

IN THE MATTER OF THE COMPANIES *PRODIGES PRINCEVILLE INC*
 R.S.C. 1985, c. C-36, AS AMENDED
 AND IN THE MATTER OF A PLAN OF COMPROMISE AND ARRANGEMENT
 OF SAAN STORES LTD. LES MAGASINS SAAN ET/EE

Applicant

185

P Shea for Saan
May 6/08

W.D. A. Brown for The Co

O. Pappas for + v. Brantley for
6/24/08

D. H. Donald for eff's for

P. Duchesne for Sandell for
13/03/08

S. Bradburn for Hitec
+ Gordo Bros

D. Brown for Ad Ho
Brantley for Hitec

OVERDUE
 SUPERIOR COURT OF JUSTICE
 (ONTARIO)
 (PROCEEDING COMMENCED AT TORONTO)

NOTION RECORD
 Returnable May 5, 2008

GOVING TAINER HENDERSON LLP
 5070 Yonge Street, Suite 200
 Toronto, ON M3J 1K5
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Solicitors for SAAN Stores Ltd.

2921

P. Cho for 395 2959 Canada Inc., 167 986 Canada Inc.,
ad 4203147 Canada Inc.

Sean moves for an order approving the Sales Process and an order that the Monitor be directed to implement the Sales Process. Sean also proposes that the order provide that the Monitor may, with the consent of GRAC, bring a motion to terminate or suspend the Sales Process at any time.

The position put forth by Sean is supported by the Monitor, the DIP leader GRAC and by secured lenders 630155 Canada Inc. and Entertaiment

The only party that raises an objection is Hilco / Gordon Bros. Counsel to Hilco / Gordon Bros. submitted that his client doesn't want to interfere with the process - but his client does want to have the Dec. 2006

Hilco / Gordon Bros. Agreement recognized to be the 375
Sales Process.

The affidavits of Mr. Chekire and the Sixth Report of the Monitor set out the basis for the requested relief. I am satisfied that it is appropriate to approve the Sales Process. The only issue is whether it is necessary to address the impact of the Hilco / Gordon Bros Agreement.

In his affidavit of May 4/08, Mr. Chekire states that the Hilco / Gordon Bros Agreement was intended to apply in the context of a liquidation of SAAN and does not contemplate a going concern sale of SAAN. In my view this statement is consistent with the language of the Hilco Agreement and specifically the term "Engagement" and the provisions of 1.2, 1.3 and 1.4. SAAN has granted Hilco a right to be retained in respect of an Engagement, which in turn is an engagement or retention in respect of a sale, disposition or liquidation. It seems to me that the Hilco Agreement contemplates a liquidation transaction and not a going concern sale.

Therefore, to the extent that the Sales Process ⁴¹⁵
leads to a going concern transaction, the Hilo
Agreement does not, in my view, have any
application.

In the event that the Sales Process leads
to a liquidation transaction, the provisions
of the Hilo Agreement may very well have
application.

With respect to the issue of whether
Sean can disclaim the Hilo Agreement,
I decline to deal with the issue at
this time. The evidentiary record on this
point is not complete. If the issue requires
attention on a timely basis I may be
contacted through the Commercial Lit
Office. I will observe, however, at this
time, that it would be helpful to the

process of the notice provisions in the Hilco Agreement could be abbreviated, if necessary, by agreement.

At this time an order shall issue in the form requested, as amended, appointing the Sales Process and directing the Trustee to implement the Sales Process.

The Trustee may, with the consent of BTAC, bring a motion to terminate or suspend the Sales Process at any time.

[subject to
edit if
typed]

[Signature]

Court File No. 05-CL-5695

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE MR.
JUSTICE MORAWETZ

)
) ~~TUESDAY~~ MONDAY, THE 5th 6th 9th
) DAY OF MAY, 2008

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 AND ARRANGEMENT
OF SAAN STORES LTD. - LES MAGASINS SAAN LTÉE

Applicant

ORDER

THIS MOTION made by the SAAN Stores Ltd. – Les Magasins SAAN Ltée (“SAAN”) seeking the relief set out in the Notice of Motion dated May 1, 2008 was heard this day at 330 University Avenue, Toronto, Ontario;

ON READING the Notice of Motion and the Motion Record, the affidavits of Tony Chahine sworn May 1, 2008 and May 4, 2008, and the Sixth Report of Mintz & Partners Limited in its capacity as monitor of SAAN dated May 1, 2008, and on hearing the submissions of counsel for SAAN, the Monitor, RSM Richter Inc., in its capacity as proposal trustee under the Applicant’s Second Amended Proposal dated April 20, 2005, GMAC Commercial Finance Corporation – Canada (“GMAC”) and the other parties present;

1. **THIS COURT ORDERS** that the service of the Notice of Motion and the Motion Record is hereby validated and abridged, and this Motion is properly returnable today.
2. **THIS COURT ORDERS** that the process for marketing and offering for sale of SAAN’s business, assets and property by the Monitor set forth in the attached Schedule “A” (the “Sales Process”) be and is hereby approved.

3. **THIS COURT ORDERS** that the Monitor be and is hereby authorized and directed to implement the Sales Process.

4. **THIS COURT ORDERS** that the Monitor may, with the consent of GMAC, terminate or suspend the Sales Process at any time.

JD (bring a motion to *JD*)

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Schedule "A"

SALE PROCEDURES

Background

SAAN Stores Limited - Les Magasins SAAN Ltée (the "SAAN") has, conditional on the approval of the Court, entered into an agreement with 6964486 Canada Inc. ("696 Canada") dated as of April 18, 2008 (the "Agreement"). Pursuant to the Agreement, 696 Canada will, subject to Court approval, and the consent of GMAC Commercial Finance Corporation-Canada ("GMAC") acquire all of the assets, property and undertaking of SAAN (the "Purchased Assets") on an "as is, where is" basis (the "Baseline Offer"). Pursuant to the Agreement, 696 Canada will be taking over all of SAAN's leases as at the Closing Date and will hire all of SAAN's employees. A copy of the Agreement is available on the Monitor's website at www.mintzca.com.

The purchase price to be paid by 696 Canada will be satisfied by assumption and/or satisfaction of:

- (a) obligations owing to 6301533 Canada Inc., Multiprint Tex Manufacturing Ltd. and Entertainment World Holdings Inc. and repayment in full of the obligations owing to GMAC (the "Senior Secured Creditors");
- (b) obligations owing by SAAN in respect to GST;
- (c) obligations to be performed on and after the Closing Date (as defined in the Agreement) under the Contracts and the Leases (each as defined in the Agreement);
- (d) liabilities and obligations arising on or after the Closing Date relating to the Purchased Assets;
- (e) obligations owing to SAAN's employees from the date of the Initial Order (as defined in the Agreement) to the Closing Date; and
- (f) amounts payable by SAAN related to the Business (as defined in the Agreement) that were incurred in the ordinary course of business during the period starting on December 28, 2007 and ending at the Closing Date and which are outstanding as of the Closing Date.

696 Canada is a company that is related to SAAN through common ownership and 696 Canada does not deal at arms' length with SAAN. SAAN and 696 Canada expect that 6301533 Canada Inc., Multiprint Tex Manufacturing Ltd. and Entertainment World Holdings Inc. will agree that 696 Canada may assume the obligations owing to those creditors by SAAN.

The Agreement does not contemplate or provide for a break fee or a minimum overbid. The Agreement does, however, contemplate that a process to determine whether a better transaction or transactions is/are available with respect to the Purchased Assets.

In accordance with the Agreement, the Monitor is initiating a procedure to determine whether a better transaction or transactions is available to acquire the Purchased Assets.

The Sales Process

Set forth below is the process to be employed by Mintz & Partners Limited ("the Monitor") with respect to the marketing of the Purchased Assets for sale:

- (a) The Monitor shall provide notice of this sales process (the "Sales Process") and any Order made by the Court approving the Sales Process (the "Sales Process Order") to those persons listed on the attached Schedule "A" as well as to any other potential interested parties that are identified to the Monitor, which will include parties interested in acquiring the Purchased Assets as a whole or in part. The Sales Process and the Sales Process Order will also be posted on the Monitor's website.
- (b) If the Monitor deems it advisable in the circumstances, it will arrange for advertisement(s) to be published in national newspapers advising of the Sales Process.
- (c) Upon request by interested parties, the Monitor will provide such parties with information regarding the Purchased Assets.
- (d) Any person interested in submitting an offer for the Purchased Assets (or any part or parts thereof) may, subject to the execution of confidentiality agreement substantially in the form attached as Schedule "B", have access to the data room established by SAAN for the purpose of conducting due diligence. SAAN and the Monitor shall use their best efforts to answer all reasonable requests for due diligence information.
- (e) Any person wishing to submit an offer for the Purchased Assets (or any part or parts thereof) may do so by 2:00 p.m. (Toronto time) on Wednesday, May 21, 2008 (the "Offer Deadline") by delivering to the Monitor an executed offer (the "Offer") setting forth the terms upon which the proposed purchaser proposes to purchase the Purchased Assets (or any part or parts thereof). Offers should be delivered to:

Mintz & Partners Limited
1 Concorde Gate, Suite 200
Toronto ON M3C 4G4

Attention: Hartley Bricks
Fax: (416) 644-4303

- (f) The Offer must provide that: (i) the Purchased Assets subject to the Offer are being purchased on an "as is, where is" basis with no representations or warranties to be provided by SAAN or the Monitor; (ii) the Offer is irrevocable

Schedule "A"**Potential Purchasers**

Hart Department Store
900 Place Paul-Kane
Laval, Quebec H7C 2T2
Canada
Attention: Mr. Michael Hart

Liquidation World Home Office
3880 - 29th Street, N.E.
Calgary, AB T1Y 6B6
Canada
Attention: Mr. Maurice Chelli

Giant Tiger Stores Limited.
2480 Walkley Road
Ottawa, ON K1G 6A9
Canada
Attention: Mr. Jeffrey York

The Bargain! Shop Holdings Inc.
6877 Goreway Drive, Suite 3
Mississauga, ON L4V 1L9
Attention: Mr. Michael Roellinghoff

Michael Rossy Ltd.
450, boul. Lebeau
St-Laurent, PQ H4N 1R7
Attention: Mr. Rossy Michael

Field Stores
766 Cliveden Place Suite #140
Delta, BC, V3M 6C7

The Northwest Company
77 Main St
Winnipeg, MN R3C 2R1

Dollarama LP
5430 Rue Ferrier,
Mont-Royal, QC

Buxbaum Group
John Trowbridge

26610 Agoura Road
Suite 120
Calabasas, CA 91302
Phone: 818-878-3900
Fax: 818-878-3911

Gordon Brothers Group
101 Huntington Avenue, 10th Floor
Boston, MA 02199
Main Phone: 888-424-1903
Fax: 617-422-6222

Great American Group
6330 Variel Avenue
Suite 100
Woodland Hills, CA 91367
Phone: 818-884-3737
Fax: 818-884-2976

Hilco Merchant Resources
One Northbrook Place
5 Revere Drive, Suite 206
Northbrook, IL 60062
Main Phone: 847-509-1100
Fax: 847-509-1150

Nassi Group/Tiger Capital Group
84 State Street
Suite 420
Boston, MA 02109
Fax: 617-523-3007

SB Capital Group
1010 Northern Blvd, Suite 330
Great Neck, NY 11021
Phone: 516-829-2400

Danbury Sales

Century Services

Asset Engineering

Maynards

Canam Appraiz

Summit Retail Services

Crescent Commercial Corporation

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Schedule "B"

CONFIDENTIALITY AGREEMENT

BETWEEN

**SAAN STORES LTD. – LES MAGASINS
SAAN LTEÉ**

– and –

[NAME]

[DATE], 2008

**GLH DRAFT 05/05/2008
FOR DISCUSSION PURPOSES ONLY**

CONFIDENTIALITY AGREEMENT

THIS AGREEMENT MADE as of the _____ day of _____, 2008.

B E T W E E N :

**SAAN STORES LTD. – LES MAGASINS SAAN
LTEE**

(the “Vendor”)

- and -

[NAME]
(the “Offeror”)

CONTEXT:

- A. On December 28, 2007, the Vendor obtained an order from the Ontario Superior Court of Justice commencing proceedings pursuant to the *Companies' Creditors Arrangement Act* (Canada). Mintz & Partners Limited (the “Monitor”) was appointed as monitor of the Vendor.
- B. Pursuant to an Order dated [Date], a procedure to market the Vendor's assets and property has been established.
- C. Offeror wish to enter into due diligence regarding the potential sale and acquisition of some or all of the operations and assets of the Vendor (the “Proposed Transaction”).
- D. The Vendor intends to provide certain confidential information pertaining to its assets, operations and business to the Offeror for review and consideration in order to facilitate discussions with respect to the Proposed Transaction.

FOR GOOD AND VALUABLE CONSIDERATION, the parties agree as follows:

- 1. In this Confidentiality Agreement:
 - (a) “**Confidential Information**” means any information relating to the Vendor, its operations, its customers, or its assets, whether communicated in written form, verbally, visually, technically or pursuant to any other media, including:
 - (i) Personal Information; and
 - (ii) all analyses, compilations, data, studies, derivative works or other documents prepared by the Offeror or its Representatives containing or

- 2 -

based upon, in whole or in part, Confidential Information provided to the Offeror and its Representatives by or on behalf of the Vendor;

but excluding information, other than Personal Information, which the Offeror can demonstrate:

- (iii) is generally available to or known by the public other than as a result of improper disclosure by the Offeror or any of its Representatives; or
 - (iv) is or was obtained by the Offeror from a source other than the Vendor, its representatives or anyone bound by a duty of confidentiality to the Vendor or its representatives;
- (b) **“Personal Information”** means any information collected in the course of the Vendor’s business that relates to identifiable individuals; and
- (c) **“Representatives”** means the Offeror’s directors, officers, employees, agents and other representatives, including, without limitation, its lawyers, accountants, consultants or financial advisers.
2. The Offeror acknowledges that the Confidential Information is confidential and proprietary. The Offeror further acknowledges that, except for the purpose of evaluating the Proposed Transaction, the Offeror has no right, title or interest in the Confidential Information.
 3. The Offeror agrees to provide Confidential Information only to those Representatives who need to review it for the purpose of evaluating the Proposed Transaction, who are informed by the Offeror of the confidential nature of the Confidential Information, and who agree in writing to be bound by the terms of this Agreement. The Offeror further agrees to be responsible for any breach of this Confidentiality Agreement by any of its Representatives. The Offeror will make all reasonable, necessary and appropriate efforts to safeguard the Confidential Information from disclosure to anyone other than as permitted by this Confidentiality Agreement.
 4. The Confidential Information will not be used by the Offeror or its Representatives, directly or indirectly, for any purpose other than to evaluate the Proposed Transaction and, for greater certainty, will not use the Confidential Information to compete with a successful purchaser of the Vendor’s operations and assets.
 5. Without the prior written consent of the Vendor, the Offeror will not, and will cause its Representatives not to, disclose to any other person or entity:
 - (a) any part of the Confidential Information;
 - (b) that the Confidential Information has been made available;
 - (c) that this Confidentiality Agreement has been entered into;

- 3 -

- (d) that any discussions or negotiations have been entered into with respect to the Proposed Transaction; or
- (e) any of the terms, conditions or other facts with respect to the Proposed Transaction,

except, and only to the extent that, disclosure is, in the opinion of its legal counsel, required to be made under applicable law or regulations or by any competent governmental, judicial or other authority, provided that the Offeror will advise the Vendor so the Vendor may seek a protective order or other appropriate remedy and, where reasonably practical, consult with the Vendor prior to that disclosure concerning the Confidential Information the Offeror proposes to disclose. The Offeror will cooperate with the Vendor on a reasonable basis to obtain a protective order or other appropriate remedy.

6. The Offeror will keep a record of the location of the Confidential Information and all Representatives to whom it is provided, and will store the Confidential Information properly and securely and ensure that appropriate technical and organizational means are in place to protect it against unauthorized or unlawful access or processing and against accidental loss, destruction or damage, including taking reasonable steps to ensure the reliability of any Representative permitted by the Offeror to have access to it.
7. The Offeror agrees to notify the Vendor immediately upon discovery of an unauthorized use or disclosure of Confidential Information or any breach of this Agreement.
8. If the Offeror determines not to proceed with the Proposed Transaction, or if the Offeror proceeds with the Proposed Transaction but the Proposed Transaction fails to close, the Offeror will promptly deliver to the Vendor or destroy all Confidential Information provided by the Vendor to the Offeror or its Representatives, without retaining any copies or records. If the Offeror proceeds with the Proposed Transaction but it involves the acquisition of less than the entire operations and assets of the Vendor, the Offeror will promptly deliver to the Vendor all Confidential Information provided by the Vendor to the Offeror or its Representatives that is related to those operations and assets excluded from the acquisition, without retaining any copies or records.
9. The Offeror acknowledges that neither the Vendor nor the Monitor makes any express or implied representation or warranty as to the accuracy or completeness of the Confidential Information and agrees that the Vendor will not have any liability, direct or indirect, to the Offeror or its Representatives relating to or resulting from the Confidential Information or the use by the Offeror of, or reliance on, the Confidential Information, errors in the Confidential Information, or omissions from the Confidential Information, except in accordance with any specific representation or warranty made in any definitive agreement entered into in respect of the Proposed Transaction.
10. The Offeror acknowledges that any breach of this Confidentiality Agreement would cause serious and irreparable damage and harm to the Vendor, and that remedies at law would be inadequate to protect against breach of this Confidentiality Agreement.

- 4 -

Therefore, the Offeror agrees in advance to the granting of injunctive relief in favour of the Vendor for any breach of the provisions of this Confidentiality Agreement and to the specific enforcement of the terms of this Confidentiality Agreement, without proof of actual damages, in addition to any other remedy to which the Vendor would be entitled.

11. The confidentiality and non-use obligations set out in this Confidentiality Agreement will terminate only with respect to Confidential Information which becomes the property of the Offeror upon the closing, if any, of the Proposed Transaction, and will otherwise be perpetual.
12. Any notice, demand, request, consent, approval or other communication which is required or permitted by this Confidentiality Agreement to be given or made by a party (a "Communication") must be in writing and either:
 - (a) personally delivered;
 - (b) sent by prepaid registered mail; or
 - (c) sent by facsimile, e-mail or functionally equivalent electronic means of communication, charges (if any) prepaid.

Any Communication must be sent to the intended recipient at its address as follows:

to the Vendor at:

2800 Matheson Blvd.
Mississauga ON L4W 4X5

Attention:
Facsimile No.:

with a copy to:

Mintz & Partners Limited
1 Concorde Gate, Suite 200
Toronto ON M3C 4G4

Attention: Hartley Bricks
Facsimile No: (416) 644-4303

- 5 -

to the Offeror at:

[Name]

Attention: [Name]

Facsimile No.: [Number]

or at any other address as any party may from time to time advise the other by Communication given in accordance with this Section 12. Any Communication delivered to the party to whom it is addressed will be deemed to have been given and received on the day it is so delivered at that party's address, provided that if that day is not a business day then the Communication will be deemed to have been given and received on the next business day. Any Communication transmitted by facsimile or other form of electronic communication will be deemed to have been given and received on the day on which it was transmitted (but if the Communication is transmitted on a day which is not a business day or after 3:00 p.m. (local time of the recipient)), the Communication will be deemed to have been received on the next business day. Any Communication given by registered mail will be deemed to have been received on the fifth business day after which it is so mailed. If a strike or lockout of postal employees is then in effect, or generally known to be impending, every Communication must be effected by personal delivery or by facsimile or functionally equivalent electronic transmission.

13. No supplement, modification, amendment, waiver, discharge or termination of this Confidentiality Agreement is binding unless it is executed in writing by the Party to be bound. No waiver of, failure to exercise, or delay in exercising, any provision of this Confidentiality Agreement constitutes a waiver of any other provision (whether or not similar) nor does any waiver constitute a continuing waiver unless otherwise expressly provided.
14. This Confidentiality Agreement constitutes the entire agreement between the parties pertaining to its subject matter, and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties, and there are no representations, warranties or other agreements between the parties in connection with the subject matter of this Confidentiality Agreement except as specifically set out in this Confidentiality Agreement. Neither this Confidentiality Agreement nor any right or obligation under it may be assigned by either party without the prior consent of the other party. This Confidentiality Agreement enures to the benefit of and is binding upon the parties and their respective successors and permitted assigns.
15. Each provision of this Confidentiality Agreement is distinct and severable. If any provision of this Confidentiality Agreement, in whole or in part, is or becomes illegal, invalid or unenforceable in any jurisdiction, the illegality, invalidity or unenforceability of that provision will not affect the legality, validity or enforceability of the remaining provisions, or the legality, validity or enforceability of that provision in any other jurisdiction.

- 6 -

16. This Confidentiality Agreement is governed by, and is to be construed and interpreted in accordance with, the laws of the Province of Ontario and the laws of Canada applicable in that Province.
17. This Confidentiality Agreement may be executed and delivered by the parties in one or more counterparts, each of which when so executed and delivered will be an original, and those counterparts will together constitute one and the same instrument. Delivery of this Confidentiality Agreement by facsimile transmission, e-mail or functionally equivalent electronic transmission constitutes valid and effective delivery.

- 7 -

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first written above.

**SAAN STORES LTD - LES MAGASINS SAAN
LTEÉ**

Per: _____
Name:
Title:

[NAME]

Per: _____
Name:
Title:

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Court File No. 05-CL-5695

**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 AND ARRANGEMENT OF SAAN STORES LTD - LES MAGASINS SAAN
LITE**

<p style="text-align: center;">ONTARIO SUPERIOR COURT OF JUSTICE (COMMERCIAL LIST) (IN BANKRUPTCY AND INSOLVENCY)</p> <p style="text-align: center;">PROCEEDING COMMENCED AT TORONTO</p>	<p style="text-align: center;">ORDER</p> <p style="text-align: center;">GOWLING LAFLEUR HENDERSON LLP Barristers and Solicitors Suite 1600 1 First Canadian Place 100 King Street West Toronto, ON M5X 1G5</p> <p style="text-align: center;">E. Patrick Shea (LSUC #39655K) Tel: (416) 369-7399 Fax: (416) 862-7661</p> <p style="text-align: center;">Clifton Prophet (LSUC #34845K) Tel: (416) 862-3509 Fax: (416) 862-7661</p> <p style="text-align: center;">SOLICITORS FOR THE APPLICANT</p>
<p style="text-align: left;">TOR_LAW\68103061</p>	