

QUESTIONS FOR TARGET AND THE MONITOR

Timing of discussions and/or decision to seek CCAA protection

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.
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.
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")].
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:
 - 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.
 - b. The minutes of Board of Director meetings for Target Canada and Target Corporation between September, 2014 and January, 2015.
 - 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.
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:

- a. Target Canada's and/or Target Corporation's internal legal department;
 - b. Oslers or any other external law firm;
 - c. Employees or employee representatives, including their counsel;
 - d. Logistics suppliers;
 - e. Insurance agents and the D&O insurer;
 - f. Landlords;
 - g. Banks;
 - h. DIP lenders;
 - i. Accounting firm(s), auditors, and financial advisors;
 - j. The U.S. Securities and Exchange Commission; and
 - k. Any media or communications agency, either external or as a division of Target Canada/Target Corporation.
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.
 7. When was Northwest first contacted to act as Target Canada's real estate advisor? Please produce all written communication between Target Canada/Target Corporation and Northwest, and any reports or proposals produced by Northwest.
 8. 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?
 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;
 - b. Oslers or any other external law firm;
 - c. Employees or employee representatives, including their counsel;
 - d. Logistics suppliers;
 - e. Insurance agents and the D&O insurer;
 - f. Landlords;
 - g. Banks;

- h. DIP lenders;
 - i. Accounting firm(s), auditors, and financial advisors;
 - 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.
10. When were any other potential DIP lenders first contacted? Please provide all written communications and documents thereto.
 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?
 12. When were the Board resolutions first drafted?
 13. When was the list of creditors first prepared?
 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.
 15. When were possible liquidation companies contacted for the bidding process? Who were the other bidders? Please provide all written communication and documentation thereto.
 16. When liquidation companies were contacted for the bidding process, what were these companies advised with regards to Target Canada's inventory 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?
 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?
 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?
 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 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.
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.
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 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?
24. 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?

Inventory Value and 30-day Goods

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.
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 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?
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?
29. What was the inventory value in Target Canada's stores and distribution centers between December 15, 2013 and January 15, 2014?
30. What is the percentage of inventory on January 15th compared to inventory levels as of December 15th for the years 2013 and 2014?
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 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?
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?
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?

35. At para. 57 of the Wong Affidavit, it states that for the fiscal year through December 6, 2014, Target Canada made approximately CAD \$1 billion in payments to 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.
36. 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?
37. 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 January 3, 2015? What was the retail value in Target Canada stores as of January 3, 2015? Please provide all supporting documentation thereof.
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?
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?
40. 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?
41. 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.
42. Please provide a list of all cancelled purchased 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?

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?
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 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?
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.
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?
48. Will suppliers have an opportunity to dispute the quantum of debt as listed in the revised creditors' list, dated January 15, 2015?
49. What is the amount owed to suppliers as of March 2, 2015?
50. For those suppliers who also supply to Target Corporation, what is amount owed to them by Target Corporation as of January 15, 2015?
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.
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.

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 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?
54. Please provide the names of all suppliers that Target Canada has designated as crucial or critical suppliers.
55. Why is Target Canada continuing to ask certain suppliers to approve reductions in their invoices for promotional charges?
56. 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 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.
57. 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.
58. What is the total amount of dishonoured cheques for Target Canada's suppliers?
59. 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 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?

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?