
**Fifth Report of Duff & Phelps
Canada Restructuring Inc.
as CCAA Monitor of iMarketing
Solutions Group Inc. and the
Companies Referred to in
Schedule “A”**

October 9, 2013

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COURT FILE NO.: CV-13-10067-00CL

**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
iMARKETING SOLUTIONS GROUP INC. AND THE COMPANIES REFERRED TO IN
SCHEDULE "A"**

**FIFTH REPORT OF
DUFF & PHELPS CANADA RESTRUCTURING INC.
AS CCAA MONITOR OF iMARKETING SOLUTIONS GROUP INC.
AND THE COMPANIES REFERRED TO IN SCHEDULE "A"**

October 9, 2013

1.0 Introduction

1. Pursuant to the Order (the "Initial Order") of the Honourable Mr. Justice Newbould of the Ontario Superior Court of Justice (Commercial List) (the "Court") made on April 12, 2013, iMarketing Solutions Group Inc. ("IMSG") and the companies listed on Schedule "A" (together with "IMSG", the "Company") were granted protection under the *Companies' Creditors Arrangement Act* (Canada) (the "CCAA") and Duff & Phelps Canada Restructuring Inc. ("D&P") was appointed as monitor (the "Monitor").
2. Also on April 12, 2013, the United States Bankruptcy Court for the District of Delaware (the "US Court") made an interim Order recognizing the CCAA proceedings in the United States and granting the Company certain protections as contemplated by chapter 15 of title 11 of the *United States Code* ("Chapter 15").
3. On May 7, 2013, the Court made an Order extending the stay of proceedings to August 2, 2013 and approving a sale and investment process (the "SIP") to be carried out by Illumina Partners Inc., in its capacity as the Company's Chief Restructuring Officer (the "CRO"), under the supervision of, and with the assistance of, the Monitor (the "Stay Extension and SIP Approval Order").

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4. On May 17, 2013, the US Court made a final Order recognizing the CCAA proceedings as a foreign main proceeding.
 5. On July 12, 2013, the Court made an Order, among other things, adding MLHL Marketing Inc. and MLHL Marketing LP to the CCAA proceedings.
 6. The Shotgun Fund Limited Partnership III (“Shotgun Fund”), one of the Company’s primary secured lenders, has provided the Company with a debtor-in-possession credit facility (“DIP Facility”) in the amount of up to \$1 million, of which \$650,000 has been drawn. Shotgun Fund is referred to herein as the DIP Lender in respect of advances under the DIP Facility.
 7. On August 2, 2013, the Court made an Order extending the stay of proceedings to October 4, 2013. On October 3, 2013 the Court made a further Order extending the stay of proceedings to October 11, 2013.
 8. The principal purpose of these restructuring proceedings has been to create a stabilized environment in order to carry out the SIP to solicit investors, strategic partners or purchasers for the Company’s business and assets in order to preserve its going-concern value.

1.1 Purposes of this Report

1. The purposes of this report (the “Report”) are to:
 - a) provide background information about the Company and these proceedings;
 - b) provide an update on the SIP;
 - c) summarize the status of the DIP Facility; and
 - d) recommend that this Honourable Court make an order granting the Company’s request for an extension of the stay of proceedings from October 11, 2013 to October 25, 2013.

1.2 Currency

1. Unless otherwise noted, all currency references in this Report are to Canadian dollars.

1.3 Restrictions

1. In preparing this Report, the Monitor has relied upon unaudited financial information prepared by the Company's representatives, the Company's books and records, discussions with management and discussions with the Company's advisors. The Monitor has not performed an audit or other verification of such information. An examination of the Company's cash flows and/or financial forecasts as outlined in the *Canadian Institute of Chartered Accountants Handbook* has not been performed. Future oriented financial information relied upon in this Report is based on the Company's assumptions regarding future events. Actual results achieved may vary from this information and these variations may be material.
2. Based on its review of the cash flows and/or financial forecasts, their underlying assumptions and discussions with the Company's management, the Monitor is of the view that the Projection (as defined herein) provided in Appendix "A" is reasonable. Any party relying on the Projection and/or any financial forecasts of the Company is required to perform its own diligence.

2.0 Background

1. The Company provides integrated direct marketing solution services for not-for-profit organizations, political organizations and professional associations.
2. The Company's core businesses include: tele-fundraising; data development; direct mail fundraising and outreach; data management; publishing; social media; secure caging¹; and marketing list rental².
3. Operating under its previous name, Xentel DM Incorporated, IMSG and its predecessor corporations have been in the North American telemarketing and fundraising business for more than 25 years.
4. The Company currently operates from fifteen leased premises across Canada and the US.
5. As at the date of the Initial Order, the Company employed approximately 1,140 individuals, of which 480 individuals were laid off in March, 2013, prior to the commencement of these proceedings. The Company currently has more than 700 employees.
6. The Company's business is regulated and requires provincial and/or state licences and registrations to operate in Canada and the US.

¹ An industry term for the process or act of collecting donations, processing donor mail and depositing contributions to customer accounts.

² The renting of donor lists to third parties in exchange for a fee.

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7. The Company services over 300 customers. The terms of these services are, for the most part, pursuant to contractual arrangements.
 8. The Affidavit of Andrew Langhorne, the Company's Chief Executive Officer, sworn April 11, 2013, and filed in support of the Company's initial CCAA application, describes, *inter alia*, the Company's background, including the reasons the Company determined it was necessary to commence these proceedings.
 9. Additional information concerning the Company is provided in the report of D&P as proposed monitor dated April 11, 2013 and the Monitor's reports to Court. Materials filed in the CCAA and Chapter 15 proceedings can be found on the Monitor's website at: <http://www.duffandphelps.com/intl/en-ca/Pages/RestructuringCases.aspx>.

3.0 Sale and Investment Process

1. The SIP is described in the Stay Extension and SIP Approval Order, a copy of which is provided in Appendix "B".
2. Pursuant to the Stay Extension and SIP Approval Order, the CRO, with the Monitor's consent, extended the offer deadline from July 12, 2013 to July 26, 2013 to accommodate an extension requested by interested parties to allow them to advance their diligence to the point that they could submit offers for the business.
3. The Company has finalized documentation with the proposed purchaser in respect of the transaction and has executed an Asset Purchase Agreement. The Company intends to seek approval of the transaction by October 25, 2013. The Monitor will summarize the results of the SIP and the transaction contemplated in the Asset Purchase Agreement at that time.

4.0 Cash Flow for the Period Ending October 25, 2013

1. The Company prepared a projected cash flow statement for the period October 5, 2013 to October 25, 2013 (the "Projection"), which is provided in Appendix "A" together with the Company's and Monitor's reports thereon. The Monitor has reviewed the Projection and believes it to be reasonable, subject to the qualification noted in Section 1.3 above.
2. The Company prepared the Projection using assumptions similar to the prior cash flows filed with the Court in these proceedings.
3. The Projection indicates that there is no additional funding required under the DIP Facility during the extension period.

5.0 DIP Facility

1. The Company and the DIP Lender entered into a DIP Term Sheet dated April 11, 2013 which provides that the DIP Lender will make up to \$1 million available to the Company under the DIP Facility, of which \$650,000 has been drawn. This amount was advanced on the first day of these proceedings and the Company has not required use of these funds during these proceedings, except on brief occasions.
2. The DIP facility was originally set to mature on the earlier of: i) the occurrence of any Event of Default under the DIP Term Sheet which is continuing and has not been cured, or ii) August 1, 2013. The DIP Facility was amended and extended pursuant to an Amended and Restated DIP Term Sheet dated August 1, 2013 pursuant to which the maturity date was extended to October 4, 2013. The DIP Lender did not provide an extension of the DIP Facility at the last extension motion; however, the DIP Lender did not demand repayment of the DIP Facility and did not oppose the extension sought by the Company on October 3, 2013.
3. The Company has negotiated another amendment to the DIP Term Sheet which now has a maturity date of October 25, 2013. The amendment provides for a fee of \$25,000, which is fully earned on the granting of the extension, but payable on the maturity date.
4. The Monitor is of the view that the extension fee is reasonable. The extension of the term of the DIP Facility will allow the Company to continue to operate so that it can complete the transaction contemplated in the Asset Purchase Agreement, which is in the best interests of the Company and its stakeholders. A discontinuation of these proceedings would result in an inferior economic result when compared to the transaction, as well as the loss of several hundred jobs. Additionally, the extension fee is reasonable, particularly in light of the below market interest rate on the DIP Facility.
5. Based on the factors described above, the Monitor is of the view that the extension fee is reasonable and appropriate in the circumstances.

6.0 Company's Request for an Extension

1. The Monitor supports the Company's request for an extension of the stay of proceedings to October 25, 2013 for the following reasons:
 - The Company is acting in good faith and with due diligence;
 - The granting of the extension should not prejudice any employee or creditor, as the Company is projected to have sufficient funds to pay post-filing services and supplies as contemplated by the Projection;
 - The extension is not opposed by the Company's primary secured creditors; and
 - An extension will provide the Company the time it requires to prepare motion materials seeking Court approval of the transaction in Canada and the US.

7.0 Conclusion and Recommendation

1. Based on the foregoing, the Monitor respectfully recommends that this Honourable Court make the Order(s) granting the relief detailed in Section 1.1(d) of this Report.

* * *

All of which is respectfully submitted,



**DUFF & PHELPS CANADA RESTRUCTURING INC.
IN ITS CAPACITY AS CCAA MONITOR OF
iMARKETING SOLUTIONS GROUP INC. AND THE
COMPANIES REFERRED TO IN SCHEDULE "A"
AND NOT IN ITS PERSONAL CAPACITY**

Schedule “A”

SCHEDULE "A"

LIST OF APPLICANTS

iMarketing Solutions Group Inc.
The Responsive Marketing Group Inc.
GWE Consulting Group (USA) Inc.
Direct Contact Strategies Inc.
Front Line Support Inc.
iMark Events Inc.
RMG General Partner Inc.
Cabot Call Centre Inc.
Engage Interactive Inc.
RMG Smiths Falls LP
RMG Thunder Bay LP
MLHL Marketing Inc.
MLHL Marketing LP
Xentel Inc. (Delaware)
Wellesley Corporation Inc. (Delaware)
US Billing Inc. (Delaware)
American Graphics & Design Inc. (Wisconsin)
Courtesy Health Watch Inc. (Delaware)
Target Outreach Inc. (Nevada)
Engage Funding Inc. (Delaware)

Appendix “A”

iMarketing Solutions Group Inc.Projected Statement of Cash Flows ¹

For the Period October 5, 2013 to October 25, 2013

(\$CAD; Unaudited)

		Forecast For the Weeks Ended			
		11-Oct	18-Oct	25-Oct	Total
Cash Inflows					
Collections from Accounts Receivable and Other	(2)	766,445	787,242	803,179	2,356,865
Cash Outflows					
Operating Costs (Variable & Fixed)	(3)	705,966	935,841	677,756	2,319,563
Net Cash from Operations		60,478	(148,600)	125,423	37,302
Restructuring and Other Costs					
Professional fees	(4)	-	37,500	-	37,500
DIP loan legal fees	(5)	10,000	-	-	10,000
Total Restructuring and Other Costs		10,000	37,500	-	47,500
Net Cash Flow		50,478	(186,100)	125,423	(10,198)
Opening Cash Position					
Opening Cash Position	(6)	219,833	270,311	84,211	219,833
Net Cash Flow		50,478	(186,100)	125,423	(10,198)
DIP loan advances		-	-	-	-
Closing Cash Position		270,311	84,211	209,634	209,634
DIP Loan Balance		(650,000)	(650,000)	(650,000)	(650,000)
Adjusted Closing Cash Position (excluding DIP Loan)		(379,689)	(565,789)	(440,366)	(440,366)

iMarketing Solutions Group Inc. and its Direct and Indirect Subsidiaries

Notes to Projected Statement of Cash Flows ¹

For the Period October 5, 2013 to October 25, 2013

(\$CAD, Unaudited)

Purpose and General Assumptions

1. The purpose of the projection is to present the forecast of the cash flow of iMarketing Solutions Group Inc. and its direct and indirect subsidiaries (collectively, the "Company") for the period October 5, 2013 to October 25, 2013 ("Period") in respect of its proceedings pursuant to the Companies' Creditors Arrangement Act and Chapter 15 of Title 11 of the United States Code.

The projected cash flow statement has been prepared based on hypothetical and most probable assumptions developed and prepared by the Company.

Hypothetical Assumptions

2. Represents collection of accounts receivable and revenue generated during the Period, net of sales taxes. Collections are based on historical patterns.

Most Probable Assumptions

3. Represents both variable and fixed costs associated with the Company's fundraising, direct mail and direct voter contact businesses. Variable costs include direct labour and fulfillment costs (printing, postage, courier). Fixed costs include salaries, telecom, insurance, rent and utilities.
4. Represents the projected professional fees related to the restructuring proceedings, including the fees of the Company's Canadian and US legal counsel, Monitor and its Canadian and US legal counsel and the fees of the Chief Restructuring Officer.
5. Relates to legal fees associated with the DIP loan facility.
6. The opening cash balance reflects the estimated net cash position.

**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
IMARKETING SOLUTIONS GROUP INC. AND THE COMPANIES REFERRED TO IN
SCHEDULE "A"**

MONITORS' REPORT ON CASH FLOW STATEMENT

The attached statement of projected cash-flow of iMarketing Solutions Group Inc. (the "Company"), as of the 9th day October, 2013, consisting of a weekly projected cash flow statement for the period October 5, 2013, to October 25, 2013 ("Cash Flow") has been prepared by the management of the Company for the purpose described in Note 1, using the probable and hypothetical assumptions set out in Notes 2 to 6.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied by the management and employees of the Company. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash Flow. We have also reviewed the support provided by management for the probable assumptions and the preparation and presentation of the Cash Flow.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects:

- a) the hypothetical assumptions are not consistent with the purpose of the Cash Flow;
- b) as at the date of this report, the probable assumptions developed by management are not suitably supported and consistent with the plans of the Company or do not provide a reasonable basis for the Cash Flow, given the hypothetical assumptions; or
- c) the Cash Flow does not reflect the probable and hypothetical assumptions.

Since the Cash Flow is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the Cash Flow will be achieved. We express no opinion or other form of assurance with respect to the accuracy of any financial information presented in this report, or relied upon in preparing this report.

The Cash Flow has been prepared solely for the purpose described in Note 1 and readers are cautioned that it may not be appropriate for other purposes.

Dated at Toronto this 9th day of October, 2013.

Duff + Phelps Canada Restructuring Inc.

**DUFF & PHELPS CANADA RESTRUCTURING INC.
IN ITS CAPACITY AS CCAA MONITOR OF
IMARKETING SOLUTIONS GROUP INC.
AND THOSE COMPANIES REFERRED TO ON SCHEDULE "A"
AND NOT IN ITS PERSONAL CAPACITY**

Encl.

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
IMARKETING SOLUTIONS GROUP INC. AND THE COMPANIES REFERRED TO IN
SCHEDULE "A"

MANAGEMENT'S REPORT ON CASH FLOW STATEMENT

The management of iMarketing Solutions Group Inc. (the "Company") has developed the assumptions and prepared the attached statement of projected cash flow as of the 9th day of October, 2013 for the period October 5, 2013 to October 25, 2013 ("Cash Flow").

The hypothetical assumptions are reasonable and consistent with the purpose of the Cash Flow as described in Note 1 to the Cash Flow, and the probable assumptions are suitably supported and consistent with the plans of the Company and provide a reasonable basis for the Cash Flow. All such assumptions are disclosed in Notes 2 to 6.

Since the Cash Flow is based on assumptions regarding future events, actual results will vary from the information presented and the variations may be material.

The Cash Flow has been prepared solely for the purpose outlined in Note 1, using a set of hypothetical and probable assumptions set out in Notes 2 to 6. Consequently, readers are cautioned that the Cash Flow may not be appropriate for other purposes.

Dated at Toronto, Ontario this 9th day of October, 2013.



Upkar Arora, Chief Restructuring Officer

iMarketing Solutions Group Inc.

Appendix “B”

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MR.) TUESDAY, THE 7TH
)
JUSTICE NEWBOULD) DAY OF MAY, 2013

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 **iMARKETING SOLUTIONS GROUP
INC.** and the Companies referred to in Schedule "A"

Applicants



~~AMENDED~~ ORDER *← du 5*
(Stay Extension and SIP Approval)

THIS MOTION, made by the Applicants, for an order, among other things: (a) approving the sale and investment process (the "SIP"), attached as Schedule "B" to this Order; (b) approving the amended agreement (the "Amended CRO Agreement") between iMarketing Solutions Group Inc. and Illumina Partners Inc. ("Illumina") appointing Illumina as the Applicants' Chief Restructuring Officer (the "CRO") and permitting the Applicants to pay a success fee to Illumina, in its capacity as CRO; (c) extending the Stay Period (as defined in the Initial Order of the Honourable Mr. Justice Newbould granted on April 12, 2013 in these proceedings) to August 2, 2013 (the "Initial Order"); (d) requiring American Express Corporate Credit Cards, American Express and any affiliated companies ("collectively, AMEX") to immediately comply with the provisions of the Initial Order; and (e) approving the First Report

of Duff & Phelps Canada Restructuring Inc. (the “**Monitor**”) dated May 2, 2013 (the “**First Report**”), the Supplemental Report of the Monitor dated May 6, 2013 (the “**Supplemental Report**”) and the actions and activities of the Monitor described therein, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Andrew Langhorne sworn May 2, 2013, and the Exhibits thereto (the “**Langhorne Affidavit**”), and the First Report and the Supplemental Report, and on hearing the submissions of counsel for the Applicants, counsel for the Monitor, counsel for Shotgun Fund Limited Partnership III, counsel for the Canadian Imperial Bank of Commerce, counsel for AMEX, no one else appearing although duly served as appears from the affidavit of service of Danny M. Nunes sworn on May 3, 2013.

SERVICE

1. **THIS COURT ORDERS** that the time for service and filing of the Notice of Motion and the Motion Record is hereby abridged and validated so that this motion is properly returnable today and this Court hereby dispenses with further service thereof.

SALE AND INVESTOR SOLICITATION PROCESS

2. **THIS COURT ORDERS** that the SIP, attached as Schedule “B” to this Order, be and is hereby approved.

3. **THIS COURT ORDERS** that the Applicants, the CRO and the Monitor be and are hereby authorized and directed to perform their obligations under and take such steps as they consider necessary or desirable in carrying out the SIP and any step taken by the Applicants, the

CRO and the Monitor in connection with the SIP prior to the date hereof be and is hereby approved and ratified.

4. **THIS COURT ORDERS** that the Monitor and the CRO, to the extent either of them assists with the SIP, shall have no personal or corporate liability in connection with the SIP, including, without limitation:

- (a) by advertising the SIP, including, without limitation, the opportunity to acquire all or a portion of the Applicants' assets (the "**Assets**") or to invest by way of equity or debt in the Applicants' business;
- (b) by exposing the Assets to any and all parties, including, but not limited to, those parties who have made their interests known to the Monitor or the CRO;
- (c) by responding to any and all requests or inquiries in regards to due diligence conducted in respect of the Applicants or the Assets;
- (d) through the disclosure of any and all information regarding the Applicants or the Assets arising from, incidental to or in connection with the SIP;
- (e) pursuant to any and all offers received by the Applicants in accordance with the SIP;
and
- (f) pursuant to any agreements entered into by any of the Applicants in respect of the sale of any of the Assets or the investment in or financing of the Applicants' business.

5. **THIS COURT ORDERS** that, in connection with the SIP and pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Applicants,

the CRO and the Monitor are authorized and permitted to disclose personal information of identifiable individuals to prospective investors, financiers, purchasers or bidders and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more investment, finance or sale transactions (each, a “**Transaction**”). Each prospective investor, financier, purchaser, or bidder to whom such information is disclosed shall maintain and protect the privacy of such information and shall limit the use of such information to its evaluation of the Transaction, and if it does not complete a Transaction, shall: (i) return all such information to the Applicants, the CRO or the Monitor; (ii) destroy all such information; or (iii) in the case of such information that is electronically stored, destroy all such information to the extent it is reasonably practical to do so.

APPROVAL OF AMENDED CRO AGREEMENT AND SUCCESS FEE

6. **THIS COURT ORDERS** that the Applicants shall pay the CRO his fees and disbursements, including the fees and disbursements of the CRO’s counsel, if any, in accordance with the Amended CRO Agreement annexed as Exhibit “F” to the Langhorne Affidavit and that the Applicants are permitted to pay the success fee set out therein when due.

STAY EXTENSION

7. **THIS COURT ORDERS** that the Stay Period, as defined in paragraph 15 of the Initial Order, be and is hereby extended to and including August 2, 2013.

AMERICAN EXPRESS

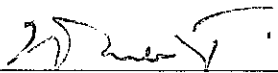
8. **THIS COURT ORDERS** that AMEX shall immediately comply with the provisions of the Initial Order, including but not limited to those provisions of the Initial Order preventing all

persons having agreements with the Applicants for the supply of goods and/or services from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Applicants, and shall immediately unfreeze and make available to the Applicants, subject to the qualifications below, all credit accounts held by the Applicants with AMEX upon the Applicants (i) paying AMEX, (which term includes Amex Bank of Canada and Amex Canada Inc.) all post-filing amounts currently owing to AMEX by the Applicants under the credit accounts, and (ii) posting a deposit with AMEX in an amount sufficient to cover the Applicants' expected charges on their credit accounts for the following two (2) week period and replenishing said deposit on a going forward basis as required (the "Deposit").

9. **THIS COURT ORDERS** that notwithstanding anything contained in paragraph 8 of this order, under no circumstance shall AMEX be required to provide post-filing credit to the Applicants, and AMEX shall not be required to process any transaction initiated by the Applicants in a credit account, which would result in AMEX providing credit to the Applicants in an amount greater than the Deposit held by AMEX .

APPROVAL OF THE FIRST REPORT, SUPPLEMENTAL REPORT AND MONITOR'S ACTIVITIES

10. **THIS COURT ORDERS** that the First Report, the Supplemental Report and the actions and activities of the Monitor as described therein be and they are hereby approved.



Schedule "A"

List of Applicants

iMarketing Solutions Group Inc.
The Responsive Marketing Group Inc.
GWE Consulting Group (USA) Inc.
Direct Contact Strategies Inc.
Front Line Support Inc.
iMark Events Inc.
RMG General Partner Inc.
Cabot Call Centre Inc.
Engage Interactive Inc.
RMG Smiths Falls LP.
RMG Thunder Bay LP
Xentel Inc. (Delaware)
Wellesley Corporation Inc. (Delaware)
US Billing Inc. (Delaware)
American Graphics & Design Inc. (Wisconsin)
Courtesy Health Watch Inc. (Delaware)
Target Outreach Inc. (Nevada)
Engage Funding Inc. (Delaware)

SCHEDULE "B"

iMarketing Solutions Group Inc. Sale and Investment Process Summary

The purpose of the Sale and Investment Process (the "SIP") is to identify one or more purchasers of, or investors in, the IMSG Group of Companies' ("IMSG") business with a projected completion date of a transaction or transactions by the middle of July, 2013.

All capitalized terms used but not otherwise defined herein have the meaning given to them in the Order granted by the Ontario Superior Court of Justice (the "Court") on April 12, 2013 (the "Initial Order") in respect of the IMSG Parties' proceedings commenced under the *Companies' Creditors Arrangement Act* (the "CCAA").

The SIP details are provided below.

- IMSG's Chief Restructuring Officer ("CRO") has compiled, and with the assistance of the Monitor and the DIP Lender may continue to compile, a list of interested parties ("Interested Parties") and will distribute to them an interest solicitation letter detailing this opportunity. The CRO, with the assistance of the Monitor, will contact all parties identified as well as any additional parties that come to its attention. A confidentiality agreement ("CA") will be attached to the interest solicitation letter;
- The CRO, with the assistance of the Monitor, will prepare a confidential information memorandum ("CIM") which will be made available to Interested Parties that execute the CA. The CIM will provide an overview of the IMSG's business, property and financial results and be in form and substance acceptable to the DIP Lender;
- Interested Parties who execute the CA will have an opportunity to perform diligence, including reviewing information in a virtual data room;
- A notice will be published in the national edition of *The Globe and Mail* newspaper and, at the discretion of the CRO and the Monitor, in a U.S. periodical. As soon as reasonably practicable after the granting of an order of the Court approving the SIP (the "SIP Order"), IMSG shall issue a press release setting out the notice and such other relevant information in form and substance satisfactory to the Monitor and the CRO, with Canada Newswire designating dissemination in Canada and the U.S.;
- The CRO, with the assistance of the Monitor, will facilitate diligence efforts by, among other things, responding to questions and coordinating meetings between Interested Parties and IMSG's management and such other parties as the CRO and/or the Monitor may arrange. All meetings with management will be convened in the presence of a representative of the Monitor;

- Prospective investors shall be required to identify all material terms of their proposed investment to permit evaluation of such proposal but will not be required to submit the terms and structure of their proposed investment in a predetermined prescribed format;
- Parties interested in acquiring assets will be able to refer to a template asset purchase agreement (“APA”) that will be posted in the data room. The form and substance of the APA shall be approved by the DIP Lender prior to it being posted by the Monitor in the data room. Interested Parties will be encouraged to submit offers substantially in the form of the APA, with any changes black-lined against the APA;
- Interested Parties will be entitled to submit offers for IMSG’s businesses and assets on an individual/divisional basis or *en bloc*. Subject to the value of the consideration to be paid, preference will be given to *en bloc* offers;
- The deadline for submission of offers (“Offer Deadline”) will be 5:00 pm EST on the 60th day from the date of the SIP Order;
- Offers are to be submitted to the Monitor with a refundable cash deposit in the form of a wire transfer (to a bank account specified by the Monitor) or such other form of deposit as is acceptable to the Monitor, payable to the order of the Monitor, in trust, in an amount equal to 10% of the purchase price or investment amount. Offers are to be supported by evidence, satisfactory to the CRO and the Monitor, of financing sufficient to close a transaction within the timelines detailed in these procedures. All offers are to be irrevocable until 120 days after the date of the SIP Order;
- The CRO and the Monitor will evaluate the offers and may seek clarifications and/or a re-bidding of certain offers. Copies of all offers received shall be provided to the DIP Lender on a confidential basis provided that the DIP Lender is not a bidder in the SIP;
- IMSG’s senior management, Canadian Imperial Bank of Commerce (“CIBC”), in its capacity as secured creditor, and the DIP Lender (or any of its affiliates), along with their respective legal counsel, will be consulted on a timely basis during the different phases of the SIP provided that they confirm to the Monitor that they are not bidders in the SIP. Only High level, directional updates may be provided to these parties if they do not confirm that they are not a bidder; and
- Upon completion of definitive documentation, the Monitor will apply to the Court for an order approving one or more offers (“Transaction”), with a transaction projected to be completed as soon as possible following approval of the Transaction by the Court. The Monitor will provide its recommendation to the Court with respect to the Transaction.

Other attributes of the SIP:

- The CRO, with the approval of the Monitor, shall have the right to extend by up to three weeks any deadline in the SIP in order to facilitate the SIP. Further

extensions will require Court approval;

- IMMSG's management and employees are required to assist and support the efforts of the CRO and the Monitor as provided for herein;
- Any transaction will be consistent with insolvency principles, including without material representations and warranties and shall be on an "as is, where is" basis;
- The CRO, with the prior approval of the Monitor, and after consultation with the DIP Lender (provided it is not a bidder), reserves the right to accept one or more offers on behalf of IMMSG and to take such steps as are necessary to finalize and complete an APA or investment agreement or to continue negotiations with a selected number of Interested Parties with a view to finalizing an agreement(s) with one or more of them;
- The CRO, with the approval of the Monitor, and after consultation with the DIP Lender, shall be under no obligation to accept the highest offer, the best offer, or any offer, and the selection of any offer(s) shall be at the discretion of the CRO and the Monitor, after consultation with the DIP Lender (provided it is not a bidder);
- Acceptance of any transaction is subject to the approval of the Court, and the US Bankruptcy Court for the District of Delaware in IMMSG's proceedings under Chapter 15 of the US Bankruptcy Code, if necessary. Neither IMMSG nor the Monitor shall be bound by the terms of any transaction(s) until approval of the courts is obtained;
- The CRO and the Monitor may consider transactions involving a restructuring or investment in IMMSG if, in the opinion of the CRO and the Monitor, the resulting transaction is in the best interests of IMMSG and maximizes value for the benefit of its stakeholders and such transactions are in form and substance acceptable to the DIP Lender;
- The CRO and the Monitor reserve the right to apply to the Court at any time to modify or terminate the SIP if they consider it appropriate in the circumstances or to apply to the Court for advice and directions with respect to the discharge of their powers and duties hereunder; and
- The CRO and the Monitor may, after consultation with the DIP Lender, extend the period between execution of an APA and Court approval of a transaction should the successful bidder require time to obtain regulatory approvals.

SUMMARY TIMELINE OF IMPORTANT DATES

Sale Process Procedures	Date
Court approval of Sale Process	Day 1
Begin marketing to Interested Parties	Days 2-60
Begin distributing CIM and access to on-line data room	Days 2-60
Management presentations and site visits for select Interested Parties	Days 14-60
Offer Deadline	Day 60
Clarification of offers and re-bidding, if applicable	Days 61-75
Execution of APA	Day 75
Court approval of Transaction(s)	Day 85
Closing(s)	Day 90

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 **iMARKETING SOLUTIONS GROUP INC.** and the Companies referred to in Schedule "A"

Court File No.: CV-13-100067-00CL

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

Proceedings commenced at Toronto

AMENDED ORDER
(Stay Extension and SIP Approval)

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