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March 16, 2015

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Ottawa

Lou Brzezinski
Blaney McMurtry
Barristers & Solicitors LLP
2 Queen Street East
Suite 1500
Toronto, Ontario
M5C 3G5

New York

Dear Mr. Brzezinski:

Target Canada Co. CCAA – Response to Supplier Questions

We are in receipt of your letter dated March 2, 2015, which enclosed a list of 61 questions for Target Canada Co. (“TCC”), Target Corporation and the Monitor. The list of questions was purportedly sent pursuant to the Endorsement of Regional Senior Justice Morawetz dated February 19, 2015 (the “Endorsement”). In the Endorsement, Morawetz RSJ permitted the suppliers to provide questions in relation to the following three issues: (1) all issues related to the 30 day goods; (2) all issues related to inventory orders while CCAA protection was being considered; and (3) all issues related to the timing of the discussion about or decision to seek CCAA protection and all issues related to the timing of the steps taken related thereto. The Endorsement requires the Target Canada Entities and the Monitor to provide their responses or, if refused, the reason for the refusal by no later than March 16, 2015.

Pursuant to the Endorsement, we have enclosed a comprehensive response setting out a narrative overview of the timing of the considerations that led to the Applicants’ filing under the *Companies’ Creditors Arrangement Act* (“CCAA”) and of the 30-day goods and inventory value issues, together with responses to each of the 61 questions that you enclosed with your letter. These responses are being provided on behalf of the Target Canada Entities and are based solely on the information of the Target Canada Entities and specific information requested by the Target Canada Entities. In addition, questions or portions thereof most appropriately responded to by the Monitor have been addressed in the Fifth Monitor’s Report dated March 16, 2015. These responses are being provided without TCC, the other Target Canada Entities or Target Corporation admitting or otherwise acknowledging that the totality of the information provided is relevant or properly sought in these CCAA proceedings.

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The Target Canada Entities have refused to produce some of the documentation and communications you have requested on the basis of relevance, proportionality and/or privilege. In addition, certain questions have not been answered because they are not within the scope of the Endorsement and/or because, in our view, the comprehensive response that we have provided herein fully addresses your concerns.

We trust that the enclosed response is sufficient and that there will be no need for any cross-examinations.

Yours truly,



for: Tracy C. Sandler
Partner

TS:

Enclosure

c: Service List
Jeremy Dacks, Shawn Irving (Osler)

A. Overview of Timing of CCAA Considerations

As described in the First Wong Affidavit sworn January 14, 2015, beginning in the Spring of 2014, and continuing extensively over several months leading up to the January 15, 2015 filing date, TCC and Target Corporation began consulting with a variety of strategic, operational and financial advisors in an attempt to improve TCC's operations and identify strategies that could make the Canadian operations viable and profitable in the long term. In particular, among the advisors consulted during this period were Bain & Company ("**Bain**"), Goldman, Sachs & Co. ("**Goldman**") and Capgemini Consulting ("**Capgemini**"), who provided strategic advice relating to, among other things, TCC's overall retail strategy going forward (in the case of Bain and Goldman) and the strengthening of TCC's supply chain (in the case of Capgemini), which had been affected by significant issues, including often being out-of-stock for important merchandise and over-stocked on other merchandise, and required improvement. In addition, as a part of the ongoing review of strategic options, Northwest Atlantic (Canada) Inc. ("**Northwest**") undertook a series of engagements during the second half of 2014, and visited every TCC retail store in Canada. TCC and Target Corporation's consultation with these advisors, among others, continued into the Fall of 2014.

Commencing in September 2014, as the extent of TCC's financial and other challenges became more clear, TCC and Target Corporation began to focus on a more limited number of strategic options for the future of the Target Canada Entities' business operations, including (i) maintaining the status quo; (ii) closing a small number of underperforming stores together with one of the three Canadian distribution centres; (iii) closing approximately half of the TCC stores together with two distribution centres; (iv) proceeding with a 'micro-strategy' for TCC stores, which would involve continuing with only a small number of stores in urban Canadian markets and closing the remainder of the stores and all three of the distribution centres; and (v) discontinuing the Target Canada Entities' operations in Canada entirely, either within or outside of a court proceeding. At such time, no decisions had been made with respect to a preferred course of action and, in fact, the primary focus continued to be on identifying ways to improve operations and to chart a path to profitability.

Osler, Hoskin & Harcourt LLP ("**Osler**") was first contacted to provide advice in relation to these strategic options in September 2014. The prospect of an orderly wind down of TCC's operations under the protection of the CCAA (or under the *Bankruptcy and Insolvency Act* ("**BIA**"), for that matter) was not explored or considered in any meaningful way by TCC or its advisors, or Target Corporation and its advisors, until late October 2014 and even then, only as one of several available alternatives. Over the course of late November and December 2014, a small group of employees within the management teams at TCC and Target Corporation, in consultation with their respective advisors, including Osler, Alvarez & Marsal North America, LLC, Alvarez & Marsal Canada ULC (together, "**A&M N.A.**") and Faegre Baker Daniels LLP ("**Faegre**") began to consider in greater detail the possibility of an orderly exit from Canada, in whatever form that might take. Davies Ward Phillips & Vineberg LLP ("**Davies**") and Goodmans LLP ("**Goodmans**") were first engaged by their respective clients in December 2014. Any and all communications with and between counsel in this respect are privileged.

Throughout the consultation process that took place over the late Fall and early Winter of 2014 (as described above and in the First Wong Affidavit), only a very small number of employees at TCC and Target Corporation were aware that these strategic options were being considered,

including the possibility that operations in Canada could be discontinued entirely. Due to the obvious and profoundly negative impact that disclosure of this type of information could have on both the Target Canada Entities' businesses and TCC's employees (together with a significant number of Target Corporation's employees dedicated to TCC's operations), it was, in the view of the few executives at Target Corporation and TCC who were aware that these options were being considered, imperative that disclosure be limited to the fullest extent possible. Employees at Target Corporation and TCC were only informed on a "need-to-know" basis, and extensive efforts were taken to ensure that the number of Target Corporation and TCC employees who were brought "into the tent" was kept as small as possible in the circumstances. The same was equally true among the advisors, with approvals being required of Target Corporation and TCC before any additional external advisor resources could be added to the professional advisory teams. Beginning in October 2014, any employee of TCC or Target Corporation that was to become involved was required to sign a non-disclosure agreement before they were advised of the various strategic options under consideration. In total, prior to January 2015, fewer than 150 employees at Target Corporation and TCC (which together employed approximately 365,000 people at the time) were made aware of the strategic options being considered (including only 9 at TCC). As of January 14, 2015, a total of approximately 223 employees in the two organizations had been made aware of these strategic options under consideration.

The employees who were apprised of the various strategic options under consideration were primarily within the Executive, Finance, Legal and Human Resources functions at Target Corporation and TCC. Not a single employee in TCC's merchandising department was made aware of the possibility of a CCAA filing until shortly before January 14, 2015, the date on which the board of directors of Target Corporation was scheduled to meet. The first such employee, Mr. John Butcher, Senior Vice President, Merchandising at TCC, was not informed of the possibility of a CCAA filing until January 6, 2015. As described in greater detail below, at no time did TCC or Target Corporation direct any TCC employee to increase (or reduce) inventory levels as a result of possible or contemplated proceedings under the CCAA or BIA or otherwise.

In early December 2014, notwithstanding that no firm decisions had been made with respect to the future of TCC's business operations in general, or with respect to a possible CCAA filing in particular, both TCC and Target Corporation instructed their respective advisors to begin the process of preparing for the contingency of TCC filing under the CCAA. During this process, TCC, Target Corporation and their advisors at all times understood that several of the strategic options being considered for the Target Canada Entities' operations going forward remained on the table and that the termination of funding for TCC by Target Corporation was far from a foregone determination of the Target Corporation board of directors.

Preparing for an orderly wind down of its operations in Canada, in whatever form that could take, including under the CCAA, was a matter of prudent and responsible management of TCC in the circumstances. During this time, TCC's management and its advisors continued to understand that, even if an exit from Canada was recommended to the board, there was a real possibility that the Target Corporation board of directors would ultimately determine that TCC should continue operations in Canada through the first quarter of 2015 and possibly beyond. The board of directors of Target Corporation received a status update on TCC's performance in November 2014; however, the board of directors had little visibility into the strategic review process until just before the January 14, 2015 board meeting.

During this same period, TCC management made significant efforts to increase sales on a system-wide basis in order to build momentum through the 2014 holiday season and into the first quarter of 2015. Improvements were forecasted internally among TCC management for an approximately 6% increase in same-store sales volumes during the fourth quarter of 2014 and an approximately 10%-15% increase in same-store sales volumes in the first quarter of 2015. In this regard, TCC management, with the support of Target Corporation, was determined to explore a path for the future success of the Target Canada Entities' businesses on the understanding that there was a real possibility that the board of directors of Target Corporation would determine that TCC's funding should continue on a status quo basis with all TCC stores remaining open through at least the first quarter of 2015 and beyond. These efforts were undertaken at the same time that TCC and Target Corporation were exploring other options for the future of TCC's business, including a scaling-back or winding down of its operations under the CCAA or by other means. Ultimately, the efforts outlined above, among others, did not yield the forecasted financial improvements during the 2014 holiday season and TCC and Target Corporation could not identify a path that would result in TCC achieving profitability for at least another five years.

Following a thorough review of TCC's performance through the 2014 holiday season, and after careful and thorough consideration of all options available, including the various options that did not involve a filing under the CCAA, Target Corporation's management recommended, and the board of directors of Target Corporation ultimately determined on January 14, 2015 that, in its reasonable business judgment, it was in the best interests of its business and its shareholders to discontinue operations in Canada and focus on driving growth and building further momentum in its omnichannel U.S. business. The board of directors of Target Corporation resolved to cease Target Corporation's funding of and financial support for TCC. The decision as to whether or not to continue the funding of the Target Canada Entities was that of the board of directors of Target Corporation alone.

Until this decision was made, TCC was not insolvent. Moreover, even though a very small number of TCC's and Target Corporation's management knew, as of early January 2015, that a recommendation would likely be made by senior management to the board to discontinue operations in Canada, none of these individuals knew, or could have known, what decision the board of directors of Target Corporation would make regarding the future of TCC and its business operations in Canada, including Target Corporation's willingness to continue to fund TCC.

Without further funding and financial support from Target Corporation, the Target Canada Entities were unable to meet their liabilities as they became due and were therefore insolvent. As such, when informed of the decision of the board of directors of Target Corporation on the afternoon of January 14, 2015, the directors of TCC immediately resolved to seek protection under the CCAA. The Target Canada Entities filed for CCAA protection on January 15, 2015.

| “Timing of discussions and / or decision to seek CCAA protection” Questions | | |
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| # | Question | Answer |
| 1. | Beginning in Spring 2014, and continuing extensively over the past several months, Target Canada and Target Corporation added internal resources and consulted with a variety of strategic, operational and financial advisors in an attempt to improve Target Canada’s operations and financial performance. What parties were involved in this consultation process? Were suppliers or creditors informed of these consultations? Please produce all documents, reports, meeting notes and written correspondence with regards to all of the above. | <p>As described above, either Target Corporation, the Target Canada Entities or both consulted with Bain, Capgemini, and Goldman beginning in Spring 2014, in respect of strategic advice relating to, among other things, TCC’s overall retail strategy going forward (in the case of Bain and Goldman) and the strengthening of TCC’s supply chain (in the case of Capgemini). Northwest undertook a series of engagements during the second half of 2014, and visited every TCC retail store in Canada. Suppliers and creditors were not informed of these consultations.</p> <p>The request for all documents, reports, meeting notes and written correspondence is refused. It is overbroad and disproportionate, not required in light of the three questions set out in the Endorsement of Regional Senior Justice Morawetz dated February 19, 2015 (the “Endorsement”) or necessary in light of the information provided herein, and subject to solicitor client, litigation and/or common interest privilege.</p> |
| 2. | Between Spring 2014 and January 15, 2015, were any employees of Target Canada, including senior executives and management, or any suppliers and creditors of Target Canada informed that Target Canada’s financial position was on an upwards trajectory, or otherwise informed about the company’s expectations? Please produce all written communications between Target Canada/Target Corporation and employees and creditors/suppliers with regards to financial expectations between Spring, 2014 and January 15, 2015. | Refused. The question is outside of the scope of the Endorsement and not relevant. |

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| 3. | When did Target Canada and Target Corporation begin considering “a wide range of options, including, among other things, closing underperforming stores; selling specific assets such as a portfolio of leases outside of an insolvency proceeding; improving logistics to improve performance; consolidating distribution operations; and a wide variety of combinations and other options”? [Affidavit of Mark J. Wong, sworn January 14, 2015, at para. 14 (“Wong Affidavit”).] | See Overview above. |
| 4. | When did Target Canada and Target Corporation first begin considering closing down its Canadian stores and seeking insolvency protection, either through the Bankruptcy and Insolvency Act (“BIA”) or the CCAA? Please provide the following documentation with regards to the above: | See Overview above. |
| (a) | All written communications (written communications refers to oral communications reproduced in written form) and documents between Target Canada and Target Corporation (including documents between the accountants) with respect to the possibility of seeking BIA or CCAA protection, and the planning of the insolvency/liquidation thereafter. | Refused. The request for all written communications and documents is overbroad, disproportionate, not required by the Endorsement or necessary in light of the information provided herein, and subject to solicitor client, litigation and/or common interest privilege. |
| (b) | The minutes of Board of Director meetings for Target Canada and Target Corporation between September 2014 and January 2015. | There were no minutes of meetings of the Board of Directors of TCC. The relevant resolutions of the Board of Directors of TCC are attached at Tab 1 . The resolution of the board of directors of Target Corporation dated January 14, 2015, the date on which the board of directors of Target |

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| | | <p>Corporation resolved to cease Target Corporation’s funding of and financial support for TCC, is attached at Tab 2.</p> <p>The request for the minutes of Target Corporation’s board of director meetings is refused as it is overbroad, disproportionate, not required by the Endorsement, and subject to solicitor client, litigation and/or common interest privilege.</p> |
| (c) | All written communications and documents, including meeting minutes or notes, proposals and all other documents, exchanged between Target Canada, Target Corporation and the Monitor between September, 2014 and January, 2015, including Target Canada’s and Target Corporation’s lawyers and accountants and the Monitor. | Refused. The request for all written communications and documents is overbroad, disproportionate, not required by the Endorsement or necessary in light of the information provided herein, and subject to solicitor client, litigation and/or common interest privilege. |
| 5. | Please provide the following dates, and all supporting documentation, with regards to when Target Canada and/or Target Corporation consulted with and/or sought advice or information from the following entities regarding Target Canada’s intention to seek CCAA/BIA protection: | Please note that we are interpreting this question 5 as asking when TCC and Target Corporation consulted with and/or sought advice or information regarding the possibility of a CCAA/BIA filing. As described more fully in the Overview above and in question 9 below, TCC did not form an “intention” to seek CCAA protection until January 14, 2015, following the meeting of the board of directors of Target Corporation, at which it was resolved to cease Target Corporation’s funding of and financial support for TCC. |
| (a) | Target Canada’s and/or Target Corporation’s internal legal department; | <p>TCC’s general counsel, Mark Wong, was first advised that TCC was considering restructuring options on or about November 24, 2014.</p> <p>Target Corporation’s internal legal department first raised the concept of a Canadian insolvency filing in summer 2014. However, the possibility of an insolvency filing was not explored or considered in any meaningful way until around late October 2014.</p> |

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| | | <p>The request for supporting documents is refused as it is overbroad, disproportionate, not required by the Endorsement or necessary in light of the information provided herein, and subject to solicitor client, litigation and/or common interest privilege.</p> |
| (b) | Osler or any other external law firm; | <p>As described above, Osler was first contacted in September 2014 to provide advice in relation to the various strategic options under consideration by TCC and Target Corporation. The chair of Osler's insolvency group was first contacted to provide advice in relation to TCC's restructuring options either within or outside of a CCAA proceeding on October 17, 2014.</p> <p>Faegre was first contacted in summer 2014 to provide information in relation to the various strategic options under consideration by Target Corporation. Faegre was asked to provide advice in relation to the form and nature of TCC's restructuring in October 2014.</p> <p>Goodmans was first contacted on December 14, 2014 to potentially act as counsel for the Monitor.</p> <p>Davies was first contacted on December 19, 2014 to potentially act as counsel for Target Corporation.</p> <p>Koskie Minsky LLP was first contacted on December 29, 2014 to potentially act as Employee Representative Counsel in the event that there was a CCAA filing.</p> <p>Chaitons LLP was first contacted on December 16, 2014 to potentially act as counsel for the Directors and Officers of TCC.</p> <p>Sherrard Kuzz LLP was first contacted on or about October 29, 2014 to provide advice on employee matters in connection with the various strategic options being considered for TCC.</p> |

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| | | <p>The request for supporting documents is refused as it is overbroad, disproportionate, not required by the Endorsement or necessary in light of the information provided herein, and subject to solicitor client, litigation and/or common interest privilege.</p> |
| (c) | Employees or employee representatives, including their counsel; | <p>Koskie Minsky LLP was first contacted on December 29, 2014 to potentially act as Employee Representative Counsel in the event that there was a CCAA filing.</p> <p>The request for supporting documents is refused as it is overbroad, disproportionate, not required by the Endorsement or necessary in light of the information provided herein, and subject to solicitor client, litigation and/or common interest privilege.</p> |
| (d) | Logistics suppliers; | <p>Logistics suppliers were not advised prior to January 15, 2015.</p> |
| (e) | Insurance agents and the D&O insurer; | <p>Neither TCC nor Target Corporation contacted any insurance agents or the D&O insurer until after the filing was publically announced on January 15, 2015.</p> |
| (f) | Landlords; | <p>Landlords were not advised prior to January 15, 2015.</p> |
| (g) | Banks; | <p>Commencing on or around December 18, 2014, Target Corporation contacted the lead bank in its banking syndicate to advise of the possibility of a CCAA filing and the need for waivers in the event of such a filing, which would have constituted an event of default under Target Corporation's revolving credit facility. Target Corporation advised the bank that no decision with respect to the possible CCAA filing had been made and that this information was highly confidential and was not to be shared, including with senior executives, management and other individuals within Target Corporation and TCC.</p> <p>In early January 2015, Target Corporation entered into a series of waiver agreements with certain members of its banking syndicate. The waiver</p> |

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| | | <p>agreements were contingent on the occurrence of a CCAA filing on or before February 28, 2015.</p> <p>On January 15, 2015, Target Corporation advised its banking syndicate of the Target Canada Entities' CCAA filing and that the existing waiver agreements were in effect. It also entered into waiver agreements with the remaining members of its banking syndicate.</p> <p>The request for supporting documents is refused as it is overbroad, disproportionate, not required by the Endorsement or necessary in light of the information provided herein, and subject to solicitor client, litigation and/or common interest privilege.</p> |
| (h) | DIP lenders; | No potential DIP lenders outside of Target Corporation were ever contacted. |
| (i) | Accounting firm(s), auditors, and financial advisors; | <p>PricewaterhouseCoopers Inc. was engaged on September 25, 2014 to provide information in relation to the various strategic options under consideration for TCC.</p> <p>Ernst & Young Inc. is Target Corporation's external auditor. It was first contacted in or around October 2014 with respect to the possibility of a CCAA filing.</p> <p>A&M N.A. commenced its work in respect of TCC's restructuring options on November 5, 2014.</p> <p>The request for supporting documents is refused as it is overbroad, disproportionate, not required by the Endorsement or necessary in light of the information provided herein, and subject to solicitor client, litigation and/or common interest privilege.</p> |
| (j) | The U.S. Securities and Exchange Commission; | The SEC was not contacted regarding a possible CCAA filing. |

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| | and | |
| (k) | Any media or communications agency, either external or as a division of Target Canada/Target Corporation. | <p>Hill + Knowlton Strategies was contacted in December 2014 to discuss a communications strategy in case the Target Corporation board of directors resolved to cease Target Corporation's funding of and financial support for TCC.</p> <p>In December 2014, Target Corporation's communications department first began to prepare the communications strategy in case the Target Corporation's board of directors resolved to cease Target Corporation's funding of and financial support for TCC.</p> <p>The request for supporting documents is refused as it is overbroad, disproportionate, not required by the Endorsement or necessary in light of the information provided herein, and subject to solicitor client, litigation and/or common interest privilege.</p> |
| 6. | When were Lazard and the other two investment banks first contacted to provide proposals to Target Canada? Please produce all written communication between Target Canada/Target Corporation and the three investment banks, and any reports or proposals prepared by these three banks, including Lazard. | <p>Lazard Frères & Co. LLC and another investment bank were contacted on or about January 9, 2015, and discussions with Lazard and the other investment bank first occurred on January 11, 2015.</p> <p>TCC and its advisors had been in contact with a third investment bank in December 2014 in connection with the strategic options being considered and some of these discussions addressed a potential engagement focused on a sale of certain of TCC's lease and real property interests. These discussions were terminated in early January 2015.</p> <p>The request for all reports and proposals is refused as it is overbroad, disproportionate, not required by the Endorsement or necessary in light of the information provided herein, and subject to solicitor client, litigation and/or common interest privilege.</p> |
| 7. | When was Northwest first contacted to act as Target Canada's real estate advisor? Please | As a part of the ongoing review of strategic options described above, Northwest undertook a series of engagements during the second half of |

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| | <p>produce all written communication between Target Canada/Target Corporation and Northwest, and any reports or proposals produced by Northwest.</p> | <p>2014, and visited every TCC retail store in Canada. TCC formalized its engagement with Northwest in connection with these CCAA proceedings on January 14, 2015.</p> <p>The request for all reports and proposals is refused as it is overbroad, disproportionate and subject to solicitor client and/or common interest privilege. Moreover, production of such reports would also be extremely detrimental and prejudicial to the Real Property Portfolio Sales Process which is currently underway. The Northwest Valuation Analysis with respect to the Oxford/Ivanhoe Cambridge transaction was sealed by Court Order dated March 5, 2015.</p> |
| 8. | <p>At para. 15 of the Wong Affidavit, it states: “Following the thorough review of TCC’s performance described above and careful consideration of all options, I am informed by senior management of Target Corporation that the board of directors of Target Corporation has determined that...it is in the best interest of its business and its shareholders to discontinue operations in Canada...” When and how was Target Canada informed of senior management’s decision to discontinue Canadian operations? Who informed Mr. Wong and Target Canada of senior management’s decision to discontinue Canadian operations? Please provide all written communications, meeting minutes, meeting agendas, reports and all other documentation thereto. Which members of the board of directors of Target Corporation are referred to in paragraph 15 of the Wong Affidavit?</p> | <p>As described above, the decision by the Target Canada Entities to discontinue operations in Canada and to seek creditor protection under the CCAA in order to facilitate an orderly wind down of their businesses was made immediately following the meeting of the board of directors of Target Corporation held January 14, 2015. At the meeting, the board of directors of Target Corporation resolved to cease Target Corporation’s funding of and financial support for TCC. Until this decision was made, TCC was not insolvent. Without further funding and financial support from Target Corporation, the Target Canada Entities were unable to meet their liabilities as they became due and were therefore insolvent. As such, when informed of the decision of the board of directors of Target Corporation, the directors of TCC immediately resolved to seek protection under the CCAA.</p> <p>Mark Wong was advised by Aaron Alt, Chief Executive Officer of TCC as of January 15, 2015, (who was in attendance at the Target Corporation board meeting) and Tiffany Monroe, of the decision of the board of directors of Target Corporation in the afternoon of January 14, 2015.</p> <p>The request for all written communications and other documentation is refused as it is overbroad, disproportionate, not required in light of the information provided herein, and subject to solicitor client and/or</p> |

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| | | <p>common interest privilege.</p> <p>The following Target Corporation directors were present for all or part of the board meeting held on January 14, 2015: Roxanne Austin, Douglas M. Baker, Jr., Brian C. Cornell (Chair), Calvin Darden, Henrique De Castro, James A. Johnson, Mary E. Minnick, Anne M. Mulcahy, Derica W. Rice and Kenneth L. Salazar.</p> |
| 9. | Please provide the following dates, and all supporting documentation, with regards to when Target Canada and/or Target Corporation advised the following entities of Target Canada's intention to seek CCAA/BIA protection: | |
| (a) | Target Canada's and/or Target Corporation's internal legal department; | <p>January 14, 2015.</p> <p>The request for supporting documents is refused as it is overbroad, disproportionate, not required by the Endorsement or necessary in light of the information provided herein, and subject to solicitor client, litigation and/or common interest privilege.</p> |
| (b) | Osler or any other external law firm; | <p>Osler, Goodmans, Davies, Faegre, Chaitons and Koskie Minsky were advised of the decision to seek CCAA protection on January 14, 2015.</p> <p>Sherrard Kuzz LLP was advised of the decision to seek CCAA protection following the meeting of the board of directors of Target Corporation held January 14, 2015.</p> <p>The request for supporting documents is refused as it is overbroad, disproportionate, not required by the Endorsement or necessary in light of the information provided herein, and subject to solicitor client, litigation and/or common interest privilege.</p> |

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| (c) | Employees or employee representatives, including their counsel; | <p>Koskie Minsky was advised of the decision to seek CCAA protection on January 14, 2015.</p> <p>Employees were advised on January 15, 2015.</p> <p>The request for supporting documents is refused as it is overbroad, disproportionate, not required by the Endorsement or necessary in light of the information provided herein, and subject to solicitor client, litigation and/or common interest privilege.</p> |
| (d) | Logistics suppliers; | <p>January 15, 2015.</p> <p>The request for supporting documents is refused as it is overbroad, disproportionate, not required by the Endorsement or necessary in light of the information provided herein, and subject to solicitor client, litigation and/or common interest privilege.</p> |
| (e) | Insurance agents and the D&O insurer; | <p>January 15, 2015.</p> <p>The request for supporting documents is refused as it is overbroad, disproportionate, not required by the Endorsement or necessary in light of the information provided herein, and subject to solicitor client, litigation and/or common interest privilege.</p> |
| (f) | Landlords; | <p>January 15, 2015.</p> <p>The request for supporting documents is refused as it is overbroad, disproportionate, not required by the Endorsement or necessary in light of the information provided herein, and subject to solicitor client, litigation and/or common interest privilege.</p> |
| (g) | Banks; | <p>January 15, 2015.</p> <p>The request for supporting documents is refused as it is overbroad, disproportionate, not required by the Endorsement or necessary in light</p> |

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| | | of the information provided herein, and subject to solicitor client, litigation and/or common interest privilege. |
| (h) | DIP lenders; | No potential DIP lenders outside of Target Corporation were contacted. |
| (i) | Accounting firm(s), auditors, and financial advisors; | <p>Financial advisors were advised on January 14, 2015. Accounting firms were advised following the meeting of the board of directors of Target Corporation held January 14, 2015.</p> <p>The request for supporting documents is refused as it is overbroad, disproportionate, not required by the Endorsement or necessary in light of the information provided herein, and subject to solicitor client, litigation and/or common interest privilege.</p> |
| (j) | The U.S. Securities and Exchange Commission; and Any media or communications agency, either external or as a division of Target Canada/Target Corporation. | <p>The SEC was not so advised.</p> <p>Target Corporation's communications department was advised of the board decision on January 14, 2015.</p> <p>The request for supporting documents is refused as it is overbroad, disproportionate, not required by the Endorsement or necessary in light of the information provided herein, and subject to solicitor client, litigation and/or common interest privilege.</p> |
| 10. | When were any other potential DIP lenders first contacted? Please provide all written communications and documents thereto. | No other DIP lenders were contacted. |
| 11. | Was there a shareholders' resolution or directors' resolution that authorized Target Corporation or Target Canada to investigate whether a CCAA application was a solution to the financial problems of Target Canada? | No. |

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| 12. | When were the Board resolutions first drafted? | <p>There were no resolutions drafted that authorized Target Corporation or TCC to investigate whether a CCAA filing was a solution to the financial problems of TCC.</p> <p>The resolution of the board of directors of Target Corporation authorizing Target Corporation to cease its funding of and financial support for TCC was first drafted by Faegre on December 30, 2014 and shared with Target Corporation on December 31, 2014.</p> |
| 13. | When was the list of creditors first prepared? | See the Fifth Report of the Monitor dated March 16, 2015 (the “ Monitor’s Fifth Report ”). |
| 14. | Was a lawyer present to discuss options, differences and financial results between the process under the BIA and that under the CCAA? Please provide any minutes or notes with regards to such meetings. | <p>Osler and Faegre attended meetings starting in early November 2014 at which these issues, among many others, were discussed.</p> <p>The request for all minutes and notes is refused as it is overbroad, disproportionate, not necessary in light of the information provided herein, and subject to solicitor client, litigation and/or common interest privilege.</p> |
| 15. | When were possible liquidation companies contacted for the bidding process? Who were the other bidders? Please provide all written communication and documentation thereto. | <p>See Monitor’s Fifth Report.</p> <p>A copy of the solicitation letter and requests for proposals sent to the five liquidation companies were attached as Exhibit “C” to the Affidavit of Mark Wong sworn January 29, 2015.</p> <p>The request for all written communications and other documentation is refused as it is overbroad, disproportionate, not necessary in light of the information provided herein, and subject to solicitor client, litigation and/or common interest privilege.</p> |
| 16. | When liquidation companies were contacted for the bidding process, what were these companies advised with regards to Target Canada’s inventory | See Monitor’s Fifth Report. |

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| | levels, and at what date? How were inventory numbers presented to potential liquidators: by store, by distribution center, by title etc.? | |
| 17. | When was independent counsel first contacted or consulted by any director of Target Canada or Target Corporation? | Mark Wong contacted Harvey Chaiton of Chaitons LLP on December 16, 2014. Target Corporation has no knowledge of whether the board of directors or any individual director contacted or consulted independent counsel with respect to the potential CCAA filing of the Target Canada Entities. |
| 18. | Exhibit “M” to the Wong Affidavit contains interim financial statements. This exhibit was retrieved and accessed on January 7, 2015. Why was it retrieved on this date, and by whom? | The date shown on the Exhibit “M” document reflects the date that the financial statements were retrieved by counsel from the SEC’s EDGAR database. It was retrieved as part of the contingency planning described above. |
| 19. | Exhibit “N” and “O” to the Wong Affidavit are copies of stand-alone financial statements as of November 1, 2014 for Target Canada and Propco, respectively, which were prepared for the purposes of the CCAA application. When were these financial statements prepared, and by whom? Who were these financial statements prepared for? | Target Corporation’s Financial Reporting group began preparing the stand-alone financial statements on December 15, 2014. The stand-alone statements were prepared as a part of the contingency planning in the event that the board of directors of Target Corporation resolved to cease its funding of and financial support for TCC. |
| 20. | Were there any separate in-house financial statements created for Target Canada prior to the CCAA application? If so, how often were these financial statements created? Were they considering by Target Canada’s and Target Corporation’s board with regards to Target Canada’s operating losses? When were they reviewed? Please provide all written communications, minutes and other documents | Refused. The question is outside of the scope of the Endorsement and not relevant. |

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| | with regards to such financial statements, if any. | |
| 21. | Exhibit “P” to the Wong Affidavit contains the loan agreements between Target Canada and NEI. A third amendment was made to the loan facility to change the definition of default effective as of January 2, 2015. Why was this change initiated? By whom? When? Please provide all written communications thereto. The “v.2” at the bottom of the document seems to suggest the document went through two revisions. Please produce all drafts. | <p>This change was initiated by Target Corporation in late December 2014 as part of its planning for the possibility of a CCAA filing and the need to avoid an event of default under its revolving credit facility.</p> <p>The request for all drafts is refused as it is overbroad, disproportionate, not required by the Endorsement or necessary in light of the information provided herein, and subject to solicitor client and/or common interest privilege.</p> |
| 22. | Exhibit “Q” to the Wong Affidavit is the Subordination and Postponement Agreement between Nicollet Enterprise and Target Canada, dated January 12, 2015. The “v.3” at the bottom of the document seems to suggest the document was revised three times. When did discussions between Nicollet Enterprise and Target Canada commence with regards to this agreement? Please provide all written communications thereto. When was this agreement first prepared? Please provide all drafts of this agreement. | <p>Discussions with Nicollet Enterprise with respect to the Subordination and Postponement Agreement commenced on January 2, 2015. The Subordination and Postponement Agreement was first drafted on December 29, 2014.</p> <p>The request for all written communications and drafts is refused as it is overbroad, disproportionate, not necessary by the Endorsement or necessary in light of the information provided herein, and subject to solicitor client and/or common interest privilege.</p> |
| 23. | Pursuant to para. 26 of the Affidavit of Mark J. Wong, sworn February 27, 2015, Target Canada has terminated its agreements with Propco, thereby triggering an early termination payment in favour of Propco against Target Canada in the amount of \$1.9 billion. Please provide a copy of all agreements between Target Canada and Propco, including the termination agreement. When did Target Canada make the decision to terminate its | <p>This question will be dealt with pursuant to the Endorsement of Morawetz R.S.J. dated March 5, 2015. Also see the letter from Tracy Sandler to Lou Brzezinski dated March 4, 2015, together with the enclosures thereto.</p> |

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| | <p>agreements with Propco? Please provide all written communications, proposals, minutes, reports and other documents thereto. Why did Target Canada wait until after filing for CCAA protection to terminate its agreements with Propco and to trigger the Propco debt?</p> | |
| 24. | <p>Does Propco intend to subordinate its debt of \$1.9 billion in a similar fashion to the Nicollet Enterprise debt? If not, why are some intercompany debts subordinated, but not others?</p> | <p>This question will be dealt with pursuant to the Endorsement of Morawetz R.S.J. dated March 5, 2015. Also see the letter from Tracy Sandler to Lou Brzezinski dated March 4, 2015, together with the enclosures thereto.</p> |

B. Overview of 30-Day Goods and Inventory Value Issues

Many of the questions under the header “Inventory and 30-Day Goods” relate to TCC merchandising, and in particular the TCC processes and employees involved in making decisions relating to selecting and ordering merchandise, determining appropriate merchandise inventory levels, and sourcing product from suppliers through TCC’s distribution centres and into individual retail stores. What follows below is a general overview of TCC’s merchandising department and inventory management practices that were in place prior to the CCAA filing, which addresses these and other related items.

As described in the First Wong Affidavit, much of the merchandise sold in TCC stores was sourced from vendors located in Canada and the United States. Many TCC vendors, either directly or through related entities, supplied merchandise to both TCC and Target Corporation, and many of those cross-over vendors have operations in Canada. In addition, some of the merchandise which was sold by TCC was supplied by Canadian-based vendors who do not supply Target Corporation. TCC also sold merchandise supplied by “overseas” vendors, the sourcing of which was coordinated by Target Sourcing Services Limited (“**Target Sourcing**”), a wholly-owned indirect subsidiary of Target Corporation, or certain related entities operating outside of Canada. In the ordinary course, vendors were advised to deliver invoices to Minneapolis, Minnesota in respect of products purchased by and/or services rendered to TCC (as TCC’s accounting function was serviced by Target Corporation through the shared services arrangements), even though the accounts of these vendors and suppliers were for TCC, not Target Corporation.

At all material times prior to the CCAA filing, all merchandising decisions for Canadian operations, including decisions relating to inventory levels, were made by TCC alone, without input from or consultation with Target Corporation, though TCC would from time to time consult with Target Sourcing on inventory commitments to certain overseas vendors. In addition, merchandising decisions for all TCC stores were made entirely at the TCC corporate level, rather than by management of the individual stores on a store-by-store basis. With limited exception (generally related to the ordering of perishable goods such as dairy), none of TCC’s individual retail stores made decisions with respect to the selection or ordering of inventory, including decisions relating to the quantum of merchandise to be ordered. There was no regular consultation between the individual retail store level and the corporate level in this regard.

TCC operated three distribution centres located in Milton and Cornwall, Ontario and in Calgary, Alberta, which supplied and replenished products sold in TCC’s stores. Merchandise that arrived at the distribution centres was either stored temporarily in the distribution centre or immediately transported to TCC’s stores.

TCC’s merchandise purchasing decisions were made through two separate groups of TCC employees within the merchandising department: namely, “core merchandising” which consisted of teams of “buyers”, and “merchandise planning” carried out by teams of “business analysts”. Generally speaking, the buyers were responsible for the assortment and pricing of products on TCC store shelves and for creating the sales forecasts for those products. In other words, buyers selected the products that would be sold in TCC stores and attempted to project the volume of sales of those products several months into the future with regard to seasonality, anticipated product popularity, and other considerations. TCC’s business analysts worked hand-in-hand with the buyers. These business analysts were responsible for reviewing the forecasts established by

the buyers and determining the required inventory levels in the distribution centres and in the stores necessary to accommodate the anticipated level of demand for a given product. In almost all cases, the business analysts wrote the purchase orders for the merchandise. At the filing date, TCC employed approximately 117 buyers and 100 business analysts, all of whom ultimately reported up the chain to Ted Smetana (Vice President, Merchandise Planning) in the case of business analysts, and to product category Divisional Merchandise Managers, in the case of buyers. Mr. Smetana and the four Divisional Merchandise Managers (David Mirelez, Ilana Santone, Robert Cherry and Elisha Ballantyne) in turn reported to Mr. Butcher, who was the head of Merchandising at TCC.

A central consideration for the buyers and business analysts in TCC's merchandising department was the amount of time required between the date product was ordered and the date that product was to arrive in TCC's distribution centres and would be distributed to individual retail stores to be stocked on store shelves, generally known as the required "lead time". The lead time for orders varied significantly depending on a number of factors, including, most importantly, the origin of the product. Generally speaking, products sourced from overseas, such as the apparel and accessories or home furnishings and decor merchandise categories (which are often manufactured in and shipped from Asia) took considerably longer to arrive at TCC's distribution centres following the issuance of a purchase order. Accordingly, purchase orders for products in these categories had to be opened well in advance of the date that they were intended to be made available in stores; three to six months of lead time was typically required for these products. By contrast, products that could be sourced domestically, such as products in TCC's household essentials (including beauty and personal care products), food and commodities and pet supplies merchandise categories, were typically ordered with considerably shorter lead times ranging from two weeks to two months in advance. For certain short-lead time merchandise categories, products would be available on a 'direct store delivery' basis (*e.g.*, grocery products may be sourced directly to a store from the supplier or wholesaler) rather than by way of a delivery through a distribution centre. In limited circumstances, purchase orders for certain short lead-time products would be automatically generated for issuance through an "auto-replenish" function based on historical order volumes, among other factors.

As a result of the processes described above, inventory levels and attendant purchasing decisions were required to be made several weeks and, in many cases, several months before any product was delivered to TCC's distribution centres or was stocked on store shelves. For example, much of the apparel and home furnishings inventory on hand in December 2014 and January 2015 would have been ordered during the summer of 2014. The long lead time associated with ordering much of TCC's product line created challenges for buyers and business analysts, since inaccurate projections could result in unwanted inventory surpluses and deficits. Particularly with long-lead time products, it was very difficult to "course correct" in the event that consumer demand varied significantly in either direction from forecasted levels.

The forecasting and purchasing decisions made across TCC merchandise categories had to take into account seasonal variations in demand for product over the course of TCC's fiscal year and the resultant impact on inventory levels and merchandise planning. TCC's fourth quarter (*i.e.*, November to January) was typically one such period of intensified demand, given the surge of guests to TCC's stores during Black Friday, the holiday shopping period, and Boxing Week sales. Due to the increased demand for product in the fourth quarter and the upswing in sales that were typically expected during this period, TCC would aim to enter the quarter in an "inventory-

heavy” position to ensure that it had sufficient product on hand. Similarly, following the heightened sales volume over the course of the fourth-quarter, TCC would typically enter the first quarter of the following year (*i.e.*, beginning February 1) light on inventory, necessitating a large purchase of inventory up to six months in advance (in the case of some long-lead time products) to replenish store shelves during this period.

The first quarter of the fiscal year (*i.e.*, February to April) was also the most significant transition period for TCC stores compared to any other time in the year. During this transition period, TCC experienced a comparatively larger turnover of its merchandise for two primary reasons. The first reason was related to the turnover of a large proportion of its merchandise by moving out Winter and holiday-related product in order to make room in stores for Spring inventory, particularly in the apparel and accessories and home furnishings and decor merchandise categories. These products are highly seasonal and trend-based, and a significant refresh of these products was normal in the first quarter, particularly in the months of February and March. The second reason was related to TCC’s focus in February and March on refreshing its general assortment. Throughout the hyper-competitive fourth quarter, TCC would freeze any updates to the assortment and execute this backlog of product changes in February and March. The introduction of new products into the TCC assortment required inventory purchase orders that were typically much larger than standard replenishment orders owing to the need for an initial order to fill the shelves and a reserve for replenishment purposes. As a result of the inventory cycle that occurred around the end of TCC’s fiscal year (*i.e.*, December through January) it was generally the case in the ordinary course that TCC would issue purchase orders for very significant amounts of merchandise during the December through January period (depending on the particular products, up to six months in advance).

The fourth quarter of 2014 (*i.e.*, November to January) and the first quarter of 2015 (*i.e.*, February to April) were expected to be particularly inventory-intensive for TCC as a result of a number of factors. As described above, TCC management was making significant efforts in the Fall of 2014 to increase sales on a system-wide basis in order to build momentum through the 2014 holiday season and into the first quarter of 2015. As part of these efforts, TCC increased its merchandise ordering to ensure that store shelves remained filled through the Black Friday and holiday period in order to address the well-publicized out-of-stock issues that TCC had experienced in its stores in prior quarters. At the same time, nine new TCC stores came online over the course of 2014, which resulted in an additional upswing in year-over-year system-wide merchandise ordering for the first quarter of 2015 (again, depending on the particular products, such ordering being made up to six months in advance).

Prior to January 15, 2015, no purchasing or inventory decisions were based on or in any way influenced by the possibility that TCC could discontinue operations in Canada and/or file for CCAA protection. As described above, the board of directors of Target Corporations did not determine to discontinue operations in Canada and cease funding of TCC until the board meeting held on January 14, 2015. Among the merchandising team at TCC, only Mr. Butcher, head of Merchandising for TCC, and Messrs Smetana and Mirelez, were informed in advance that there was a possibility that TCC may discontinue operations and that a CCAA filing was an option under consideration. Mr. Butcher was so advised on January 6, 2015, and Mr. Smetana and Mr. Mirelez were so advised on January 13, 2015. No other member of TCC’s merchandising team – including all buyers and business analysts, their respective managers and direct reports, or the

Divisional Merchandise Managers other than Mr. Mirelez – was made aware of the potential for such an outcome before the January 14, 2015 board of directors meeting.

Immediately following the board decision on January 14, 2015 and TCC's initiation of CCAA proceedings on January 15, 2015, TCC's merchandising team and the Monitor took action in an effort to protect suppliers to the greatest extent possible in the circumstances. On January 15, 2015, TCC announced that it would close all open purchase orders with TCC suppliers, and this process was completed within days of the CCAA filing date. The effect of this process for Canadian and U.S. suppliers was to ensure that product that arrived at one of TCC's three distribution centres for delivery following the closure of the applicable purchase order would not be accepted at the distribution centre and would be returned to the supplier. In addition, for all overseas suppliers, on January 15, 2015, TCC advised all overseas freight forwarders and consolidators not to load or ship any further product to TCC distribution centres going forward unless TCC had title to such product. A large majority of such product was returned to vendors abroad. To the extent that TCC had already taken title to goods by the CCAA filing date, such goods were accepted at the distribution centres even if they were received after January 15, 2015.

| “Inventory and 30-Day Goods” Questions | | |
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| # | Question | Answer |
| 25. | How does Target Canada determine that its stores require more inventory? How are inventory levels determined at Target Canada, and who made this determination for the period between December 15, 2014 and January 15, 2015? For example, what process of consultation is in place between individual Target stores in Canada and Target Corporation with regards to inventory needs? Furthermore, who made the decisions with regards to ordering goods and services in the 30 days preceding the filing? Please provide all written communications regarding purchasing decisions made 30 days prior to the filing of the CCAA application. | See general description of TCC’s merchandising, above. The request for all written communications is refused as it is overbroad, disproportionate and not necessary in light of the information provided herein. |
| 26. | Is there a difference between purchase orders or invoice systems used for suppliers to the United States/Target Corporation, and the systems used in Canada? How are the two systems different? How did Target Corporation keep track of suppliers to the United States vs. suppliers to Canada? Are there separate accounting systems in place with regards to the supply of goods to Canada and the United States? How do the companies coordinate when an order is placed with regard to Canada and the United States? How do the companies determine where each part of the order is to go, and where it is shipped from? Are there separate billings with regards to goods shipped to Canada and the United States? If yes, please explain how | Refused. The question is outside of the scope of the Endorsement and not relevant. |

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| | Target Corporation and Target Canada deal with the same supplier providing bulk delivery in the same purchase order. | |
| 27. | Who determined where to purchase products that were available from multiple sources? What role did Target Corporation have in decisions pertaining to the ordering of goods from a particular supplier or service provider? | See general description of TCC's merchandising, above. For certainty, with the exception of the coordinating role served by Target Sourcing Services in respect of certain overseas vendors, Target Corporation played no role in TCC's decisions pertaining to the ordering of goods from a particular supplier or service provider. |
| 28. | What is the lead time provided to vendors with regards to inventory purchase orders, and delivery dates? Specifically, what were the expected delivery dates for purchase orders made on November 1, 2014 and thereafter? How did Target Canada/Target Corporation determine the latest delivery dates for purchase orders made after November 1, 2014? | See general description of TCC's merchandising, above. |
| 29. | What was the inventory value in Target Canada's stores and distribution centers between December 15, 2013 and January 15, 2014? | See Monitor's Fifth Report. |
| 30. | What is the percentage of inventory on January 15th compared to inventory levels as of December 15th for the years 2013 and 2014? | See Monitor's Fifth Report. |
| 31. | What was the inventory value at cost in Target Canada's stores on each day between November 1, 2014 and January 15, 2015? What was the opening inventory value at cost in Target Canada's stores on each day between November 1, 2014 and January 15, 2015? What was the closing inventory value at cost in Target Canada's stores on each day | See Monitor's Fifth Report. |

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| | between November 1, 2014 and January 15, 2015? | |
| 32. | What was the inventory value at cost in Target Canada's distribution centers on each day between November 1, 2014 and January 15, 2015? What was the opening inventory value at cost in Target Canada's distribution centers on each day between November 1, 2014 and January 15, 2015? What was the closing inventory value at cost in Target Canada's distribution centers on each day between November 1, 2014 and January 15, 2015? | See Monitor's Fifth Report. |
| 33. | What was the inventory value at cost in Target Canada's stores on each day between January 15, 2015 and February 15, 2015? What was the opening inventory value at cost in Target Canada's stores on each day between January 15, 2015 and February 15, 2015? What was the closing inventory value at cost in Target Canada's stores on each day between January 15, 2015 and February 15, 2015? | See Monitor's Fifth Report. |
| 34. | What was the inventory value at cost in Target Canada's distribution centers on each day between January 15, 2015 and February 15, 2015? What was the opening inventory value at cost in Target Canada's distribution centers on each day between January 15, 2015 and February 15, 2015? What was the closing inventory value at cost in Target Canada's distribution centers on each day between January 15, 2015 and February 15, 2015? | See Monitor's Fifth Report. |
| 35. | At para. 57 of the Wong Affidavit, it states that for the fiscal year through December 6, 2014, Target | The approximately CAD \$1-billion figure was taken directly from TCC's accounts payable subledger, which indicated payments for |

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| | <p>Canada made approximately CAD \$1 billion in payments for merchandise sourced from vendors. It further states that Target Corporation has guaranteed certain obligations of Target Canada Entities to vendors. Please advise what information was analyzed to produce the December 6th number of \$1 billion. What payments were made to “vendors” between December 6, 2014 and January 15, 2015? Please provide a list of those vendors to which Target Corporation has guaranteed certain obligations</p> | <p>merchandise sourced from vendors located in Canada and the United States for fiscal year-to-date through December 6, 2014.</p> <p>The remainder of the question is outside of the scope of the Endorsement and not relevant, not readily ascertainable, and is refused.</p> |
| <p>36.</p> | <p>Paragraph 62 of the Wong Affidavit states that “the vast majority of product sold in TCC’s stores is replenished through the distribution centres.” What percentage, at cost, was replenished through the distribution centres? In other words, what was the split between the distribution centers and the stores in terms of inventory?</p> | <p>The majority of grocery and commodities products (except household, paper, baby and pets) were delivered by way of direct store delivery rather than through the distribution centre network. These products represent approximately 20-25% of all products sold in TCC stores. The remainder was sourced through distribution centres. Certain product categories were consignment goods. These products were also delivered by way of direct store delivery.</p> <p>Also see response to question 38.</p> |
| <p>37.</p> | <p>Paragraph 64 of the Wong Affidavit states: “Merchandise arrives at the distribution centres and is either stored temporarily in the distribution centre or immediately transported to TCC’s stores. As of January 3, 2015, there was merchandise with a retail value of approximately CAD \$202 million in the distribution centres.” Please provide information and documentation to demonstrate how the retail value of merchandise in the distribution centers as of January 3, 2015 was calculated. What margins were used in this calculation? Why was this figured calculated as of</p> | <p>The retail value of merchandise in the distribution centres as of January 3, 2015 (as disclosed in the First Wong Affidavit) was pulled from a TCC inventory report which identified the retail value of category-level inventory in the TCC distribution centres and in the TCC stores on a weekly basis.</p> <p>The date of January 3, 2015 was selected because it was immediately after the end of the calendar year (December Week 5).</p> <p>The retail value of merchandise in TCC stores as of January 3, 2015 was approximately \$630 million.</p> |

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| | January 3, 2015? What was the retail value in Target Canada stores as of January 3, 2015? Please provide all supporting documentation thereof. | The request for all supporting documentation is refused as it is overbroad, disproportionate, not necessary in light of the information provided herein, and subject to solicitor client, litigation and common interest privilege. |
| 38. | Paragraph 67 of the Wong Affidavit references “the amount of inventory at the distribution centres”. What amount is this referencing, and at what date? | The purpose of the reference to inventory volumes at paragraph 67 was simply to underscore the importance of continued services of Eleven Points Logistics Inc., Ryder Integrated Logistics and certain other transportation providers during the CCAA proceedings. |
| 39. | Several suppliers have indicated that Target Canada purchased more than twice the average inventory volume between December 15, 2014 and January 15, 2015. What is your explanation for the significant increase in inventory orders during the 30-day period preceding the Initial Order? | <p>See general description of TCC’s merchandising above with respect to the timing of orders. TCC has thousands of individual suppliers and it is likely that some suppliers had higher purchases during that period and other suppliers had lower purchases during that period. Each situation will be different based on the merchandising practices described above; however, inventory levels declined by approximately \$100 million in the 30 days prior to filing. In addition, no individual with the ability to make merchandising decisions had knowledge of the potential CCAA filing until just over a week before the filing was announced.</p> <p>For certainty, as set out in the Fourth Report of the Monitor dated March 3, 2015 (the “Fourth Report”):</p> <ul style="list-style-type: none">a) from December 15, 2014 to January 15, 2015, the total Stores and DC inventory declined from approximately \$623.1 million to approximately \$526.6 million;b) from December 15, 2013 to January 15, 2014, the total Stores and DC inventory declined from approximately \$650.4 million to approximately \$533.8 million;c) daily inventory levels (except for three days) were lower during the period from December 15, 2014 to January 15, 2015 than for |

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| | | <p>the same 30-day period in the prior year;</p> <p>d) average inventory per Store (i.e. total Store and DC inventory ÷ number of open Stores) was also lower year over year, at approximately \$4.0 million as at January 15, 2015 as compared to approximately \$4.3 million as at January 15, 2014; and</p> <p>e) from November 1, 2014 to December 15, 2014, the total Stores and DC inventory also declined, by approximately \$96.6 million.</p> |
| 40. | <p>It is our understanding that the following information was regularly made available to suppliers by Target Canada through an online database: (a) the amount of inventory delivered; and (b) point of sales information for each supplier. Will suppliers have access to information regarding (a) the amount of inventory delivered; and (b) point of sales information for each supplier for the period immediately preceding and the thirty days following the CCAA application?</p> | <p>We understand that the online database referenced is the Partners On Line portal. Vendors servicing the U.S. operations have access to dynamic reporting capabilities through the U.S. Partners On Line site. Full capabilities for this site were never developed / rolled out in Canada. Certain Canadian vendors may have had access to the equivalent of a SharePoint site with their respective buyers to facilitate collaboration; however, these Canadian vendors never had access to any sort of dynamic reporting. Though the Canadian Partners On Line portal is still active, it only provides general information related to doing business with TCC.</p> <p>Court approval of a claims process will be sought at an appropriate stage in these CCAA proceedings. Any issues relating to proof of debt and claims will be dealt with in such claims process. It is premature at this time to comment on any individual creditor claim or the type of information that will be needed to deal with such claims.</p> |
| 41. | <p>Did Target Canada continue to place purchase orders for inventory, and accept delivery of inventory, after it had made the decision to close and liquidate Canadian stores and/or initiate CCAA or BIA proceedings? If so, please provide an explanation as to why.</p> | <p>See general description of TCC’s merchandising, above. The decision by the Target Canada Entities to discontinue operations in Canada and to seek creditor protection under the CCAA in order to facilitate an orderly wind down of their businesses was made following the meeting of the board of directors of Target Corporation held January 14, 2015. The Target Canada Entities did not continue to place purchase orders for inventory after that date, with the limited exception of certain direct</p> |

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| | | <p>store deliveries of regularly replenished products (<i>e.g.</i>, certain grocery items), which will be paid for in the normal course.</p> <p>On January 15, 2015, TCC announced that it would close all open purchase orders with TCC suppliers, and this process was completed with the assistance of the Monitor within days of the CCAA filing date. A copy of the notice sent to vendors is attached at Tab 3. The effect of this process was to ensure that product arriving at one of TCC's three distribution centres for delivery following the closure of the applicable purchase order would not be accepted at the distribution centre and would be returned to the supplier. In addition, on January 15, 2015, TCC advised all overseas freight forwarders and consolidators not to load or ship any further product to TCC distribution centres going forward. All such product was returned to vendors abroad. To the extent that TCC had already taken title to goods by the CCAA filing date, such goods were accepted at the distribution centres even if they were delivered after January 15, 2015.</p> |
| 42. | Please provide a list of all cancelled purchase orders from January 15, 2015 onwards? What was the process for cancelling purchase orders on January 15, 2015 and after? Did this process differ from the manner in which purchase orders were cancelled prior to the filing? If so, how? | See response to question 41, above. Approximately 68,000 purchase orders were closed following January 15, 2015 with the assistance of the Monitor. A list of each individual closed purchase order is outside the scope of the Endorsement and is not relevant. |
| 43. | Please explain why the projected logistics disbursement is approximately \$40 million, as detailed in the Cash Flow Forecast found in the Monitor's Supplemental Report to the First Report of the Monitor, dated February 3, 2015? | See Monitor's Fifth Report. |
| 44. | What is the value of receipts derived from the sale of the inventory that was shipped between December 15, 2014 and January 15, 2015, and | See Monitor's Fifth Report. |

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| | sold to the public during that same period? | |
| 45. | What data was used to determine the inventory order volumes between December 15, 2014 and January 15, 2015 produced in the Monitor's Progress Update, dated February 18, 2015? | See Monitor's Fifth Report. |
| 46. | We have received concerns from several suppliers that the debt outlined in the revised creditors' list, dated January 15, 2015, grossly underestimates the actual balance owed to creditors. In arriving at the amounts found on the revised creditors' list, did Target Canada make any deductions to the amount owed to suppliers and creditors? Did such deductions include cheques issued by Target Canada that were subsequently dishonoured following the CCAA application? If such deductions included inventory returned to the supplier, does Target Canada have evidence of such return? If yes, please provide documentation thereof. | See Monitor's Fifth Report. Court approval of a claims process will be sought at an appropriate stage in these CCAA proceedings. Any issues relating to proof of debt and claims will be dealt with in such claims process. It is premature at this time to comment on any individual creditor claim or the type of information that will be needed to deal with such claims. The request for supporting documentation is refused as it is overbroad, disproportionate, not required by the Endorsement and subject to solicitor client, litigation and/or common interest privilege. |
| 47. | Who prepared the revised list of creditors, dated January 15, 2015, posted on the Monitor's website? What was the source of the data in compiling this information, and how were the amounts owing to creditors determined? Please provide the original list of creditors, and explain the differences between the original list and the revised list of creditors currently posted on the Monitor's website? | See Monitor's Fifth Report. Court approval of a claims process will be sought at an appropriate stage in these CCAA proceedings. Any issues relating to proof of debt and claims will be dealt with in such claims process. It is premature at this time to comment on any individual creditor claim or the type of information that will be needed to deal with such claims. |
| 48. | Will suppliers have an opportunity to dispute the quantum of debt as listed in the revised creditors' | Court approval of a claims process will be sought at an appropriate stage in these CCAA proceedings. Any issues relating to proof of debt |

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| | list, dated January 15, 2015? | and claims will be dealt with in such claims process. |
| 49. | What is the amount owed to suppliers as of March 2, 2015? | Refused. The question is outside of the scope of the Endorsement and not relevant. |
| 50. | For those suppliers who also supply to Target Corporation, what is amount owed to them by Target Corporation as of January 15, 2015? | Refused. The question is outside of the scope of the Endorsement and not relevant. |
| 51. | Please provide all written communications sent from Target Corporation and Target Canada to Target Canada employees responsible for inventory purchases and payments of accounts payable regarding the ordering and payment of goods between November 1, 2014 and January 15, 2015. | Refused on the basis of proportionality. TCC alone employed approximately 200 people responsible for inventory purchases. Such communications are not required in light of the information provided herein. |
| 52. | Why was there a 7% late penalty imposed on or about November, 2014, on some of Target Canada's suppliers with respect to the delivery of product? When was such a penalty first communicated to suppliers? Please provide written communications with regards to such communications. | Please provide further information with respect to any specific suppliers who experienced this issue. |
| 53. | Some suppliers produced custom or branded products for Target Canada, which were obligated for a promotional program or a year-round replenishment for which Target Canada provided an estimated purchase obligation. These items have already been produced by the supplier in accordance with the estimate purchase obligation, and cannot be resold to another purchaser. Further, these items are either in the suppliers' warehouses | TCC would occasionally provide projections to suppliers of certain long-lead time products in order to assist the suppliers' understanding of the volume of product that TCC may require over the next several fiscal quarters. However, as suppliers were aware, the volumes of product that TCC actually ordered could be greater than or less than the forecasted volumes. The projections communicated to suppliers were forecast estimates only; they were not purchase orders, and TCC had no obligation to purchase product that was manufactured pursuant to a projection. TCC advised the suppliers of the referenced custom or |

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| | <p>or in transit. What is the value of product ordered by Target Canada and prepared specifically for Target Canada for delivery to Target Canada from January 15, 2015 to June 15, 2015? Why were such orders not cancelled by Target Canada/Target Corporation? How will suppliers be compensated for the loss and damages incurred as a result of this product stream? Will suppliers be required to prove attempts to mitigate damages?</p> | <p>branded product of TCC’s intention to wind down its operations on January 15, 2015, and closed all open purchase orders following January 15, 2015.</p> <p>Note that TCC has implemented a process whereby vendors of owned brand goods can apply for authorization to distribute their remaining inventory on hand through alternative channels. There are general requirements around the defacing and de-labelling of any such product, as well as restrictions on who it can be sold to and where, however the vendor can complete an Inventory Liquidation Application and submit it to Canada.Salvage@target.com for review.</p> <p>Court approval of a claims process will be sought at an appropriate stage in these CCAA proceedings. Any issues relating to proof of debt and claims will be dealt with in such claims process. It is premature at this time to comment on any individual creditor claim or the type of information that will be needed to deal with such claims.</p> |
| 54. | <p>Please provide the names of all suppliers that Target Canada has designated as crucial or critical suppliers.</p> | <p>The request to identify the names of suppliers who have been designated as critical is refused. Generally, the suppliers include key logistics and supply chain providers, customs brokers and clearing houses, parties providing freight forwarding, transportation and logistics services, safety-related maintenance service providers, and financial institutions providing corporate credit cards, as well as those involved in the cash management system. The question is outside of the scope of the Endorsement and not relevant.</p> |
| 55. | <p>Why is Target Canada continuing to ask certain suppliers to approve reductions in their invoices for promotional charges?</p> | <p>The Target Canada Entities continue to reconcile vendor accounts in the normal course including pursuing available vendor credits and charges for vendor income.</p> |
| 56. | <p>Why were some vendors paid by cheque in the 30 days prior to the filing, despite having been previously paid by alternate methods, such as</p> | <p>Whether TCC paid vendors by cheque or by Electronic Funds Transfer (“EFT”) was the choice of each vendor. Throughout the course of its operations, TCC made considerable efforts to move as many vendors as</p> |

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| | <p>Electronic Funds Transfer? Who was involved in make decisions pertaining to changes of payment methods? When did such discussions take place and between whom? Was the decision to change payment methods done with the knowledge and/or intention that cheques would be subsequently stopped after filing for CCAA protection? Please provide all written communications regarding changes to the method by which any vendor was to be paid leading up to the filing.</p> | <p>possible onto the EFT method of payment. However, certain suppliers were unable to accommodate EFT, and were therefore paid by cheque. TCC is unaware of any suppliers who had been receiving payments by EFT who were subsequently paid by cheque in the 30 days prior to January 15, 2015. Please provide the names of the specific vendors who experienced this situation, and TCC will make enquiries and advise whether these vendors were moved from EFT to cheque, and the reasons for any such change.</p> <p>The request for all written communications is refused as it is overbroad, disproportionate, not required by the Endorsement or necessary in light of the information provided herein, and subject to solicitor client, litigation and/or common interest privilege.</p> |
| 57. | <p>When did Target Canada first advise its banks that it would not be honouring suppliers' cheques? Please provide all written communications to the banks in that respect.</p> | <p>January 15, 2015.</p> |
| 58. | <p>What is the total amount of dishonoured cheques for Target Canada's suppliers?</p> | <p>Approximately CAD\$22.7 million (805 cheques) and USD\$3.9 million (245 cheques).</p> |
| 59. | <p>Does Target Canada intend to make money available for suppliers and service providers who provided goods and services between December 15, 2014 and January 15, 2015? Will Target Canada and/or its liquidation agent create a segregated fund for all 30-day goods supplied in respect of the period between December 15, 2014 and January 15, 2015? Will segregated funds be held in respect of the proceeds for each supplier of 30-day goods supplied between December 15, 2014 and January 15, 2015? Will 30-day goods supplied between December 15, 2014 and January</p> | <p>Court approval of a claims process will be sought at an appropriate stage in these CCAA proceedings. Any issues relating to proof of debt and claims will be dealt with in such claims process. It is premature at this time to comment on any individual creditor claim or the type of information that will be needed to deal with such claims.</p> <p>As set out above, once goods arrive at a distribution centre they are not tracked on an individual item basis. Inventory is currently being sold pursuant to the court-approved Inventory Liquidation Process.</p> |

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| | 15, 2015 be preserved and not sold until such time as the Court directs otherwise? | |
| 60. | In its Update Report dated February 18, 2015, the Monitor states that it must review and reconcile all transfers of inventory title. Can the Monitor please advise why it is raising the issue of title to goods when the rights of 30-day suppliers are dependent on the possession of the goods in question? | See Monitor's Fifth Report. |
| 61. | Exhibit "A" to the Wong Affidavit is the corporate organization chart for Target Corporation. Can you please confirm that Target Canada Co. (a Nova Scotia company) is an unlimited liability company, and to advise as to the tax advantages of this? Who are the shareholders of the unlimited liability company, and are those shareholders obligated to pay any of the unsecured debt? Does Nicollet Enterprise (the Luxembourg company) have any responsibility to the creditors of the unlimited liability company? Who are the directors and shareholders of the Luxembourg company? | <p>TCC is a Nova Scotia unlimited liability company. The sole shareholder of TCC is Nicollet Enterprise 1 S.à r.l. ("NE1"). The sole shareholder of NE1 is Nicollet Enterprise Holdings Canada LP.</p> <p>The remainder of the question seeks legal advice, is outside of the scope of the Endorsement and not relevant.</p> |

TAB 1

**RESOLUTIONS OF THE DIRECTORS OF
TARGET CANADA CO. (the "Company")**

January 2, 2015

Pursuant to the *Companies Act* (Nova Scotia), all of the directors of the Company, by signing the foot hereof, adopt the following resolutions and by so doing, render the same as valid and effectual as if they had been passed at a meeting of directors duly called and constituted.

WHEREAS, it is recalled that the Company is a party, as Borrower, to that certain Loan Facility Agreement with **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 (“**NE1**”), as Lender, made as of May 18, 2011 (as amended from time to time, the “**Facility Agreement**”);

WHEREAS, the Company and NE1 desire to enter into an agreement relating to the Facility Agreement (the “**Third Amendment to Facility Agreement**”), and the Board, on behalf of the Company, considers it is in the best interest of the the Company to enter into the Third Amendment to the Facility Agreement to amend the definition of Event of Default.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The Third Amendment to the Facility Agreement in substantially the form presented to the Board and attached hereto as Appendix A is hereby approved.
2. The Third Amendment to Facility Agreement, as well as any documents or agreements listed therein or in relation thereto are hereinafter collectively referred to as the “**Documents**” and the transactions contemplated under the Documents, as well as any documents or agreements in relation thereto, including without limitation all documents or agreements relating to the Third Amendment of the Facility Agreement are hereinafter collectively referred to as the “**Transaction**”.
3. The Board hereby appoints any director, officer or manager of the Company (the “**Attorneys**” and individually an “**Attorney**”), acting individually and with full power of substitution, to negotiate, amend, adapt, waive, sign, execute and perform, for and on behalf of the Company, the Documents as well as any agreements, documents, certificates, instruments, proxies, notices and registers as may be required in connection with or as contemplated by the Documents and the Transaction in such forms as the Attorney may approve and to do all such acts and things as may be ancillary thereto and/or necessary and/or useful and/or desirable in the sole opinion of the Attorney in

connection with or for the purpose of the entering into, execution or performance of the Documents and the Transaction.

4. All actions taken on behalf of the Company to date by any director, officer or manager of or on behalf of the Company, or any person or persons designated and authorized to act on behalf of the Company, which acts would have been authorized by the foregoing resolutions except that such actions were taken prior to the adoption of such resolutions, are hereby severally ratified, confirmed, approved and adopted as the acts of the Company.
5. These resolutions 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]

The undersigned, being all of the directors of the Company, hereby adopt the foregoing resolutions.

SIGNED:


Pamela J. Tomezik

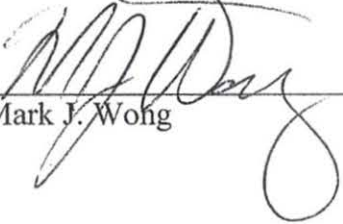
Mark J. Wong

[Signature Page to Board Resolutions of Target Canada Co]

The undersigned, being all of the directors of the Company, hereby adopt the foregoing resolutions.

SIGNED:

Pamela J. Temczik



Mark J. Wong

[Signature Page to Board Resolutions of Target Canada Co]

Third 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.

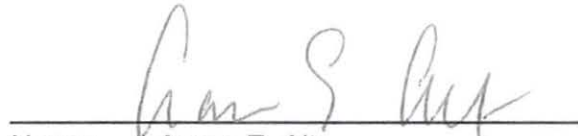


Name: Sara Justice Ross
Title: A Manager

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

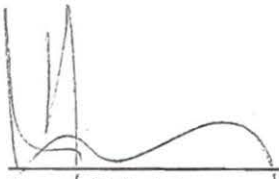
[Signature Page to Third Amendment to Facility Agreement]

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]

**RESOLUTIONS OF THE DIRECTORS OF
TARGET CANADA CO. (the “Company”)**

January 14, 2015

Pursuant to the *Companies Act* (Nova Scotia), all of the directors of the Company, by signing the foot hereof, adopt the following resolutions and by so doing, render the same as valid and effectual as if they had been passed at a meeting of directors duly called and constituted.

COMPANIES’ CREDITORS ARRANGEMENT ACT

WHEREAS the Board of Directors has received information and advice from the Company’s management team and the Company’s advisors and has concluded that it is desirable and in the best interests of the Company to seek protective measures against the taking or continuance of any action, proceeding or enforcement process against the Company, to prevent the taking of any other steps by any person detrimental to the affairs and operations of the Company and to seek an orderly wind down and liquidation of the affairs of the Company;

AND WHEREAS the Company is unable to satisfy its obligations as they become due and, as such, is insolvent;

AND WHEREAS, as a result thereof, it is desirable and in the best interests of the Company that an application for protection be filed by the Company under the *Companies’ Creditors Arrangement Act*;

AND WHEREAS the Company has requested that Target Corporation (the “**DIP Lender**”) provide it with funding in order to operate during the above described proceedings under the *Companies’ Creditors Arrangement Act* (the “**CCAA Proceedings**”);

AND WHEREAS the Company proposes to enter into a term sheet (the “**Term Sheet**”) in substantially the form presented to the directors of the Company, to be dated on or about January 14, 2015, by and among the Company and its subsidiaries, collectively, as borrower, and the DIP Lender, as lender, establishing a non-revolving term multi-draw debtor-in-possession credit facility up to USD \$175 million;

AND WHEREAS in connection with the Term Sheet, the Company proposes to enter into certain other security and related documents (the “**DIP Credit Documentation**”);

AND WHEREAS the Company proposes to enter into a subordination and postponement agreement (the “**Subordination and Postponement Agreement**”) in substantially the form presented to the directors of the Company, dated on or about January 12, 2015, by and between the Company and the Company’s sole shareholder, Nicollet Enterprise 1 S.à r.l. (“**NE1**”), pursuant to which NE1 agrees to subordinate all amounts owed by the Company to NE1 under their loan facility to the payment in full of proven claims against the Company, excluding NE1’s proven claims;

AND WHEREAS in order to facilitate and encourage the continued participation of certain officers and other key employees in the wind down and liquidation of the Company, the Company has developed a Key Employee Retention Plan (the “**KERP**”);

AND WHEREAS the Company proposes to support an agreement between Target Corporation, as settlor, Alvarez & Marsal Canada Inc., in its capacity as court-appointed Monitor of the Target Canada Entities and the Hon. John D. Ground, as trustee, to be dated on or about January 14, 2015, establishing a trust for the benefit of certain employees of the Company and its affiliates to ensure payment of certain amounts to eligible employees (the “**Employee Trust Agreement**”) and to ask the Ontario Superior Court of Justice (Commercial List) to approve the Employee Trust Agreement and authorize the Company to make the payments thereunder;

AND WHEREAS the Company has received notice of termination of each of the Master Agreement between the Company and Target Brands, Inc. (“**TBI**”), a wholly-owned subsidiary of Target Corporation, the Design and Development Services Agreement between the Company and TBI and the Buying Agency Agreement among the Company, Target Sourcing Services Limited, and TBI, each effective three months from the date of each such notice which is April 14, 2015;

AND WHEREAS the Company proposes to enter into a side letter to the Master Agreement (the “**Master Agreement Side Letter**”) in substantially the form presented to the directors of the Company, to be dated on or about January 14, 2015, by and between the Company and TBI, to amend the fee for services and technology paid by the Company to TBI during the three months following the notice of termination of the Master Agreement;

AND WHEREAS the Company proposes to enter into a side letter to the secondment agreement (the “**Secondment Agreement Side Letter**”) in substantially the form presented to the directors of the Company, to be dated on or about January 14, 2015, among Target Corporation, Target Enterprise, Inc., Target Corporate Services, Inc., Target Food, Inc., Target General Merchandise, Inc. and the Company, to reflect the reduction in level of seconded employees required by the Company during the CCAA Proceedings;

AND WHEREAS the Company proposes to enter into an administrative services agreement (the “**Administrative Services Agreement**”) in substantially the form presented to the directors of the Company, to be dated on or about January 14, 2015 and effective on or about April 14, 2015, by and between the Company and TBI, for the provision of the shared services and seconded employees during the CCAA Proceedings;

AND WHEREAS the Company proposes to enter into an intellectual property license agreement (the “**IP License Agreement**”) in substantially the form presented to the directors of the Company, to be dated on or about January 14, 2015 and effective on or about April 14, 2015, by and between the Company and TBI for a limited IP License during the CCAA Proceedings;

NOW, THEREFORE, BE IT RESOLVED THAT:

The following resolutions shall become effective upon the determination by the Board of Directors of Target Corporation that it is desirable and in the best interests of Target Corporation that certain of its subsidiaries that constitute Target Corporation's Canada business segment file an application for protection under the provisions of the *Companies' Creditors Arrangement Act* with the Ontario Superior Court of Justice (Commercial List):

Filing under the Companies' Creditors Arrangement Act:

1. The Company is hereby authorized and directed to do the following:
 - (a) to make an application under the *Companies' Creditors Arrangement Act*, which application may be consolidated with that of any of the subsidiaries and affiliates of the Company;
 - (b) to seek the assistance of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States or any other nation or state to recognize the proceedings under the *Companies' Creditors Arrangement Act* or to give effect to any order made in the proceedings under the *Companies' Creditors Arrangement Act*;
 - (c) to take any other action or proceeding in Canada, the United States, or any other nation or state to contest or defend any action or proceeding by any creditor in Canada, the United States, or any other nation or state; and
 - (d) to seek to extend the benefit of the stay of the CCAA Proceedings to Target Corporation, Target Canada Pharmacy Franchising LP, Target Canada Mobile LP and Target Canada Property LP, each of which is not an applicant under the CCAA Proceedings.

DIP Facility

2. The execution and delivery by the Company of, and the performance of, its obligations under the Term Sheet and the DIP Credit Documentation is hereby authorized and approved.

Subordination and Postponement Agreement

3. The execution and delivery by the Company of and the performance of its obligations under the Subordination and Postponement Agreement is hereby authorized and approved.

Key Employee Management Retention Plan

4. The adoption and implementation of the KERP, including the funding thereof and, together with the payment of the amounts provided for therein in accordance with the KERP, is hereby authorized and approved.

Employee Trust Agreement

5. The performance of the Company's obligations under the Employee Trust Agreement is hereby authorized and approved.

Master Agreement, Design and Development Agreement and Buying Agency Agreement

6. The termination of each of the Master Agreement, the Design and Development Agreement and the Buying Agency Agreement on April 14, 2015 is hereby acknowledged.

Master Agreement Side Letter

7. The execution and delivery by the Company of and the performance of its obligations under the Master Agreement Side Letter is hereby authorized and approved.

Secondment Agreement Side Letter

8. The execution and delivery by the Company of and the performance of its obligations under the Secondment Agreement Side Letter is hereby authorized and approved.

Administrative Services Agreement

9. The execution and delivery by the Company of and the performance of its obligations under the Administrative Services Agreement is hereby authorized and approved.

IP License Agreement

10. The execution and delivery by the Company of and the performance of its obligations under the IP License Agreement is hereby authorized and approved.

General

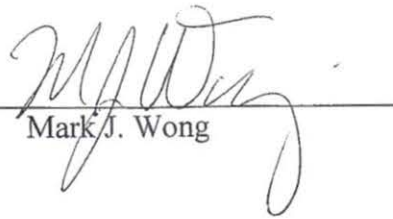
11. Any one director or officer of the Company be and is hereby authorized and directed, for and on behalf of the Company, to finalize, execute, deliver and file any and all such further affidavits, documents, resolutions, papers, writings, agreements, authorizations, elections or other instruments, and with such additions, deletions or other changes as such director or officer may approve, and to take any and all such further action as such director or officer may deem desirable in order to effect the matters contemplated in these resolutions, such determination to be conclusively evidenced by such director's or officer's execution and delivery of any such affidavits, documents, resolutions, papers, writings, agreements, authorizations, elections or other instruments or the taking of any such action.
12. All actions previously taken on behalf of the Company by any director, officer, employee or agent of the Company, or any person or persons designated and authorized to act on behalf of the Company, in connection with or related to the matters set forth in or reasonably contemplated or implied by the foregoing resolutions be, and each of them hereby is, adopted, ratified, confirmed and approved in all respects as the acts and deeds of the Company.

13. These resolutions 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]

The undersigned, being all of the directors of the Company, hereby adopt the foregoing resolutions.

SIGNED



Mark J. Wong

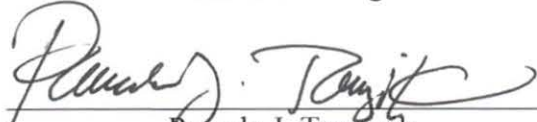
Pamela J. Tomczik

[Signature Page to Target Canada Co. Board Resolutions - CCAA]

The undersigned, being all of the directors of the Company, hereby adopt the foregoing resolutions.

SIGNED

Mark J. Wong



Pamela J. Tomczik

[Signature Page to Target Canada Co. Board Resolutions - CCAA]

**RESOLUTIONS OF THE DIRECTORS OF
TARGET CANADA CO. (the “Company”)**

January 14, 2015

Pursuant to the *Companies Act* (Nova Scotia), all of the directors of the Company, by signing the foot hereof, adopt the following resolutions and by so doing, render the same as valid and effectual as if they had been passed at a meeting of directors duly called and constituted.

The following resolutions shall become effective upon the determination by the Board of Directors of Target Corporation that it is desirable and in the best interests of Target Corporation that certain of its subsidiaries that constitute Target Corporation’s Canada business segment file an application for protection under the provisions of the *Companies’ Creditors Arrangement Act* with the Ontario Superior Court of Justice (Commercial List):

RESOLUTIONS REMOVING OFFICERS

RESOLVED, that all individuals previously appointed as officers of the Company are removed and their authority is revoked.

RESOLUTIONS APPOINTING OFFICERS

RESOLVED, that the officers of the Company shall be those individuals set forth below, and such individuals are appointed to and shall hold the offices set opposite their names until their successors shall have been elected and qualified, or until further action by the directors:

| | |
|--------------------------|--|
| Aaron E. Alt | Chief Executive Officer, President and Treasurer |
| Tiffany Scalzitti Monroe | Senior Vice President, Human Resources |
| Mark J. Wong | General Counsel and Secretary |
| Sara J. Ross | Assistant Treasurer |

RESOLVED FURTHER, that when an individual is appointed as both Chief Executive Officer and President, such individual shall have the duties and responsibilities of the President as set forth in the Company’s Articles of Association.

These resolutions 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]

The undersigned, being all of the directors of the Company, hereby adopt the foregoing resolutions.

SIGNED



Mark J. Wong

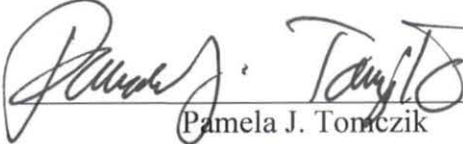
Pamela J. Tomczik

[Signature Page to Target Canada Co. Board Resolutions - Officers]

The undersigned, being all of the directors of the Company, hereby adopt the foregoing resolutions.

SIGNED

Mark J. Wong



Pamela J. Tomczik

[Signature Page to Target Canada Co. Board Resolutions - Officers]

TAB 2

**RESOLUTIONS
OF THE
BOARD OF DIRECTORS
OF TARGET CORPORATION**

January 14, 2015

Canadian Business Operations

WHEREAS, the board of directors (the “**Board of Directors**”) of Target Corporation, a Minnesota corporation (the “**Company**”), has reviewed and considered the business and the financial and operational condition and prospects of the Company’s Target Canada business segment (the “**Target Canada Business**”);

WHEREAS, the Board of Directors has considered various alternatives for the Target Canada Business, and the financial implications of these alternatives, including continued pursuit of the Company’s strategic plan for Canada, a reduction in scale of the current Canadian operations, and a complete exit and shut down of the Target Canada Business;

WHEREAS, the Board of Directors has received, reviewed and considered the recommendations of the Company’s senior management and the Company’s legal, financial and other advisors as to the relative risks and benefits of continuing the Target Canada Business; and

WHEREAS, the Board of Directors has determined that it is desirable and in the best interests of the Company and its shareholders that the Target Canada Business be discontinued and wound down in its entirety in a fair and orderly manner that emphasizes speed and certainty.

RESOLVED, that the Board of Directors hereby determines that it is desirable and in the best interests of the Company and its shareholders that the Target Canada Business be discontinued and wound down in its entirety in a fair and orderly manner that emphasizes speed and certainty.

CCAA Filing

WHEREAS, the Board of Directors has received, reviewed and considered the recommendations of the Company’s senior management and the Company’s legal, financial and other advisors as to the relative risks and benefits of certain subsidiaries of the Company that constitute the Target Canada Business, including those listed on **Schedule 1** (the “**Applicant Entities**”), filing an application for protection under the provisions of the Companies’ Creditors Arrangement Act of Canada (the “**CCAA**”);

WHEREAS, the Board of Directors has determined that the best means for discontinuing and winding down the Target Canada Business in a fair and orderly manner is for the Applicant Entities to file an application for protection under the provisions of the CCAA; and

WHEREAS, the Board of Directors has received, reviewed and considered the recommendations of the Company’s senior management and the Company’s legal, financial and other advisors as to the relative risks and benefits of the Company and certain other subsidiaries of the Company that constitute the Target Canada Business, including those listed on **Schedule 2** (the “**Non-Applicant Entities**”), obtaining the benefit of a stay of the proceedings commenced by the CCAA Filing (defined below).

RESOLVED, that the Board of Directors hereby determines that it is desirable and in the best interests of the Company and its shareholders that each of the Applicant Entities file an application for protection under the provisions of the CCAA with the Ontario Superior Court of Justice (the “**CCAA Filing**”).

RESOLVED, that the Board of Directors hereby determines that it is desirable and in the best interests of the Company and its shareholders that each of the Applicant Entities seek the benefit of a stay for the Company and Non-Applicant Entities in the proceedings commenced by the CCAA Filing.

RESOLVED, that the officers of the Company be, and each of them hereby is, authorized and directed to employ any other individual or firm as professionals or consultants or financial advisors to the Company as are deemed necessary to represent and assist the Company in carrying out the foregoing resolutions.

DIP Financing

WHEREAS, the Board of Directors has reviewed and considered the need of certain Applicant Entities, including Target Canada Co., a Nova Scotia unlimited company (“TCC”), and its subsidiaries (collectively, the “Borrowers”), to obtain financing in connection with the CCAA Filing, and has determined that it is in the best interests of the Company and its shareholders for the Company to enter into the DIP Agreement (as defined below) and one or more related agreements with the Borrowers, pursuant to which the Company will provide post-filing financing to the Borrowers.

RESOLVED, that the DIP facility agreement between the Company and the Borrowers, containing terms consistent with the terms discussed with the Board of Directors at this meeting (the “DIP Agreement”), be and it hereby is, approved, with such changes in, and additions, deletions and amendments to, such document as the officers of the Company, and each of them, may deem necessary, desirable or appropriate and consistent with the best interests of the Company, or as may be required by the Ontario Superior Court of Justice.

RESOLVED, that the officers of the Company be, and each of them hereby is, authorized and directed to execute and deliver the DIP Agreement and all other documents contemplated thereby on behalf of the Company and the execution and delivery thereof to be conclusive evidence of such person’s authority to so act and of this approval thereof.

Canada Employee Trust

WHEREAS, TCC anticipates terminating its employees in connection with the CCAA Filing;

WHEREAS, the CCAA Filing may impact the availability of certain payments to which eligible employees of TCC may be entitled under Canadian law after termination of employment; and

WHEREAS, the Board of Directors has considered the impact of the CCAA Filing on TCC’s employees and has determined that it is in the best interests of the Company and its shareholders for the Company to establish an employee trust for the benefit of eligible employees of TCC to ensure that TCC’s employees are treated in a fair and equitable manner following the CCAA Filing.

RESOLVED, that the establishment of an employee trust pursuant to the employee trust agreement between the Company, Alvarez & Marsal Canada Inc., and the trustee, containing terms consistent with the terms discussed with the Board of Directors at this meeting (the “Employee Trust Agreement”), be and it hereby is, approved, with such changes in, and additions, deletions and amendments to, such document as the officers of the Company, and each of them, may deem necessary, desirable or appropriate and consistent with the best interests of the Company, or as may be required by the Ontario Superior Court of Justice.

RESOLVED, that the officers of the Company be, and each of them hereby is, authorized and directed to execute and deliver the Employee Trust Agreement and all other documents

contemplated thereby on behalf of the Company and the execution and delivery thereof to be conclusive evidence of such person's authority to so act and of this approval thereof.

General Authorizations

RESOLVED, that the Company be, and it hereby is, authorized to perform fully its obligations under any agreements contemplated herein, and any such other agreements or amendments and to engage without limitation in such other transactions, arrangements or activities as are reasonably related or incident to or which will serve to facilitate or enhance for the benefit of the Company and its subsidiaries the transactions contemplated by these resolutions, and to enter into such other agreements or understandings as are necessary, appropriate or desirable to effectuate the intent of, or matters reasonably contemplated or implied by, this resolution and each of the foregoing resolutions.

RESOLVED, that in connection with the transactions contemplated by the preceding resolutions, the Secretary of the Company is authorized, in the name and on behalf of the Company, to certify these resolutions and any more formal or detailed resolutions as such officer may deem necessary, appropriate or desirable to effectuate the intent of the foregoing resolutions; and that thereupon such resolutions shall be deemed adopted as and for the resolutions of the Board of Directors as if set forth at length herein.

RESOLVED, that the officers of the Company be, and each of them hereby is, authorized, directed and empowered from time to time in the name and on behalf of the Company, to take such further actions and execute and deliver such certificates, instruments, guaranties, notices and documents as may be required or as such officer may deem necessary, advisable or proper to carry out the intent and purpose of the foregoing resolutions.

RESOLVED, that all actions previously taken by any director, officer, employee or agent of the Company in connection with or related to the matters set forth in or reasonably contemplated or implied by the foregoing resolutions be, and each of them hereby is, adopted, ratified, confirmed and approved in all respects as the acts and deeds of the Company.

Applicant Entities

1. Target Canada Co., an unlimited company governed by the laws of the Province of Nova Scotia
2. Target Canada Health Co., an unlimited company governed by the laws of the Province of Nova Scotia
3. Target Canada Mobile GP Co., an unlimited company governed by the laws of the Province of Nova Scotia
4. Target Canada Pharmacy (BC) Corp., a corporation governed by the laws of the Province of British Columbia
5. Target Canada Pharmacy (Ontario) Corp., a corporation governed by the laws of the Province of Ontario
6. Target Canada Pharmacy Corp., an unlimited company governed by the laws of the Province of Nova Scotia
7. Target Canada Pharmacy (SK) Corp., a corporation governed by the laws of the Province of Saskatchewan
8. Target Canada Property LLC, a Minnesota limited liability company

Non-Applicant Entities

1. Target Canada Pharmacy Franchising LP, a limited partnership formed under the laws of the Province of Ontario
2. Target Canada Mobile LP, a limited partnership formed under the laws of the Province of Ontario
3. Target Canada Property LP, a limited partnership formed under the laws of the Province of Ontario

TAB 3

The below email communication was sent to Target's U.S. and Canadian vendor partners on Jan. 15, 2015 in response to Target Corporation's decision to discontinue operations in Canada.

For specific questions as it relates to Target Canada vendor operations, you can email Target Canada at Canada.VendorRelations@Target.com and a representative will respond to your email as quickly as possible.

For additional information on the CCAA proceedings and the court filings, visit the Alvarez & Marsal website at www.alvarezandmarsal.com/targetcanada.

Email Sent from Kathee Tesija to all Target Vendor Partners on Jan. 15, 2015

Good afternoon,

As you may be aware, Target Corporation announced this morning that it has made the difficult decision to discontinue our operations in Canada through our indirect, wholly-owned subsidiary, Target Canada Co. (Target Canada). Target Canada and certain of its subsidiaries and affiliates filed an application for protection under Canada's Companies' Creditors Arrangement Act (CCAA) and that application has now been granted pursuant to an Initial Order issued by the Ontario Superior Court of Justice (Commercial List) in Toronto.

This was not an easy decision. For many months, our leadership team has been engaged in a thorough review of our Canadian operations. After extensive due diligence and careful consideration of all available options, we have determined that it is in the best interests of our business and our shareholders to discontinue operations in Canada.

I want to assure you that for Target, the relationship we have with your company is very important and we do not take lightly the impact that this decision may have on our vendor partners. We want to ensure that you understand the implications of this decision and remain informed with details and updates as they become available throughout this process.

U.S. Impact

First and foremost, this decision will have no impact on the continuing operations of the U.S. business. There will be no disruption of product shipments or services provided in U.S. stores and distribution centers. There will be no disruption of payments in connection with U.S. operations, which constitute approximately 97% of Target's operations.

Target Canada Wind-Down

The Court has appointed Alvarez & Marsal as the Monitor to oversee the CCAA court proceedings as Target Canada winds down its operations. To facilitate an orderly wind-down, a liquidator engaged by Target Canada will be conducting store closing sales at each of the Canadian retail locations. Target Canada has also secured debtor-in-possession financing from

Target Corporation to provide the necessary liquidity to pay for any newly incurred obligations during the wind-down process.

Canadian Vendor Impact

The establishment of specific operating guidelines for the wind-down process will take some time as Target Canada leadership and the Monitor work out the details, but effective immediately all outstanding Canadian purchase orders will be cancelled.

In general, payments on liabilities outstanding immediately prior to the effective time of the Initial Order have been frozen pursuant to the Initial Order. Target Canada will not be looking to receive any new retail merchandise during the CCAA proceedings. However, certain non-retail merchandise vendors and other service providers may be contacted directly by Target Canada or the Monitor regarding potential interim supply or service needs during the CCAA proceedings.

I realize you may have more specific questions. Going forward, the Target Canada team and Alvarez & Marsal will be the best resource on issues as it relates to Canadian vendor operations. For specific questions on Target Canada vendor operations, you can email Target Canada at Canada.VendorRelations@Target.com and a representative will respond to your email as quickly as possible.

For additional information on the CCAA proceedings and the court filings, visit the Alvarez & Marsal website at www.alvarezandmarsal.com/targetcanada. The site will be live within the next 24-hours and will be updated as new information becomes available. You can also access additional information at www.target.ca or at our Partners Online website (Canada www.canadapartneronline.ca / U.S. www.partneronline.com).

We truly thank you for being a valued partner.

Kathee Tesija
Chief Merchandising and Supply Chain Officer