

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

**IN THE MATTER OF THE NOTICE OF INTENTION TO  
MAKE A PROPOSAL OF SHOP.CA NETWORK INC.,** a  
corporation incorporated pursuant to the laws of the Canada,  
with a head office in the City of Toronto, in the Province of  
Ontario

**UNOFFICIAL TRANSCRIPT OF ENDORSEMENT OF  
THE HONOURABLE MR. JUSTICE PENNY DATED JUNE 9, 2016**

June 9, 2016

E. Pillon for Shop.ca  
C. Fell for Proposal Trustee

Shop.ca is an e-commerce marketplace for Canadian retailers. It has suffered operating losses since its inception. Efforts to finance or sell the company to date have been unsuccessful. It will run out of money by August.

The NOI is filed to enable a formal bid process to unfold in an effort to maximize value and avoid a liquidation.

I am satisfied that the company meets the requirements for the filing of an NOI in the circumstances.

The Bid Process is based on earlier experience gained in efforts to sell the company. The Proposal Trustee acted as a financial advisor to the company and is knowledgeable about the company. The Proposal Trustee supports the bid process. In my view the process used to develop the bid process was reasonable. It has the support of the Proposal Trustee. It is unlikely the bid process will make the situation worse than a liquidation. The sale is certainly unavoidable. It will, if consummated, benefit the community of interests. There is no evidence of a better alternative. The process will be fair and transparent. It provides the maximum time available to the company given its liquidity constraints.

There is a KERP. It is modest. I am satisfied that it is appropriate in the circumstances. Sr. Management has taken on significant responsibilities to facilitate the bid process. They are needed to see it through.

An independent board member negotiated the amount. The KERP is limited in scope and amount. The Board and the Proposal Trustee support the KERP. The KERP is approved.

The administration charge is also, in my view, reasonable and necessary. It is proportional to the size and complexity of the business being restructured. The quantum appears fair and reasonable.

There are no material secured creditors as such.

There is no duplication involved. The admin charge is approved.

The extension of the proposal period sought is necessary and carefully tailored to match the company's bid process and liquidity crisis. I am satisfied that the company is acting in good faith, that the proposal is likely viable and that creditors are unlikely to be materially prejudiced. Extending now, given the foreseeability of the need for an extension, will reduce cost by avoiding the need for another motion. It is approved.

I am satisfied that a sealing order of the kind sought here is in keeping with the norm for circumstances of this kind. There is an important interest (personal, private information) and the public interest warrants the limited order sought.

Order to issue in the form signed by me this day.

*"Original Signed"*

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The Honourable Mr. Justice Penny