



March 31, 2015

**BY EMAIL**

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Dear Counsel:

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

We write to advise with regards to our proposed motions.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Yours very truly,

**Blaney McMurtry LLP**



Lou Brzezinski

LB/jb

Encl.

cc. Mel Solmon  
Tracy Sandler