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Appendix A

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

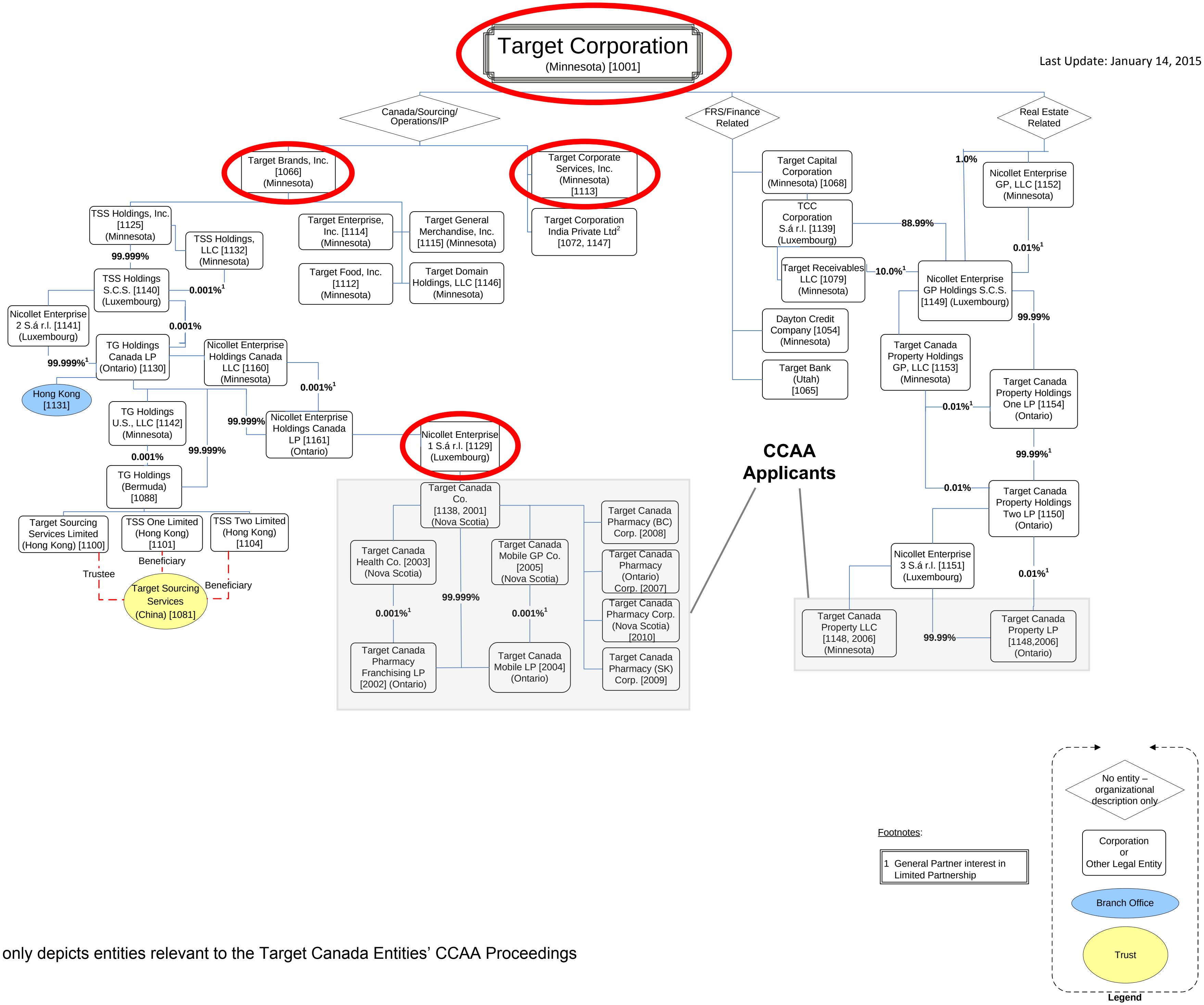
APPENDIX B

TARGET GROUP ORGANIZATIONAL CHART

See Next Page

Target Corporation Organizational Chart

Last Update: January 14, 2015



* Chart only depicts entities relevant to the Target Canada Entities' CCAA Proceedings

APPENDIX C

EVALUATION AND ECONOMIC ANALYSIS REPORT OF DR. TIMOTHY A. REICHERT

See Next Page

Evaluation and Economic Analysis

Target Canada Co. et al.

In the Matter of the Companies' Creditors Arrangement Act

Dr. Timothy A. Reichert

President, Economics Partners, LLC

Report Date: August 30, 2015

ECONOMICS PARTNERS
LLC

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I. Executive Summary

A. Introduction

My name is Timothy Reichert. I am an economist, transfer pricing specialist and valuator at Economics Partners, LLC ("**EP**") in Denver, Colorado. EP is a firm that I founded.

I have been engaged by Goodmans LLP ("**Goodmans**"), counsel to Alvarez & Marsal Canada Inc., the Court-appointed Monitor (the "**Monitor**") of the Target Canada entities,[1] to conduct a review and analysis of certain controlled transactions[2] relating to claims made against certain of the Target Canada entities in the insolvency proceedings under the Companies' Creditors Arrangement Act ("**CCAA**"). In particular, I have been asked to provide my opinion as to whether the controlled transactions that give rise to the following claims[3] (the "**Claims**") were priced in a manner consistent with the arm's length principle.[4]

1) **<u>Claim Ref. No. 1</u>**. Interest charged pursuant to a Loan Facility Agreement dated May 18, 2011 between Nicollet Enterprise 1 S.a.r.l ("**NE1**"), the claimant, and Target Canada Co. ("**TCC**"), the debtor.

2) **<u>Claim Ref. No. 2.A</u>**. Transactions under the Master Services Agreement dated February 3, 2013 between Target Brands, Inc. ("**TBI**"), the claimant, and TCC, the debtor (the **"MSA"**). These include the services fees payable with respect to retail, marketing, merchandising, management, administrative support, and other services provided for the period December 1, 2014 – January 14, 2015. As well, I assessed the royalty fee payable by TCC under the MSA for the license of certain intellectual property such as the Target name, trademark, and other retail-related intellectual property.

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1 These entities include the following Applicants: Target Canada Co., Target Canada Health Co., Target Canada Mobile GP Co., Target Canada Pharmacy (BC) Corp., Target Canada Pharmacy (Ontario) Corporation, Target Canada Pharmacy (SK) Corporation, Target Canada Pharmacy Corp., and Target Canada Property LLC as well as the following Partnerships: Target Canada Pharmacy Franchising LP, Target Canada Mobile LP, and Target Canada Property LP.

2 Controlled transactions are transactions that occur within a firm. In neoclassical economics, and as I use it here, the term "firm" refers to an individual or organization of individuals or entities that combines labor and capital in order to produce and sell goods and/or services. Controlled transactions are also often referred to as "intercompany" or "related party" transactions, since they take place within a firm, between entities that are commonly controlled (*i.e.,* controlled by the same ultimate parent) or between an entity and its controlling entity. This is in contrast to "uncontrolled" transactions occurring in the open market between two unrelated entities. Throughout this report, I use the terms "intercompany transactions" and "controlled transactions" interchangeably.

3 I have use the Claim Reference Numbers ("**Claim Ref. No.**") provided to me by Goodmans for identifying specific claims throughout my opinion.

4 The arm's length principle (also known as the arm's length standard) is defined below.

3) **<u>Claim Ref. No. 4.A</u>**. The interest rate charged pursuant to a Revolving Line of Credit dated February 13, 2014 between Target Corporation ("**Target Corp.**"), the claimant, and Target Canada Property LLC ("**PropCo**"), the debtor, and subsequent Demand Promissory Note dated January 9, 2015 from PropCo to Target Corp.

4) **<u>Claim Ref. No. 5.A</u>**. The interest rate charged pursuant to a Loan Facility dated January 9, 2014 between Target Canada Property LP ("**PropLP**"), the claimant, and PropCo, the debtor.

5) **<u>Claim Ref. No. 6.B</u>**. The payment due to PropCo from TCC ("**Termination Payment"**), under a Master Agreement dated February 4, 2013 between PropLP and TCC, for termination of the sublease arrangement between PropCo, the claimant, and TCC, the debtor.[5]

I distinguish between the Claims and the intercompany transactions on which the Claims are based. I refer to these controlled transactions as the **"Intercompany Transactions**."

B. Summary of Opinion

This report constitutes my opinion regarding whether the transfer prices that were assigned by the Target organization ("**Target**," or "**the Company**")[6] to the Intercompany Transactions were consistent with the arm's length principle.

1. Transfer Pricing and the Arm's Length Principle

As noted in footnote 2, *supra*, controlled transactions are transactions that occur within a firm. Such transactions are also often referred to as "intercompany" or "related party" transactions, since they take place within a firm, between entities that are commonly controlled (*i.e.*, controlled by the same ultimate parent) or between an entity and its controlling entity. This is in contrast to "uncontrolled" transactions occurring in the open market between two unrelated entities.

"Transfer pricing" is the act of assigning a monetary value, or price, to controlled transactions. A "transfer price" is a price that is assigned to such transactions, in essence the amount charged

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5 I recognize that PropLP was the original party to the Master Agreement and virtually all of the relevant subleases. However, the rights and obligations of PropLP under those agreements were, respectively, subsequently assigned to and assumed by PropCo. In addition, like PropLP, PropCo invested in real property improvements and entered into certain sublease arrangements with TCC. As I discuss later in this report, my analysis of PropCo's claim is not thereby affected. Therefore, for ease of reference, generally I refer to PropCo as the counterparty under the relevant arrangements with TCC. I also recognize that the sublease arrangement is more technically referred to as a sub-sublease arrangement, however, for ease of reference, I generally refer to it as a "sublease".

6 Unless otherwise stated, references to "Target" or "the Company" refer to the Target organization as a consolidated enterprise.

by one segment of an organization for a product, service, intangible asset, physical asset, or financial capital that it supplies to another segment of the same organization.

The "arm's length principle" (or the "arm's length standard") is the central regulatory principle governing intercompany transfer pricing. The arm's length principle necessitates that intercompany transactions be priced in a manner consistent with the way in which similarly situated uncontrolled parties bargaining at arm's length would price the transactions – *i.e.*, within an arm's length range.

Because markets reward value creation through price, the fundamental idea standing behind the arm's length principle is that transfer prices should also reward value creation inside the enterprise. Also underpinning the arm's length principle is the concept that rational economic agents, acting at arm's length, demand an appropriate return for contributions, activities, resources, or rights that they provide to another party.

In administering the arm's length standard, transfer pricing rules[7] emphasize three things:
1) process and method; 2) ranges of arm's length results rather than point estimates; and
3) transparency. Because market transactions are extremely diverse, and comparability across market and controlled transactions can be defined along many dimensions, it is important that taxpayers follow certain well-defined processes for identifying and using the market data with which they benchmark intercompany transactions. Therefore, most countries' transfer pricing rules prescribe specific methods and approaches for implementing the arm's length standard. These methods are common to all countries that follow the arm's length principle.

Transfer pricing methods fall into three main categories: 1) transactional, 2) one-sided profit-based methods, and 3) profit split methods. Transactional methods, as the name implies, use market prices to determine transfer prices. One-sided profit-based methods price a transaction by benchmarking the profitability of one of the controlled parties' assets and/or activities, leaving the residual consolidated operating profit to the counterparty (counterparties). Finally, profit split methods take into account the relative contributions of the parties and use either transactional data, relative investment shares, or some other measure, to split the profit associated with a transaction or group of transactions.

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7 By the notion of "rules" in this context, I mean the combination of formal government regulation or statute, policies and/or guidance from tax authorities, and recognized transfer pricing principles or guidance. The formal US transfer pricing regulations are set out in Sections 482 and 6662 of the US Internal Revenue Code and the Regulations thereunder (the "**US Regulations**"). Canadian transfer pricing rules are found in Section 247 of the Income Tax Act (Canada), and Information Circular 87–2R, "International Transfer Pricing." The Organization for Economic Cooperation and Development ("**OECD**") Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations ("**OECD Guidelines**") are also applied to the practice of transfer pricing in both jurisdictions. The OECD Guidelines, first published in 1995 and revised in 2010, provide an international framework for transfer pricing administration and regulation based on the arm's length standard that is consistent with the principle of avoiding double taxation embodied in most international tax treaties.

2. Three Categories of Intercompany Transactions

As an economic matter, the Intercompany Transactions addressed in this report fall into four categories.

Category 1) Category 1 comprises the Termination Payment – the Intercompany Transaction pertaining to Claim Ref. No. 6.B.

Category 2) Category 2 comprises Intercompany Transactions pertaining to Claim Ref. Nos. 1.A., 4.A., and 5.A. These transactions fall into the same category for two reasons. First, they are all intercompany loans. Second, as I discuss later in this opinion, the analysis of these loans hinges on TCC's creditworthiness.

Category 3) Category 3 includes the services Intercompany Transactions pertaining to Claim Ref. No. 2.A.

Category 4) Category 4 comprises the licensing Intercompany Transaction, the discussion of which I include in the discussion of Claim Ref. No. 2.A.

Exhibit I-1, below, depicts the Intercompany Transactions, relating each of them to the Claims.

Exhibit I-1: Overview of Intercompany Transactions

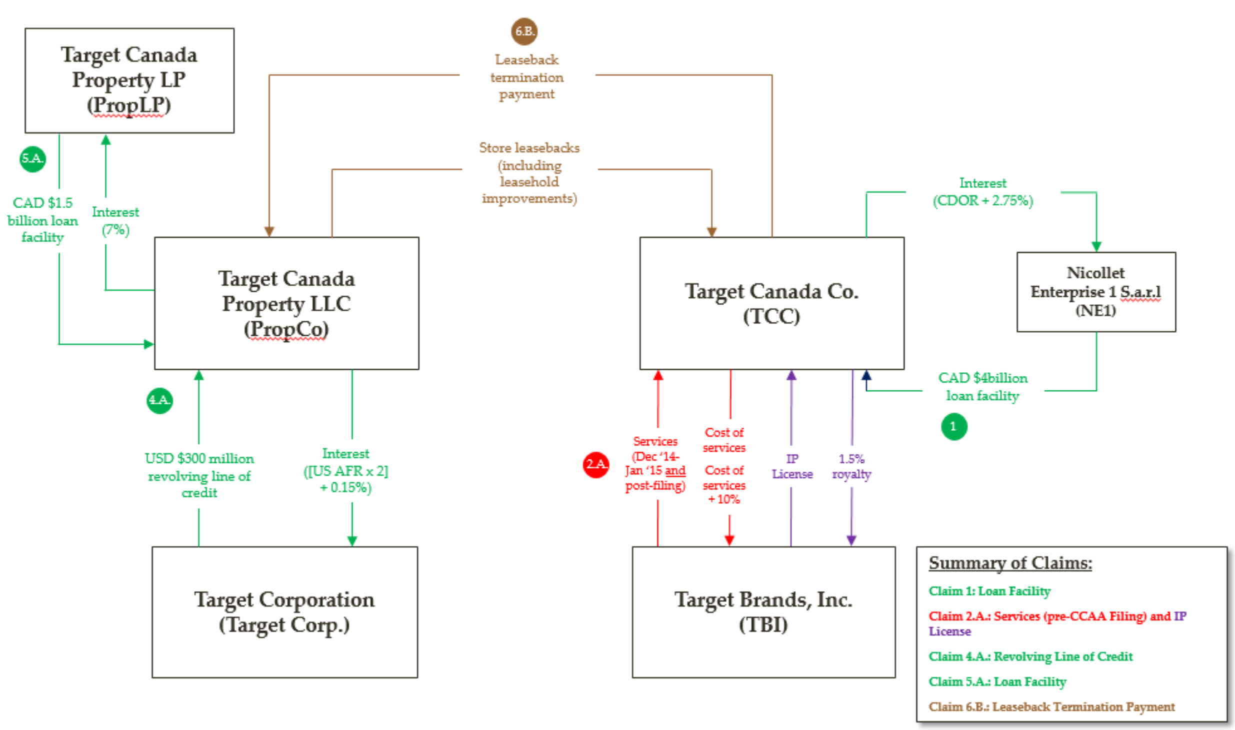

Exhibit I-1 depicts the Intercompany Transactions by Claim, as well as by Category. The Category 1 Claim is shown in brown, Category 2 Claims in green, Category 3 Claims in red, and

Category 4 Claims in purple. My analysis begins with the corresponding Category 1 Intercompany Transactions, and then moves to those within Categories 2, 3, and 4.

3. Steps Followed

My process for evaluating the Intercompany Transactions comprised the following main steps:

1) Reviewing and assessing the facts of the Intercompany Transactions. This included evaluating the underlying contractual and economic relationships between the parties involved.

2) Examining and evaluating the transfer pricing guidance and regulations that pertain to the Intercompany Transactions.

3) Selecting the most appropriate methodology, or methodologies, for evaluating the transfer prices involved.

4) Implementing the chosen methodology and computing an arm's length range of transfer prices (as appropriate for each Intercompany Transaction).

5) Comparing the arm's length range or result to the transfer prices chosen by Target.

In all cases, I relied on the data and other information that were made available to me by Goodmans, as well as data and information from the public domain and from subscription data services. To the extent that new data or information become available, I reserve the right to utilize these and if necessary to modify my conclusions.

4. Conclusions

My conclusions regarding the Claims are as follows.

(a) Claim Ref. No. 6.B.

Under the Master Agreement,[8] if TCC terminates the sublease for particular premises, then TCC shall pay to PropCo the Termination Payment, calculated as "an amount equal to the present value (using a 7 percent discount rate) of the total remaining payments of Rent, as defined in Section 3(ii) of the Sublease, which were to be paid for the remainder of the term as defined in 2(ii) of the Sublease plus the additional value of the remaining Sublease term to Can Prop Co."[9]

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8 As noted earlier, I recognize that the Master Agreement was originally between PropLP and TCC: please see footnote 5 *supra*. This does not affect my conclusions, as discussed later in this report.

9 The term (or time horizon) used in the Termination Payment calculation is the lesser of the remaining term of the Master Agreement (including any extensions), or until the end of the sublease for the premises involved. As of February 25, 2015, the date of the Termination Payment calculation used by Target, the Company apparently assumed that the weighted average sublease term was 240 month (20 years).

Thus, the Termination Payment is a lump sum payment made to PropCo by TCC that is designed to compensate PropCo for Rent that is foregone due to termination.

In my opinion, at arm's length, PropCo would have expected to earn its "required rate of return," or cost of capital, on its investments in real property improvements ("**RPI**").[10] Thus, my conclusion is tantamount to the recognition that the Termination Payment for foregone markup rent, in conjunction with the cash flows that resulted from markup rent already received by PropCo, should have provided PropCo with a return consistent with the return that it would earn if it were operating in a competitive marketplace, in order to be consistent with the arm's length principle.

My reasoning in support of this conclusion is as follows.

First, as a functional matter, PropCo has no employees of its own and therefore carries out no activities through personnel that it employs. From an economic point of view, PropCo's "substance" is limited to its status as a legal entity, or shell, that makes investments in RPI. PropCo is therefore economically comparable to a passive investor in RPI, or supplier of capital for RPI investments. By contrast, TCC, which is PropCo's primary counterparty in Target's Canadian operations and PropCo's counterparty in this transaction, is responsible for and capable of implementing all of the entrepreneurial functions performed directly by Target in the Canadian market. Thus, it seems to me that PropCo should be recognized as an investor in RPI, provided an adequate return on that investment, and nothing more.

Second, as an economic matter, the nature of PropCo's investments in RPI is such that they are unlikely to constitute a barrier to entry by competitors. It is a fundamental principle of microeconomics that only investments which give rise to (*i.e.*, cause) barriers to entry should earn an *ex ante* return greater than a competitive rate of return. In general, economists rarely think of investments in property improvements as giving rise to a barrier to competition. Rather, it is usually a firm's investments in intangible assets (*e.g.*, patentable technology derived through R&D) that give rise to entry barriers.[11]

Third, as a methodological matter, transfer pricing analysis often proceeds by comparing the functional complexity and general economic substance of the two counterparties to an intercompany transaction, and then benchmarking the returns to the simpler of the two. The rationale for this is straightforward. Transactions in which one counterparty is substantively

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[10] The terms "required rate of return" and "cost of capital" are synonyms, and refer to the annual rate of return required to be earned on an investment in order to be able to attract suppliers of debt and equity capital to finance the investment. In competitive markets, competition forces profits to a level equal to the required rate of return (cost of capital). In monopolistic markets (*i.e.*, absent competitive forces), profits can rise above the required rate of return.

[11] Indeed, to the extent that Target's operations in Canada *did* make real property-related investments that were expected to constituted an entry barrier, it is much more reasonable to believe that TCC's purchase of the lease option (and through it the acquisition of a large network of stores and locations) constituted such a property-related barrier to entry.

simple often allow one to reliably price the intercompany transaction by benchmarking the simpler party's returns (profits) using market data. In this case, because PropCo consists almost entirely of physical asset investments (*i.e.*, investments in RPI), benchmarking or pricing the profits that PropCo should earn is straightforward.

Fourth, this treatment of PropCo is in my opinion economically consistent with the approach taken by Target to the intercompany pricing of leases initially acquired by TCC. Under the sublease arrangement between PropCo and TCC, the leases to which TCC was a party (lessee) were subleased to PropCo and then sub-subleased back to TCC at the same price. Thus, TCC allowed PropCo to step into TCC's leasehold interests, while recognizing that at arm's length PropCo should not be enriched by doing so. In the same way, the RPI investments represented an investment opportunity that TCC naturally held (as the original lessee pertaining to the properties and as the sole entrepreneurial entity in Canada). Yet, TCC allowed PropCo to make these investments. The same logic that Target applied to the sub-sublease of TCC's leasehold interests, which ensured that PropCo was not enriched by stepping into TCC's interests, would imply that PropCo should not be enriched by having been granted the opportunity to make investments in RPI. Affording PropCo its required rate of return on its investments in RPI would leave PropCo exactly indifferent between making the investments and not doing so – *i.e.*, only this level of profit on investments actually made by PropCo will ensure that PropCo was not enriched by stepping into TCC's economic position.

The idea that PropCo should earn its required rate of return on its investments in RPI can be stated in terms of the relationship between the cost of PropCo's RPI and the present value of the returns to that investment. Specifically, saying that PropCo should, *ex ante*, earn its required rate of return on its RPI investments is equivalent to saying that the present value of the returns to the RPI (*i.e.*, the return of the nominal cost of the investments and profits in addition to that cost) should equal the cost of the RPI investments.

In finance theory, an investment whose cost is equal to the present value of the profit stream from that investment is referred to as a <u>net</u> present value zero (NPV=0) investment. That is, if one were to <u>net</u> the investment's cost (*i.e.*, <u>subtract</u> the investment's cost) from the present value of the returns to that investment, the result would be zero. In my opinion, PropCo's investments should be NPV=0.

This conclusion implies that the sum of the present value of the cash flows that resulted from the markup rent payments received by PropCo and the present value of the Termination Payment should be equal to the cost of PropCo's investments in RPI as of the date of those investments. This makes the calculation of the Termination Payment very straightforward, as follows.

Step 1) Determine PropCo's required rate of return, or cost of capital. This is the required rate of return to PropCo's investments in RPI. It is also, by definition, the discount rate applicable to the returns to the RPI.[12]

Step 2) Using PropCo's cost of capital (*i.e.*, discount rate), compute the present value of the markup rent paid to PropCo prior to the Termination Payment (call this "A").

Step 3) Arithmetically solve for "B," the lump sum Termination Payment which, when discounted to present value as of the date of the RPI investments (using PropCo's cost of capital), produces a sum of A and the present value ("**PV**") of B that is equal to the cost of the investments made in RPI as of the moment at which those investments are made (call this cost "C").[13] That is, solve for B such that A + PV(B) – C = 0.

The result of this procedure is that PropCo is exactly "made whole" by the Termination Payment.

As discussed in Appendix C, I have estimated PropCo's required rate of return on its investments in RPI at between 5.5 percent and 8.6 percent, with a median estimate of approximately 7.0 percent. Employing these cost of capital estimates in the procedure described above, I estimated the termination payments for each of the 137 properties that are the subject of Claim Ref. No. 6.B. Exhibit I-2 summarizes my conclusions.

Exhibit I-2: Arm's Length Termination Payments (CAD)[14]

	Cost of Capital	Termination Payment	Adjustment
Upper Quartile Cost of Capital	8.63%	1,393,940,804	517,553,439
Median Cost of Capital	7.00%	1,356,756,052	554,738,191
Lower Quartile Cost of Capital	5.54%	1,323,703,377	587,790,865

As shown, the arm's length termination payments range from CAD 1.32 billion to CAD 1.39 billion. These imply downward adjustments to Claim Ref. No. 6.B. of between CAD 518 million and CAD 588 million.

12 The term "discount rate" has the same meaning as "required rate of return" and "cost of capital."

13 Technically, because C is an investment, and thus a cash outflow, it is a negative number (-C). Therefore, A + PV(B) should equal the absolute value of C, or |C|. I also note that the calculation of B must account for cash operating costs borne by PropCo, during periods in which markup rent was received, when ensuring that PropCo's investments in RPI are NPV=0.

14 Note: Numbers in this and other exhibits throughout this report and appendices may not sum exactly due to rounding.

(b) Claim Ref. No. 4.A.

Claim Ref. No. 4.A. covers a Revolving Line of Credit Agreement between Target Corp. and PropCo dated February 13, 2014 (the "**Credit Agreement**"). The Credit Agreement established a revolving line of credit up to a maximum amount of USD 300 million under which Target Corp. would make loans or advances to PropCo from time to time. The interest rate under the Credit Agreement was equal to 2 times the Applicable Federal Rate ("**AFR**") plus 0.15 percent. During the time the Credit Agreement was in effect, the interest rates applied ranged from 0.71 percent to 0.97 percent.

Based on an analysis of market interest rates for third party revolving lines of credit (commonly known as "revolvers") involving retailers in the US and Canada, including Target Corp.'s own revolver that was in place during the same time frame, I conclude that the interest rates in the Credit Agreement are not above an arm's length range.

(c) Claim Ref. No. 5.A.

Claim Ref. No. 5.A. covers a Loan Facility Agreement between PropCo and PropLP dated January 9, 2014 (the "**PropCo Facility Agreement**"). The PropCo Facility Agreement provided an unsecured loan facility to PropCo up to an amount of CAD 2 billion and required the payment of interest by PropCo to PropLP on the outstanding principal balance. The PropCo Facility Agreement had a maturity date of 20 years after the effective date of January 9, 2014 and carried an interest rate of 7 percent.

In order to evaluate the interest rate in the PropCo Facility Agreement, I conducted an analysis of the creditworthiness of the borrower as of January 9, 2014. Because PropCo's cash flows are entirely dependent on TCC, it is TCC's creditworthiness that is relevant for this analysis. I estimated the credit rating of TCC at that time to be CCC+. I then estimated a market interest rate for the Facility Agreement using publicly available data for third party debt, taking into account the borrower's credit rating, the size and term of the loan, and the secured and subordination status of the loan. Based on this analysis, I conclude that the interest rate on the PropCo Facility Agreement is not above an arm's length range.

(d) Claim Ref. No. 1

Claim Ref. No. 1 covers a Loan Facility Agreement between NE1 and TCC dated May 18, 2011 (the "**NE1 Facility Agreement**"). The NE1 Facility Agreement initially provided an unsecured loan facility to TCC in the amount of CAD 3 billion and required the payment of interest by TCC to NE1 on the outstanding principal balance. The NE1 Facility Agreement had a maturity date of 10 years after the effective date (May 18, 2011). TCC was allowed to draw against the NE1 Facility Agreement at any time and the interest rate would be fixed as of the time of each draw at an amount equal to the Canadian Dollar Offered Rate ("**CDOR**") plus 2.75 percent.

In order to evaluate the interest rate in the NE1 Facility Agreement, I conducted an analysis of the creditworthiness of the borrower as of May 18, 2011. I estimated the credit rating of TCC at that time to be BB. I then estimated a market interest rate (using the same markup over CDOR structure) for the NE1 Facility Agreement using publicly available data for third party debt, taking into account the borrower's credit rating, the size and term of the loan, and the secured and subordination status of the loan. Based on this analysis, I conclude that the interest rate on the NE1 Facility Agreement is within an arm's length range.

(e) Intercompany Services Pertaining to Claim Ref. No. 2.A.

Claim Ref. No. 2.A. covers certain intercompany services arrangements between TBI and TCC that are the subject of the MSA. As mentioned earlier, these services ("**Services**") included retail support services, administrative and business services, marketing, merchandising, strategy, management services, and other services. Claim Ref. No. 2.A. pertains to Services provided to TCC during December 2014 of approximately USD 18.6 million and during January 1-January 14, 2015 of approximately USD 5.0 million.

For the Services transactions pertaining to Claim Ref. No. 2.A., TBI identified the costs of the Services charged to TCC by first distinguishing between payroll and non-payroll costs. Payroll costs consisted of the wage and benefits costs associated with employees who were deemed to be entirely dedicated to the provision of Services to TCC.

In its calculations, TBI did not treat any employees as partially dedicated to TCC. I have not been asked to evaluate the determination by TBI that the employees whom it included in the relevant payroll costs were in fact fully dedicated to TCC, and have assumed for purposes of my opinion that the employees whose costs were included in TBI's Services charge pertaining to Claim Ref. No. 2.A. were in fact entirely dedicated to the support of TCC.

For non-payroll costs, TBI distinguished between "dedicated" and "allocated" cost centers ("**Cost Centers**"). Cost centers are essentially sub-departments or teams within TBI.

"Dedicated" Cost Centers were those in which all personnel were dedicated to TCC (*i.e.*, providing Services to TCC). All of the costs associated with these Cost Centers were charged to TCC.

"Allocated" Cost Centers were those in which only some personnel were dedicated to TCC. For each of these Cost Centers, TBI applied an allocation percentage to the cost associated with the Cost Center. These allocation percentages were determined on an annual basis by Target's finance teams based upon an assessment of the percentage of the expenses contained within groupings of Cost Centers (referred to as "pyramids") that was for the benefit of TCC. I have not been asked to evaluate these percentages, and have therefore assumed for purposes of my opinion that they are consistent with the facts.

In my view, the allocation methodology used by TBI to identify the costs of the Services rendered to TCC is reasonable. Neither the approach taken to payroll costs, nor the approach used for non-payroll costs, appears to rest on so-called arithmetic allocation "keys." Allocation keys are arithmetic proxies for an assessment of whether the activities or functions that underlie a service-related cost do or do not convey a benefit to the recipient of an intercompany service.[15] Such proxies generally involve simplistic assumptions that may or may not comport with the facts surrounding the activities at issue. Allocation keys are thus an imperfect substitute for examining the activities at issue and determining whether or not they give rise to a benefit for the entity being charged the costs of the activities.

By contrast, both the approach taken by TBI to payroll costs, as well as the approach that TBI used for non-payroll costs, rest on a determination by TBI of whether the personnel or activities underlying the costs give rise to a benefit for TCC. This is reasonable, and consistent with the arm's length principle.

TBI applied a markup percentage of 10 percent to some of the costs that were charged to TCC. I have been asked to evaluate whether this markup is consistent with the arm's length standard. Based upon a review of the markups earned by comparable third-party service providers, I have concluded that 10 percent represented an arm's length markup.

For some of the Services rendered by TBI to TCC, TBI applied no markup. I note that this is allowable under US transfer pricing regulations for the particular services at issue. A markup could have been applied by TBI to the costs of these activities, and an application of an arm's length markup is by definition consistent with the arm's length standard (and with US and Canadian transfer pricing rules). However, as there was no markup applied, I conducted no further analysis of the pricing of these Services.

(f) Royalty Rate for License of Intangibles

The MSA calls for TBI to license to TCC certain intangible property, including the Target name and trademark and other retail-related intangible property, for use in the Canadian operations. In exchange, TCC paid a royalty of 1.5 percent of its net revenues to TBI.

While Claim Ref. No. 2.A. does not specifically contain amounts relating to the 1.5 percent royalty rate, my understanding is that the parties in this matter may seek an adjustment of the royalty amounts previously paid, which were based on forecasted net revenues from TCC. As a result, any adjustment would require the arm's length assessment of the 1.5 percent royalty rate. I have been asked to assess whether this royalty rate is consistent with the arm's length principle.

I have concluded that TCC expected to have the ability to pay a royalty of at least 1.5 percent, based upon the financial projections available for TCC at the time that the MSA was initiated. Further, an examination of comparable uncontrolled licensing agreements leads me to conclude

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[15] As an example, some companies allocate the cost of headquarters-related activities by first multiplying the cost of each department by the revenue of the entities that are purported to benefit from the department and then dividing this figure by total revenue for the company. This approach substitutes a simplistic formula for an examination of whether the department does in fact render a benefit to a controlled counterparty.

that a royalty rate of 1.5 percent was within the range of observed arm's length royalty rates. Finally, I conducted a review of other available evidence, and have concluded from this that the 1.5 percent royalty rate is not inconsistent with the arm's length standard.

C. Report Structure

This report proceeds as follows.

- Section I (this section) provides an overview of my assignment and summary of my conclusions.
- Section II describes my qualifications and those of my firm.
- Section III provides my opinion pertaining to the Intercompany Transaction related to Claim Ref. No. 6.B., the Termination Payment.
- Section IV provides my opinion regarding the Intercompany Transaction pertaining to Claim Ref. No. 4.A., the Revolving Line of Credit and subsequent Demand Promissory Note from Target Corp. to PropCo.
- Section V provides my opinion regarding the Intercompany Transaction related to Claim Ref. No. 5.A., the PropCo Facility Agreement.
- Section VI provides my opinion regarding the Intercompany Transaction related to Claim Ref. No. 1.A., the loan facility under the NE1 Facility Agreement.
- Section VII provides my opinion pertaining to the Services Intercompany Transaction related to Claim Ref. No. 2.A.
- Section VIII provides my opinion related to the licensing Intercompany Transaction.

D. My Engagement

My remuneration for this engagement is at an hourly rate of USD 825, and EP is charging the applicable rates for the other members of EP who assisted me. My compensation is not affected by the outcome of this case.

I engaged the assistance of several qualified members (partners and staff) of EP to carry out my engagement. I supervised their work and am responsible for the contents of this report, and the opinions in this report are my own.

In forming this opinion, I relied on documents obtained from the public domain and subscription services, and documents provided to me by Goodmans. These are set out in Appendix B to this report.

This report has been prepared solely for the purpose stated herein and should not be relied on for any other purpose. This report is not to be provided to any party other than as required in the proceedings referenced, without my prior written consent. In no event, regardless of whether consent has been provided, shall EP or I have any responsibility to any third party to whom the report is disclosed or otherwise made available.

II. Qualifications

I am the President and Founder of EP. EP is a firm of economists who specialize in the application of economics and finance to complex tax questions, including transfer pricing and valuation in a tax context. I hold a Ph.D. in economics from George Mason University, an M.A. in International Political Economics from The Catholic University of America, and a B.A. in Political Philosophy from Franciscan University. My Ph.D. in economics includes fields of concentration in Law and Economics and in Public Choice Theory.[16]

My curriculum vitae as well as a description of my teaching experience, relevant written works and speaking engagements is attached at Appendix A.

I have specialized in transfer pricing for over 20 years, beginning my transfer pricing career in early 1995 at Economic Consulting Services Inc., in Washington, DC, where I was a Senior Economist in the firm's transfer pricing practice. I later worked at Ernst & Young, LLP, where I was a Partner in the firm's transfer pricing practice; Analysis Group, where I was a Vice President in the firm's transfer pricing practice; and Duff & Phelps, LLC, where I was a Managing Director and leader of the firm's transfer pricing practice. In 2011, I founded EP.

I estimate that I have participated in over 400 transfer pricing engagements in my career, and over 60 valuation engagements. I have provided transfer pricing advice and analysis in a broad range of industries. These include, among others, agriculture, automotive, banking, biotech, branded food and beverages, chemicals, cement and building materials, computer products, consulting services, consumer durables, consumer non-durables, distribution, gaming, healthcare, insurance, mining, oil and gas, pharmaceutical, pharmaceutical distribution, primary metals, primary metal inputs, restaurants and fast food, spirits and wine, servers and storage, software, semiconductor and telecommunications.

My role frequently includes designing and structuring my clients' intercompany arrangements, in addition to pricing or valuing these transactions. I am also frequently called upon to provide assistance as an expert in litigation matters, and to resolve large transfer pricing or valuation-related controversies prior to litigation. In this capacity, I have been retained by law firms, tax authorities and corporate taxpayers.

As a result of my experience in economics, transfer pricing and valuation, and my academic background, I believe I have the expertise and am qualified to discuss the matters covered in this report, perform the appropriate analyses, and draw the conclusions and opinions that I offer.

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16 Law and Economics is the use of microeconomic tools such as game theory and price theory to study the law and legal questions, and Public Choice is the use of similar microeconomic tools to study governmental behavior and questions of social choice.

III. Intercompany Transaction Pertaining to Claim Ref. No. 6.B.: Termination Payment

PropCo filed a Proof of Claim against TCC related to the Termination Payment payable by TCC as of February 25, 2015. In the Master Agreement between PropCo and TCC,[17] Section 2.7 requires TCC to make a payment to PropCo in the event of an early termination of the leaseback of any premises. This Termination Payment is to be calculated as "an amount equal to the present value (using a 7 percent discount rate) of the total remaining payments of Rent, as defined in Section 3(ii) of the Sublease, which were to be paid for the remainder of the term as defined in 2(ii) of the Sublease plus the additional value of the remaining Sublease term to [PropCo]."[18]

The sublease and associated sub-sublease arrangements between TCC and PropCo were terminated February 25, 2015 pursuant to a Mutual Termination Agreement ("**MTA**"). Under the MTA, the parties agreed that the termination of the leasebacks constituted an "Early Termination" and that a Termination Payment then became payable by TCC.

Claim Ref. No. 6.B. is a Claim by PropCo against TCC for CAD 1.91 billion (in rounded terms). In my opinion, this amount would need to be decreased by between CAD 517.6 and CAD 587.8 million in order to maintain consistency with the arm's length standard. The fundamental reason for this conclusion is that, at arm's length, PropCo would be expected to earn its required rate of return, or cost of capital, on its investments in RPI, but not more than that.

The terms "required rate of return" and "cost of capital" are synonyms, and refer to the annual rate of return required to be earned on an investment in order to be able to attract suppliers of debt and equity capital to finance the investment. In competitive markets, competition forces profits to a level equal to the required rate of return (cost of capital).[19] Thus, my conclusion is tantamount to the recognition that the Termination Payment for foregone rent, in conjunction with the rent already received by PropCo, should have provided PropCo with a return consistent with the return that it would earn if it were operating in a competitive marketplace.

My reasoning in support of this conclusion is set out below. My discussion and reasoning apply equally to PropLP and PropCo, and so for ease of reference in this discussion I refer only to PropCo.

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17 Please see footnote 5, *supra*, for my explanation for referring to PropCo as the counterparty to TCC.

18 The term (or time horizon) used in the Termination Payment calculation is the lesser of the remaining term of the Master Agreement (including any extensions), or until the end of the sublease for the premises involved. As of February 25, 2015, the date of the Termination Payment calculation used by Target, the Company apparently assumed that the weighted average sublease term was 240 month (20 years).

19 In monopolistic markets (*i.e.*, absent competitive forces), profits can rise above the required rate of return.

First, as a functional matter, PropCo has no employees of its own and carries out no activities through personnel that it directly employs. From an economic point of view, PropCo's "substance" is limited to its status as a legal entity, or shell, that makes investments in RPI. PropCo is therefore economically comparable to a passive investor in RPI, or supplier of capital for RPI investments.

PropCo is what is referred to in the transfer pricing industry as a "cash box." That is, PropCo is a legal entity with contractual arrangements that were entered into on its behalf by employees of other related entities, financial capital that has been supplied to it and managed by employees of other related entities, and investments in RPI that were made on its behalf by employees of related entities. PropCo has no functional capabilities arising from its own employees, but has title to capital investments. It can be thought of as a passive investor in this capital.

By contrast, TCC, which is PropCo's primary counterparty in Target's Canadian operations and PropCo's counterparty in this transaction, is an operating company and is responsible for and capable of implementing all of the entrepreneurial functions performed directly by the Company in the Canadian market.

Thus, it seems to me that PropCo should be recognized as an investor in RPI, provided an adequate return on that investment, and nothing more. In other words, *ex ante*, the parties should have expected to provide PropCo with its required return on its investments in RPI (through the markup rent), and left any residual profit and/or loss in TCC (the entrepreneur in the system). Providing such a return would leave PropCo economically indifferent between having made the investments and not having made them.

Second, as an economic matter, the nature of PropCo's investments in RPI is such that they are unlikely to constitute a barrier to entry by competitors. It is fundamental principle of microeconomics that only investments which give rise to (*i.e.*, cause) barriers to entry should earn an *ex ante* return greater than a competitive rate of return.

In general, economists rarely think of investments in property improvements as giving rise to a barrier to competition. Rather, it is usually a firm's investments in intangible assets (*e.g.*, patentable technology derived through R&D) that give rise to entry barriers. Indeed, to the extent that Target's operations in Canada *did* make real property-related investments that constituted an entry barrier, it is much more reasonable to believe that TCC's purchase of the lease option (and through it the acquisition of a large network of stores and locations) constituted the property-related barrier to entry. Therefore, as a passive investor in RPI, at arm's length, PropCo likely would have expected to earn its cost of capital.

Third, as a methodological matter, transfer pricing analysis often proceeds by comparing the functional complexity and economic substance of the two counterparties to an intercompany transaction, and then benchmarking the returns to the simpler of the two.[20] The rationale for this is straightforward. Transactions in which one counterparty is substantively simple (for example, the entity performs only straightforward distribution activities, or as in this case provides only capital investment in real or personal property) often put the transfer pricing analyst in a position to reliably price the transaction by benchmarking the simpler party's returns (profits) using market data.

In this case, because PropCo consists almost entirely of routine physical asset investments, benchmarking or pricing the profits that PropCo should earn is straightforward. That is, these investments have a cost of capital, or required rate of return, that is knowable (and, as I discuss below, consistent with other transactions that PropCo entered into).

Fourth, this treatment of PropCo is in my opinion economically consistent with the approach taken by Target to the intercompany pricing of leases initially acquired by TCC. Under the sublease arrangement between PropCo and TCC, the leases to which TCC was a party (as lessee) were subleased to PropCo and then sub-subleased back to TCC at the same price. Thus, TCC allowed PropCo to step into TCC's leasehold interests, while recognizing that at arm's length PropCo should not be enriched by doing so.

In the same way, the RPI investments made by PropCo originally represented an investment opportunity that TCC naturally held (as the original lessee pertaining to the properties and as the sole entrepreneurial entity in Canada). Yet, TCC allowed PropCo to make these investments.

In my view, the same logic that Target applied to the sub-sublease of TCC's leasehold interests, which ensured that PropCo was not enriched by stepping into TCC's leasehold interests, would imply that PropCo should not be enriched by having been granted the opportunity to make investments in RPI. As mentioned earlier, affording PropCo its required rate of return on its investments in RPI would leave PropCo exactly indifferent between making the investments and not doing so. That is, only this level of profit on investments made by PropCo will ensure that PropCo was not enriched by stepping into TCC's economic position.[21]

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[20] If a market analogue, or price benchmark, exists for a given activity or asset inside the firm, the asset or activity is referred to as "routine." Routine assets or activities are those whose value can be measured by reference to observable market activity (either prices or profits). By contrast, assets or activities without a market analogue are considered "non-routine." Therefore, non-routine assets and activities are those to which residual profit naturally accrues. Not being amenable to benchmarking, the non-routine assets or activities must, under the arm's length standard, and as a matter of arithmetic, earn the residual profit and/or loss in the consolidated enterprise (or transaction) after routine activities have received profits commensurate with their market benchmarks. Non-routine assets and activities are sometimes referred to as "entrepreneurial," because non-routine assets and activities claim profit that is "left over," just as entrepreneurs also claim profit that remains after all other production inputs are paid.

[21] I note that this is consistent with the concept of a "make whole" payment. Affording PropCo a rate of return above its required rate of return would enrich PropCo rather than make it whole.

The idea that PropCo should earn its required rate of return on its investments in RPI can be stated in terms of the relationship between the cost of PropCo's RPI and the present value of the returns to that investment. Specifically, saying that PropCo should, *ex ante*, earn its required rate of return on its RPI investments is equivalent to saying that the present value of the returns to the RPI (*i.e.*, the return of the nominal cost of the investments plus profits in addition to that cost) should equal the cost of the RPI investments.

In finance theory, an investment whose cost is equal to the present value of the profit stream from that investment is referred to as a net present value zero (NPV=0) investment. That is, if one were to net the investment's cost (*i.e.*, subtract the investment's cost) from the present value of the returns to that investment, the result would be zero. In my opinion, in order to maintain consistency with the arm's length principle, PropCo's investments should be NPV=0.

This conclusion regarding PropCo's required returns implies that the sum of the present value of the cash flows that resulted from markup rent payments received by PropCo and the present value of the Termination Payment should equal the cost of PropCo's investments in RPI as of the date of those investments. This makes the calculation of the arm's length range of the Termination Payment very straightforward, as follows.

Step 1) Determine PropCo's required rate of return, or cost of capital. This is the required rate of return to PropCo's investments in RPI. It is also, by definition, the discount rate applicable to the returns to the RPI.[22]

Step 2) Using PropCo's cost of capital (*i.e.*, discount rate), compute the present value of the markup rent paid to PropCo prior to the Termination Payment (call this "A").

Step 3) Arithmetically solve for "B," the lump sum Termination Payment that, when discounted to present value as of the date of the RPI investments (using PropCo's cost of capital), produces a sum of A and the present value of B that is equal to of the cost of the investments made in RPI as of the moment at which those investments are made (call this cost "C").[23] That is, solve for B such that A + PV(B) – C = 0.

Exhibit III-1, below, provides a graphical depiction of this procedure.

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22 The term "discount rate" has the same meaning as "required rate of return" and "cost of capital."

23 Technically, because C is an investment, and thus a cash outflow, it is a negative number (-C). Therefore, A + PV(B) should equal the absolute value of C, or |C|. I also note that the calculation of B must account for cash operating costs borne by PropCo, during periods in which markup rent was received, when ensuring that PropCo's investments in RPI are NPV=0.

Exhibit III-1: Graphical Depiction of Termination Payment Solution[24]

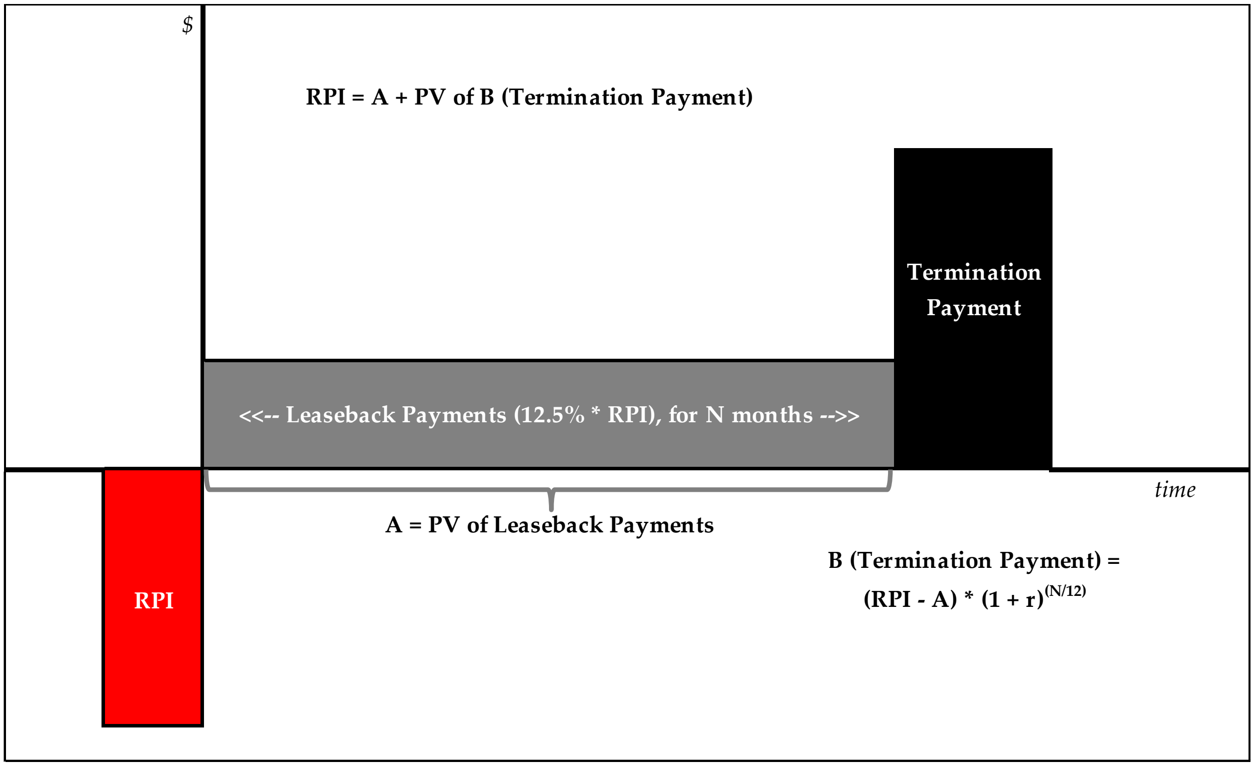

Exhibit III-2 then provides an arithmetic example of the calculation, using a hypothetical investment in RPI of $100.

Exhibit III-2: Arithmetic Example of Termination Payment Calculation

Line	Description	Explanation of Calculation	Value
1	RPI		$100.00
2	Annual Leaseback Payment	=RPI * 12.5%	$ 12.50
3	Monthly Leaseback Payment	=Line 2 / 12	$ 1.04
4	Months Paid		18
5	Discount Rate		7.0%
6	PV of Leaseback Payments	=PV(Line 5/12,Line 4,-Line 3)	$17.75
7	Termination Month	=Line 4	18
8	Termination Payment	=(Line 1 - Line 6)*(1 + Line 5)^(Line 7/12)	$ 91.04
9	Present Value of Termination Payment	=Line 8 / ((1 + Line 5)^(Line 7/12))	$ 82.25
10	Sum of Nominal Dollar Leaseback and Termination Payments Received by PropCo	=Line 3 * Line 4 + Line 8	$109.79
11	Sum of PV of Termination Payment and PV of Leaseback Payments	=Line 6 + Line 9	$100.00

24 I note that for simplicity Exhibits III-1 and III-2 treat the markup rent received by PropCo as equal to the cash flows realized by PropCo during the periods in which markup rent was received.

As Exhibit III-2 demonstrates, in nominal dollar terms (*i.e.*, undiscounted), the sum of the already received markup rent payments and the Termination Payment are greater than the investments made by PropCo. However, in present value, they are equal – implying that PropCo earns profits on its investment exactly equal to its required rate of return, through a combination of the markup rent and the Termination Payment.

At arm's length, PropCo would not have been able to demand more than this level of returns to its investments in RPI. Therefore, at arm's length, the result of the procedure is that PropCo is exactly "made whole" by the Termination Payment.

As discussed in greater detail in Appendix C, I have estimated PropCo's required rate of return on its investments in RPI at approximately 7 percent. Specifically, I estimate that PropCo's required rate of return, or cost of capital, resides within an interquartile range of 5.5 percent to 8.6 percent, with a median of 7.0 percent.

This range is derived using a sample of publicly-traded real estate investment trusts ("**REITs**"). REITs own, and in most cases operate, income-producing real estate. These companies tend to own many types of commercial real estate, ranging from office and apartment buildings to warehouses, hospitals, hotels, shopping centers, and other retail space. In this case, I developed a sample of 36 REITs that primarily own retail-related real estate. Thus, their underlying asset composition is similar to PropCo's.

Exhibit III-3 shows the cost of capital range derived from this sample.

Exhibit III-3: Cost of Capital Estimates for Retail REITs

Statistic	Value
Maximum	14.62%
Upper Quartile	8.63%
Median	7.00%
Lower Quartile	5.54%
Minimum	3.35%
Number of Observations	36

The results shown in Exhibit III-3 are consistent with the discount rate used in the Termination Payment calculation. That is, the Termination Payment appears to have been developed with the view that PropCo's cost of capital was approximately 7 percent at the time of its investments in RPI.

I note that my cost of capital figures given above represent estimates of the so-called "asset weighted average cost of capital," "asset WACC," or "unlevered cost of capital."[25] The reason for this has to do with the fact that what is being discounted in the Termination Payment is *pre-tax* rent. It can be shown that the proper discount rate for purposes of discounting pre-tax flows of operating income is the unlevered cost of capital (asset WACC), and that the use of a conventionally computed WACC (which includes the after-tax cost of debt in its calculation) produces an upward-biased present value.[26]

Appendix D provides my calculations of the Termination Payment for the 137 properties that were the subject of the Termination Payment. As shown there, these calculations are developed using the lower quartile, median, and upper quartile cost of capital estimates given above in Exhibit III-3.

Exhibit III-4 summarizes my conclusions.

Exhibit III-4: Arm's Length Termination Payments (in CAD)

	Cost of Capital	Termination Payment	Adjustment
Upper Quartile Cost of Capital	8.63%	1,393,940,804	517,553,439
Median Cost of Capital	7.00%	1,356,756,052	554,738,191
Lower Quartile Cost of Capital	5.54%	1,323,703,377	587,790,865

As shown, the range for an arm's length Termination Payment is CAD 1.32 billion to CAD 1.39 billion. This implies downward adjustments to Claim Ref. No. 6.B. of between CAD 518 million and CAD 588 million.

25 These terms are synonyms. The acronym "WACC" stands for weighted average cost of capital.

26 Specifically, it double counts the tax shield. See Ruback (1995). See also Reichert, "Discount Rates for Intangible Capital-related Cash Flows," unpublished working paper.

IV. Revolving Line of Credit Agreement between Target Corporation and Target Canada Property LLC Pertaining to Claim Ref. No. 4.A.

A. Background

Target Corp. filed a Proof of Claim against PropCo related to a Revolving Line of Credit Agreement between the two parties dated February 13, 2014 (the "**Revolver Agreement**"). The Revolver Agreement established a revolving line of credit up to a maximum amount of USD 300 million from which Target Corp. would make loans (or "**Advances**") to PropCo from time to time.

PropCo used the funds from this line of credit for general operating expenses, including payments to contractors and other vendors for continued leasehold improvements to Target stores in Canada as well as related payments for taxes for the leasehold improvements. In addition, during the transition in which PropCo acquired historical leasehold improvements from a related entity, PropLP, PropLP had incurred certain expenses related to leasehold improvements in which outstanding payments remained. As a result, upon acquisition of the leasehold improvements from PropLP, PropCo also used funds from the revolving line of credit to pay contractors and other vendors for these historical expenditures first incurred by PropLP.

Under the terms of the Revolver Agreement, PropCo was required to pay interest on the outstanding amount of principal borrowed.[27] Specifically, interest accrued on the average balance of the Advances outstanding during any month, calculated as the arithmetic mean of the beginning and ending balance for that month. In addition, Target Corp. had the right to demand payment on any or all of the outstanding balance of Advances at any time. Likewise, PropCo had the ability to make prepayments of principal or accrued interest at any time, without a penalty or premium.

As of January 9, 2015, PropCo owed outstanding principal of approximately USD 88.5 million and accrued interest of approximately USD 560,000, for a total of USD 89.1 million. Also on this date, the debt was converted to a Demand Promissory Note ("**Promissory Note**") in which PropCo promised to pay Target Corp. a total principal amount of USD 89.1 million (the sum of the previously loaned principal and accrued interest) as well as interest from the date of the Promissory Note (January 9, 2015). After issuance of this Promissory Note, the Revolver Agreement was terminated on January 12, 2015.

The Promissory Note had an interest component that was calculated in an identical manner as the interest component of the original Revolver Agreement, and interest is to be credited monthly to the outstanding balance. In addition, PropCo could make prepayments of principal or accrued interest without penalty or premium under the Promissory Note.

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[27] I describe the specific terms of the interest rate calculation in a later part of this section.

Under the Revolver Agreement, the interest rate is calculated at a monthly rate equal to 1/12 of the Internal Revenue Service ("**IRS**") short-term 100 percent annual compounding AFR published for each month, multiplied by two, plus 0.15 percent.

Exhibit IV-1 below provides a summary of the interest rate calculation for each month in which the Revolver Agreement was in force, as well as for each month in which the Promissory Note was in force, through January 14, 2015.

Exhibit IV-1: Monthly Interest Rate under Credit Agreement and Promissory Note

Date	Current Month Activity	Prior Month Interest	Ending Balance	Average Balance	Verified AFR	AFR x 2	(AFR x 2) + 0.15%	Interest
2/1/2014	$ 126,820,614.67	$ -	$ 126,820,614.67	$ 63,410,307.34	0.30%	0.60%	0.75%	$ 22,646.54
3/31/2014	$ (75,964,624.42)	$ 22,646.54	$ 50,878,636.79	$ 88,849,625.73	0.28%	0.56%	0.71%	$ 52,569.36
4/30/2014	$ 31,911,381.42	$ 52,569.36	$ 82,842,587.57	$ 66,860,612.18	0.28%	0.56%	0.71%	$ 39,559.20
5/31/2014	$ (42,966,528.73)	$ 39,559.20	$ 39,915,618.04	$ 61,379,102.80	0.33%	0.66%	0.81%	$ 41,430.89
6/30/2014	$ -	$ 41,430.89	$ 39,957,048.93	$ 39,936,333.48	0.32%	0.64%	0.79%	$ 26,291.42
7/31/2014	$ 22,958,506.58	$ 26,291.42	$ 62,941,846.93	$ 51,449,447.93	0.31%	0.62%	0.77%	$ 33,013.40
8/31/2014	$ 21,201,795.92	$ 33,013.40	$ 84,176,656.25	$ 73,559,251.59	0.36%	0.72%	0.87%	$ 53,330.46
9/30/2014	$ 4,560,379.42	$ 53,330.46	$ 88,790,366.12	$ 86,483,511.19	0.36%	0.72%	0.87%	$ 62,700.55
10/31/2014	$ -	$ 62,700.55	$ 88,853,066.67	$ 88,821,716.40	0.38%	0.76%	0.91%	$ 67,356.47
11/30/2014	$ -	$ 67,356.47	$ 88,920,423.14	$ 88,886,744.90	0.39%	0.78%	0.93%	$ 68,887.23
12/31/2014	$ -	$ 68,887.23	$ 88,989,310.37	$ 88,954,866.75	0.34%	0.68%	0.83%	$ 61,527.12
1/14/2015	$ -	$ 61,527.12	$ 89,050,837.48	$ 89,020,073.92	0.41%	0.82%	0.97%	$ 28,269.17
	$ 88,521,524.86							$ 557,581.79

The effective interest rates ranged from 0.71 percent to 0.97 percent from February 2014 through January 2015. This represents the range of interest rates that I will evaluate for this claim.

B. Economic Analysis

As a preliminary matter, I reviewed Target's application of the AFR rate for each month. I can confirm that the AFRs cited match those published by the IRS.

The US Regulations provide what is referred to as a "safe harbor,"[28] such that an intercompany interest rate set between the range of 100 percent of the appropriate AFR to 130 percent of the AFR will not be challenged by the IRS for US tax purposes. (This does not entail that such a safe harbor rate is necessarily consistent with arm's length considerations, however.)

Transfer pricing rules establish that an arm's length rate of interest is one that is equal to the rate which would have been charged in independent transactions by unrelated parties under similar circumstances. The methodology generally used to establish an arm's length interest rate is the Comparable Uncontrolled Price ("**CUP**") method, which compares the price charged for property or services transferred in a controlled transaction to the price charged for property or

28 Treas. Reg, Sec. 1.482-2(a)(2)(iii) - Safe harbour interest rates for certain loans and advances made after May 8, 1986.

services transferred in a comparable uncontrolled transaction in comparable circumstances. Application of the CUP method here requires identifying external financing agreements with comparable terms to those contained within the Revolver Agreement (either the specific mechanism, or the resulting interest rates).

Commercial lines of credit, also known as revolving credit lines, allow borrowers to draw down, repay, and re-borrow funds as needed for their operating needs. From the perspective of a borrower, there are numerous advantages to utilizing lines of credit relative to the use of non-operational cash reserves for liquidity. First, lines of credit can provide liquidity, as needed, when accretive investment projects arise. Second, cash generally earns less than the debt used to fund it. Third, the interest payments on credit lines may be tax deductible, while interest earned on cash reserves is taxable.[29]

For 2011, 72 percent of all syndicated loans in Canada were revolving credit lines. This far outpaces the proportion of revolving credit lines seen in other developed countries. For the same time period, only 50 percent of US loans, 40 percent of U.K. loans, and 20 percent of Australian loans were credit lines. Further, the most common reason for commercial borrowing in Canada is operational investment, including capital expenditures, working capital, or general corporate operations. The second most common reason for borrowing is to fund acquisitions.[30]

The typical interest rate on most lines of credit is based on a fixed markup over a benchmark rate, such as the prime rate or the London interbank offered rate ("**LIBOR**").[31]

These facts align with the Revolver Agreement between Target Corp. and PropCo, in which the funds were used for operational purposes and the borrowing structured along similar terms as frequently used for credit facilities in Canada. The interest rate mechanism in the Revolver Agreement and Promissory Note is also structured as a markup (15 basis points) over a reference rate (in this case, two times the AFR).

1. Target Corp. External Credit Agreement

To compare the interest rate specified in the Revolver Agreement and the Promissory Note with examples of independent transactions, I first began with a search of Target Corp.'s securities filings. Any instances of Target Corp.'s debt transactions with third parties represent potentially comparable arm's length transactions with which to evaluate the intercompany interest rate, for the obvious reason that the borrower is similar in both instances.

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29 Demiroglu, Cem and C. James. 2010. The Use of Bank Lines of Credit in Corporate Liquidity Management: A Review of Empirical Evidence. p.2.

30 Allen, Jason and T. Paligorova. 2011. Bank Loans for Private and Public Firms in a Credit Crunch. Bank of Canada Working Paper 2011-13.

31 Demiroglu, Cem and C. James. 2010. The Use of Bank Lines of Credit in Corporate Liquidity Management: A Review of Empirical Evidence. p.5.

Often, a corporation's financial filings will contain copies of debt issuances, and my search produced an external credit agreement between Target Corp. and a syndication of external banks.[32] Importantly, this external credit agreement was active during the same time period as the Revolver Agreement, and the interest rate terms generally follow the commonly used structure of a base rate plus a spread. As I show below, the applicable rate for the external credit agreement was chosen based on the highest of three rate calculations, two of which used a base rate plus a spread.

Under the extended credit agreement, the third party banks provided a revolving credit facility to Target Corp. with a base interest rate defined as follows:

> *"**Base Rate**" means, for any day, a fluctuating rate per annum equal to the highest of*
>
> > *(i) the Prime Rate for such day,*
> > *(ii) the sum of ½ of 1 percent plus the Federal Funds Rate for such day, and*
> > *(iii) the London Interbank Offered Rate for such day plus 1.00 percent.*
>
> *…As used in this definition, "London Interbank Offered Rate" means, on any date, the rate per annum equal to…the British Bankers Association LIBOR Rate…for Dollar deposits being delivered in the London interbank market for a term of one month commencing that day…*

The following exhibit illustrates the base rate from this agreement that would have been used during the time of the Revolver Agreement.

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32 Target Corp. Form 10-Q. Filed on November 23, 2011. Exhibit 10(O) – Five Year Credit Agreement dated as of October 14, 2011 among Target Corporation and the Banks Listed Herein.

Exhibit IV-2: Target Corp. External Credit Agreement Base Interest Rate[33]

Month	(i) Prime Rate	(ii) Fed Funds + 0.5%	(iii) LIBOR + 1.0%	Highest Rate
Feb-14	3.25%	0.57%	1.16%	3.25%
Mar-14	3.25%	0.58%	1.15%	3.25%
Apr-14	3.25%	0.59%	1.15%	3.25%
May-14	3.25%	0.59%	1.15%	3.25%
Jun-14	3.25%	0.60%	1.15%	3.25%
Jul-14	3.25%	0.59%	1.15%	3.25%
Aug-14	3.25%	0.59%	1.16%	3.25%
Sep-14	3.25%	0.59%	1.15%	3.25%
Oct-14	3.25%	0.59%	1.15%	3.25%
Nov-14	3.25%	0.60%	1.15%	3.25%
Dec-14	3.25%	0.62%	1.16%	3.25%
Jan-15	3.25%	0.62%	1.17%	3.25%

As shown above, the applicable base interest rate on Target Corp.'s external revolving credit facility would have been 3.25 percent during the time frame covered by the Revolver Agreement, as the Prime Rate exceeded the calculation of the other two rates in every month.

2. External Credit Agreement Search

To establish a larger sample of external revolving credit facility interest rates, I conducted a search in Standard and Poor's Capital IQ database. Capital IQ is a research platform with data on over 88,000 companies worldwide, obtained directly from public filings. Screens can be conducted using over 400 qualitative items and 900 quantitative items.

Capital IQ uses the Global Industry Classification Standard ("**GICS**"). GICS was developed by MSCI and Standard & Poor's and consists of 10 Sectors, 24 Industry Groups, 67 Industries and 147 Sub-Industries.

The following steps comprised my search process.

(a) Industry Classification

I first limited the search to the following industry and sub-industry classifications.

33 Prime Rate from Bank of America - http://newsroom.bankofamerica.com/press-kit/prime-rate-information; Federal Funds Rate from Federal Reserve Bank of New York- http://www.newyorkfed.org/markets/omo/dmm/fedfundsdata.cfm; LIBOR (1 month USD) from Federal Reserve Bank of St. Louis - https://research.stlouisfed.org/fred2

- Multiline Retail.
- Specialty Retail.

This search filter resulted in 5,788 potentially comparable companies.

(b) Geographic Filter

Because the parties to the Revolver Agreement are located in the US and Canada, I narrowed the results to include only companies operating within those countries. This search filter resulted in 4,718 potentially comparable companies.

(c) Fixed Income Security Type

I then implemented a screen to only examine fixed income securities classified under the following types:

- Revolving Credit; or
- Revolving Credit/Term Loan.

This filter resulted in 411 potentially comparable revolving credit facilities.

(d) Maturity Date

I then applied a filter to examine only those fixed income securities whose maturity date falls after February 13, 2014 – the effective date of the Revolver Agreement. This filter limits the set of potential comparables to those in force at the same time as the Revolver Agreement, and resulted in 65 potentially comparable revolving credit facilities.

Finally, I excluded 19 observations that did not provide information regarding the benchmark or the spread, leaving 46 observations. Exhibit IV-3 summarizes the 46 external credit agreements identified through this search.

Exhibit IV-3: External Credit Agreement Search Results

Issuer	Industry	Fixed Income Security Type	Seniority Level	Offering Date	Maturity Date	Issuer Credit Rating at Offering Date	Ultimate Parent Credit Rating at Offering Date	Offering Amount ($USDmm)	Benchmark Security	Benchmark Spread (bps)
Borders Group, Inc.	Specialty Retail	Revolving Credit	Senior Secured	Feb-16-2011	Feb-16-2014			410.0	LIBOR	400.0
Borders Group, Inc.	Specialty Retail	Revolving Credit	Senior Secured	Mar-19-2010	Mar-19-2014			700.0	LIBOR	400.0
Borders Group, Inc.	Specialty Retail	Revolving Credit	Senior Secured	Mar-19-2010	Mar-19-2014			90.0	LIBOR	1,225.0
Hudson News Company Inc.	Specialty Retail	Revolving Credit	Senior Secured	Mar-28-2008	Mar-28-2014			60.0	LIBOR	400.0
BPS Direct, L.L.C.	Specialty Retail	Revolving Credit	Senior Secured	Apr-09-2010	Apr-09-2014	BB-	BB-	300.0	LIBOR	300.0
BPS Direct, L.L.C.	Specialty Retail	Revolving Credit	Senior Secured	Apr-09-2010	Apr-09-2014	BB-	BB-	300.0	LIBOR	300.0
BB Liquidating Inc.	Specialty Retail	Revolving Credit	Senior Secured	Oct-23-2010	Oct-23-2014	D	BB-	125.0	LIBOR	850.0
Leslie's Poolmart Inc.	Specialty Retail	Revolving Credit	Senior Secured	Nov-26-2010	Nov-26-2014	B		75.0	LIBOR	475.0
Pilot Travel Centers LLC	Specialty Retail	Revolving Credit	Senior Secured	Dec-12-2009	Dec-12-2014	BB		500.0	LIBOR	325.0
Savers, Inc.	Multiline Retail	Revolving Credit	Senior Secured	Mar-08-2010	Mar-08-2015	B+		40.0	LIBOR	375.0
Savers, Inc.	Multiline Retail	Revolving Credit	Senior Secured	Feb-23-2011	Mar-11-2015	B+		40.0	LIBOR	325.0
Leslie's Poolmart Inc.	Specialty Retail	Revolving Credit	Senior Secured	Mar-15-2011	Mar-15-2015	B		70.0	LIBOR	300.0
Mid-Atlantic Convenience Stores, LLC	Specialty Retail	Revolving Credit	Senior Secured	May-26-2010	May-26-2015		BBB-	35.0	LIBOR	425.0
Pet Supplies Plus/U.S.A., Inc.	Specialty Retail	Revolving Credit	Senior Secured	Aug-27-2010	Aug-27-2015			15.0	LIBOR	575.0
Leslie's Poolmart Inc.	Specialty Retail	Revolving Credit	Senior Secured	Nov-26-2010	Nov-26-2015	B		70.0	LIBOR	425.0
Leslie's Poolmart Inc.	Specialty Retail	Revolving Credit	Senior Secured	Nov-26-2010	Nov-26-2015	B		70.0	LIBOR	425.0
The Gymboree Corporation	Specialty Retail	Revolving Credit	Senior Secured	Dec-01-2010	Dec-01-2015			225.0	LIBOR	250.0
PETCO Animal Supplies, Inc.	Specialty Retail	Revolving Credit	Senior Secured	Dec-03-2010	Dec-03-2015	B		250.0	LIBOR	275.0
Harbor Freight Tools USA, Inc.	Specialty Retail	Revolving Credit	Senior Secured	Dec-21-2010	Dec-21-2015			25.0	LIBOR	500.0
Perfumania Holdings, Inc.	Specialty Retail	Revolving Credit	Senior Secured	Jan-12-2011	Jan-12-2016			225.0	LIBOR	275.0
J. Crew Group, Inc.	Specialty Retail	Revolving Credit	Senior Secured	Feb-26-2011	Feb-26-2016	B		250.0	LIBOR	250.0
GNC Corp.	Specialty Retail	Revolving Credit	Senior Secured	Mar-04-2011	Mar-04-2016			80.0	LIBOR	350.0
Leslie's Poolmart Inc.	Specialty Retail	Revolving Credit	Senior Secured	Mar-15-2011	Mar-15-2016	B		70.0	LIBOR	300.0
Jo-Ann Stores, LLC	Specialty Retail	Revolving Credit	Senior Secured	Mar-18-2011	Mar-18-2016	B		375.0	LIBOR	250.0
Pilot Travel Centers LLC	Specialty Retail	Revolving Credit	Senior Secured	Mar-30-2011	Mar-30-2016	BB		800.0	LIBOR	225.0
Pilot Travel Centers LLC	Specialty Retail	Revolving Credit	Senior Secured	Aug-25-2012	Mar-31-2016	BB		100.0	LIBOR	225.0
The J. Jill Group, Inc.	Specialty Retail	Revolving Credit	Senior Secured	Apr-04-2011	Apr-04-2016			40.0	LIBOR	225.0
Sears Holdings Corporation	Multiline Retail	Revolving Credit	Senior Secured	Apr-08-2011	Apr-08-2016	BB-	BB-	3,275.0	LIBOR	225.0
The Gap, Inc.	Specialty Retail	Revolving Credit	Senior Unsecured	Apr-08-2011	Apr-08-2016			500.0	LIBOR	170.0
Pet Supplies Plus/U.S.A., Inc.	Specialty Retail	Revolving Credit	Senior Secured	Apr-22-2011	Apr-22-2016			20.0	LIBOR	475.0
Appleseeds, Inc.	Specialty Retail	Revolving Credit	Senior Secured	Apr-25-2011	Apr-25-2016		NR	90.0	LIBOR	325.0
Neiman Marcus Group, Inc.	Specialty Retail	Revolving Credit	Senior Secured	May-13-2011	May-13-2016			700.0	LIBOR	200.0
StarWest, LLC	-	Revolving Credit	Senior Secured	May-16-2011	May-16-2016		BB-	100.0	LIBOR	450.0
Chrysler Automotive LLC	Specialty Retail	Revolving Credit	Senior Secured	May-24-2011	May-24-2016			1,300.0	LIBOR	475.0
Rent-A-Center, Inc	Specialty Retail	Revolving Credit	Senior Secured	Jul-23-2011	Jul-23-2016	BB	BB	500.0	LIBOR	175.0
Office Depot, Inc.	Specialty Retail	Revolving Credit	Senior Secured	May-31-2011	Sep-24-2016	B	B	1,000.0	LIBOR	250.0
Lord & Taylor, LLC	Specialty Retail	Revolving Credit	Senior Secured	Jan-09-2012	Jan-09-2017			300.0	LIBOR	225.0
Amscan Holdings Inc.	Specialty Retail	Revolving Credit	Senior Secured	Jul-27-2012	Jul-27-2017	B+		400.0	LIBOR	175.0
Savers, Inc.	Multiline Retail	Revolving Credit	Senior Secured	Oct-24-2012	Oct-24-2017	B		75.0	LIBOR	375.0
Bob's Discount Furniture, LLC	Specialty Retail	Revolving Credit	Senior Secured	Feb-07-2014	Feb-07-2019			40.0	LIBOR	425.0
J. C. Penney Company, Inc.	Multiline Retail	Revolving Credit	Senior Secured	Jun-20-2014	Jun-20-2019	CCC+	CCC+	1,850.0	LIBOR	275.0
Abercrombie & Fitch Co.	Specialty Retail	Revolving Credit	Senior Secured	Aug-17-2014	Aug-07-2019	BB-	BB-	400.0	LIBOR	150.0
Pilot Travel Centers LLC	Specialty Retail	Revolving Credit	Senior Secured	Sep-30-2014	Sep-30-2019	BB		1,000.0	LIBOR	200.0
Mattress Firm Holding Corp.	Specialty Retail	Revolving Credit	Senior Secured	Oct-02-2014	Oct-02-2019	B	B	125.0	LIBOR	150.0
Staples, Inc.	Specialty Retail	Revolving Credit	Senior Secured	Apr-24-2015	Apr-24-2020	BBB-	BBB-	3,000.0	LIBOR	200.0
Barnes & Noble Education, Inc.	Specialty Retail	Revolving Credit	Senior Secured	Aug-05-2015	Aug-05-2020			400.0	LIBOR	200.0
									Maximum	1,225.0
									Median	300.0
									Minimum	150.0
									Observations	46

As shown, all of the revolving credit facilities are based on LIBOR as the benchmark security plus a spread. The minimum spread reported is 150 basis points, while the maximum is 1,225 basis points. There does not appear to be the expected negative relationship between the borrower's credit rating and the spread (*i.e.*, a higher credit rating resulting in a lower spread), though there are not enough observations to draw a meaningful conclusion.

To provide a comparison of these external credit agreements to the Revolver Agreement, I calculated the applicable interest rate under each comparable external credit agreement during the time frame of the Revolver Agreement. While the external credit agreements are all based on a LIBOR benchmark rate, Capital IQ does not report which LIBOR rate is applicable (LIBOR is available at 7 different maturities, ranging from overnight to 1 year). For purposes of this analysis, I have applied the one month LIBOR rate, which is the same benchmark specified in the external Target Corp. revolving credit facility described in the previous section.[34] Exhibit IV-4 shows the range of interest rates that could have been possible during the time the Revolver Agreement based on the sample of external credit agreements.

Exhibit IV-4: External Credit Agreement Interest Rate Range

Month	LIBOR (1 month USD)	LIBOR + Mininum External Spread	LIBOR + Maximum External Spread
Feb-14	0.155%	1.655%	12.405%
Mar-14	0.155%	1.655%	12.405%
Apr-14	0.152%	1.652%	12.402%
May-14	0.150%	1.650%	12.400%
Jun-14	0.152%	1.652%	12.402%
Jul-14	0.154%	1.654%	12.404%
Aug-14	0.156%	1.656%	12.406%
Sep-14	0.154%	1.654%	12.404%
Oct-14	0.154%	1.654%	12.404%
Nov-14	0.155%	1.655%	12.405%
Dec-14	0.163%	1.663%	12.413%
Jan-15	0.167%	1.667%	12.417%

Exhibit IV-4 shows that, using the previously described LIBOR assumption, the minimum rate during the February 2014 to January 2015 timeframe was 1.650 percent. The maximum rate was 12.417 percent.

(e) Summary

Based on my search for third-party interest rate benchmarks on revolving credit facilities for retail operations in the US and Canada, the range of interest rates available ranges from 1.650 percent to 12.417 percent. Furthermore, Target Corp.'s own external revolving credit facility that was active during the same time period as the Revolver Agreement carries an interest rate of 3.25 percent, which is within the range of these third party interest rates.

34 LIBOR (1 month USD) from Federal Reserve Bank of St. Louis - https://research.stlouisfed.org/fred2. Using a different LIBOR would not change my conclusions regarding the arm's length nature of the Revolver Agreement, as the third party interest rates are all higher than the interest rates applicable under the Revolver Agreement regardless of which LIBOR is used.

The interest rates applicable under the Revolver Agreement from February 2014 through January 2015 range from 0.71 percent to 0.97 percent, which is below the range of interest rates found in third party revolving credit lines. Therefore, I have concluded that the interest rates used for the Revolver Agreement and the Promissory Note do not exceed an arm's length amount.

V. Loan Facility Agreement between Target Canada Property LP and Target Canada Property LLC Pertaining to Claim Ref. No. 5.A.

A. Background

PropLP filed a Proof of Claim against PropCo related to the PropCo Facility Agreement between the two parties dated January 9, 2014. The PropCo Facility Agreement provided cash funding to PropCo in order to finance its acquisition of certain subleases and sub-subleases held by PropLP in its role of constructing and paying for real property improvements to the Target Canada store sites.

The PropCo Facility Agreement provided an unsecured loan facility to PropCo up to an amount of CAD 2 billion and required the payment of interest by PropCo to PropLP on the outstanding principal balance. It had a maturity date of 20 years after the effective date of January 9, 2014.

The parties agreed to an Amendment to the PropCo Facility Agreement on January 2, 2015 (the "**First Amendment**"), in which the parties agreed that any accrued and unpaid interest be added to the outstanding principal balance (rather than being required to be paid on the interest payment dates established in the original PropCo Facility Agreement). In addition, the parties agreed to change the definition of an event of default.[35]

Under the PropCo Facility Agreement, interest was to accrue on the outstanding principal balance, "both before and after default, demand, maturity and judgment, from and including the date of the draw down of a Drawing until the full repayment of the Drawing, and, at the latest, on the Maturity Date."[36] As of January 14, 2015, PropCo owed PropLP approximately CAD 1.5 billion on account of amounts advanced under the PropCo Facility Agreement.

Interest under the PropCo Facility Agreement was fixed at a rate of 7 percent per annum. Interest was to be calculated on the basis of the actual number of days elapsed, using a year of 365 days. PropCo was to pay the accrued interest calculated as of November 30 of each year (beginning with November 30, 2014). In calculating the amount of interest payable, "any period for which such amounts are to be calculated shall include the first day of the period and exclude the last day of the period." Interest was payable on January 31 of each year (beginning with January 31, 2015) and could be paid earlier without penalty.[37]

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35 The balance owed by PropCo to PropLP also increased to reflect certain expenditures that had been made by PropLP on behalf of PropCo. Additional description of these payments is provided in Exhibit A to the Proof of Claim.

36 Loan Facility Agreement between Target Canada Property LP and Target Canada Property LLC, Article 6.1.

37 Loan Facility Agreement between Target Canada Property LP and Target Canada Property LLC, Article 6.2. The PropCo Facility Agreement also notes that "For any period for which the interest rate is calculated that does not equal a year (each a "deemed interest period"), the interest rate, as calculated hereunder for the purposes of the Interest Act (Canada), shall be yearly rate calculated by

B. Economic Analysis

There are two analyses required in order to assess whether the interest rate under the PropCo Facility Agreement is consistent with the arm's length principle: 1) assessing the credit rating of the borrower, and 2) benchmarking the arm's length interest rate given this credit rating and the economically important features of the PropCo Facility Agreement. These analyses are described below.

1. Assessment of Borrower Credit Rating on the PropCo Facility Agreement

While PropCo is the borrower in this arrangement, for purposes of my analysis of Claim Ref. No. 5.A. I look to TCC's credit rating, rather than PropCo's. There are several reasons for this.

First, there is a relationship between the terms of the Master Agreement and PropCo's cost of borrowing. Under Section 2.7 of the Master Agreement, TCC must pay the Termination Payment to PropCo. The Termination Payment is calculated as the present value (using a 7 percent discount rate) of any unpaid rent during the remaining term of the leaseback. This Termination Payment provides significant assurance to PropCo that it will be able to earn a return on its investments (the RPI), either through the leaseback rent, or through the Termination Payment.

Capital markets would likely look through PropCo to TCC's credit rating. PropCo is reliant on TCC not only for leaseback rent payments, but also because TCC controls the leases with the third party landlords. Leasehold improvements generally become the property of the landlord in the event of a termination of a lease. Therefore, PropCo's potential ability to redeploy its assets in the event of a termination by TCC is limited. PropCo's assets will be utilized by TCC, or if they are not, they will earn a return through the Termination Payment. Therefore, much of the risk associated with PropCo's assets has been assumed by TCC. Given that PropCo's ability to repay its debt obligations is dependent on TCC (both in the normal course through the leaseback rent, or in the event of a termination), the market would likely consider TCC's ability to pay, or creditworthiness, when evaluating the interest rate to charge PropCo.

Further, there is limited information available to prepare a credit rating analysis for PropCo as of the time of the PropCo Facility Agreement. Not only is there limited financial information for PropCo as of that date (it was essentially a start-up entity in early 2014), but Capital IQ reports credit ratings for only 15 retail REITs, and therefore there is limited market information to use in a comparable credit rating analysis.[38]

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dividing the interest rate as otherwise calculated by the actual number of days in such deemed interest period, then multiplying such result by the actual number of days in the applicable calendar year (365 or 366)."

38 Capital IQ does report credit ratings on 43 debt instruments involving retail REITs, but only 15 retail REIT entities.

I recognize that my analysis of TCC's credit rating in this context may appear to be different from my analysis for Claim Ref. No. 6.B., wherein I estimated the total cost of capital for PropLP at the time of the RPI investments using a sample of retail REITs. However, these two approaches are consistent with one another.

At the time that PropLP was making the RPI investment decisions, both it and TCC were at the early stages of the decision to enter the Canadian retail market, and the financial difficulties that this endeavor would soon face were not known. Therefore, a review of the cost of capital or required return of comparable REITs in the North American retail market is a reliable way to estimate the required return that PropLP would have had at the time, and there is a large set of comparable retail REITs to use in this analysis.

Furthermore, the cost of capital for the retail REITs also depends in part on the creditworthiness of the REITs' lessees (retailers). Therefore, a review of the cost of capital of comparable retail REITs does consider the creditworthiness of comparable retailers as well.

Correspondingly, when examining the PropCo Facility Agreement, I am analyzing the cost of *debt* for PropCo at a time when the TCC's economic circumstances were known to have deteriorated. Therefore, a direct analysis of the creditworthiness of PropCo's retailer (TCC) is more reliable than attempting to find comparable REITs that also had retail customers facing financial difficulty, or alternatively attempting to do a credit analysis of PropCo given the limited information available.

The assessment of TCC's credit rating at the time of the PropCo Facility Agreement is discussed in detailed in Appendix E. I employ a statistical model to predict the rating that a Nationally Recognized Statistical Rating Organizations ("**NRSROs**") would assign to TCC at the time of the PropCo Facility Agreement based upon a dataset of observable ratings by the NRSROs. As described in Appendix E, I estimate a credit rating of CCC+ for TCC as of the PropCo Facility Agreement. For purposes of this analysis, I consider a range of credit ratings one notch above and below the estimated rating (CCC to B-).

2. Determination of Interest Rate

Given the credit rating for TCC as of the PropCo Facility Agreement, the second step in the analysis is to benchmark the arm's length interest rate. I use a modified CUP method that employs an econometric model to predict interest rate as a function not only of the credit rating of the borrower but also loan-specific features (*e.g.*, size, term, seniority, etc.). As demonstrated below, the regression-based modified CUP method indicates that the arm's length interest rate on the PropCo Facility Agreement is between 8.94 percent and 11.61 percent.

(a) Overview of Interest Rate Econometric Model

While the borrower's credit rating is generally an important determinant of the interest rate of a loan, there are a variety of other factors that can also affect the interest rate. These include seniority, maturity, the borrower's industry, and whether the loan is secured, among others. I accounted for these by employing a straightforward econometric model that uses a dataset of third party debt transactions which includes these factors. This approach can be considered a modified external CUP method because it relies on market observations from third-party debt issuances to estimate the arm's length interest rate on an intercompany loan.[39]

This regression-based modified external CUP method involves constructing a dataset of third-party debt issuances, measuring interest rate and explanatory variables for each debt observation, and developing a regression model that uses the transactional data to predict the arm's length interest rate. I use an interest rate measure as the dependent variable, and consider a variety of explanatory variables (or independent variables), including the credit rating, the maturity or tenor (remaining term), and loan-specific features like seniority and whether or not the debt is secured. The following sections describe the steps that I followed.

(b) Specification of Interest Rate Econometric Model

The specification of the interest rate model comprises four steps. The first step is to identify the third-party debt transactions to use in the analysis. The second step is to identify the dependent variable, and determine how to measure this variable. The third step is to identify and measure each of the independent variables. The fourth step is to construct the regression dataset, and perform the regression analysis in order to estimate the economic relationship between each independent variable and the dependent variable.

(1) Step One: Identify Debt Issuance Data

I first performed a search for comparable debt issuances in the Capital IQ database. The search process is described below.

(a) Security Type

I applied a screen to include fixed income securities of the following types:

- Corporate debentures;
- Corporate bank notes;
- Term Loans;
- Revolving Credit; and
- Revolving Credit / Term loans.

This screen resulted in 282,521 potential observations.

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39 The use of an econometric model allows for the evaluation of the effects of several variables on the interest rates observed in third-party debt issuances. It also allows one to isolate the variables that have the most significant effect on the interest rate.

(b) Issuance Date

I next applied a screen to restrict the set to fixed income securities that were issued between January 9, 2009 and January 9, 2014, a time period covering the five years before the issuance of the PropCo Facility Agreement. This screen resulted in 97,679 potential observations.

(c) Yield

In order to eliminate observations for which the observed yield to worst as of January 9, 2014 was negative, I included screens requiring that the debt issuance have a yield to worst above 0 percent. These screens resulted in 27,883 potential observations.

(d) Industry Classification

An important consideration is the industry of the issuer. To account for this factor, I applied a screen in Capital IQ to identify companies that are classified as "Multiline Retail" or "Specialty Retail" in the GICS industry classification system.

This screen resulted in 283 securities for the PropLP Facility Agreement.

(e) Geography

TCC is located in Canada, and at the time of the PropCo Facility Agreement Target operated only in Canada and the US. I included a screen to identify securities for which the issuer or ultimate parent company is located in the US or Canada. This screen resulted in 185 potential observations.

(f) Security Features

Finally, I restrict the dataset to include only securities with remaining terms to maturity between one month and thirty years and fixed rates of interest. This screen resulted in 166 observations.

(2) <u>Step Two: Dependent Variable</u>

The price of debt (*i.e.*, the interest rate), which the dependent variable in this analysis, is generally expressed as the yield, or effective interest rate, that the debt bears. There are two major considerations when deciding how to measure yield. The first is whether to use primary market observations ("**At-Issue Yield**") or secondary market observations ("**Current Yield**"). The second is whether to measure yield using the nominal yield on the bond, or as a spread over a reference rate.

Yields on third-party debt issuances can be observed either at the initial issuance of the debt (the primary market or At-Issue Yield), or in terms of the current yield on the security in the secondary securities market (the secondary market or Current Yield). For debt securities that are actively traded in the secondary market (and for which such secondary market data are available), the Current Yield can be used as a measure of yield as of the same date as the intercompany loan of interest. Such arm's length Current Yield observations are not influenced by differences in capital markets conditions over time.

I use Yield-to-Worst ("**YTW**") as the measure of the Current Yield. YTW measures the lowest yield an investor can expect if a bond is callable (*i.e.*, a bond that allows the issuer to redeem at some point before maturity). The Capital IQ fixed income data that I use in this analysis contains historical YTW data (as of a particular date).

As noted, the second consideration is whether to use nominal yield or spread. A "yield spread" is the difference between the nominal yield (*e.g.*, YTW as of a given date) and a reference rate on that date. The reference rate is generally a security that is considered devoid (or mostly devoid) of credit risk, such as a US Treasury bond. The use of a reference rate controls for the general level of interest rates at a particular time, so the spread over the reference rate represents only the credit risk, or incremental credit risk, of the security.

In light of the foregoing, I selected the spread of YTW over US Treasuries as the dependent variable for this analysis. I use the yield on US Treasury securities as the reference rate and compute the spread as the difference between the YTW on the date of the PropCo Facility Agreement and the yield on a US Treasury bond of comparable maturity to the tenor (*i.e.*, remaining term of even date as the YTW date) of the third-party debt issuance.[40]

(3) Step Three: Independent Variables

The next step in the analysis is to identify the independent variables considered in the regression analysis. As discussed below, I considered the credit rating and remaining term as independent variables. In the analysis, I also control for loan-specific features such as whether the security is senior or secured.

(a) Credit Rating

Credit ratings for each of the comparable debt securities in the dataset were assigned by one or several of the NRSROs, and are intended to capture the likelihood that the issuer of the debt will default on its obligations of timely principal and/or interest payments. Higher yields are required on securities that are perceived to be more likely to default in order to compensate investors for that risk. Credit ratings in their most common form are issued as letters and "notches," (*e.g.*, A-, BBB, or BB+). For the present regression analyses, I converted the credit rating to numerical values from 0 to 21, where 0 is the likeliest to default ("D" rated), and 21 is the least likely to default (AAA rated).

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40 For the US Treasury yield, I use the trailing average of spot rates over the most recent month ending prior to the date of the PropCo Facility Agreement, as reported by the Capital IQ database. US Treasury yields are issued at certain maturities ranging from one month to 30 years (360 months). I use a linear interpolation to estimate the US Treasury yield for maturities that fall between the published maturity yields.

(b) Term

Under normal conditions, a positive relationship exists between the yield on a bond and the time to maturity, or term, of the bond. One explanation for this relationship is that lenders demand a higher rate of return on longer-term loans as compensation for greater risk relative to short-term loans. This relationship, referred to as the "term structure of interest rates," is seen in the normal upward-sloping yield curve. Spot rates tend to increase with time to maturity, but at a decreasing rate.[41]

I include the term as an explanatory variable in the econometric model, using a logarithmic function for the reasons noted above. Given that the dependent variable in the model uses current YTW as of the date of the PropCo Facility Agreement, I measure the term for the third-party debt observations using the remaining term on the security between the date of the PropCo Facility Agreement and that security's maturity.

While I expect to observe a positive relationship between interest rate and term, the use of yield spreads rather than nominal yields as the dependent variable may reduce or eliminate the magnitude of this relationship. As discussed above, the yield spread is computed as the difference between the YTW on a security and the US Treasury of the same maturity as the remaining term on the security. Therefore, the reference rate used to compute the spread already accounts for a component of the anticipated positive relationship between interest rate and term.

(c) Security

Secured debt is debt backed by collateral, reducing the risk to the lender. The borrower pledges specific assets to the lender as collateral for the loan, and the creditor takes possession of these assets in the event the borrower defaults. Unsecured debt carries higher risk than secured debt, and would be expected to have a higher interest rate than if the debt were secured. I account for this loan feature in the regression analysis by including a dummy variable that is coded as a one if the debt is secured and zero otherwise.

(d) Subordinated

Subordinated debt is debt that ranks below other debt securities with regard to claims to assets or earnings. For this reason, subordinated debt is more risky than unsubordinated (or senior) debt. I account for this loan feature in our regression analysis by including a dummy variable that is coded as a one if the debt is subordinate and zero otherwise.

41 To account for this nonlinearity, the relationship between interest rate and term is often specified using a logarithmic function.

(4) Step Four: Model Specification and Results

(a) *Model Specification*

I estimated the following mathematical relationship between credit rating and the selected independent variables:

Equation V-1: $Yield\ Spread = \beta_0 + \beta_1 * Credit\ Rating + \beta_2 * Credit\ Rating\ Squared + \beta_3 * \ln(TERM) + +\beta_4 * Security\ Dummy\ Variable + \beta_5 * Subordinated\ Dummy\ Variable + \varepsilon$

In Equation V-1, β_0 is the intercept term, and β_1, β_2, β_3, β_4, and β_5 are the coefficients to be estimated, and ε represents the stochastic error term.

(b) *Interest Rate Regression Results – PropCo Facility Agreement*

The regression analysis for the PropCo Facility Agreement yields the following estimation equation for the interest rate. These results were estimated using a total of 166 observations computed as of January 9, 2014 for the PropCo Facility Agreement.

Equation V-2: $Yield\ Spread = 15.142 - 2.114 * Credit\ Rating + 0.078 * Credit\ Rating\ Squared + 0.009 * \ln(TERM) + 0.568 * Security\ Dummy\ Variable - 1.287 * Subordinated\ Dummy\ Variable + \varepsilon$

Exhibit V-1 below summarizes the estimated coefficients and t-statistics for the PropCo Facility Agreement.

Exhibit V-1: Interest Rate Regression Results

	Number of Observations	**166**
	Adjusted R-Squared	**45.6%**
	F-Test	**28.62**

Independent Variable	**Coefficient Estimate**	**t-statistic**
Credit Rating	-2.114%	-6.66
Credit Rating Squared	0.078%	4.94
Natural Log of Term	0.009%	0.02
Security Dummy Variable	0.568%	0.62
Subordinated Dummy Variable	-1.287%	-1.06
Constant	15.142%	7.06

The R-squared for the interest rate regression is 45.6 percent and the F-test statistic is 28.62. The R-squared and F-test statistic suggest that the overall regression model is meaningful and explains a significant amount of variation in interest rates.

The coefficients on credit rating and credit rating squared are both statistically significant at a 99 percent confidence level. The coefficient on credit rating is negative while the coefficient on credit rating squared is positive. These signs are consistent with the expectation that there is an inverse relationship between credit rating and interest rate. While interest rate (or yield spread in this model) declines as credit rating increases, the positive coefficient on the squared term indicates that the marginal impact of increasing credit rating becomes smaller, suggesting a nonlinear, but inverse, relationship between yield spread and credit rating.

The coefficient on the natural logarithm of term is slightly positive (0.009). While the expected sign on this variable is positive, the t-statistic of 0.02 indicates that the coefficient is not statistically significant. As noted above, the use of yield spread as the dependent variable incorporates term-related variation through the reference rate, so it is not surprising that coefficient on the term variable is insignificant when using yield spread as the dependent variable.

The coefficient on the dummy variable indicating whether a loan is secured is 0.568. While the expected sign on this coefficient is negative rather than positive, the t-statistic of 0.62 indicates that this coefficient is not statistically significant. Finally, the coefficient on the dummy variable for subordinated is -1.287. While the expected sign on this coefficient is positive, the t-statistic of -1.06 indicates that the variable is not statistically significant.[42]

(c) Application of Interest Rate Econometric Model to the PropCo Facility Agreement

Using the interest rate econometric models for the PropCo Facility Agreement, the final step in the analysis is to predict the yield spread. To develop an arm's length range of predicted spreads, I estimate the spread at the predicted credit rating, as well as one notch above and below the predicted rating. Given the predicted spread, the last step in this analysis is to apply the predicted spread to the reference rate as of the date of the PropCo Facility Agreement.

I first compute the value of each independent variable for the PropCo Facility Agreement. Exhibit V-2 presents these values.

42 I note that inclusion or exclusion in my model of the terms that are not statistically significant has virtually no effect on the coefficients of the terms that are statistically significant. Moreover, inclusion or exclusion has virtually no effect on my interest rate conclusions.

Exhibit V-2: Independent Variables – PropCo Facility Agreement

	Credit Rating Variables		
Variable	CCC	CCC+	B-
Credit Rating (Numerical Value)	4.0	5.0	6.0
Credit Rating Squared	16.0	25.0	36.0
	Other Independent Variables		
Term (months)	240.0		
Natural Log of Term	5.48		
Secured	0		
Subordinated	0		

Given these variables, I use Equation V-2 above to estimate the spread for the PropCo Facility Agreement at the predicted credit rating and one notch above and below the predicted rating. Exhibit V-3 below summarizes the estimated spread for the PropCo Facility Agreement at ratings.

Exhibit V-3: Estimated Spread – PropCo Facility Agreement

		Credit Rating								
		CCC			*CCC+*			*B-*		
Line	**Variable**	*Value for PropLP Facility*	*Regression Coefficient*	*Estimation Value*	*Value for PropLP Facility*	*Regression Coefficient*	*Estimation Value*	*Value for PropLP Facility*	*Regression Coefficient*	*Estimation Value*
1	Credit Rating (Numerical Value)	*4.0*	*-2.114%*	**-8.46%**	*5.0*	*-2.114%*	**-10.57%**	*6.0*	*-2.114%*	**-12.68%**
2	Credit Rating Squared	*16.0*	*0.078%*	**1.25%**	*25.0*	*0.078%*	**1.95%**	*36.0*	*0.078%*	**2.81%**
3	Natural Log of Term	*5.48*	*0.00909%*	**0.05%**	*5.48*	*0.00909%*	**0.05%**	*5.48*	*0.00909%*	**0.05%**
4	Secured	*0*	*0.568%*	**0.00%**	*0*	*0.568%*	**0.00%**	*0*	*0.568%*	**0.00%**
5	Subordinated	*0*	*-1.287%*	**0.00%**	*0*	*-1.287%*	**0.00%**	*0*	*-1.287%*	**0.00%**
6	Constant	*1*	*15.142%*	**15.14%**	*1*	*15.142%*	**15.14%**	*1*	*15.142%*	**15.14%**
7	**Estimated Spread (Sum of Lines 1 - 6)**			**7.98%**			**6.57%**			**5.32%**

To estimate the arm's length range of fixed interest rates for the PropCo Facility Agreement, I add the estimated spread to the reference rate, the 20-year Treasury. As of January 9, 2014, the yield on 20-year Treasury bonds was approximately 3.63 percent. The exhibit below summarizes the arm's length range of interest rates for the PropCo Facility Agreement.

Exhibit V-4: Arm's Length Range of Interest Rates – PropCo Facility Agreement

Line	Description	CCC	CCC+	B-
1	Estimated Spread	7.98%	6.57%	5.32%
2	Reference Rate (20-Year Treasury)	3.63%	3.63%	3.63%
3	**Interest Rate (Line 1 + Line 2)**	**11.61%**	**10.20%**	**8.94%**

I estimate that the arm's length fixed interest rate for the PropCo Facility Agreement is between 8.94 percent and 11.61 percent.

C. Summary of Conclusions

Based on the procedures I conducted and the resulting economic analysis, I concluded that the 7 percent interest rate on the PropCo Facility Agreement is not above an arm's length interest rate.

VI. Loan Facility Agreement between Nicollet Enterprise 1 S.a.r.l and Target Canada Co. Pertaining to Claim Ref. No. 1

A. Background

NE1 filed a Proof of Claim against TCC related to the NE1 Facility Agreement dated May 18, 2011.[43] The NE1 Facility Agreement initially provided an unsecured loan facility to TCC in the amount of CAD 3 billion and required the payment of interest by TCC to NE1 on the outstanding principal balance. The NE1 Facility Agreement had a maturity date of 10 years after the effective date (May 18, 2011). The NE1 Facility Agreement primarily provided cash funding to TCC in order to cover operating expenses and provided funds to TCC in one or several drawdowns.

The parties agreed to an Amendment to the NE1 Facility Agreement on March 28, 2014, in which NE1 increased the maximum amount TCC could borrow to CAD 4 billion in order to fulfill TCC's additional funding needs. In addition, the parties agreed to waive the "Make-Whole Payment" provision of Article 6 of the NE1 Facility Agreement, and the parties agreed to permit TCC to prepay interest due and payable for the interest payment dates of June 15, 2014 and June 15, 2015.

The parties agreed to an additional amendment to the NE1 Facility Agreement dated October 30, 2014 in which they agreed to stop the further accrual of interest on the outstanding principal balance of the loan facility effective September 1, 2014.[44]

Finally, the parties agreed to an additional amendment to the NE1 Facility Agreement dated January 2, 2015 (the "**Third Amendment**"), in which the definition of "event of default" in the NE1 Facility Agreement was modified to address the contingency of TCC's filing for protection under the CCAA or other insolvency events.[45]

The parties agreed to a Subordination and Postponement Agreement on January 12, 2015, in which NE1 agreed to subordinate and postpone payment of all indebtedness under the NE1 Facility Agreement "to the payment by Debtor of all arm's length and other non-arm's length claims against the Debtor in the Debtor's anticipated CCAA proceeding."[46] However, NE1's

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43 NE1 was formerly known as TSS 1 S.a.r.l, which is the legal entity that is party to the NE1 Facility Agreement. For ease of reference, I use the NE1 designation to refer to the entity except in specific reference to the NE1 Facility Agreement as a source document.

44 TCC would have been required to obtain further borrowing from NE1 or another Target entity to repay any outstanding interest, so the parties agreed that no "business justification for further accrual of interest existed." See Exhibit A to Proof of Claim of Nicollet Enterprise 1 S.a.r.l against Target Canada Co.

45 Additional information on the motivation for the Third Amendment is provided in Exhibit A to Proof of Claim of Nicollet Enterprise 1 S.a.r.l against Target Canada Co.

46 Exhibit A to Proof of Claim of Nicollet Enterprise 1 S.a.r.l against Target Canada Co.

claim to payment was not subordinated to any and all equity claims against TCC. As of January 14, 2015, TCC owed NE1 approximately CAD 3.1 billion due to amounts advanced under the NE1 Facility Agreement.

Under the NE1 Facility Agreement, interest was to accrue on the outstanding principal balance, "both before and after default, demand, maturity and judgment, from and including the date of the draw down of a Drawing until the full repayment of the Drawing, and, at the latest, on the Maturity Date."[47] Interest was to be calculated separately on each Drawing using the CDOR swap rate plus 2.75 percent per annum. For multiple Drawings in a quarter, interest was to be calculated on the quarterly Drawings at the weighted average of the CDOR swap rate, plus 2.75 percent per annum. In addition, the CDOR swap rate was to "correspond with the remaining term to maturity at the time of the Drawing."[48]

Interest was to be calculated on the basis of the actual number of days elapsed using a year of 365 days. TCC was to pay the accrued interest calculated as of May 15 of each year (beginning with May 15, 2012). In calculating the amount of interest payable, "any period for which such amounts are to be calculated shall include the first day of the period and exclude the last day of the period." Interest was payable on June 15 of each year (beginning with June 15, 2012) and could be paid earlier without penalty.[49]

Neither the amendments to the NE1 Facility Agreement, nor the Subordination and Postponement Agreement, modified the terms of the interest rate specified in the NE1 Facility Agreement.

B. Economic Analysis

As discussed earlier, there are two economic analyses needed in order to assess whether the interest rate under the NE1 Facility Agreement is consistent with the arm's length principle: 1) an assessment of the credit rating of the borrower and 2) benchmarking the arm's length interest rate given this credit rating and the economically important features of the NE1 Facility Agreement. These analyses are addressed below.

1. Assessment of Borrower Credit Rating on the NE1 Facility Agreement

The assessment of TCC's credit rating at the time of the NE1 Facility Agreement is discussed in detail in Appendix E. Consistent with my analysis of the PropCo Facility Agreement, I employ

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47 Loan Facility Agreement between TSS 1 S.a.r.l and Target Canada Co., Article 5.1.

48 Loan Facility Agreement between TSS 1 S.a.r.l and Target Canada Co., Article 5.1.

49 Loan Facility Agreement between TSS 1 S.a.r.l and Target Canada Co., Article 5.1. The NE1 Facility Agreement also notes that "For any period for which the interest rate is calculated that does not equal a year (each a "deemed interest period"), the interest rate, as calculated hereunder for the purposes of the Interest Act (Canada), shall be yearly rate calculated by dividing the interest rate as otherwise calculated by the actual number of days in such deemed interest period, then multiplying such result by the actual number of days in the applicable calendar year (365 or 366)."

a statistical model to predict the rating that an NRSRO would assign to TCC at the time of the NE1 Facility Agreement, based upon a dataset of observable ratings by the NRSROs. As described in Appendix E, I estimate a credit rating of BB for TCC as of the NE1 Facility Agreement. For purposes of this analysis, I consider a range of credit ratings one notch above and below the estimated rating (BB- to BB+).

2. Determination of Interest Rate

Given the credit rating for TCC as of the NE1 Facility Agreement, the second step in the analysis is to benchmark the arm's length spread over a reference rate (in this case, CDOR). Consistent with my analysis of the PropCo Facility Agreement, I use a modified CUP method that employs an econometric model to predict the arm's length interest rate as a function not only of the credit rating of the borrower but also loan-specific features (*e.g.*, size, term, seniority, *etc.*).

(a) Specification of Interest Rate Econometric Model

The specification of the interest rate econometric model comprises four steps. The first step is to identify the third-party debt transactions to use in the analysis. The second step is to identify the dependent variable, and determine how to measure this variable. The third step is to identify and measure each of the independent variables. The fourth step is to construct the regression dataset, and perform the regression analysis in order to estimate the relationship between each independent variable and the dependent variable.

(1) Step One: Identify Debt Issuance Data

I first performed a search for comparable debt issuances in the Capital IQ database. The search process is described below.

(a) Security Type

I applied a screen to include fixed income securities of the following types:

- Corporate debentures;
- Corporate bank notes;
- Term Loans;
- Revolving Credit; and
- Revolving Credit / Term loans.

This screen resulted in 282,521 potential observations.

(b) Issuance Date

I next applied a screen to restrict the set to fixed income securities that were issued between May 18, 2006 and May 18, 2011, a time period covering the five years before the issuance of the NE1 Facility Agreement. This screen resulted in 88,125 potential observations.

(c) Yield

In order to eliminate observations for which the observed yield to worst as of May 18, 2011 was negative, I included screens requiring that the debt issuance have a yield to worst above 0 percent. These screens resulted in 22,786 potential observations.

(d) Industry Classification

An important consideration is the industry of the issuer. To account for this factor, I applied a screen in Capital IQ to identify companies that are classified as "Multiline Retail" or "Specialty Retail" in the GICS industry classification system.

This screen resulted in 171 securities for the NE1 Facility Agreement.

(e) Geography

TCC is located in Canada and at the time of the NE1 Facility Agreement Target operated only in Canada and the US. I included a screen to identify securities for which the issuer or ultimate parent company is located in the US or Canada. This screen resulted in 122 potential observations.

(f) Security Features

Finally, I restrict the dataset to include only securities with remaining terms to maturity between one month and thirty years and fixed rates of interest. This screen resulted in 106 observations.

(2) <u>Step Two: Dependent Variable</u>

I select the spread of YTW over CDOR as the dependent variable for this analysis. I use the CDOR as the reference rate and compute the spread as the difference between the YTW on the date of the NE1 Facility Agreement and the CDOR of comparable maturity to the tenor (*i.e.*, remaining term of even date as the YTW date) of the third-party debt issuance.[50]

(3) <u>Step Three: Independent Variables</u>

The next step in the analysis is to identify the independent variables considered in the regression analysis. As discussed below, I considered the credit rating and remaining term as independent variables. In the analysis, I also control for the loan-specific features of whether the security is senior or secured.

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50 CDOR data were obtained from Bloomberg.

(a) Credit Rating

Credit ratings for each of the comparable debt securities in the dataset were assigned by one or several of the NRSROs, and are intended to capture the likelihood that the issuer of the debt will default on its obligations of timely principal and/or interest payments. Higher yields are required on securities that are perceived to be more likely to default in order to compensate investors for that risk. Credit ratings in their most common form are issued as letters and "notches," (*e.g.*, A-, BBB, or BB+). For the present regression analyses, I converted the credit rating to numerical values from 0 to 21, where 0 is the likeliest to default ("D" rated), and 21 is the least likely to default (AAA rated).

(b) Term

Under normal market conditions, a positive relationship exists between the yield on a bond, and time to maturity, or term, of the bond. One explanation for this relationship is that lenders demand a higher rate of return on longer-term loans as compensation for greater risk relative to short-term loans. This relationship, referred to as the "term structure of interest rates," is seen in the normal upward-sloping yield curve. Spot rates tend to increase with time to maturity, but at a decreasing rate.

I include the term as an explanatory variable in the econometric model, using a logarithmic function for the reasons noted above. Given that the dependent variable in the model uses current YTW as of the date of the NE1 Facility Agreement, I measure the term for the third-party debt observations using the remaining term on the security between the date of the NE1 Facility Agreement and that security's maturity.

While I expect to observe a positive relationship between interest rate and term, the use of yield spreads rather than nominal yields as the dependent variable may reduce or eliminate the magnitude of this relationship. As discussed above, the yield spread is computed as the difference between the YTW on a security and the US Treasury of the same maturity as the remaining term on the security. Therefore, the reference rate used to compute the spread already accounts for a component of the anticipated positive relationship between interest rate and term.

(c) Security

Secured debt is debt backed by collateral, reducing the risk to the lender. The borrower pledges specific assets to the lender as collateral for the loan, and the creditor takes possession of these assets in the event the borrower defaults. Unsecured debt carries higher risk than secured debt, and would be expected to have a higher interest rate than if the debt were secured. I account for this loan feature in the regression analysis by including a dummy variable that is coded as a one if the debt is secured and zero otherwise.

(d) Subordinated

Subordinated debt is debt that ranks below other debt securities with regard to claims to assets or earnings. For this reason, subordinated debt is more risky than unsubordinated (or senior) debt. I account for this loan feature in our regression analysis by including a dummy variable that is coded as a one if the debt is subordinate and zero otherwise.

(4) Step Four: Model Specification and Results

(a) Model Specification

I estimated the following mathematical relationship between credit rating and the selected independent variables:

Equation VI-1: $Yield\ Spread = \beta_0 + \beta_1 * Credit\ Rating + \beta_2 * Credit\ Rating\ Squared + \beta_3 * \ln(TERM) + +\beta_4 * Security\ Dummy\ Variable + \beta_5 * Subordinated\ Dummy\ Variable + \varepsilon$

In Equation VI-1, β_0 is the intercept term, and β_1, β_2, β_3, β_4, and β_5 are the coefficients to be estimated, and ε represents the stochastic error term.

(b) Interest Rate Regression Results – NE1 Facility Agreement

The regression analysis for the NE1 Facility Agreement yields the following estimation equation for the interest rate. These results were estimated using a total of 106 observations computed as of May 18, 2011 for the NE1 Facility Agreement.

Equation VI-2: $Yield\ Spread = 5.018 - 0.641 * Credit\ Rating + 0.009 * Credit\ Rating\ Squared + 0.692 * \ln(TERM) + 1.348 * Security\ Dummy\ Variable - 1.656 * Subordinated\ Dummy\ Variable + \varepsilon$

Exhibit VI-1 below summarizes the estimated coefficients and t-statistics for the NE1 Facility Agreement.

Exhibit VI-1: Interest Rate Regression Results

Number of Observations	**106**
Adjusted R-Squared	**76.5%**
F-Test	**69.18**

Independent Variable	**Coefficient Estimate**	**t-statistic**
Credit Rating	-0.641%	-4.66
Credit Rating Squared	0.009%	1.43
Natural Log of Term	0.692%	5.16
Security Dummy Variable	1.348%	3.59
Subordinated Dummy Variable	-1.656%	-4.56
Constant	5.018%	5.65

The R-squared for the interest rate regression is 76.5 percent and the F-test statistic is 69.18. The R-squared and F-test statistic suggest that the overall regression model is meaningful and explains a significant amount of variation in interest rates.

The coefficient on credit rating is statistically significant at a 99 percent confidence level, and the coefficient on credit rating squared is statistically significant at an 85 percent confidence level. The coefficient on credit rating is negative while the coefficient on credit rating squared is positive. These signs are consistent with the expectation that there is an inverse relationship between credit rating and interest rate. While interest rate (or yield spread in this model) declines as credit rating increases, the positive coefficient on the squared term indicates that the marginal impact of increasing credit rating becomes smaller, suggesting a nonlinear, but inverse, relationship between yield spread and credit rating.

The coefficient on the natural logarithm of term is positive and statistically significant at a 99 percent confidence level. The coefficient on the dummy variable indicating whether a loan is secured is 1.348 and statistically significant at a 99 percent confidence level. Finally, the coefficient on the dummy variable for subordinated is -1.656, and is statistically significant at a 99 percent confidence level.[51]

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51 In contrast to the results for the PropCo Facility Agreement, here the coefficients for the Security and Subordination variables are statistically significant. However, as with the econometric model for the PropCo Facility Agreement, their inclusion or exclusion does not materially affect the coefficients for credit rating and term, and has virtually no effect on my results. I note that the inclusion of the Security and Subordination variables in the model for the NE1 Facility Agreement increases the explanatory power of the model (as measured by the Adjusted R^2 statistic) materially.

(b) Application of Interest Rate Econometric Model to the NE1 Facility Agreement

Using the interest rate econometric models for the NE1 Facility Agreement, the final step in the analysis is to predict the yield spread over CDOR. To develop an arm's length range of predicted spreads, I estimate the spread at the predicted credit rating, as well as one notch above and below the predicted rating.

I first compute the value of each independent variable for the NE1 Facility Agreement. Exhibit VI-2 that follows presents these values.

Exhibit VI-2: Independent Variables – NE1 Facility Agreement

	Credit Rating Variables		
Variable	BB-	BB	BB+
Credit Rating (Numerical Value)	9.0	10.0	11.0
Credit Rating Squared	81.0	100.0	121.0
	Other Independent Variables		
Term (months)	120.0		
Natural Log of Term	4.79		
Secured	0		
Subordinated	0		

Given these variables, I use Equation VI-1 to estimate the spread for the NE1 Facility Agreement at the predicted credit rating and one notch above and below the predicted rating. Exhibit VI-3 below summarizes the estimated spread for the NE1 Facility Agreement at ratings.

Exhibit VI-3: Estimated Spread – NE1 Facility Agreement

		Credit Rating								
		BB-			*BB*			*BB+*		
Line	**Variable**	*Value for NE1 Facility*	*Regression Coefficient*	*Estimation Value*	*Value for NE1 Facility*	*Regression Coefficient*	*Estimation Value*	*Value for NE1 Facility*	*Regression Coefficient*	*Estimation Value*
1	Credit Rating (Numerical Value)	*9.0*	*-0.641%*	**-5.77%**	*10.0*	*-0.641%*	**-6.41%**	*11.0*	*-0.641%*	**-7.05%**
2	Credit Rating Squared	*81.0*	*0.009%*	**0.75%**	*100.0*	*0.009%*	**0.93%**	*121.0*	*0.009%*	**1.12%**
3	Natural Log of Term	*4.79*	*0.692%*	**3.31%**	*4.79*	*0.692%*	**3.31%**	*4.79*	*0.692%*	**3.31%**
4	Secured	*0*	*1.348%*	**0.00%**	*0*	*1.348%*	**0.00%**	*0*	*1.348%*	**0.00%**
5	Subordinated	*0*	*-1.656%*	**0.00%**	*0*	*-1.656%*	**0.00%**	*0*	*-1.656%*	**0.00%**
6	Constant	*1*	*5.018%*	**5.02%**	*1*	*5.018%*	**5.02%**	*1*	*5.018%*	**5.02%**
7	**Estimated Spread (Sum of Lines 1 - 6)**			**3.31%**			**2.85%**			**2.40%**

I estimate that the arm's length spread over CDOR for the NE1 Facility Agreement is between 2.40 percent and 3.31 percent.

C. Summary of Conclusions

Based on the economic analysis described above, I conclude that the interest rate on the NE1 Facility Agreement, which is calculated as CDOR plus 2.75 percent, is consistent with an arm's length range based on comparable third party debt instruments, which have observable markups over CDOR of between 2.40 and 3.31 percent.

VII. Intercompany Services Pertaining to Claim Ref. No. 2.A.

A. Background

TBI asserts a Claim against TCC related to the MSA between the two parties dated February 3, 2013. Under the MSA, TBI provided certain Services to TCC to support TCC's business operations in Canada. These included retail support services, administrative and business services, and marketing, merchandising, strategy, management services, and other services.

Claim Ref. No. 2.A. pertains to Services provided to TCC during December 2014 of approximately USD 18.6 million and during January 1 – January 14, 2015 of approximately USD 5.0 million.[52] Based on the MSA, TCC was to pay TBI "arm's length fees" for the Services provided, to be agreed upon between the parties from time to time.[53] TBI evaluated the costs it incurred in providing the Services to TCC, and TBI charged these costs to TCC. In addition, TBI applied a markup percentage to certain costs incurred related to the Services provided to TCC, though a markup was not applied to all costs.

For the Services transactions pertaining to Claim Ref. No. 2.A., TBI identified the costs of the services charged to TCC by first distinguishing between payroll and non-payroll costs. Payroll costs consisted of the wage and benefits costs associated with employees who were deemed to be entirely dedicated to the provision of Services to TCC.

In its calculations, TBI did not treat any employees as partially dedicated to TCC. This means that TBI's determination was that none of the employees who were deemed to be fully dedicated to TCC were not in fact fully dedicated, as well as that there were no employees whose costs were not included in the charge were in fact performing some activities that benefited TCC. I have not been asked to evaluate these determinations by TBI, and have assumed for purposes of my opinion that the employees whose costs were included in TBI's Services charge pertaining to Claim Ref. No. 2.A. were in fact entirely dedicated to the support of TCC.

For non-payroll costs, TBI distinguished between "dedicated" and "allocated" cost centers. "Dedicated" Cost Centers were those in which all personnel were dedicated to TCC (*i.e.*, providing Services to TCC). All of the costs associated with these Cost Centers were charged to TCC.

"Allocated" Cost Centers were those in which only some personnel were dedicated to TCC. For each of these Cost Centers, TBI applied an allocation percentage to the cost associated with the Cost Center. These allocation percentages were determined on an annual basis by Target's finance teams based upon an assessment of the percentage of the expenses contained within groupings of Cost Centers (referred to as "pyramids") that was for the benefit of TCC. I have

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52 I note that these figures include both the cost of the services provided, and a markup on those costs.

53 MSA, Section 5.1.

not been asked to evaluate these percentages, and have therefore assumed for purposes of my opinion that they are consistent with the facts.

Exhibit VII-1 shows the payroll and non-payroll costs charged to TCC by TBI for December 2014. These costs total USD 17,750,731.

Exhibit VII-1: December 2014 Costs Charged to TCC by TBI Pertaining to Claim Ref No. 2.A.

Cost Category	Value (USD)	
Payroll (Including Benefits)		8,391,624
	Cost Center	
	Dedicated	Allocated
Contractors	3,887,903	210,965
Depreciation	5,150,730	N/A
Travel	66,136	N/A
Cellphone Expenses	22,424	N/A
Office and Operating Supplies	1,811	N/A
Other Charges	17,775	1,362

Correspondingly, Exhibit VII-2 shows the same cost categories for the January 2015 portion of Claim Ref. No. 2.A. These costs total USD 4,733,159.

Exhibit VII-2: January 2015 Costs Charged to TCC by TBI Pertaining to Claim Ref. No. 2.A.

Cost Category	Value (USD)	
Payroll (Including Benefits)		1,873,503
	Cost Center	
	Dedicated	Allocated
Contractors	1,071,571	(98,091)
Depreciation	1,657,390	N/A
Travel	32,374	N/A
Cellphone Expenses	7,071	N/A
Office and Operating Supplies	473	N/A
Other Charges	171,015	17,853

B. Analysis of Services Costs

I have concluded that the allocation methodology used by TBI to identify the costs of the Services rendered to TCC is reasonable.

Neither the approach taken to payroll costs, nor the approach used for non-payroll costs, appears to rest on so-called arithmetic allocation "keys." Allocation keys are arithmetic proxies for an assessment of whether the particular activities or functions that underlie a service-related cost do or do not convey a benefit to the recipient of an intercompany service. Such proxies generally involve simplistic assumptions that may not comport with the facts surrounding the activities at issue. Allocation keys are thus an imperfect substitute for examining the activities at issue and determining whether or not they give rise to a benefit for the entity being charged the costs of the activities.

By contrast, both the approach taken by TBI to payroll costs, as well as the approach that TBI used for non-payroll costs, rest on a determination by TBI of whether the personnel or activities underlying the costs in fact give rise to a benefit for TCC. This is reasonable, and consistent with the arm's length principle.

C. Analysis of Markup Percentages

Tab B of Schedule A2 to Claim Ref. No. 2.A. provides information regarding the functions that are associated with the Services rendered by TBI to TCC. Information from that Schedule is summarized in Exhibit VII-4 below. As can be seen, the functions that receive a 10 percent markup include marketing, merchandising, supply chain, property development, sourcing, as well as other miscellaneous services labeled "Other HQ," "Stores," and "Human Resources."

Exhibit VII-4: Functional Detail and Markups Pertaining to the TBI Services

Company Code	Revenue/Expense type	Markup %	Additional Functions Linked to Company Code
1001	Service	0%	"Other HQ" "Stores" "Human Resources"
1112	Marketing	10%	
	Merchandising	10%	
1113	Service	0%	"Finance" "Human Resources" "Technology Services" "Other HQ" "Legal"
1114	Strategy	10%	"Supply Chain" "Merchandising" "Marketing" "Other HQ" "Stores" "Property Development"
	Marketing	10%	
	Merchandising	10%	
1115	Service	10%	"Merchandising - Sourcing" "Other HQ" "Human Resources"

Source: Claim Ref. No. 2.A., Schedule A2, Tab B.

I also reviewed information on the types of costs receiving the markup that was provided in Target's transfer pricing reports.[54] The EY Report for the APA notes that the markup is applied to "non-routine services…broadly categorized into marketing support services and retail consulting services (services such as merchandising and property development)."[55] I also reviewed the functional analysis in the EY Report for additional information on the Services that received a markup in which these same types of Services were described.[56]

Finally, I reviewed the PwC Report documenting the results of these Services for the fiscal year ending January 28, 2012. The PwC Report characterized Services receiving a markup as "strategic support services" and further distinguished them as "marketing support services" and "retail consulting services." The PwC Report further noted that retail consulting services included those related to "merchandising, property development, store operations, distribution, and sourcing related activities."[57] I also reviewed the functional analysis in the PwC Report for additional information on the Services that received a markup in which these same types of services were described.[58]

I used this information in my evaluation of the markup that was applied to certain Services provided by TBI to TCC. In particular, to evaluate the markup percentages used by TBI in the charges for the Services, I benchmarked the arm's length profitability associated with the provision of similar services by similarly-situated (*i.e.*, comparable) service providers operating in the same geographic market as TBI. A detailed description of the search process that I followed in order to identify these comparable companies is provided in Appendix F.

I identified 14 comparable companies. The business descriptions of these comparable companies are provided in Appendix F. I computed their markup on total costs, which

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54 Target used external transfer pricing advisors in respect of the transfers pricing methodology pertaining to the Services. Specifically, Ernst & Young ("**EY**") was retained to prepare a report ("**EY Report**") pursuant to the submissions by Target of a request for the approval of a bilateral Advance Pricing Agreement ("**APA**"). The EY Report included an economic analysis of the Services, including an assessment of the allocation percentages used for the allocable costs, and an analysis of markup percentages to be applied to certain costs charged to TCC.

In addition, Target engaged PricewaterhouseCoopers ("**PwC")** to document the results of the Intercompany Transactions involving the Services for the fiscal year ended January 28, 2012, including the preparation of a transfer pricing documentation report ("**PwC Report**"). PwC also provided a summary table of the Services charges for the 2013 fiscal year. My understanding is that no formal transfer pricing documentation report was prepared for the 2013 fiscal year. Further, my understanding is that no transfer pricing analyses were finalized by external advisors for any period after the 2013 fiscal year.

55 Target Corporation, Request for a Bilateral Advance Pricing Agreement, February 12, 2013, p. 114.

56 Target Corporation, Request for a Bilateral Advance Pricing Agreement, February 12, 2013, pp. 66-73.

57 Target Corporation, Target Canada service charge analysis and report for fiscal year ending January 28, 2012, p. iii.

58 Target Corporation, Target Canada service charge analysis and report for fiscal year ending January 28, 2012, pp. 10-13.

corresponds to the markup to be applied to the Services costs charged from TBI to TCC. I calculated this markup for each comparable company for each year from 2012-2014, which represents the most recently available financial data. A summary of these markups is provided in Exhibit VII-5 below.

Exhibit VII-5: Markup on Total Costs Results for Comparable Service Providers

#	Company	2012	2013	2014	3-Year Weighted Avg.
1	CRA International Inc.	8.1%	7.1%	8.5%	7.9%
2	Aimia Inc.	18.4%	-28.0%	5.3%	-2.7%
3	Edgewater Technology Inc.	1.8%	5.1%	7.2%	4.8%
4	Forrester Research Inc.	13.4%	9.6%	7.7%	10.1%
5	FTI Consulting, Inc.	16.1%	15.0%	11.3%	14.0%
6	ICF International Inc.	9.4%	8.5%	8.5%	8.8%
7	Information Services Group, Inc.	3.5%	5.9%	6.7%	5.4%
8	Navigant Consulting Inc.	14.7%	17.1%	14.5%	15.4%
9	The Hackett Group, Inc.	9.7%	9.1%	9.0%	9.3%
10	BlueRush Media Group Corp.	10.5%	-2.7%	N/A	4.4%
11	MDC Partners Inc.	3.7%	0.1%	9.3%	4.5%
12	Omnicom Group Inc.	14.5%	14.7%	14.6%	14.6%
13	Spar Group Inc.	4.1%	2.7%	2.8%	3.1%
14	The Interpublic Group of Companies, Inc.	10.8%	10.2%	11.7%	10.9%
	Maximum	18.4%	17.1%	14.6%	15.4%
	Upper Quartile	14.5%	10.2%	11.3%	10.9%
	Median	10.1%	7.8%	8.5%	8.4%
	Lower Quartile	4.1%	2.7%	7.2%	4.5%
	Minimum	1.8%	-28.0%	2.8%	-2.7%

*Retrieved from Capital IQ on August 7, 2015.

As shown above, the comparables have a three-year weighted average markup on total costs with a lower quartile of 4.5 percent, an upper quartile of 10.9 percent, and a median of 8.4 percent. Common practice for Canadian transfer pricing applications is to use the full range of results from the most recent single year instead of a three-year average. As can be seen, the comparables show a 2014 markup on total costs with a minimum of 2.8 percent and a maximum of 14.6 percent.

The markup of 10 percent applied to some of the Services costs charged from TBI to TCC is within the interquartile range (and therefore also the full range) of both the three-year average and 2014 single-year results. It is therefore, in my opinion, consistent with the arm's length standard.

VIII. Intangible Property Royalty Rate

A. Summary of Facts

Under the MSA, TBI licensed certain intangible property ("**IP**"), including the Target name and trademark and other retail-related IP, to TCC for use in the Canadian operations. As part of the MSA, TBI granted a license to TCC to use certain intangible property in TCC's retail operations in Canada. The MSA includes in IP the following.

i. Works of authorship throughout the world, including but not limited to copyrights, neighboring rights, moral rights and all derivative works thereof;

ii. Trademark and trade name rights and similar rights;

iii. Trade secret rights;

iv. Patents, designs, manufacturing processes, know-how and other industrial property rights;

v. All theatrical, video and DVD, television, live stage production, sound recording, software applications and all ancillary and derivative rights

vi. All other intellectual and industrial property right (of every kind and nature, throughout the world and however designated) whether arising by operation of law, contract, license, or otherwise

vii. All registrations, initial applications, renewals, extensions, continuations, divisions or reissues thereof now or hereafter in force (including any rights in any of the foregoing).[59]

TBI funded the brand enhancement activities such as strategic marketing and branding campaigns that maintain and enhance brand value. It also funded the development of other store-related IP, such as store designs and other know-how.

TCC used a majority of the Target trademarks and logos in the operations of its stores, including advertising campaigns, signage, and gift cards. Target Canada's stores and headquarters also used TBI know-how including store procedures, store layouts, merchandising processes, and other best practices during its day-to-day operations.

I reviewed other materials provided to me, for additional descriptions of the IP. The EY Report prepared for the APA submission notes that the IP primarily consisted of the Target name and trademark (including the "Bullseye" logo) certain marketing slogans, such as "Expect More. Pay Less," the REDcard tradename, trademark, and concept, and certain private label brands and

[59] MSA, Section 2.3.

trademarks. In addition to this marketing-related IP, the EY Report indicates that TBI also licensed additional IP related to store designs, patents related to gift card design and technologies, shopping cart designs, in-store displays, and check-out technologies, and other IP related to store operations and know-how.[60]

In consideration for the license of IP, TCC paid a royalty to TBI of 1.5 percent of TCC's net revenues. The royalty was due either throughout or at the end of TBI's fiscal year, and TCC was responsible for payment in full with a credit for any amounts paid in excess during the year. TCC also had the option to prepay the royalty at any time based upon revenue projections, with an adjustment made at the end of the year based on reconciling the projections to the actual results. Furthermore, royalties owed to TBI by TCC could be offset by any other amounts owed to TCC by TBI.[61]

I have been asked to assess the arm's length nature of the royalty rate component of the MSA agreement.

B. Economic Analysis

1. TCC's Ability to Pay the Intercompany Royalty

As a preliminary matter, an important consideration when evaluating the intercompany royalty between TBI and TCC is whether there was a reasonable expectation of TCC's ability to pay the 1.5 percent royalty. This question should be evaluated *ex ante*, or at the time the MSA was entered into by the parties.

To address this question, I reviewed the projected income statement for TCC for the years 2014 through 2018.[62] From these projections it is apparent that TCC expected to be profitable from 2014 onwards, with steadily increasing profit margins.

I incorporated a range of assumptions on the returns that TCC would be expected to earn on its own capital employed.[63] This return reflects the required return that an entity such as TCC would be expected to earn on its routine physical assets before the consideration of payment for any IP it might license for use in the business.

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60 See for example, Target Corporation, Request for a Bilateral Advance Pricing Agreement, 12 February 2013, pp. 74, 78, 110.

61 MSA between TBI and TCC, effective February 3, 2013, Section 5.4.

62 I have not included 2013 in my analysis as this represent the first (and partial) year of operations for Target Canada stores, in which operating losses were forecast due to significant start-up expenses. I note that losses are often projected for many retail stores during the first year (or two) of operations due to these start-up expenses.

63 Capital employed, in this instance, is Target Canada's total assets less cash, any book intangibles, non-interest bearing liabilities, and liabilities due to related parties.

Inclusion of a capital return in an analysis such as this is often referred to as the inclusion of a "contributory asset charge." That is, the physical and financial capital owned by TCC, as well as the intangible capital licensed by it, contribute to the revenues and profits described in TCC's projections. Thus, in order to determine whether these projections imply that TCC expected to have the ability to pay the royalty, the operating profit "contributed" to these forecasts by TCC's physical and financial capital must be deducted from total forecast operating profit. For purposes of this analysis I used a range of required returns from 7 percent to 10 percent and applied them to TCC's capital employed.[64]

The results of this analysis are shown in Exhibit VIII-1 below.

Exhibit VIII-1: TCC Projections and Application of a Return on Capital Employed

	Target Canada Co.		**2014**	**2015**	**2016**	**2017**	**2018**	**2014-2018 Five-year Average**
1	Sales		5,308,000,000	6,127,000,000	6,880,000,000	7,551,000,000	8,312,000,000	6,835,600,000
2	Gross Margin		1,624,000,000	1,914,000,000	2,175,000,000	2,406,000,000	2,659,000,000	2,155,600,000
3	Gross Margin/Sales	*Line 2 / Line 1*	30.60%	31.24%	31.61%	31.86%	31.99%	31.53%
4	SG&A		(1,175,000,000)	(1,216,000,000)	(1,284,000,000)	(1,361,000,000)	(1,460,000,000)	(1,299,200,000)
5	Depreciation		(242,000,000)	(253,000,000)	(262,000,000)	(227,000,000)	(242,000,000)	(245,200,000)
6	Lease Interest		(78,000,000)	(78,000,000)	(78,000,000)	(77,000,000)	(76,000,000)	(77,400,000)
7	EBIT	*Line 2 + Line 4 + Line 5*	207,000,000	445,000,000	629,000,000	818,000,000	957,000,000	611,200,000
8	**EBIT Margin**	*Line 7 / Line 1*	3.90%	7.26%	9.14%	10.83%	11.51%	8.94%
	Return on Capital Employed ("ROCE")							
9	***Capital Employed***	*from TCC Balance Sheet*	4,954,020,248	5,509,015,149	4,285,614,728	4,285,614,728	4,285,614,728	4,663,975,917
10	*7% ROCE Assumption*	*Line 9 x 7%*	346,781,417	385,631,060	299,993,031	299,993,031	299,993,031	326,478,314
11	*8.5% ROCE Assumption*	*Line 9 x 8.5%*	421,091,721	468,266,288	364,277,252	364,277,252	364,277,252	396,437,953
12	*10% ROCE Assumption*	*Line 9 x 10%*	495,402,025	550,901,515	428,561,473	428,561,473	428,561,473	466,397,592
	EBIT Margin after a Return on Capital Employed							
13	*7% ROCE Assumption*	*(Line 7 - Line 10) / Line 1*	-2.63%	0.97%	4.78%	6.86%	7.90%	4.17%
14	*8.5% ROCE Assumption*	*(Line 7 - Line 11) / Line 1*	-4.03%	-0.38%	3.85%	6.01%	7.13%	3.14%
15	*10% ROCE Assumption*	*(Line 7 - Line 12) / Line 1*	-5.43%	-1.73%	2.91%	5.16%	6.36%	2.12%
	Does Target Canada have the ability to pay a 1.5% royalty?							
16	*7% ROCE Assumption*	*Is line 13 > = 1.5%*		No	Yes	Yes	Yes	Yes
17	*8.5% ROCE Assumption*	*Is line 14 > = 1.5%*		No	Yes	Yes	Yes	Yes
18	*10% ROCE Assumption*	*Is line 15 > = 1.5%*		No	Yes	Yes	Yes	Yes

As can be seen in the exhibit, when I consider the five-year average results for 2014-2018, they imply that over this period TCC would have had the ability to pay a royalty of 1.5 percent for all assumed contributory asset charges.

I note that the profits remaining after the contributory asset charge imply that the 1.5 percent royalty rate would have been expected to produce a reasonable profit split between TBI and TCC. For example, in the 2017 forecast year, using the 10 percent ROCE assumption, the payment of a 1.5 percent royalty to TBI results in TBI receiving approximately 29 percent of the total forecast residual profit (in this case, profit after deduction of the contributory asset charge).[65] While TBI's share of this residual profit decreases over time as the overall

64 I note that this range of rates of return encompasses my estimate of PropCo's cost of capital for purposes of analyzing the Termination Payment.

65 1.5 percent divided by the total residual profit margin of 5.16 percent = 29.1 percent.

profitability of TCC is expected to increase, I note that this 29 percent amount reflects a typical share of residual profit that is often retained by licensors in third-party licensing arrangements.

I conclude that TCC was expected to have had the ability to pay a royalty of 1.5 percent at the time the MSA and the royalty rate were entered into.

2. Evaluation of Third-Party IP License Agreements

Having determined that TCC was, *ex ante*, in a financial position to agree to a royalty rate of 1.5 percent, I then conducted a search for comparable license agreements between uncontrolled third parties in order to determine if 1.5 percent is within an observed arm's length range.

To conduct this search, I utilized a database called "ktMINE™" ("**ktMINE**"). ktMINE is a subscription database of royalty rates and license agreements compiled from licenses publicly available through the US Securities and Exchange Commission "Edgar" Archive. ktMINE contains IP licensing agreements, including agreements licensing patents, know-how and process intangibles, and trademarks and trade names.

Specifically, I attempted to find license agreements for retail operations which included the license of trademark and marketing IP, along with a license of other retail-related IP such as store layouts, store procedures, merchandising procedures, and other similar intangibles. A complete description of my search process is provided in Appendix G.

Using the search criteria described at Appendix G, I identified 396 potential agreements. These were subjected to a detailed review of the IP being licensed in order to determine its comparability to the IP licensed from TBI to TCC.

I identified four agreements that I considered comparable to the IP license from TBI to TCC. A summary of the four agreements I identified, along with the observed royalty rate from each agreement, is shown in Exhibit VIII-2 below.

Exhibit VIII-2: ktMINE Trademark Observations Summary

#	Database ID	Licensor	Licensee	Date	Region	Description of IP	Royalty rate
1	11466	TRS Quality, Inc., RadioShack Corporation, Tandy Corporation	InterTAN Canada Ltd., InterTAN, Inc.	May 1, 2001	Canada	Grant the right to use "RADIO SHACK" or "RADIOSHACK" as a trade name and service mark in Canada in connection with the operation of retail stores dealing primarily in electronic products and related services including catalog, mail order and repair services.	1.00%
2	11469	Tandy Corporation, A&A International, Inc.	InterTAN Australia Ltd., InterTAN, Inc.	Jan. 25, 1999	Australia	Grant the right to use TANDY ELECTRONICS as a trade name and service mark in Australia and New Zealand in connection with the operation of InterTAN Australia Ltd. owned or InterTAN Australia Ltd. franchised retail stores dealing primarily in electronic products and related services including catalog, mail order and repair services rendered in such stores in Australia and New Zealand.	1.00%
3	11485	TSA STORES, INC., The Sports Authority, Inc., THE SPORTS AUTHORITY MICHIGAN, INC.	MEGA SPORTS CO., LTD.	Apr. 2, 2004	Japan	Grant the right to use the Marks on and in connection with the Products, Materials and Services furnished in or in connection with the TSA (The Sports Authority) Stores: (a) any sporting goods retail outlet devoted to the sale of an assortment of sporting goods and equipment, footwear and apparel, and/or to provision of the Services; (b) the Sportsauthority.co.jp Site, and the E-Commerce Business operated in connection with the same; and (c) the TSA Ltd. Departments.	1.20%
4	8665	TDS Franchising, LLC; The Disney Store, LLC	The Disney Store (Canada) Ltd.; Hoop Holdings, LLC	Nov. 21, 2004	United States, Canada, Puerto Rico	Grants the right to use, reproduce, and display the Disney Properties in connection with operating The Disney Store retail stores in North America in compliance with the provided operations manual.	5.00%

	IQR
Maximum	5.00%
Upper Quartile	3.10%
Median	1.10%
Lower Quartile	1.00%
Minimum	1.00%
Observations	4

Based on the four agreements I identified, I note that the interquartile range of royalty rates spans from 1.00 percent to 3.10 percent.

I note that the first three agreements (which are lower than the fourth agreement) are primarily related to the license of trademark IP. By comparison, as I described above, the grant of IP from TBI to TCC is much broader in nature, and includes many other types of marketing intangibles and other IP, including certain patents. As a result, these three agreements may understate the arm's length royalty rate for the IP license from TBI to TCC.

3. Evaluation of Other Evidence

In addition to my use of the ktMINE database, I also conducted reviews of other information in order to further analyze the royalty rate for the IP license from TBI to TCC. Specifically, I conducted an additional search for other evidence of the royalty rates used for the valuation of similar IP as that licensed from TBI to TCC using the MARKABLES™ database ("**MARKABLES**" or "**MARKABLES database**"). This database contains over 7,000 trademark valuations that can be searched by the valuation reason (purchase price allocation, third-party license, transfer price), industry, geography, and keywords that appear in the agreement or its summary, among other search parameters. These valuations contain implied trademark royalty rates.[66]

A complete description of my search process using MARKABLES is provided in Appendix G. Using the search criteria described therein, I identified 40 potential trademark valuation results. These were then subjected to a detailed review of the IP being licensed, in order to assess its comparability to the IP licensed from TBI to TCC.

After this evaluation, I identified 13 results that I considered sufficiently comparable to the IP license from TBI to TCC. A summary of the 13 valuation results I identified, along with the implied royalty rates, is shown in Exhibit VIII-3 below.

Exhibit VIII-3: MARKABLES Trademark Observations Summary

#	Database ID	Brand name / Business	Main Activities	Country	Year	Implied Royalty Rate - low	Implied Royalty Rate -high
1	12483	The Forzani Group Ltd.	sporting goods retailer	CA	2011	1.51%	2.20%
2	14946	Barnes & Noble®	retail; bookstores	US	2009	0.38%	0.56%
3	15540	Dollar General Corp.	retail; discount retailer;	US	2007	1.14%	1.68%
4	16590	The May Department Stores Company	retail; department stores;	US	2005	0.07%	0.11%
5	16593	Marshall Field's department store group	retail; department stores;	US	2004	1.38%	2.02%
6	20241	Dollar General Corp.	retail; discount retailer;	US	2007	1.14%	1.68%
7	20367	Gordmans Holding Corp.	retail; off-price retailer; apparel and home fashion;	US	2008	0.04%	0.06%
8	20622	Restoration Hardware Inc.	retail; vertical; housewares and home furnishings; furniture, lighting, home textiles, bathware, décor, garden.	US	2008	0.61%	0.90%
9	20658	Sears, Roebuck & Co.	retail; multiline retailer; department stores; specialty stores;	US	2005	0.70%	1.03%
10	20736	Carson's retail department stores	retail; department stores;	US	2006	0.21%	0.31%
11	21162	Burlington Coat Factory Warehouse Corporation	retail; off-price fashion department stores;	US	2006	1.37%	2.01%
12	22023	99c Only Stores	retail; value retail; discount retail	US	2012	2.41%	3.55%
13	27636	Athlete's Foot Brands, LLC	franchisor; retailer; sports retailer;	US	2006	2.76%	2.76%

Combined IQR	
Maximum	3.55%
Upper Quartile	**2.01%**
Median	**1.14%**
Lower Quartile	**0.38%**
Minimum	0.04%
Observations	26

Each of the trademark valuations contained in MARKABLES gives rise to a range of implied royalty rates. Thus, the above sample of 13 valuations generates a total of 26 implied royalty rate observations. The full range of implied trademark royalty rates is from 0.04 percent to 3.55

66 The trademark valuations contained in the MARKABLES database involve a "relief from royalty method," which assumes a royalty rate that an owner of the trademark is relieved from paying. Estimates of these royalty rates can be inferred from the valuations, and the MARKABLES database develops these inferences.

percent. The interquartile range of royalty rates is from 0.38 percent to 2.01 percent, with a median of 1.14 percent.

4. Conclusion

I concluded that TCC expected to have the ability to pay a royalty rate of this amount, given its forecasted operating income. In addition, a royalty rate of 1.5 percent is within the range of observed arm's length royalty rates. Finally, other available evidence is consistent with the 1.5 percent royalty rate.

In light of the foregoing, I conclude that the 1.5 percent royalty rate is consistent with the arm's length standard.

Timothy A. Reichert
August 30, 2015

Appendix A
CURRICULUM VITAE: RELEVANT PUBLICATIONS AND EXPERIENCE

Timothy A. Reichert, Ph.D.

President, Economics Partners, LLC

Education

Ph.D., Economics, George Mason University

M.A., International Political Economics, Catholic University of America

B.A., Political Philosophy, Franciscan University

Academic Honors

Departmental Scholarship, George Mason University Department of Economics

Departmental Fellowship, The Catholic University of America

University Scholarship, Franciscan University

Graduated Cum Laude, Franciscan University

Recipient, Orestes Brownson Scholar Award, Franciscan University

Professional Experience

President and Founder, Economics Partners, LLC

Managing Director, Duff & Phelps, LLC

Vice President, Analysis Group

Partner, Ernst & Young, LLP

Teaching Experience

Johns Hopkins University, MBA Program. Mergers, Acquisitions, and Valuation, Spring 2000.

Published Papers

The Investor Model, World Finance, March, 2009.

Why Limited Risk Entities Should Earn Less Than The "Comparables" Earn: An Economically Accurate Approach To Profit Benchmarking For Limited Risk Entities Using Credit Default Swaps, Euromoney Corporate Tax Handbook, 2008.

Valuing An Intangible Asset For Purposes Of An Intercompany Transfer: How It Differs From Intangible Asset Valuation For Financial Statement Purposes, Transfer Pricing Insights, October, 2007.

Financial Statement Auditors and Transfer Pricing: A Practical Approach, Transfer Pricing Focus, Co-authored, Fall 2005.

A Comment on Resale Minus Pricing, Transfer Pricing Report, February 16, 2005.

Using Real Options to Transfer Price Research-Based Intangibles, Journal of International Taxation, May 2003.

Observational Equivalence and Marketing Intangibles: The Problem of the Section 482 "Cheese Example," Transfer Pricing Report, September 1997.

Policy Papers

What Is An Arm's Length Buy-in? An Economic Evaluation of the IRS' Investor Model and Coordinated Issue Paper, Policy paper written on behalf of the Silicon Valley Tax Director's Group, December, 2007.

Profitability Measures, Working Capital Intensity, and Return on Capital Employed: Implications for Transfer Pricing Policy, Policy Paper for the Australian Tax Office, April 30, 1999 (with Clark Chandler, Ph.D.).

Australia's "Factor F" Policy: Implications for Transfer Pricing and the Pharmaceutical Industry, Policy Paper for the Australian Tax Office, August 15, 1998 (with Clark Chandler, Ph.D.).

Working Papers

How to Define and Value Goodwill, Economics Partners White Paper 2013-3.

Capital Intensity and Margins: A Method for Analyzing Financial Comparability with Application to Distributors, Economics Partners White Paper 2013-2.

On the Use (and Misuse) of Market Multiples: The Distinction between Direct and Indirect Market Multiples and Why it Matters, Economics Partners White Paper 2013-1.

How to Accurately Price and Design Intercompany Debt, Economics Partners White Paper 2012-2.

The Cost of Capital When Discounting Residual Profit: A Case Study, Economics Partners White Paper 2012-1.

On the Meaning of Economic Life: An Overview and Proposed Method of Estimation, January 2011.

What is the Incremental Cost of Capital from Taking on a Royalty Obligation: Or, the Risk Accounts for the Licensor-Licensee Profit Split, October 2010.

Technology's Share of Operating Profit: What are the Implications of the Empirical Economics Literature?, June, 2010.

Do Markets Reward Excess Working Capital?, February 2010.

What is an Arm's Length Buy-in? An Economic Evaluation of the IRS' Investor Model and Coordinated Issue Paper, and a Proposal for Moving Forward, October, 2008.

The Licensor-Licensee Profit Split: A Microeconomic Analysis. Co-authored with Ian Gray, August, 2008.

Estimating the Required Rate of Return to Intangible Property Investments. Co-authored with Ian Gray, April 2007.

Creating CUPs: Using Experimental Economics and Laboratory Markets to Discover Arm's Length Prices, July 2005.

Invited Presentations

Post-acquisition Buy-ins, Tax Executives Institute / International Fiscal Association Conference, April 2014.

Decomposing the Income Method: A Methodology for Determining the Forecast-implied Goodwill Contained in the Income Method, University of San Diego Tax Conference, March 2014.

Intangibles: A Complex Evolution, International Fiscal Association Annual Meeting, San Francisco, CA, March 2014

A Quantitative Approach to CPMs, Economics Partners Tax Law and Economics Seminar Series, December 2013.

Intangible Assets – Definitions and Valuation, National Association of Business Economists, Transfer Pricing Conference, August 2013.

Intangible Assets and Goodwill, Bloomberg / Bureau of National Affairs / Baker & McKenzie Transfer Pricing Conference, June 2013

Discount Rates, National Association of Business Economists, Transfer Pricing Conference, August 2012.

The Realistically Available Alternatives Standard, Bloomberg / Bureau of National Affairs / Baker & McKenzie Transfer Pricing Conference, June 2012

The New Cost Sharing Regulations, Tax Executives Institute, International Transfer Pricing Seminar, April 20, 2007.

International Bureau Of Fiscal Documentation, Two day seminar on transfer pricing, April 2006.

Pharmaceutical Transfer Pricing: Profit Splitting and Marketing Intangibles, ATLAS Las Vegas Pharmaceutical Transfer Pricing Conference, March 2006.

Real Option Pricing and Intellectual Property, ATLAS International Tax Conference, Chicago, May 12, 2003.

Transfer Pricing – Planning and Compliance Considerations, International Tax Conference sponsored by Ernst & Young, Cleveland, March 19, 2003.

The Role of Economists in International Tax Planning, CITE International Tax Conference, New York, March 10, 2003.

Real Options and Pharmaceutical Transfer Pricing, ATLAS Life Sciences Conference, San Francisco, December 17, 2002.

Supply Chain Management and Transfer Pricing for the Retail Sector, Ernst & Young Client Conference, December 10, 2002.

Real Option Transactions and Pricing Methodologies, Internal Revenue Service Transfer Pricing Seminar, December 9, 2002.

Transfer Pricing For Intellectual Property - Update, Akron University International Tax Conference, October 14, 2002.

Transfer Pricing Trends – Issues and Opportunities, Cleveland Tax Club September 16, 2002.

Pricing Compounds As Options, Ernst & Young Health Sciences Conference, June 6, 2002.

Real Options and Pharmaceutical Transfer Pricing, ATLAS Life Sciences Conference, San Francisco, May 13, 2002.

Transfer Pricing in a New Era, Ernst & Young SALT Roundtable, July 18, 2001.

Intangible Property Valuation. Ernst & Young 2001 Manager / Senior Manager International Tax Update.

Valuation of Closely-held Firms and Non-Market Intangibles. Cray Center for Entrepreneurship and the Economy, Occasional Lecture, Benedictine College, February 19, 2000.

Input Markets and the Idea of the Just Price. Benedictine College Economics Department, February 18, 2000.

Valuation and Finance Principles Applied to Transfer Pricing. Internal Revenue Service and Treasury Department economists, September 11, 1997 (with Brian Becker, Ph.D.)

Publicly Filed Expert Reports

Ontario Superior Court of Justice (Commercial List), and United States Bankruptcy Court for the District of Delaware. In re: Nortel Networks, Inc., *et al.*, Chapter 11, Case No. 09-10138 (KG) (Jointly Administered). Expert Report of Timothy A. Reichert, dated January 24, 2014.

Ontario Superior Court of Justice (Commercial List), and United States Bankruptcy Court for the District of Delaware. In re: Nortel Networks, Inc., *et al.*, Chapter 11, Case No. 09-10138 (KG) (Jointly Administered). Rebuttal Report of Timothy A. Reichert, dated February 28, 2014.

United States Tax Court, Medtronic, Inc. and Consolidated Subsidiaries *v*. Commissioner of Internal Revenue, Docket No. 6944-11, Economic Analysis and Evaluation, Response to the Messrs. Lee, Berneman, and Kennelly, dated December 3, 2014.

Testimony Experience

Deposition Testimony, Ontario Superior Court of Justice (Commercial List), and United States Bankruptcy Court for the District of Delaware. In re: Nortel Networks, Inc., *et al.*, Chapter 11, Case No. 09-10138 (KG) (Jointly Administered).

Trial Testimony, Ontario Superior Court of Justice (Commercial List), and United States Bankruptcy Court for the District of Delaware. In re: Nortel Networks, Inc., *et al.*, Chapter 11, Case No. 09-10138 (KG) (Jointly Administered), Allocation Trial.

Trial Testimony, Ontario Superior Court of Justice (Commercial List), and United States Bankruptcy Court for the District of Delaware. In re: Nortel Networks, Inc., *et al.*, Chapter 11, Claims Trial.

Trial Testimony, Medtronic, Inc. and Consolidated Subsidiaries *v*. Commissioner of Internal Revenue, Docket No. 6944-11.

Appeals Testimony in Numerous Matters before IRS Appeals.

Appendix B
Materials Relied Upon

I. Internal Resources

	Document Title
1.	Target Corporation and Target Canada Co. Request for a Bilateral Advance Pricing Agreement between the Internal Revenue Service of the United States and the Canada Revenue Agency for the Taxation years ending February 1, 2014 through February 3, 2018, dated February 12, 2013 and submitted by Ernst & Young Canada and US (as representatives of Target Corporation and Target Canada Co.)
2.	Applicants' Motion Record (Motion for Approval of Lease Transaction Agreement), 27 February 2015 containing the following: • *Notice of Motion;* • *Affidavit of Mark J. Wong sworn February 27, 2015 (with Exhibit A (Lease Transaction Agreement (redacted)));* • *Affidavit of Timothy Pohl sworn February 27, 2015; and* • *Draft Order.*
3.	Third Report of the Monitor, 27 February 2015
4.	Initial Application Record (Volumes I and II), 15 January 2015 containing the following: • *Notice of Application;* • *Affidavit of Mark J. Wong sworn January 14, 2015;* • *Draft Initial Order; and* • *Blackline Comparison of Proposed Initial Order to Model Initial Order.*
5.	Target Canada Property LLC proof of claim against TCC filed July 31, 2015 and supporting materials filed with claim
6.	Nicollet Enterprise 1 S.a.r.l proof of claim against Target Canada Co. filed July 31, 2015 and supporting materials filed with claim
7.	Target Canada Property LP proof of claims against TCC and Target Canada Property LLC filed July 31, 2015 and supporting materials filed with claim
8.	Target Brands, Inc. proof of claim against TCC filed July 31, 2015 and supporting materials filed with claim
9.	Target Corporation proof of claims against TCC and Target Canada Property LLC filed July 31, 2015 and supporting materials filed with claim

	Document Title
10.	Target Corporation and Target Canada Service Charge Analysis and Report for the Fiscal Year ending January 28, 2012, prepared by PricewaterhouseCoopers LLP and issued on June 12, 2012
11.	Draft Summary of FY2012 Intercompany Charges in respect of Target Canada
12.	Draft Summary of FY2013 Intercompany Charges in respect of Target Canada
13.	January 2014 Transfer Pricing Support
14.	December 2014 Transfer Pricing Support
15.	January 2014 Contractor Services Summary
16.	Prop LLC Financial Statements prepared to assist EP's Review for fiscal years ended February 1, 2014 and January 31, 2015
17.	Prop LLC income statement forecast as of January 2013 prepared to assist EP's Review
18.	TCC income statement forecast as of January 2012 prepared to assist EP's Review
19.	December TM Positions and Pay Code Definitions
20.	SAP Canada Chart of Depreciation-Asset Classes.xls
21.	Shared Services Claim – Other Selections Support.xlsx
22.	January Fully-Dedicated Payroll Detail.xls
23.	OTH1 – Other Expense Selection – Doc 100038733.xlsx
24.	OTH2 – Other Expense Selection – Doc 100038733.xlsx
25.	Fourteenth Report of the Monitor, 3 June 2015
26.	TCC Financial Statements prepared to assist EP's Review for fiscal years ended January 28, 2012; February 2, 2013; February 1, 2014; and January 31, 2015

II. External Resources

A. Legislation and Regulations

1. Canadian Transfer Pricing Regulations

Income Tax Act (R.S.C., 1985, c.1 (5th Supp.), Part XVI.1 (Transfer Pricing), Subsection 247.

Canada Revenue Agency. "Information Circular 87-2R."

2. OECD Transfer Pricing Guidelines

OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations, July 2010.

3. United States Transfer Pricing Regulations

Internal Revenue Code of 1986, Title 26A, Chapter 1E, Part III, Section 482.

Treasury Regulation (Title 26, Code of Federal Regulations) §1.482.

B. Secondary Sources

1. Academic and Research References

Allen, Jason and T. Paligorova. 2011. Bank Loans for Private and Public Firms in a Credit Crunch. Bank of Canada Working Paper 2011-13.

Demiroglu, Cem and C. James. 2010. The Use of Bank Lines of Credit in Corporate Liquidity Management: A Review of Empirical Evidence. pp. 2-5.

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Target Corp. (November 2011). *United States Securities and Exchange Commission form 10-Q, Exhibit 10(O) – Five Year Credit Agreement dated as of October 14, 2011 among Target Corporation and the Banks Listed Herei*n. Retrieved from the Capital IQ™ database: https://www.capitaliq.com/home.aspx

2. **Databases**

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ktMINE. "Intangible Property Licensing Agreements" and "Service Agreements with Potential Severance Cost Information." Retrieved August 2015 from http://www.ktmine.com/

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Appendix C
Cost of Capital Analysis

In order to estimate the appropriate discount rate to use in my analysis of Claim Ref. No. 6.B., I calculated the unlevered equity cost of capital[1] for PropCo using the Capital Asset Pricing Model ("**CAPM**"). I performed this analysis as of July 29, 2013, which is the investment-weighted average date of the RPI investments made by PropCo.[2]

The sections that follow discuss the appropriate cost of capital estimate to use in this context, and provide a detailed description of the application of the CAPM.

A. Unlevered Cost of Equity Capital

The CAPM is the most widely accepted predictive model for estimating a company's required return on equity capital.[3]

The CAPM is a linear, additive, model. In applying the CAPM, the rate of return on equity capital is estimated, or predicted, by starting with the current risk-free rate of return appropriate for the asset(s) under review. The risk-free rate is then added the product of a market risk premium expected over the risk-free rate of return and the "beta" for the asset of interest.

The intuition behind the CAPM is simple. The CAPM says that the cost of capital for any asset (or, equivalently, for any cash flow) is equal to the risk free rate of return, plus a return that is equal to the price of risk (the market risk premium) times the quantity of risk (the beta coefficient). Thus, the CAPM can be thought of as saying that the required rate of return is equal to the risk free rate plus a term equal to Price x Quantity of risk.

Formally, the rate of return on equity capital using the CAPM is calculated as follows:

Equation C-1: $R^E = R^f + \left[\beta \times \left(R^M - R^f\right)\right] + R^S$,

where:

R^E = Rate of return on equity capital;

R^f = Risk-free rate of return;

[1] The unlevered cost of equity capital is equivalent to the pre-tax WACC. The use of the pre-tax WACC, or "asset WACC", in this context, and its equivalence to the unlevered cost of equity capital, are discussed below.

[2] As noted in my report, I recognize that both PropCo and PropLP made the RPI investment, and this discussion incorporates the RPI investments as a whole. I refer to "PropCo" in this discussion for both PropLP and PropCo. The vast majority of the RPI investments began yielding a return during February 2013 through September 2013.

[3] Investments, W.F. Sharpe, Prentice Hall: Englewood Cliffs, New Jersey (1985).

β = Beta for equity investment; and

$(R^M - R^f)$ = Market Risk Premium, or Equity Risk Premium ("**MRP**" or "**ERP**"), which is calculated as the expected return on a broad portfolio of stocks in the market (R^M) less the risk free rate (R^f).

R^S = Size Premium, if warranted.

The sections that follow discuss the risk-free rate, beta, ERP, and size premium.

(a) Risk-Free Rate

I have used a risk-free rate of 3.35 percent, which is the 20 Year US Treasury rate as of July 29, 2013.[4]

(b) Beta

Beta is a statistical measure of the volatility of the price of a specific stock relative to the movement of a general group. Generally, beta is considered to be indicative of the market's perception of the relative risk of the specific stock. Betas are published by a variety of financial databases, including Capital IQ, Yahoo! Finance, etc.

Given that the PropCo business was not a publicly-traded company as of July 29, 2013, I use a set of comparable companies to benchmark the beta for the PropCo business. Specifically, I use a set of publicly traded, retail-focused real estate investment trusts ("**Retail REITs**") to benchmark the beta for use in Claim Ref. No. 6.B. The search process used to identify these companies is provided in later in this appendix. The exhibit below presents the betas for the benchmark companies as of July 29, 2013.

[4] See http://www.federalreserve.gov/Releases/h15/data.htm

Exhibit C-1: Equity (Levered) Betas for Benchmark Companies[5]

#	Company Name	Beta	Source
1	Acadia Realty Trust	1.20	Capital IQ
2	Agree Realty Corp.	1.21	Capital IQ
3	Alexander's Inc.	1.38	Capital IQ
4	CBL & Associates Properties Inc.	3.40	Capital IQ
5	Cedar Realty Trust, Inc.	1.97	Capital IQ
6	Crombie Real Estate Investment Trust	0.77	Capital IQ
7	DDR Corp.	2.60	Capital IQ
8	Equity One Inc.	1.18	Capital IQ
9	Federal Realty Investment Trust	1.00	Capital IQ
10	General Growth Properties, Inc	3.53	Capital IQ
11	Getty Realty Corp.	0.91	Capital IQ
12	Glimcher Realty Trust	2.40	Capital IQ
13	HMG/Courtland Properties Inc.	0.93	Capital IQ
14	Horizon Group Properties Inc.	0.00	Capital IQ
15	Inland Real Estate Corp.	1.01	Capital IQ
16	Kimco Realty Corporation	1.87	Capital IQ
17	Kite Realty Group Trust	1.74	Capital IQ
18	National Retail Properties, Inc.	0.84	Capital IQ
19	OneREIT	1.53	Capital IQ
20	Palmetto Real Estate Trust	0.21	Capital IQ
21	Partners Real Estate Investment Trust	0.92	Capital IQ
22	Pennsylvania Real Estate Investment Trust	2.94	Capital IQ
23	Plaza Retail REIT	0.56	Capital IQ
24	Ramco-Gershenson Properties Trust	1.93	Capital IQ
25	Realty Income Corporation	0.75	Capital IQ
26	Regency Centers Corporation	1.49	Capital IQ
27	Retail Opportunity Investments Corp.	0.13	Capital IQ
28	Riocan Real Estate Investment Trust	0.60	Capital IQ
29	Saul Centers Inc.	0.92	Capital IQ
30	Simon Property Group Inc.	1.50	Capital IQ
31	Smart Real Estate Investment Trust	0.98	Capital IQ
32	Tanger Factory Outlet Centers Inc.	0.64	Capital IQ
33	Taubman Centers, Inc.	1.65	Capital IQ
34	The Macerich Company	2.50	Capital IQ
35	Urstadt Biddle Properties Inc.	0.68	Capital IQ
36	Weingarten Realty Investors	1.78	Capital IQ

The observed beta coefficients measure the quantity of risk inherent in the equity of an entire firm. These equity (or levered) betas are measuring the combined effect of financial leverage, operating leverage, and the firm's holdings of non-operating zero risk assets such as cash. It is therefore important to ensure that adjustments are made for differences in these items, as between the firm or cash flow stream being examined and the comparables (benchmarks) that are used to estimate beta.

The finance literature proposes several methods for determining the unlevered beta. The most commonly employed adjustments are embodied in the Hamada equation. The Hamada

[5] Betas obtained from Capital IQ as of the July 29, 2013. I have used the five-year beta reported by Capital IQ.

equation assumes an expected constant level of debt over time and that the beta coefficient of debt is zero.

The Hamada equation for the unlevered beta is as follows:

Equation C-2: $B_u = \frac{B_L}{(1+(1-t)\left(\frac{W_d}{W_e}\right))}$

where:

B_u	=	Beta unlevered;
B_L	=	Beta levered;
t	=	Company tax rate;
W_d	=	Debt percent of capital structure; and
W_e	=	Equity percent of capital structure.

The exhibit below summarizes the calculation of the unlevered beta for each of the Retail REITs using the Hamada equation.

Exhibit C-2: Betas for Benchmark Companies Adjusted for Debt Leverage

#	Company Name	Unadjusted Beta A	Market Value of Equity B	Market Value of Debt C	Effective Tax Rate D	Hamada Unlevered Beta E
1	Acadia Realty Trust	1.20	732.4	1,708.0	35.0%	0.94
2	Agree Realty Corp.	1.21	162.2	309.1	0.0%	0.80
3	Alexander's Inc.	1.38	1,065.9	1,427.8	0.1%	0.79
4	CBL & Associates Properties Inc.	3.40	4,751.5	3,907.9	0.7%	1.54
5	Cedar Realty Trust, Inc.	1.97	926.5	360.3	0.0%	0.55
6	Crombie Real Estate Investment Trust	0.77	1,185.9	1,104.7	0.3%	0.37
7	DDR Corp.	2.60	4,741.2	5,024.3	3.2%	1.36
8	Equity One Inc.	1.18	1,606.4	2,772.4	35.0%	0.86
9	Federal Realty Investment Trust	1.00	2,231.0	6,510.2	0.0%	0.75
10	General Growth Properties, Inc	3.53	16,186.4	18,603.3	35.0%	2.25
11	Getty Realty Corp.	0.91	172.3	630.9	0.0%	0.71
12	Glimcher Realty Trust	2.40	1,774.5	1,528.0	0.0%	1.11
13	HMG/Courtland Properties Inc.	0.93	13.0	17.0	35.0%	0.62
14	Horizon Group Properties Inc.	0.00	131.1	12.2	0.0%	0.00
15	Inland Real Estate Corp.	1.01	865.7	822.1	35.0%	0.60
16	Kimco Realty Corporation	1.87	4,195.4	8,471.0	7.9%	1.28
17	Kite Realty Group Trust	1.74	808.3	465.2	35.0%	0.82
18	National Retail Properties, Inc.	0.84	1,874.5	3,719.4	35.0%	0.63
19	OneREIT	1.53	440.1	241.7	0.0%	0.54
20	Palmetto Real Estate Trust	0.21	9.2	10.9	1.2%	0.12
21	Partners Real Estate Investment Trust	0.92	294.4	132.1	0.0%	0.29
22	Pennsylvania Real Estate Investment Trust	2.94	1,909.9	1,058.3	0.0%	1.05
23	Plaza Retail REIT	0.56	287.8	259.7	23.2%	0.30
24	Ramco-Gershenson Properties Trust	1.93	652.9	750.7	35.0%	1.23
25	Realty Income Corporation	0.75	3,496.7	7,060.4	0.7%	0.50
26	Regency Centers Corporation	1.49	2,267.0	4,307.4	21.6%	1.06
27	Retail Opportunity Investments Corp.	0.13	409.7	739.5	0.0%	0.09
28	Riocan Real Estate Investment Trust	0.60	6,018.0	6,902.2	0.0%	0.32
29	Saul Centers Inc.	0.92	1,013.0	893.6	0.0%	0.43
30	Simon Property Group Inc.	1.50	23,159.2	45,464.2	1.0%	0.99
31	Smart Real Estate Investment Trust	0.98	2,646.5	3,589.7	35.0%	0.66
32	Tanger Factory Outlet Centers Inc.	0.64	1,093.5	3,018.5	0.0%	0.47
33	Taubman Centers, Inc.	1.65	2,963.9	4,268.8	3.1%	0.98
34	The Macerich Company	2.50	5,261.4	8,251.5	35.0%	1.76
35	Urstadt Biddle Properties Inc.	0.68	425.5	585.1	0.0%	0.39
36	Weingarten Realty Investors	1.78	2,204.8	3,660.0	35.0%	1.28

Notes:

(1) E = A/[1+(B/C)*(1-D)]

(c) Equity Risk Premium

Quantification of the general market risk premium has been the subject of much research by security analysts. Since the expectations of the average investor are not directly observable, the ERP must be inferred using one of several methods. Many practitioners use historical data to estimate the ERP, under the view that the past behavior of the equity risk premium provides a reasonable indicator of how the ERP will behave going forward. However, finance theorists and practitioners recognize that the ERP is, by its very nature, a forward-looking concept.[6] With the objective of estimating a forward-looking premium in mind, financial economists and practitioners have developed models for deriving implied forward-looking estimates based on stock market data. The forward-looking ERP can be estimated at a point in time to determine the *implied* expected return for the stock market.

One approach to calculating a forward-looking equity risk premium uses a dividend discount model ("**DDM**") to solve for the required return on equity. The DDM calculates the value of equity as the present value of expected dividends from an investment. Aswath Damodaran, a well-known valuation expert and professor of finance at New York University, developed a more general model based on the DDM to calculate implied ERP. His model considers not only dividends but total expected cash flow to equity by including dividends and stock buybacks.

Professor Damodaran calculates and publishes the forward-looking ERP on a monthly basis. As of July 29, 2013, this premium was calculated to be 4.96 percent.[7] For purposes of evaluating Claim Ref. No. 6.B., I round Professor Damodaran's ERP to 5.00 percent.

B. Discount Rate Calculation

The final step in my analysis is to calculate the unlevered equity cost of capital for the Retail REITs under the CAPM using the parameters discussed in the preceding sections. These calculations are presented in the exhibit below.

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[6] Pratt, Shannon, and Grabowski, Roger, Cost of Capital: Applications and Examples, 3rd Edition, John Wiley and Sons, 2008, p. 93.

[7] Refer to http://pages.stern.nyu.edu/~adamodar/.

Exhibit C-3: Estimated Discount Rate of Retail REITs as of July 29, 2013

#	Company Name	Risk-Free Rate	Equity Risk Premium	Asset Beta	Cost of Equity Capital
		A	B	C	D = A + (B * C)
1	Acadia Realty Trust	3.35%	5.00%	0.94	8.03%
2	Agree Realty Corp.	3.35%	5.00%	0.80	7.33%
3	Alexander's Inc.	3.35%	5.00%	0.79	7.30%
4	CBL & Associates Properties Inc.	3.35%	5.00%	1.54	11.05%
5	Cedar Realty Trust, Inc.	3.35%	5.00%	0.55	6.11%
6	Crombie Real Estate Investment Trust	3.35%	5.00%	0.37	5.21%
7	DDR Corp.	3.35%	5.00%	1.36	10.14%
8	Equity One Inc.	3.35%	5.00%	0.86	7.64%
9	Federal Realty Investment Trust	3.35%	5.00%	0.75	7.09%
10	General Growth Properties, Inc	3.35%	5.00%	2.25	14.62%
11	Getty Realty Corp.	3.35%	5.00%	0.71	6.92%
12	Glimcher Realty Trust	3.35%	5.00%	1.11	8.90%
13	HMG/Courtland Properties Inc.	3.35%	5.00%	0.62	6.44%
14	Horizon Group Properties Inc.	3.35%	5.00%	0.00	3.35%
15	Inland Real Estate Corp.	3.35%	5.00%	0.60	6.36%
16	Kimco Realty Corporation	3.35%	5.00%	1.28	9.76%
17	Kite Realty Group Trust	3.35%	5.00%	0.82	7.43%
18	National Retail Properties, Inc.	3.35%	5.00%	0.63	6.50%
19	OneREIT	3.35%	5.00%	0.54	6.06%
20	Palmetto Real Estate Trust	3.35%	5.00%	0.12	3.93%
21	Partners Real Estate Investment Trust	3.35%	5.00%	0.29	4.78%
22	Pennsylvania Real Estate Investment Trust	3.35%	5.00%	1.05	8.59%
23	Plaza Retail REIT	3.35%	5.00%	0.30	4.86%
24	Ramco-Gershenson Properties Trust	3.35%	5.00%	1.23	9.50%
25	Realty Income Corporation	3.35%	5.00%	0.50	5.86%
26	Regency Centers Corporation	3.35%	5.00%	1.06	8.64%
27	Retail Opportunity Investments Corp.	3.35%	5.00%	0.09	3.78%
28	Riocan Real Estate Investment Trust	3.35%	5.00%	0.32	4.95%
29	Saul Centers Inc.	3.35%	5.00%	0.43	5.50%
30	Simon Property Group Inc.	3.35%	5.00%	0.99	8.32%
31	Smart Real Estate Investment Trust	3.35%	5.00%	0.66	6.67%
32	Tanger Factory Outlet Centers Inc.	3.35%	5.00%	0.47	5.68%
33	Taubman Centers, Inc.	3.35%	5.00%	0.98	8.27%
34	The Macerich Company	3.35%	5.00%	1.76	12.17%
35	Urstadt Biddle Properties Inc.	3.35%	5.00%	0.39	5.32%
36	Weingarten Realty Investors	3.35%	5.00%	1.28	9.74%
				Maximum	14.62%
				Upper Quarile	8.63%
				Median	7.00%
				Lower Quartile	5.54%
				Minimum	3.35%

As is shown in the exhibit above, the interquartile range of cost of equity capital estimates for the Retail REITs extends from 5.54 percent to 8.63 percent, with a median of 7.00 percent.

C. Search Process for Retail REITs

In order to estimate the cost of equity capital for PropCo, I conducted a search for publicly traded, retail-focused REITs with sufficient financial information necessary to compute the cost of equity capital used in Exhibit C-3 above as of July 29, 2013. The subsections that follow describe the search process used to arrive at the set of Retail REITs used above.

1. Database Used

I used the Capital IQ database to perform this search. Capital IQ is a web- and Excel-based research platform developed and maintained by Standard & Poor's ("**S&P's")**, with data on over 88,000 companies worldwide, pulled directly from public filings. Screens can be conducted using over 400 qualitative items and 900 quantitative items.

2. Industry Classifications

In order to identify companies that are sufficiently comparable to PropCo, I applied a screen in Capital IQ to identify companies that are classified as "Retail REITs" in the Global Industry Classification Standard ("**GICS**") industry. This screen resulted in 247 potential companies for the analysis.

3. Geographic Location

An important consideration in determining the cost of equity capital is the geographic location of the company. I control effect of geographic location on the cost of equity capital by limiting the set of companies included in the analysis to companies located in the US and Canada. This filter resulted in 126 potential companies.

4. Company Type

I applied a filter to include only public investment firms. The addition of this screen resulted in 63 potential companies.

5. Sufficient Financial Information and Qualitative Review

Finally, I evaluated each of the 63 potential companies to verify that these companies: (1) reported sufficient financial information to compute the cost of equity capital, and (2) were sufficiently comparable in functions performed to PropCo. As a result of this review, I eliminated 26 companies for lacking sufficient financial information, and 1 company for performing operations unrelated to that of PropCo. These screens resulted in 36 companies for use in evaluating the cost of equity capital as of July 29, 2013.

A matrix summarizing the companies rejected in this step, and the companies used in the cost of equity capital analysis is provided below.

Exhibit C-4: Accept – Reject Matrix for Retail REITs

#	Company Name	Accept / Reject	Reason for Rejection
1	Acadia Realty Trust	Accept	
2	Agree Realty Corp.	Accept	
3	Alexander's Inc.	Accept	
4	CBL & Associates Properties Inc.	Accept	
5	Cedar Realty Trust, Inc.	Accept	
6	Crombie Real Estate Investment Trust	Accept	
7	DDR Corp.	Accept	
8	Equity One Inc.	Accept	
9	Federal Realty Investment Trust	Accept	
10	General Growth Properties, Inc	Accept	
11	Getty Realty Corp.	Accept	
12	Glimcher Realty Trust	Accept	
13	HMG/Courtland Properties Inc.	Accept	
14	Horizon Group Properties Inc.	Accept	
15	Inland Real Estate Corp.	Accept	
16	Kimco Realty Corporation	Accept	
17	Kite Realty Group Trust	Accept	
18	National Retail Properties, Inc.	Accept	
19	OneREIT	Accept	
20	Palmetto Real Estate Trust	Accept	
21	Partners Real Estate Investment Trust	Accept	
22	Pennsylvania Real Estate Investment Trust	Accept	
23	Plaza Retail REIT	Accept	
24	Ramco-Gershenson Properties Trust	Accept	
25	Realty Income Corporation	Accept	
26	Regency Centers Corporation	Accept	
27	Retail Opportunity Investments Corp.	Accept	
28	Riocan Real Estate Investment Trust	Accept	
29	Saul Centers Inc.	Accept	
30	Simon Property Group Inc.	Accept	
31	Smart Real Estate Investment Trust	Accept	
32	Tanger Factory Outlet Centers Inc.	Accept	
33	Taubman Centers, Inc.	Accept	
34	The Macerich Company	Accept	
35	Urstadt Biddle Properties Inc.	Accept	
36	Weingarten Realty Investors	Accept	
37	ACRE Realty Investors Inc.	Reject	Unrelated operations
38	Arbor Property Trust	Reject	Insufficient Financial Information
39	Bradley Real Estate, Inc.	Reject	Insufficient Financial Information

#	Company Name	Accept / Reject	Reason for Rejection
40	Brixmor Property Group Inc.	Reject	Insufficient Financial Information
41	BSRT Liquidating Trust	Reject	Insufficient Financial Information
42	Captec Net Lease Realty	Reject	Insufficient Financial Information
43	Choice Properties Real Estate Investment Trust	Reject	Insufficient Financial Information
44	Cole Credit Property Trust IV, Inc.	Reject	Insufficient Financial Information
45	CT Real Estate Investment Trust (REIT)	Reject	Insufficient Financial Information
46	Excel Realty Trust Inc.	Reject	Insufficient Financial Information
47	Feldman Mall Properties, Inc.	Reject	Insufficient Financial Information
48	Horizon Group, Inc.	Reject	Insufficient Financial Information
49	InvenTrust Properties Corp.	Reject	Insufficient Financial Information
50	Mark Centers Trust	Reject	Insufficient Financial Information
51	McArthur/Glen Realty Corp.	Reject	Insufficient Financial Information
52	Mid-America Realty Investment Inc.	Reject	Insufficient Financial Information
53	Mid-Atlantic Realty Trust	Reject	Insufficient Financial Information
54	Pan Pacific Retail Properties Inc.	Reject	Insufficient Financial Information
55	Price REIT, Inc.	Reject	Insufficient Financial Information
56	Retail Properties of America, Inc.	Reject	Insufficient Financial Information
57	Rouse Properties, Inc.	Reject	Insufficient Financial Information
58	Seritage Growth Properties	Reject	Insufficient Financial Information
59	Tucker Properties Corp.	Reject	Insufficient Financial Information
60	Urban Edge Properties	Reject	Insufficient Financial Information
61	Wetterau Properties	Reject	Insufficient Financial Information
62	Wheeler Real Estate Investment Trust, Inc.	Reject	Insufficient Financial Information
63	WP GLIMCHER Inc.	Reject	Insufficient Financial Information

Appendix D
Termination Payment Calculation

Using Lower Quartile Cost of Capital

T#	Leaseback Effective Date	RPI Investment	Investment Markup	Annual Markup Rent	Monthly Markup Rent	Months of Rent Paid to Date	Annual Discount Rate	PV of Rent Payments Made	Termination Payment
T3505	1/29/2015	6,076,133	12.50%	759,517	63,293	1	5.54%	56,715	6,043,830
T3507	5/22/2013	10,357,032	12.50%	1,294,629	107,886	21	5.54%	2,199,964	8,983,781
T3508	3/19/2013	8,065,178	12.50%	1,008,147	84,012	24	5.54%	1,874,317	6,884,028
T3509	3/19/2013	6,720,417	12.50%	840,052	70,004	24	5.54%	1,561,800	5,736,208
T3510	2/5/2013	10,447,459	12.50%	1,305,932	108,828	25	5.54%	2,563,849	8,821,672
T3511	7/23/2013	7,564,920	12.50%	945,615	78,801	19	5.54%	1,459,009	6,662,531
T3512	5/22/2013	13,491,128	12.50%	1,686,391	140,533	21	5.54%	2,865,686	11,702,323
T3516	9/17/2013	11,489,281	12.50%	1,436,160	119,680	18	5.54%	2,011,182	10,255,678
T3519	5/22/2013	8,127,343	12.50%	1,015,918	84,660	21	5.54%	1,726,350	7,049,729
T3522	7/23/2013	8,335,860	12.50%	1,041,982	86,832	19	5.54%	1,607,697	7,341,509
T3524	5/22/2013	8,387,928	12.50%	1,048,491	87,374	21	5.54%	1,781,702	7,275,762
T3530	9/17/2013	10,816,008	12.50%	1,352,001	112,667	18	5.54%	1,893,327	9,654,694
T3533	5/22/2013	9,215,169	12.50%	1,151,896	95,991	21	5.54%	1,957,418	7,993,319
T3538	4/9/2013	9,169,654	12.50%	1,146,207	95,517	23	5.54%	2,071,065	7,868,582
T3547	7/23/2013	11,886,839	12.50%	1,485,855	123,821	19	5.54%	2,292,557	10,468,906
T3548	1/23/2014	21,934,298	12.50%	2,741,787	228,482	13	5.54%	2,933,595	20,168,792
T3550	9/17/2013	8,098,499	12.50%	1,012,312	84,359	18	5.54%	1,417,631	7,228,964
T3552	9/17/2013	13,219,977	12.50%	1,652,497	137,708	18	5.54%	2,314,138	11,800,549

T#	Leaseback Effective Date	RPI Investment	Investment Markup	Annual Markup Rent	Monthly Markup Rent	Months of Rent Paid to Date	Annual Discount Rate	PV of Rent Payments Made	Termination Payment
T3557	3/19/2013	7,912,288	12.50%	989,036	82,420	24	5.54%	1,838,786	6,753,529
T3559	5/22/2013	13,360,699	12.50%	1,670,087	139,174	21	5.54%	2,837,981	11,589,189
T3560	2/5/2013	7,807,058	12.50%	975,882	81,324	25	5.54%	1,915,884	6,592,158
T3561	1/23/2014	25,664,075	12.50%	3,208,009	267,334	13	5.54%	3,432,433	23,598,356
T3564	4/9/2013	9,592,603	12.50%	1,199,075	99,923	23	5.54%	2,166,593	8,231,519
T3565	2/5/2013	7,345,175	12.50%	918,147	76,512	25	5.54%	1,802,536	6,202,152
T3566	9/17/2013	6,766,571	12.50%	845,821	70,485	18	5.54%	1,184,479	6,040,045
T3572	2/5/2013	7,235,710	12.50%	904,464	75,372	25	5.54%	1,775,673	6,109,721
T3574	3/19/2013	10,453,453	12.50%	1,306,682	108,890	24	5.54%	2,429,343	8,922,538
T3575	9/17/2013	11,219,519	12.50%	1,402,440	116,870	18	5.54%	1,963,961	10,014,880
T3576	7/23/2013	8,916,387	12.50%	1,114,548	92,879	19	5.54%	1,719,660	7,852,787
T3577	5/22/2013	13,954,262	12.50%	1,744,283	145,357	21	5.54%	2,964,061	12,104,050
T3586	9/17/2013	16,120,861	12.50%	2,015,108	167,926	18	5.54%	2,821,934	14,389,966
T3590	9/17/2013	13,877,487	12.50%	1,734,686	144,557	18	5.54%	2,429,234	12,387,463
T3591	5/22/2013	12,160,010	12.50%	1,520,001	126,667	21	5.54%	2,582,939	10,547,700
T3592	7/23/2013	7,367,098	12.50%	920,887	76,741	19	5.54%	1,420,856	6,488,306
T3595	9/17/2013	17,365,738	12.50%	2,170,717	180,893	18	5.54%	3,039,848	15,501,181
T3608	2/5/2013	7,390,844	12.50%	923,856	76,988	25	5.54%	1,813,743	6,240,714
T3609	2/5/2013	10,176,908	12.50%	1,272,113	106,009	25	5.54%	2,497,455	8,593,223
T3610	9/17/2013	16,917,020	12.50%	2,114,628	176,219	18	5.54%	2,961,300	15,100,642
T3613	7/23/2013	8,625,951	12.50%	1,078,244	89,854	19	5.54%	1,663,645	7,596,996
T3614	5/22/2013	11,599,411	12.50%	1,449,926	120,827	21	5.54%	2,463,861	10,061,432
T3615	3/19/2013	9,599,728	12.50%	1,199,966	99,997	24	5.54%	2,230,941	8,193,842
T3616	3/19/2013	7,178,092	12.50%	897,262	74,772	24	5.54%	1,668,162	6,126,856

T#	Leaseback Effective Date	RPI Investment	Investment Markup	Annual Markup Rent	Monthly Markup Rent	Months of Rent Paid to Date	Annual Discount Rate	PV of Rent Payments Made	Termination Payment
T3617	9/17/2013	15,267,229	12.50%	1,908,404	159,034	18	5.54%	2,672,507	13,627,988
T3623	5/22/2013	19,568,715	12.50%	2,446,089	203,841	21	5.54%	4,156,642	16,974,076
T3624	3/19/2013	10,906,761	12.50%	1,363,345	113,612	24	5.54%	2,534,690	9,309,459
T3628	9/17/2013	13,337,988	12.50%	1,667,248	138,937	18	5.54%	2,334,796	11,905,889
T3630	5/22/2013	9,014,737	12.50%	1,126,842	93,904	21	5.54%	1,914,844	7,819,463
T3634	7/23/2013	10,510,883	12.50%	1,313,860	109,488	19	5.54%	2,027,183	9,257,082
T3636	2/5/2013	16,353,356	12.50%	2,044,169	170,347	25	5.54%	4,013,181	13,808,519
T3637	9/17/2013	8,220,500	12.50%	1,027,562	85,630	18	5.54%	1,438,987	7,337,866
T3639	2/5/2013	8,855,220	12.50%	1,106,902	92,242	25	5.54%	2,173,107	7,477,210
T3642	5/22/2013	6,830,417	12.50%	853,802	71,150	21	5.54%	1,450,867	5,924,764
T3644	3/19/2013	11,041,089	12.50%	1,380,136	115,011	24	5.54%	2,565,908	9,424,115
T3645	5/22/2013	8,862,040	12.50%	1,107,755	92,313	21	5.54%	1,882,409	7,687,012
T3646	6/12/2014	15,103,125	12.50%	1,887,891	157,324	9	5.54%	1,323,464	14,323,020
T3647	7/23/2013	14,550,155	12.50%	1,818,769	151,564	19	5.54%	2,806,218	12,814,526
T3648	3/19/2013	19,105,034	12.50%	2,388,129	199,011	24	5.54%	4,439,938	16,307,089
T3650	9/17/2013	11,070,060	12.50%	1,383,757	115,313	18	5.54%	1,937,798	9,881,469
T3652	7/23/2013	7,971,206	12.50%	996,401	83,033	19	5.54%	1,537,368	7,020,353
T3655	9/17/2013	10,705,282	12.50%	1,338,160	111,513	18	5.54%	1,873,944	9,555,857
T3657	9/27/2013	7,914,162	12.50%	989,270	82,439	17	5.54%	1,360,056	7,081,180
T3658	8/28/2014	11,292,539	12.50%	1,411,567	117,631	6	5.54%	698,314	10,885,603
T3663	9/17/2013	13,321,715	12.50%	1,665,214	138,768	18	5.54%	2,331,947	11,891,364
T3665	3/5/2013	9,066,692	12.50%	1,133,336	94,445	24	5.54%	2,146,462	7,711,226
T3666	9/17/2013	15,318,791	12.50%	1,914,849	159,571	18	5.54%	2,681,533	13,674,014
T3668	2/5/2013	10,973,240	12.50%	1,371,655	114,305	25	5.54%	2,692,878	9,265,633

T#	Leaseback Effective Date	RPI Investment	Investment Markup	Annual Markup Rent	Monthly Markup Rent	Months of Rent Paid to Date	Annual Discount Rate	PV of Rent Payments Made	Termination Payment
T3669	8/28/2014	22,199,925	12.50%	2,774,991	231,249	6	5.54%	1,372,811	21,399,932
T3670	5/22/2013	8,175,432	12.50%	1,021,929	85,161	21	5.54%	1,736,565	7,091,442
T3671	5/22/2013	11,357,747	12.50%	1,419,718	118,310	21	5.54%	2,412,529	9,851,810
T3672	9/17/2013	12,673,296	12.50%	1,584,162	132,013	18	5.54%	2,218,442	11,312,565
T3677	9/17/2013	13,179,078	12.50%	1,647,385	137,282	18	5.54%	2,306,979	11,764,042
T3682	3/19/2013	10,193,878	12.50%	1,274,235	106,186	24	5.54%	2,369,019	8,700,978
T3688	3/19/2013	8,164,777	12.50%	1,020,597	85,050	24	5.54%	1,897,463	6,969,040
T3690	3/19/2013	7,514,173	12.50%	939,272	78,273	24	5.54%	1,746,266	6,413,718
T3693	7/23/2013	7,339,896	12.50%	917,487	76,457	19	5.54%	1,415,610	6,464,350
T3694	3/19/2013	14,775,209	12.50%	1,846,901	153,908	24	5.54%	3,433,703	12,611,370
T3695	7/23/2013	6,781,473	12.50%	847,684	70,640	19	5.54%	1,307,910	5,972,539
T3696	9/17/2013	12,556,872	12.50%	1,569,609	130,801	18	5.54%	2,198,063	11,208,642
T3697	7/23/2013	11,529,759	12.50%	1,441,220	120,102	19	5.54%	2,223,689	10,154,421
T3698	5/22/2013	10,618,021	12.50%	1,327,253	110,604	21	5.54%	2,255,402	9,210,165
T3699	9/17/2013	9,581,930	12.50%	1,197,741	99,812	18	5.54%	1,677,303	8,553,119
T3702	9/17/2013	12,593,603	12.50%	1,574,200	131,183	18	5.54%	2,204,492	11,241,429
T3704	9/17/2013	11,259,475	12.50%	1,407,434	117,286	18	5.54%	1,970,955	10,050,547
T3705	7/23/2013	9,317,988	12.50%	1,164,749	97,062	19	5.54%	1,797,115	8,206,483
T3706	2/5/2013	9,336,648	12.50%	1,167,081	97,257	25	5.54%	2,291,252	7,883,720
T3708	2/5/2013	6,903,036	12.50%	862,879	71,907	25	5.54%	1,694,033	5,828,816
T3709	7/23/2013	9,629,118	12.50%	1,203,640	100,303	19	5.54%	1,857,121	8,480,499
T3710	3/19/2013	8,163,983	12.50%	1,020,498	85,041	24	5.54%	1,897,279	6,968,363
T3713	9/17/2013	16,598,489	12.50%	2,074,811	172,901	18	5.54%	2,905,542	14,816,311
T3714	3/19/2013	14,821,570	12.50%	1,852,696	154,391	24	5.54%	3,444,477	12,650,942

T#	Leaseback Effective Date	RPI Investment	Investment Markup	Annual Markup Rent	Monthly Markup Rent	Months of Rent Paid to Date	Annual Discount Rate	PV of Rent Payments Made	Termination Payment
T3715	2/5/2013	8,225,301	12.50%	1,028,163	85,680	25	5.54%	2,018,523	6,945,317
T3717	9/17/2013	16,695,601	12.50%	2,086,950	173,913	18	5.54%	2,922,541	14,902,996
T3718	7/23/2013	10,069,458	12.50%	1,258,682	104,890	19	5.54%	1,942,048	8,868,313
T3719	3/19/2013	9,607,923	12.50%	1,200,990	100,083	24	5.54%	2,232,845	8,200,836
T3725	7/23/2013	14,062,682	12.50%	1,757,835	146,486	19	5.54%	2,712,201	12,385,202
T3728	5/22/2013	11,011,972	12.50%	1,376,497	114,708	21	5.54%	2,339,082	9,551,882
T3729	2/5/2013	12,109,318	12.50%	1,513,665	126,139	25	5.54%	2,971,676	10,224,920
T3730	9/17/2013	19,192,448	12.50%	2,399,056	199,921	18	5.54%	3,359,611	17,131,757
T3731	7/23/2013	6,948,038	12.50%	868,505	72,375	19	5.54%	1,340,034	6,119,235
T3732	9/17/2013	13,475,821	12.50%	1,684,478	140,373	18	5.54%	2,358,923	12,028,924
T3737	3/19/2013	10,292,219	12.50%	1,286,527	107,211	24	5.54%	2,391,873	8,784,917
T3738	2/5/2013	10,136,967	12.50%	1,267,121	105,593	25	5.54%	2,487,653	8,559,497
T3739	9/17/2013	9,979,571	12.50%	1,247,446	103,954	18	5.54%	1,746,910	8,908,066
T3742	2/5/2013	12,174,257	12.50%	1,521,782	126,815	25	5.54%	2,987,613	10,279,753
T3743	7/23/2013	7,999,174	12.50%	999,897	83,325	19	5.54%	1,542,762	7,044,985
T3746	7/23/2013	9,197,000	12.50%	1,149,625	95,802	19	5.54%	1,773,781	8,099,927
T3747	9/17/2013	9,392,861	12.50%	1,174,108	97,842	18	5.54%	1,644,207	8,384,351
T3749	2/5/2013	8,406,587	12.50%	1,050,823	87,569	25	5.54%	2,063,011	7,098,391
T3751	2/5/2013	6,880,293	12.50%	860,037	71,670	25	5.54%	1,688,452	5,809,613
T3753	2/5/2013	6,742,673	12.50%	842,834	70,236	25	5.54%	1,654,680	5,693,408
T3754	5/22/2013	10,396,696	12.50%	1,299,587	108,299	21	5.54%	2,208,389	9,018,186
T3755	7/23/2013	10,797,001	12.50%	1,349,625	112,469	19	5.54%	2,082,365	9,509,071
T3757	9/17/2013	10,934,499	12.50%	1,366,812	113,901	18	5.54%	1,914,069	9,760,464
T3759	2/5/2013	7,144,753	12.50%	893,094	74,425	25	5.54%	1,753,352	6,032,918

T#	Leaseback Effective Date	RPI Investment	Investment Markup	Annual Markup Rent	Monthly Markup Rent	Months of Rent Paid to Date	Annual Discount Rate	PV of Rent Payments Made	Termination Payment
T3760	3/19/2013	11,618,440	12.50%	1,452,305	121,025	24	5.54%	2,700,082	9,916,912
T3761	2/5/2013	7,069,904	12.50%	883,738	73,645	25	5.54%	1,734,983	5,969,717
T3762	2/5/2013	6,953,531	12.50%	869,191	72,433	25	5.54%	1,706,425	5,871,453
T3763	3/19/2013	11,306,705	12.50%	1,413,338	117,778	24	5.54%	2,627,636	9,650,831
T3764	7/23/2013	9,612,498	12.50%	1,201,562	100,130	19	5.54%	1,853,916	8,465,862
T3765	7/23/2013	7,053,476	12.50%	881,685	73,474	19	5.54%	1,360,370	6,212,096
T3766	5/22/2013	11,138,930	12.50%	1,392,366	116,031	21	5.54%	2,366,049	9,662,006
T3767	2/5/2013	7,139,954	12.50%	892,494	74,375	25	5.54%	1,752,174	6,028,866
T3769	7/23/2013	11,548,382	12.50%	1,443,548	120,296	19	5.54%	2,227,280	10,170,823
T3770	3/19/2013	12,323,403	12.50%	1,540,425	128,369	24	5.54%	2,863,913	10,518,632
T3772	3/19/2013	15,745,412	12.50%	1,968,176	164,015	24	5.54%	3,659,175	13,439,486
T3773	2/5/2013	8,132,906	12.50%	1,016,613	84,718	25	5.54%	1,995,848	6,867,299
T7000	1/31/2015	15,266,995	12.50%	1,908,374	159,031	1	5.54%	131,967	15,191,853
T7001	5/22/2013	12,423,322	12.50%	1,552,915	129,410	21	5.54%	2,638,870	10,776,100
T7002	1/23/2014	6,256,748	12.50%	782,094	65,174	13	5.54%	836,807	5,753,138
T7004	6/12/2014	18,899,365	12.50%	2,362,421	196,868	9	5.54%	1,656,123	17,923,177
T7006	6/12/2014	17,379,268	12.50%	2,172,409	181,034	9	5.54%	1,522,919	16,481,596
T7012	8/28/2014	38,164,493	12.50%	4,770,562	397,547	6	5.54%	2,360,036	36,789,204
	Totals	**1,482,343,219**						x	1,306,982,099

Plus Additional Return Required to Cover Additional Operating Expenses			**Future Value (asof2/25/2015)**
Additional Expenses (fiscal year ending February 1, 2014)	7,470,859	y	8,129,543
Additional Expenses(fiscal year ending January 31, 2015)	8,332,158	z	8,591,735

T#	Leaseback Effective Date	RPI Investment	Investment Markup	Annual Markup Rent	Monthly Markup Rent	Months of Rent Paid to Date	Annual Discount Rate	PV of Rent Payments Made	Termination Payment
	Termination Payment							= x + y + z	**1,323,703,377**

Using Median Cost of Capital

T#	Leaseback Effective Date	RPI Investment	Investment Markup	Annual Markup Rent	Monthly Markup Rent	Months of Rent Paid to Date	Annual Discount Rate	PV of Rent Payments Made	Termination Payment
T3505	1/29/2015	6,076,133	12.50%	759,517	63,293	1	7.0%	56,650	6,050,127
T3507	5/22/2013	10,357,032	12.50%	1,294,629	107,886	21	7.0%	2,170,778	9,240,268
T3508	3/19/2013	8,065,178	12.50%	1,008,147	84,012	24	7.0%	1,847,158	7,103,604
T3509	3/19/2013	6,720,417	12.50%	840,052	70,004	24	7.0%	1,539,169	5,919,173
T3510	2/5/2013	10,447,459	12.50%	1,305,932	108,828	25	7.0%	2,524,649	9,122,971
T3511	7/23/2013	7,564,920	12.50%	945,615	78,801	19	7.0%	1,441,391	6,831,833
T3512	5/22/2013	13,491,128	12.50%	1,686,391	140,533	21	7.0%	2,827,667	12,036,426
T3516	9/17/2013	11,489,281	12.50%	1,436,160	119,680	18	7.0%	1,989,070	10,488,053
T3519	5/22/2013	8,127,343	12.50%	1,015,918	84,660	21	7.0%	1,703,447	7,250,999
T3522	7/23/2013	8,335,860	12.50%	1,041,982	86,832	19	7.0%	1,588,283	7,528,064
T3524	5/22/2013	8,387,928	12.50%	1,048,491	87,374	21	7.0%	1,758,064	7,483,486
T3530	9/17/2013	10,816,008	12.50%	1,352,001	112,667	18	7.0%	1,872,510	9,873,451
T3533	5/22/2013	9,215,169	12.50%	1,151,896	95,991	21	7.0%	1,931,449	8,221,529

T#	Leaseback Effective Date	RPI Investment	Investment Markup	Annual Markup Rent	Monthly Markup Rent	Months of Rent Paid to Date	Annual Discount Rate	PV of Rent Payments Made	Termination Payment
T3538	4/9/2013	9,169,654	12.50%	1,146,207	95,517	23	7.0%	2,041,885	8,110,825
T3547	7/23/2013	11,886,839	12.50%	1,485,855	123,821	19	7.0%	2,264,873	10,734,932
T3548	1/23/2014	21,934,298	12.50%	2,741,787	228,482	13	7.0%	2,908,642	20,504,383
T3550	9/17/2013	8,098,499	12.50%	1,012,312	84,359	18	7.0%	1,402,044	7,392,759
T3552	9/17/2013	13,219,977	12.50%	1,652,497	137,708	18	7.0%	2,288,695	12,067,928
T3557	3/19/2013	7,912,288	12.50%	989,036	82,420	24	7.0%	1,812,142	6,968,943
T3559	5/22/2013	13,360,699	12.50%	1,670,087	139,174	21	7.0%	2,800,330	11,920,061
T3560	2/5/2013	7,807,058	12.50%	975,882	81,324	25	7.0%	1,886,591	6,817,309
T3561	1/23/2014	25,664,075	12.50%	3,208,009	267,334	13	7.0%	3,403,236	23,991,013
T3564	4/9/2013	9,592,603	12.50%	1,199,075	99,923	23	7.0%	2,136,067	8,484,937
T3565	2/5/2013	7,345,175	12.50%	918,147	76,512	25	7.0%	1,774,976	6,413,982
T3566	9/17/2013	6,766,571	12.50%	845,821	70,485	18	7.0%	1,171,456	6,176,901
T3572	2/5/2013	7,235,710	12.50%	904,464	75,372	25	7.0%	1,748,523	6,318,394
T3574	3/19/2013	10,453,453	12.50%	1,306,682	108,890	24	7.0%	2,394,142	9,207,136
T3575	9/17/2013	11,219,519	12.50%	1,402,440	116,870	18	7.0%	1,942,367	10,241,799
T3576	7/23/2013	8,916,387	12.50%	1,114,548	92,879	19	7.0%	1,698,894	8,052,334
T3577	5/22/2013	13,954,262	12.50%	1,744,283	145,357	21	7.0%	2,924,738	12,449,622
T3586	9/17/2013	16,120,861	12.50%	2,015,108	167,926	18	7.0%	2,790,907	14,716,016
T3590	9/17/2013	13,877,487	12.50%	1,734,686	144,557	18	7.0%	2,402,525	12,668,140
T3591	5/22/2013	12,160,010	12.50%	1,520,001	126,667	21	7.0%	2,548,672	10,848,837
T3592	7/23/2013	7,367,098	12.50%	920,887	76,741	19	7.0%	1,403,698	6,653,181
T3595	9/17/2013	17,365,738	12.50%	2,170,717	180,893	18	7.0%	3,006,425	15,852,408
T3608	2/5/2013	7,390,844	12.50%	923,856	76,988	25	7.0%	1,786,012	6,453,861
T3609	2/5/2013	10,176,908	12.50%	1,272,113	106,009	25	7.0%	2,459,270	8,886,719

T#	Leaseback Effective Date	RPI Investment	Investment Markup	Annual Markup Rent	Monthly Markup Rent	Months of Rent Paid to Date	Annual Discount Rate	PV of Rent Payments Made	Termination Payment
T3610	9/17/2013	16,917,020	12.50%	2,114,628	176,219	18	7.0%	2,928,741	15,442,794
T3613	7/23/2013	8,625,951	12.50%	1,078,244	89,854	19	7.0%	1,643,556	7,790,044
T3614	5/22/2013	11,599,411	12.50%	1,449,926	120,827	21	7.0%	2,431,174	10,348,687
T3615	3/19/2013	9,599,728	12.50%	1,199,966	99,997	24	7.0%	2,198,614	8,455,197
T3616	3/19/2013	7,178,092	12.50%	897,262	74,772	24	7.0%	1,643,990	6,322,282
T3617	9/17/2013	15,267,229	12.50%	1,908,404	159,034	18	7.0%	2,643,123	13,936,773
T3623	5/22/2013	19,568,715	12.50%	2,446,089	203,841	21	7.0%	4,101,496	17,458,687
T3624	3/19/2013	10,906,761	12.50%	1,363,345	113,612	24	7.0%	2,497,962	9,606,399
T3628	9/17/2013	13,337,988	12.50%	1,667,248	138,937	18	7.0%	2,309,125	12,175,655
T3630	5/22/2013	9,014,737	12.50%	1,126,842	93,904	21	7.0%	1,889,440	8,042,709
T3634	7/23/2013	10,510,883	12.50%	1,313,860	109,488	19	7.0%	2,002,703	9,492,314
T3636	2/5/2013	16,353,356	12.50%	2,044,169	170,347	25	7.0%	3,951,821	14,280,140
T3637	9/17/2013	8,220,500	12.50%	1,027,562	85,630	18	7.0%	1,423,165	7,504,128
T3639	2/5/2013	8,855,220	12.50%	1,106,902	92,242	25	7.0%	2,139,881	7,732,589
T3642	5/22/2013	6,830,417	12.50%	853,802	71,150	21	7.0%	1,431,618	6,093,916
T3644	3/19/2013	11,041,089	12.50%	1,380,136	115,011	24	7.0%	2,528,727	9,724,711
T3645	5/22/2013	8,862,040	12.50%	1,107,755	92,313	21	7.0%	1,857,435	7,906,476
T3646	6/12/2014	15,103,125	12.50%	1,887,891	157,324	9	7.0%	1,315,847	14,472,746
T3647	7/23/2013	14,550,155	12.50%	1,818,769	151,564	19	7.0%	2,772,331	13,140,156
T3648	3/19/2013	19,105,034	12.50%	2,388,129	199,011	24	7.0%	4,375,603	16,827,229
T3650	9/17/2013	11,070,060	12.50%	1,383,757	115,313	18	7.0%	1,916,493	10,105,364
T3652	7/23/2013	7,971,206	12.50%	996,401	83,033	19	7.0%	1,518,803	7,198,747
T3655	9/17/2013	10,705,282	12.50%	1,338,160	111,513	18	7.0%	1,853,341	9,772,375
T3657	9/27/2013	7,914,162	12.50%	989,270	82,439	17	7.0%	1,345,365	7,238,201

T#	Leaseback Effective Date	RPI Investment	Investment Markup	Annual Markup Rent	Monthly Markup Rent	Months of Rent Paid to Date	Annual Discount Rate	PV of Rent Payments Made	Termination Payment
T3658	8/28/2014	11,292,539	12.50%	1,411,567	117,631	6	7.0%	695,361	10,964,116
T3663	9/17/2013	13,321,715	12.50%	1,665,214	138,768	18	7.0%	2,306,308	12,160,800
T3665	3/5/2013	9,066,692	12.50%	1,133,336	94,445	24	7.0%	2,114,787	7,962,948
T3666	9/17/2013	15,318,791	12.50%	1,914,849	159,571	18	7.0%	2,652,050	13,983,842
T3668	2/5/2013	10,973,240	12.50%	1,371,655	114,305	25	7.0%	2,651,705	9,582,095
T3669	8/28/2014	22,199,925	12.50%	2,774,991	231,249	6	7.0%	1,367,005	21,554,280
T3670	5/22/2013	8,175,432	12.50%	1,021,929	85,161	21	7.0%	1,713,526	7,293,903
T3671	5/22/2013	11,357,747	12.50%	1,419,718	118,310	21	7.0%	2,380,522	10,133,080
T3672	9/17/2013	12,673,296	12.50%	1,584,162	132,013	18	7.0%	2,194,051	11,568,887
T3677	9/17/2013	13,179,078	12.50%	1,647,385	137,282	18	7.0%	2,281,614	12,030,593
T3682	3/19/2013	10,193,878	12.50%	1,274,235	106,186	24	7.0%	2,334,691	8,978,509
T3688	3/19/2013	8,164,777	12.50%	1,020,597	85,050	24	7.0%	1,869,969	7,191,328
T3690	3/19/2013	7,514,173	12.50%	939,272	78,273	24	7.0%	1,720,962	6,618,293
T3693	7/23/2013	7,339,896	12.50%	917,487	76,457	19	7.0%	1,398,516	6,628,615
T3694	3/19/2013	14,775,209	12.50%	1,846,901	153,908	24	7.0%	3,383,948	13,013,630
T3695	7/23/2013	6,781,473	12.50%	847,684	70,640	19	7.0%	1,292,116	6,124,307
T3696	9/17/2013	12,556,872	12.50%	1,569,609	130,801	18	7.0%	2,173,895	11,462,609
T3697	7/23/2013	11,529,759	12.50%	1,441,220	120,102	19	7.0%	2,196,836	10,412,455
T3698	5/22/2013	10,618,021	12.50%	1,327,253	110,604	21	7.0%	2,225,480	9,473,117
T3699	9/17/2013	9,581,930	12.50%	1,197,741	99,812	18	7.0%	1,658,862	8,746,917
T3702	9/17/2013	12,593,603	12.50%	1,574,200	131,183	18	7.0%	2,180,254	11,496,139
T3704	9/17/2013	11,259,475	12.50%	1,407,434	117,286	18	7.0%	1,949,285	10,278,274
T3705	7/23/2013	9,317,988	12.50%	1,164,749	97,062	19	7.0%	1,775,414	8,415,018
T3706	2/5/2013	9,336,648	12.50%	1,167,081	97,257	25	7.0%	2,256,219	8,152,984

T#	Leaseback Effective Date	RPI Investment	Investment Markup	Annual Markup Rent	Monthly Markup Rent	Months of Rent Paid to Date	Annual Discount Rate	PV of Rent Payments Made	Termination Payment
T3708	2/5/2013	6,903,036	12.50%	862,879	71,907	25	7.0%	1,668,132	6,027,896
T3709	7/23/2013	9,629,118	12.50%	1,203,640	100,303	19	7.0%	1,834,695	8,695,997
T3710	3/19/2013	8,163,983	12.50%	1,020,498	85,041	24	7.0%	1,869,787	7,190,630
T3713	9/17/2013	16,598,489	12.50%	2,074,811	172,901	18	7.0%	2,873,596	15,152,021
T3714	3/19/2013	14,821,570	12.50%	1,852,696	154,391	24	7.0%	3,394,566	13,054,463
T3715	2/5/2013	8,225,301	12.50%	1,028,163	85,680	25	7.0%	1,987,660	7,182,529
T3717	9/17/2013	16,695,601	12.50%	2,086,950	173,913	18	7.0%	2,890,408	15,240,670
T3718	7/23/2013	10,069,458	12.50%	1,258,682	104,890	19	7.0%	1,918,596	9,093,667
T3719	3/19/2013	9,607,923	12.50%	1,200,990	100,083	24	7.0%	2,200,491	8,462,415
T3725	7/23/2013	14,062,682	12.50%	1,757,835	146,486	19	7.0%	2,679,449	12,699,922
T3728	5/22/2013	11,011,972	12.50%	1,376,497	114,708	21	7.0%	2,308,050	9,824,589
T3729	2/5/2013	12,109,318	12.50%	1,513,665	126,139	25	7.0%	2,926,241	10,574,146
T3730	9/17/2013	19,192,448	12.50%	2,399,056	199,921	18	7.0%	3,322,673	17,519,931
T3731	7/23/2013	6,948,038	12.50%	868,505	72,375	19	7.0%	1,323,852	6,274,731
T3732	9/17/2013	13,475,821	12.50%	1,684,478	140,373	18	7.0%	2,332,987	12,301,477
T3737	3/19/2013	10,292,219	12.50%	1,286,527	107,211	24	7.0%	2,357,214	9,065,126
T3738	2/5/2013	10,136,967	12.50%	1,267,121	105,593	25	7.0%	2,449,618	8,851,841
T3739	9/17/2013	9,979,571	12.50%	1,247,446	103,954	18	7.0%	1,727,703	9,109,906
T3742	2/5/2013	12,174,257	12.50%	1,521,782	126,815	25	7.0%	2,941,933	10,630,852
T3743	7/23/2013	7,999,174	12.50%	999,897	83,325	19	7.0%	1,524,132	7,224,005
T3746	7/23/2013	9,197,000	12.50%	1,149,625	95,802	19	7.0%	1,752,361	8,305,755
T3747	9/17/2013	9,392,861	12.50%	1,174,108	97,842	18	7.0%	1,626,129	8,574,325
T3749	2/5/2013	8,406,587	12.50%	1,050,823	87,569	25	7.0%	2,031,468	7,340,832
T3751	2/5/2013	6,880,293	12.50%	860,037	71,670	25	7.0%	1,662,636	6,008,036

T#	Leaseback Effective Date	RPI Investment	Investment Markup	Annual Markup Rent	Monthly Markup Rent	Months of Rent Paid to Date	Annual Discount Rate	PV of Rent Payments Made	Termination Payment
T3753	2/5/2013	6,742,673	12.50%	842,834	70,236	25	7.0%	1,629,380	5,887,863
T3754	5/22/2013	10,396,696	12.50%	1,299,587	108,299	21	7.0%	2,179,091	9,275,656
T3755	7/23/2013	10,797,001	12.50%	1,349,625	112,469	19	7.0%	2,057,219	9,750,706
T3757	9/17/2013	10,934,499	12.50%	1,366,812	113,901	18	7.0%	1,893,024	9,981,617
T3759	2/5/2013	7,144,753	12.50%	893,094	74,425	25	7.0%	1,726,544	6,238,969
T3760	3/19/2013	11,618,440	12.50%	1,452,305	121,025	24	7.0%	2,660,957	10,233,228
T3761	2/5/2013	7,069,904	12.50%	883,738	73,645	25	7.0%	1,708,456	6,173,609
T3762	2/5/2013	6,953,531	12.50%	869,191	72,433	25	7.0%	1,680,334	6,071,989
T3763	3/19/2013	11,306,705	12.50%	1,413,338	117,778	24	7.0%	2,589,561	9,958,659
T3764	7/23/2013	9,612,498	12.50%	1,201,562	100,130	19	7.0%	1,831,528	8,680,988
T3765	7/23/2013	7,053,476	12.50%	881,685	73,474	19	7.0%	1,343,942	6,369,952
T3766	5/22/2013	11,138,930	12.50%	1,392,366	116,031	21	7.0%	2,334,659	9,937,857
T3767	2/5/2013	7,139,954	12.50%	892,494	74,375	25	7.0%	1,725,384	6,234,778
T3769	7/23/2013	11,548,382	12.50%	1,443,548	120,296	19	7.0%	2,200,384	10,429,274
T3770	3/19/2013	12,323,403	12.50%	1,540,425	128,369	24	7.0%	2,822,414	10,854,141
T3772	3/19/2013	15,745,412	12.50%	1,968,176	164,015	24	7.0%	3,606,152	13,868,160
T3773	2/5/2013	8,132,906	12.50%	1,016,613	84,718	25	7.0%	1,965,333	7,101,847
T7000	1/31/2015	15,266,995	12.50%	1,908,374	159,031	1	7.0%	131,821	15,206,502
T7001	5/22/2013	12,423,322	12.50%	1,552,915	129,410	21	7.0%	2,603,861	11,083,758
T7002	1/23/2014	6,256,748	12.50%	782,094	65,174	13	7.0%	829,689	5,848,866
T7004	6/12/2014	18,899,365	12.50%	2,362,421	196,868	9	7.0%	1,646,592	18,110,537
T7006	6/12/2014	17,379,268	12.50%	2,172,409	181,034	9	7.0%	1,514,154	16,653,887
T7012	8/28/2014	38,164,493	12.50%	4,770,562	397,547	6	7.0%	2,350,055	37,054,547

T#	Leaseback Effective Date	RPI Investment	Investment Markup	Annual Markup Rent	Monthly Markup Rent	Months of Rent Paid to Date	Annual Discount Rate	PV of Rent Payments Made	Termination Payment
	Totals	**1,482,343,219**						x	1,339,790,618
	Plus Additional Return Required to Cover Additional Operating Expenses								**Future Value (asof2/25/2015)**
	Additional Expenses (fiscal year ending February 1, 2014)						7,470,859	y	8,306,327
	Additional Expenses (fiscal year ending January 31, 2015)						8,332,158	z	8,659,107
	Termination Payment							= x + y + z	**1,356,756,052**

Using Upper Quartile Cost of Capital

T#	Leaseback Effective Date	RPI Investment	Investment Markup	Annual Markup Rent	Monthly Markup Rent	Months of Rent Paid to Date	Annual Discount Rate	PV of Rent Payments Made	Termination Payment
T3505	1/29/2015	6,076,133	12.50%	759,517	63,293	1	8.63%	56,577	6,057,029
T3507	5/22/2013	10,357,032	12.50%	1,294,629	107,886	21	8.63%	2,138,994	9,529,152
T3508	3/19/2013	8,065,178	12.50%	1,008,147	84,012	24	8.63%	1,817,634	7,351,638
T3509	3/19/2013	6,720,417	12.50%	840,052	70,004	24	8.63%	1,514,568	6,125,850
T3510	2/5/2013	10,447,459	12.50%	1,305,932	108,828	25	8.63%	2,482,086	9,463,974
T3511	7/23/2013	7,564,920	12.50%	945,615	78,801	19	8.63%	1,422,171	7,021,984
T3512	5/22/2013	13,491,128	12.50%	1,686,391	140,533	21	8.63%	2,786,266	12,412,727
T3516	9/17/2013	11,489,281	12.50%	1,436,160	119,680	18	8.63%	1,964,910	10,748,387
T3519	5/22/2013	8,127,343	12.50%	1,015,918	84,660	21	8.63%	1,678,506	7,477,691
T3522	7/23/2013	8,335,860	12.50%	1,041,982	86,832	19	8.63%	1,567,105	7,737,593
T3524	5/22/2013	8,387,928	12.50%	1,048,491	87,374	21	8.63%	1,732,323	7,717,447
T3530	9/17/2013	10,816,008	12.50%	1,352,001	112,667	18	8.63%	1,849,766	10,118,530
T3533	5/22/2013	9,215,169	12.50%	1,151,896	95,991	21	8.63%	1,903,170	8,478,563
T3538	4/9/2013	9,169,654	12.50%	1,146,207	95,517	23	8.63%	2,010,146	8,384,201
T3547	7/23/2013	11,886,839	12.50%	1,485,855	123,821	19	8.63%	2,234,673	11,033,718
T3548	1/23/2014	21,934,298	12.50%	2,741,787	228,482	13	8.63%	2,881,281	20,878,216
T3550	9/17/2013	8,098,499	12.50%	1,012,312	84,359	18	8.63%	1,385,015	7,576,261
T3552	9/17/2013	13,219,977	12.50%	1,652,497	137,708	18	8.63%	2,260,896	12,367,477
T3557	3/19/2013	7,912,288	12.50%	989,036	82,420	24	8.63%	1,783,178	7,212,275
T3559	5/22/2013	13,360,699	12.50%	1,670,087	139,174	21	8.63%	2,759,329	12,292,725
T3560	2/5/2013	7,807,058	12.50%	975,882	81,324	25	8.63%	1,854,785	7,072,130
T3561	1/23/2014	25,664,075	12.50%	3,208,009	267,334	13	8.63%	3,371,223	24,428,413
T3564	4/9/2013	9,592,603	12.50%	1,199,075	99,923	23	8.63%	2,102,864	8,770,922

T#	Leaseback Effective Date	RPI Investment	Investment Markup	Annual Markup Rent	Monthly Markup Rent	Months of Rent Paid to Date	Annual Discount Rate	PV of Rent Payments Made	Termination Payment
T3565	2/5/2013	7,345,175	12.50%	918,147	76,512	25	8.63%	1,745,051	6,653,727
T3566	9/17/2013	6,766,571	12.50%	845,821	70,485	18	8.63%	1,157,227	6,330,224
T3572	2/5/2013	7,235,710	12.50%	904,464	75,372	25	8.63%	1,719,045	6,554,567
T3574	3/19/2013	10,453,453	12.50%	1,306,682	108,890	24	8.63%	2,355,875	9,528,618
T3575	9/17/2013	11,219,519	12.50%	1,402,440	116,870	18	8.63%	1,918,775	10,496,021
T3576	7/23/2013	8,916,387	12.50%	1,114,548	92,879	19	8.63%	1,676,241	8,276,456
T3577	5/22/2013	13,954,262	12.50%	1,744,283	145,357	21	8.63%	2,881,915	12,838,842
T3586	9/17/2013	16,120,861	12.50%	2,015,108	167,926	18	8.63%	2,757,009	15,081,297
T3590	9/17/2013	13,877,487	12.50%	1,734,686	144,557	18	8.63%	2,373,344	12,982,588
T3591	5/22/2013	12,160,010	12.50%	1,520,001	126,667	21	8.63%	2,511,355	11,188,011
T3592	7/23/2013	7,367,098	12.50%	920,887	76,741	19	8.63%	1,384,982	6,838,359
T3595	9/17/2013	17,365,738	12.50%	2,170,717	180,893	18	8.63%	2,969,909	16,245,896
T3608	2/5/2013	7,390,844	12.50%	923,856	76,988	25	8.63%	1,755,901	6,695,097
T3609	2/5/2013	10,176,908	12.50%	1,272,113	106,009	25	8.63%	2,417,809	9,218,891
T3610	9/17/2013	16,917,020	12.50%	2,114,628	176,219	18	8.63%	2,893,169	15,826,115
T3613	7/23/2013	8,625,951	12.50%	1,078,244	89,854	19	8.63%	1,621,641	8,006,865
T3614	5/22/2013	11,599,411	12.50%	1,449,926	120,827	21	8.63%	2,395,577	10,672,223
T3615	3/19/2013	9,599,728	12.50%	1,199,966	99,997	24	8.63%	2,163,473	8,750,424
T3616	3/19/2013	7,178,092	12.50%	897,262	74,772	24	8.63%	1,617,714	6,543,035
T3617	9/17/2013	15,267,229	12.50%	1,908,404	159,034	18	8.63%	2,611,019	14,282,711
T3623	5/22/2013	19,568,715	12.50%	2,446,089	203,841	21	8.63%	4,041,444	18,004,508
T3624	3/19/2013	10,906,761	12.50%	1,363,345	113,612	24	8.63%	2,458,037	9,941,821
T3628	9/17/2013	13,337,988	12.50%	1,667,248	138,937	18	8.63%	2,281,078	12,477,878
T3630	5/22/2013	9,014,737	12.50%	1,126,842	93,904	21	8.63%	1,861,776	8,294,153

T#	Leaseback Effective Date	RPI Investment	Investment Markup	Annual Markup Rent	Monthly Markup Rent	Months of Rent Paid to Date	Annual Discount Rate	PV of Rent Payments Made	Termination Payment
T3634	7/23/2013	10,510,883	12.50%	1,313,860	109,488	19	8.63%	1,975,999	9,756,515
T3636	2/5/2013	16,353,356	12.50%	2,044,169	170,347	25	8.63%	3,885,196	14,813,911
T3637	9/17/2013	8,220,500	12.50%	1,027,562	85,630	18	8.63%	1,405,880	7,690,395
T3639	2/5/2013	8,855,220	12.50%	1,106,902	92,242	25	8.63%	2,103,805	8,021,622
T3642	5/22/2013	6,830,417	12.50%	853,802	71,150	21	8.63%	1,410,657	6,284,434
T3644	3/19/2013	11,041,089	12.50%	1,380,136	115,011	24	8.63%	2,488,310	10,064,265
T3645	5/22/2013	8,862,040	12.50%	1,107,755	92,313	21	8.63%	1,830,240	8,153,661
T3646	6/12/2014	15,103,125	12.50%	1,887,891	157,324	9	8.63%	1,307,463	14,638,512
T3647	7/23/2013	14,550,155	12.50%	1,818,769	151,564	19	8.63%	2,735,365	13,505,887
T3648	3/19/2013	19,105,034	12.50%	2,388,129	199,011	24	8.63%	4,305,666	17,414,779
T3650	9/17/2013	11,070,060	12.50%	1,383,757	115,313	18	8.63%	1,893,215	10,356,199
T3652	7/23/2013	7,971,206	12.50%	996,401	83,033	19	8.63%	1,498,551	7,399,111
T3655	9/17/2013	10,705,282	12.50%	1,338,160	111,513	18	8.63%	1,830,830	10,014,945
T3657	9/27/2013	7,914,162	12.50%	989,270	82,439	17	8.63%	1,329,311	7,414,037
T3658	8/28/2014	11,292,539	12.50%	1,411,567	117,631	6	8.63%	692,103	11,050,750
T3663	9/17/2013	13,321,715	12.50%	1,665,214	138,768	18	8.63%	2,278,295	12,462,655
T3665	3/5/2013	9,066,692	12.50%	1,133,336	94,445	24	8.63%	2,080,368	8,247,476
T3666	9/17/2013	15,318,791	12.50%	1,914,849	159,571	18	8.63%	2,619,838	14,330,948
T3668	2/5/2013	10,973,240	12.50%	1,371,655	114,305	25	8.63%	2,606,999	9,940,259
T3669	8/28/2014	22,199,925	12.50%	2,774,991	231,249	6	8.63%	1,360,600	21,724,593
T3670	5/22/2013	8,175,432	12.50%	1,021,929	85,161	21	8.63%	1,688,437	7,521,937
T3671	5/22/2013	11,357,747	12.50%	1,419,718	118,310	21	8.63%	2,345,667	10,449,876
T3672	9/17/2013	12,673,296	12.50%	1,584,162	132,013	18	8.63%	2,167,402	11,856,049
T3677	9/17/2013	13,179,078	12.50%	1,647,385	137,282	18	8.63%	2,253,901	12,329,216

T#	Leaseback Effective Date	RPI Investment	Investment Markup	Annual Markup Rent	Monthly Markup Rent	Months of Rent Paid to Date	Annual Discount Rate	PV of Rent Payments Made	Termination Payment
T3682	3/19/2013	10,193,878	12.50%	1,274,235	106,186	24	8.63%	2,297,376	9,292,008
T3688	3/19/2013	8,164,777	12.50%	1,020,597	85,050	24	8.63%	1,840,081	7,442,425
T3690	3/19/2013	7,514,173	12.50%	939,272	78,273	24	8.63%	1,693,455	6,849,382
T3693	7/23/2013	7,339,896	12.50%	917,487	76,457	19	8.63%	1,379,868	6,813,110
T3694	3/19/2013	14,775,209	12.50%	1,846,901	153,908	24	8.63%	3,329,862	13,468,022
T3695	7/23/2013	6,781,473	12.50%	847,684	70,640	19	8.63%	1,274,887	6,294,765
T3696	9/17/2013	12,556,872	12.50%	1,569,609	130,801	18	8.63%	2,147,491	11,747,133
T3697	7/23/2013	11,529,759	12.50%	1,441,220	120,102	19	8.63%	2,167,544	10,702,266
T3698	5/22/2013	10,618,021	12.50%	1,327,253	110,604	21	8.63%	2,192,895	9,769,280
T3699	9/17/2013	9,581,930	12.50%	1,197,741	99,812	18	8.63%	1,638,713	8,964,032
T3702	9/17/2013	12,593,603	12.50%	1,574,200	131,183	18	8.63%	2,153,773	11,781,496
T3704	9/17/2013	11,259,475	12.50%	1,407,434	117,286	18	8.63%	1,925,609	10,533,400
T3705	7/23/2013	9,317,988	12.50%	1,164,749	97,062	19	8.63%	1,751,740	8,649,234
T3706	2/5/2013	9,336,648	12.50%	1,167,081	97,257	25	8.63%	2,218,181	8,457,730
T3708	2/5/2013	6,903,036	12.50%	862,879	71,907	25	8.63%	1,640,009	6,253,210
T3709	7/23/2013	9,629,118	12.50%	1,203,640	100,303	19	8.63%	1,810,231	8,938,034
T3710	3/19/2013	8,163,983	12.50%	1,020,498	85,041	24	8.63%	1,839,902	7,441,702
T3713	9/17/2013	16,598,489	12.50%	2,074,811	172,901	18	8.63%	2,838,693	15,528,124
T3714	3/19/2013	14,821,570	12.50%	1,852,696	154,391	24	8.63%	3,340,310	13,510,281
T3715	2/5/2013	8,225,301	12.50%	1,028,163	85,680	25	8.63%	1,954,150	7,451,002
T3717	9/17/2013	16,695,601	12.50%	2,086,950	173,913	18	8.63%	2,855,301	15,618,974
T3718	7/23/2013	10,069,458	12.50%	1,258,682	104,890	19	8.63%	1,893,014	9,346,771
T3719	3/19/2013	9,607,923	12.50%	1,200,990	100,083	24	8.63%	2,165,320	8,757,894
T3725	7/23/2013	14,062,682	12.50%	1,757,835	146,486	19	8.63%	2,643,722	13,053,400

T#	Leaseback Effective Date	RPI Investment	Investment Markup	Annual Markup Rent	Monthly Markup Rent	Months of Rent Paid to Date	Annual Discount Rate	PV of Rent Payments Made	Termination Payment
T3728	5/22/2013	11,011,972	12.50%	1,376,497	114,708	21	8.63%	2,274,256	10,131,741
T3729	2/5/2013	12,109,318	12.50%	1,513,665	126,139	25	8.63%	2,876,907	10,969,392
T3730	9/17/2013	19,192,448	12.50%	2,399,056	199,921	18	8.63%	3,282,315	17,954,810
T3731	7/23/2013	6,948,038	12.50%	868,505	72,375	19	8.63%	1,306,200	6,449,376
T3732	9/17/2013	13,475,821	12.50%	1,684,478	140,373	18	8.63%	2,304,651	12,606,824
T3737	3/19/2013	10,292,219	12.50%	1,286,527	107,211	24	8.63%	2,319,539	9,381,649
T3738	2/5/2013	10,136,967	12.50%	1,267,121	105,593	25	8.63%	2,408,320	9,182,710
T3739	9/17/2013	9,979,571	12.50%	1,247,446	103,954	18	8.63%	1,706,718	9,336,031
T3742	2/5/2013	12,174,257	12.50%	1,521,782	126,815	25	8.63%	2,892,335	11,028,218
T3743	7/23/2013	7,999,174	12.50%	999,897	83,325	19	8.63%	1,503,809	7,425,071
T3746	7/23/2013	9,197,000	12.50%	1,149,625	95,802	19	8.63%	1,728,995	8,536,929
T3747	9/17/2013	9,392,861	12.50%	1,174,108	97,842	18	8.63%	1,606,378	8,787,156
T3749	2/5/2013	8,406,587	12.50%	1,050,823	87,569	25	8.63%	1,997,219	7,615,222
T3751	2/5/2013	6,880,293	12.50%	860,037	71,670	25	8.63%	1,634,606	6,232,608
T3753	2/5/2013	6,742,673	12.50%	842,834	70,236	25	8.63%	1,601,910	6,107,943
T3754	5/22/2013	10,396,696	12.50%	1,299,587	108,299	21	8.63%	2,147,186	9,565,646
T3755	7/23/2013	10,797,001	12.50%	1,349,625	112,469	19	8.63%	2,029,788	10,022,098
T3757	9/17/2013	10,934,499	12.50%	1,366,812	113,901	18	8.63%	1,870,031	10,229,381
T3759	2/5/2013	7,144,753	12.50%	893,094	74,425	25	8.63%	1,697,436	6,472,172
T3760	3/19/2013	11,618,440	12.50%	1,452,305	121,025	24	8.63%	2,618,427	10,590,537
T3761	2/5/2013	7,069,904	12.50%	883,738	73,645	25	8.63%	1,679,653	6,404,369
T3762	2/5/2013	6,953,531	12.50%	869,191	72,433	25	8.63%	1,652,005	6,298,951
T3763	3/19/2013	11,306,705	12.50%	1,413,338	117,778	24	8.63%	2,548,171	10,306,382
T3764	7/23/2013	9,612,498	12.50%	1,201,562	100,130	19	8.63%	1,807,107	8,922,607

T#	Leaseback Effective Date	RPI Investment	Investment Markup	Annual Markup Rent	Monthly Markup Rent	Months of Rent Paid to Date	Annual Discount Rate	PV of Rent Payments Made	Termination Payment
T3765	7/23/2013	7,053,476	12.50%	881,685	73,474	19	8.63%	1,326,022	6,547,247
T3766	5/22/2013	11,138,930	12.50%	1,392,366	116,031	21	8.63%	2,300,476	10,248,550
T3767	2/5/2013	7,139,954	12.50%	892,494	74,375	25	8.63%	1,696,295	6,467,825
T3769	7/23/2013	11,548,382	12.50%	1,443,548	120,296	19	8.63%	2,171,045	10,719,553
T3770	3/19/2013	12,323,403	12.50%	1,540,425	128,369	24	8.63%	2,777,303	11,233,130
T3772	3/19/2013	15,745,412	12.50%	1,968,176	164,015	24	8.63%	3,548,515	14,352,389
T3773	2/5/2013	8,132,906	12.50%	1,016,613	84,718	25	8.63%	1,932,199	7,367,304
T7000	1/31/2015	15,266,995	12.50%	1,908,374	159,031	1	8.63%	131,659	15,222,559
T7001	5/22/2013	12,423,322	12.50%	1,552,915	129,410	21	8.63%	2,565,736	11,430,276
T7002	1/23/2014	6,256,748	12.50%	782,094	65,174	13	8.63%	821,884	5,955,501
T7004	6/12/2014	18,899,365	12.50%	2,362,421	196,868	9	8.63%	1,636,100	18,317,969
T7006	6/12/2014	17,379,268	12.50%	2,172,409	181,034	9	8.63%	1,504,506	16,844,635
T7012	8/28/2014	38,164,493	12.50%	4,770,562	397,547	6	8.63%	2,339,044	37,347,337
	Totals	**1,482,343,219**						x	1,376,703,040
	Plus Additional Return Required to Cover Additional Operating Expenses								**Future Value (asof2/25/2015)**
	Additional Expenses (fiscal year ending February 1, 2014)						7,470,859	y	8,504,289
	Additional Expenses (fiscal year ending January 31, 2015)						8,332,158	z	8,733,474
	Termination Payment							= x + y + z	**1,393,940,804**

Appendix E
Credit Rating Analysis

I. Overview

A borrower's credit rating is an important variable in any debt pricing analysis. Therefore, estimating the credit rating for the borrower is the first step in estimating the arm's length interest rate that should be charged in a controlled debt transaction.

The purpose of a credit rating is to convey information to potential investors regarding the likely performance of a financial security or issuing entity. Numerous companies are in the business of determining credit ratings; ten are designated by the U.S. Securities and Exchange Commission ("**SEC**") as Nationally Recognized Statistical Rating Organizations ("**NRSROs**"), a designation that allows the organizations' credit rating determinations to be used by others for certain regulatory purposes. The list of NRSROs includes well-known names such as Moody's and S&P's.

Determining a credit rating is a complex and often imperfect endeavor even for companies dedicated solely to the task and is a challenging component of a debt pricing exercise. In creating credit ratings, the NRSROs consider both financial factors and business factors, such as the operating environment and specific competitive advantages of companies. For instance, in explaining its rating methodologies, Moody's states:

> *Quantification is integral to Moody's rating analysis, particularly since it provides an objective and factual starting point for each rating committee's analytical discussion. Those who wish further information on the numerical tools we use may consult our written research on industries and specific issuers.*
>
> *However, Moody's ratings are not based on a defined set of financial ratios or rigid computer models. Rather, they are the product of a comprehensive analysis of each individual issue and issuer by experienced, well-informed, impartial credit analysts.*[8]

Therefore, it makes sense to compare the financial ratios for TCC (as the borrower) to those of similarly situated companies with available credit ratings that have been assigned to public companies by the NRSROs. Financial data to construct such ratios are readily available from various data providers.

It is important to understand that this process is not, as it is sometimes characterized, a process of creating a "synthetic" credit rating. Rather, the process is one of predicting, statistically, the credit rating that the NRSROs would likely give a controlled borrower if that borrower were operating in a standalone, uncontrolled, way.

Put differently, in my analysis, I am not attempting to rate the borrower. Rather, I am predicting the rating that the NRSROs would attach to the borrower, based upon a dataset of

[8] http://moodys.com/ratings-process/Ratings-Policy-Approach/002003

observable ratings by the NRSROs. This approach separates the transfer pricing analyst from the requirement to make subjective (and possibly indefensible) determinations, and focuses solely on what can be observed statistically. I note that there is a sizable and well established economics and finance literature that follows exactly this approach.

II. Determination of Credit Rating

The first step in the analysis is to determine TCC's credit rating at the time of the NE1 and PropCo Facility Agreements.[9] My credit rating method does not rely upon qualitative measure of risk and strategy. Rather, I employ a quantitative approach that uses observed credit ratings for companies with public financial data, and empirically examine the statistical relationship between observed credit ratings and standard financial metrics used to assess creditworthiness. I develop an econometric model for predicting credit rating as a function of objective financial measures, which produces a more reliable prediction of the borrower's credit rating that is not reliant on subjective judgments. Furthermore, I include in the analysis the factors considered from all of the major NRSROs (*e.g.,* Moody's, S&P, and Morningstar) as the observed ratings of public companies may come from any of these agencies.

My empirical model for predicting a controlled borrower's credit rating proceeds in four steps. I first identify the quantitative, objective factors that are expected to affect a company's credit rating, and specify an econometric model that expresses credit rating as a function of these factors. I then define how each variable in the econometric model will be measured. Next, I construct the datasets to be used in this analysis, and conduct a regression analysis. Finally, I apply the results of the econometric models to predict the borrower's credit rating as of each of the NE1 and PropCo Facility Agreements.

A. Step One: Model Specification

The first step in the analysis is to specify an econometric model that relates credit rating to key financial and company-specific factors. I use public financial data from companies with observable credit ratings, and develop a regression analysis that measures the relationship between a company's credit rating and key financial ratios and objective company features. The sections that follow detail the dependent and independent variables used in this analysis.

1. Dependent Variable

Credit ratings are most commonly expressed as letters and "notches," (*e.g.,* A, BBB-, or B+ for S&P). For the present regression analyses, I converted the credit rating to numerical values from 0 to 21, where 0 is the most likely to default ("D" rated – actually already in default in credit rating parlance), and 21 is the least likely to default (AAA rated). The following table summarizes this mapping:

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[9] As noted in my report, I examine the credit worthiness of TCC for the PropCo Facility Agreement rather than PropCo because all of PropCo's cash flows are ultimately dependent on TCC.

Exhibit E-1: Mapping of Credit Ratings to Numerical Values

Credit Rating (S&P)	Implied Numerical Value
AAA	21
AA+	20
AA	19
AA-	18
A+	17
A	16
A-	15
BBB+	14
BBB+	13
BBB-	12
BB+	11
BB	10
BB-	9
B+	8
B	7
B-	6
CCC+	5
CCC	4
CCC-	3
CC	2
C	1
D	0

The exhibit above presents the S&P's credit rating scale and the corresponding numerical value.

2. Independent Variables

Credit analysts at the NRSROs have identified certain financial metrics and company-specific factors that are likely to affect a company's creditworthiness. Commonly-used financial metrics include measures of a company's profitability, leverage, and ability to use earnings to meet interest obligations (*i.e.*, interest coverage). In addition to quantitative financial metrics, company-specific factors like its size, geographic location, and the industry in which it operates are expected to affect its creditworthiness.[10]

[10] For instance, the *Corporate Credit Rating Methodology* published by Morningstar identifies country risk and industry risk as two key components when determining the "business risk" a borrower faces. (See page 9 of Morningstar's *Corporate Credit Rating Methodology* publication, found at http://news.morningstar.com/pdfs/corp_credit_rating.pdf)

I considered each of these primary factors (profitability, leverage, interest coverage, size, geographic location, and industry) in the credit rating econometric model. The sections that follow provide a brief description of each of these factors, their expected relationship to credit rating, and how I account for each in the analysis.

(a) Profitability

Profitability ratios measure a company's profits relative to a common base, such as sales, assets, or capital. These metrics provide a standardized way of comparing ability to generate income from operations. Companies with higher profitability ratios generate higher income from operations (*e.g.,* per dollar of revenue, assets, or capital). Profitability ratios are expected to have a positive relationship with credit rating because higher profitability ratios reflect higher operating income available to service debt obligations.

There are several ways of measuring profitability ratios. Some of the most common metrics include operating margin (Earnings Before Interest and Tax ("**EBIT**") / Sales), return on assets (EBIT / Total Assets), and the return on capital (EBIT / Total Capital). For purposes of this analysis, I use the return on capital to measure profitability. One advantage of this metric is its relationship to the company's required return, or cost of capital. This metric provides the most direct measure for assessing whether the company is earning profits in excess of its cost of capital (which would itself include a company's cost of debt). In addition, the return on capital is less sensitive to differences in asset turnover (revenue generated per dollar of assets), than profitability ratios like operating margin.

(b) Leverage

Leverage ratios measure what portion of a company is financed by debt. For companies with high levels of debt relative to other sources of capital, a higher share of the firm's total operating income must be used to meet fixed debt obligations. A higher leverage ratio would be expected to reduce creditworthiness because the higher the company's fixed debt obligations, the more likely that a decrease in operating income could trigger default.

There are several ways of measuring leverage, the most common of which is to measure the ratio of total debt to total capital (*i.e.,* debt plus equity).[11] Other leverage ratios may measure debt as a share of total assets, or the ratio of debt to equity. For purposes of this analysis, I use the ratio of total debt to total capital to measure a company's leverage ratio.

(c) Interest Coverage Ratio

Interest coverage ratios are among the most common financial metrics included in any credit analysis. These metrics measure the number of times a defined profit or cash flow indicator covers a company's interest charges. This metric provides a direct indicator of a company's ability to use earnings from operations to meet debt service obligations. A low interest coverage ratio, such as a ratio below one, can indicate that the company would have to either

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[11] Fabozzi, Frank. *Fixed Income Mathematics.* Fourth Edition, McGraw-Hill, p. 358-359.

borrow or sell assets to finance annual debt obligations.[12] A higher interest coverage ratio suggests that a company generates sufficient cash flow from its ongoing operations to finance its debt obligations, and is expected to exhibit a positive relationship with credit rating.

Given that interest coverage ratios measure the number of times a company's earnings cover its interest obligations, an interest coverage ratio is generally computed as the ratio of pre-interest (and tax) earnings to interest expense. For purposes of this analysis, I use the ratio of EBITDA[13] to interest expense ("**EBITDA / Interest**") to measure interest coverage ratio.

(d) Size

The size of the borrower is an important factor to consider when evaluating the creditworthiness of a borrower. For example, company size is one of the eight company-specific risk factors that Morningstar takes into account when evaluating a borrower's "Business Risk." According to Morningstar, "smaller companies are inherently less stable, and more vulnerable to financial distress, than larger firms."[14] There are several possible ways of measuring size, including revenues or total assets.

In this analysis, I account for the impact of firm size directly through the econometric model by including the company's total assets as an explanatory (independent) variable.

(e) Geographic Location

Credit analysts identify the geographic location of the borrower as an important factor to consider when evaluating the creditworthiness of a borrower. For example, Morningstar's *Corporate Credit Rating Methodology* identifies country risk as one of the two major components of a borrower's "business risk." Political and economic uncertainty would be expected to have an inverse relationship to the creditworthiness of a prospective borrower. As discussed below, I control for this factor when selecting the companies used to construct the dataset used in this analysis.

(f) Industry

Credit analysts identify the industry in which a company operates as an important factor to consider when estimating a credit rating, and the same value for a particular financial metric may correspond to different credit ratings in different industries. Frank Fabozzi, a leading authority on fixed income securities and the author of *Fixed Income Mathematics*, notes that, when considering any financial ratio used to measure creditworthiness, it is imperative to analyze both the absolute level of the metric and the value in relation to companies in the same industry because the exact same value for a ratio may be consistent with very high credit ratings

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[12] Fabozzi, p. 358.

[13] EBITDA is Earnings Before Interest, Taxes, Depreciation, and Amortization.

[14] *Morningstar Corporate Credit Rating Methodology*, p. 10.

in one industry and lower credit ratings in another.[15] As discussed below, I control for this factor when selecting the companies used to construct the dataset used in this analysis.

3. Credit Rating Econometric Model Specification

I posit the following mathematical relationship between credit rating and the selected independent variables:

Equation E-1: $Credit\ Rating = \beta_0 + \beta_1 * \frac{EBITDA}{Interest\ Expense} + \beta_2 * Return\ on\ Capital + \beta_3 * Total\ Debt/Capital + \beta_4 * \ln(Average\ Total\ Assets) + \varepsilon$

In Equation E-1, β_0 is the intercept term, and β_1, β_2, β_3, and β_4 are the coefficients to be estimated, and ε represents the stochastic error term.

B. Step Two: Measurement of Ratios

Given the econometric model described by Equation E-1, the next step in applying this regression analysis is to determine how to measure each of the quantitative variables used in this model. For each of the financial metrics, I have used data from the most recent year available relative to the time period of analysis. Given that the NE1 Facility Agreement and the PropCo Facility Agreement were entered into in 2011 and 2014, respectively, I construct separate datasets for each agreement and calculate each quantitative variable as of May 18, 2011 for the NE1 Facility Agreement and January 9, 2014 for the PropCo Facility Agreement.

C. Step Three: Regression Analysis

The next step in the regression analysis is to construct the dataset for the variables in Equation E-1 and perform a regression analysis to estimate the coefficients that can be used to predict TCC's credit rating as of the NE1 Facility Agreement and the PropCo Facility Agreement. I employ exactly the same model specification for each of the NE1 and PropCo Facility Agreements, but construct separate datasets corresponding to each Facility Agreements to account for changes in credit ratings or financial data for the companies used in the regression dataset between May 18, 2011 and January 9, 2014.

The subsections that follow describe the construction of the datasets for the NE1 Facility Agreement and the PropCo Facility Agreement, and the results of the regression analysis for each Facility Agreement.

1. Selection of Companies for Credit Rating Model

In order to construct the dataset to be used to predict the borrower's credit rating, I conducted a search for companies with observable credit ratings and sufficient financial data to construct the financial metrics used in Equation E-1 as of the date of each of the NE1 Facility Agreement and the PropCo Facility Agreement. I construct two separate datasets, one using data as of May 18,

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[15] Fabozzi, p. 358.

2011 for the NE1 Facility Agreement and one using data as of January 9, 2014 for the PropCo Facility Agreement. I conducted separate searches for each of these agreements. In each case, the first three steps of the search are identical. The fourth step covers financial data specific to the time period of the analysis, and differs between the two searches.

The subsections below describe the search process used to construct the datasets for the NE1 Facility Agreement and the PropCo Facility Agreement.

(a) Database Used

I used the Capital IQ database to perform this search. Capital IQ is a web- and Excel-based research platform developed and maintained by S&P's, with data on over 88,000 companies worldwide, pulled directly from public filings. Screens can be conducted using over 400 qualitative items and 900 quantitative items.

(b) Industry Classification

An important consideration for credit rating is the industry of the issuer. To account for this factor, I applied a screen in Capital IQ to identify companies that are classified as "Multiline Retail" or "Specialty Retail" in the GICS industry. This screen resulted in 121,387 potential companies for the analysis.

(c) Geographic Location

Credit analysts identify the geographic location of the borrower as an important factor to consider when evaluating the creditworthiness of a borrower. I control for the effect of geographic location on credit rating by limiting the set of companies included in the regression analysis to companies located in the US and Canada. This filter resulted in 40,818 potential companies.

(d) Company Type

I applied a filter to include only public companies and private companies with public debt. The addition of this screen resulted in 435 potential companies.

(e) Sufficient Financial Information Screen

Finally, I applied a filter to ensure that the companies had sufficient information to construct the dependent and independent variables used in this analysis. To do so, I applied a filter to ensure that the company had reported financial information in the most recent fiscal year corresponding to the date of the NE1 Facility Agreement and the PropCo Facility Agreement. I also applied a filter to require that the company have a credit rating as of the date of the agreement.

For the NE1 Facility Agreement, I included filters requiring that the company reported financial information in its fiscal year 2010, and have a credit rating as of May 18, 2011. This screen resulted in 57 companies for use in the analysis for the NE1 Facility Agreement.

For the PropCo Facility Agreement, I included a filter requiring that the company reported financial information in its fiscal year 2013, and have a credit rating as of January 9, 2014. This screen resulted in 60 companies for use in the analysis for the PropCo Facility Agreement.

A matrix summarizing the companies rejected in the quantitative screens, and the datasets used in the regression for each of the NE1 Facility Agreement and the PropCo Facility Agreement are provided in Exhibits E-12 through E-15.

2. Regression Results for NE1 Facility Agreement and PropLP Facility Agreement

I performed separate regressions for the NE1 Facility Agreement and the PropCo Facility Agreement to estimate the parameters in Equation E-1 to predict TCC's credit rating as of the NE1 Facility Agreement and the PropCo Facility Agreement. The econometric results corresponding to each agreement are presented in turn in the subsections that follow.

(a) NE1 Facility Agreement Regression Results

The regression analysis for the NE1 Facility Agreement yields the following estimation equation for credit rating as a function of the independent variables identified in Equation E-1 above.

Equation E-2: $Credit\ Rating = -4.4182 + 0.0089 * \frac{EBITDA}{Interest\ Expense} + 9.5020 * Return\ on\ Capital - 1.1669 * Total\ Debt/Capital + 1.6292 * \ln(Average\ Total\ Assets)$

The exhibit below summarizes the regression results for the NE1 Facility Agreement, including the coefficients and t-statistics, the number of observations, and the adjusted R-squared.

Exhibit E-2: Credit Rating Regression Results – NE1 Facility Agreement

	Number of Observations	**57**
	Adjusted R-Squared	**68.1%**
	F-Test	**30.94**

Independent Variable	**Coefficient Estimate**	**t-statistic**
EBITDA / Interest	0.0089	0.5250
Return on Capital	9.5020	3.6634
Total Debt / Capital	-1.1669	-2.5645
Log of Assets	1.6292	8.1127
Constant	-4.4182	-2.5336

The R-squared represents the percentage of the variation in credit ratings that is explained by the econometric model – *i.e.,* the percentage of variation that is explained by the EBITDA / Interest Expense, Return on Capital, Total Debt / Capital, and the natural logarithm of total assets. The econometric model has a significant amount of explanatory power, with an adjusted R-squared value of 68.1 percent.

In addition to the R-squared, another important summary statistic for the regression is the F-test probability value. This value tests the significance of the entire set of estimated coefficients in the regression model. In other words, the F-test is a test of whether an econometric model as a whole is statistically significant. An econometric model that fails the F-test is indistinguishable from randomness, meaning that all of the coefficients estimated in the model are not statistically different from zero. In the model for the NE1 Facility Agreement, the F-test statistic is high (30.94), which corresponds to a probability of failing the F-test that of approximately zero. This indicates that I can be highly confident that the regression model is, on the whole, meaningful.

While the R-squared and F-statistic suggest that the overall regression model is meaningful and explains a significant amount of variation in credit ratings, it is important to examine the size and magnitude of the estimated coefficients, as well as their statistical significance. As expected, the coefficients on the variables measuring interest coverage, profitability, and size – EBITDA / Interest, Return on Capital, and the logarithm of Total Assets, respectively – are positive, while the leverage metric (Total Debt / Capital) is negative. The t-statistics on Return on Capital, Total Debt / Capital, the natural logarithm of Total Assets, and the constant term indicate that these coefficients are all statistically significant at or above the 95 percent confidence level.

EBITDA / Interest has a positive coefficient that is only slightly different from zero (0.0089), but the t-statistic on this coefficient is only 0.5250. This t-statistic indicates that the coefficient on the interest coverage ratio is not statistically different from zero. Given the statistical insignificance of the coefficient on EBITDA / Interest, I also considered an alternative measure of interest coverage, EBIT-to-Interest. However, this variable produced a similar coefficient value and t-statistic.

(b) PropCo Facility Agreement Regression Results

The regression analysis for the PropCo Facility Agreement yields the following estimation equation for credit rating as a function of the independent variables identified in Equation E-1 above.

Equation E-3: $Credit\ Rating = -3.6642 + 0.0002 * \frac{EBITDA}{Interest\ Expense} + 11.8187 * Return\ on\ Capital - 1.8094 * Total\ Debt/Capital + 1.5029 * \ln(Average\ Total\ Assets)$

The exhibit below summarizes the regression results for the PropCo Facility Agreement, including the coefficients and t-statistics, the number of observations, and the adjusted R-squared.

Exhibit E-3: Credit Rating Regression Results – PropCo Facility Agreement

Number of Observations	**60**
Adjusted R-Squared	**62.9%**
F-Test	**26.00**

Independent Variable	**Coefficient Estimate**	**t-statistic**
EBITDA / Interest	0.0002	0.1370
Return on Capital	11.8187	7.0709
Total Debt / Capital	-1.8094	-4.1332
Log of Assets	1.5029	6.2657
Constant	-3.6642	-1.7737

The R-squared represents the percentage of the variation in credit ratings that is explained by the econometric model – *i.e.*, the percentage of variation that is explained by the EBITDA / Interest Expense, Return on Capital, Total Debt / Capital, and the natural logarithm of total assets. The econometric model has a significant amount of explanatory power, with an adjusted R-squared value of 62.9 percent.

In addition to the R-squared, another important summary statistic for the regression is the F-test probability value. This value tests the significance of the entire set of estimated coefficients in the regression model. In other words, the F-test is a test of whether an econometric model as a whole is statistically significant. An econometric model that fails the F-test is indistinguishable from randomness, meaning that all of the coefficients estimated in the model are not statistically different from zero. In the model for the PropCo Facility Agreement, the F-test statistic is high (26.00), which corresponds to a probability of failing the F-test that of approximately zero. This indicates that I can be highly confident that the regression model is, on the whole, meaningful.

While the R-squared and F-statistic suggest that the overall regression model is meaningful and explains a significant amount of variation in credit ratings, it is important to examine the size and magnitude of the estimated coefficients, as well as their statistical significance. As expected, the coefficients on the variables measuring interest coverage, profitability, and size – EBITDA / Interest, Return on Capital, and the logarithm of Total Assets, respectively – are positive, while the leverage metric (Total Debt / Capital) is negative. The t-statistics on Return on Capital, Total Debt / Capital, the natural logarithm of Total Assets, and the constant term indicate that these coefficients are all statistically significant at or above the 95 percent confidence level.

EBITDA / Interest has a positive coefficient that is only slightly different from zero (0.0002), but the t-statistic on this coefficient is only 0.1370. This t-statistic indicates that the coefficient on the interest coverage ratio is not statistically different from zero. Given the statistical insignificance of the coefficient on EBITDA / Interest, I also considered an alternative measure of interest coverage, EBIT-to-Interest. However, this variable produced a similar coefficient value and t-statistic.

D. Step Four: Application of Credit Rating Model to the Facility Agreement

The final step in the credit rating analysis is to apply the results of the econometric models for the NE1 Facility Agreement and the PropCo Facility Agreement to the borrower's financial data in order to predict its credit rating at the time each Facility Agreement was issued. The borrower on the NE1 Facility Agreement is TCC. For the PropCo Facility Agreement, the borrower is an affiliate of TCC, PropCo.

For the NE1 Facility Agreement, I compute each of the independent variables used in the credit rating econometric model for TCC as of May 18, 2011. I construct a *pro forma* income statement for TCC at the time of the NE1 Facility Agreement using TCC's long-run average projected revenues and profits following a start-up period from FY 2011 through FY 2013. *Pro forma* balance sheets for TCC were not available as of the NE1 Facility Agreement, so I estimated a *pro forma* balance sheet based on TCC's actual balance sheets and the anticipated financing under the NE1 Facility Agreement.

For the PropCo Facility Agreement, the borrower, PropCo, is a real estate holding company that owns the leasehold improvements in the retail stores operated by TCC. PropCo's income consists exclusively of rental payments from TCC for the use of these leasehold improvements, so its ability to make interest payments is entirely dependent on TCC's ongoing operations. Given that PropCo's assets are ultimately used in TCC's operations, and therefore reflected in the income generated from TCC's business, I use TCC's financial information to evaluate the credit worthiness of the borrower on the PropCo Facility Agreement. Specifically, I use TCC's income statement for the fiscal year ending in 2014, and average balance sheet data for the fiscal years ending in 2013 and 2014.

In the subsections that follow, I apply the credit rating econometric model to TCC's financial data for the NE1 Facility Agreement and the PropCo Facility Agreement. As discussed above, this regression equation predicts credit rating as a numerical value, which corresponds to the S&P credit rating scales as shown in Exhibit E-1.

1. Predicted Credit Rating for NE1 Facility Agreement

To predict TCC's credit rating for the NE1 Facility Agreement, I first obtained *pro forma* financial statements for TCC as of May 18, 2011. The exhibits below provide TCC's *pro forma* income statement and balance sheet as of this date.

Exhibit E-4: TCC *Pro Forma* Income Statement – NE1 Facility Agreement

Line	Description	Value
	Income Statement	
1	Total Revenue	6,795.4
2	Cost of Sales	4,652.5
3	Gross Profit (Line 1 - Line 2)	2,142.9
4	SG&A	1,291.6
5	Depreciation	243.8
6	EBIT (Line 3 - Line 4 - Line 5)	607.6
7	EBITDA (Line 6 + Line 5)	851.4
8	Interest Expense	266.3

Notes:

(1) In millions of USD.

(2) 5-year average projected income statement as of 2011.

Exhibit E-5: TCC *Pro Forma* Balance Sheet – NE1 Facility Agreement

Line	Description	Value
	Assets	
1	Cash and cash equivalents	19.1
2	Inventory	272.1
3	Other current assets	100.2
4	**Total current assets**	**391.5**
5	Long-term Assets	4,556.1
6	**Total assets**	**4,947.7**
7	**Liabilities and shareholders' investment**	0.0
8	Accounts payable	209.3
9	Accrued and other current liabilities	138.0
10	Current portion of long-term debt and other borrowings	8.5
11	**Total current liabilities**	**355.9**
12	Long-term debt and other borrowings	1,212.0
13	Due to related party	2,982.4
14	**Total Debt**	**4,194.3**
15	Other Non-Current Liabilities	13.4
16	Shareholder Equity	384.1
17	**Total Liabilities and Shareholder Equity**	4,934.3

Notes:

(1) In millions of USD.

(2) Balance sheet constructed from TCC's actual balance sheet data for FY 2012 - FY 2015, taking into account NE1 Facility.

I next calculated the value of each independent variable for TCC using the borrower's *pro forma* financial statements as of May18, 2011. The exhibit below summarizes these calculations.

Exhibit E-6: Independent Variable Calculation for NE1 Facility Agreement (May 18, 2011)

Line	Description	Value
	Interest Coverage Ratio	
1	EBITDA	851.4
2	Interest Expense	266.3
3	EBITDA / Interest Coverage (Line 1 / Line 2)	3.20
	Return on Capital	
4	EBIT	607.6
5	Total Capital	4,578.4
6	EBIT / Total Capital (Line 4 / Line 5)	13.27%
	Total Debt / Total Capital	
7	Total Debt	4,194.3
8	Total Capital	4,578.4
9	Total Debt / Total Capital (Line 7 / Line 8)	91.61%
	Size	
10	Total Assets	4,947.7
11	Natural Logarithm of Total Assets (LN of Line 10)	8.51

Finally, I estimate TCC's credit rating as of the NE1 Facility Agreement using the econometric model given by Equation E-2 and TCC's values for each independent variable as of the NE1 Facility Agreement.

The exhibit below presents TCC's predicted credit rating for the NE1 Facility Agreement.

Exhibit E-7: TCC Predicted Credit Rating – NE1 Facility Agreement

Line	Independent Variable	Coefficient Estimate (A)	TCC Value (B)	Equation Value (C) = (A) x (B)
1	EBITDA / Interest	0.0089	3.20	0.0284
2	Return on Capital	9.5020	13.27%	1.2610
3	Total Debt / Capital	(1.1669)	91.61%	(1.0690)
4	Log of Assets	1.6292	8.51	13.8592
5	Constant	(4.4182)	1	(4.4182)
6	**Credit Rating Numerical Value (Sum of Column C, Rounded)**			**10.00**
7	Predicted Credit Rating			**BB**

Given the *pro forma* financials as of May 18, 2011, the credit rating econometric model estimates that TCC would have a BB credit rating as of the date of the NE1 Facility Agreement.

2. Predicted Credit Rating for PropCo Facility Agreement

To predict TCC's credit rating for the PropCo Facility Agreement, I first obtained *pro forma* financial statements for TCC as of January 9, 2014. The exhibits below provide TCC's *pro forma* income statement and balance sheet as of this date.

Exhibit E-8: TCC *Pro Forma* Income Statement – PropCo Facility Agreement

Line	Description	Value
	Income Statement	
1	Total Revenue	1,319.8
2	Cost of Sales	1,127.6
3	Gross Profit (Line 1 - Line 2)	192.2
4	SG&A	1,014.3
5	Depreciation	183.5
6	EBIT (Line 3 - Line 4 - Line 5)	(1,005.6)
7	EBITDA (Line 6 + Line 5)	(822.1)
8	Interest Expense	193.0

Notes:
(1) In millions of USD.
(2) Actual income statement for FY 2014.

Exhibit E-9: TCC *Pro Forma* Balance Sheet – PropCo Facility Agreement

Line	Description	Value
	Assets	
1	Cash and cash equivalents	9.8
2	Inventory	318.7
3	Other current assets	140.6
4	**Total current assets**	**469.2**
5	Long-term Assets	4,720.0
6	**Total assets**	**5,189.3**
7	**Liabilities and shareholders' investment**	
8	Accounts payable	279.5
9	Accrued and other current liabilities	200.3
10	Current portion of long-term debt and other borrowings	9.0
11	**Total current liabilities**	**488.8**
12	Long-term debt and other borrowings	1,240.1
13	Due to related party	3,040.6
14	**Total Debt**	**4,280.8**
15	Other noncurrent liabilities	14.7
16	Shareholder Equity	405.0
17	**Total Liabilities and Shareholder Equity**	**5,189.3**

Notes:

(1) In millions of USD.

(2) Balance sheet constructed from TCC's actual balance sheet data for FY 2013 - FY 2014.

I next calculated the value of each independent variable for TCC using the borrower's *pro forma* financial statements as of January 9, 2014. The exhibit below summarizes these calculations.

Exhibit E-10: Independent Variable Calculation for PropCo Facility Agreement (January 9, 2014)

Line	Description	Value
	Interest Coverage Ratio	
1	EBITDA	(822.1)
2	Interest Expense	193.0
3	EBITDA / Interest Coverage (Line 1 / Line 2)	(4.26)
	Return on Capital	
4	EBIT	(1,005.6)
5	Total Capital	4,685.8
6	EBIT / Total Capital (Line 4 / Line 5)	-21.46%
	Total Debt / Total Capital	
7	Total Debt	4,280.8
8	Total Capital	4,685.8
9	Total Debt / Total Capital (Line 7 / Line 8)	91.36%
	Size	
10	Total Assets	5,189.3
11	Natural Logarithm of Total Assets (LN of Line 10)	8.55

Finally, I estimate TCC's credit rating as of the PropCo Facility Agreement using the econometric model given by Equation E-3 and TCC's values for each independent variable as of the PropCo Facility Agreement.

The exhibit below presents TCC's predicted credit rating for the PropCo Facility Agreement.

Exhibit E-11: TCC Predicted Credit Rating – PropCo Facility Agreement

Line	Independent Variable	Coefficient Estimate (A)	TCC Value (B)	Equation Value (C) = (A) x (B)
1	EBITDA / Interest	0.0002	(4.26)	(0.0010)
2	Return on Capital	11.8187	-21.46%	(2.5363)
3	Total Debt / Capital	(1.8094)	91.36%	(1.6530)
4	Log of Assets	1.5029	8.55	12.8567
5	Constant	(3.6642)	1	(3.6642)
6	**Credit Rating Numerical Value (Sum of Column C, Rounded)**			**5.00**
7	Predicted Credit Rating			**CCC+**

Given the *pro forma* financials as of January 9, 2014, the credit rating econometric model estimates that TCC would have a CCC+ credit rating as of the date of the PropCo Facility Agreement.

Exhibit E-12: Companies Rejected by Quantitative Screens – NE1 Facility Agreement

#	Company Name	Reason for Rejection
1	99 Cents only Stores LLC	No S&P Credit Rating Reported
2	Guitar Center, Inc.	No S&P Credit Rating Reported
3	Hot Topic Inc.	No S&P Credit Rating Reported
4	Party City Holdings Inc.	No S&P Credit Rating Reported
5	rue21, Inc.	No S&P Credit Rating Reported
6	Aaron's, Inc.	No S&P Credit Rating Reported
7	Abercrombie & Fitch Co.	No S&P Credit Rating Reported
8	Advent Wireless Inc.	No S&P Credit Rating Reported
9	Aéropostale, Inc.	No S&P Credit Rating Reported
10	ALCO Stores, Inc.	No S&P Credit Rating Reported
11	America's Car-Mart Inc.	No S&P Credit Rating Reported
12	American Eagle Outfitters, Inc.	No S&P Credit Rating Reported
13	ANN INC.	No S&P Credit Rating Reported
14	Appliance Recycling Centers of America Inc.	No S&P Credit Rating Reported
15	Ascena Retail Group Inc.	No S&P Credit Rating Reported
16	AutoCanada Inc.	No S&P Credit Rating Reported
17	Bakers Footwear Group Inc.	No S&P Credit Rating Reported
18	Barnes & Noble, Inc.	No S&P Credit Rating Reported
19	BB Liquidating Inc.	No S&P Credit Rating Reported
20	Bebe Stores, Inc.	No S&P Credit Rating Reported
21	Bed Bath & Beyond Inc.	Insufficient Financial Information
22	Belk Inc.	No S&P Credit Rating Reported
23	Big 5 Sporting Goods Corp.	No S&P Credit Rating Reported
24	Birks Group Inc.	No S&P Credit Rating Reported
25	BMTC Group Inc.	No S&P Credit Rating Reported
26	Body Central Corp.	No S&P Credit Rating Reported
27	Books-A-Million Inc.	No S&P Credit Rating Reported
28	Borders Group, Inc.	No S&P Credit Rating Reported
29	Bowlin Travel Centers Inc.	No S&P Credit Rating Reported
30	BRAVADA International Ltd	No S&P Credit Rating Reported
31	Build-A-Bear Workshop Inc.	No S&P Credit Rating Reported
32	Cabela's Incorporated	No S&P Credit Rating Reported
33	Cache Inc.	No S&P Credit Rating Reported
34	Calloway's Nursery Inc.	No S&P Credit Rating Reported
35	CarMax Inc.	No S&P Credit Rating Reported
36	Chesswood Group Limited	No S&P Credit Rating Reported
37	Chico's FAS Inc.	No S&P Credit Rating Reported
38	Christopher & Banks Corporation	No S&P Credit Rating Reported
39	Citi Trends, Inc.	No S&P Credit Rating Reported
40	Coldwater Creek Inc.	No S&P Credit Rating Reported

#	Company Name	Reason for Rejection
41	Conns Inc.	No S&P Credit Rating Reported
42	CST Brands, Inc.	No S&P Credit Rating Reported
43	Destination XL Group, Inc.	No S&P Credit Rating Reported
44	DGSE Companies Inc.	No S&P Credit Rating Reported
45	Dick's Sporting Goods Inc.	No S&P Credit Rating Reported
46	Dollar Tree, Inc.	No S&P Credit Rating Reported
47	Dollarama Inc.	No S&P Credit Rating Reported
48	DSW Inc.	No S&P Credit Rating Reported
49	DSW Inc., Prior to Reverse Merger with Retail Ventures Inc.	No S&P Credit Rating Reported
50	easyhome Ltd.	No S&P Credit Rating Reported
51	Finish Line Inc.	No S&P Credit Rating Reported
52	Five Below, Inc.	No S&P Credit Rating Reported
53	Forever Valuable Collectibles, Inc.	No S&P Credit Rating Reported
54	Francesca's Holdings Corporation	No S&P Credit Rating Reported
55	Franchise Bancorp Inc.	No S&P Credit Rating Reported
56	Fred's, Inc.	No S&P Credit Rating Reported
57	GNC Holdings Inc.	No S&P Credit Rating Reported
58	Gordmans Stores, Inc.	No S&P Credit Rating Reported
59	Guess? Inc.	No S&P Credit Rating Reported
60	Hancock Fabrics Inc.	No S&P Credit Rating Reported
61	Haverty Furniture Companies Inc.	No S&P Credit Rating Reported
62	HearAtLast Holdings Inc.	No S&P Credit Rating Reported
63	hhgregg, Inc.	No S&P Credit Rating Reported
64	Hibbett Sports, Inc.	No S&P Credit Rating Reported
65	Hudson's Bay Company	No S&P Credit Rating Reported
66	Indigo Books & Music Inc.	No S&P Credit Rating Reported
67	Kirkland's Inc.	No S&P Credit Rating Reported
68	Le Chateau Inc.	No S&P Credit Rating Reported
69	Leon's Furniture Ltd.	No S&P Credit Rating Reported
70	Lithia Motors Inc.	No S&P Credit Rating Reported
71	Lumber Liquidators Holdings, Inc.	No S&P Credit Rating Reported
72	Marinemax Inc.	No S&P Credit Rating Reported
73	Mattress Firm Holding Corp.	No S&P Credit Rating Reported
74	Monro Muffler Brake Inc.	No S&P Credit Rating Reported
75	Murphy USA Inc.	No S&P Credit Rating Reported
76	New Look Vision Group Inc.	No S&P Credit Rating Reported
77	New York & Company Inc.	No S&P Credit Rating Reported
78	NowAuto Group, Inc.	No S&P Credit Rating Reported
79	OSH 1 Liquidating Corporation	No S&P Credit Rating Reported
80	Pacific Sunwear of California Inc.	No S&P Credit Rating Reported
81	Pacific Vector Holdings Inc.	No S&P Credit Rating Reported

#	Company Name	Reason for Rejection
82	Party City Holdco Inc.	No S&P Credit Rating Reported
83	Perfumania Holdings, Inc.	No S&P Credit Rating Reported
84	Pier 1 Imports, Inc.	No S&P Credit Rating Reported
85	Precision Auto Care Inc.	No S&P Credit Rating Reported
86	RAP Acquisition Corp.	No S&P Credit Rating Reported
87	Reitmans Canada Ltd.	No S&P Credit Rating Reported
88	Restoration Hardware Holdings, Inc.	No S&P Credit Rating Reported
89	RoomStore, Inc.	No S&P Credit Rating Reported
90	Sally Beauty Holdings Inc.	No S&P Credit Rating Reported
91	Seal123, Inc.	No S&P Credit Rating Reported
92	Sears Hometown and Outlet Stores, Inc.	No S&P Credit Rating Reported
93	Seen On Screen TV, Inc.	No S&P Credit Rating Reported
94	Select Comfort Corporation	No S&P Credit Rating Reported
95	Shoe Carnival Inc.	No S&P Credit Rating Reported
96	Sichuan Leaders Petrochemical Company	No S&P Credit Rating Reported
97	Speedemissions Inc.	No S&P Credit Rating Reported
98	Stage Stores Inc.	No S&P Credit Rating Reported
99	Stein Mart Inc.	No S&P Credit Rating Reported
100	Systemax Inc.	No S&P Credit Rating Reported
101	Tandy Leather Factory, Inc.	No S&P Credit Rating Reported
102	The Buckle, Inc.	No S&P Credit Rating Reported
103	The Cato Corporation	No S&P Credit Rating Reported
104	The Children's Place, Inc.	No S&P Credit Rating Reported
105	The Gap, Inc.	Insufficient Financial Information
106	The Men's Wearhouse, Inc.	No S&P Credit Rating Reported
107	Tiffany & Co.	No S&P Credit Rating Reported
108	Tilden Associates Inc.	No S&P Credit Rating Reported
109	Tile Shop Holdings, Inc.	No S&P Credit Rating Reported
110	Tilly's, Inc.	No S&P Credit Rating Reported
111	Tractor Supply Company	No S&P Credit Rating Reported
112	Trans World Entertainment Corporation	No S&P Credit Rating Reported
113	TravelCenters of America LLC	No S&P Credit Rating Reported
114	Trimax Corporation	No S&P Credit Rating Reported
115	Tuesday Morning Corporation	No S&P Credit Rating Reported
116	ULTA Salon, Cosmetics & Fragrance, Inc.	No S&P Credit Rating Reported
117	Urban Outfitters Inc.	No S&P Credit Rating Reported
118	Vitamin Shoppe, Inc.	No S&P Credit Rating Reported
119	West Marine Inc.	No S&P Credit Rating Reported
120	Western Capital Resources, Inc.	No S&P Credit Rating Reported
121	Williams-Sonoma Inc.	No S&P Credit Rating Reported
122	Winmark Corp.	No S&P Credit Rating Reported
123	Zumiez, Inc.	No S&P Credit Rating Reported

Exhibit E-13: Regression Dataset – NE1 Facility Agreement

#	Company Name	Credit Rating	Numerical Rating	EBITDA / Interest	Return on Capital	Total Debt / Capital	Log of Assets
1	Brookstone Inc.	B-	6.00	0.59	0.1%	0.59	6.09
2	Claire's Stores Inc.	B-	6.00	1.24	5.3%	1.02	7.99
3	DriveTime Automotive Group, Inc.	B	7.00	1.46	11.6%	0.77	7.10
4	Family Dollar Stores Inc.	BBB-	12.00	46.00	28.6%	0.15	7.93
5	GNC Corp.	B+	8.00	3.20	9.2%	0.60	7.74
6	Good Sam Enterprises, LLC	B-	6.00	1.63	32.1%	3.43	5.63
7	J. Crew Group, Inc.	B	7.00	37.61	46.2%	0.12	6.53
8	Jo-Ann Stores, LLC	B	7.00	26.00	18.2%	0.06	6.85
9	Michaels Stores, Inc.	B-	6.00	1.78	39.1%	3.69	7.42
10	Nebraska Book Company, Inc.	CCC	4.00	1.97	9.5%	0.80	6.44
11	Neiman Marcus Group, Inc.	B+	8.00	1.97	4.9%	0.72	8.71
12	OfficeMax Incorporated	B	7.00	2.63	4.9%	0.78	8.41
13	PetSmart, Inc.	BB	10.00	10.40	22.2%	0.35	7.77
14	Saks Incorporated	BB-	9.00	2.25	-0.9%	0.34	7.69
15	Sally Holdings LLC	BB-	9.00	2.69	28.6%	1.57	7.32
16	The Gymboree Corporation	B+	8.00	33.41	26.6%	0.49	6.69
17	Toys "R" Us Inc.	B	7.00	2.24	12.0%	0.98	9.06
18	Advance Auto Parts Inc.	BBB-	12.00	19.78	30.6%	0.27	8.02
19	Asbury Automotive Group, Inc.	B+	8.00	2.22	7.6%	0.81	7.38
20	AutoNation, Inc.	BB+	11.00	4.53	8.0%	0.57	8.73
21	AutoZone, Inc.	BBB	13.00	9.72	50.1%	1.13	8.57
22	Best Buy Co., Inc.	BBB-	12.00	35.49	29.7%	0.22	9.71
23	Big Lots Inc.	BBB	13.00	118.43	34.2%	0.02	7.34
24	Bon-Ton Stores Inc.	B	7.00	2.00	7.2%	0.87	7.50
25	Caleres, Inc.	B+	8.00	5.16	7.9%	0.41	6.97
26	Canadian Tire Corp. Ltd.	BBB+	14.00	6.22	12.2%	0.37	8.98
27	Destination Maternity Corporation	B	7.00	7.79	16.9%	0.48	5.44
28	Dillard's Inc.	BB-	9.00	5.23	3.4%	0.32	8.46
29	Dollar General Corporation	BB	10.00	3.57	12.5%	0.52	9.10
30	Express Inc.	B+	8.00	3.87	20.5%	0.78	6.79
31	Foot Locker, Inc.	BB-	9.00	22.40	8.4%	0.07	7.98
32	GameStop Corp.	BB+	11.00	18.60	22.4%	0.14	8.44
33	Genesco Inc.	BB-	9.00	25.88	13.8%	0.06	6.75
34	Group 1 Automotive Inc.	BB-	9.00	2.50	7.3%	0.62	7.70
35	J. C. Penney Company, Inc.	BB+	11.00	5.49	9.7%	0.41	9.45
36	Kohl's Corp.	BBB+	14.00	8.42	18.0%	0.31	9.46
37	L Brands, Inc.	BB+	11.00	6.44	19.2%	0.60	8.86
38	Lowe's Companies Inc.	A	16.00	16.28	14.5%	0.24	10.39
39	Macy's, Inc.	BBB-	12.00	5.06	10.0%	0.64	10.02

#	Company Name	Credit Rating	Numerical Rating	EBITDA / Interest	Return on Capital	Total Debt / Capital	Log of Assets
40	Nebraska Book Holdings, Inc.	CCC	4.00	1.38	8.8%	0.95	6.41
41	Nordstrom Inc.	A-	15.00	12.54	21.6%	0.62	8.74
42	O'Reilly Automotive Inc.	BBB-	12.00	18.35	17.4%	0.19	8.35
43	Office Depot, Inc.	B	7.00	3.68	0.7%	0.40	8.59
44	Outerwall Inc.	BB+	11.00	6.85	15.2%	0.50	7.01
45	Penske Automotive Group, Inc.	B+	8.00	2.66	6.9%	0.71	8.30
46	Pep Boys - Manny, Moe & Jack	B	7.00	4.53	5.1%	0.44	7.34
47	RadioShack Corp.	BB	10.00	10.65	22.7%	0.42	7.72
48	Rent-A-Center, Inc.	BB	10.00	9.22	13.8%	0.39	7.84
49	Rona Inc.	BBB-	12.00	13.25	10.9%	0.21	7.81
50	Ross Stores Inc.	BBB	13.00	91.18	52.4%	0.13	7.87
51	Sears Canada Inc.	BB-	9.00	18.25	18.4%	0.16	7.98
52	Sears Holdings Corporation	BB-	9.00	5.68	5.0%	0.24	10.14
53	Sonic Automotive Inc.	B+	8.00	1.96	8.8%	0.81	7.79
54	Staples, Inc.	BBB	13.00	10.40	17.7%	0.31	9.45
55	Target Corp.	A+	17.00	9.45	14.2%	0.54	10.70
56	The Home Depot, Inc.	BBB+	14.00	11.88	18.3%	0.36	10.63
57	The TJX Companies, Inc.	A	16.00	52.37	54.6%	0.23	8.85

Exhibit E-14: Companies Rejected by Quantitative Screens – PropCo Facility Agreement

#	Company Name	Reason for Rejection
1	Brookstone Inc.	No S&P Credit Rating Reported
2	Hot Topic Inc.	Insufficient Financial Information
3	Murphy Oil USA, Inc.	No S&P Credit Rating Reported
4	PC Nextco Holdings, LLC	No S&P Credit Rating Reported
5	Saks Incorporated	No S&P Credit Rating Reported
6	Superior Petroleum Company	No S&P Credit Rating Reported
7	Aaron's, Inc.	No S&P Credit Rating Reported
8	Abercrombie & Fitch Co.	No S&P Credit Rating Reported
9	Advent Wireless Inc.	No S&P Credit Rating Reported
10	Aéropostale, Inc.	No S&P Credit Rating Reported
11	ALCO Stores, Inc.	No S&P Credit Rating Reported
12	America's Car-Mart Inc.	No S&P Credit Rating Reported
13	American Eagle Outfitters, Inc.	No S&P Credit Rating Reported
14	ANN INC.	No S&P Credit Rating Reported
15	Appliance Recycling Centers of America Inc.	No S&P Credit Rating Reported
16	Ascena Retail Group Inc.	No S&P Credit Rating Reported
17	AutoCanada Inc.	No S&P Credit Rating Reported
18	Azure Holding Group Corp.	No S&P Credit Rating Reported
19	Barnes & Noble Education, Inc.	No S&P Credit Rating Reported
20	Barnes & Noble, Inc.	No S&P Credit Rating Reported
21	Bebe Stores, Inc.	No S&P Credit Rating Reported
22	Belk Inc.	No S&P Credit Rating Reported
23	Big 5 Sporting Goods Corp.	No S&P Credit Rating Reported
24	Birks Group Inc.	No S&P Credit Rating Reported
25	Blink Technologies, Inc.	No S&P Credit Rating Reported
26	BMTC Group Inc.	No S&P Credit Rating Reported
27	Body Central Corp.	No S&P Credit Rating Reported
28	Books-A-Million Inc.	No S&P Credit Rating Reported
29	Boot Barn Holdings, Inc.	No S&P Credit Rating Reported
30	Bowlin Travel Centers Inc.	No S&P Credit Rating Reported
31	BRAVADA International Ltd	No S&P Credit Rating Reported
32	Build-A-Bear Workshop Inc.	No S&P Credit Rating Reported
33	Cabela's Incorporated	No S&P Credit Rating Reported
34	Cache Inc.	No S&P Credit Rating Reported
35	Calloway's Nursery Inc.	No S&P Credit Rating Reported
36	Car Charging Group, Inc.	No S&P Credit Rating Reported
37	CarMax Inc.	No S&P Credit Rating Reported
38	Chesswood Group Limited	No S&P Credit Rating Reported

#	Company Name	Reason for Rejection
39	Chico's FAS Inc.	No S&P Credit Rating Reported
40	Christopher & Banks Corporation	No S&P Credit Rating Reported
41	Citi Trends, Inc.	No S&P Credit Rating Reported
42	Coldwater Creek Inc.	No S&P Credit Rating Reported
43	Conns Inc.	No S&P Credit Rating Reported
44	DAVIDsTEA Inc.	No S&P Credit Rating Reported
45	Destination Maternity Corporation	No S&P Credit Rating Reported
46	Destination XL Group, Inc.	No S&P Credit Rating Reported
47	DGSE Companies Inc.	No S&P Credit Rating Reported
48	Dick's Sporting Goods Inc.	No S&P Credit Rating Reported
49	Dollar Tree, Inc.	No S&P Credit Rating Reported
50	Dollarama Inc.	No S&P Credit Rating Reported
51	DSW Inc.	No S&P Credit Rating Reported
52	easyhome Ltd.	No S&P Credit Rating Reported
53	Finish Line Inc.	No S&P Credit Rating Reported
54	Five Below, Inc.	No S&P Credit Rating Reported
55	Francesca's Holdings Corporation	No S&P Credit Rating Reported
56	Franchise Bancorp Inc.	No S&P Credit Rating Reported
57	Fred's, Inc.	No S&P Credit Rating Reported
58	GameStop Corp.	No S&P Credit Rating Reported
59	Gordmans Stores, Inc.	No S&P Credit Rating Reported
60	Green Automotive Company	No S&P Credit Rating Reported
61	Guess? Inc.	No S&P Credit Rating Reported
62	Hancock Fabrics Inc.	No S&P Credit Rating Reported
63	Haverty Furniture Companies Inc.	No S&P Credit Rating Reported
64	hhgregg, Inc.	No S&P Credit Rating Reported
65	Hibbett Sports, Inc.	No S&P Credit Rating Reported
66	Indigo Books & Music Inc.	No S&P Credit Rating Reported
67	Kirkland's Inc.	No S&P Credit Rating Reported
68	Le Chateau Inc.	No S&P Credit Rating Reported
69	Leon's Furniture Ltd.	No S&P Credit Rating Reported
70	Liquid Nutrition Group Inc.	No S&P Credit Rating Reported
71	Lithia Motors Inc.	No S&P Credit Rating Reported
72	Lumber Liquidators Holdings, Inc.	No S&P Credit Rating Reported
73	Marinemax Inc.	No S&P Credit Rating Reported
74	Mattress Firm Holding Corp.	No S&P Credit Rating Reported
75	Monro Muffler Brake Inc.	No S&P Credit Rating Reported
76	New Look Vision Group Inc.	No S&P Credit Rating Reported
77	New York & Company Inc.	No S&P Credit Rating Reported
78	Pacific Sunwear of California Inc.	No S&P Credit Rating Reported
79	Party City Holdco Inc.	No S&P Credit Rating Reported
80	Perfumania Holdings, Inc.	No S&P Credit Rating Reported

#	Company Name	Reason for Rejection
81	Pier 1 Imports, Inc.	No S&P Credit Rating Reported
82	Precision Auto Care Inc.	No S&P Credit Rating Reported
83	Reitmans Canada Ltd.	No S&P Credit Rating Reported
84	Restoration Hardware Holdings, Inc.	No S&P Credit Rating Reported
85	Seal123, Inc.	No S&P Credit Rating Reported
86	Sears Hometown and Outlet Stores, Inc.	No S&P Credit Rating Reported
87	Seen On Screen TV, Inc.	No S&P Credit Rating Reported
88	Select Comfort Corporation	No S&P Credit Rating Reported
89	Shoe Carnival Inc.	No S&P Credit Rating Reported
90	Sleep Country Canada Holdings Inc.	No S&P Credit Rating Reported
91	Speedemissions Inc.	No S&P Credit Rating Reported
92	Stage Stores Inc.	No S&P Credit Rating Reported
93	Stein Mart Inc.	No S&P Credit Rating Reported
94	Systemax Inc.	No S&P Credit Rating Reported
95	Tandy Leather Factory, Inc.	No S&P Credit Rating Reported
96	Tatyana Designs, Inc.	No S&P Credit Rating Reported
97	The Buckle, Inc.	No S&P Credit Rating Reported
98	The Cato Corporation	No S&P Credit Rating Reported
99	The Children's Place, Inc.	No S&P Credit Rating Reported
100	The Men's Wearhouse, Inc.	No S&P Credit Rating Reported
101	The Michaels Companies, Inc.	No S&P Credit Rating Reported
102	Tiffany & Co.	No S&P Credit Rating Reported
103	Tile Shop Holdings, Inc.	No S&P Credit Rating Reported
104	Tilly's, Inc.	No S&P Credit Rating Reported
105	Tractor Supply Company	No S&P Credit Rating Reported
106	Trans World Entertainment Corporation	No S&P Credit Rating Reported
107	TravelCenters of America LLC	No S&P Credit Rating Reported
108	Tuesday Morning Corporation	No S&P Credit Rating Reported
109	ULTA Salon, Cosmetics & Fragrance, Inc.	No S&P Credit Rating Reported
110	Urban Outfitters Inc.	No S&P Credit Rating Reported
111	West Marine Inc.	No S&P Credit Rating Reported
112	Western Capital Resources, Inc.	No S&P Credit Rating Reported
113	Williams-Sonoma Inc.	No S&P Credit Rating Reported
114	Winmark Corp.	No S&P Credit Rating Reported
115	Zumiez, Inc.	No S&P Credit Rating Reported

Exhibit E-15: Regression Dataset – PropCo Facility Agreement

#	Company Name	Credit Rating	Numerical Rating	EBITDA / Interest	Return on Capital	Total Debt / Capital	Log of Assets
1	99 Cents only Stores LLC	B	7.00	5.72	9.6%	0.44	7.16
2	Claire's Stores Inc.	B-	6.00	1.52	8.1%	1.01	7.94
3	DriveTime Automotive Group, Inc.	B	7.00	2.12	7.5%	0.75	7.55
4	Family Dollar Stores Inc.	BBB-	12.00	35.65	35.6%	0.29	8.08
5	J. Crew Group, Inc.	B	7.00	4.37	11.7%	0.54	7.69
6	Michaels Stores, Inc.	B	7.00	2.40	56.4%	3.72	7.47
7	Neiman Marcus Group, Inc.	B	7.00	3.26	9.4%	0.77	8.58
8	Party City Holdings Inc.	B	7.00	2.60	8.7%	0.71	7.83
9	PetSmart, Inc.	BB+	11.00	13.23	30.4%	0.33	7.83
10	The Gymboree Corporation	B-	6.00	2.65	7.1%	0.72	7.52
11	Toys "R" Us Inc.	B-	6.00	2.05	10.4%	0.92	9.08
12	Advance Auto Parts Inc.	BBB-	12.00	24.34	37.8%	0.37	8.35
13	Asbury Automotive Group, Inc.	BB	10.00	3.96	13.5%	0.73	7.37
14	AutoNation, Inc.	BBB-	12.00	5.79	10.8%	0.70	8.82
15	AutoZone, Inc.	BBB	13.00	10.31	71.7%	1.64	8.72
16	Bed Bath & Beyond Inc.	BBB+	14.00	1216.12	38.2%	0.01	8.65
17	Best Buy Co., Inc.	BB	10.00	28.84	26.2%	0.29	9.75
18	Big Lots Inc.	BBB-	12.00	123.86	36.5%	0.09	7.41
19	Bon-Ton Stores Inc.	B-	6.00	2.08	9.1%	0.86	7.41
20	Burlington Stores, Inc.	B	7.00	2.55	40.5%	3.49	7.13
21	Caleres, Inc.	B+	8.00	5.37	10.3%	0.46	7.06
22	Canadian Tire Corp. Ltd.	BBB+	14.00	7.65	9.7%	0.42	9.43
23	CST Brands, Inc.	BB	10.00	42.34	20.4%	0.25	7.49
24	Dillard's Inc.	BB+	11.00	9.83	13.0%	0.31	8.37
25	Dollar General Corporation	BBB-	12.00	8.68	18.6%	0.39	9.17
26	Express Inc.	BB	10.00	8.13	47.5%	0.50	6.79
27	Foot Locker, Inc.	BB+	11.00	43.97	19.9%	0.06	8.01
28	Genesco Inc.	BB	10.00	54.28	21.4%	0.04	7.00
29	GNC Holdings Inc.	BB+	11.00	9.31	17.7%	0.56	7.83
30	Group 1 Automotive Inc.	BB+	11.00	3.87	9.6%	0.66	7.95
31	Hudson's Bay Company	B+	8.00	2.11	10.7%	0.66	8.06
32	J. C. Penney Company, Inc.	CCC+	5.00	2.26	-0.1%	0.42	9.38
33	Kohl's Corp.	BBB+	14.00	9.12	17.7%	0.39	9.57
34	L Brands, Inc.	BB+	11.00	7.43	36.1%	0.95	8.76
35	Lowe's Companies Inc.	A-	15.00	13.44	15.0%	0.32	10.42
36	Macy's, Inc.	BBB+	14.00	7.40	16.1%	0.56	9.97
37	Murphy USA Inc.	BB	10.00	66.50	25.3%	0.16	7.36
38	Nebraska Book Holdings, Inc.	CCC+	5.00	0.94	8.7%	1.28	6.16
39	Nordstrom Inc.	A-	15.00	13.46	24.5%	0.62	8.96

#	Company Name	Credit Rating	Numerical Rating	EBITDA / Interest	Return on Capital	Total Debt / Capital	Log of Assets
40	O'Reilly Automotive Inc.	BBB	13.00	25.02	27.9%	0.32	8.63
41	Office Depot, Inc.	B-	6.00	4.33	3.8%	0.41	8.47
42	Outerwall Inc.	BB+	11.00	15.71	25.4%	0.49	7.34
43	Penske Automotive Group, Inc.	BB-	9.00	5.11	8.4%	0.70	8.53
44	Pep Boys - Manny, Moe & Jack	B	7.00	4.83	7.3%	0.42	7.37
45	RadioShack Corp.	CCC+	5.00	0.69	-2.9%	0.57	7.66
46	Rent-A-Center, Inc.	BB	10.00	10.15	12.1%	0.36	7.95
47	Rona Inc.	BB+	11.00	11.95	5.3%	0.12	7.90
48	Ross Stores Inc.	A-	15.00	128.10	63.8%	0.10	8.07
49	Sally Beauty Holdings Inc.	BB+	11.00	4.61	35.3%	1.16	7.53
50	Sears Canada Inc.	CCC+	5.00	10.28	3.7%	0.08	7.95
51	Sears Holdings Corporation	CCC+	5.00	1.72	-3.5%	0.38	10.03
52	Sonic Automotive Inc.	BB	10.00	3.52	10.6%	0.76	7.86
53	Sportsman's Warehouse Holdings, Inc.	B	7.00	8.30	52.6%	0.96	5.55
54	Staples, Inc.	BBB	13.00	11.40	17.6%	0.25	9.51
55	Target Corp.	A+	17.00	10.56	16.2%	0.52	10.73
56	The Container Store Group, Inc.	B	7.00	2.76	13.1%	0.57	5.93
57	The Gap, Inc.	BBB-	12.00	44.48	41.2%	0.23	8.91
58	The Home Depot, Inc.	A	16.00	14.41	23.4%	0.36	10.61
59	The TJX Companies, Inc.	A+	17.00	68.16	61.2%	0.19	9.02
60	Vitamin Shoppe, Inc.	BB	10.00	103.70	22.5%	0.00	6.31

Appendix F
Search for Comparable Services Providers

1. Introduction

The Comparable Profit Method/Transaction Net Margin Method ("**CPM/TNMM**") evaluates whether the amount charged in a controlled transaction is arm's length by reference to a measure of profitability derived from uncontrolled parties engaged in similar business activities under similar circumstances. For example, the reported operating profit of a controlled tested party would be compared to the operating profit it would have earned if its profit level indicator ("**PLI**") were equal to that of the uncontrolled comparables. The tested party should be the party to the transaction for which reliable data on the most closely comparable transactions can be identified. It should also be the party that is the least complex of those involved in the controlled transaction, and that does not own valuable intangible property or unique assets. Where appropriate, adjustment should be made to the comparable companies and/or the tested party to account for differences between the tested party and the comparable companies.

The application of the CPM/TNMM to the services transaction between TBI and TCC comprises the following six steps:

- Selection of the tested party for the analysis;
- Selection of the number of years for comparison;
- Selection of comparable companies;
- Choice of PLI; and
- Determination of an arm's length range of results and comparison to the results of the controlled transaction.

2. Selection of the Tested Party

In applying the CPM to a related party transaction, the tested party should be the participant with the most reliable data, requiring the fewest and most reliable adjustments, and for which reliable data regarding uncontrolled comparable companies can be located.[16] Thus, generally the tested party is the party that is simplest in terms of functions performed and risks assumed. In the case of an intercompany services transaction, the tested party is typically the service provider, as its costs of providing the services will be markup up with an arm's length profit amount determined by the CPM/TNMM.

As a result, since TBI provides all of the services to TCC, I selected TBI as the tested party for purposes of this CPM/TNMM analysis.

[16] Treas. Reg. § 1.482-5(b)(2).

3. Selection of Number of Years of Comparison

When applying the CPM it must be decided whether to compare the financial results of only the tax year in question or to analyze several years (*e.g.,* using an average over several years). Multiple year analysis is the appropriate comparison when factors such as business or product life cycles, foreign exchange risks, other business risk factors or other influences might have an effect on the profitability of the comparables. Canadian regulations stipulate the use of single-year observations. In this case, the financial results from 2014 are in question and will be examined.

Section 482 states that the PLI used should be derived from a sufficient number of years of data to reasonably measure the returns that accrue to uncontrolled comparables, and that generally "…such a period should encompass at least the taxable year under review and the preceding two taxable years."[17] Therefore, I have obtained the financial statements for both the tested party and the comparable companies for each of the three years corresponding to the tested party's fiscal years 2012-2014. I have evaluated the three-year weighted average financial results of the comparable companies and the tested party along with the single-year results from 2014 for completeness under both Canadian and US regulations.

4. Selection of Comparable Companies

The next step in applying the CPM/TNMM to TBI's provision of the Services is to benchmark the profitability of comparable independent companies. To do so, I conducted a search to identify independent companies performing similar services under similar economic circumstances to the services performed by TBI.

I used the Capital IQ database to conduct this search. Capital IQ is a web and Excel-based research platform with data on over 60,000 public companies, worldwide, pulled directly from public filings. Screens can be conducted using over 400 qualitative items and 900 quantitative items. Capital IQ employs the GICS. GICS was developed by MSCI and S&P's and consists of 10 Sectors, 24 Industry Groups, 67 Industries and 156 Sub-Industries.[18] Additionally, Capital IQ includes the option to search by Standard Industrial Classification (SIC) codes.

The sections that follow present the search process and the selection of the benchmark companies identified through this process.

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[17] Treas. Reg. § 1.482-5(b)(4).

[18] For additional information regarding the GICS industry classification protocol see the following website: www.msci.com/gics/

(a) Search Process

(1) Industry Classification and Keywords

A review and comparison of functions performed by the tested party to functions and activities listed in the GICS and SIC systems allowed us to identify the following industry classifications and SIC codes that comparable companies would likely fall under:

- Legal Services
- Human Resources and Personnel Management
- General Management Services
- Outsourced Business Services
- Accounting, Auditing, and Taxation Services
- Payroll Services
- Management Consulting Services
- Marketing Services
- IT Services
- Office Services and Supplies
- Advertising
- SIC 7311 – Advertising Agencies
- SIC 7313 – Radio, Television, and Publishers' Representatives
- SIC 7319 – Advertising
- SIC 7389 – Business Services

In order to expand the search and obtain the greatest number of potential comparables, I included companies with Capital IQ business descriptions containing either of the following keywords:

- Merchandis*
- Manage* and (consult* or outsourc*)

This search filter resulted in 187,322 potential comparable companies.

(2) Operating Companies

I chose to narrow the search to only include companies that are classified as operating within the Capital IQ database. This criteria resulted in 126,145 potential comparable companies.

(3) Ownership

In order to identify companies that are expected to have published audited financial statements during the time period of this analysis, I applied a filter to identify only publicly traded companies or private companies with public debt. This filter resulted in 4,283 potential comparable companies.

(4) Geographic Screen

The tested party, TBI, operates as a service provider in the US and Canada. In order to identify potential comparable companies operating in a similar geographic market to the tested party, I applied a filter to include only companies headquartered in North America.[19] This filter resulted in 1,091 potential comparable companies.

(5) Financials Screen

In order to eliminate companies that have not reported sufficient financial information during the time period of this analysis, I eliminated companies in the set with no financial data available during the three most recent years. Additionally, companies with negative operating income are generally not considered comparable because their financial results may reflect idiosyncratic market impacts or actions taken by management in direct response to their financial instability. In order to eliminate these companies I eliminated companies without at least one year of positive operating income within the last three fiscal years. This screen resulted in 616 potential comparable companies.

(6) Qualitative Review

In the qualitative assessment, I reviewed the business descriptions, as provided by the database, and websites, when available. I then eliminated companies that were engaged in activities that are insufficiently comparable to the marketing support and retail consulting services performed by the tested party as described by the client. Reasons for elimination included obvious unrelated operations as well as companies whose activities included manufacturing, product design, engineering, and equipment rental or sales. Additionally, I eliminated companies that operate in significantly different industries—such as the healthcare services industry—or companies that did not provide sufficient information concerning business operations performed.

(b) Selected Comparables

Through this process, I eliminated 602 companies that I concluded were insufficiently comparable to the marketing support and retail consulting activities of the tested party in terms of functions performed, assets employed, and risks assumed. This resulted in 14 companies determined to be sufficiently comparable to the tested party. The companies that I determined were sufficiently comparable to TBI are as follows:

- CRA International, Inc.
- Aimia, Inc.
- Edgewater Technology, Inc.

[19] North America refers to the US and Canada in this context.

- Forrester Research, Inc.
- FTI Consulting, Inc.
- ICF International, Inc.
- Information Services Group, Inc.
- Navigant Consulting, Inc.
- The Hackett Group, Inc.
- BlueRush Media Group Corp.
- MDC Partners, Inc.
- Omnicom Group, Inc.
- Spar Group, Inc.
- The Interpublic Group of Companies, Inc.

Business descriptions and a matrix for the companies reviewed in the qualitative review are provided in the sections below.

(c) Choice of PLI

I selected the markup on total cost as the appropriate PLI for evaluating the profitability of TBI and the comparable service providers. The markup on total cost is commonly employed as a PLI when evaluating the arm's length profitability of a service provider and is the PLI selected by TBI.

5. Determination of Arm's Length Range of Results and Comparison to Tested Party

The final step in the application of the CPM/TNMM is to evaluate the arm's length nature of the tested party's profitability by comparison to the profitability earned by the comparable companies. To do so, I first calculate the arm's length range of markup on total costs results for the comparable companies, taking into consideration any adjustments to the comparable companies that would be expected to improve the reliability of the results. I then compare the profitability of the tested party to the arm's length range of results from the comparable companies.

6. Business Descriptions of Accepted Companies

Aimia Inc., through its subsidiaries, operates as a data-driven marketing and loyalty analytics company worldwide. It operates in three segments: Canada; the US and Asia-Pacific; and

Europe, Middle-East and Africa. It owns and operates various coalition loyalty programs comprising Aeroplan in Canada; Nectar in the United Kingdom; Nectar Italia in Italy; Club Premier in Mexico; China Rewards in China; Air Miles Middle East in the United Arab Emirates, Qatar, and Bahrain; and Travel Club in Spain. The company also provides data driven analytics and insights services to retailers and their suppliers; and offers Smart Button, a software as a service loyalty solution. It serves various industries, including airlines, automotive, CPG/FMCG, financial services, high tech, pharma/healthcare, retail, telecom, and travel hospitality. The company was formerly known as Groupe Aeroplan Inc. and changed its name to Aimia Inc. in October 2011. Aimia Inc. was founded in 1984 and is headquartered in Montreal, Canada.

BlueRush Media Group Corp., through its wholly-owned subsidiary, BlueRush Digital Media Corp., operates as a digital marketing company. The company designs, develops, and manages digital media strategy for companies. It also creates media and social media products and solutions that companies can leverage across various media platforms, including Internet, Web TV, smartphones, tablet computers, and digital signs. The company was formerly known as Soyers Capital Limited and changed its name to BlueRush Media Group Corp. in December 2007. BlueRush Media Group Corp. was incorporated in 2004 and is headquartered in Toronto, Canada.

CRA International, Inc. provides economic, financial, and management consulting services worldwide. The company advises clients on economic and financial matters pertaining to litigation and regulatory proceedings; and guides corporations through critical business strategy and performance-related issues. It provides consulting services, including research and analysis, expert testimony, and support in litigation and regulatory proceedings in the areas of finance, accounting, economics, insurance, and forensic accounting and investigations to corporate clients and attorneys. The company also offers services related to class certification, damages analysis, expert reports and testimony, regulatory analysis, strategy development, valuation of tangible and intangible assets, risk management, and transaction support to law firms, businesses, and government agencies. In addition, it provides management consulting services, such as strategy development, performance improvement, corporate strategy and portfolio analysis, estimation of market demand, new product pricing strategies, valuation of intellectual property and other assets, assessment of competitors' actions, and analysis of new sources of supply. The company serves various industries, including agriculture; banking and capital markets; chemicals; communications and media; consumer products; energy; entertainment; financial services; health care; insurance; life sciences; manufacturing; metals, mining, and materials; oil and gas; real estate; retail; sports; telecommunications; transportation; and technology. CRA International, Inc. was founded in 1965 and is headquartered in Boston, Massachusetts.

Edgewater Technology, Inc., a strategic consulting company, provides classic consulting and product-based consulting services in North America. Its classic consulting services include CFO and CIO advisory; business improvement roadmaps; organizational change management; program/project management; business process rejuvenation and integrated social media best practices; specialized operational, due diligence, and technology management expertise to mergers and acquisitions, private equity, and venture capital; and strategic advice, costing, estimates to complete, and failing or failed programs or project initiatives. The company's classic consulting services also comprise independent package selection and request for information or proposal process design and implementation; technical architecture and roadmaps; strategic technology selections; technical evaluation and design; custom component design and implementation; customer intelligence solutions using Web/mobile analytics; cloud architecture, integration, and phasing solutions; on-going support; and infrastructure optimization and redesign, disaster recovery, and business continuity specialized design and assistance. Its product-based consulting services include business transformation through packaged software solutions; enterprise performance management with Oracle budgeting, planning, consolidation, and strategic finance; enterprise resource planning with Microsoft Dynamics AX in process and discrete manufacturing verticals; customer relationship management with Microsoft CRM; industry specific solutions; Microsoft CRM/XRM and specialized custom solutions; business intelligence analytics; design, development, and introduction of IP that helps verticalize channel product stacks; and support and training. The company also provides enterprise information management and analytics services. Edgewater Technology, Inc. was founded in 1992 and is headquartered in Wakefield, Massachusetts.

Forrester Research, Inc., an independent research company, provides pragmatic and forward-thinking advice to business and technology customers. The company operates through Research, Product, and Project Consulting segments. It offers products and services for specific roles, including senior management in business strategy, marketing, and information technology. The company's primary syndicated research product is RoleView, which offers clients with access to its syndicated research designed to inform their strategic decision-making. The RoleView research offerings consist of cross-linked documents that interconnect the company's reports, data, product rankings, best practices, evaluation tools, and research archives, which are provided through role-based Websites. It also offers Forrester Leadership Boards that are peer groups for executives and other senior leaders at large organizations. In addition, the company provides data products and services, including Customer Experience Index, a framework for assessing and measuring customer experience quality; Consumer Technographics that offers insights into how technology impacts the way consumers select, purchase, use, and communicate about products and services; and Business Technographics, which provides assessments of what motivates businesses to choose certain technologies and vendors, as well as measures and reports on the current information consumption patterns of key influencers for large technology purchases. Further, it offers consulting services to assist clients in developing and executing technology and business strategy, informing critical decisions, and reducing business risk, as well as hosts multiple events. The company sells its products and services through direct sales force in North America, Europe, Asia, and Australia; and through independent sales representatives in select international locations. Forrester Research, Inc. was founded in 1983 and is headquartered in Cambridge, Massachusetts.

FTI Consulting, Inc. operates as a business advisory firm enabling organizations to protect enterprise values in complex economic, legal, and regulatory environments worldwide. It operates in five segments: Corporate Finance/Restructuring, Forensic and Litigation Consulting, Economic Consulting, Technology, and Strategic Communications. The Corporate Finance/Restructuring segment provides restructuring and turnaround, bankruptcy support, transaction advisory, private equity, business transformation, interim management, and valuation and financial advisory services. The Forensic and Litigation Consulting segment offers forensic accounting and advisory; global risk and investigations practice; dispute advisory; intellectual property related; civil trial; construction related dispute resolution; financial and data enterprise analysis; and compliance, monitoring, and receivership services, as well as assistance in business insurance claims. The Economic Consulting segment provides financial, economic, and econometric consulting services; business valuation and expert testimony services; intellectual property and international arbitration services; economic and statistical analyses services for labor and employment issues; and offers services related to public policy and regulated industries, as well as securities litigation and risk management services. The Technology segment offers managed review, information governance and compliance, computer forensics and investigations, and e-discovery consulting services, as well as e-discovery software. The Strategic Communications segment provides advice and consulting services relating to financial and corporate communications, public affairs, creative engagement and digital communications, and strategy consulting and research. FTI Consulting, Inc. was founded in 1982 and is headquartered in Washington, District of Columbia.

ICF International, Inc. provides management, technology, and policy consulting and implementation services to government and commercial clients in the US and internationally. The company researches, collects, and analyses critical policy, industry, and stakeholder issues, trends, and behaviors; offers assessment and advisory services on how to navigate societal, market, business, communication, and technology challenges; and designs, develops, and manages plans, frameworks, programs, and tools that are principal to its clients' business performance. It also identifies, defines, and implements technology systems and business tools through various standard and customized methodologies that are designed to match its clients' business context; and informs and engages its clients' constituents, customers, and employees through marketing, multichannel and strategic communications, and enterprise training programs. It primarily serves energy, environment, and infrastructure; health, social programs, and consumer/financial; and public safety and defense markets. The company was formerly known as ICF Consulting Group Holdings, LLC and changed its name to ICF International, Inc. in 2006. ICF International, Inc. was founded in 1969 and is headquartered in Fairfax, Virginia.

Information Services Group, Inc., together with its subsidiaries, provides technology insights, market intelligence, and advisory services in the Americas, Europe, and the Asia Pacific. The company supports private and public sector organizations to transform and optimize their operational environments through research, benchmarking, consulting, and managed services with a focus on information technology, business process transformation, program management services, and enterprise resource planning. It serves private sector clients operating in the financial services, telecommunications, healthcare and pharmaceuticals, manufacturing, transportation and travel, and energy and utilities industries; and public sector customers comprising state and local governments, airport and transit authorities, and provincial government units. Information Services Group, Inc. was founded in 2006 and is headquartered in Stamford, Connecticut.

MDC Partners Inc. provides marketing, activation and communications, and consulting solutions and services worldwide. It operates through two segments, Strategic Marketing Services and Performance Marketing Services. The Strategic Marketing Services segment offers marketing, activation, and consulting services, such as advertising and media; and marketing communications services, including direct marketing, public relations, corporate communications, market research, corporate identity and branding, interactive marketing, and sales promotion services. The Performance Marketing Services segment provides services, such as the design, development, research, and implementation of consumer service, media planning and buying, and direct marketing initiatives, as well as offers consumer activation, investor relations, and general public insights services. MDC Partners Inc. also offers mobile marketing, database and customer relationship management, date and analytics and insights, social media, marketing, product and service innovation, e-commerce, and other related services. The company was formerly known as MDC Corporation Inc. and changed its name to MDC Partners Inc. in January 2004. MDC Partners Inc. was founded in 1980 and is headquartered in New York, New York.

Navigant Consulting, Inc. provides professional services to companies, legal counsel, and governmental agencies Worldwide. The company operates through four segments: Disputes, Investigations & Economics; Financial, Risk & Compliance; Healthcare; and Energy. The Disputes, Investigations & Economics segment provides accounting, financial and economic analysis, discovery support, and data management and analytics services on a range of legal and business issues, such as disputes, investigations, and regulatory matters. This segment serves in-house counsel and law firms, as well as accounting firms, corporate boards, and government agencies. The Financial, Risk & Compliance segment provides strategic, operational, valuation, risk management, investigative, and compliance consulting to the regulated financial services industry. This segment also provides anti-corruption solutions and anti-money laundering, valuation and restructuring consulting, and litigation support and tax compliance services to various industries. The Healthcare segment provides strategic, operational, performance improvement, and business process management services, which include solutions to clients across the healthcare landscape, including revenue cycle management, health systems, physician practice groups, health insurance providers, government, and life sciences companies. The Energy segment provides management advisory services on the issues, such as asset investment management, integrated resource planning, renewables, distributed generation, energy efficiency, and outage management and restoration. This segment serves utility, government, and commercial clients. Navigant Consulting, Inc. was founded in 1983 and is headquartered in Chicago, Illinois.

Omnicom Group Inc., together with its subsidiaries, operates as an advertising, marketing, and corporate communications services company in the Americas, Europe, the Middle East, Africa, and the Asia pacific. It offers services in advertising, customer relationship management, public relations, and specialty communications areas. The company's services include advertising, investor relations, brand consultancy, marketing research, content marketing, media planning and buying, corporate social responsibility consulting, mobile marketing, crisis communications, multi-cultural marketing, custom publishing, non-profit marketing, data analytics, organizational communications, database management, package design, direct marketing, product placement, entertainment marketing, and promotional marketing services. Its services also comprise environmental design, public affairs, experiential marketing, public relations, field marketing, reputation consulting, financial/corporate business-to-business advertising, retail marketing, graphic arts/digital imaging, search engine marketing, healthcare communications, social media marketing, instore design, sports and event marketing, and interactive marketing. Omnicom Group Inc. was founded in 1944 and is based in New York, New York.

Spar Group Inc., together with its subsidiaries, provides merchandising and marketing services worldwide. It offers syndicated services, including product reordering and replenishment, ensuring products for distribution, adding new products, designing and implementing store planogram schematics, setting product category shelves, ensuring that product shelf tags are in place, checking for salability of the clients' products, placing new product and promotional items in prominent positions, and kiosk replenishment and maintenance services provided at the retail store level for retailers, manufacturers, and distributors. The company also provides dedicated services comprising syndicated services, as well as new store set-up, store remodel, and fixture installation services for a specific retailer or manufacturer. In addition, it offers project services, including specific in-store services initiated by retailers and manufacturers, such as new store openings, new product launches, special seasonal or promotional merchandising, focused product support, product recalls, and in-store product demonstration and sampling, as well as kiosk product replenishment, inventory control, new store sets and existing store resets, re-merchandising, remodels and category implementation, and under annual or stand-alone project contracts or agreements. Further, the company assembles furniture, grills, and various other products in stores, homes, and offices; provides in-store event staffing, and retail compliance and price audit services; and offers test market research, mystery shopping, data collection services. It serves mass merchandisers; drug, grocery, office supply, toy or specialty, home improvement, and dollar stores; and other retail outlets, such as discount and electronic stores, in-home and in-office, etc. The company was founded in 1967 and is headquartered in White Plains, New York.

The Hackett Group, Inc. operates as a strategic advisory and technology consulting firm primarily in the US and Western Europe. The company offers executive advisory programs, benchmarking, business transformation, and technology consulting services with corresponding offshore support. Its executive advisory programs include advisor inquiry, an inquiry service used by clients for access to fact-based advice on proven approaches and methods to increase the efficiency of selling, general, and administrative processes; best practice research, a research that provides insights into the proven approaches in use at organizations that yield superior business results; peer interaction comprising member-led webcasts, annual best practice conferences, annual member forums, membership performance surveys, and client-submitted content; and best practice intelligence center, an online searchable repository of best practices, performance metrics, conference presentations, and associated research. The company's benchmarking services conduct studies in the areas of selling, general and administrative, finance, human resources, information technology, procurement, enterprise performance management, shared service centers, and working capital management. These services are used by clients to establish priorities, generate organizational consensus, align compensation to establish performance goals, and develop the required business case for business and technology investments. Its business transformation programs help clients to develop coordinated strategy for achieving performance improvements across the enterprise; and enterprise resource planning solutions professionals help clients choose and deploy the software applications that best meet their needs. The company was formerly known as Answerthink, Inc. and changed its name to The Hackett Group, Inc. in 2008. The Hackett Group, Inc. was founded in 1991 and is headquartered in Miami, Florida.

The Interpublic Group of Companies, Inc. provides advertising and marketing services. The company operates in two segments, Integrated Agency Networks and Constituency Management Group. It offers consumer advertising, digital marketing, communications planning and media buying, public relations, and specialized communications disciplines. The company also offers various diversified services, including public relations, meeting and event production, sports and entertainment marketing, corporate and brand identity, and strategic marketing consulting. Its brands comprise McCann, Lowe and Partners, IPG Mediabrands, Carmichael Lynch, Deutsch, Hill Holliday, The Martin Agency, and Mullen, as well as Foote, Cone & Belding. The company was formerly known as McCann-Erickson Incorporated and changed its name to The Interpublic Group of Companies, Inc. in January 1961. The Interpublic Group of Companies, Inc. was founded in 1902 and is headquartered in New York, New York.

7. Accept / Reject Matrix of Potentially Comparable Service Providers

#	Company Name	Accept/Reject	Reason
1	Aimia Inc.	Accept	
2	BlueRush Media Group Corp.	Accept	
3	CRA International Inc.	Accept	
4	Edgewater Technology Inc.	Accept	
5	Forrester Research Inc.	Accept	
6	FTI Consulting, Inc.	Accept	
7	ICF International Inc.	Accept	
8	Information Services Group, Inc.	Accept	
9	MDC Partners Inc.	Accept	
10	Navigant Consulting Inc.	Accept	
11	Omnicom Group Inc.	Accept	
12	Spar Group Inc.	Accept	
13	The Hackett Group, Inc.	Accept	
14	The Interpublic Group of Companies, Inc.	Accept	

#	Company Name	Accept/Reject	Reason
15	30DC, Inc.	Reject	Unrelated Operations
16	3Pea International, Inc	Reject	Unrelated Operations
17	4Licensing Corporation	Reject	Negative or Zero Operating Income
18	6D Global Technologies, Inc.	Reject	Unrelated Operations
19	800 Commerce, Inc.	Reject	Negative or Zero Operating Income
20	8000 Inc	Reject	Negative or Zero Operating Income
21	99 Cent Stuff Inc.	Reject	Negative or Zero Operating Income
22	99 Cents only Stores LLC	Reject	Unrelated Operations
23	A Clean Slate, Inc.	Reject	Negative or Zero Operating Income
24	a2b Fiber Inc.	Reject	Unrelated Operations
25	AAR Corp.	Reject	Unrelated Industry
26	Able Energy Inc.	Reject	Negative or Zero Operating Income
27	ABM Industries Incorporated	Reject	Unrelated Operations
28	Access Worldwide Communications Inc.	Reject	Negative or Zero Operating Income
29	ACCO Brands Corporation	Reject	Unrelated Operations
30	Aceto Corp.	Reject	Unrelated Operations
31	ACI Worldwide, Inc.	Reject	Unrelated Operations
32	Ackroo Inc.	Reject	Negative or Zero Operating Income
33	Acme United Corp.	Reject	Unrelated Operations
34	Acosta, Inc.	Reject	Negative or Zero Operating Income
35	Acxiom Corporation	Reject	Unrelated Operations
36	Adaptive Ad Systems, Inc.	Reject	Negative or Zero Operating Income
37	Adaptive Medias, Inc.	Reject	Negative or Zero Operating Income
38	AdExpress Company	Reject	Negative or Zero Operating Income
39	Adobe Systems Incorporated	Reject	Unrelated Operations
40	Adtegrity.com International, Inc.	Reject	Negative or Zero Operating Income
41	Advanced Credit Technologies Inc.	Reject	Negative or Zero Operating Income
42	Advantex Marketing International Inc.	Reject	Unrelated Operations
43	AECOM	Reject	Unrelated Operations
44	Aéroports de Montréal	Reject	Unrelated Operations
45	AF Ocean Investment Management Company	Reject	Negative or Zero Operating Income
46	Affinion Group Holdings, Inc.	Reject	Unrelated Operations
47	Agri Dynamics, Inc.	Reject	Negative or Zero Operating Income
48	Agrium Inc.	Reject	Unrelated Operations
49	Ahern Rentals Inc.	Reject	Negative or Zero Operating Income
50	Airspan Networks Inc.	Reject	Negative or Zero Operating Income
51	Ajuba International LLC	Reject	Negative or Zero Operating Income
52	Alere Inc.	Reject	Unrelated Operations

#	Company Name	Accept/Reject	Reason
53	Alexco Resource Corporation	Reject	Unrelated Industry
54	Alien Technology Corporation	Reject	Negative or Zero Operating Income
55	Allegiant Professional Business Services, Inc.	Reject	Negative or Zero Operating Income
56	Alliance Creative Group, Inc.	Reject	Unrelated Operations
57	Alliance Data Systems Corporation	Reject	Unrelated Operations
58	Alliance Healthcare Services, Inc.	Reject	Unrelated Industry
59	Allied Security Innovations, Inc.	Reject	Negative or Zero Operating Income
60	Allscripts Healthcare Solutions, Inc.	Reject	Unrelated Industry
61	Alon USA Energy, Inc.	Reject	Unrelated Industry
62	Altus Group Limited	Reject	Unrelated Operations
63	Amazon.com Inc.	Reject	Unrelated Industry
64	Ambient Corporation	Reject	Negative or Zero Operating Income
65	AMCON Distributing Co.	Reject	Unrelated Operations
66	Ameresco, Inc.	Reject	Unrelated Operations
67	AMERI Holdings, Inc.	Reject	Unrelated Operations
68	America's Suppliers Inc.	Reject	Unrelated Operations
69	American Biltrite Inc.	Reject	Unrelated Operations
70	American Business Bank	Reject	Unrelated Operations
71	American Cannabis Company, Inc.	Reject	Unrelated Industry
72	American Community Development, Inc.	Reject	Negative or Zero Operating Income
73	American Greetings Corp.	Reject	Unrelated Operations
74	American International Group, Inc.	Reject	Unrelated Operations
75	American Locker Group Inc.	Reject	Negative or Zero Operating Income
76	American Software, Inc.	Reject	Unrelated Operations
77	AmeriResource Technologies Inc.	Reject	Negative or Zero Operating Income
78	AmerisourceBergen Corporation	Reject	Unrelated Operations
79	AmeriWorks, Inc.	Reject	Negative or Zero Operating Income
80	Amin, Inc.	Reject	Negative or Zero Operating Income
81	AMN Healthcare Services Inc.	Reject	Unrelated Operations
82	Amplify Snack Brands, Inc.	Reject	Unrelated Operations
83	AMREP Corporation	Reject	Negative or Zero Operating Income
84	AmSurg Corp.	Reject	Unrelated Industry
85	Anoteros Inc.	Reject	Negative or Zero Operating Income
86	Appliance Recycling Centers of America Inc.	Reject	Unrelated Operations
87	AppTech Corp.	Reject	Negative or Zero Operating Income
88	Apptix ASA	Reject	Unrelated Operations
89	Aramark	Reject	Unrelated Operations
90	ARC Document Solutions, Inc.	Reject	Unrelated Operations

#	Company Name	Accept/Reject	Reason
91	Archer-Daniels-Midland Company	Reject	Unrelated Operations
92	Artec Global Media, Inc.	Reject	Negative or Zero Operating Income
93	Arthur J Gallagher & Co.	Reject	Unrelated Operations
94	ARTISTdirect, Inc.	Reject	Negative or Zero Operating Income
95	ASAP Expo, Inc.	Reject	Unrelated Industry
96	Asset International Inc.	Reject	Negative or Zero Operating Income
97	Astea International Inc.	Reject	Negative or Zero Operating Income
98	athenahealth, Inc.	Reject	Unrelated Industry
99	Atlanticus Holdings Corporation	Reject	Negative or Zero Operating Income
100	Atlas Technology Group, Inc.	Reject	Negative or Zero Operating Income
101	AtmanCo Inc.	Reject	Negative or Zero Operating Income
102	Automatic Data Processing, Inc.	Reject	Unrelated Operations
103	Auxilio Inc.	Reject	Unrelated Operations
104	Avid Technology, Inc.	Reject	Unrelated Operations
105	AVP, Inc.	Reject	Negative or Zero Operating Income
106	Avra Inc.	Reject	Negative or Zero Operating Income
107	B-Scada, Inc.	Reject	Unrelated Operations
108	Baristas Coffee Company Inc.	Reject	Negative or Zero Operating Income
109	Baroma Inc.	Reject	Negative or Zero Operating Income
110	Barrett Business Services Inc.	Reject	Unrelated Operations
111	Bed Bath & Beyond Inc.	Reject	Unrelated Operations
112	Belk Inc.	Reject	Unrelated Operations
113	Ben Holdings Ltd.	Reject	Negative or Zero Operating Income
114	Benchmark Bankshares Inc.	Reject	Unrelated Operations
115	Better Environment Concepts, Inc.	Reject	Negative or Zero Operating Income
116	BGC Partners, Inc.	Reject	Unrelated Operations
117	BGI Inc.	Reject	Negative or Zero Operating Income
118	Big 5 Sporting Goods Corp.	Reject	Unrelated Operations
119	Big Lots Inc.	Reject	Unrelated Operations
120	Billing Services Group Limited	Reject	Unrelated Operations
121	BioTelemetry, Inc.	Reject	Unrelated Industry
122	Birks Group Inc.	Reject	Unrelated Operations
123	BitRush Corp.	Reject	Insufficient Information
124	Black Box Corporation	Reject	Unrelated Operations
125	Blackbaud Inc.	Reject	Unrelated Operations
126	Blackboard Inc.	Reject	Negative or Zero Operating Income
127	Blackcraft Cult, Inc.	Reject	Unrelated Operations
128	Blackhawk Network Holdings, Inc.	Reject	Unrelated Operations
129	Blue Bridge Capital, Inc.	Reject	Negative or Zero Operating Income
130	Blue Calypso, Inc.	Reject	Negative or Zero Operating Income
131	Blue Earth Inc.	Reject	Negative or Zero Operating Income

#	Company Name	Accept/Reject	Reason
132	Bluestem Group Inc.	Reject	Unrelated Operations
133	BluMetric Environmental Inc.	Reject	Negative or Zero Operating Income
134	BMC Software, Inc.	Reject	Unrelated Operations
135	Body Central Corp.	Reject	Unrelated Operations
136	Books-A-Million Inc.	Reject	Unrelated Operations
137	Booz Allen Hamilton Holding Corporation	Reject	Unrelated Industry
138	Boss Holdings Inc.	Reject	Unrelated Operations
139	Bottomline Technologies (de), Inc.	Reject	Unrelated Operations
140	Boulder Brands, Inc.	Reject	Unrelated Operations
141	Bowlin Travel Centers Inc.	Reject	Negative or Zero Operating Income
142	Bozzuto's Inc.	Reject	Negative or Zero Operating Income
143	BrainyBrawn, Inc.	Reject	Negative or Zero Operating Income
144	Broadridge Financial Solutions, Inc.	Reject	Unrelated Operations
145	BroadSoft, Inc.	Reject	Unrelated Operations
146	Broadview Networks Holdings, Inc.	Reject	Unrelated Operations
147	BroadVision, Inc.	Reject	Negative or Zero Operating Income
148	Brocade Communications Systems, Inc.	Reject	Unrelated Operations
149	Brown & Brown Inc.	Reject	Unrelated Operations
150	BSC, Inc.	Reject	Negative or Zero Operating Income
151	BTCS Inc.	Reject	Unrelated Operations
152	Bud Genius, Inc.	Reject	Negative or Zero Operating Income
153	Build-A-Bear Workshop Inc.	Reject	Unrelated Operations
154	Bullzi Holdings, Inc	Reject	Negative or Zero Operating Income
155	Bunge Limited	Reject	Unrelated Operations
156	Burlington Stores, Inc.	Reject	Unrelated Operations
157	Burn Entertainment Corporation	Reject	Negative or Zero Operating Income
158	Business Continuity Solutions, Inc.	Reject	Negative or Zero Operating Income
159	Business Development Bank of Canada	Reject	Unrelated Operations
160	Butler National Corporation	Reject	Unrelated Operations
161	CA, Inc.	Reject	Unrelated Operations
162	Cabela's Incorporated	Reject	Unrelated Operations
163	CACI International Inc.	Reject	Unrelated Operations
164	CAE Inc.	Reject	Unrelated Operations
165	Cal Bay International, Inc.	Reject	Negative or Zero Operating Income
166	Caleres, Inc.	Reject	Unrelated Operations
167	Calian Technologies Ltd.	Reject	Unrelated Operations
168	Callidus Software Inc.	Reject	Negative or Zero Operating Income
169	Calpian, Inc.	Reject	Negative or Zero Operating Income

#	Company Name	Accept/Reject	Reason
170	Campbell Soup Company	Reject	Unrelated Operations
171	Campbell, Guin, Williams, Guy & Gidiere, LLC	Reject	Negative or Zero Operating Income
172	Canadian Pacific Railway Limited	Reject	Unrelated Operations
173	Canadian Tire Corp. Ltd.	Reject	Unrelated Operations
174	Cancer Treatment Holdings, Inc.	Reject	Negative or Zero Operating Income
175	Canlan Ice Sports Corp.	Reject	Unrelated Industry
176	Capital Growth Systems, Inc.	Reject	Negative or Zero Operating Income
177	Cardinal Health, Inc.	Reject	Unrelated Industry
178	Cardtronics Inc.	Reject	Unrelated Operations
179	Carriage Services Inc.	Reject	Unrelated Operations
180	Cartera Commerce, Inc.	Reject	Negative or Zero Operating Income
181	Cartesian, Inc.	Reject	Negative or Zero Operating Income
182	Cash America International, Inc.	Reject	Unrelated Operations
183	Cass Information Systems, Inc.	Reject	Unrelated Operations
184	Catalent, Inc.	Reject	Unrelated Industry
185	CBIZ, Inc.	Reject	Unrelated Operations
186	CBRE Group, Inc.	Reject	Unrelated Industry
187	CCA Industries Inc.	Reject	Negative or Zero Operating Income
188	CDI Corp.	Reject	Unrelated Operations
189	Centergistic Solutions Inc.	Reject	Negative or Zero Operating Income
190	CenterState Banks, Inc.	Reject	Unrelated Operations
191	Central Pacific Financial Corp.	Reject	Unrelated Operations
192	Century Next Financial Corporation	Reject	Unrelated Operations
193	Ceridian Corporation	Reject	Negative or Zero Operating Income
194	CGI Group, Inc.	Reject	Unrelated Operations
195	Champion Communication Services Inc.	Reject	Negative or Zero Operating Income
196	ChannelAdvisor Corporation	Reject	Negative or Zero Operating Income
197	Checkout Holding Corp.	Reject	Negative or Zero Operating Income
198	Checkpoint Systems Inc.	Reject	Unrelated Operations
199	Chesapeake Utilities Corporation	Reject	Unrelated Operations
200	Chico's FAS Inc.	Reject	Unrelated Operations
201	China Health Care Corporation	Reject	Negative or Zero Operating Income
202	ChromaDex Corporation	Reject	Negative or Zero Operating Income
203	CHS, Inc.	Reject	Unrelated Operations
204	CHUMA HOLDINGS, INC.	Reject	Negative or Zero Operating Income
205	Church & Dwight Co. Inc.	Reject	Unrelated Operations
206	Ciber, Inc.	Reject	Unrelated Operations
207	CIBT Education Group Inc.	Reject	Negative or Zero Operating Income
208	Ciena Corporation	Reject	Unrelated Operations

#	Company Name	Accept/Reject	Reason
209	Cincinnati Bell Inc.	Reject	Unrelated Operations
210	Cinedigm Corp.	Reject	Unrelated Operations
211	Circuit of the Americas LLC	Reject	Negative or Zero Operating Income
212	Citadel EFT, Inc.	Reject	Negative or Zero Operating Income
213	Cloudward, Inc.	Reject	Negative or Zero Operating Income
214	CMG Holdings Group, Inc.	Reject	Negative or Zero Operating Income
215	CNX Media LLC	Reject	Negative or Zero Operating Income
216	Cognitiv, Inc.	Reject	Negative or Zero Operating Income
217	Cognizant Technology Solutions Corporation	Reject	Unrelated Operations
218	Collectors Universe Inc.	Reject	Unrelated Operations
219	Colliers International Group Inc.	Reject	Unrelated Operations
220	Color Imaging, Inc.	Reject	Negative or Zero Operating Income
221	Comfort Systems USA Inc.	Reject	Unrelated Operations
222	Community Bank System Inc.	Reject	Unrelated Operations
223	Community Health Systems, Inc.	Reject	Unrelated Industry
224	Community Merchant Solutions Limited	Reject	Unrelated Operations
225	CommVault Systems, Inc.	Reject	Unrelated Operations
226	Computer Programs & Systems Inc.	Reject	Unrelated Industry
227	Computer Sciences Corporation	Reject	Unrelated Operations
228	Computer Services, Inc.	Reject	Unrelated Operations
229	Computer Task Group Inc.	Reject	Unrelated Operations
230	Compuware Corporation	Reject	Unrelated Operations
231	Con-way Inc.	Reject	Unrelated Operations
232	Concentra Financial Services Association	Reject	Negative or Zero Operating Income
233	Connected Media Technologies Inc.	Reject	Negative or Zero Operating Income
234	Consumer Capital Group Inc.	Reject	Negative or Zero Operating Income
235	Continental Resources, Inc.	Reject	Unrelated Operations
236	Convergys Corporation	Reject	Unrelated Operations
237	Conversion Services International Inc.	Reject	Negative or Zero Operating Income
238	Core-Mark Holding Company, Inc.	Reject	Unrelated Operations
239	CoreLogic, Inc.	Reject	Unrelated Operations
240	Corfacts Inc.	Reject	Negative or Zero Operating Income
241	CorGreen Technologies Holding Corp.	Reject	Unrelated Industry
242	Cornerstone OnDemand, Inc.	Reject	Negative or Zero Operating Income
243	CoroWare, Inc.	Reject	Negative or Zero Operating Income
244	Corus Entertainment Inc.	Reject	Unrelated Operations

#	Company Name	Accept/Reject	Reason
245	Cosmos Holdings Inc.	Reject	Unrelated Operations
246	Costco Wholesale Corporation	Reject	Unrelated Operations
247	Cott Corporation	Reject	Unrelated Operations
248	Cox Enterprises, Inc.	Reject	Negative or Zero Operating Income
249	Craft Brew Alliance, Inc.	Reject	Unrelated Operations
250	Crane & Co., Inc.	Reject	Negative or Zero Operating Income
251	Crane Co.	Reject	Unrelated Operations
252	Crawford & Company	Reject	Unrelated Operations
253	Cray Inc.	Reject	Unrelated Operations
254	Creative Vistas Inc.	Reject	Negative or Zero Operating Income
255	Critical Control Energy Services Corp.	Reject	Unrelated Operations
256	CSG Systems International Inc.	Reject	Unrelated Operations
257	CSP Inc.	Reject	Unrelated Operations
258	CST Brands, Inc.	Reject	Unrelated Operations
259	CTI Industries Corp.	Reject	Unrelated Operations
260	CTR Investments & Consulting Inc.	Reject	Negative or Zero Operating Income
261	Cubic Corporation	Reject	Unrelated Industry
262	CÜR Media, Inc.	Reject	Negative or Zero Operating Income
263	CVS Health Corporation	Reject	Unrelated Operations
264	Cyclon Capital Corporation	Reject	Negative or Zero Operating Income
265	Cygnus eTransaction Group, Inc.	Reject	Unrelated Operations
266	Daegis Inc.	Reject	Unrelated Operations
267	Dalrada Financial Corporation	Reject	Negative or Zero Operating Income
268	Data Deposit Box Inc.	Reject	Negative or Zero Operating Income
269	Data Group Ltd.	Reject	Unrelated Operations
270	Data Storage Corp.	Reject	Negative or Zero Operating Income
271	Datalink Corporation	Reject	Unrelated Operations
272	DataLogic International Inc.	Reject	Negative or Zero Operating Income
273	DATATRAK International, Inc.	Reject	Negative or Zero Operating Income
274	DC Brands International Inc.	Reject	Negative or Zero Operating Income
275	DealNet Capital Corp.	Reject	Negative or Zero Operating Income
276	Decisionpoint Systems, Inc.	Reject	Unrelated Operations
277	Deep Blue Marine Inc.	Reject	Negative or Zero Operating Income
278	Deep Down, Inc.	Reject	Negative or Zero Operating Income
279	Delek US Holdings, Inc.	Reject	Unrelated Operations
280	Delivery Technology Solutions, Inc.	Reject	Negative or Zero Operating Income
281	Dell Inc.	Reject	Unrelated Operations
282	Delta Group Ltd.	Reject	Negative or Zero Operating Income
283	DemandPoint, Inc.	Reject	Negative or Zero Operating Income
284	Demandware, Inc.	Reject	Negative or Zero Operating Income

#	Company Name	Accept/Reject	Reason
285	Destination Maternity Corporation	Reject	Unrelated Operations
286	Development Capital Group, Inc.	Reject	Negative or Zero Operating Income
287	DH Corporation	Reject	Unrelated Operations
288	Diagnos Inc.	Reject	Negative or Zero Operating Income
289	Diamond Foods, Inc.	Reject	Unrelated Operations
290	Diebold, Incorporated	Reject	Unrelated Operations
291	Digi International Inc.	Reject	Unrelated Operations
292	DigiPath, Inc.	Reject	Negative or Zero Operating Income
293	Digital Brand Media & Marketing Group, Inc.	Reject	Negative or Zero Operating Income
294	Digital River Inc.	Reject	Unrelated Operations
295	Digital Turbine, Inc.	Reject	Negative or Zero Operating Income
296	digitiliti, Inc.	Reject	Negative or Zero Operating Income
297	Dillard's Inc.	Reject	Unrelated Operations
298	Diplomat Pharmacy, Inc.	Reject	Unrelated Industry
299	Direct Insite Corp.	Reject	Unrelated Operations
300	DirectCash Payments Inc.	Reject	Unrelated Operations
301	Dispensing Dynamics International, Inc.	Reject	Negative or Zero Operating Income
302	Diversified Corporate Resources, Inc.	Reject	Negative or Zero Operating Income
303	Divestco Inc.	Reject	Unrelated Industry
304	DJSP Enterprises, Inc.	Reject	Negative or Zero Operating Income
305	DLH Holdings Corp.	Reject	Unrelated Operations
306	DMCare, Inc.	Reject	Negative or Zero Operating Income
307	Dollar General Corporation	Reject	Unrelated Operations
308	Dollar Tree, Inc.	Reject	Unrelated Operations
309	Dollarama Inc.	Reject	Unrelated Operations
310	Dorman Products, Inc.	Reject	Unrelated Operations
311	Dovarri, Inc.	Reject	Negative or Zero Operating Income
312	DreamWorks Animation SKG Inc.	Reject	Unrelated Operations
313	DST Systems Inc.	Reject	Unrelated Operations
314	Dynamic Media, Inc.	Reject	Negative or Zero Operating Income
315	Dynamic Response Group, Inc.	Reject	Negative or Zero Operating Income
316	DynTek Inc.	Reject	Unrelated Operations
317	E*TRADE Financial Corporation	Reject	Unrelated Operations
318	E-Monee.com, Inc	Reject	Negative or Zero Operating Income
319	E-Sync Networks, Inc.	Reject	Negative or Zero Operating Income
320	Earthworks Entertainment Inc.	Reject	Negative or Zero Operating Income
321	Eastside Distilling, Inc.	Reject	Unrelated Operations
322	easyhome Ltd.	Reject	Unrelated Operations
323	eAutoclaims Inc.	Reject	Negative or Zero Operating Income

#	Company Name	Accept/Reject	Reason
324	eBay Inc.	Reject	Unrelated Industry
325	Ebix Inc.	Reject	Unrelated Operations
326	Eco-Shift Power Corp.	Reject	Negative or Zero Operating Income
327	Ecology & Environment, Inc.	Reject	Unrelated Industry
328	EDR Media LLC	Reject	Negative or Zero Operating Income
329	Education Networks of America, Inc.	Reject	Negative or Zero Operating Income
330	EF Hutton America, Inc.	Reject	Negative or Zero Operating Income
331	EFactor Group Corp.	Reject	Negative or Zero Operating Income
332	EFT Canada Inc.	Reject	Unrelated Operations
333	eGain Corporation	Reject	Unrelated Operations
334	Egenera, Inc.	Reject	Negative or Zero Operating Income
335	Electronic Cigarettes International Group, Ltd.	Reject	Negative or Zero Operating Income
336	Electronic Retailing Systems International, Inc.	Reject	Negative or Zero Operating Income
337	eLot, Inc.	Reject	Negative or Zero Operating Income
338	eMamba International Corporation	Reject	Negative or Zero Operating Income
339	EMCOR Group Inc.	Reject	Unrelated Industry
340	Emerson Electric Co.	Reject	Unrelated Operations
341	eMONEco, Inc.	Reject	Negative or Zero Operating Income
342	Empirical Inc.	Reject	Negative or Zero Operating Income
343	Emtec, Inc.	Reject	Negative or Zero Operating Income
344	Enable Holdings, Inc.	Reject	Negative or Zero Operating Income
345	Encompass Compliance Corp.	Reject	Negative or Zero Operating Income
346	ENDEXX Corp.	Reject	Negative or Zero Operating Income
347	Energy Holdings International, Inc.	Reject	Negative or Zero Operating Income
348	enherent Corp.	Reject	Negative or Zero Operating Income
349	Entertainment Arts, Inc.	Reject	Negative or Zero Operating Income
350	Entigo Corporation	Reject	Negative or Zero Operating Income
351	Envestnet, Inc.	Reject	Unrelated Operations
352	Enviro Global Corp.	Reject	Negative or Zero Operating Income
353	Environmental Reclamation Services, LLC	Reject	Negative or Zero Operating Income
354	Environmental Service Professionals, Inc.	Reject	Negative or Zero Operating Income
355	Envision Healthcare Holdings, Inc.	Reject	Unrelated Industry
356	Enwave Energy Corporation	Reject	Negative or Zero Operating Income
357	EPAM Systems, Inc.	Reject	Unrelated Operations
358	Epiq Systems, Inc.	Reject	Unrelated Operations
359	EQM Technologies & Energy, Inc.	Reject	Unrelated Operations
360	Equifax Inc.	Reject	Unrelated Operations

#	Company Name	Accept/Reject	Reason
361	ERecord Management, Inc.	Reject	Negative or Zero Operating Income
362	ESCO Technologies Inc.	Reject	Unrelated Operations
363	Escrow.com, Inc.	Reject	Negative or Zero Operating Income
364	Espial Group, Inc.	Reject	Unrelated Operations
365	ESSA Bancorp, Inc.	Reject	Unrelated Operations
366	Essendant Inc.	Reject	Unrelated Operations
367	Eurocontrol Technics Group Inc.	Reject	Negative or Zero Operating Income
368	Euronet Worldwide, Inc.	Reject	Unrelated Operations
369	Eurotech, Ltd.	Reject	Negative or Zero Operating Income
370	EVERTEC, Inc.	Reject	Unrelated Operations
371	EVINE Live Inc.	Reject	Unrelated Operations
372	Exa Corporation	Reject	Unrelated Operations
373	Excel Corporation	Reject	Negative or Zero Operating Income
374	Exlservice Holdings, Inc.	Reject	Unrelated Operations
375	Expeditors International of Washington Inc.	Reject	Unrelated Operations
376	Expo Holdings, Inc.	Reject	Negative or Zero Operating Income
377	Exponent Inc.	Reject	Unrelated Operations
378	Express Scripts Holding Company	Reject	Unrelated Industry
379	Extendicare Inc.	Reject	Unrelated Industry
380	EZCORP, Inc.	Reject	Unrelated Operations
381	FactSet Research Systems Inc.	Reject	Unrelated Operations
382	Fastfunds Financial Corporation	Reject	Negative or Zero Operating Income
383	Federated Co-operatives Limited	Reject	Negative or Zero Operating Income
384	Fidelity National Information Services, Inc.	Reject	Unrelated Operations
385	Finish Line Inc.	Reject	Unrelated Operations
386	FireEye, Inc.	Reject	Negative or Zero Operating Income
387	Firefish, Inc.	Reject	Negative or Zero Operating Income
388	Fireswirl Technologies Inc.	Reject	Negative or Zero Operating Income
389	First Busey Corporation	Reject	Unrelated Operations
390	First Cash Financial Services Inc.	Reject	Unrelated Operations
391	First Federal Savings and Loan Association	Reject	Negative or Zero Operating Income
392	First Foundation Inc.	Reject	Unrelated Operations
393	First Global Data Limited	Reject	Negative or Zero Operating Income
394	Fiserv, Inc.	Reject	Unrelated Operations
395	Five Below, Inc.	Reject	Unrelated Operations
396	Five9, Inc.	Reject	Negative or Zero Operating Income
397	FleetCor Technologies, Inc.	Reject	Unrelated Operations
398	FlexiInternational Software Inc.	Reject	Negative or Zero Operating Income

#	Company Name	Accept/Reject	Reason
399	Fluor Corporation	Reject	Unrelated Industry
400	FNB, Inc.	Reject	Negative or Zero Operating Income
401	Focus Universal Inc.	Reject	Negative or Zero Operating Income
402	Foot Locker, Inc.	Reject	Unrelated Operations
403	Franklin Covey Co.	Reject	Unrelated Operations
404	Fred's, Inc.	Reject	Unrelated Operations
405	Frontera Group Inc.	Reject	Negative or Zero Operating Income
406	FTI Foodtech International Inc.	Reject	Unrelated Operations
407	FullCircle Registry, Inc.	Reject	Negative or Zero Operating Income
408	Gannett Fleming, Inc.	Reject	Negative or Zero Operating Income
409	Garda World Security Corp.	Reject	Unrelated Operations
410	Gartner Inc.	Reject	Unrelated Operations
411	GBS Enterprises Incorporated	Reject	Negative or Zero Operating Income
412	GelStat Corp.	Reject	Unrelated Operations
413	General Cannabis Corp.	Reject	Negative or Zero Operating Income
414	General Datacomm Industries Inc.	Reject	Negative or Zero Operating Income
415	General Finance and Development Inc	Reject	Unrelated Operations
416	General Mills, Inc.	Reject	Unrelated Operations
417	Genesco Inc.	Reject	Unrelated Operations
418	Genuine Parts Company	Reject	Unrelated Operations
419	Geospatial Corporation	Reject	Negative or Zero Operating Income
420	Global Cash Access Holdings, Inc.	Reject	Unrelated Industry
421	Global Entertainment Holdings, Inc.	Reject	Negative or Zero Operating Income
422	Global eScience Corp.	Reject	Negative or Zero Operating Income
423	Global Healthcare & Education Management, Inc.	Reject	Negative or Zero Operating Income
424	Global Holdings, Inc.	Reject	Negative or Zero Operating Income
425	Global IT Holdings, Inc.	Reject	Negative or Zero Operating Income
426	Global Links Corp.	Reject	Negative or Zero Operating Income
427	Global Payments Inc.	Reject	Unrelated Operations
428	Global Payout, Inc.	Reject	Negative or Zero Operating Income
429	Global Vision Holdings, Inc.	Reject	Negative or Zero Operating Income
430	Globestar Industries Inc.	Reject	Negative or Zero Operating Income
431	Gold Entertainment Group, Inc.	Reject	Negative or Zero Operating Income
432	Golden Edge Entertainment, Inc.	Reject	Negative or Zero Operating Income
433	Goodman Networks, Inc.	Reject	Unrelated Operations
434	Gooi Global, Inc.	Reject	Negative or Zero Operating Income
435	Gordmans Stores, Inc.	Reject	Unrelated Operations
436	GP Strategies Corp.	Reject	Unrelated Operations
437	Grand Power Logistics Group Inc.	Reject	Unrelated Operations

#	Company Name	Accept/Reject	Reason
438	Great American Food Chain, Inc.	Reject	Negative or Zero Operating Income
439	Green Dot Corporation	Reject	Unrelated Operations
440	Green Hygienics Holdings Inc.	Reject	Negative or Zero Operating Income
441	Greene Concepts, Inc.	Reject	Negative or Zero Operating Income
442	GreenGro Technologies, Inc.	Reject	Negative or Zero Operating Income
443	Greenwood Hall, Inc.	Reject	Unrelated Industry
444	Grow Solutions Holdings, Inc.	Reject	Negative or Zero Operating Income
445	Grubb & Ellis Company	Reject	Negative or Zero Operating Income
446	GSE Systems Inc.	Reject	Unrelated Operations
447	Guardian Enterprise Group, Inc.	Reject	Negative or Zero Operating Income
448	GuestLogix Inc.	Reject	Negative or Zero Operating Income
449	H3Enterprises, Inc.	Reject	Negative or Zero Operating Income
450	HA 2003, Inc.	Reject	Negative or Zero Operating Income
451	Hancock Fabrics Inc.	Reject	Unrelated Operations
452	Hannover House, Inc.	Reject	Unrelated Operations
453	Harbor Island Development Corp.	Reject	Negative or Zero Operating Income
454	Harley-Davidson, Inc.	Reject	Unrelated Operations
455	Harleysville Savings Financial Corporation	Reject	Unrelated Industry
456	Harte-Hanks Inc.	Reject	Unrelated Operations
457	HD Supply Holdings, Inc.	Reject	Unrelated Operations
458	Health Sciences Group, Inc.	Reject	Negative or Zero Operating Income
459	Healthcare Services Group Inc.	Reject	Unrelated Operations
460	Healthstream Inc.	Reject	Unrelated Operations
461	Healthways Inc.	Reject	Unrelated Industry
462	Heartland Payment Systems, Inc.	Reject	Unrelated Operations
463	Heidrick & Struggles International Inc.	Reject	Unrelated Operations
464	Helen of Troy Limited	Reject	Unrelated Operations
465	HemaCare Corp.	Reject	Negative or Zero Operating Income
466	Herman Miller Inc.	Reject	Unrelated Operations
467	Hertz Global Holdings, Inc.	Reject	Unrelated Industry
468	Hewlett-Packard Company	Reject	Unrelated Operations
469	Hibbett Sports, Inc.	Reject	Unrelated Operations
470	Higher One Holdings, Inc.	Reject	Unrelated Operations
471	Hill International, Inc.	Reject	Unrelated Operations
472	Historic Discoveries, Inc.	Reject	Negative or Zero Operating Income
473	HNI Corp.	Reject	Unrelated Operations
474	Honeywell International Inc.	Reject	Unrelated Operations
475	Hortonworks, Inc.	Reject	Negative or Zero Operating Income
476	Hot Topic Inc.	Reject	Unrelated Operations

#	Company Name	Accept/Reject	Reason
477	Hotel Outsource Management International Inc.	Reject	Negative or Zero Operating Income
478	Houston InterWeb Design, Inc.	Reject	Negative or Zero Operating Income
479	HSN, Inc.	Reject	Unrelated Operations
480	HUB International Limited	Reject	Negative or Zero Operating Income
481	Hudson Global, Inc	Reject	Negative or Zero Operating Income
482	Huntington Ingalls Industries, Inc.	Reject	Unrelated Operations
483	Huron Consulting Group Inc.	Reject	Unrelated Operations
484	IBI Group Inc.	Reject	Unrelated Operations
485	iBrands Corp.	Reject	Negative or Zero Operating Income
486	Icon Media Holdings, Inc.	Reject	Negative or Zero Operating Income
487	ID Systems Inc.	Reject	Negative or Zero Operating Income
488	IDEXX Laboratories, Inc.	Reject	Unrelated Industry
489	ImaginOn, Inc.	Reject	Negative or Zero Operating Income
490	Impart Media Group, Inc.	Reject	Negative or Zero Operating Income
491	Impax Laboratories Inc.	Reject	Unrelated Operations
492	In-Touch Survey Systems Ltd.	Reject	Unrelated Operations
493	INC Research Holdings, Inc.	Reject	Unrelated Industry
494	Incumaker, Inc.	Reject	Negative or Zero Operating Income
495	InferX Corporation	Reject	Negative or Zero Operating Income
496	Infinite Group Inc.	Reject	Unrelated Operations
497	Infoblox Inc.	Reject	Negative or Zero Operating Income
498	InfoNow Corporation	Reject	Negative or Zero Operating Income
499	Information Analysis Inc.	Reject	Unrelated Operations
500	Ingles Markets, Incorporated	Reject	Unrelated Operations
501	InnerWorkings Inc.	Reject	Unrelated Operations
502	Innodata Inc.	Reject	Unrelated Operations
503	INSCAPE Corporation	Reject	Negative or Zero Operating Income
504	Insight Enterprises Inc.	Reject	Unrelated Operations
505	Insperity, Inc.	Reject	Unrelated Operations
506	InsPro Technologies Corporation	Reject	Negative or Zero Operating Income
507	Integrated Cannabis Solutions, Inc.	Reject	Negative or Zero Operating Income
508	Integrated Sports Marketing Group, Inc.	Reject	Negative or Zero Operating Income
509	Intelligentias, Inc.	Reject	Negative or Zero Operating Income
510	Intellinetics, Inc.	Reject	Negative or Zero Operating Income
511	Intema Solutions Inc.	Reject	Unrelated Operations
512	Inter-Act Electronic Marketing, Inc.	Reject	Negative or Zero Operating Income
513	Interact Holdings Group, Inc.	Reject	Negative or Zero Operating Income
514	InterCloud Systems, Inc.	Reject	Negative or Zero Operating Income
515	Interface Inc.	Reject	Unrelated Operations

#	Company Name	Accept/Reject	Reason
516	Intermap Technologies Corp.	Reject	Negative or Zero Operating Income
517	InterMetro Communications Inc.	Reject	Unrelated Operations
518	International Business Machines Corporation	Reject	Unrelated Operations
519	International Card Establishment Inc.	Reject	Negative or Zero Operating Income
520	International Monetary Systems Ltd.	Reject	Unrelated Operations
521	International Speedway Corp.	Reject	Unrelated Industry
522	International Spirit & Beverage Group, Inc.	Reject	Negative or Zero Operating Income
523	Intertech Solutions , Inc.	Reject	Negative or Zero Operating Income
524	INTL FCStone Inc.	Reject	Unrelated Operations
525	Inuvo, Inc.	Reject	Unrelated Operations
526	Inventure Foods, Inc.	Reject	Unrelated Operations
527	Investors Title Co.	Reject	Unrelated Operations
528	Invictus Financial Inc.	Reject	Negative or Zero Operating Income
529	iPayment Holdings, Inc.	Reject	Unrelated Operations
530	Iron Mountain Incorporated	Reject	Unrelated Operations
531	Iteris, Inc.	Reject	Unrelated Operations
532	ITEX Corp.	Reject	Unrelated Operations
533	Itron, Inc.	Reject	Unrelated Industry
534	Ivrnet, Inc.	Reject	Unrelated Operations
535	J&J Snack Foods Corp.	Reject	Unrelated Operations
536	J. C. Penney Company, Inc.	Reject	Unrelated Operations
537	Jack Henry & Associates Inc.	Reject	Unrelated Operations
538	Jaclyn Inc.	Reject	Unrelated Operations
539	Jacobs Engineering Group Inc.	Reject	Unrelated Operations
540	Jagged Peak, Inc.	Reject	Unrelated Operations
541	JB Hunt Transport Services Inc.	Reject	Unrelated Operations
542	JetPay Corporation	Reject	Unrelated Operations
543	Jia Inc	Reject	Negative or Zero Operating Income
544	Jive Software, Inc.	Reject	Negative or Zero Operating Income
545	Johnson Controls Inc.	Reject	Unrelated Industry
546	Jones Lang LaSalle Incorporated	Reject	Unrelated Operations
547	Juhl Energy, Inc.	Reject	Negative or Zero Operating Income
548	JunkieDog.com, Inc.	Reject	Negative or Zero Operating Income
549	KAR Auction Services, Inc.	Reject	Unrelated Industry
550	KBR, Inc.	Reject	Unrelated Industry
551	Keating, Muething & Klekamp, PLL	Reject	Negative or Zero Operating Income
552	KeHE Distributors, LLC	Reject	Negative or Zero Operating Income
553	Kellton Tech Solutions Limited	Reject	Unrelated Operations
554	Kelly Services, Inc.	Reject	Unrelated Operations

#	Company Name	Accept/Reject	Reason
555	Kennedys Inc	Reject	Negative or Zero Operating Income
556	Keurig Green Mountain, Inc.	Reject	Unrelated Operations
557	Key Energy Services Inc.	Reject	Unrelated Industry
558	Kids Stuff, Inc.	Reject	Negative or Zero Operating Income
559	Kimball International, Inc.	Reject	Unrelated Operations
560	Kimberly-Clark Corporation	Reject	Unrelated Operations
561	Kinectrics Inc.	Reject	Negative or Zero Operating Income
562	Kinetex Resources Corp.	Reject	Negative or Zero Operating Income
563	Kirkland's Inc.	Reject	Unrelated Operations
564	KMA Global Solutions International, Inc.	Reject	Unrelated Operations
565	Knoll, Inc.	Reject	Unrelated Operations
566	Koala Corporation	Reject	Negative or Zero Operating Income
567	Korn/Ferry International	Reject	Unrelated Operations
568	Kovair Software, Inc.	Reject	Negative or Zero Operating Income
569	KP Tissue Inc.	Reject	Negative or Zero Operating Income
570	Kuboo, Inc.	Reject	Negative or Zero Operating Income
571	L Brands, Inc.	Reject	Unrelated Operations
572	Ladenburg Thalmann Financial Services Inc.	Reject	Unrelated Operations
573	Ladybug Resource Group, Inc.	Reject	Negative or Zero Operating Income
574	Lansing Trade Group, LLC	Reject	Unrelated Operations
575	Lattice Incorporated	Reject	Negative or Zero Operating Income
576	Laxai Pharma, Ltd.	Reject	Negative or Zero Operating Income
577	Leading Brands Inc.	Reject	Unrelated Industry
578	Leeward Group Holdings Inc.	Reject	Negative or Zero Operating Income
579	Legacy Ventures International Inc.	Reject	Negative or Zero Operating Income
580	Legal Research Center, Inc.	Reject	Negative or Zero Operating Income
581	Leidos Holdings, Inc.	Reject	Unrelated Operations
582	Leone Asset Management, Inc.	Reject	Negative or Zero Operating Income
583	Levcor International, Inc.	Reject	Negative or Zero Operating Income
584	Lexmark International Inc.	Reject	Unrelated Operations
585	Liberty Mutual Holding Company Inc.	Reject	Unrelated Operations
586	Lifestyle Medical Network Inc.	Reject	Negative or Zero Operating Income
587	Lightbridge Corp.	Reject	Negative or Zero Operating Income
588	Lindsay Corporation	Reject	Unrelated Operations
589	Lionbridge Technologies Inc.	Reject	Unrelated Operations
590	Liquidity Services, Inc.	Reject	Unrelated Operations
591	Live Nation Entertainment, Inc.	Reject	Unrelated Industry
592	LiveWorld, Inc.	Reject	Unrelated Operations

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593	Livingston International Income Fund	Reject	Negative or Zero Operating Income
594	LivingVentures, Inc.	Reject	Negative or Zero Operating Income
595	Loblaw Companies Limited	Reject	Unrelated Operations
596	Local Matters, Inc.	Reject	Negative or Zero Operating Income
597	LotsOff Corp.	Reject	Negative or Zero Operating Income
598	Lowe's Companies Inc.	Reject	Unrelated Operations
599	LPL Financial Holdings Inc.	Reject	Unrelated Operations
600	Macatawa Bank Corp.	Reject	Unrelated Operations
601	Macy's, Inc.	Reject	Unrelated Operations
602	Magellan Health, Inc.	Reject	Unrelated Industry
603	Malaysia Pro-Guardians Security Management Corporation	Reject	Unrelated Operations
604	Manhattan Associates, Inc.	Reject	Unrelated Operations
605	Manitoba Hydro-Electric Board	Reject	Unrelated Operations
606	Manning & Napier, Inc.	Reject	Unrelated Operations
607	ManpowerGroup Inc.	Reject	Unrelated Operations
608	ManTech International Corporation	Reject	Unrelated Operations
609	Manulife Financial Corporation	Reject	Unrelated Operations
610	MAPLEX Alliance Limited	Reject	Negative or Zero Operating Income
611	Marchex, Inc.	Reject	Unrelated Operations
612	Marsh & McLennan Companies, Inc.	Reject	Unrelated Operations
613	Martha Stewart Living Omnimedia Inc.	Reject	Unrelated Operations
614	Maryland Financial Bank	Reject	Negative or Zero Operating Income
615	Masco Corporation	Reject	Unrelated Operations
616	MasterCard Incorporated	Reject	Unrelated Operations
617	Mattersight Corporation	Reject	Negative or Zero Operating Income
618	Matthews International Corporation	Reject	Unrelated Operations
619	MAXIMUS, Inc.	Reject	Unrelated Operations
620	McCormick & Company, Incorporated	Reject	Unrelated Operations
621	McKesson Corporation	Reject	Unrelated Industry
622	Mecklermedia Corporation	Reject	Negative or Zero Operating Income
623	MedAssets, Inc.	Reject	Unrelated Industry
624	Medical Marijuana, Inc.	Reject	Unrelated Industry
625	Medidata Solutions, Inc.	Reject	Unrelated Operations
626	MetaPower International, Inc.	Reject	Negative or Zero Operating Income
627	Metro One Telecommunications, Inc.	Reject	Negative or Zero Operating Income
628	Michael Baker International, LLC	Reject	Negative or Zero Operating Income
629	Michaels Stores, Inc.	Reject	Unrelated Operations

#	Company Name	Accept/Reject	Reason
630	Mickelberry Communications Incorporated	Reject	Negative or Zero Operating Income
631	MicroMass Communications Inc.	Reject	Negative or Zero Operating Income
632	MicroStrategy Inc.	Reject	Unrelated Operations
633	Midas Medici Group Holdings, Inc.	Reject	Negative or Zero Operating Income
634	Midland States Bancorp, Inc.	Reject	Negative or Zero Operating Income
635	Millennium Services Corp.	Reject	Negative or Zero Operating Income
636	Mission Ready Services Inc.	Reject	Negative or Zero Operating Income
637	Mister Goody, Inc.	Reject	Negative or Zero Operating Income
638	MobileSmith, Inc.	Reject	Negative or Zero Operating Income
639	Mobiquity Technologies, Inc.	Reject	Negative or Zero Operating Income
640	ModSys International Ltd.	Reject	Negative or Zero Operating Income
641	ModusLink Global Solutions, Inc.	Reject	Unrelated Industry
642	Mohawk Industries Inc.	Reject	Unrelated Operations
643	Monarch America, Inc.	Reject	Unrelated Industry
644	Monarch Casino & Resort Inc.	Reject	Unrelated Operations
645	Mondelez International, Inc.	Reject	Unrelated Operations
646	Moneygram International Inc.	Reject	Unrelated Operations
647	Monotype Imaging Holdings Inc.	Reject	Unrelated Operations
648	Monster Beverage Corporation	Reject	Unrelated Operations
649	Moody's Corporation	Reject	Unrelated Operations
650	Morneau Shepell Inc.	Reject	Unrelated Operations
651	MRV Communications, Inc.	Reject	Negative or Zero Operating Income
652	MSA Safety Incorporated	Reject	Unrelated Operations
653	MSCI Inc.	Reject	Unrelated Operations
654	MTM Technologies, Inc.	Reject	Negative or Zero Operating Income
655	Multi-Media Tutorial Services, Inc.	Reject	Negative or Zero Operating Income
656	Murphy USA Inc.	Reject	Unrelated Operations
657	MyECheck, Inc.	Reject	Unrelated Operations
658	MyPhotoAlbum, Inc.	Reject	Negative or Zero Operating Income
659	myPhotopipe.com, Inc.	Reject	Negative or Zero Operating Income
660	Nacco Industries Inc.	Reject	Unrelated Operations
661	NaeroDynamics, Inc.	Reject	Negative or Zero Operating Income
662	Nathan's Famous Inc.	Reject	Unrelated Operations
663	National Bank of Canada	Reject	Unrelated Operations
664	National Penn Bancshares Inc.	Reject	Unrelated Operations
665	National Research Corp.	Reject	Unrelated Operations
666	National Stock Yards Co.	Reject	Negative or Zero Operating Income
667	Naturade, Inc.	Reject	Negative or Zero Operating Income
668	Natural Grocers by Vitamin Cottage, Inc.	Reject	Unrelated Operations

#	Company Name	Accept/Reject	Reason
669	NCI, Inc.	Reject	Unrelated Operations
670	Nebraska Book Holdings, Inc.	Reject	Unrelated Operations
671	Neff Corp.	Reject	Unrelated Operations
672	NES Rentals Holdings, Inc.	Reject	Negative or Zero Operating Income
673	Netplex Group Inc.	Reject	Negative or Zero Operating Income
674	NetSol Technologies, Inc.	Reject	Unrelated Operations
675	NetSuite Inc.	Reject	Negative or Zero Operating Income
676	NeuStar, Inc.	Reject	Unrelated Operations
677	New Media Insight Group, Inc.	Reject	Negative or Zero Operating Income
678	New York & Company Inc.	Reject	Unrelated Operations
679	New York International Commerce Group, Inc.	Reject	Negative or Zero Operating Income
680	NewGen Technologies Inc.	Reject	Negative or Zero Operating Income
681	NexCore Healthcare Capital Corp.	Reject	Unrelated Industry
682	NexJ Systems Inc.	Reject	Negative or Zero Operating Income
683	Nextera Enterprises, Inc.	Reject	Negative or Zero Operating Income
684	Nexus Enterprise Solutions, Inc.	Reject	Negative or Zero Operating Income
685	nFinanSe Inc.	Reject	Negative or Zero Operating Income
686	NFP Corp.	Reject	Unrelated Operations
687	NIC Inc.	Reject	Unrelated Operations
688	Night Culture, Inc.	Reject	Unrelated Operations
689	Nine West Holdings, Inc.	Reject	Unrelated Operations
690	Nordstrom Inc.	Reject	Unrelated Operations
691	North American DataCom, Inc.	Reject	Negative or Zero Operating Income
692	North Atlantic Holding Co. Inc.	Reject	Negative or Zero Operating Income
693	North West Company Inc.	Reject	Unrelated Industry
694	Northcore Technologies, Inc.	Reject	Negative or Zero Operating Income
695	Northern Trust Corporation	Reject	Unrelated Operations
696	Novation Companies, Inc.	Reject	Unrelated Operations
697	NowAuto Group, Inc.	Reject	Negative or Zero Operating Income
698	Numerex Corp.	Reject	Unrelated Operations
699	Nutech, Inc.	Reject	Negative or Zero Operating Income
700	NV5 Holdings, Inc.	Reject	Unrelated Operations
701	Oakridge Holdings Inc.	Reject	Negative or Zero Operating Income
702	Oceanic Exploration Co.	Reject	Negative or Zero Operating Income
703	Oculus Innovative Sciences, Inc.	Reject	Negative or Zero Operating Income
704	ODESIA Group Inc.	Reject	Negative or Zero Operating Income
705	Office Depot, Inc.	Reject	Unrelated Operations
706	Oil-Dri Corp. of America	Reject	Unrelated Operations
707	Old National Bancorp.	Reject	Unrelated Operations
708	OmniComm Systems Inc.	Reject	Unrelated Industry

#	Company Name	Accept/Reject	Reason
709	Oncology Med, Inc.	Reject	Negative or Zero Operating Income
710	One Step Vending Corp.	Reject	Negative or Zero Operating Income
711	Oneida Financial Corp.	Reject	Unrelated Operations
712	OneScreen Inc.	Reject	Unrelated Operations
713	Open Text Corporation	Reject	Unrelated Operations
714	Optimum Source International Ltd.	Reject	Negative or Zero Operating Income
715	Oracle Corporation	Reject	Unrelated Operations
716	Organic Alliance, Inc.	Reject	Negative or Zero Operating Income
717	Oryx Technology Corp.	Reject	Negative or Zero Operating Income
718	OSL Holdings Inc.	Reject	Negative or Zero Operating Income
719	Otelco Inc.	Reject	Unrelated Operations
720	Overstock.com Inc.	Reject	Unrelated Operations
721	Owens & Minor Inc.	Reject	Unrelated Industry
722	Oxford Investments Holdings Inc.	Reject	Negative or Zero Operating Income
723	P.A.M. Transportation Services, Inc.	Reject	Unrelated Operations
724	Pacific GeoInfo Corp	Reject	Negative or Zero Operating Income
725	Pacific Shore Holdings, Inc.	Reject	Negative or Zero Operating Income
726	Pacific Sunwear of California Inc.	Reject	Negative or Zero Operating Income
727	Packaging Corporation of America	Reject	Unrelated Operations
728	Panglobal Brands, Inc.	Reject	Negative or Zero Operating Income
729	PaperFree Medical Solutions Inc.	Reject	Negative or Zero Operating Income
730	Par Pharmaceutical Companies Inc.	Reject	Unrelated Operations
731	PAREXEL International Corporation	Reject	Unrelated Operations
732	Park City Group Inc.	Reject	Unrelated Operations
733	Passport Brands, Inc.	Reject	Negative or Zero Operating Income
734	Patriot National, Inc.	Reject	Unrelated Operations
735	Paychex, Inc.	Reject	Unrelated Operations
736	Payment Data Systems, Inc.	Reject	Unrelated Operations
737	PayPal Holdings, Inc.	Reject	Insufficient Information
738	Pazoo, Inc.	Reject	Negative or Zero Operating Income
739	PCM, Inc.	Reject	Unrelated Operations
740	PCTEL, Inc.	Reject	Unrelated Operations
741	PD-LD, Inc.	Reject	Negative or Zero Operating Income
742	PDI, Inc.	Reject	Negative or Zero Operating Income
743	Peace Arch Entertainment Group Inc.	Reject	Negative or Zero Operating Income
744	Peer Review Mediation and Arbitration, Inc.	Reject	Negative or Zero Operating Income
745	Pegasystems Inc.	Reject	Unrelated Operations
746	Pendrell Corporation	Reject	Negative or Zero Operating Income
747	Penguin Computing, Inc.	Reject	Negative or Zero Operating Income
748	People Corporation	Reject	Unrelated Operations

#	Company Name	Accept/Reject	Reason
749	Peoples Ltd.	Reject	Unrelated Operations
750	Pep Boys - Manny, Moe & Jack	Reject	Unrelated Operations
751	Perficient Inc.	Reject	Unrelated Operations
752	Perma-Fix Environmental Services Inc.	Reject	Negative or Zero Operating Income
753	Pernix Therapeutics Holdings, Inc.	Reject	Negative or Zero Operating Income
754	PetroTerra Corp.	Reject	Negative or Zero Operating Income
755	PFSweb Inc.	Reject	Unrelated Operations
756	Phantom Fiber Corporation	Reject	Negative or Zero Operating Income
757	Pharma-Bio Serv, Inc.	Reject	Unrelated Industry
758	PharmaCom Biovet Inc.	Reject	Negative or Zero Operating Income
759	PharMerica Corporation	Reject	Unrelated Industry
760	PHH Corporation	Reject	Unrelated Operations
761	Pier 1 Imports, Inc.	Reject	Unrelated Operations
762	Pinnacle Foods Inc.	Reject	Unrelated Operations
763	Pinnacol Assurance	Reject	Unrelated Operations
764	Pinpoint Recovery Solutions Corp.	Reject	Negative or Zero Operating Income
765	Pitney Bowes Inc.	Reject	Unrelated Industry
766	Planet Payment, Inc.	Reject	Unrelated Operations
767	Players Network	Reject	Negative or Zero Operating Income
768	Polaris International Holdings Inc.	Reject	Unrelated Operations
769	Polycom, Inc.	Reject	Unrelated Operations
770	Pope Resources, A Delaware Limited Partnership	Reject	Unrelated Industry
771	Posera-HDX Limited	Reject	Negative or Zero Operating Income
772	Post Holdings, Inc.	Reject	Unrelated Operations
773	POW! Entertainment, Inc.	Reject	Unrelated Operations
774	PRA Health Sciences, Inc.	Reject	Unrelated Operations
775	Premier Exhibitions Inc.	Reject	Unrelated Operations
776	Premier information Management Inc	Reject	Negative or Zero Operating Income
777	Presidio Holdings, Inc.	Reject	Negative or Zero Operating Income
778	Prestige Brands Holdings, Inc.	Reject	Unrelated Operations
779	PRGX Global, Inc.	Reject	Unrelated Operations
780	Primal Solutions, Inc.	Reject	Negative or Zero Operating Income
781	Principal Solar, Inc.	Reject	Negative or Zero Operating Income
782	PrismOne Group, Inc.	Reject	Negative or Zero Operating Income
783	ProConcept Marketing Group, Inc.	Reject	Negative or Zero Operating Income
784	Profit Planners Management, Inc.	Reject	Negative or Zero Operating Income
785	Progress Software Corporation	Reject	Unrelated Operations
786	Progressive Care, Inc.	Reject	Negative or Zero Operating Income
787	Proguard Acquisition Corp	Reject	Negative or Zero Operating Income

#	Company Name	Accept/Reject	Reason
788	ProntoForms Corporation	Reject	Negative or Zero Operating Income
789	Property Management Corporation of America	Reject	Negative or Zero Operating Income
790	PROS Holdings, Inc.	Reject	Unrelated Operations
791	Protocall Technologies Inc.	Reject	Negative or Zero Operating Income
792	Provision Holding, Inc.	Reject	Negative or Zero Operating Income
793	Prudential Financial, Inc.	Reject	Unrelated Operations
794	PSB Holdings Inc.	Reject	Unrelated Operations
795	PTC Inc.	Reject	Unrelated Operations
796	Public Company Management Corp.	Reject	Negative or Zero Operating Income
797	Publix Super Markets, Inc.	Reject	Unrelated Operations
798	QPS Die Cutters & Finishers Corporation	Reject	Negative or Zero Operating Income
799	Quad/Graphics, Inc.	Reject	Unrelated Operations
800	Quadrant 4 Systems Corporation	Reject	Negative or Zero Operating Income
801	Quality Systems Inc.	Reject	Unrelated Industry
802	Qualys, Inc.	Reject	Unrelated Operations
803	Quest Solution, Inc.	Reject	Negative or Zero Operating Income
804	QuickLogic Corporation	Reject	Negative or Zero Operating Income
805	Quintiles Transnational Holdings Inc.	Reject	Unrelated Industry
806	R.R. Donnelley & Sons Company	Reject	Unrelated Industry
807	Raise Production Inc	Reject	Negative or Zero Operating Income
808	Rand Worldwide, Inc.	Reject	Unrelated Operations
809	Rapid Fire Marketing, Inc.	Reject	Negative or Zero Operating Income
810	Raycomm Transworld Industries, Inc.	Reject	Negative or Zero Operating Income
811	RBID.com, Inc.	Reject	Negative or Zero Operating Income
812	RDM Corporation	Reject	Unrelated Operations
813	ReachLocal, Inc.	Reject	Unrelated Operations
814	Realogy Holdings Corp.	Reject	Unrelated Industry
815	RealPage, Inc.	Reject	Unrelated Operations
816	Reasoning, LLC	Reject	Negative or Zero Operating Income
817	Reconditioned Systems Inc.	Reject	Unrelated Operations
818	Recruits, Inc.	Reject	Negative or Zero Operating Income
819	Red Hat, Inc.	Reject	Unrelated Operations
820	Regions Financial Corporation	Reject	Unrelated Operations
821	Relm Holdings, Inc.	Reject	Negative or Zero Operating Income
822	Renewable Energy Solution Systems, Inc.	Reject	Negative or Zero Operating Income
823	Rent-A-Center, Inc.	Reject	Unrelated Operations
824	Research Solutions, Inc.	Reject	Unrelated Operations
825	Resources Connection Inc.	Reject	Unrelated Operations

#	Company Name	Accept/Reject	Reason
826	Reval Holdings, Inc.	Reject	Negative or Zero Operating Income
827	Revlon, Inc.	Reject	Unrelated Operations
828	Ritchie Bros. Auctioneers Incorporated	Reject	Unrelated Operations
829	Rite Aid Corporation	Reject	Unrelated Operations
830	River Hawk Aviation, Inc.	Reject	Negative or Zero Operating Income
831	Rivus Internet Group, Inc.	Reject	Negative or Zero Operating Income
832	Robert Half International Inc.	Reject	Unrelated Operations
833	Rockwell Automation Inc.	Reject	Unrelated Operations
834	Rockwood Companies, LLC	Reject	Negative or Zero Operating Income
835	Roundy's, Inc.	Reject	Unrelated Operations
836	RPC Inc.	Reject	Unrelated Industry
837	RPX Corporation	Reject	Unrelated Operations
838	RSC Insurance Brokerage, Inc.	Reject	Negative or Zero Operating Income
839	S. C. Johnson & Son, Inc.	Reject	Negative or Zero Operating Income
840	Sabre Corporation	Reject	Unrelated Industry
841	Sajan, Inc.	Reject	Unrelated Operations
842	salesforce.com, inc.	Reject	Negative or Zero Operating Income
843	Sandvine Corporation	Reject	Unrelated Operations
844	Santeon Group, Inc.	Reject	Unrelated Operations
845	Sanwire Corporation	Reject	Negative or Zero Operating Income
846	Satmetrix Systems, Inc.	Reject	Negative or Zero Operating Income
847	Saudi American Holdings Corp.	Reject	Negative or Zero Operating Income
848	SCI Solutions, Inc.	Reject	Negative or Zero Operating Income
849	Science Applications International Corporation	Reject	Unrelated Operations
850	Scientific Learning Corp.	Reject	Negative or Zero Operating Income
851	Scrip Advantage, Inc.	Reject	Negative or Zero Operating Income
852	Seamless Technology, Inc.	Reject	Negative or Zero Operating Income
853	Sears Canada Inc.	Reject	Unrelated Operations
854	Sears Holdings Corporation	Reject	Negative or Zero Operating Income
855	Sears Hometown and Outlet Stores, Inc.	Reject	Unrelated Operations
856	Selectcore Ltd.	Reject	Negative or Zero Operating Income
857	Seneca Foods Corp.	Reject	Unrelated Industry
858	Sentry Technology Corp.	Reject	Negative or Zero Operating Income
859	Service Corporation International	Reject	Unrelated Operations
860	ServicePower Technologies plc	Reject	Negative or Zero Operating Income
861	ServiceSource International, Inc.	Reject	Negative or Zero Operating Income
862	SFX Entertainment, Inc.	Reject	Negative or Zero Operating Income
863	Shopko Stores Operating Co., LLC	Reject	Negative or Zero Operating Income

#	Company Name	Accept/Reject	Reason
864	Shumaker, Loop & Kendrick, LLP	Reject	Negative or Zero Operating Income
865	Shutterfly, Inc.	Reject	Unrelated Operations
866	Sienna Senior Living Inc.	Reject	Unrelated Industry
867	Silver Spring Networks, Inc.	Reject	Negative or Zero Operating Income
868	SilverSun Technologies, Inc.	Reject	Unrelated Operations
869	Simmons Foods, Inc.	Reject	Negative or Zero Operating Income
870	Simmons-Boardman Publishing Corp.	Reject	Negative or Zero Operating Income
871	Small Business Development Group, Inc.	Reject	Negative or Zero Operating Income
872	Smart Employee Benefits Inc.	Reject	Negative or Zero Operating Income
873	Snipp Interactive Inc.	Reject	Negative or Zero Operating Income
874	Snyder's-Lance, Inc.	Reject	Unrelated Operations
875	Social Reality, Inc.	Reject	Negative or Zero Operating Income
876	SoftNet Technology Corporation	Reject	Negative or Zero Operating Income
877	SOHM, Inc.	Reject	Negative or Zero Operating Income
878	SolarWinds, Inc.	Reject	Unrelated Operations
879	Solera Holdings Inc.	Reject	Unrelated Operations
880	Sonus Networks, Inc.	Reject	Negative or Zero Operating Income
881	Sotheby's	Reject	Unrelated Operations
882	Southwestern Group, Ltd.	Reject	Negative or Zero Operating Income
883	SpartanNash Company	Reject	Unrelated Operations
884	Spearhead Limited, Inc.	Reject	Negative or Zero Operating Income
885	Spectral Capital Corporation	Reject	Negative or Zero Operating Income
886	Spectrum Group International Inc.	Reject	Unrelated Operations
887	SpendSmart Networks, Inc.	Reject	Negative or Zero Operating Income
888	Splunk, Inc.	Reject	Negative or Zero Operating Income
889	SponsorsOne Inc.	Reject	Negative or Zero Operating Income
890	SRA Companies, Inc.	Reject	Unrelated Operations
891	SS&C Technologies Holdings, Inc.	Reject	Unrelated Operations
892	St Joseph Inc.	Reject	Negative or Zero Operating Income
893	Stadium Entertainment Holdings, Inc.	Reject	Negative or Zero Operating Income
894	Staffing 360 Solutions, Inc.	Reject	Negative or Zero Operating Income
895	Stage Stores Inc.	Reject	Unrelated Operations
896	StanCorp Financial Group Inc.	Reject	Unrelated Operations
897	Stantec Inc.	Reject	Unrelated Operations
898	StarTek, Inc.	Reject	Negative or Zero Operating Income
899	State Street Corporation	Reject	Unrelated Operations
900	Stater Bros. Holdings Inc.	Reject	Unrelated Operations
901	Steelcase Inc.	Reject	Unrelated Industry

#	Company Name	Accept/Reject	Reason
902	Stein Mart Inc.	Reject	Unrelated Operations
903	Stephan Co.	Reject	Negative or Zero Operating Income
904	Stericycle, Inc.	Reject	Unrelated Operations
905	Steris Corp.	Reject	Unrelated Operations
906	Steven Madden, Ltd.	Reject	Unrelated Operations
907	Stewart Information Services Corporation	Reject	Unrelated Operations
908	StoneMor Partners L.P.	Reject	Unrelated Operations
909	Stonepath Group Inc.	Reject	Negative or Zero Operating Income
910	Storage Engine, Inc.	Reject	Negative or Zero Operating Income
911	Strainwise, Inc.	Reject	Negative or Zero Operating Income
912	Sun Life Financial Inc.	Reject	Unrelated Operations
913	Suncast Solar Energy, Inc.	Reject	Negative or Zero Operating Income
914	Sungard Availability Services Capital, Inc.	Reject	Negative or Zero Operating Income
915	Sunoco LP	Reject	Unrelated Operations
916	Sunset Capital Assets, Inc.	Reject	Negative or Zero Operating Income
917	Sunset Island Group, Inc.	Reject	Negative or Zero Operating Income
918	SuperBox, Inc.	Reject	Negative or Zero Operating Income
919	SUPERVALU Inc.	Reject	Unrelated Operations
920	SupportSave Solutions, Inc.	Reject	Negative or Zero Operating Income
921	Sykes Enterprises, Incorporated	Reject	Unrelated Operations
922	Sylogist Ltd.	Reject	Unrelated Operations
923	Symmetry Technologies Inc.	Reject	Negative or Zero Operating Income
924	Syndication, Inc.	Reject	Negative or Zero Operating Income
925	Synex International Inc.	Reject	Unrelated Industry
926	Syntec Biofuel Inc.	Reject	Negative or Zero Operating Income
927	Syntel, Inc.	Reject	Unrelated Operations
928	Sypris Solutions Inc.	Reject	Unrelated Operations
929	Sysorex Global Holdings Corp.	Reject	Negative or Zero Operating Income
930	Systems Technology Associates, Inc.	Reject	Negative or Zero Operating Income
931	Talon International, Inc.	Reject	Unrelated Operations
932	Tangoe, Inc.	Reject	Unrelated Operations
933	Target Corp.	Reject	Unrelated Operations
934	Taylor Consulting Inc.	Reject	Unrelated Operations
935	Team Health Holdings, Inc.	Reject	Unrelated Operations
936	Technical Communities, Inc.	Reject	Negative or Zero Operating Income
937	Technology Solutions Company	Reject	Negative or Zero Operating Income
938	Tecsys Inc.	Reject	Unrelated Operations
939	TekeGldMpire Inc	Reject	Negative or Zero Operating Income
940	Teladoc, Inc.	Reject	Negative or Zero Operating Income

#	Company Name	Accept/Reject	Reason
941	Telco Cuba Inc.	Reject	Negative or Zero Operating Income
942	TeleFix Communications, Inc.	Reject	Negative or Zero Operating Income
943	TeleTech Holdings Inc.	Reject	Unrelated Operations
944	Telos Corporation	Reject	Unrelated Operations
945	TELUS Corporation	Reject	Unrelated Operations
946	Temco Service Industries, Inc.	Reject	Negative or Zero Operating Income
947	Teradata Corporation	Reject	Unrelated Operations
948	Tetra Tech Inc.	Reject	Unrelated Operations
949	TetriDyn Solutions, Inc.	Reject	Unrelated Operations
950	TGI Solar Power Group, Inc.	Reject	Negative or Zero Operating Income
951	The Advisory Board Company	Reject	Unrelated Industry
952	The Amacore Group, Inc.	Reject	Negative or Zero Operating Income
953	The Caldwell Partners International Inc.	Reject	Unrelated Operations
954	The Carlton Companies, Inc.	Reject	Negative or Zero Operating Income
955	The Children's Place, Inc.	Reject	Unrelated Operations
956	The Descartes Systems Group Inc	Reject	Unrelated Operations
957	The Dr. Spock Company	Reject	Negative or Zero Operating Income
958	The First Marblehead Corporation	Reject	Negative or Zero Operating Income
959	The Hershey Company	Reject	Unrelated Operations
960	The Hillman Companies, Inc.	Reject	Unrelated Operations
961	The J. M. Smucker Company	Reject	Unrelated Operations
962	The Jim Pattison Group, Inc.	Reject	Negative or Zero Operating Income
963	The Kiley Group, Inc.	Reject	Negative or Zero Operating Income
964	The Kroger Co.	Reject	Unrelated Operations
965	The Michaels Companies, Inc.	Reject	Unrelated Operations
966	The Mint Corporation	Reject	Negative or Zero Operating Income
967	The Penn Mutual Life Insurance Company	Reject	Unrelated Operations
968	The Procter & Gamble Company	Reject	Unrelated Operations
969	The Scotts Miracle-Gro Company	Reject	Unrelated Operations
970	The Seibels Bruce Group, Inc.	Reject	Negative or Zero Operating Income
971	The Sheridan Group, Inc.	Reject	Negative or Zero Operating Income
972	The Singing Machine Company, Inc.	Reject	Unrelated Operations
973	The Staffing Group, Ltd.	Reject	Unrelated Operations
974	The Store Kraft Manufacturing Company Inc.	Reject	Negative or Zero Operating Income
975	The Sun Products Corporation	Reject	Negative or Zero Operating Income
976	The TJX Companies, Inc.	Reject	Unrelated Operations
977	The Western Union Company	Reject	Unrelated Operations
978	The WhiteWave Foods Company	Reject	Unrelated Operations

#	Company Name	Accept/Reject	Reason
979	Theta Corporation	Reject	Negative or Zero Operating Income
980	Thomson Reuters Corporation	Reject	Unrelated Operations
981	TI Capital Management, LLC	Reject	Negative or Zero Operating Income
982	TIBCO Software Inc.	Reject	Unrelated Operations
983	Tilly's, Inc.	Reject	Unrelated Operations
984	Time Warner Cable Inc.	Reject	Unrelated Operations
985	TIO Networks Corp.	Reject	Unrelated Operations
986	TMS International Corp.	Reject	Unrelated Operations
987	Tompkins Financial Corporation	Reject	Unrelated Operations
988	Tootsie Roll Industries Inc.	Reject	Unrelated Operations
989	Tops Holding II Corporation	Reject	Unrelated Operations
990	Total System Services, Inc.	Reject	Unrelated Operations
991	Touchpoint Metrics, Inc.	Reject	Unrelated Operations
992	Towers Watson & Co.	Reject	Unrelated Operations
993	Toys "R" Us Inc.	Reject	Unrelated Operations
994	Tractor Supply Company	Reject	Unrelated Operations
995	Trans-Global Capital Management, Inc.	Reject	Negative or Zero Operating Income
996	Transcat Inc.	Reject	Unrelated Operations
997	Transcontinental Inc.	Reject	Unrelated Operations
998	Transworld Systems Inc.	Reject	Negative or Zero Operating Income
999	TRC Companies Inc.	Reject	Unrelated Operations
1000	Tremor Video, Inc.	Reject	Negative or Zero Operating Income
1001	TriNet Group, Inc.	Reject	Unrelated Operations
1002	Trinity Health Corporation	Reject	Unrelated Operations
1003	Trucept, Inc.	Reject	Negative or Zero Operating Income
1004	True Drinks Holdings, Inc.	Reject	Negative or Zero Operating Income
1005	TrueBlue, Inc.	Reject	Unrelated Operations
1006	TSR, Inc.	Reject	Unrelated Operations
1007	TSS, Inc.	Reject	Negative or Zero Operating Income
1008	TTX Company, Inc.	Reject	Negative or Zero Operating Income
1009	Tuesday Morning Corporation	Reject	Unrelated Operations
1010	Tyler Technologies, Inc.	Reject	Unrelated Operations
1011	UDS Group, Inc.	Reject	Negative or Zero Operating Income
1012	UnifiedOnline, Inc.	Reject	Negative or Zero Operating Income
1013	UniFirst Corp.	Reject	Unrelated Operations
1014	Unisys Corporation	Reject	Unrelated Operations
1015	United Cannabis Corporation	Reject	Negative or Zero Operating Income
1016	United Communications Partners Inc.	Reject	Negative or Zero Operating Income
1017	United E&P, Inc.	Reject	Negative or Zero Operating Income
1018	United Natural Foods, Inc.	Reject	Unrelated Operations

#	Company Name	Accept/Reject	Reason
1019	UnitedHealth Group Incorporated	Reject	Unrelated Operations
1020	Univest Corporation of Pennsylvania	Reject	Unrelated Operations
1021	Unum Group	Reject	Unrelated Operations
1022	Urban Outfitters Inc.	Reject	Unrelated Operations
1023	US Automotive Manufacturing, Inc.	Reject	Negative or Zero Operating Income
1024	US Metro Bank	Reject	Negative or Zero Operating Income
1025	USSPI Media, Inc.	Reject	Unrelated Operations
1026	UTi Worldwide Inc.	Reject	Unrelated Industry
1027	V Group, Inc.	Reject	Negative or Zero Operating Income
1028	Vail Resorts Inc.	Reject	Unrelated Operations
1029	Vantiv, Inc.	Reject	Unrelated Operations
1030	VCA Inc.	Reject	Unrelated Industry
1031	Veeva Systems Inc.	Reject	Unrelated Operations
1032	Velos, Inc.	Reject	Negative or Zero Operating Income
1033	Veltex Corporation	Reject	Negative or Zero Operating Income
1034	Vera Bradley, Inc.	Reject	Unrelated Operations
1035	Veracity Management Global, Inc.	Reject	Negative or Zero Operating Income
1036	VeriFone Systems, Inc.	Reject	Unrelated Operations
1037	Verint Systems Inc.	Reject	Unrelated Operations
1038	Versapay Corporation	Reject	Negative or Zero Operating Income
1039	Versatile Systems Inc.	Reject	Negative or Zero Operating Income
1040	Viad Corp	Reject	Unrelated Industry
1041	Viavid Broadcasting Inc.	Reject	Negative or Zero Operating Income
1042	Videolocity International, Inc.	Reject	Negative or Zero Operating Income
1043	View Systems Inc.	Reject	Negative or Zero Operating Income
1044	Viggle Inc.	Reject	Negative or Zero Operating Income
1045	Vince Holding Corp	Reject	Unrelated Operations
1046	VIQ Solutions Inc.	Reject	Negative or Zero Operating Income
1047	Virco Mfg. Corporation	Reject	Negative or Zero Operating Income
1048	Virtusa Corp.	Reject	Unrelated Operations
1049	Visa Inc.	Reject	Unrelated Operations
1050	VisualMED Clinical Solutions Corp.	Reject	Unrelated Operations
1051	Vogogo Inc.	Reject	Negative or Zero Operating Income
1052	Voice Assist, Inc.	Reject	Negative or Zero Operating Income
1053	Volt Information Sciences Inc.	Reject	Unrelated Operations
1054	Volt Solar Systems, Inc.	Reject	Negative or Zero Operating Income
1055	Voltari Corporation	Reject	Negative or Zero Operating Income
1056	Voxcorp Inc.	Reject	Negative or Zero Operating Income
1057	Voya Financial, Inc.	Reject	Unrelated Operations
1058	VSE Corp.	Reject	Unrelated Industry
1059	W&E Source Corp	Reject	Negative or Zero Operating Income

#	Company Name	Accept/Reject	Reason
1060	Wal-Mart Stores Inc.	Reject	Unrelated Operations
1061	Walgreens Boots Alliance, Inc.	Reject	Unrelated Operations
1062	Warrior Girl Corp.	Reject	Negative or Zero Operating Income
1063	Waste Management, Inc.	Reject	Unrelated Industry
1064	Waxman Industries, Inc.	Reject	Negative or Zero Operating Income
1065	Wayside Technology Group, Inc.	Reject	Unrelated Operations
1066	WEED, Inc.	Reject	Negative or Zero Operating Income
1067	Weis Markets, Inc.	Reject	Unrelated Operations
1068	Werner Enterprises Inc.	Reject	Unrelated Operations
1069	West Corporation	Reject	Unrelated Operations
1070	West Marine Inc.	Reject	Unrelated Operations
1071	Western Pacific Trust Co.	Reject	Negative or Zero Operating Income
1072	Western Refining, Inc.	Reject	Unrelated Operations
1073	Westlin Corporation	Reject	Negative or Zero Operating Income
1074	WestRock Company	Reject	Unrelated Operations
1075	WEX Inc.	Reject	Unrelated Operations
1076	Where Food Comes From, Inc.	Reject	Unrelated Industry
1077	WidePoint Corp.	Reject	Unrelated Operations
1078	Willdan Group, Inc.	Reject	Unrelated Operations
1079	Winmark Corp.	Reject	Unrelated Operations
1080	Wintrust Financial Corporation	Reject	Unrelated Industry
1081	Wizard World, Inc.	Reject	Unrelated Industry
1082	Woodstock Holdings, Inc.	Reject	Negative or Zero Operating Income
1083	World Wrestling Entertainment Inc.	Reject	Unrelated Industry
1084	WPCS International Incorporated	Reject	Negative or Zero Operating Income
1085	WSP Global Inc.	Reject	Unrelated Operations
1086	Xerox Corporation	Reject	Unrelated Operations
1087	Xponential Inc.	Reject	Negative or Zero Operating Income
1088	Zebra Technologies Corporation	Reject	Unrelated Operations
1089	Zero Gravity Solutions, Inc.	Reject	Negative or Zero Operating Income
1090	zulily, Inc.	Reject	Unrelated Operations
1091	Zuma Beach Entertainment, Inc.	Reject	Negative or Zero Operating Income

Appendix G
Search for Comparable IP License Agreements

1. ktMINE Search

(a) Introduction

The ktMINE database contains 90,000 licensing agreements that can be searched by the type of agreement (e.g., technology or trademark license), industry, licensor and licensee, and keywords that appear in the agreement or its summary, among other search parameters.

(b) Industry Search

Each agreement in the ktMINE database is assigned to one or more relevant industries. The database can be searched by industry and by Standard Industry Classification ("SIC") code to identify agreements operating in the same or similar industries. In order to identify additional potentially comparable IP licensing transactions to those identified in the keyword search, I searched the database using ktMINE's industry classifications to identify agreements in industries broadly related to retailing operations. The ktMINE industry classifications used were:

- Consumer Durables;
- Consumer Non-Durables; and
- Retail

ktMINE identified 4,531 transactions associated with these industry classifications.

(c) Additional Screening Criteria Using Database Fields

Next, I specified broad comparability criteria to limit the comparable set to those agreements that were similar to the TBI licensing agreement. As the TBI royalty is based on TCC's net revenues, I included a filter to limit the potential agreements to only those that had a royalty base of revenues or net sales. Also, in addition to intangible property licensing agreements, the ktMINE database also includes a variety of other types of agreements (e.g., asset purchase agreements, joint development agreements, service agreements). I used an additional filter in order to exclude agreements with material collateral transactions and other unrelated agreement types. Additionally, I limited the search to only include agreements related to marketing intangibles similar to those licensed by TBI. I also excluded agreements from the entertainment, gaming, or travel and recreation industries in the interest of deriving a set of sufficiently comparable transactions from related industries. Finally, I employed criteria using specific keywords that appear in the description or full text of the agreements in the database. These keywords include "store*" or "retail*."

Thus, the final screens are summarized below:

- "Consideration" to include the following types:
  - Greater than or equal to zero
  - Represented in percentage terms (of revenues, sales, or net sales)
  - Include variable royalties
- "Agreement Type" limited to exclude the following agreement types:
  - Asset Purchase
  - Cross License
  - Distribution
  - Joint Development
  - Manufacturing/Process Intangible
  - Service
  - Software
- "Agreement Type" to include the following agreement types:
  - Marketing Intangibles
- "Industry" limited to exclude the following industries:
  - Entertainment
  - Gaming
  - Travel and Recreation
- "Keyword" to include the following keywords:
  - Store*
  - Retail*

The addition of these filters yielded a final set of 396 potential agreements in the search.

(d) Qualitative Screening

From the population of 396 potential agreements identified in the prior search screens, I then reviewed each observation for relevance to the licensing transaction between TBI and TCC. Specifically, my review focused on identifying licensing agreements related to retailers with comparable functional and risk profiles to that of Target. In this review I eliminated 392 agreements that were licensing agreements for the manufacture or sale of specific products, agreements between related parties, duplicate agreements, or other agreements not comparable to the arrangement between TBI and TCC. A complete listing of the agreements I reviewed and the reasons for rejection is provided in a later section of this appendix.

(e) Interquartile Analysis

The following exhibit summarizes the four agreements I identified from the ktMINE search.

Exhibit G-1: ktMINE Trademark Observations Summary[20,21]

#	Database ID	Licensor	Licensee	Date	Region	Description of IP	Royalty rate
1	11466	TRS Quality, Inc., RadioShack Corporation, Tandy Corporation	InterTAN Canada Ltd., InterTAN, Inc.	May 1, 2001	Canada	Grant the right to use "RADIO SHACK" or "RADIOSHACK" as a trade name and service mark in Canada in connection with the operation of retail stores dealing primarily in electronic products and related services including catalog, mail order and repair services.	1.00%
2	11469	Tandy Corporation, A&A International, Inc.	InterTAN Australia Ltd., InterTAN, Inc.	Jan. 25, 1999	Australia	Grant the right to use TANDY ELECTRONICS as a trade name and service mark in Australia and New Zealand in connection with the operation of InterTAN Australia Ltd. owned or InterTAN Australia Ltd. franchised retail stores dealing primarily in electronic products and related services including catalog, mail order and repair services rendered in such stores in Australia and New Zealand.	1.00%
3	11485	TSA STORES, INC., The Sports Authority, Inc., THE SPORTS AUTHORITY MICHIGAN, INC.	MEGA SPORTS CO., LTD.	Apr. 2, 2004	Japan	Grant the right to use the Marks on and in connection with the Products, Materials and Services furnished in or in connection with the TSA (The Sports Authority) Stores: (a) any sporting goods retail outlet devoted to the sale of an assortment of sporting goods and equipment, footwear and apparel, and/or to provision of the Services; (b) the Sportsauthority.co.jp Site, and the E-Commerce Business operated in connection with the same; and (c) the TSA Ltd. Departments.	1.20%
4	8665	TDS Franchising, LLC; The Disney Store, LLC	The Disney Store (Canada) Ltd.; Hoop Holdings, LLC	Nov. 21, 2004	United States, Canada, Puerto Rico	Grants the right to use, reproduce, and display the Disney Properties in connection with operating The Disney Store retail stores in North America in compliance with the provided operations manual.	5.00%

	IQR
Maximum	5.00%
Upper Quartile	3.10%
Median	1.10%
Lower Quartile	1.00%
Minimum	1.00%
Observations	4

The full range of third-party royalty rates is from 1.0 percent to 5.0 percent. The interquartile range is from 1.0 percent at the lower quartile to 3.1 percent at the upper quartile, with a median of 1.1 percent.

[20] Agreements 11466, 11469, and 11485 are primarily related to the licensing of marketing IP only. In comparison, Target Canada licenses marketing and other IP from TBI as defined in the MSA. As a result, these agreements may potentially underestimate the royalty rate owed to TBI.
[21] For both RadioShack license agreements (11466 and 11469), the royalty rate applied to InterTAN sales is determined based on the amount of goods InterTAN procures from RadioShack. In cases where InterTAN does not source from RadioShack a 1.0 percent royalty is applied.

(f) ktMINE License Agreement Search Accept/Reject Matrix

#	Agreement ID	Licensor	Licensee	Effective Date	Accept/Reject	Reason for Rejection
1	8665	TDS Franchising, LLC	The Disney Store, LLC, The Disney Store (Canada) Ltd., Hoop Holdings, LLC, Hoop Canada Holdings, Inc., Disney Enterprises, Inc., Disney Credit Card Services, Inc.	11/21/2004	Accept	
2	11466	TRS Quality, Inc., RadioShack Corporation, Tandy Corporation	InterTAN Canada Ltd., InterTAN, Inc.	05/1/2001	Accept	
3	11470	Tandy Corporation	InterTAN Canada Ltd., InterTAN, Inc.	01/25/1999	Accept	
4	11485	TSA STORES, INC., The Sports Authority, Inc., THE SPORTS AUTHORITY MICHIGAN, INC.	MEGA SPORTS CO., LTD.	04/2/2004	Accept	
5	170	TANNING RESEARCH LABORATORIES, INC.	AMERICAN WATER STAR, INC.	01/1/2003	Reject	Specified Products/Product License
6	171	TANNING RESEARCH LABORATORIES, INC.	AMERICAN WATER STAR, INC.	01/1/2003	Reject	Specified Products/Product License
7	551	YANUK JEANS, LLC	BLUE HOLDINGS, INC.	07/5/2005	Reject	Trademark license for products
8	766	RAMPAGE LICENSING, LLC	CHARLOTTE RUSSE MERCHANDISING, INC.	10/1/2001	Reject	Specified Products/Product License
9	1474	EVERLAST WORLDWIDE INC., Everlast World's Boxing Headquarters Corp	JACQUES MORET, INC.	01/1/2005	Reject	Specified Products/Product License
10	1475	EVERLAST WORLDWIDE INC., Everlast World's Boxing Headquarters Corp	JACQUES MORET, INC.	01/1/2006	Reject	Specified Products/Product License
11	1491	KTM Sportmotorcycle USA, Inc.	Padova International U.S.A., Execute Sports	01/1/2003	Reject	Specified Products/Product License
12	1496	KTM Sportmotorcycle USA, Inc.	Padova International U.S.A., Inc., Execute Sports	01/1/2003	Reject	Specified Products/Product License
13	1501	KTM Sportmotorcycle USA, Inc.	Padova International U.S.A., Inc., Execute Sports	01/1/2003	Reject	Specified Products/Product License
14	1529	Tyler Trafficante Inc.	The Fashion House, Inc.	11/27/2002	Reject	Specified Products/Product License

#	Agreement ID	Licensor	Licensee	Effective Date	Accept/Reject	Reason for Rejection
15	1530	Tyler Trafficante Inc.	The Fashion House, Inc.	11/27/2002	Reject	Specified Products/Product License
16	2824	George Foreman Ventures LLC	InStride Ventures, LLC	04/20/2007	Reject	Trademark license for products
17	3001	MARK TM, LLC.	BIB Ltd.	11/24/2003	Reject	Trademark license for products
18	3172	BHPC Marketing, Inc.	I.C. Isaacs Europe, S.L.	09/1/1999	Reject	Agreement Type
19	3175	BHPC Marketing, Inc.	I.C. Isaacs Europe, S.L.	09/1/1999	Reject	Agreement Type
20	3421	Michael Caruso & Co., Inc.	Innovo, Inc.	03/2001	Reject	Specified Products/Product License
21	3752	ANNE KLEIN, Division of Kasper A.S.L., Ltd, B.D.S., Inc.	Maxwell Shoe Company Inc	07/9/1999	Reject	Specified Products/Product License
22	3808	KOSS CORPORATION	SONIGEM PRODUCTS, INC.	06/30/2003	Reject	Trademark license for products
23	4659	NU SKIN INTERNATIONAL, INC.	NU SKIN (MALAYSIA) SDN. BHD.	09/28/2001	Reject	Related Parties
24	4902	CHEESEBURGER HOLDING COMPANY, LLC, Jimmy Buffett	CHEESEBURGER IN PARADISE, LLC	07/22/2005	Reject	Related Parties
25	5700	LAURA ASHLEY MANUFACTURING B.V.	USA OPTICAL DISTRIBUTORS, INC.	09/1/1991	Reject	Specified Products/Product License
26	5731	SMITH & WESSON CORP.	UMAREX Sportwaffen, GmbH	08/1/1996	Reject	Specified Products/Product License
27	5732	Smith & Wesson Corp.	Canadian Security Agency, Inc.	10/21/1998	Reject	Specified Products/Product License
28	5733	UMAREX SPORTWAFFEN, GmbH K.G.	GUTMANN CUTLERY, INC.	07/1/2000	Reject	Specified Products/Product License
29	5734	SMITH & WESSON CORP.	Olympic Optical Company	11/1/1995	Reject	Specified Products/Product License
30	5735	SMITH & WESSON CORP.	Taylor Cutlery	12/1/1995	Reject	Specified Products/Product License
31	5868	Romella INTERNATIONAL AB	THE STEPHAN COMPANY	04/24/2006	Reject	Specified Products/Product License
32	5907	N/A	BECOMING ART INC.	2003	Reject	Specified Products/Product License
33	5909	LISE TEREMBLAY	BECOMING ART INC.	12/7/2003	Reject	Specified Products/Product License
34	5910	GERALD MARTIN	BECOMING ART INC.	06/3/2004	Reject	Specified Products/Product License

#	Agreement ID	Licensor	Licensee	Effective Date	Accept/Reject	Reason for Rejection
35	5911	Scott Addison	BECOMING ART INC.	06/10/2004	Reject	Specified Products/Product License
36	5912	ARTHUR ANGUS	BECOMING ART INC.	11/4/2004	Reject	Specified Products/Product License
37	6001	Omniscent Corp.	Nimbus Group Inc.	05/19/2003	Reject	Agreement Type
38	6002	SHARON LALLOUZ, OMNISCENT CORP.	MOAR INTERNATIONAL	01/1/2003	Reject	Specified Products/Product License
39	6420	VIRGIN ENTERPRISES LIMITED	VIRGIN MOBILE USA, LLC	2007	Reject	Related Parties
40	6421	VIRGIN ENTERPRISES LIMITED	VIRGIN MOBILE USA, LLC	1/1/2007	Reject	Related Parties
41	6422	VIRGIN ENTERPRISES LIMITED	VIRGIN MOBILE USA, LLC	1/1/2007	Reject	Related Parties
42	6957	CONAGRA, INC.	THE DIAL CORP	01/1/1995	Reject	Specified Products/Product License
43	7100	HERSHEY FOODS CORPORATION	FAMOUS FIXINS	6/1/2001	Reject	Specified Products/Product License
44	7101	BRAVADO INTERNATIONAL GROUP INC.	FAMOUS FIXINS	05/15/2001	Reject	Specified Products/Product License
45	7152	D.A.R.E. AMERICA	Bergamo Acquisition Corp	10/16/2002	Reject	Specified Products/Product License
46	7365	Select Sport A/S	Varsity Spirit Fashions & Supplies, Inc.	12/13/2002	Reject	Specified Products/Product License
47	7380	NANCY LOPEZ ENTERPRISES, INC.	S2 GOLF, INC.	07/31/2000	Reject	Specified Products/Product License
48	7953	Gabrielle Studio	Donna Karan		Reject	Related Parties
49	7992	LOHAN MEDIA, LLC	INFOTOPIA, INC.	11/30/2000	Reject	Duplicate
50	8333	Thomas Kinkade	Media Arts Group, Inc.	12/3/1997	Reject	Duplicate
51	8666	TDS Franchising, LLC	The Disney Store, LLC, The Disney Store (Canada) Ltd., Disney Enterprises, Inc., Disney Credit Card Services, Inc., Hoop Holdings, LLC, Hoop Canada Holdings, Inc.	11/21/2004	Reject	Related Parties
52	9002	LOHAN MEDIA, LLC	INFOTOPIA, INC.	11/30/2000	Reject	Specified Products/Product License
53	11096	CHIQUITA BRANDS, INC.	DELICIOUS COOKIE COMPANY, INC.	11/26/1996	Reject	Duplicate
54	11097	Land O'Lakes, Inc.	Delicious Cookie Company, Inc.	09/25/1991	Reject	Specified Products/Product License

#	Agreement ID	Licensor	Licensee	Effective Date	Accept/Reject	Reason for Rejection
55	11098	Nestle Food Company, Societe des Produits Nestle S.A.	Delicious Cookie Company, Inc.	12/16/1993	Reject	Specified Products/Product License
56	11113	Godiva Chocolatier, Inc.	Stearns & Lehman, Inc.	06/30/1997	Reject	Duplicate
57	11115	TANNING RESEARCH LABORATORIES, INC.	AMERICAN WATER STAR, INC.	01/1/2003	Reject	Specified Products/Product License
58	11118	Atlas International Food and Equipment Company, Inc., Mexican Foods, Inc.	Sparta Foods, Inc., La Canasta of Minnesota, Inc.	01/1/1999	Reject	Duplicate
59	11127	JONES INVESTMENT CO., INC., RIDGEVIEW, INC.	RIDGEVIEW, INC., JONES INVESTMENT CO., INC.	05/28/1996	Reject	Trademark license for products
60	11128	ELLEN TRACY INC.	RIDGEVIEW, INC.	01/1/1994	Reject	Specified Products/Product License
61	11129	JONES INVESTMENT CO., INC., RIDGEVIEW, INC.	RIDGEVIEW, INC., JONES INVESTMENT CO., INC.	05/28/1996	Reject	Specified Products/Product License
62	11132	BHPC Marketing, Inc.	Heather-Paige II Industries, Inc., PAIGE II INDUSTRIES, INC.	06/1/1993	Reject	Trademark license for products
63	11133	BHPC Marketing, Inc.	I.C. ISAACS & CO., L.P.	12/14/1995	Reject	Trademark license for products
64	11135	BHPC Marketing, Inc.	Zacari 2000, S.L., ZACARI, S.L.	08/15/1996	Reject	Trademark license for products
65	11136	Playboy Enterprises, Inc.	Chaifa Investment, Limited	10/1/1989	Reject	Agreement Type
66	11137	PLAYBOY ENTERPRISES, INC.	CHAIFA INVESTMENT, LIMITED	03/4/1991	Reject	Agreement Type
67	11139	D.A.R.E. America	Bergamo Acquisition Corp	10/1/2002	Reject	Agreement Type
68	11140	Easyriders, Inc., Paisano Publications, Inc., Easyriders Licensing, Inc.	Southern Steel Streetwear, Inc., Action Promotions, Inc.	03/28/2001	Reject	Agreement Type
69	11141	YANUK JEANS, LLC	BLUE HOLDINGS, INC.	10/5/2005	Reject	Trademark license for products
70	11143	Aris Industries, Inc., XOXO Clothing Company, Inc., BP Clothing, Inc., Europe Craft Imports, Inc.	Adamson Apparel, Inc.	06/2002	Reject	Specified Products/Product License
71	11146	SUZY'S ZOO	GERBER CHILDRENSWEAR, INC.	10/1/1998	Reject	Specified Products/Product License
72	11147	Aris Industries, Inc., XOXO Clothing Company, Incorporated, BP Clothing Company,	Grupo Extra of New York, Inc.	01/2001	Reject	Specified Products/Product License

#	Agreement ID	Licensor	Licensee	Effective Date	Accept/Reject	Reason for Rejection
		Inc., Europe Craft Imports, Inc.				
73	11155	KTM Sportmotorcycle USA, Inc.	Padova International U.S.A., Inc., Execute Sports	03/25/2003	Reject	Specified Products/Product License
74	11157	LEVI STRAUSS & CO.	AVID SPORTSWEAR, INC.	05/10/1999	Reject	Trademark license for products
75	11159	SUN ICE USA, INC., SUN ICE LTD.	GLENGATE APPAREL, INC.	02/14/1997	Reject	Specified Products/Product License
76	11160	BRITTANIA SPORTSWEAR LIMITED	NANTUCKET INDUSTRIES, INC.	01/1/1997	Reject	Terms
77	11168	Spartan Sporting Goods and Fashions Inc., Media Vision Productions Inc., eCONTENT, Inc.	Media Vision Productions Inc., eCONTENT, Inc., Spartan Sporting Goods and Fashions Inc.	01/01/2000	Reject	Duplicate
78	11172	HEALTHTEX APPAREL CORP.	M & L INTERNATIONAL, INC.	11/1/1997	Reject	Agreement Type
79	11173	EVERLAST WORLDWIDE INC., Everlast World's Boxing Headquarters Corp	JACQUESMORET,INC.	01/1/2006	Reject	Insufficient Information
80	11174	J. G. HOOK, INC.	RETROSPETTIVA, INC.	12/1/1997	Reject	Specified Products/Product License
81	11175	MARK TM, LLC	BIB Ltd.	11/24/2003	Reject	Specified Products/Product License
82	11176	Private Brands, Inc., American Rag CIE, LLC, Industry Werts, Inc.	Macy's Merchandising Group, LLC	03/7/2005	Reject	Terms
83	11177	EVERLAST WORLDWIDE INC., Everlast World's Boxing Headquarters Corp.	JACQUES MORET, INC.	01/1/2006	Reject	Specified Products/Product License
84	11179	EVERLAST WORLDWIDE INC., Everlast World's Boxing Headquarters Corp	JACQUES MORET, INC.	01/1/2006	Reject	Duplicate
85	11180	Everlast World's Boxing Headquarters Corp.	ACTIVE APPAREL GROUP, INC.	10/23/1998	Reject	Specified Products/Product License
86	11181	Everlast World's Boxing Headquarters, Corp.	Active Apparel Group, Inc.	10/23/1998	Reject	Duplicate
87	11185	DANSKIN, INC.	WUNDIES INDUSTRIES, INC.	11/1/1996	Reject	Trademark license for products

#	Agreement ID	Licensor	Licensee	Effective Date	Accept/Reject	Reason for Rejection
88	11186	DONNA KARAN STUDIO	BROADWAY JEANSWEAR HOLDINGS, INC., BROADWAY JEANSWEAR COMPANY, INC., BROADWAY JEANSWEAR SOURCING, INC.	09/27/1996	Reject	Trademark license for products
89	11190	GOTTEX MODELS LTD., GOTTEX MODELS(USA) CORP.	BREAKING WAVES, INC.	11/1/2000	Reject	Specified Products/Product License
90	11192	GABRIELLE STUDIO, INC., Donna Karan	DONNA KARAN STUDIO, DONNA KARAN INTERNATIONAL INC.	06/1996	Reject	Related Parties
91	11196	ANDREW MILLER	JENNA LANE, INC.	07/7/1998	Reject	Agreement Type
92	11197	ANDREW MILLER	JENNA LANE, INC.	07/7/1998	Reject	Duplicate
93	11198	Quade, Inc., United States Polo Association	Jenna Lane Kids, Inc	02/5/1998	Reject	Agreement Type
94	11201	Blondie Rockwell, Inc.	Innovo Azteca Apparel, Inc.	02/12/2003	Reject	Agreement Type
95	11202	Michael Caruso & Co., Inc.	Innovo, Inc.	03/26/2001	Reject	Distribution
96	11203	BLONDIE ROCKWELL, INC., INNOVO AZTECA APPAREL, INC.	INNOVO AZTECA APPAREL, INC., BLONDIE ROCKWELL, INC.	02/13/2003	Reject	Agreement Type
97	11205	Winning Ways, Inc.	Softwear Athletics, Inc.	04/1/1994	Reject	Trademark license for products
98	11207	Mattel, Inc.	Innovo Group Inc., Innovo Azteca Apparel, Inc., Innovo, Inc.	07/1/2002	Reject	Specified Products/Product License
99	11209	Blondie Rockwell, Inc.	Innovo Azteca Apparel, Inc.	05/25/2004	Reject	Specified Products/Product License
100	11217	SIMMONS U.S.A. CORPORATION	LOUISVILLE BEDDING CO.	04/1986	Reject	Specified Products/Product License
101	11230	PRECIOUS MOMENTS, INC.	ENESCO CORPORATION	07/1/1993	Reject	Specified Products/Product License
102	11253	CONAGRA, INC.	THE DIAL CORP	07/1/1995	Reject	Specified Products/Product License
103	11254	BioShield Technologies, Inc., Timothy C. Moses	QVC	11/5/1997	Reject	Agreement Type
104	11261	INTERNATIONAL LICENSING CORPORATION, Hang Ten International	AZUREL LTD.	10/6/1997	Reject	Specified Products/Product License
105	11263	The Quantum Beauty Company Limited	The Stephan Company, Inc.	08/1/2005	Reject	Specified Products/Product License
106	11264	Parlux Fragrances, Inc.	Victory International (USA) LLC	03/28/2003	Reject	Agreement Type

#	Agreement ID	Licensor	Licensee	Effective Date	Accept/Reject	Reason for Rejection
107	11265	PRECIOUS MOMENTS, INCORPORATED, UNITED FEATURE SYNDICATE, INC., UNITED MEDIA	ENESCO GROUP, INC.	05/5/2003	Reject	Specified Products/Product License
108	11266	Gund, Inc.	Parlux Fragrances, Inc.	04/6/2005	Reject	Specified Products/Product License
109	11269	MOTOROLA, INC.	FORWARD INDUSTRIES, INC.	10/1/2004	Reject	Trademark license for products
110	11270	MOTOROLA, INC.	FORWARD INDUSTRIES, INC.	10/1/2004	Reject	Duplicate
111	11276	MAXWELL SHOE COMPANY INC., Jones Investment Co., Inc.	SLJ RETAIL LLC	04/14/1997	Reject	Specified Products/Product License
112	11277	MAXWELL SHOE COMPANY INC., Jones Investment Co., Inc.	SLJ RETAIL LLC	04/14/1997	Reject	Specified Products/Product License
113	11278	Maxwell Shoe Company Inc., Sprague Company	Inter-Pacific Trading Corporation, Inter-Pacific Corporation	01/8/1997	Reject	Related Parties
114	11292	THE COLEMAN COMPANY, INC.	SIEBE PLC, RANCO INCORPORATED OF DELAWARE	03/24/1998	Reject	Manufacturing
115	11294	White Consolidated Industries, Inc.	Salton/Maxim Housewares, Inc.	05/21/1996	Reject	Specified Products/Product License
116	11297	KOSS CORPORATION, LOGITECH ELECTRONICS INC.	LOGITECH ELECTRONICS INC., KOSS CORPORATION	06/30/1998	Reject	Trademark license for products
117	11298	KOSS CORPORATION	TRABELCO N.V., Hagemeyer N.V., HAGEMEYER ELECTRONICS (N.A.), INC.	11/15/1991	Reject	Trademark license for products
118	11307	KOSS CORPORATION	TRABELCO N.V., Hagemeyer N.V., Hagemeyer Electronics (N.A.), Inc.	09/29/1995	Reject	Trademark license for products
119	11327	BOYDS WHEELS, INC.	AUTOZONE, INC.	10/18/1996	Reject	Specified Products/Product License
120	11334	YANUK JEANS, LLC	BLUE HOLDINGS, INC.	Unknown	Reject	Specified Products/Product License
121	11335	YANUK JEANS, LLC	BLUE HOLDINGS, INC.	Unknown	Reject	Duplicate
122	11348	KTM Sportmotorcycle USA, Inc.	Padova International U.S.A., Inc., Execute Sports	03/25/2003	Reject	Specified Products/Product License
123	11354	SMITH & WESSON CORP.	Safari Enterprises, Inc.	01/1/1998	Reject	Specified Products/Product License

#	Agreement ID	Licensor	Licensee	Effective Date	Accept/Reject	Reason for Rejection
124	11367	INTERNATIONAL APPAREL MARKETING CORPORATION, Nautilus Wear International, Nautilus International Inc., Alchem Capital Corp.	BOLLINGER INDUSTRIES INC	05/1/1995	Reject	Specified Products/Product License
125	11374	INTERNATIONAL APPAREL MARKETING CORPORATION, Nautilus Wear International	BOLLINGER INDUSTRIES INC.	05/1/1995	Reject	Specified Products/Product License
126	11378	SMITH &WESSON CORP.	Olympic Optical Company	11/1/1995	Reject	Specified Products/Product License
127	11379	UMAREX SPORTWAFFEN, GmbH K.G.	GUTMANN CUTLERY, INC.	07/1/2000	Reject	Specified Products/Product License
128	11405	Peak Entertainment Ltd	Radica U.K. Ltd	12/12/2003	Reject	Trademark license for products
129	11408	PAULA SHORROCKS, WILF SHORROCKS	Peak Entertainment Ltd	04/30/2002	Reject	Trademark license for products
130	11409	Peak Entertainment Ltd	CCA Group Ltd	02/10/2003	Reject	Specified Products/Product License
131	11412	Peak Entertainment Ltd	Radica U.K. Ltd	12/12/2003	Reject	Trademark license for products
132	11416	Spalding Sports Worldwide, Spalding & Evenflo Companies Inc.	Dynamic International Ltd.	10/10/1997	Reject	Duplicate
133	11417	Connelly Synergy Systems, LLC, William L. Connelly III	Dynamic International, Ltd.	12/17/1997	Reject	Agreement Type
134	11418	CHRYSLER CORPORATION, DYNAMIC CLASSICS, LTD.	DYNAMIC CLASSICS, LTD., CHRYSLER CORPORATION	09/15/1998	Reject	Specified Products/Product License
135	11419	Spalding Sports Worldwide, Spalding & Evenflo Companies Inc.	Dynamic International Ltd.	10/10/1997	Reject	Specified Products/Product License
136	11423	DaimlerChrysler Corporation	DYNAMIC INTERNATIONAL, INC., DYNAMIC CLASSICS	09/17/2003	Reject	Specified Products/Product License
137	11424	Sunbeam Corporation	Empyrean Bioscience, Inc.	10/1/1999	Reject	Specified Products/Product License
138	11425	The Coleman Company, Inc.	Empyrean Bioscience, Inc.	10/1/1999	Reject	Duplicate

#	Agreement ID	Licensor	Licensee	Effective Date	Accept/Reject	Reason for Rejection
139	11441	MARIZ GESTAO E INVESTIMENTOS LIMITADA, MARIZ GESTAO E INVESTIMENTOS LTDA	WEIDER NUTRITION GROUP LIMITED	12/1/1996	Reject	Specified Products/Product License
140	11442	PRIMEDIA Magazines, Inc., PRIMEDIA Magazines Finance, Inc., Famous Fixins	Famous Fixins, PRIMEDIA Magazines, Inc., PRIMEDIA Magazines Finance, Inc.	07/31/2001	Reject	Base
141	11453	Tyler Trafficante Inc.	The Fashion House, Inc.	11/27/2002	Reject	Specified Products/Product License
142	11454	BILL BLASS INTERNATIONAL, LLC	THE FASHION HOUSE, INC.	11/2005	Reject	Specified Products/Product License
143	11455	BILL BLASS INTERNATIONAL, LLC	THE FASHION HOUSE, INC.	11/2005	Reject	Duplicate
144	11456	OSCAR DE LA RENTA, LTD.	THE FASHION HOUSE INC.	01/24/2005	Reject	Specified Products/Product License
145	11457	Tyler Trafficante Inc.	The Fashion House, Inc.	11/27/2002	Reject	Specified Products/Product License
146	11458	OSCAR DE LA RENTA, LTD.	THE FASHION HOUSE INC.	01/24/2005	Reject	Duplicate
147	11459	BILL BLASS INTERNATIONAL, LLC	THE FASHION HOUSE, INC.	04/1/2007	Reject	Duplicate
148	11460	BILL BLASS INTERNATIONAL, LLC	THE FASHION HOUSE, INC.	04/1/2007	Reject	Duplicate
149	11462	Rampage Clothing Company	Charlotte Russe, Inc.	09/30/1997	Reject	Specified Products/Product License
150	11463	RAMPAGE CLOTHING COMPANY	CHARLOTTE RUSSE, INC.	09/30/1997	Reject	Specified Products/Product License
151	11464	TREBOR of TN, INC., SYDOOG, INC., GOFAMCLO, INC.	GOODY'S FAMILY CLOTHING,INC., GOODY'S MS, L.P., GOODY'S IN, L.P., GFCTX, L.P., GFCTN, L.P., GFCGA, L.P., GFC FS, Inc.	05/26/1998	Reject	Related Parties
152	11465	KMART CORPORATION	FOOTSTAR, INC.	08/24/2005	Reject	Agreement Type
153	11468	TRS Quality, Inc., RadioShack Corporation, Tandy Corporation	InterTAN Canada Ltd., InterTAN, Inc.	05/1/2001	Reject	Duplicate
154	11469	Tandy Corporation, A&A International, Inc.	InterTAN Australia Ltd., InterTAN, Inc.	01/25/1999	Reject	Duplicate
155	11471	TRS Quality, Inc., RadioShack Corporation, Tandy	InterTAN Canada Ltd., InterTAN, Inc.	05/1/2001	Reject	Duplicate

#	Agreement ID	Licensor	Licensee	Effective Date	Accept/Reject	Reason for Rejection
		Corporation				
156	11472	Tandy Corporation	InterTAN Canada Ltd., InterTAN, Inc.	01/25/1999	Reject	Duplicate
157	11478	HDN Development Corporation, Krispy Kreme Doughnut Corporation	Krispy Kreme Doughnut Corporation, HDN Development Corporation	05/27/1996	Reject	Unrelated Industry
158	11486	TSA STORES, INC., The Sports Authority, Inc., THE SPORTS AUTHORITY MICHIGAN, INC.	MEGA SPORTS CO., LTD.	04/2/2004	Reject	Duplicate
159	11487	ELSA PERETTI	TIFFANY AND COMPANY, TIFFANY & CO.	02/1/1997	Reject	Specified Products/Product License
160	11488	Friedman's Management Corp.	Crescent Jewelers	04/1/2000	Reject	Terms
161	11489	THE LEARNING EXPRESS, INC.	LEARNINGEXPRESS.COM, LLC	11/5/1999	Reject	Related Parties
162	11490	dELiA*s Inc.	iTurf Inc.	1999	Reject	Agreement Type
163	11491	VITAMIN SHOPPE INDUSTRIES INC.	VITAMINSHOPPE.COM, INC.	07/1/1999	Reject	Related Parties
164	11493	SNAP! LLC	ValueVision International, Inc.	09/13/1999	Reject	Unrelated IP
165	11494	MacMark Corporation, Equilink Licensing Corporation	Sport Supply Group, Inc.	12/21/2000	Reject	Agreement Type
166	11555	SHARON LALLOUZ, OMNISCENT CORP.	MOAR INTERNATIONAL	01/1/2003	Reject	Agreement Type
167	11589	SMITH & WESSON CORP.	Taylor Cutlery	12/1/1995	Reject	Specified Products/Product License
168	11590	SMITH & WESSON CORP.	UMAREX Sportwaffen, GmbH	08/1/1996	Reject	Specified Products/Product License
169	11827	MacMark Corporation, BSN Corp.	Equilink Licensing Corporation, Sport Supply Group, Inc.	12/21/2000	Reject	Terms
170	11848	Jugular, Inc.	Gamma Pharmaceuticals, Inc.	08/5/2007	Reject	Agreement Type
171	11880	JD DESIGN LLC, INNOVO GROUP INC., Joe's Jeans, Inc.	INNOVO GROUP INC., Joe's Jeans, Inc., JD DESIGN LLC	10/10/2005	Reject	Related Parties
172	11897	PRECIOUS MOMENTS, INC.	ENESCO CORPORATION	01/1/1998	Reject	Specified Products/Product License
173	11977	The Curtis Publishing Company, Licensing Division	Artisan House, Inc.	08/25/1995	Reject	Specified Products/Product License
174	11984	Thomas Kinkade	Media Arts Group, Inc.	12/3/1997	Reject	Specified Products/Product

#	Agreement ID	Licensor	Licensee	Effective Date	Accept/Reject	Reason for Rejection
						License
175	12086	COSCELEBRE, INC., HELENA RUBINSTEIN, INC., Alleghany Pharmacal Corporation	MEM COMPANY, INC.	07/14/1987	Reject	Agreement Type
176	12096	SMITH &WESSON CORP.	Taylor Cutlery	12/1/1995	Reject	Specified Products/Product License
177	12100	SIMMONS COMPANY	LOUISVILLE BEDDING CO.	01/1/1995	Reject	Specified Products/Product License
178	12102	Michael Caruso & Co., Inc	Candies, Inc., INTERNATIONAL TRADING GROUP, INC.	02/1/1995	Reject	Specified Products/Product License
179	12106	Winning Ways, Inc.	Softwear Athletics, Inc.	04/1/1994	Reject	Specified Products/Product License
180	12113	NU SKIN INTERNATIONAL, INC.	NU SKIN (MALAYSIA) SDN. BHD.	09/28/2001	Reject	Related Parties
181	12118	SMITH & WESSON CORP.	UMAREX Sportwaffen, GmbH	08/1/1996	Reject	Specified Products/Product License
182	12137	PARLUX FRAGRANCES, INC.	GENESIS INTERNATIONAL MARKETING CORPORATION	06/10/1998	Reject	Trademark license for products
183	12138	BARNEY'S, INC., BNY LICENSING CORP., Isetan of America, Inc.	BARNEYS JAPAN CO., LTD.	01/28/1999	Reject	Related Parties
184	12140	BELL & HOWELL COMPANY	JAZZ PHOTO CORP.	11/13/1995	Reject	Specified Products/Product License
185	12141	BHPC Marketing, Inc.	Heather-Paige II Industries, Inc., PAIGE II INDUSTRIES, INC.	06/1/1993	Reject	Specified Products/Product License
186	12142	BHPC Marketing, Inc.	I.C. Isaacs & Co., Inc.	01/1/1999	Reject	Specified Products/Product License
187	12143	Timothy C. Moses, BioShield Technologies, Inc., Alan Lingo, QVC	QVC, Timothy C. Moses, BioShield Technologies, Inc., Alan Lingo	11/5/1997	Reject	Specified Products/Product License
188	12144	Michael Caruso & Co., Inc.	Candie's, Inc., INTERNATIONAL TRADING GROUP, INC.	02/1/1998	Reject	Specified Products/Product License
189	12147	CABLE & COMPANY WORLDWIDE, INC., ROFFE ACCESSORIES, INC.	ROFFE ACCESSORIES, INC., CABLE & COMPANY WORLDWIDE, INC.	07/1/1997	Reject	Specified Products/Product License
190	12148	Godiva Chocolatier, Inc.	Stearns & Lehman, Inc.	06/30/1997	Reject	Duplicate
191	12155	D.A.R.E. America	Bergamo Acquisition Corp	10/16/2002	Reject	Agreement Type

#	Agreement ID	Licensor	Licensee	Effective Date	Accept/Reject	Reason for Rejection
192	12160	ELLEN TRACY INC.	RIDGEVIEW, INC.	01/1/1994	Reject	Specified Products/Product License
193	12164	EVERLAST WORLD'S BOXING HEADQUARTERS CORP.	ACTIVE APPAREL GROUP, INC.	01/1/1999	Reject	Duplicate
194	12176	INTERNATIONAL LICENSING CORPORATION, Hang Ten International	AZUREL LTD.	10/1/1997	Reject	Specified Products/Product License
195	12177	HEALTHTEX APPAREL CORP.	M & L INTERNATIONAL, INC.	11/1/1997	Reject	Duplicate
196	12182	KOSS CORPORATION, LOGITECH ELECTRONICS INC.	LOGITECH ELECTRONICS INC., KOSS CORPORATION	07/1/1998	Reject	Duplicate
197	12183	KOSS CORPORATION	TRABELCO N.V., Hagemeyer N.V., HAGEMEYER ELECTRONICS (N.A.), INC.	09/29/1995	Reject	Duplicate
198	12204	Tandy Corporation, A&A International, Inc.	InterTAN Australia Ltd., InterTAN, Inc.	01/25/1999	Reject	Duplicate
199	12208	Maxwell Shoe Company Inc., Sprague Company	Inter-Pacific Trading Corporation, Inter-Pacific Corporation	01/8/1997	Reject	Duplicate
200	12210	Maxwell Shoe Company Inc., Sprague Company	INTER-PACIFIC TRADING CORPORATION, INTER-PACIFIC CORPORATION	01/8/1997	Reject	Duplicate
201	12211	OMS INVESTMENTS, INC., The O.M. Scott & Sons Company	UNIONTOOLS, INC.	01/1/2001	Reject	Specified Products/Product License
202	12212	THE O.M. SCOTT & SONS COMPANY	THE UNION FORK AND HOE COMPANY	08/1/1992	Reject	Specified Products/Product License
203	12218	STEVEN MADDEN, LTD.	WINER INDUSTRIES, INC.	06/1/1997	Reject	Terms
204	12228	G. Visconti di Modrone, S.p.A.	V.O.M. Ltd., MEM Company, Inc.	08/1/1978	Reject	Specified Products/Product License
205	12230	UMAREX SPORTWAFFEN, GmbH K.G.	UTMANN CUTLERY, INC.	07/1/2000	Reject	Specified Products/Product License
206	12232	Aris Industries, Inc., XOXO Clothing Company, Inc., BP Clothing, Inc., Europe Craft Imports, Inc.	Adamson Apparel, Inc.	06/2002	Reject	Duplicate
207	12234	D & D Design and Details Limited, Pio Alberto SALVUCCI	Cable & Co.Worldwide Inc.	05/15/1996	Reject	Duplicate
208	12237	dELiA*s Inc.	iTurf Inc.	1999	Reject	Agreement Type

#	Agreement ID	Licensor	Licensee	Effective Date	Accept/Reject	Reason for Rejection
209	12258	JENNICOR, LLC	Gemma Global, Inc.	03/15/1997	Reject	Manufacturing
210	12263	BLONDIE ROCKWELL, INC., INNOVO AZTECA APPAREL, INC.	INNOVO AZTECA APPAREL, INC., BLONDIE ROCKWELL, INC.	02/13/2003	Reject	Duplicate
211	12265	Nicole Miller	Sel-Leb Marketing, Inc.	12/17/2001	Reject	Specified Products/Product License
212	12991	American Rag Cie, LLC, American Rag Cie II	Private Brands, Inc., Macy's Merchandising Group, LLC	10/1/2008	Reject	Specified Products/Product License
213	13027	George Foreman Ventures LLC	InStride Ventures, LLC	04/20/2007	Reject	Specified Products/Product License
214	13091	Sears Holdings Management Corp., SEARS, ROEBUCK AND CO., CITIBANK SOUTH DAKOTA, N.A.	H&R BLOCK SERVICES, INC.	08/1/2007	Reject	Terms
215	13293	SEARS, ROEBUCK AND CO.	H&R BLOCK SERVICES, INC.	06/30/2004	Reject	Terms
216	13423	KRH Licensing Company, LLC., Richard Hilton, Kathy Hilton	OmniReliant Corp.	10/13/2006	Reject	Agreement Type
217	13780	UNITED FEATURE SYNDICATE, INC., UNITED MEDIA, PRECIOUS MOMENTS, INCORPORATED	Eternal Image	01/1/2005	Reject	Specified Products/Product License
218	13784	1451 INTERNATIONAL, LTD., SECOND RENAISSANCE, LLC, Biblioteca Apostolica Vaticana	ETERNAL IMAGE	07/21/2005	Reject	Specified Products/Product License
219	13787	UNITED FEATURE SYNDICATE, INC., UNITED MEDIA, PRECIOUS MOMENTS, INCORPORATED	Eternal Image	01/1/2005	Reject	Specified Products/Product License
220	13789	The American Kennel Club, 4Kids Entertainment Licensing, Inc.	Eternal Image, LLC	11/14/2005	Reject	Specified Products/Product License
221	13790	The Cat Fanciers Association, Inc., 4Kids Entertainment Licensing, Inc.	Eternal Image, Inc.	01/31/2007	Reject	Specified Products/Product License
222	14212	Cherokee, Inc.	Target Corporation	02/1/2008	Reject	Specified Products/Product License

#	Agreement ID	Licensor	Licensee	Effective Date	Accept/Reject	Reason for Rejection
223	16647	Quiksilver, Inc., Pilot S.A.S., Meribel S.A.S., Quiksilver Americas, Inc.	Chartreuse et Mont Blanc LLC		Reject	Specified Products/Product License
224	20113	UMAREX SPORTWAFFEN, GmbH K.G.	GUTMANN CUTLERY, INC.	07/1/2000	Reject	Specified Products/Product License
225	20115	SMITH & WESSON CORP.	Olympic Optical Company	11/1/1995	Reject	Specified Products/Product License
226	20116	SMITH & WESSON CORP.	Taylor Cutlery	12/1/1995	Reject	Specified Products/Product License
227	20117	SMITH & WESSON CORP.	UMAREX Sportwaffen, GmbH	08/1/1996	Reject	Specified Products/Product License
228	20181	DIMENSIONAL MARKETING CONCEPTS, INC., INTERNATIONAL COMMERCIAL TELEVISION, INC.	INTERNATIONAL COMMERCIAL TELEVISION, INC., DIMENSIONAL MARKETING CONCEPTS, INC.	08/8/2001	Reject	Agreement Type
229	20336	RELAX THE BACK FRANCHISING CO.	NEUTRAL POSTURE ERGONOMICS, INC.	01/12/1997	Reject	Agreement Type
230	22152	GRUPPO SANTONY, LLC, VATICAN OBSERVATORY FOUNDATION	ETERNAL IMAGE	08/10/2009	Reject	Specified Products/Product License
231	22630	CALIFORNIA PIZZA KITCHEN, INC.	KRAFT PIZZA COMPANY, KRAFT FOODS, INC.	10/30/1997	Reject	Unrelated Industry
232	22958	LAURA ASHLEY MANUFACTURING B.V.	USA OPTICAL DISTRIBUTORS, INC.	09/1/1991	Reject	Duplicate
233	24866	IHOP Corp.	International House of Pancakes, Inc	11/1/1996	Reject	Related Parties
234	25101	MRS. FIELDS DEVELOPMENT CORPORATION	MARRIOTT MANAGEMENT SERVICES CORP.	10/28/1993	Reject	Agreement Type
235	25360	TM Acquisition Corp., Century 21 Real Estate Corporation	American Remodeling, Inc.	01/1/1996	Reject	Specified Products/Product License
236	27098	Jugular, Inc.	Gamma Pharmaceuticals, Inc.	08/5/2007	Reject	Duplicate
237	27682	Specialty Nutrition Group, Inc.	Health Enhancement Products, Inc.	12/2007	Reject	Agreement Type
238	28310	Reed Krakoff, Coach, Inc.	Coach, Inc., Reed Krakoff	08/5/2010	Reject	Agreement Type
239	30587	Creative Clinical Concepts, Inc.	Corgenix Medical Corporation	03/1/2007	Reject	Unrelated Industry
240	32356	BOSTON MARKET CORPORATION	OVERHILL FARMS, INC.	07/1/2011	Reject	Unrelated Industry
241	32725	Rodney Henry	Legacy Athletic Apparel LLC	10/25/2010	Reject	Specified Products/Product License

#	Agreement ID	Licensor	Licensee	Effective Date	Accept/Reject	Reason for Rejection
242	35715	Masterfoods USA, Mars, Incorporated	Bravo! Foods International Corp.	07/1/2004	Reject	Unrelated Industry
243	35950	TSA STORES, INC., The Sports Authority, Inc., THE SPORTS AUTHORITY MICHIGAN, INC.	MEGA SPORTS CO., LTD.	04/2/2004	Reject	Duplicate
244	36960	InternetESL.com Inc., China Ventures Inc., CEN Smart Networks Ltd.	China Ventures Inc., CEN Smart Networks Ltd., InternetESL.com Inc.	01/23/2003	Reject	Agreement Type
245	38630	TSA STORES, INC., The Sports Authority, Inc., THE SPORTS AUTHORITY MICHIGAN, INC.	MEGA SPORTS CO., LTD.	04/2/2004	Reject	Duplicate
246	41138	CAMPING WORLD, INC., CWI, Inc., CAMPING WORLD INSURANCE SERVICES, INC., CAMPING WORLD INSURANCE SERVICES OF NEVADA, INC., CAMPING WORLD INSURANCE SERVICES OF TEXAS, INC.	NATIONAL ALLIANCE INSURANCE COMPANY, NATIONAL GENERAL INSURANCE COMPANY, NATIONAL GENERAL ASSURANCE COMPANY, AFFINITY GROUP PLANS, INC.	05/15/2002	Reject	Agreement Type
247	41897	PARLUX FRAGRANCES, INC.	VICTORY INTERNATIONAL (USA) LLC	03/28/2003	Reject	Specified Products/Product License
248	42622	BLONDIE ROCKWELL, INC., INNOVO AZTECA APPAREL, INC.	INNOVO AZTECA APPAREL, INC., BLONDIE ROCKWELL, INC.	02/13/2003	Reject	Duplicate
249	42986	SEARS, ROEBUCK AND CO.	CONSUMER PROGRAMS INCORPORATED	09/1/2003	Reject	Insufficient Information
250	43197	F.A.O. SCHWARZ FAMILY FOUNDATION, H. MARSHALL SCHWARZ	THE RIGHT START, INC., TOY SOLDIER, INC., F.A.O. SCHWARZ, INC.	01/7/2002	Reject	Agreement Type
251	43212	James J. DeLutes	JDLphotos.com, Inc.	03/15/2000	Reject	Related Parties
252	44322	KMART OF MICHIGAN, INC.	KMART CORPORATION	10/26/2000	Reject	Related Parties
253	44935	Aris Industries, Inc., XOXO Clothing Company, Inc., BP Clothing, Inc., Europe Craft Imports, Inc.	Adamson Apparel, Inc.	06/2002	Reject	Duplicate
254	46096	Equilink Licensing Corporation, MacMark	Sport Supply Group, Inc.	12/21/2000	Reject	Terms

#	Agreement ID	Licensor	Licensee	Effective Date	Accept/Reject	Reason for Rejection
		Corporation, RIDDELL SPORTS, INC.				
255	46460	JENNICOR, LLC	Gemma Global, Inc.	03/15/1997	Reject	Duplicate
256	46461	JENNICOR, LLC	Gemma Global, Inc.	03/15/1997	Reject	Duplicate
257	46623	N/A	Fossil, Inc.		Reject	Agreement Type
258	46973	Easyriders, Inc., Paisano Publications, Inc., Easyriders Licensing, Inc.	Southern Steel Streetwear, Inc., Action Promotions, Inc.	03/28/2001	Reject	Duplicate
259	47033	OMS INVESTMENTS, INC., The O.M. Scott & Sons Company	UNIONTOOLS, INC.	01/1/2001	Reject	Specified Products/Product License
260	48324	TRS Quality, Inc., RadioShack Corporation, Tandy Corporation	InterTAN Canada Ltd., InterTAN, Inc.	05/1/2001	Reject	Duplicate
261	48833	HERSHEY FOODS CORPORATION	FAMOUS FIXINS	06/1/2001	Reject	Duplicate
262	48836	PRIMEDIA Magazines, Inc., PRIMEDIA Magazines Finance, Inc., Famous Fixins	Famous Fixins, PRIMEDIA Magazines, Inc., PRIMEDIA Magazines Finance, Inc.	07/31/2001	Reject	Base
263	49555	Spartan Sporting Goods and Fashions Inc., Media Vision Productions Inc., eCONTENT, Inc.	eCONTENT, Inc., Media Vision Productions Inc., Spartan Sporting Goods and Fashions Inc.	01/1/2000	Reject	Distribution to Retail Stores
264	49824	Tandy Corporation	InterTAN Canada Ltd., InterTAN, Inc.	01/25/1999	Reject	Duplicate
265	49825	Tandy Corporation, A&A International, Inc.	InterTAN Australia Ltd., InterTAN, Inc.	01/25/1999	Reject	Duplicate
266	50015	HDN Development Corporation, Krispy Kreme Doughnut Corporation	Krispy Kreme Doughnut Corporation, HDN Development Corporation	05/27/1996	Reject	Duplicate
267	50332	LEVI STRAUSS & CO.	AVID SPORTSWEAR, INC.	05/10/1999	Reject	Duplicate
268	50826	BHPC Marketing, Inc.	I.C. Isaacs Europe, S.L.	09/1/1999	Reject	Agreement Type
269	50828	N/A	Fossil, Inc.		Reject	Agreement Type
270	50893	SMITH & WESSON CORP.	Safari Enterprises, Inc.	01/1/1998	Reject	Specified Products/Product License
271	51434	Spalding Sports Worldwide	Ajay Leisure Products, Inc.	1983	Reject	Specified Products/Product License
272	51824	Entenmann's Products, Inc.	COFFEE HOLDING COMPANY, INC.	04/1/2007	Reject	Manufacturing
273	52521	Polo Ralph Lauren, L.P.	Sun Apparel, Inc.	08/01/1995	Reject	Related Parties

#	Agreement ID	Licensor	Licensee	Effective Date	Accept/Reject	Reason for Rejection
274	53066	Binary Compass Enterprises, Inc., INTERNET ACCESS FINANCIAL CORPORATION	INTERNET ACCESS FINANCIAL CORPORATION, Binary Compass Enterprises, Inc.	05/1/1998	Reject	Terms
275	53218	PRECIOUS MOMENTS, INC.	ENESCO CORPORATION	01/1/1999	Reject	Specified Products/Product License
276	53281	EVERLAST WORLD'S BOXING HEADQUARTERS CORP.	ACTIVE APPAREL GROUP, INC.	10/23/1998	Reject	Duplicate
277	53282	Everlast World's Boxing Headquarters Corp.	Active Apparel Group, Inc.	01/1/1999	Reject	Duplicate
278	53323	BHPC Marketing, Inc.	I.C. Isaacs Europe, S.L., Zacari 2000, S.L.	03/1/1999	Reject	Agreement Type
279	53338	Spalding Sports Worldwide, Inc., Spalding & Evenflo Companies, Inc.	Ajay Leisure Products, Inc.	03/8/1999	Reject	Specified Products/Product License
280	53575	N/A	Fossil, Inc.		Reject	Agreement Type
281	53684	Spalding Sports Worldwide	Ajay Leisure Products, Inc.		Reject	Duplicate
282	54003	SIMPSONS-SEARS LIMITED	CHROMALLOY PHOTOGRAPHIC INDUSTRIES LIMITED	04/6/1977	Reject	Terms
283	54383	BARNEY'S, INC., BNY LICENSING CORP., Isetan of America, Inc.	BARNEYS JAPAN CO., LTD.	01/28/1999	Reject	Duplicate
284	54448	SMITHSONIAN INSTITUTION	SOUNDPRINTS, Trudy Corporation	08/13/1996	Reject	Specified Products/Product License
285	55023	VITAMIN SHOPPE INDUSTRIES INC.	VITAMINSHOPPE.COM, INC.	07/1/1999	Reject	Related Parties
286	55088	Atlas International Food and Equipment Company, Inc., Mexican Foods, Inc.	Sparta Foods, Inc., La Canasta of Minnesota, Inc.	01/1/1999	Reject	Unrelated Industry
287	55502	Polo Ralph Lauren, L.P.	Sun Apparel, Inc.	08/1/1995	Reject	Related Parties
288	55692	SNAP! LLC	ValueVision International, Inc.	09/13/1999	Reject	Duplicate
289	56233	Polo Ralph Lauren, L.P.	Sun Apparel, Inc.	08/01/1995	Reject	Related Parties
290	56343	Ambra Inc., HUGO BOSS AG	I.C. ISAACS & COMPANY L.P.	10/22/1999	Reject	Duplicate
291	56509	WRANGLER APPAREL CORP.	GARGOYLES, INC.	01/1/2000	Reject	Specified Products/Product License
292	56577	Ambra Inc., HUGO BOSS AG	I.C. ISAACS & COMPANY L.P.	10/22/1999	Reject	Specified Products/Product License
293	56653	The Coleman Company, Inc.	Empyrean Bioscience, Inc.	10/1/1999	Reject	Duplicate

#	Agreement ID	Licensor	Licensee	Effective Date	Accept/Reject	Reason for Rejection
294	56654	Sunbeam Corporation	Empyrean Bioscience, Inc.	10/1/1999	Reject	Duplicate
295	56727	Kid Rom, Inc., hawthorne direct inc	hawthorne direct inc, Kid Rom, Inc.	11/3/1999	Reject	Agreement Type
296	57211	DAIWA SEIKO, INC.	Carbite Inc.	09/16/1999	Reject	Specified Products/Product License
297	57406	J. G. HOOK, INC.	MAXWELL SHOE COMPANY, INC.	04/1/1997	Reject	Specified Products/Product License
298	57762	THE KENDALL COMPANY	GERBER PRODUCTS COMPANY, SOFT CARE APPAREL, INC.	07/31/1986	Reject	Specified Products/Product License
299	57763	Wilson Sporting Goods Co.	Auburn Hosiery Mills, Inc.	04/29/1997	Reject	Specified Products/Product License
300	57808	HACHETTE FILIPACCHI PRESSE, Hachette Filipacchi Magazines, Inc.	T.K. MAB INCORPORATED	01/1/1997	Reject	Specified Products/Product License
301	57890	RAWLINGS SPORTING GOODS COMPANY, INC.	WSL, INC.	09/1/1997	Reject	Trademark license for products
302	58038	THE COLEMAN COMPANY, INC.	SIEBE PLC, RANCO INCORPORATED OF DELAWARE	01/01/1998	Reject	Duplicate
303	58052	J. G. HOOK, INC.	RETROSPETTIVA, INC.	12/1/1997	Reject	Specified Products/Product License
304	58120	HEALTHTEX APPAREL CORP.	M & L INTERNATIONAL, INC.	11/1/1997	Reject	Duplicate
305	58133	PRECIOUS MOMENTS, INC.	ENESCO CORPORATION	01/1/1998	Reject	Specified Products/Product License
306	58330	INTERNATIONAL LICENSING CORPORATION, Hang Ten International	AZUREL LTD.	10/1/1997	Reject	Specified Products/Product License
307	58436	Equilink Licensing Corporation, MacMark Corporation	Footstar Corporation	07/1/1998	Reject	Terms
308	58554	THE COLEMAN COMPANY, INC.	SIEBE PLC, RANCO INCORPORATED OF DELAWARE	03/24/1998	Reject	Duplicate
309	58555	THE COLEMAN COMPANY, INC.	SIEBE PLC, RANCO INCORPORATED OF DELAWARE	03/24/1998	Reject	Duplicate
310	58633	THE COLEMAN COMPANY, INC.	SIEBE PLC, RANCO INCORPORATED OF DELAWARE	03/24/1998	Reject	Trademark license for products
311	58865	THE SHOLL GROUP II, INC., The Pillsbury Company	FRESHCORN LLC, NEWCORNCO LLC	04/15/1998	Reject	Terms

#	Agreement ID	Licensor	Licensee	Effective Date	Accept/Reject	Reason for Rejection
312	58898	Nestle Food Company, Societe des Produits Nestle S.A.	Delicious Cookie Company, Inc.	12/16/1993	Reject	Specified Products/Product License
313	58899	Land O'Lakes, Inc.	Delicious Cookie Company, Inc.	09/25/1991	Reject	Specified Products/Product License
314	58900	CHIQUITA BRANDS, INC.	DELICIOUS COOKIE COMPANY, INC.	11/26/1996	Reject	Specified Products/Product License
315	58950	INTERNATIONAL LICENSING CORPORATION, Hang Ten International	AZUREL LTD.	10/1/1997	Reject	Specified Products/Product License
316	59008	MICHAEL CARUSO & CO., INC.	CANDIE'S, INC., INTERNATIONAL TRADING GROUP, INC.	02/1/1998	Reject	Specified Products/Product License
317	59270	BHPC Marketing, Inc.	I.C. Isaacs & Co., Inc.	04/24/1998	Reject	Duplicate
318	59586	Gerber Products Company	Gerber Childrenswear, Inc.	01/22/1996	Reject	Duplicate
319	60021	PARLUX FRAGRANCES, INC.	GENESIS INTERNATIONAL MARKETING CORPORATION	06/10/1998	Reject	Duplicate
320	60775	KOSS CORPORATION, LOGITECH ELECTRONICS INC.	LOGITECH ELECTRONICS INC., KOSS CORPORATION	07/1/1998	Reject	Trademark license for products
321	61096	California Pro Sports, Inc.	United Merchandising Corp.	05/1/1997	Reject	Specified Products/Product License
322	61216	Polo Ralph Lauren, L.P.	Sun Apparel, Inc.	08/1/1995	Reject	Related Parties
323	61251	Welch Foods Inc., Eskimo Inc., Eskimo Pie Corporation	Welch Foods Inc., Eskimo Inc., Eskimo Pie Corporation	08/1/1998	Reject	Unrelated Industry
324	61971	Maxwell Shoe Company Inc., Sprague Company	Inter-Pacific Trading Corporation, Inter-Pacific Corporation	01/8/1997	Reject	Duplicate
325	61987	CSC Holding Corporation	Central Sprinkler Corporation	05/16/1984	Reject	Related Parties
326	62018	G. Visconti di Modrone, S.p.A.	V.O.M. Ltd., MEM Company, Inc.	08/1/1978	Reject	Duplicate
327	62022	COSCELEBRE, INC., Alleghany Pharmacal Corporation, HELENA RUBINSTEIN, INC.	MEM COMPANY, INC.	07/14/1987	Reject	Duplicate
328	62414	Brittania Sportswear Limited	Nantucket Industries, Inc.	01/1/1997	Reject	Duplicate
329	62535	MARIZ GESTAO E INVESTIMENTOS LIMITADA, MARIZ GESTAO E INVESTIMENTOS	WEIDER NUTRITION GROUP LIMITED	12/1/1996	Reject	Specified Products/Product License

#	Agreement ID	Licensor	Licensee	Effective Date	Accept/Reject	Reason for Rejection
		LTDA				
330	62813	BOYDS WHEELS, INC.	AUTOZONE, INC.	10/18/1996	Reject	Specified Products/Product License
331	62940	KAWASAKI MOTORS CORP.	LITTLEFIELD, ADAMS & CO.	01/1/1997	Reject	Specified Products/Product License
332	62989	OP II, Inc.	Jacuzzi Outdoor Products, Inc.	03/03/1997	Reject	Specified Products/Product License
333	63053	BELL & HOWELL COMPANY	JAZZ PHOTO CORP.	11/13/1995	Reject	Specified Products/Product License
334	63220	THE O.M. SCOTT & SONS COMPANY	THE UNION FORK AND HOE COMPANY	08/1/1992	Reject	Duplicate
335	63334	The Classics Chicago, Inc.	The Talbots, Inc., Talbots International Retailing Limited, Inc., Talbots (Canada), Inc., Talbots (Canada), Inc., Talbots (U.K.) Retailing Limited	01/29/1997	Reject	Related Parties
336	63364	JONES INVESTMENT CO., INC.	MAXWELL SHOE COMPANY INC.	04/14/1997	Reject	Duplicate
337	63365	MAXWELL SHOE COMPANY INC., Jones Investment Co., Inc.	SLJ RETAIL LLC	04/14/1997	Reject	Specified Products/Product License
338	63740	Nu Skin International, Inc.	Nu Skin Korea, Ltd.		Reject	Related Parties
339	64218	Winning Ways, Inc.	Softwear Athletics, Inc.	04/1/1994	Reject	Duplicate
340	64306	Godiva Chocolatier, Inc.	Stearns & Lehman, Inc.	06/30/1997	Reject	Unrelated Industry
341	64317	White Consolidated Industries, Inc.	Salton/Maxim Housewares, Inc.	05/21/1996	Reject	Specified Products/Product License
342	64523	ST. JOHN KNITS, INC., Ms. Kelly Gray	SWISS ARMY BRANDS, INC.	05/15/1997	Reject	Specified Products/Product License
343	64793	DANSKIN, INC.	WUNDIES INDUSTRIES, INC.	11/01/1996	Reject	Duplicate
344	64901	AMEN WARDY, SR., AMEN WARDY, JR.	ST. JOHN KNITS, INC.	08/5/1997	Reject	Terms
345	65139	BHPC Marketing, Inc.	I.C. ISAACS & CO., L.P.	12/14/1995	Reject	Duplicate
346	65141	BHPC Marketing, Inc.	Heather-Paige II Industries, Inc., PAIGE II INDUSTRIES, INC.	06/1/1993	Reject	Duplicate
347	65147	BHPC Marketing, Inc.	Zacari 2000, S.L., ZACARI, S.L.	08/15/1996	Reject	Duplicate
348	65347	CONAGRA, INC.	THE DIAL CORP	01/1/1995	Reject	Specified Products/Product License

#	Agreement ID	Licensor	Licensee	Effective Date	Accept/Reject	Reason for Rejection
349	65378	CABLE & COMPANY WORLDWIDE, INC., ROFFE ACCESSORIES, INC.	ROFFE ACCESSORIES, INC., CABLE & COMPANY WORLDWIDE, INC.	07/1/1997	Reject	Specified Products/Product License
350	65722	Culligan International Company	Packaged Ice, Inc.	10/31/1997	Reject	Unrelated Industry
351	65740	STARTER CORPORATION, SOUNDVIEW LICENSING, INC.	M&L INTERNATIONAL, INC.	1997	Reject	Specified Products/Product License
352	65930	BHPC Marketing, Inc.	I.C. ISAACS & CO., L.P.	12/14/1995	Reject	Duplicate
353	65932	BHPC Marketing, Inc.	Heather-Paige II Industries, Inc., PAIGE II INDUSTRIES, INC.	06/1/1993	Reject	Duplicate
354	65936	BHPC Marketing, Inc.	Zacari 2000, S.L., ZACARI, S.L.	08/15/1996	Reject	Duplicate
355	65938	BHPC Marketing, Inc.	Zacari 2000, S.L., ZACARI, S.L.	08/15/1996	Reject	Duplicate
356	66100	Thomas Kinkade	Media Arts Group, Inc.	12/3/1997	Reject	Duplicate
357	66147	Thomas Kinkade	Media Arts Group, Inc.	12/3/1997	Reject	Duplicate
358	66375	Bay Department Stores Division of HUDSON'S BAY COMPANY, HUDSON'S BAY COMPANY	ACC LONG DISTANCE INC.	07/1/1993	Reject	Duplicate
359	66568	PepsiCo, Inc.	Littlefield Adams & Co.	02/1/1996	Reject	Trademark license for products
360	66699	MICHAEL CARUSO & CO, INC.	Candies, Inc., INTERNATIONAL TRADING GROUP, INC.	02/1/1995	Reject	Specified Products/Product License
361	66966	D & D Design and Details Limited, Pio Alberto SALVUCCI	Cable & Co. Worldwide Inc.	05/15/1996	Reject	Agreement Type
362	67172	EPISODE USA, INC.	T3 ACQUISITION, INC., MOTHERS WORK, INC.		Reject	Agreement Type
363	67173	EPISODE USA, INC.	MOTHERS WORK, INC.	05/31/1996	Reject	Agreement Type
364	67185	SEARS, ROEBUCK AND CO.	DIAMOND EXTERIORS, Inc.	01/01/1996	Reject	Terms
365	67349	HOBIE DESIGNS, INC.	H.S.I.	01/1/1989	Reject	Agreement Type
366	67471	SIMMONS COMPANY, COMPANIA SIMMONS S.A. de C.V.	COMPANIA SIMMONS S.A. de C.V., SIMMONS COMPANY	05/21/1990	Reject	Related Parties
367	67476	INTERNATIONAL APPAREL MARKETING CORPORATION, Nautilus Wear International,	BOLLINGER INDUSTRIES, INC.	05/01/1995	Reject	Specified Products/Product License

#	Agreement ID	Licensor	Licensee	Effective Date	Accept/Reject	Reason for Rejection
		Nautilus International Inc., Alchem Capital Corp.				
368	67525	EPISODE USA, INC.	T3 ACQUISITION, INC., MOTHERS WORK, INC.		Reject	Agreement Type
369	67554	QVC, Inc.	Hydron Technologies, Inc.	05/31/1996	Reject	Specified Products/Product License
370	67604	SIMMONS COMPANY	LOUISVILLE BEDDING CO.	01/4/1991	Reject	Duplicate
371	67990	CURTIS MATHES CORPORATION	INTERACTIVE VIDEO PUBLISHING, INC.	04/23/1996	Reject	Specified Products/Product License
372	68077	ELLEN TRACY INC.	RIDGEVIEW, INC.	01/1/1994	Reject	Duplicate
373	68078	JONES INVESTMENT CO., INC., RIDGEVIEW, INC.	RIDGEVIEW, INC., JONES INVESTMENT CO., INC.	05/28/1996	Reject	Duplicate
374	68360	KOSS CORPORATION	TRABELCO N.V., Hagemeyer N.V., HAGEMEYER ELECTRONICS (N.A.), INC.	11/15/1991	Reject	Trademark license for products
375	68361	KOSS CORPORATION	TRABELCO N.V., Hagemeyer N.V., Hagemeyer Electronics (N.A.), Inc.	09/29/1995	Reject	Trademark license for products
376	68376	MICHAEL CARUSO & CO, INC.	Candies, Inc., INTERNATIONAL TRADING GROUP, INC.	02/1/1995	Reject	Specified Products/Product License
377	68581	Levi Strauss & Co., BRITTANIA SPORTSWEAR LTD.	Nantucket Industries, Inc.	01/1/1997	Reject	Duplicate
378	68786	EUROPE CRAFT IMPORTS INC.	AZUREL, LTD.	05/15/1996	Reject	Specified Products/Product License
379	68809	DONNA KARAN STUDIO	BROADWAY JEANSWEAR HOLDINGS, INC., BROADWAY JEANSWEAR COMPANY, INC., BROADWAY JEANSWEAR SOURCING, INC.	09/27/1996	Reject	Duplicate
380	69295	SYDOOG, INC.	GOODY'S FAMILY CLOTHING, INC.	10/31/1996	Reject	Related Parties
381	69413	PLUMA, INC.	KAYSER ROTH, KAYSER ROTH CORPORATION	07/2/1996	Reject	Specified Products/Product License
382	70546	Stone Corporation Inc.	Horiyoshi the Third Limited, Horiyoshi the Third	06/1/2011	Reject	Trademark license for products
383	75150	TENNMAN WR-T, INC.	WILLIAM RAST SOURCING, LLC, WILLIAM RAST LICENSING, LLC	10/1/2011	Reject	Specified Products/Product License
384	78119	THE	CALIP DAIRIES, INC.	01/19/2012	Reject	Specified

#	Agreement ID	Licensor	Licensee	Effective Date	Accept/Reject	Reason for Rejection
		ENLIGHTENED GOURMET, INC.				Products/Product License
385	79879	Jim Shore Designs, Inc., Jim Shore	ENESCO GROUP, INC.	11/23/2005	Reject	Agreement Type
386	97682	CareDecision Corp., CareDecision.net, Inc.	CareDecision.net, Inc., CareDecision Corp.	08/20/2002	Reject	Agreement Type
387	100172	ELSA PERETTI	TIFFANY AND COMPANY, Tiffany & Co.	12/27/2012	Reject	Specified Products/Product License
388	100926	Deutsche Telekom AG	T-Mobile US, Inc.	04/30/2013	Reject	Related Parties
389	101719	Amerinet Choice, L.L.C., Amerinet, Inc.	The CODESMARTTM GROUP, Inc., The CODESMART GROUP, Inc.	05/01/2013	Reject	Agreement Type
390	101926	Amerinet Choice, L.L.C., Amerinet, Inc.	The CODESMARTTM GROUP, Inc., The CODESMART GROUP, Inc.	05/01/2013	Reject	Agreement Type
391	102004	Amerinet Choice, L.L.C., Amerinet, Inc.	The CODESMARTTM GROUP, Inc., The CODESMART GROUP, Inc.	05/01/2013	Reject	Agreement Type
392	102310	Westinghouse Electric Corporation, Westinghouse Solar, Inc., Andalay Solar Inc.	CBD Energy Limited		Reject	Specified Products/Product License
393	102373	Phat Fashions LLC	Anthony L & S, LLC	07/01/2012	Reject	Agreement Type
394	102396	Westinghouse Electric Corporation, Westinghouse Solar, Inc., Andalay Solar Inc.	CBD Energy Limited	03/25/2013	Reject	Specified Products/Product License
395	102941	Andalay Solar Inc., Westinghouse Electric Corporation, Westinghouse Solar, Inc.	CBD Energy Limited		Reject	Specified Products/Product License
396	103406	SEEN ON SCREEN TV INC.	Bold Ideas Group s.a.r.l		Reject	Specified Products/Product License

2. MARKABLES Search

(a) Industry Search

Each observation in the MARKABLES database is assigned to one or more relevant industries. The database can be searched by Central Product Classification ("**CPC**") codes as established by the United Nations Statistics Division. In order to identify trademark valuations from sufficiently comparable companies, I searched the following CPC codes within the MARKABLES database:

- 6212 - Non-specialized store retail trade services, of food, beverages and tobacco
- 6213 - Non-specialized store retail trade services, of textiles, clothing and footwear
- 6214 - Non-specialized store retail trade services, of household appliances, articles and equipment
- 6215 - Non-specialized store retail trade services, of miscellaneous consumer goods

In total, the industry search returned 68 results.

(b) Geography

As an additional screen, I limited the set of observations to include only companies that are based in the US or Canada to align with the operational profiles of TBI and TCC. This screen, combined with the industry screen, returned 40 results.

(c) Qualitative Screening

From the population of 40 trademark valuation results identified in the prior search screens, I then reviewed each observation for relevance to the licensing transaction between TBI and TCC. Specifically, my review focused on identifying trademark valuations related to retailers with comparable functional and risk profiles to that of Target. In this review I eliminated 27 observations that were related to grocery store or convenience store trademarks. The resulting set of 13 observations includes multiline retailers, department stores, and discount retailers.

(d) Interquartile Analysis

The next step is to calculate the royalty rates from the 13 trademark valuations identified in the search. Given that the observations from the MARKABLES database are obtained from purchase price allocation ("**PPA**") filings, explicit royalty rates are not generally available. In order to arrive at a rate observation, MARKABLES calculates an implied royalty rate based on information contained within each PPA.

The implied rate is calculated by retrogressively applying the royalty relief method on revenues to arrive back at the stated trademark value from the PPA. This retrogressive calculation requires the assumption of certain valuation parameters, such as revenue growth, discount rate, and tax rates which the appraiser of the trademark might have used in the original valuation. MARKABLES constructs two scenarios for each observation based on optimistic and cautious assumptions regarding revenue growth and discount rates.[22] Details of the implied trademark royalty rates, and the calculation of the interquartile ranges are included in the table below.

Exhibit G-2: MARKABLES Trademark Observations Summary

#	Database ID	Brand name / Business	Main Activities	Country	Year	Implied Royalty Rate - low	Implied Royalty Rate -high
1	12483	The Forzani Group Ltd.	sporting goods retailer	CA	2011	1.51%	2.20%
2	14946	Barnes & Noble®	retail; bookstores	US	2009	0.38%	0.56%
3	15540	Dollar General Corp.	retail; discount retailer;	US	2007	1.14%	1.68%
4	16590	The May Department Stores Company	retail; department stores;	US	2005	0.07%	0.11%
5	16593	Marshall Field's department store group	retail; department stores;	US	2004	1.38%	2.02%
6	20241	Dollar General Corp.	retail; discount retailer;	US	2007	1.14%	1.68%
7	20367	Gordmans Holding Corp.	retail; off-price retailer; apparel and home fashion;	US	2008	0.04%	0.06%
8	20622	Restoration Hardware Inc.	retail; vertical; housewares and home furnishings; furniture, lighting, home textiles, bathware, décor, garden.	US	2008	0.61%	0.90%
9	20658	Sears, Roebuck & Co.	retail; multiline retailer; department stores; specialty stores;	US	2005	0.70%	1.03%
10	20736	Carson's retail department stores	retail; department stores;	US	2006	0.21%	0.31%
11	21162	Burlington Coat Factory Warehouse Corporation	retail; off-price fashion department stores;	US	2006	1.37%	2.01%
12	22023	99c Only Stores	retail; value retail; discount retail	US	2012	2.41%	3.55%
13	27636	Athlete's Foot Brands, LLC	franchisor; retailer; sports retailer;	US	2006	2.76%	2.76%

Combined IQR	
Maximum	3.55%
Upper Quartile	**2.01%**
Median	**1.14%**
Lower Quartile	**0.38%**
Minimum	0.04%
Observations	26

The full range of implied trademark royalty rates among comparable retailers is from 0.04 percent to 3.55 percent. The interquartile range of royalty rates is from 0.38 percent to 2.01 percent, with a median of 1.14 percent.

[22] Royalty Rate, Implied - http://www.markables.net/glossary

Appendix H
Acknowledgment of Expert's Duties

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

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 (the "Applicants")

ACKNOWLEDGMENT OF EXPERT'S DUTY

1. My name is Timothy Reichert. I live at 17430 West 54^{th} Place in the City of Golden of the State of Colorado in the United States of America.

2. I have been engaged by or on behalf of Alvarez & Marsal Canada Inc. to provide evidence in relation to the above-noted court proceeding.

3. I acknowledge that it is my duty to provide evidence in relation to this proceeding as follows:

   (a) to provide opinion evidence that is fair, objective and non-partisan;

   (b) to provide opinion evidence that is related only to matters that are within my area of expertise; and

   (c) to provide such additional assistance as the Court may reasonably require, to determine a matter in issue.

4. I acknowledge that the duty referred to above prevails over any obligation which I may owe to any party by whom or on whose behalf I am engaged.

Date August 30, 2015

Timothy A. Reichert

Signature

NOTE: This form must be attached to any report signed by the expert and provided for the purposes of subrule 53.03(1) or (2) of the *Rules of Civil Procedure*.