

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF TARGET CANADA CO., TARGET
CANADA HEALTH CO., TARGET CANADA MOBILE GP
CO., TARGET CANADA PHARMACY (BC) CORP., TARGET
CANADA PHARMACY (ONTARIO) CORP. TARGET
CANADA PHARMACY CORP., TARGET CANADA
PHARMACY (SK) CORP., AND TARGET CANADA PROPERTY LLC.**

**NINTH REPORT OF THE MONITOR
ALVAREZ & MARSAL CANADA INC.**

MAY 4, 2015

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1.0 INTRODUCTION

- 1.1 On January 15, 2015, Target Canada Co. (“**TCC**”) and those companies listed in **Appendix “A”** (collectively, the “**Applicants**”), together with the Partnerships also listed in **Appendix “A”** (the “**Partnerships**”, and collectively with the Applicants, the “**Target Canada Entities**”), applied for and were granted protection by the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”). Pursuant to an Order of this Court dated January 15, 2015, Alvarez & Marsal Canada Inc. (“**A&M**”) was appointed Monitor of the Target Canada Entities in the CCAA proceedings (the “**Monitor**”). The proceedings commenced by the Applicants under the CCAA are referred to herein as the “**CCAA Proceedings**”.
- 1.2 On February 11, 2015, this Court issued the Amended and Restated Initial Order (hereinafter, unless the context otherwise requires, the “**Initial Order**”) which incorporates certain changes to the Initial Order granted January 15, 2015 that are described in the Second Report of the Monitor (the “**Second Report**”) dated February 9, 2015. The Initial Order granted, among other things, a stay of proceedings (the “**Stay**”) through to February 13, 2015, which Stay has been further extended by Order of this Court to May 15, 2015 (the “**Stay Period**”).
- 1.3 In connection with the CCAA Proceedings, the Monitor has previously provided to this Court eight reports and one supplementary report (the “**Supplementary Report**”, and collectively, the “**Monitor’s Reports**”).¹ A&M has also provided to this Court the Pre-Filing Report of the

¹ The Monitor’s notice of motion served on April 17, 2015 contemplated that the Eighth Report would be filed in support of the Monitor’s motion for advice and directions returnable May 11, 2015. Following the service of the notice of motion, the Monitor issued its Eighth Report providing an update on the Real Property Portfolio Sales Process. Accordingly, this Ninth Report is issued in support of, among other things, the Monitor’s motion for advice and directions returnable May 11, 2015.

Proposed Monitor (the “**Pre-Filing Report**”) dated January 14, 2015 (together with the Monitor’s Reports, the “**Prior Reports**”). The Prior Reports, the Initial Order and other Court-filed documents and notices in these CCAA Proceedings are available on the Monitor’s website at www.alvarezandmarsal.com/targetcanada.

1.4 The purpose of this Ninth Report of the Monitor (the “**Ninth Report**”) is to provide this Court with:

- (i) information regarding the following:
 - a) the Monitor’s motion seeking the advice and direction of this Court, pursuant to paragraph 73 of the Initial Order, with respect to a proposed timeline for a claims process motion to be brought by the Monitor in these proceedings and related matters;
 - b) the receipts and disbursements of the Target Canada Entities from January 15, 2015 through April 25, 2015;
 - c) the updated and extended cash flow forecast of the Target Canada Entities for the period April 26, 2015 to August 15, 2015;
 - d) the Applicants’ motion to seek an extension of the Stay Period until August 14, 2015;
 - e) the Employee Trust;
 - f) TCC’s deferred profit sharing plan;

g) the Monitor's activities since the date of the Third Report of the Monitor (February 27, 2015); and

(ii) provide the Monitor's conclusions and recommendations in connection with the foregoing.

2.0 TERMS OF REFERENCE AND DISCLAIMER

2.1 In preparing this Ninth Report, the Monitor has been provided with, and has relied upon, unaudited financial information, books and records and financial information prepared by the Target Canada Entities and Target Corporation, and discussions with management of the Target Canada Entities and Target Corporation (collectively, the "**Information**"). Except as otherwise described in this Ninth Report in respect of the Target Canada Entities' cash flow forecast:

(i) the Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards ("**CASs**") pursuant to the *Chartered Professional Accountants Canada Handbook* and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under CASs in respect of the Information; and

(ii) some of the information referred to in this Ninth Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the *Chartered Professional Accountants Canada Handbook*, has not been performed.

2.2 Future oriented financial information referred to in this Ninth Report was prepared based on management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.

2.3 This Ninth Report should be read in conjunction with the affidavit of Mark J. Wong, General Counsel and Assistant Secretary of TCC in support of the request for an extension of the Stay Period, sworn May 4, 2015 (the "**Seventh Wong Affidavit**").

2.4 Capitalized terms not otherwise defined in this Ninth Report are as defined in the Prior Reports, the Initial Order and the Seventh Wong Affidavit, as applicable.

2.5 Unless otherwise stated, all monetary amounts contained in this Ninth Report are expressed in Canadian dollars.

3.0 MONITOR'S MOTION FOR ADVICE AND DIRECTIONS

3.1 As this Court has instructed, the Monitor is taking an active and independent role in developing a claims process for the fair and efficient submission of claims as against the Target Canada Entities and their directors and officers to be approved in due course as part of these CCAA Proceedings (the "**Claims Process**"). The Monitor is seeking directions from this Court as to the timeframe for the motion to approve the Claims Process (the "**Claims Process Motion**") and certain procedures relating to the Claims Process to be put forward.

3.2 In developing the proposed timeline and certain procedures for inclusion in the Claims Process, the Monitor has considered the following, all as described in greater detail below:

- (i) requests for document production and oral examination that have been made by counsel to certain creditors in these CCAA Proceedings to date;
- (ii) this Court's instructions in the Endorsement dated March 5, 2015 (the "**March 5 Endorsement**") that the Monitor is to provide a report on intercompany claims submitted in the claims process to be made available to the Court and all creditors, with creditors to have an opportunity to seek any remedy or relief with respect to the intercompany claims in the claims process;
- (iii) this Court's direction to the Monitor that the Claims Process be developed and administered by the Monitor;
- (iv) the objectives of the Orderly Wind-down, and in particular the timeframes approved by this Court for the Inventory Liquidation Process and the Real Property Portfolio Sales Process; and
- (v) this Court's instructions that all scheduling requests are to be made through the Monitor in these CCAA Proceedings.

The Proposed Claims Process Directions are Reasonable and Appropriate

3.3 Bearing the above-listed factors in mind, the Monitor proposes the following timeline for the Claims Process Motion and the following procedures, among others, for inclusion in the Claims Process, each of which would form the basis of the requested directions to the Monitor (collectively, the "**Proposed Claims Process Directions**"):

- (i) the Monitor will bring the Claims Process Motion on June 11, 2015 or as soon thereafter as possible (the "**Claims Process Hearing Date**"), for approval of a claims procedure

- order (the “**Claims Procedure Order**”) establishing, among other things, a claims bar date by which all claims as against the Target Canada Entities and as against the Target Canada Entities’ current and former directors and officers must be filed (the “**Claims Bar Date**”);
- (ii) the Monitor will serve its motion materials in respect of the Claims Process Motion at least seven (7) days prior to the Claims Process Hearing Date;
 - (iii) the Claims Process will include, among other things:
 - a) procedures regarding the calling of all claims as against the Target Canada Entities, including intercompany claims, and as against the Target Canada Entities’ current and former directors and officers;
 - b) procedures regarding the determination and resolution of all claims as against the Target Canada Entities and their directors and officers, other than intercompany claims or any intercreditor disputes, including the appointment of claims officers; and
 - c) preparation and service by the Monitor of a report on all intercompany claims submitted in accordance with the claims procedures (the “**Monitor Intercompany Claims Report**”) following the Claims Bar Date to be established in the Claims Procedure Order;
 - (iv) the Monitor Intercompany Claims Report will identify and quantify the intercompany claims to be allowed, subject to the determination of any objections filed in respect of same;

- (v) following the filing of the Monitor Intercompany Claims Report, all creditors of the Target Canada Entities will have the opportunity to file objections within a time period to be established in the Claims Procedure Order (the “**Intercompany Claims Objection Bar Date**”), which may include, but are not limited to any claim asserted for the subordination of outstanding intercompany debts of any of the Target Canada Entities; any relief regarding claimed priority rights; and the validity or quantum of intercompany claims;
- (vi) following the Intercompany Claims Objection Bar Date, the Monitor will schedule a motion (the “**Intercompany Claims and Intercreditor Dispute Process Motion**”) for the approval of a process for the resolution of any objections filed in connection with the validity or quantum of intercompany claims and any other intercreditor disputes, including a process regarding requests for the production of documents or any oral examinations (the “**Intercompany Claims and Intercreditor Dispute Process**”); and
- (vii) at the hearing of the Intercompany Claims and Intercreditor Dispute Process Motion, the Monitor will schedule with this Court any motions that creditors have advised the Monitor they still wish to be heard regarding any one or more of the following matters:
 - a) the scheduling of the cross-examination of Mark Wong and any related document production requests;
 - b) any requests for the production of documents and/or any oral examinations; and
- (viii) concurrently with the hearing of the Intercompany Claims Determination Process Motion, this Court will hear any motion, if brought, for the appointment of an *ad hoc*

committee of suppliers or other unsecured creditors of TCC and of representative counsel to any such *ad hoc* committee.

3.4 In the Monitor's view, the Proposed Claims Process Directions reflect an appropriate and reasonable timetable for the hearing of the Claims Process Motion and appropriately balance the objectives of the Orderly Wind-down and the rights and interests of the Target Canada Entities' stakeholders, including as a result of the following factors:

- (i) at this stage in the CCAA Proceedings, the efforts of the Applicants, the Monitor and their respective counsel remain focused on completing the remaining steps in the Inventory Liquidation Process, and, together with Lazard, on completing the Real Property Portfolio Sales Process;
- (ii) as instructed by this Court, the Monitor is developing and will administer a comprehensive claims process;
- (iii) commencing the Claims Process expeditiously upon the conclusion of the Inventory Liquidation Process and the latter stages of the Real Property Portfolio Sales Process is in the best interests of all of the Target Canada Entities' stakeholders;
 - a) with respect to the Inventory Liquidation Process, as of April 12, 2015, all of TCC's stores have closed and the Monitor is currently working with the Applicants, the Agent and landlords, as applicable, regarding remaining furniture, fixtures, and equipment and will work with the Agent regarding the reconciliation of sales and related data;

- b) the Real Property Portfolio Sales Process continues in accordance with its terms, with numerous Qualified Bids received by the Qualified Bid Deadline of April 23, 2015,² Auction(s) scheduled for May 5, 6 and 7 at the offices of Applicants' counsel and a Targeted Outside Date for the Real Property Portfolio Sales Process of June 30, 2015;

- (iv) the proposed Claims Process Hearing Date of June 11, 2015, with a call for claims to commence shortly thereafter, aligns with the completion or substantial completion of the Inventory Liquidation Process and the Real Property Portfolio Sales Process;

- (v) the Monitor will review and assess the validity and quantum of any intercompany claims, including any claims that may be filed by Target Corporation and/or its affiliates against the Target Canada Entities, or any of them, filed on or before the Claims Bar Date pursuant to the Claims Procedure Order and prepare a report identifying and quantifying the intercompany claims to be allowed, subject to the determination of any objections;

- (vi) following the filing of the Monitor Intercompany Claims Report, all creditors will have an opportunity to consider the Monitor Intercompany Claims Report and, consistent with the March 5 Endorsement, to file any objections they may have with respect to intercompany claims;

- (vii) until such objections, if any, are filed and assessed, the Monitor will not be in a position to determine appropriate procedures for the resolution of any such disputes and therefore proposes to bring the Intercompany Claims and Intercreditor Dispute Process Motion

² Please refer to the Monitor's Eighth Report dated April 29, 2015 for an update of the Real Property Portfolio Sales Process.

after considering the totality of objections filed and consulting with objecting parties to ascertain the scope of any necessary document production and/or oral examination requirements; and

(viii) requests for relief in the form of the production of documents, oral examinations, and any appointment of a creditor committee and associated representative counsel, in the circumstances of these CCAA Proceedings, can only be properly assessed after claims have been filed in a Court-approved claims process because, among other things:

- a) only after claims have been filed will it be possible to determine the nature and scope of any intercreditor disputes, the parties interested therein, whether a commonality of interests exists among a group or groups of creditors and whether representative counsel is necessary or appropriate; and
- b) following the opportunity provided to creditors to consider the Monitor Intercompany Claims Report and file objections therewith, the Monitor will be better able to develop an appropriate and efficient process for the resolution of any such disputes, which can include applicable mechanisms allowing for the production of documents and/or oral examinations as appropriate in the circumstances and mechanisms for the efficient resolution of claims disputes, such as the use of Court-appointed claims officers where appropriate.

3.5 Accordingly, the Monitor believes that the Proposed Claims Process Directions are appropriate and reasonable in the circumstances and the requests in the Proposed Supplier Motions (defined below) for relief in respect of matters to be dealt with in the Claims Process are premature.

The Proposed Supplier Motions are Premature

3.6 By letter dated March 31, 2015 (the “**March 31 Letter**”), Mr. Brzezinski of Blaney McMurtry LLP (“**Blaney McMurtry**”) wrote to the Monitor to advise of his intention to bring several motions, which primarily relate to, as the case may be:

- (i) intercreditor disputes in the nature of relief for subordination of intercompany claims and priority rights for certain supplier creditors;
- (ii) document production and cross-examinations for information relating to the above; and
- (iii) the appointment of an *ad hoc* committee of creditors and of Mr. Brzezinski and Mr. Solmon (of Solmon Rothbart Goodman LLP) as representative counsel for carriage of intercreditor disputes,

(collectively, the “**Proposed Supplier Motions**”). A copy of the March 31 Letter is attached as **Appendix “B”** to this Ninth Report.

3.7 The March 31 Letter indicates that the purpose of the proposed *ad hoc* creditor committee is to seek the subordination of TCC’s intercompany debt, address issues related to classes of creditors, and to represent committee members with respect to any plan of compromise or arrangement. Among the Proposed Supplier Motions is also a motion to provide suppliers of purported 30-day goods an opportunity to claim priority rights in respect of proceeds realized through the Orderly Wind-down.

3.8 In subsequent correspondence to the Monitor, Mr. Brzezinski advised of his intention to postpone the Proposed Supplier Motions, except for the motion to appoint an *ad hoc* committee

of creditors to TCC together with representative counsel, until after the claims bar date in a claims process to be approved by the Court.

- 3.9 The Monitor supports Mr. Brzezinski's postponement of the majority of the Proposed Supplier Motions, and views all of the Proposed Supplier Motions as premature at this time. In the Monitor's view, motions related to intercreditor disputes and production of documents and oral examinations related to same need not and should not be heard at this time as they are only properly considered after claims have been filed, the Monitor Intercompany Claims Report has been filed, and the Intercompany Claims and Intercreditor Dispute Process Motion is brought.
- 3.10 Furthermore, the Monitor is also of the view that the determination of whether a creditors' committee is necessary or appropriate and whether or which representative counsel to any such creditors' committee is necessary or appropriate is only properly dealt with after the Monitor Intercompany Claims Report has been filed and intercreditor disputes, if any, and the parties interested therein, and the extent to which there is commonality of interest or conflicts amongst those parties, have been identified through the Claims Process. Any such motion is only properly heard concurrently with the Intercompany Claims and Intercreditor Dispute Process Motion.
- 3.11 The Monitor is also concerned about possible unfairness to other creditors. Mr. Brzezinski has served notices of appearance indicating he represents six (6) suppliers or service providers. Mr. Solmon has filed a notice of appearance indicating he acts for one (1) creditor. However, TCC has over 2,000 other creditors. Other creditors may not be in a position until after the delivery of the Monitor Intercompany Claims Report to determine whether they support the assertion of the claims in respect of which representation orders are sought, or whether they support that they be

asserted by representative committees funded by the estate or whether they wish to be members of either committee.

- 3.12 The relief sought by the Proposed Supplier Motions is not necessary for creditors to file a proof of claim pursuant to the Claims Procedure Order. If creditors still wish to bring the Proposed Supplier Motions or motions of a similar nature following the filing of the Monitor Intercompany Claims Report, they can properly be addressed through the Intercompany Claims and Intercreditor Dispute Process and/or at motions to be scheduled by the Monitor with this Court at the hearing of the Intercompany Claims and Intercreditor Dispute Process Motion.

4.0 CASH FLOW RESULTS RELATIVE TO FORECAST

- 4.1 Receipts and disbursements for the period January 15, 2015 to April 25, 2015 (the “**Reporting Period**”), as compared to the updated and extended cash flow forecast that was attached as Appendix “B” to the Supplementary Report (the “**Cash Flow Forecast**”), are summarized in the table below.

(\$ in 000's CAD, unless otherwise noted)

| <i>Period Ended</i> | Cumulative | | |
|-------------------------------------|--------------------------|--------------------------|-----------------------------|
| | Budget 25-Apr | Actual 25-Apr | Variance B / (W) |
| OPERATING RECEIPTS | | | |
| Sales Receipts | \$ 648,885 | \$ 732,683 | \$ 83,798 |
| RPPSP Receipts | - | 129,167 | \$ 129,167 |
| Other Receipts | 941 | 6,645 | 5,703 |
| TOTAL RECEIPTS | 649,827 | 868,495 | 218,668 |
| OPERATING DISBURSEMENTS | | | |
| Employee Payments | 114,725 | 102,821 | 11,904 |
| Rent & Occupancy | 50,678 | 54,098 | (3,420) |
| DC / Logistics | 49,973 | 44,099 | 5,873 |
| Normal Course Taxes | 101,477 | 43,445 | 58,032 |
| Professional Fees | 23,838 | 20,148 | 3,690 |
| All Other | 71,817 | 50,536 | 21,281 |
| Current Operating Disbursements | 412,508 | 315,147 | 97,361 |
| OPERATING CASH FLOW | 237,319 | 553,348 | 316,029 |
| INTERCOMPANY DISBURSEMENTS | | | |
| Intercompany Services | 19,596 | 11,771 | 7,825 |
| DIP Interest | 60 | 76 | (15) |
| Intercompany Disbursements | 19,657 | 11,847 | 7,810 |
| NET CASH FLOW | \$ 217,662 | \$ 541,501 | \$ 323,839 |
| WEEKLY LIQUIDITY | | | |
| Beginning Bank Cash Balance [1] [2] | \$ 3,169 | \$ 3,169 | \$ - |
| (+/-) Net Cash Flow | 217,662 | 541,501 | 323,839 |
| (+/-) Change in Cheque Float | 750 | 1,739 | 989 |
| (+/-) DIP Draws/(Repayments) | - | - | - |
| (+/-) FX Translation | (1,183) | (1,256) | (74) |
| Ending Bank Cash Balance [1] | 220,399 | 545,153 | 324,754 |
| DIP Balance - USD | \$ - | \$ - | \$ - |

[1] Actuals assume \$1.20 CAD/ \$1 USD

[2] Beginning Cash Balance was actualized in the updated and extended cash flow forecast that was attached as "Appendix B" to the Supplementary Report

4.2 During the Reporting Period, the Target Canada Entities' total receipts were approximately \$218.7 million greater than projected in the Cash Flow Forecast. The primary components of this variance were:

- (i) approximately \$83.8 million of the variance related to the Inventory Liquidation Process, which management attributes to more accelerated sales at the Stores than anticipated; and
- (ii) as described in the Seventh Report, approximately \$129.2 million of the variance is represented by the net proceeds received by TCC following the closing (on March 6, 2015) of the Lease Transaction Agreement with Oxford Properties Corporation, Ivanhoe Cambridge Inc. and certain other landlord entities (the “**Lease Transaction Agreement**”); the net proceeds from this transaction were not included in the Cash Flow Forecast as the contemplated transaction was not sufficiently advanced at the time the forecast was prepared.

4.3 The Target Canada Entities’ total disbursements during the Reporting Period were approximately \$105.2 million less than projected in the Cash Flow Forecast. Management attributes most of this variance to: (i) timing differences in disbursement items such as employee benefits, owned real property taxes, freight charges, utilities, sales taxes, professional fees and shared services, much of which is due to delayed receipt of invoices; and (ii) permanent variances in employee payments and other expenses as a result of the Inventory Liquidation Process being completed earlier than forecast, and TCC’s efforts to closely monitor and reduce expenses where possible.

4.4 Overall, during the Reporting Period, the Target Canada Entities experienced a positive net cash flow variance of approximately \$323.8 million relative to the Cash Flow Forecast.

4.5 The closing cash balance as at April 25, 2015 was approximately \$545.2 million, as compared to the projected cash balance of \$220.4 million. The variance was due almost entirely to the net positive variance in receipts and disbursements described above.

4.6 The Initial Order entitles the Target Canada Entities to continue to utilize their existing Cash Management System, as described in the Pre-Filing report. The Cash Management System of the Target Canada Entities continues to operate in the same manner as it had prior to the commencement of the CCAA Proceedings, with the exception that all 133 retail stores (“Stores”) were closed to the public on or before April 12, 2015.

5.0 CCAA CASH FLOW FORECAST

5.1 The Applicants have prepared an updated and extended cash flow forecast (the “Cash Flow Forecast”) for the period April 26, 2015 to August 15, 2015 (the “Cash Flow Period”). As described below, the Stay Period is set to expire on May 15, 2015. The Applicants are seeking an extension of the Stay Period to August 14, 2015 and the Cash Flow Period corresponds with this extension request. A copy of the Cash Flow Forecast is attached as **Appendix “C”** to this Ninth Report.

5.2 The Cash Flow Forecast is presented on a weekly basis during the Cash Flow Period and represents TCC management’s estimates of projected cash flow during the Cash Flow Period. The Cash Flow Forecast has been prepared using the probable and hypothetical assumptions set out in the notes to the Cash Flow Forecast (the “Cash Flow Assumptions”).

5.3 The Monitor has reviewed the Cash Flow Forecast to the standard required of a Court-appointed Monitor by section 23(1)(b) of the CCAA. Section 23(1) requires a Monitor to review the debtor’s cash flow statement as to its reasonableness and to file a report with the Court on the Monitor’s findings. Pursuant to this standard, the Monitor’s review of the Cash Flow Forecast consisted of inquiries, analytical procedures and discussions related to information supplied to it by certain key members of management and employees of TCC and Target Corporation. The

Monitor reviewed information provided by management for the Cash Flow Assumptions. Since the Cash Flow Assumptions need not be supported, the Monitor's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash Flow Forecast.

- 5.4 The Cash Flow Forecast has been updated for actual cash flow results through the week ended April 25, 2015. The opening cash position as at April 26, 2015 was approximately \$545.2 million. Forecast receipts for the Cash Flow Period are approximately \$9.1 million and forecast disbursements are \$158.6 million (including approximately \$13.4 million for Shared Services). Potential proceeds to be derived from the Real Property Portfolio Sales Process are not included in the Cash Flow Forecast.
- 5.5 The Cash Flow Forecast includes disbursements of approximately \$5.1 million in May, \$3.8 million in June, \$2.3 million in July and \$2.3 million in August for Shared Services provided during the preceding months. The projected Shared Services disbursements are based on the arrangements described in the Pre-Filing Report, and TCC has been working with the Monitor to reduce these services (with a corresponding cost reduction), where appropriate, as the Orderly Wind-down progresses.
- 5.6 The closing cash position in the Cash Flow Forecast for the week ending August 15, 2015 is projected to be approximately \$395.6 million.
- 5.7 The Cash Flow Forecast has been prepared solely for the purposes described above, and readers are cautioned that it may not be appropriate for other purposes.

6.0 EXTENSION OF THE STAY PERIOD

6.1 Pursuant to the Approval Order – Real Property Portfolio Sales Process and Stay Extension issued by this Court on February 11, 2015, the Stay Period is set to expire on May 15, 2015. The Applicants are seeking an extension of the Stay Period to August 14, 2015.

6.2 The Monitor supports the Applicants' motion to extend the Stay Period to August 14, 2015 for the following reasons:

- (i) the stay is required to provide the necessary stability to enable the Target Canada Entities to conclude the remaining steps to the Inventory Liquidation Process and to continue to advance the Real Property Portfolio Sales Process in furtherance of the Orderly Wind-down;
- (ii) the extension will provide the Monitor with the time required to bring forward the Claims Process Motion to seek the Court's approval of the Claims Procedure Order, and subject to such approval being granted, to commence the Claims Process;
- (iii) the stay will permit the Target Canada Entities to continue to take all other necessary steps in furtherance of the Orderly Wind-down;
- (iv) the Applicants have sufficient liquidity to conclude the Orderly Wind-down process; and
- (v) the Applicants continue to act in good faith and with due diligence.

7.0 EMPLOYEE TRUST UPDATE

7.1 As at the commencement of the CCAA Proceedings, TCC employed approximately 17,600 salaried and hourly employees. As a result of closing all of its Stores and corporate headquarters, TCC now (as of April 30, 2015) employs approximately 550 salaried and hourly employees, most of whom are assisting with final tasks related to the Store closures, property monitoring and other real estate related matters.

7.2 As described in the First Report of the Monitor, the Initial Order approved the creation of the Employee Trust on substantially the terms and conditions set out in the Employee Trust Agreement, including without limitation, the appointments of Hon. John D. Ground as Trustee and the Monitor as Administrator. As at the date of this Ninth Report, the Monitor, in its capacity as Administrator under the Employee Trust has, among other things:

- (i) in conjunction with the Trustee, jointly opened the Target Canada Employee Trust bank account at Royal Bank of Canada (the “**Employee Trust Account**”);
- (ii) transferred the full \$90 million of initial contributions received from the Settlor to the Employee Trust Account;
- (iii) continued to provide extensive assistance and review of TCC’s calculation of individual bi-weekly entitlement amounts for thousands of Eligible Employees; and
- (iv) with the consent of the Trustee, made payments from the Employee Trust totaling approximately \$42.3 million for the benefit of more than 14,000 Eligible Employees.

7.3 As a result of the accelerated timing of the Store closures, the Monitor requested an additional \$5 million contribution from the Settlor to the Employee Trust (the “**Additional Contribution**”) in order to fund estimated future disbursements based on updated projections. On April 24, 2015, the Monitor received the Additional Contribution, which increased the total amount contributed to the Employee Trust by Target Corporation to \$95 million. Based on projected Employee Trust disbursements, the Monitor expects that all beneficiaries of the Employee Trust will receive the benefits to which they are entitled in accordance with its terms and conditions.

8.0 DEFERRED PROFIT SHARING PLAN

8.1 TCC established a deferred profit sharing plan (the “**DPSP**”) with an effective date of January 1, 2012. Capitalized terms not otherwise defined in this section have the meaning given to those terms in the DPSP or the accompanying Trust Agreement effective January 1, 2012 between Target Canada and LBC Trust (the “**DPSP Trust Agreement**”).

8.2 The DPSP is a group registered retirement savings plan for all eligible TCC employees who enrol, the purpose of which is “to help Team Members achieve long-term financial goals by offering an opportunity to save money conveniently and systematically for retirement...” A trust fund was established to hold contributions to the DPSP, of which LBC Trust is the trustee (the “**DPSP Trustee**”) The company matched 100% of team member contributions up to the lower of 5% of the Team Member’s earnings or the DPSP contribution limits under the *Income Tax Act*.

8.3 Under the plan, vesting refers to a Member’s entitlement to the Company Match contributions made to the Plan on the Member’s behalf. Members vest in the Company Match contributions

following 2 years of continuous employment, or on death, retirement, or the full or partial termination of the Plan.

8.4 If a Member leaves the employment of the Company prior to vesting, the Member is not entitled to the Company Match contributions, which then revert to the Company.

8.5 In summary:

(i) There were 1585 Members of the Plan as at March 31, 2015 and a total of approximately \$7 million in the Fund.

(ii) As at May 15, 2015:

a) There will be 1196 Members for whom Company Match contributions are vested as a result of their completion of 2 years of continuous employment (the “**2 Year Vested**s”).

b) there will be 389 Members who have not completed two years of continuous employment and therefore are not 2 Year Vested. The total Company Match contributions referable to these Members is approximately \$554,000.

8.6 On May 16, 2015, the employment of 1,548 Members will terminate. As a result of Manitoba employment standards legislation, the employment of the remaining 35 Members in Manitoba will terminate on May 30, 2015. The employment of two 2 Year Vesteds will continue for a period of time beyond May 30, 2015.

8.7 The Monitor has been advised by counsel that:

(i) the Member Contributions to the Fund are a true trust and therefore outside the estate;

- (ii) the Company Match contributions to which a Member becomes entitled on vesting are a true trust and therefore outside the estate;
- (iii) given the cessation of the Company's business and that there will be, essentially, no employees left, the Company has determined that the DPSP should be terminated; and
- (iv) pursuant to the terms of the plan, on termination, Company Match contributions not otherwise vested become vested and are therefore a true trust and outside the estate.

8.8 The Monitor has been advised by the Company that it intends to give notice of the termination to the DPSP Trustee effective May 16, 2015. Accordingly, the Company with the consent of the Monitor is instructing the DPSP Trustee to transfer funds to the Members in accordance with the terms of the DPSP Trust Agreement and the instructions of the Members.

9.0 MONITOR'S ACTIVITIES

9.1 As described in the Seventh Report of the Monitor (the "**Seventh Report**") dated March 24, 2015 and expanded upon below, since the granting of the Initial Order, the Monitor has worked closely with the Target Canada Entities to stabilize their business and operations such that all 133 open Stores in Canada remained operational throughout the Inventory Liquidation Process (the final group of Stores closed to the public on April 12, 2015). This work has included concerted efforts to address extensive and urgent supply chain and other logistical issues essential to the Orderly Wind-down and extensive communications with stakeholders, as well as assisting with other activities essential to the Orderly Wind-down, including matters related to the Inventory Liquidation Process and the Real Property Portfolio Sales Process. The Monitor

will continue to communicate with stakeholders and assist with and facilitate the Orderly Wind-down, in the interests of all stakeholders.

- 9.2 In the Second Report and in submissions to the Court on February 11, 2015, the Monitor undertook to provide information regarding the quantity of TCC's inventory: (a) received and in-transit (where title had transferred to TCC) as at January 15, 2015; and (b) received and/or where title had transferred to TCC and had not been paid for during the 30-day period immediately preceding January 15, 2015 (the "**Requested Information**"). The Monitor was also asked by the Court to update the Service List as to its progress in assembling the Requested Information no later than February 18, 2015. The Monitor served the Inventory Update Letter on the Service List on February 18, 2015. In the Fourth Report of the Monitor (the "**Fourth Report**") dated March 3, 2015, the Monitor provided the Court with information regarding the key dates and assumptions, methodology and approach, and conclusions related to the Requested Information.
- 9.3 Pursuant to the Endorsement of this Court dated February 19, 2015, Blaney McMurtry submitted a list of 61 questions and information requests to TCC, Target Corporation and the Monitor on March 2, 2015 (the "**March 2 Letter**"). The Monitor conducted an extensive amount of work in order to respond to the questions directed to the Monitor or that the Monitor was best able to respond to. In the Fifth Report of the Monitor (the "**Fifth Report**") dated March 16, 2015, the Monitor provided the Court with responses to certain of the inventory-related and other questions included in the March 2 Letter. In addition, the Monitor also provided extensive assistance to TCC and Osler, Hoskin & Harcourt LLP ("**Osler**") in obtaining and analyzing information to assist in the preparation of Osler's responding letter, on behalf of TCC, to the March 2 Letter.

9.4 In addition to the Monitor's ongoing supervision and involvement with the Inventory Liquidation Process (as described in the First Report and Seventh Reports) and Real Property Portfolio Sales Process (as described in the First, Sixth and Eighth Reports), the activities of the Monitor from the date of the Third Report (February 27, 2015) have included the following:

- assisting the Applicants with communications with employees, PFAC, pharmacy franchisees, suppliers and other parties;
- as described above, assisting TCC in stabilizing its supply chain, including extensive communications with the third party operator of TCC's distribution centres, vendors, freight forwarders and consolidators, ocean freight carriers and other transportation companies, and TCC's customs broker, with a view to minimizing supply disruption and continuing the movement of goods-in-transit to the distribution centres and Stores;
- numerous meetings and discussions with the Applicants and the Agent regarding the Inventory Liquidation Process, including assisting TCC in reviewing and reconciling data in support of the Agent's weekly invoices and the final reconciliation of proceeds due to TCC and the Agent pursuant to the terms of the Agency Agreement;
- various matters regarding the Real Property Portfolio Sales Process, including: numerous discussions with the Applicants, Lazard and the Broker; assisting with the closing of the Lease Transaction Agreement; reviewing the LOIs and bids received in each of Phase 1 and Phase 2 of the Real Property Portfolio Sales Process and meeting with, among others, the Applicants and Lazard regarding same; reviewing other draft letters and agreements with respect to the process, including other termination and release agreements entered into and described in the Eighth Report resulting in certain other leases being withdrawn

from the Real Property Portfolio Sales Process; and preparing the Sixth and Eighth Reports;

- numerous discussions with the Applicants and their legal counsel to develop a plan for addressing the sale and removal of FF&E on a premises-by-premises basis, and addressing specific issues related to individual Store locations and other real estate;
- assisting the Applicants in coordinating Store closures;
- responding to approximately 770 enquiries (from the commencement of the CCAA Proceedings) from stakeholders that contacted the Monitor on the toll-free number or email account established by the Monitor, plus countless other enquiries made directly to the Monitor or directed to the Monitor by employees of the Target Canada Entities;
- monitoring the receipts, disbursements, purchase commitments and arrangements for deposits with certain suppliers and creditors of the Applicants, including tracking outstanding balances and commitments due to critical service providers;
- assisting the Applicants in assessing and responding to the Applicants' requests for Monitor consents to disclaimers of contracts, leases and agreements;
- monitoring and providing ongoing updates to assist the Applicants in managing the Orderly Wind-down;
- assisting the Applicants in assessing their employee requirements as the Orderly Wind-down advances; assisting the Applicants in identifying KERP eligible employees and in calculating individual entitlements under the KERP;


- in its capacity as Administrator of the Employee Trust, communications with and among Employee Representative Counsel, Monitor counsel, Applicants' counsel and the Trustee regarding the Employee Trust, assistance with the calculation of specific entitlement amounts for Eligible Employees and facilitation of required payments from the Employee Trust;
- developing the Claims Process;
- corresponding with and tracking claims transfers and assignments received from purchasers of creditor claims; and
- posting non-confidential materials filed with the Court to the website established by the Monitor for the CCAA Proceedings.


10.0 MONITOR'S RECOMMENDATIONS

10.1 For the reasons set out herein, the Monitor recommends that this Court: (a) direct the Monitor to bring the Claims Process Motion in accordance with the proposed timeline; (b) direct the Monitor regarding certain procedures related to the Claims Process as described herein and set out in the draft Order attached as Tab 3 of the Monitor's motion record; and (c) make the Order granting an extension of the Stay Period and related relief as requested by the Applicants.

All of which is respectfully submitted to this Court this 4th day of May, 2015.

**Alvarez & Marsal Canada Inc., in its capacity
as Monitor of Target Canada Co., and
the other Applicants listed on Appendix "A"**

Per: 
Name: Douglas R. McIntosh
Title: President

Per: 
Name: Alan J. Hutchens
Title: Senior Vice President

TAB

A

APPENDIX “A”

List of the Applicants and Partnerships

Applicants

Target Canada Co.

Target Canada Health Co.

Target Canada Mobile GP Co.

Target Canada Pharmacy (BC) Corp.

Target Canada Pharmacy (Ontario) Corp.

Target Canada Pharmacy (SK) Corp.

Target Canada Pharmacy Corp.

Target Canada Property LLC

Partnerships

Target Canada Pharmacy Franchising LP

Target Canada Mobile LP

Target Canada Property LP

TAB

B



March 31, 2015

BY EMAIL

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Dear Counsel:

**Re: Target Canada Co. CCAA – Response to Supplier Questions
and Fifth Report of the Monitor**

We write to advise with regards to our proposed motions.

We intend to bring a motion for the subordination of the inter-company debt and, in particular, the debt owed by Target Canada Co. (“**TCC**”) to Target Canada Property LLC (“**TCC Propco**”). This is our underlying and main objective for the purposes of maximizing recovery for TCC’s unsecured creditors.

In addition, Mel Solmon (“**Mr. Solmon**”) intends to bring a motion to address the rights of the suppliers of 30-day goods.

Pursuant to the Endorsement of Mr. Justice Morawetz, dated February 18, 2015 (“**February Endorsement**”), we intend to cross-examine Mr. Mark J. Wong (“**Mr. Wong**”) with respect to the issues enumerated in the February Endorsement, namely: (a) issues related to 30-day goods; (b) issues related to inventory orders; and (c) issues related to the timing of the discussion or the decision to seek CCAA protection.

In preparation for the cross-examination of Mr. Wong, we seek production of the documents outlined in our letter dated March 2, 2015. For greater clarification, we provided to you a supplementary request for documents referenced in Ms. Tracy Sandler’s letter, dated March 16, 2015 and the Fifth Report of the Monitor, also dated March 16, 2015 (collectively, the “**Response**”). A copy of this request and the corresponding cover letter is attached as Schedule “A”.

Documents are requested prior to the cross-examination of Mr. Wong in order to facilitate a streamlined and efficient process. In the alternative, we are amenable to cross-examining Mr. Wong prior to reviewing the requested documents. However, in this case, we reserve the right to conduct a further cross-examination of Mr. Wong following receipt of the requested supporting documentation.

As part of this process, a motion for the production of documents and a motion to compel undertakings and refusals given at the cross-examination of Mr. Wong may be necessary.

As is evident from the Response, decisions with regards to the three issues outlined above and, in particular, the decision to file for CCAA protection, were made at the parent level by executives of Target Corporation. Correspondingly, we anticipate the need to examine Mr. Brian Cornell (“**Mr. Cornell**”), as a representative of Target Corporation, in order to meaningfully fulfill our Court-appointed mandate. Of course, any such examination will be contingent upon the answers provided by Mr. Wong. A motion may be required to compel the examination of Mr. Cornell.

The above action plan seeks to hold TCC accountable to its unsecured creditors. Since all creditors will benefit from our efforts to subordinate the inter-company debt, we intend to seek recognition of an *ad hoc* creditors committee. We propose that Blaney McMurtry LLP (“**Blaneys**”) be appointed representative counsel for the purposes of addressing the inter-company debt, with a priority charge as against the Estate proceeds.

In addition, given the potential conflict with the interests of 30-day goods suppliers, Mr. Solmon seeks to be appointed representative counsel for the purposes of addressing the rights of suppliers of 30-day goods, with a similar priority charge.

Blaneys is uniquely situated to advocate for the interests of TCC’s unsecured creditors. Beginning at the end of January, Blaneys launched the website “Blaneys on Target” as a guide for creditors that have a stake in the insolvency proceedings [see www.blaneystargetccaa.com]. Blaneys created an on-line form for creditors to join an *ad hoc* committee and stay informed about the proceedings. Members of the committee include both cross-border corporations and local small businesses and sole proprietorships. The list of committee members is attached as Schedule “B”. We regularly update our blog and post documents, motion materials, and orders filed within the proceedings in order to provide timely information to stakeholders and individuals impacted by the insolvency. Moreover, Blaneys has cooperated and consulted with various creditors and their counsel while soliciting input for questions during the information gathering process established by the February Order.

We believe the interests of creditors will be best advanced through an organized *ad hoc* creditors committee with a representative order conferring on Blaneys the authority to advocate for creditors with respect to, *inter alia*, the subordination of TCC’s inter-company debt, any proposed Plan of Compromise and Arrangement, and any issues relating to classes of creditors.

Mr. Solmon has already taken many steps in understanding the issues surrounding 30-day goods, including issues related to inventory supply, ordering, and related logistics matters as it concerns the practices of TCC. In this regard, he has already drafted and served motion materials. Mr. Solmon has worked with Blaneys on all matters related to the February Endorsement and is eminently qualified to act as representative counsel in this matter.

The work undertaken in respect of the February Endorsement has already been significant. The work to follow, as outlined in our schedule below, will be equally, if not more, time-consuming. The steps already taken have been for the benefit of all creditors, as will the prospective motions. It would, therefore, be appropriate to fund this process in the same manner which funds the Monitor and its counsel, as well as counsel for TCC, counsel for the Board of Directors of TCC, counsel for the employees, and counsel for the pharmacists. This will bring balance and transparency to the entire process on behalf of all stakeholders. More importantly, it does not impose a burden of costs on the backs of a few creditors who participate in the process on behalf of and for the benefit of all unsecured creditors.

We propose the following schedule with dates to be set by the Court:

1. Motion to appoint *ad hoc* committee of creditors to TCC together with the appointment of representative counsel;
2. Scheduling the cross-examination of Mr. Wong;
3. Motion regarding the production of documents and motion to compel refusals and undertakings at the cross-examination of Mr. Wong (if required);
4. Motion to examine Brian Cornell;
5. Motion to address, subordinate or extinguish TCC's inter-company debt;
6. Motion to provide 30 day suppliers of goods with priority rights to the funds recovered from the liquidation.

We would appreciate if you could forward this letter to Mr. Justice Morawetz for his review prior to tomorrow's attendance.

Yours very truly,

Blaney McMurtry LLP



Lou Brzezinski
LB/jb
Encl.

cc. Mel Solmon
Tracy Sandler



March 26, 2015

BY EMAIL

Tracy Sandler
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Lou Brzezinski
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lbrzezin@blaney.com

Dear Counsel:

**Re: Target Canada Co. CCAA – Response to Supplier Questions
and Fifth Report of the Monitor**

Thank you for the responses to the supplier questions contained in Ms. Sandler's letter dated March 16, 2015, and contained in the Fifth Report of the Monitor dated March 16, 2015 (collectively, the "**Response**"). This letter is provided on behalf of our clients and Solmon Rothbart Goodman's client pursuant to the Endorsement of Mr. Justice Morawetz dated February 19, 2015 (the "**Endorsement**"). We are grateful to both Target Canada Co. ("**TCC**") and the Monitor for the considerable effort that was expended in preparing the Response.

We would advise that we have reviewed the answers thoroughly, and have the following comments to make:

1. There were a number of requests for production of documents made in our letter dated March 2, 2015. Almost none of these documentary requests have been complied with. We respectfully disagree with the rationale for this non-production, and we shall be seeking a production order from Mr. Justice Morawetz.
2. Although none of the answers provided in the Response by TCC are under oath, we intend to cross-examine Mr. Wong on the Response. We also require that TCC produce another witness who, in all likelihood, may be more capable of answering these questions. In this regard, we note from the substance of the Response that the full extent of TCC's decision-making and knowledge was at the parent level, Target Corporation. In our view, it makes the most sense for TCC and Target

Corporation to also produce the CEO of Target Corporation, Brian Cornell, for examination, particularly given that Target Corporation enjoys the benefit of protection of its derivative liability from claims made against TCC as set out in the Initial Order.

3. If consent is not forthcoming, we will conduct the cross-examination of Mr. Wong and thereafter, with the evidence from that motion, if necessary, we will move for an order for the examination of Brian Cornell, unless you insist that Mr. Cornell be examined first, following the procedure required by Rule 39.
4. Likewise, we reserve our rights to seek leave to examine the Monitor on the Fifth Report.

As is apparent from the above, we intend to exercise our rights to cross-examine Mr. Wong on his affidavits as set forth in the Endorsement. I would ask counsel for the Monitor and counsel for TCC to provide us with convenient dates in April to conduct such cross-examination. We suspect that we shall require at least two days to complete these cross-examinations.

We enclose a supplementary list of documents specifically referred to in the Response. We would ask that TCC provide us with copies of these documents and reconsider its refusals in respect of the documents previously requested in our letter dated March 2, 2015. If privilege is maintained, we request to be provided with a list of the documents by date, nature of the document, from whom, to whom (including who was copied or blind copied) and the basis of the claim for privilege.

It also makes sense to provide the documentation as soon as possible so that we have time to prepare. We are certainly not expected to read the documents for the first time either at the examinations or shortly before. We would appreciate the cooperation of all involved in that regard.

Once again, I wish to thank both TCC and the Monitor for their kind cooperation in respect of the Response to date, and we will continue to offer our reasonable cooperation as this process unfolds.

Yours very truly,

Blaney McMurtry LLP



Lou Brzezinski
LB/jb
Encl.

cc. Mel Solmon
cc. Service List



M E M O R A N D U M

To Tracy Sandler and Alan Mark
From Lou Brzezinski
Date March 26, 2015
Re Target Canada Co. *CCAA* - Request for Documents

In light of the responses to the supplier questions contained in Ms. Sandler's letter dated March 16, 2015, and contained in the Fifth Report of the Monitor, also dated March 16, 2015, we request the following documentation:

1. All reports prepared by Bain & Company for TCC or Target Corporation between the Spring of 2014 and January 15, 2015 (Q#1, Overview)
2. All reports prepared by Goldman, Sachs & Co. for TCC or Target Corporation between the Spring of 2014 and January 15, 2015 (Q#1, Overview)
3. All reports prepared by Capgemini Consulting for TCC or Target Corporation between the Spring of 2014 and January 15, 2015 (Q#1, Overview)
4. All reports prepared by Northwest Atlantic (Canada) Inc. ("**Northwest**") for TCC or Target Corporation in relation to visits conducted by Northwest of every TCC retail store in Canada in the second half of 2014 (Q#1, Q#7, Overview)
5. All reports prepared by PricewaterhouseCoopers Inc. for TCC or Target Corporation in relation to the various strategic options under consideration between September 2014 and January 15, 2015 (Q#5(i))
6. All reports prepared by Ernst & Young Inc. ("**E&Y**") for TCC or Target Corporation, and all correspondence and communication between the parties, in relation to the various strategic options under consideration between October 2014 and January 15, 2015 (Q#5(i))
7. All reports prepared by Alvarez & Marsal in respect of TCC's restructuring options from September, 2014 to November, 2014, and all correspondence between Alvarez & Marsal and TCC/Target Corporation in respect to TCC's strategic options, including restructuring, from September, 2014 to November, 2014 (Q#5(i), Overview)

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8. All reports prepared by Alvarez & Marsal in respect of TCC's restructuring options from November, 2014 to January 15, 2015, and all correspondence between Alvarez & Marsal and TCC/Target Corporation in respect to TCC's strategic options, including restructuring, from November, 2014 to January 15, 2015 (Q#5(i), Overview)
9. All reports and proposals prepared by Hill + Knowlton Strategies and Target Corporation's communications department in the event that Target Corporation's board of directors resolved to cease funding of TCC in December, 2014 and January, 2015 (Q#5(k))
10. Memoranda, reports, minutes of meetings and other correspondence and communication between TCC, Target Corporation and their respective advisors with regards to preparing for the contingency of TCC filing under the CCAA from September, 2014 to December, 2014 (Overview)
11. Memoranda, reports, minutes of meetings and other correspondence and communication between TCC, Target Corporation and their respective advisors with regards to preparing for the contingency of TCC filing under the CCAA from December, 2014 to January 15, 2015 (Overview)
12. All reports or memoranda prepared by the third investment bank that TCC and its advisors contacted in December 2014 in connection with the strategic options being considered and the potential sale of TCC's lease and real property interests (Q#6)
13. All non-disclosure agreements signed by the 223 employees of TCC and Target Corporation who were made aware of the strategic options being considered on or before January 15, 2015 (Overview)
14. The status memorandum on TCC's performance provided to Target Corporation's board of directors in November, 2014 (Overview)
15. Internal memoranda or other documents drafted and/or circulated among TCC management with regards to forecasted improvements in TCC's performance, including an increase in same-store sales volumes during the last quarter of 2014 and an increase in same-store sales volumes in the first quarter of 2015 (Overview)
16. Any reports, memoranda, communication or other document in which TCC's or Target Corporation's internal legal department raised the concept of a Canadian insolvency filing, beginning in the summer of 2014 (Q#5(a))
17. Any reports, memoranda, correspondence, and other documents among executives of TCC and Target Corporation with respect insolvency options, including a filing under either the BIA or CCAA, from September, 2014 to January 15, 2015 (Overview)

18. Any internal reports, memoranda, documents and communications from Target Corporation's management to the board of directors with regards to the recommendations it made to the board of directors following an analysis of all the strategic options (Overview)
19. Correspondence or communication from Target Corporation to its lead bank in its banking syndicate on or about December 18, 2014, in which Target Corporation advises of the possibility of a CCAA filing and the need for waivers in such a filing (Q#5(g))
20. A copy of the waiver agreements entered into by Target Corporation with certain members of its banking syndicate (Q#5(g))
21. Any and all communications, including e-mails, voicemails, text messages etc., between Brian Cornell and the CFO of Target Corporation with regards to TCC sent or received on December 20, 2014 (Q#8)
22. Copies of the dishonoured cheques referred to at Q#58, including dates of the cheques

Thank you for your cooperation in this regard.

SCHEDULE "B"

Ad Hoc Committee of Creditors

1. NBC Universal
2. Nintendo Canada
3. Conagra Foods Inc.
4. Nestle Canada Inc.
5. Trophy Foods Inc.
6. Pepsico Foods Canada
7. C.B. Powell Ltd.
8. Wrigley Canada
9. Mars Canada Inc.
10. Groupe Seb Canada Inc.
11. Voortman Cookies Limited
12. Advitek Inc.
13. Transource Freightways Ltd.
14. East End Projects Inc.
15. Pelican Creations Inc.
16. Blue Vista Insights
17. Pentel Stationary of Canada Ltd.
18. Zebra Pen Canada
19. CCL Industries Inc.
20. ThyssenKrupp Elevator (Canada) Ltd.
21. Acme United Ltd.
22. Keurig Canada Inc.
23. Cavendishfarms
24. Mondelez International

SCHEDULE "B"

25. Bravado
26. Flashframe Digital Media
27. Foxy Originals Inc.
28. Joe Thacker Analytics Inc.
29. Entertainment One
30. RPI Consulting Inc.
31. Hansae Co. Ltd.

TAB

C

**In the Matter of the CCAA Proceedings of Target Canada Co. (“TCC”) and the Other Applicants and Partnerships Identified in the Initial Order (collectively, the “Target Canada Entities”)
Notes to the Target Canada Entities’ Unaudited 16-Week Cash Flow Forecast**

Disclaimer:

In preparing this cash flow forecast (the “Forecast”), the TCC has relied upon unaudited financial information and TCC has not attempted to further verify the accuracy or completeness of such information. The Forecast includes estimates concerning the orderly wind-down of the Target Canada Entities’ businesses and additional assumptions discussed below with respect to the requirements and impact of a filing under the *Companies’ Creditors Arrangement Act* (“CCAA”). Since the Forecast is based on assumptions about future events and conditions that are not ascertainable, the actual results achieved during the Forecast period will vary from the Forecast, even if the assumptions materialize, and such variations may be material. There is no representation, warranty of other assurance that any of the estimates, forecasts or projections will be realized.

Overview:

The Forecast reflects cash flows from the orderly wind-down of the Target Canada Entities’ operations. TCC, with the assistance of the Monitor, has prepared the Forecast based primarily on TCC’s go-forward expectations, taking into consideration the closure of all of TCC’s retail stores on or before April 12, 2015. The Forecast does not include Target Canada Property LLC (“TCC Propco”), as minimal cash flow activity is anticipated for that entity during the Forecast Period. TCC Propco’s cash balance as at April 25, 2015 was approximately \$61 million. The Forecast is presented in thousands of Canadian dollars.

Assumptions:

1. Beginning Balance

This is the actual opening cash balance as of April 25, 2015.

2. Sales Receipts

Forecast receipts include estimated refunds of sales taxes, return of paid utility deposits, the return of pre-paid leaseback rents, and potential receipts from the sale of furniture, fixtures and equipment. Potential receipts from the proposed Real Property Portfolio Sales Process are not included in the Forecast.

3. Employee Payments

These disbursements include payroll, payroll taxes and employee benefits costs for salaried and hourly employees, and are forecast based on projected requirements, taking into consideration the closure of all of TCC’s retail stores on or before April 12, 2015. The Forecast also includes vacation pay and KERP payments but excludes disbursements anticipated to be made from the Employee Trust. Salaried and hourly employees are paid bi-weekly.

4. Rent & Occupancy

The Forecast assumes TCC pays rent and occupancy expenses semi-monthly during the wind-down process and during the Real Property Portfolio Sales Process. The Forecast applies estimated de-commissioning and store cleaning costs for stores and distribution centres.

5. DC/Logistics

Disbursements to the distribution centre logistics provider are forecast based on expenses incurred during the Inventory Liquidation Process.

6. Normal Course Taxes

The Forecast assumes sales tax remittances based on estimated forecast sales tax collections.

7. Professional Fees

These disbursements include payments to TCC's advisors and their legal counsel, the Monitor and its counsel, and counsel to the Directors.

8. All Other

These disbursements include projected credit card processing fees, liquidation firm agency fees, telecom and technology expenses, insurance, supplies, facilities, and other wind-down operating expenses. Week 18 of the Forecast includes significant fees, commissions and expenses to be paid to the liquidation agent under the Agency Agreement, subject to ongoing reconciliation between TCC and the liquidation agent of sales and other data related to the Inventory Liquidation Process.

9. Intercompany

These disbursements represent projected payments related to Shared Services provided by Target Corporation. Forecast amounts decrease in accordance with projected requirements during the wind-down process.

**IN THE MATTER OF A PLAN OR COMPROMISE OF ARRANGEMENT OF TARGET CANADA
CO.,
TARGET CANADA HEALTH CO., TARGET CANADA MOBILE GP CO., TARGET CANADA
PHARMACY (BC) CORP., TARGET CANADA PHARMACY (ONTARIO) CORP. TARGET
CANADA PHARMACY CORP., TARGET CANADA PHARMACY (SK) CORP., AND TARGET
CANADA PROPERTY LLC.**

Court File No.: CV-15-10832-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

NINTH REPORT OF THE MONITOR

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