Communication and Public Relations services;
- v. Human Resources and Payroll services;
- vi. Legal services;
- vii. Office Administration services;
- viii. Risk Management services;
- ix. Tax Compliance services; and
- x. TIS/SAP/Information services



**Schedule 1.1(e)**  
**Marketing Consulting Services**

- i. Assist with the development of marketing and promotional strategies and advertising campaigns;
- ii. Advise on the implementation of marketing and promotional strategies and advertising campaigns;
- iii. Perform services and advise related to the collection of guest insights data;
- iv. Provide marketing analytical and reporting support;
- v. Advise on in-store marketing;
- vi. Analyze marketing performance and media management; and
- vii. Any other ad hoc marketing consulting requests by Target Canada

**Schedule I.1(d)**  
**Merchandising Consulting Services**

- i. Advise and assist with merchandise planning;
- ii. Perform merchandising analytics and reporting support;
- iii. Assistance with managing relationships with vendors;
- iv. Provide merchandise systems support;
- v. Consulting related to the use of materials, signage, planograms, equipment and other aspects associated with the operation of retail stores; and
- vi. Any other ad hoc merchandising consulting requests by Target Canada.

**Schedule 1.1(e)**  
**Strategy and Management Consulting Services**

- i. Assist with developing operating manuals and operating policies relating to best practices in retail operations;
- ii. Advise on store locations and analysis of demographics;
- iii. Assist with merchandise sourcing, logistical and distribution strategies;
- iv. Provide leadership development, human resources and team member management;
- v. Advise on financial performance, develop financial metrics, and financial strategies;
- vi. Provide retail information management system support, business intelligence and data analysis;
- vii. Assist with supply chain management;
- viii. As requested, place orders for supplies, fixtures, displays, signage, equipment and other items with vendors who demonstrate the ability to meet established quality standards and who possess the resources necessary to reliably deliver required quantities on schedules that will ensure the efficient operation of Target Canada retail stores; and
- ix. Any other ad hoc strategic consulting requests by Target Canada.

**Schedule 2**  
**Right To Prior Approval Of Use Of Intangible Property On Or In Connection With The**  
**Products And Services; Quality Control**

**1. CONTROL BY TARGET BRANDS, INC.**

- 1.1** As Licensor, TBI shall have the right to control all uses of the Intangible Property licensed to Target Canada hereunder including, but not limited to, compliance with operating manuals and policies, compliance with information provided through the TBI Services, presentations, advertising, display, labeling, trade dress, publicity, press releases, and merchandising. TBI shall also have the right to control the character and quality of the Products and Services. Target Brands, Inc., in its sole discretion, shall have the first right to initiate and control enforcement of the Intangible Property.
- 1.2** Pursuant to this right of control, TBI, through such agents or representatives as it may designate, shall have free access to Target Canada's and its sublicensee's facilities, at all times during business hours and with the right to full disclosure, upon reasonable notice, of all apparatus, methods, and materials used by Target Canada in the production and sale of the Products, and shall have the right to take reasonable and free samples of Products and all of the materials used in the manufacture, thereof, and requisition Services for the purpose of examination or testing.

**Schedule 3  
Royalty**

For the term of this Agreement, Target Canada shall pay to TBI a Royalty as follows:

- 1.5% of Licensee's Net Revenues