

NEWSLETTER TO ALL TARGET CANADA EMPLOYEES

This newsletter has been prepared by Koskie Minsky LLP, in conjunction with the Court-appointed representatives, and is intended to provide a status update on various matters.

April 27, 2015

OVERVIEW AND BACKGROUND

As you know, Target Canada Co. (“Target Canada”) and certain of its subsidiaries and affiliates were granted protection from their creditors under the *Companies’ Creditors Arrangement Act* (“CCAA”). At the same time, Koskie Minsky LLP was appointed Representative Counsel to all employees of Target Canada in the CCAA proceedings. Alvarez and Marsal Canada Inc. was appointed Monitor, an independent third-party that supervises Target Canada’s operations and assists with the wind-down of the business in Canada.

Koskie Minsky’s legal mandate is to represent all Target employees’¹ (or “team members”) interests in connection with legal issues affecting them in the CCAA proceedings including termination of employment, claims for termination pay and related entitlements. This newsletter is prepared by Koskie Minsky LLP, in conjunction with the Court-appointed Representatives, and is intended to provide a status update on various matters. We encourage you to check the www.kmlaw.ca website from time to time, and to contact us with any questions or concerns as they arise. Full contact details are available at the end of this letter.

STORES

As of April 12, 2015 all Target stores in Canada were closed to the public, and the vast majority of team members were no longer required to report to work and were ‘released’ prior to their formal termination of employment date in May. Some team members continue to work for a further period while Target Canada continues to wrap up operations.

EMPLOYEE REPRESENTATIVES

By Order dated Wednesday February 11, 2015, the Court ordered the appointment of the following individuals as Representatives of Target employees: Frederick Payette, Sylvie Gautier, Jennifer Lindsay, Catherine Bédard, Michael O’Neil, Alyssa Morin and Joshua Gordon (the ‘Representatives’).

Notice of appointment of the Representatives was published in the Globe and Mail and La Presse on February 17, 2015. Employees wishing to opt-out of representation by the Representatives and Representative Counsel were to provide notice to the Monitor, the Representative Counsel and Target Canada by March 19, 2015. No one did.

In addition, Sally Kobow (Ontario) and Barb Lauber (Alberta), both part-time hourly employees, participate in discussions and add their voice to representation of Target employees.

The Representatives will work with Koskie Minsky throughout the CCAA proceedings. If you wish to contact the Representatives directly, you may email them at TargetTMReps@kmlaw.ca.

¹ Koskie Minsky does not represent employees whose employment was terminated before the filing date of January 15, 2015.

THE EMPLOYEE TRUST

Target Canada's American parent company – Target Corporation – has created a Trust Fund which is designed to provide a measure of financial security during the wind-down process by ensuring that each eligible employee receives at least sixteen weeks of working notice or termination pay, or a combination of the two, provided they continue to work until they are "released" by Target Canada. Anyone who quit or abandoned their job or was terminated for cause before they were released is not eligible to receive full payment from the Trust.

The terms of the Trust Agreement were approved by the Court. The amount of pay that each individual is entitled to receive from the Trust is determined under its terms, intended to meet or exceed employees' termination entitlements through a combination of:

- (a) Payments to top up amounts earned during the period an employee continues to work during the wind-down of Target Canada's business (the **working notice period**) to equal regular wages; and
- (b) Paying regular weekly wages for the period that an employee is no longer required to report to work, to May 16 (or May 30 in Manitoba), 2015 (**pay in lieu of notice**).

Under the terms of the Trust, all eligible employees will receive a distribution equal to (a) minus (b) where:

(a) is the greater of:

- i your minimum statutory entitlement; or
- i your contractual entitlement; or
- i sixteen weeks; and

(b) is all amounts you earn while working over the Notice Period.

Employees will be paid in the usual manner for the hours they work, but if an employee works fewer than their normal hours (determined by reference to "Regular Wages" and "Regular Work Week"), their earnings will be "topped-up" by the Trust. Both "Regular Wages" and "Regular Work Week" are as defined in the applicable provincial employment standards legislation.

Important to note: There are conditions to entitlement under the Trust. You will only be paid your distribution under the Trust if you continue to work as scheduled until Target Canada informs you that you no longer need to report to work. Secondly, if you voluntarily left your employment or were fired for cause, you will not be eligible for payment from the Trust or Target Canada beyond your earned wages.

The Monitor has advised that they anticipate that the Employee Trust is or will be sufficiently funded to cover its obligations. At this time we have no reason to doubt the sufficiency of the Employee Trust assets.

Disputes – There is a process for employees to challenge whether they have been paid in full the amount they are entitled to under the Trust, which Representative Counsel can assist with. If you believe that a payment that you have received has been calculated incorrectly, or if you have not received the payment that you had expected to receive, please contact us as soon as possible in order that we may determine whether there is an error and assist you with obtaining a corrected amount.

Dispute Deadline: There is a **deadline** for disputing claims against the Trust: all Trust Disputes must be filed by no later than **July 31, 2015**. All amounts received from the Trust will become final and binding and you will not be permitted to contest them after July 31, 2015. You will also

be considered to have released Target Canada, Target Corporation and others for any amounts payable under the Trust.

The Trust Dispute Form can be found at the end of this letter. It is also available on our website, www.kmlaw.ca/targetemployees.

EMPLOYMENT INSURANCE (EI)

EI is administered by Service Canada. Koskie Minsky and Target Canada have been co-ordinating with Service Canada to ensure employees receive information about their EI eligibility and benefits.

Notice period payments are EI-insurable hours and earnings. The hours and earnings reported on your Record of Employment will be provided to Service Canada directly by Target Canada. All employees should ensure their Record of Employment (when it is provided to you) reflects their notice period payments and hours.

If you are on an approved leave of absence and receiving EI, you become ineligible to receive benefits while you receive notice period payments. You should contact Service Canada and ‘suspend’ EI payments during the notice period. If you remain eligible for EI benefits following the notice period, you may apply to resume those benefits at that time. Unfortunately we cannot determine on an individual basis if you remain eligible for EI benefits at this time – you must confirm this with Service Canada directly following the notice period. In some cases, even if you become ineligible for certain benefits, you may become eligible for other benefits because during the notice period, you accrue EI-insurable hours.

Please note that any employee who voluntarily resigns or abandons their employment prior to being released by Target Canada will not be eligible for EI, or for any notice period payments from the Employee Trust.

CONCERNS REGARDING YOUR PAY

Any questions about your ‘Average Weekly Hours’ and your pay over the statutory Notice Period should first be raised internally with Target Canada through Canada.FieldHRProcess.Team@target.com or by contacting HROC at **1-855-435-7848**. If you do not receive satisfactory answers to your questions about your weekly average earnings, and/or you believe there is an error in the calculations, please contact us and we will assist you with next steps.

If you have faced any employment consequences as a result of your actions, such as discipline or termination which you feel was unjustified, or you were asked to sign an acknowledgement that you voluntarily resigned which you believe was not the case, you should feel free to contact us through any of the means at the end of this Newsletter.

* The first payment from the Trust was made on February 13, 2015, and additional payments have followed every two weeks thereafter. If you believe that you were entitled to a payment from the Trust and did not receive it, please contact us. Note that individuals who were on a leave of absence did not receive any payment from the Trust on February 13, however, the February 27 payment should have included the February 13 entitlement. **Individuals receiving disability income benefits will continue to receive that income subject to the terms and conditions of the applicable plan.**

SUN LIFE

Submitting claims to Sun Life: Target team members have until July 31, 2015 to submit their claims to Sun Life for their eligible medical and/or dental expenses incurred in 2015. All claims

must be received by Sun Life no later than July 31, 2015 in order for claims to be adjudicated and reimbursed if eligible.

Conversions: Please check our website for information on converting your group benefit coverage to individual coverage with Sun Life.

OTHER CLAIMS

Claims which arise out of your employment with Target Canada but are not covered by the Employee Trust must be brought against the Target Canada estate in the claims process to be approved by the Court in the CCAA proceedings. For example, if you are owed money for unreimbursed expenses - a debt that is not covered by the Employee Trust - you will be required to file a claim in the general claims process to recover any amounts. The Monitor has indicated that it intends to bring a motion for Court approval of a claims process on or about June 11, 2015. Please check back on our website for further details as they become available. We will be able to assist you with this process.

MISCELLANEOUS

Webcast and slides: Koskie Minsky produced a webcast to help all employees of Target Canada understand the CCAA process and how it will impact them. The webcast explains what to expect in the CCAA proceeding, how the Employee Trust works, and what role Koskie Minsky will play as court appointed Representative Counsel. The recorded webcast is available in both French and English on the website at www.kmlaw.ca/targetemployees. A separate copy of the slides is also available at the same location.

FAQ's: There is a "Frequently Asked Questions" section on the website which reviews the questions most frequently asked by employees who have contacted us, along with the answers to those questions.

Contacting Koskie Minsky:

Toll free: 1-866-860-9364
Email: targetemployees@kmlaw.ca
Website: www.kmlaw.ca/targetemployees.