

Proceeding and, among other things, appointing Duff & Phelps Canada Restructuring Inc. as the Monitor in the CCAA Proceeding and IMSG as the authorized Foreign Representative in these chapter 15 cases.

3. I submit this Declaration in support of the: (a) verified chapter 15 petitions of the Debtors; (b) *Foreign Representative's Motion for Orders Granting Provisional and Final Relief in Aid of Foreign CCAA Proceeding* ("Recognition and Relief Motion"); (c) *Foreign Representative's Motion for an Order Directing the Joint Administration of the Debtors' Chapter 15 Cases* (the "Joint Administration Motion"); (d) *Foreign Representative's Motion for an Order Authorizing the Filing of a Consolidated List of Foreign Proceeding Administrators, Litigation Parties, and Entities Against Whom Provisional Relief is Sought* (the "Consolidated Lists Motion"); and (e) *Foreign Representative's Motion for an Order Scheduling Hearing and Specifying the Form and Manner of Service of Notice* (the "Notice Procedures Motion").

4. In my role as Chief Executive Officer of IMSG Group, I have become familiar with the history, day-to-day operations, assets, financial condition, business affairs, and books and records of each of the Debtors. Except as otherwise indicated, all facts set forth in this Declaration are based upon: (a) my personal knowledge; (b) my review of relevant documents; (c) information supplied to me by other employees of the Foreign Representative or its affiliates, the officers, directors, and employees of IMSG Group, or other professionals retained by the IMSG Group; or (d) my opinion based upon my experience and knowledge of the IMSG Group's operations and financial condition. I am an individual over the age of 18 and, if I am called upon to testify, I will testify competently to the facts set forth herein.

Background

A. The IMSG Group's Business and Corporate Structure

5. IMSG is the direct or indirect parent company of the twenty-two (22) subsidiaries identified on the simplified corporate chart annexed hereto as **Exhibit B**. IMSG and its subsidiaries are a family of North American integrated marketing services companies that provide direct marketing solutions for not-for-profit organizations, political organizations and professional associations.

6. IMSG Group are one of the largest participants in the telemarketing and fundraising industry, employing approximately 1,143 employees (662 active employees and 481 on layoff) across North America almost evenly divided between Canada and the U.S. Operating under its previous name, Xentel DM Incorporated ("Xentel"), Xentel acquired The Responsive Marketing Group Inc. ("RMG") in March 2010, IMSG and its predecessor corporations have operated in the telemarketing and fundraising sector for over 25 years. The IMSG Group have established themselves as North America's pre-eminent integrated marketing services company bringing market products, services and expertise to bear in a broad range of markets and on behalf of a broad, varied and notable roster of clients.

7. IMSG was incorporated pursuant to the provisions of the *Business Corporations Act* (Alberta), R.S.A. 2009, C. B-9, as amended, and has its registered head office is in Calgary, Alberta.

8. The administrative and decision-making functions of iMarketing Solution Group Inc. and its affiliates, including the Debtors, are centralized in Canada. All senior-level customer contracts for the Debtors major international customers are handled in Canada. All strategic decision making for of iMarketing Solution Group Inc. and its affiliates, including the Debtors,

and all corporate functions, such as (among other things) financial planning, internal audit, financial reporting, and dealings with lenders are managed in Canada. Additionally, North American cash management, information technology, accounting, insurance procurement, accounts receivable, accounts payable, marketing, treasury, real estate, and tax services are provided to the other Debtors predominantly by IMSG from Canada.

9. The IMSG Group's Canadian operations are located in the provinces of Ontario, British Columbia, Alberta, Manitoba, Quebec and New Brunswick. The IMSG Group's U.S. operations are located in the states of Wisconsin, Colorado, Pennsylvania, Missouri, Virginia, New Mexico and Florida. For the nine (9) months ended September 30, 2012, the IMSG Group's Canadian operations accounted for approximately 57% of the gross margin while the U.S. operations accounted for the remaining 43%. In 2013, the IMSG Group's Canadian operations were expected to account for 53% of the total gross margin.

Core Businesses and Services

10. The IMSG Group's core businesses and services are structured as three divisions: (i) not-for-profit; (ii) political; and (iii) community fundraising. The core businesses and services provided to these divisions include the following:

(a) Fee for Service Fundraising and Data Development

11. Donor and voter prospecting and renewal services are contracted by not-for-profit, charitable and political organizations. IMSG Group offers an integrated, all-inclusive service from database creation through to processing the collection of donations. IMSG Group charges a fee-for-service based upon the hours of work involved, usually in the context of a three to five year contract.

(b) Direct Voter Contact

12. On behalf of their political clients, IMSG Group conducts direct tele-service contact with potential voters to assist in the assessment and evaluation of political and consumer attitudes. Revenue generation is based on a fee-for-service where the client is charged based upon the hours of work or presentations made by the IMSG Group.

(c) Performance Based Fundraising

13. Fundraising services are provided to community based not-for-profit and charitable organizations on a performance basis. IMSG Group offers an integrated, all-inclusive service from database creation through to processing the collection of donations. IMSG Group charges percentage based fees based upon the total dollars raised. This work can include a minimum client guarantee usually in the context of a three to five year contract.

Facilities

14. IMSG Group operates out of twenty-five (25) leased premises located across Canada and the U.S. With the exception of the head office located in Toronto and a smaller corporate office for the U.S. operations located in Milwaukee, Wisconsin, the remaining leased premises are comprised of contact centers from which IMSG Group operates their business.

15. In addition to the aforementioned leased premises, IMSG Group has closed several contact centers over the past eighteen (18) months resulting in the early exit of several leased premises. In certain instances, IMSG Group has either listed the abandoned premises for sublease or negotiated settlements with the relevant landlords.

16. IMSG also recently executed an offer to lease premises at Portage Place in Winnipeg, Manitoba. The date of scheduled occupancy for the Portage Place premises is June 15, 2013. IMSG also recently entered into an agreement to lease additional premises in

Virginia. These premises were recently renovated and are ready for immediate occupancy, however, the IMSG Group have not yet occupied the premises.

Licenses

17. In Canada, there are three levels of government registration that are required to permit the Canadian IMSG Group to operate both as a general business and as a fundraising business. At the federal level, the Canadian Radio-television and Telecommunications Commission (the "CRTC") is the main regulating body for telemarketing business in Canada. The CRTC requires IMSG to register with the national "Do Not Call List" (the "DNCL") (described in greater detail below), including all of the Canadian IMSG Group' operating names and outgoing phone numbers.

18. At the provincial level, in both Alberta and Saskatchewan, business license registrations are required (either provincial or extra-provincial) for all companies conducting business within the province. Further, both provinces require entities conducting telemarketing businesses within the provinces to be registered and licensed under their respective statutes governing charitable fundraising. British Columbia requires all telemarketing organizations to register all call centre locations that call into the province.

19. At the municipal level, one of the cities in which iMark operates, Burnaby, British Columbia, requires business licenses in order to operate.

20. Within the U.S., the majority of states in which the IMSG Group operates require the registration and purchase of a professional fundraiser ("PFR") license. Some states require the filing of an annual return as part of the PFR licensing requirement. Further to this, several states require registration with the local "do-not call" list and subsequent purchase of a "do-not-call" list subscription.

Employees

21. The IMSG Group employ approximately 1,143 employees (662 active and 481 on layoff) employees across Canada and the U.S. The vast majority of employees work in the IMSG Group' contact centers as telesales representatives. The IMSG Group' employees are not unionized and there are no pension plans in place. While the distribution of the workforce is relatively even between Canada and the U.S., the costs associated with the IMSG Group' Canadian employees are higher due to the fact that more senior level employees and management are located in Canada. In addition, the market wage for Canadian employees is higher and the cost of benefits to employees is also higher in Canada.

22. Based on their business requirements, the IMSG Group constantly adjust their workforce in the relevant contact centers. As described below, the IMSG Group terminated the employment of a number of employees as a result of the elimination of certain legacy systems, the closure of the IMSG Group' specialty entertainment business in September 2012 (described in greater herein) and as part of the IMSG Group' previous efforts to restructure the operations of their businesses in 2011 and 2012. As a result, IMSG laid off approximately 400 front line contact centre employees and related management employees at several contact centers during the last week of March 2013.

B. Capital Structure

23. A copy of the corporate organization chart for IMSG Group is attached hereto as

Exhibit B.

24. Prior to December 3, 2012, IMSG was a publicly traded company listed on the TSX Venture Exchange (the "TSX-V") under the symbol "XDM". After the aforementioned date, IMSG voluntarily delisted its common shares from the TSX-V and began listing its

common shares on the Canadian National Stock Exchange (the "CNSX") under the symbol "IMR".

25. As at April 8, 2013, the issued and outstanding capital of IMSG consisted of 32,395,409 Class A common shares. There are no other classes of shares outstanding at this time. As at April 8, 2013, IMSG's largest shareholders include the following;

- (a) Shotgun Fund Management Inc., Shotgun Fund Management II Inc. and Shotgun Fund Management III Inc. ("SF III") (together, the "Shotgun Funds"), managed by Argosy Partners ("Argosy"), that own approximately 28% of the outstanding common shares in aggregate;
- (b) two of IMSG's current directors who directly or indirectly own approximately 13% of the outstanding common shares in IMSG; and
- (c) two of IMSG's former directors who directly or indirectly own approximately 32% of the outstanding common shares in IMSG

26. As depicted in the corporate chart annexed as **Exhibit B**, IMSG owns all of the issued and outstanding shares of RMG, Direct Contact Strategies Inc. ("Direct Contact"), Front Line Support Inc. ("Front Line") and iMark Events Inc. ("iMark"). RMG, in turn, owns all of the issued and outstanding shares of Cabot Call Centre Inc. ("Cabot Call"), Special Projects Unit Call Centre Inc. ("SPUCC") and Engage Interactive Inc. ("Engage"). RMG also owns all of the issued and outstanding shares of RMG General Partner Inc. ("RMG GP"), which owns 0.01% of the issued and outstanding shares or partnership units in MLHL Marketing Inc. ("MLHL"), RMG Smiths Falls, LP ("RMG Smiths Falls"), RMG Thunder Bay, LP ("RMG Thunder Bay") and RMG Quebec, LP ("RMG Quebec"). The remaining 99.9% of issued and outstanding shares or partnership units in the aforementioned companies are owned by RMG. As at the date of this Affidavit, SPUCC and RMG Quebec are inactive corporations.

27. IMSG also owns all of the issued and outstanding shares in GWE Consulting Group (USA) Inc. ("GWE"). GWE holds IMSG's investments in IMSG's United States ("U.S.") operations.

28. GWE owns all of the issued and outstanding shares in Xentel Inc. ("Xentel") and Wellesley Corporation Inc. ("Wellesley"). Xentel owns all of the issued and outstanding shares in US Billing Inc. ("US Billing"), American Graphics & Design Inc. ("American Graphics"), Advanced Communications Inc., a non-debtor ("Advanced Communications") and Professionally Speaking Inc., a non-debtor ("Professionally Speaking"). As at the date of this Declaration, Advanced Communications and Professional Speaking are inactive corporations. Wellesley owns all of the issued and outstanding shares in Courtesy Health Watch Inc. ("Courtesy Health"), Target Outreach Inc. ("Target") and Engage Funding Inc. a non-debtor ("Engage").

29. On October 12, 2012, IMSG secured bridge loan financing in the amount of \$1,500,000 (the "Bridge Loan"). The Bridge Loan was provided by Shotgun Fund Limited Partnership III ("SF III LP") by its general partner, SF III, and a holding company, NH Holdings Ltd., controlled by, among others, Michael Davis, a director and officer of IMSG. The purpose of the Bridge Loan was to address short-term liquidity issues and to improve IMSG's financial position. The net proceeds from the Bridge Loan were used for general working capital and operational restructuring purposes.

30. The Bridge Loan was evidenced by a promissory note (the "Promissory Note") having a one year term. The Promissory Note was secured by a security agreement dated October 10, 2012 in favor of the SF III LP as well as a securities pledge agreement of that same date, pledging as collateral security certain of IMSG's shares in RMG and Direct Contact.

31. In addition, two of IMSG's U.S. subsidiaries, GWE and Target, guaranteed IMSG's indebtedness under the Bridge Loan pursuant to a guarantee dated October 10, 2012. GWE and Target also granted security over all of their assets pursuant to a security agreement dated October 10, 2012. Lastly, IMSG provided further security by pledging the shares directly held by IMSG in its U.S. subsidiaries pursuant to a pledge agreement dated October 10, 2012.

32. On December 4, 2012, IMSG completed a private placement offering (the "Offering") of a secured convertible promissory note (the "Convertible Note"). The gross proceeds from the Offering were \$3,500,000 and the sole subscriber was SF III LP.

33. The Convertible Note has a maturity date of December 4, 2015. IMSG granted SF III LP a security interest in all of its assets pursuant to a security agreement dated December 4, 2012 (the "SF III LP GSA") as well as a securities pledge agreement of that same date, pledging as collateral certain of IMSG's shares in RMG and Direct Contact.

34. In addition, two of IMSG's U.S. subsidiaries, GWE and Target, guaranteed IMSG's indebtedness under the Convertible Note pursuant to a guarantee dated December 4, 2012. GWE and Target also granted security over all of their assets pursuant to a security agreement dated December 4, 2012. Lastly, IMSG provided further security by pledging the shares directly held by IMSG in any of its U.S. subsidiaries pursuant to a pledge agreement dated December 4, 2012.

35. The net proceeds from the Offering were used to repay the principal amount, together with all accrued interest, owed by IMSG under the Bridge Loan and the Promissory Note. The balance of the net proceeds were used to fund the IMSG Group general working capital requirements. The amount owing under the Convertible Note as of April 8, 2013 is approximately 3.8 million.

36. In addition to the credit facility advanced to IMSG by SF III LP, the Canadian Imperial Bank of Commerce ("CIBC") made a credit facility available to RMG (the "CIBC Credit Facility"). As security for its indebtedness to CIBC under the CIBC Credit Facility, RMG granted CIBC a first ranking security interest in all of RMG's personal property pursuant to a general (the "CIBC GSA"). The CIBC Credit Facility is also guaranteed by most of the IMSG Group that are subsidiaries of RMG, with the exception of RMG GP. The amount owing on the CIBC Credit Facility as at April 8, 2013 is approximately \$2.0 million.

37. Other than in respect of equipment leases, purchase money security interests or similar arrangements, no other parties have a registered security interest against any of the IMSG Group in Ontario, Quebec, Alberta, New Brunswick or Newfoundland, with the exception of the Shotgun Fund which has registered a financing statement against IMSG.

38. Similarly, other than in respect of equipment leases, purchase money security interests or similar arrangements, no other parties have a registered security interest against any of the IMSG Group in Delaware, Washington, Wisconsin or Nevada.

C. Other Liabilities

39. As at April 5, 2013, the most significant liabilities of the IMSG Group, other than their indebtedness to CIBC (approximately \$2.0 million) and SF III LP (\$3.8 million) described above, are as follows:

	(\$millions)
Unpaid Statutory Withholdings	\$0.2
Tax Authorities	\$1.3
Trade Creditors	\$4.9
Estimated Severance Obligations (as at April 5, 2013)	\$1.0
Estimated Future Obligations	\$0.8

Relating to Abandoned Facilities

Rental Arrears	<u>\$0.4</u>
	\$7.8

40. Pursuant to the Convertible Note, IMSG is indebted to the Shotgun Fund in the amount of \$3.5 million plus accrued and unpaid interest in the amount of approximately \$300,000.

41. As at April 8, 2013, the IMSG Group owe the amount of \$2.0 million under the CIBC Credit Facility. CIBC has not demanded payment in respect of the CIBC Credit Facility.

42. IMSG is also indebted to certain tax authorities, including the Canada Revenue Agency which is owed approximately \$690,000 for unremitted HST. In addition, there are unremitted statutory withholdings in the amount of \$235,000 relating to payroll obligations for the months of March and April 2013.

43. Furthermore, the IMSG Group is indebted to the tax authorities of the States of Tennessee and Wisconsin pursuant to settlement agreements between IMSG and the respective state tax authorities. The settlement agreements date from 2011 and provide for monthly payments. IMSG is current in its monthly payment obligations under the tax settlement agreements and the balance owing is approximately \$268,000. The cash flow forecast under the DIP Loan includes the IMSG Group's continued payments on account of the tax settlement agreements which will be in the aggregate amount of \$84,200 for the sixteen (16) week period covered by the forecast.

44. As at April 6, 2013, the IMSG Group owed trade suppliers in excess of \$4.7 million. Included among those trade suppliers, the IMSG Group has identified certain suppliers

who provide goods and services critical to the IMSG Group's ongoing operations (the "Critical Suppliers").

45. The amounts owed to Critical Suppliers as at April 1, 2013 is approximately \$1.47 million. This amount includes approximately \$254,000 owing to Bell Aliant which provides IT services for the entire IMSG Group. It also includes amounts owing to Cenveo and Marudas in the aggregate amount of approximately \$227,000. Cenveo and Marudas are of critical importance to the IMSG Group's mail fulfillment operations. Other Critical Suppliers include courier and telephone service providers without whom the IMSG Group cannot operate their businesses.

Events Leading to the Filing of these Chapter 15 Cases

46. The IMSG Group had negative cash flow from operations in the amount of \$4.7 million for the nine (9) months ending September 30, 2012 and net losses for the last quarter of 2012 and the first quarter of 2013 are also expected.

Efforts to Restructure

47. Over the past two years, the IMSG Group have taken steps to address the challenges facing them by implementing a number of initiatives to lower operating costs through process efficiencies and higher productivity. These initiatives were designed first and foremost to provide a better solution for the IMSG Group customers in a more cost-effective manner. They were also designed to facilitate delivery of a more integrated solution that leveraged the capabilities of the IMSG Group's data and donor databases.

48. In 2011, the IMSG Group commenced the implementation of a restructuring plan that was intended to transform their business. It was also intended to streamline, rationalize and consolidate the separate operations of the former RMG and Xentel companies which came

together in March 2010, as both RMG and Xentel continued to operate on two different platforms, structures, systems and operating models resulting in the duplication of staff and physical facilities. The restructuring plan called for significant changes to the IMMSG Group's corporate structure, operations and management to bring these together under a single operating model. These changes included major investments in new systems, processes and facilities with the objective of increasing the IMMSG Group's future profitability.

49. The IMMSG Group's restructuring plan resulted in substantial one-time costs due to the termination of many long-serving employees, closure of the IMMSG Group's specialty event business, certain other wind down costs and other significant capital expenditures. Furthermore, until the IMMSG Group's legacy systems and processes could be migrated, the cost to maintain staff and support legacy operation systems has resulted in significant duplicative costs.

50. The IMMSG Group's restructuring plan has also taken longer than expected to implement and operating results that the IMMSG Group anticipated have not been achieved, resulting in the IMMSG Group's costs being higher than expected. Notwithstanding the delays and higher than expected costs associated with the IMMSG Group's restructuring plan, in December 2012 the IMMSG Group's developed what they believed to be a realistically profitable plan for 2013 and made certain aggressive changes in early 2013 to address ongoing cash flow requirements through self-generated cash flow from profitable operations. However, with the recent failure of the IMMSG Group's mail fulfillment operations, described below, the IMMSG Group have continued to sustain significant financial losses despite implementing the restructuring plan.

Failure of Mail Fulfillment Operations

51. One of the IMSG Group's core businesses is fundraising on behalf of not-for-profit, charitable and political organizations. In that regard, the IMSG Group offer an integrated, all-inclusive service from database creation through to processing the collection of donations. The IMSG Group's outbound tele-fundraising operations obtain pledges on the telephone from consumers on behalf of the IMSG Group's clients.

52. A significant majority of those pledges are processed on the telephone via the consumer's credit card. The remaining portion of pledges require an initial mail fulfillment package that is sent to consumers along with reminder mailings to collect outstanding pledges. As such, effective mail fulfillment operations are critical to the successful operation of the IMSG Group's business.

53. During November and December 2012, a series of issues arose with the IMSG Group's mail fulfillment operations which are centered in Milwaukee, Wisconsin. These issues were caused by a number of factors, including:

- a. mail production was consolidated;
- b. an outdated legacy data and print management system began to fail;
- c. reporting from the aforementioned legacy data system did not provide early warnings to management regarding the system failure;
- d. cash flow issues affected mail production by delaying the timely delivery of supplies and maintenance, including the servicing of printers and the cost of postage, the latter figure alone being \$80,000 - \$100,000 per week; and

- e. a critical system support staff member for the legacy systems who had been contracted to stay until the new systems were functional prematurely left his position with the IMSG Group.

54. As a result of the above-noted issues, largely originating from the legacy data and print management system, senior management was forced to accelerate the implementation of new database and print management systems. On December 21, 2012, the IMSG Group moved the majority of their clients from the old legacy systems and onto the new database and print management systems.

55. Issues with the implementation of the new print management system software resulted in significant delays to the IMSG Group's mail fulfillment packages with the result that limited mail was delivered during the month of January 2013.

56. In trying to correct the issues arising from the implementation of the new print management systems which caused a severe backlog in the IMSG Group's mail fulfillment operations, further errors and delays exacerbated an already difficult situation. As a result, the IMSG Group's mail fulfillment operations delayed the delivery of packages throughout the month of February 2013.

57. Senior management has determined that the transition from the old data and print management systems to the new systems caused a domino-like effect which included:

- a. conversion to the new print management system took longer than anticipated and had significant implementation problems;
- b. as a result of the delay, the haste in converting to the new print management system overwhelmed the mail plant;

- c. cash flow issues delayed the planned software and equipment upgrades for the consolidated mail plant, a critical component that would have alerted senior management to problems sooner and would have helped resolve problems once they were identified; and
- d. cash flow issues affected mail production by delaying the timely delivery of supplies and maintenance.

58. The IMSG Group's senior management and staff have focused on resolving the issues that caused the failure of the IMSG Group's mail fulfillment operations and a disaster recovery plan has been developed that will be implemented in the future to prevent or mitigate a similar situation in the future.

59. Unfortunately, as set out above, a significant majority of pledges require an initial mail fulfillment package that is sent to consumers and only after customers have honored those pledges and the pledges have been received does the IMSG Group receive any revenue. Combined with an already weakened financial position, the failure of the IMSG Group's mail fulfillment operations resulted in a severe and acute liquidity crisis that the IMSG Group cannot hope to weather without filing for protection under the CCAA and these proceedings under chapter 15 of the Bankruptcy Code.

The DIP Facility

60. The IMSG Group will require additional emergency funding in order to implement this restructuring. SF III LP (hereinafter (the "DIP Lender") has agreed to provide debtor in possession financing ("DIP Loan") to the IMSG Group up to the aggregate amount of \$1.0 million, subject to the IMSG Group obtaining an Initial Order in this proceeding on the terms requested granting the DIP Lender a lien over all of the property (the "DIP Lender's Charge"), assets and undertaking of the IMSG Group in priority to all creditors (except CIBC in

respect of its existing security against the assets of RMG, priority ranking statutory liens and subject to a carve-out for professional fees) to secure the DIP Loan. A term sheet describing the amount, priority, terms and conditions of the DIP Loan to be provided by the DIP Lender (the “DIP Term Sheet”) is annexed hereto and marked as **Exhibit C**.

61. The DIP Term Sheet provides for a maturity date of August 1, 2013 (the “Maturity Date”) by which date IMSG, as borrower, is to repay the DIP Financing, in full. The Maturity Date may be extended at IMSG’s request and with the DIP Lender’s prior written consent for such period as the parties may agree. As security for the DIP Loan, all of IMSG’s subsidiaries shall absolutely and unconditionally guarantee IMSG’s indebtedness under the DIP Term Sheet on a joint and several basis and the DIP Lender will be granted the DIP Lender’s Charge over all assets of the IMSG Group, subordinate only to the CIBC charge against RMG. IMSG, with the Monitor’s assistance, shall keep the DIP Lender apprised of IMSG’s cash flow requirements and provide the DIP Lender with revised cash flow projections on a weekly basis.

62. It is absolutely critical that the IMSG Group’ obtain the DIP Loan in order to implement the restructuring of their businesses. The IMSG Group’ approached other lenders regarding the provision of DIP Loan but were unable to secure such financing on beneficial terms and conditions. Failing to approve and obtain the DIP Loan will be catastrophic for the IMSG Group and for the prospects of a successful restructuring of their businesses.

63. Under the circumstances, IMSG Group, including the Debtors, were unable to obtain post-petition financing from any lender on more favorable terms than those contained in the DIP Loan and approved by the Canadian Court in the Initial CCAA Order. The terms of the DIP Loan were negotiated, proposed, and entered by the IMSG Group and the DIP Lender without collusion and in good faith. Although the DIP Lender is administered by a 28%

shareholder of IMSG, the terms of the DIP Loan are at least as favorable to the Credit Parties as could be achieved from any other third party lender.

64. The DIP Term Sheet provides, among other things, as follows:²

- a) Borrower: iMarketing Solutions Group Inc.
- b) Guarantors: Each direct and indirect subsidiary of the Borrower that is not inactive, including each of the Debtors.
- c) Lender: Shotgun Fund Limited Partnership III.
- d) Availability: Draws are permitted in accordance with the cash flow projections, subject to the maximum amount of CDN\$1,000,000.
- e) Use of Proceeds: To provide for the short-term liquidity needs pursuant to the cash flow projections.
- f) Interest Rate: 5.5% per annum compounded monthly, payable on the Maturity Date.
- g) DIP Lender Fee: CDN\$100,000 payable on the Maturity Date.
- h) Term: DIP payable at Maturity Date of August 1, 2013.
- i) Security/Priority: First priming lien on all assets of all Credit Parties assets except for (i) Carve-Out, (ii) priority ranking statutory liens, deemed trust, PMSI (not including Arrears set forth on Schedule D to the term sheet, (iii) liens registered in the Personal Property Security Act or similar liens in other provinces by CIBC on property of The Responsive Marketing Group, Inc.
- j) Carve-Out: CDN\$300,000 for professional fees.
- k) Events of Default: enumerated defaults under Term Sheet subparagraphs (a)-(p) including, but not limited to payment, representation, warranty and covenant defaults; dismissal of proceedings; grant of equal or higher lien; stay or reversal of DIP order; failure to continue business in ordinary course; unacceptable cash flow projections; materially adverse change of financial condition; breach of court order; default under DIP Credit Documentation; termination of Provisional Order or Recognition Order; and conversion of chapter 15 cases to chapter 11 or chapter 7 cases.
- l) Funding Conditions: Including, but not limited to the entry of the Initial Order from the Canadian Court and the Provisional Order from the U.S. Court.
- m) Mandatory Repayments: Amounts equal to the net proceeds must be repaid relating to asset sales out of the ordinary course in excess of \$50,000.

² Capitalized terms used in the following summary have the meanings given to them in the DIP Term Sheet, which is attached hereto as Exhibit C. This summary is qualified in its entirety by reference to the provisions of the DIP Term Sheet.

65. The Recognition and Relief Motion, the Interim Order, and the DIP Loan do not contain any of the extraordinary provisions required to be highlighted pursuant to Rule 4001-2 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware.

66. The Foreign Representative and the Debtors believe that the terms of the DIP Loan are reasonable under the circumstances. The DIP Loan is the only means of preserving and maintaining the going concern value of the Debtors' business pending the anticipated investment, financing, or sale solicitation process, which, in turn, is integral to maximizing recoveries for the Debtors' stakeholders. In addition to providing the Debtors with the liquidity necessary to operate during these cases and consummate the restructuring, the DIP Loan will help to preserve the business of iMarketing Solution Group Inc. and its affiliates, including the Debtors, by providing assurance to their suppliers and customers that they will be able to maintain its business operations and satisfy its obligations pending the outcome of these cases and the CCAA Proceeding.

67. Further, as described below, the Foreign Representative and the Debtors believe that they will suffer immediate and irreparable harm if the interim requests for relief and lender protections related to the DIP Loan and their use of cash collateral are not provisionally approved in these chapter 15 cases.

Requests for Recognition and Related Relief³

68. In connection with the filing of these chapter 15 cases, the Debtors have submitted the Recognition and Relief Motion, the Joint Administration Motion, the Consolidated Lists Motion, and the Notice Procedures Motion. In addition to the facts set forth above, factual

³ Capitalized terms used but not otherwise defined in this section have the meanings ascribed to them in the relevant motions.

bases for relief under each of these motions is set forth below. I believe, after consultation with counsel, that the relief requested by each of the motions is necessary to maximize value for all of the creditors of iMarketing Solution Group Inc. and its affiliates, including the Debtors, through the CCAA Proceeding, protect United States based assets, and properly administer these proceedings.

Recognition and Relief Motion

69. Concurrently herewith, the Foreign Representative filed the Recognition and Relief Motion seeking entry of (a) the Provisional Order: (i) recognizing and enforcing in the United States, on an interim basis, the Initial CCAA Order issued by the Canadian Court, including, without limitation, the Canadian Court's decision (A) to authorize the Debtors to enter into and perform under that certain DIP Loan, and (B) to grant the DIP Lender's Charge to the DIP Lender under the DIP Loan, (ii) granting, on an interim basis, to and for the benefit of the DIP Lender certain protections afforded by the Bankruptcy Code, including sections 364(c), 364(d), and 364(e) protections, (iii) granting an interim stay of execution against the Debtors' assets under sections 362 and 365(e) of the Bankruptcy Code in these chapter 15 cases on an interim basis, and (iv) granting such other and further relief as the Court deems just and proper; and (b) entry of the Final Order, after notice and a hearing, (i) granting the petitions filed in these cases and recognizing the CCAA Proceeding as a foreign main proceeding, (ii) giving full force and effect in the United States to the Initial CCAA Order, including any extensions or amendments thereof authorized by the Canadian Court and extending the protections of the Provisional Order to the Debtors on a final basis, (iii) granting the DIP Lender certain protections afforded by the Bankruptcy Code on a final basis, and (iv) granting such other and further relief as the Court deems just and proper.

70. As detailed more fully in the Memorandum of Law filed in support of the Recognition and Relief Motion, I believe that there is a compelling case for recognition of the CCAA Proceeding as a foreign main proceeding. I have been advised by my counsel that the CCAA Proceeding is a “foreign proceeding” and that iMarketing Solution Group Inc. is a “foreign representative,” as those terms are defined in the Bankruptcy Code. I have been further advised that these cases were duly and properly commenced by filing the Petitions for Recognition accompanied by all fees, documents, and information required by the Bankruptcy Code and the Bankruptcy Rules, including: (a) corporate ownership statements; (b) a list containing (i) the names and addresses of all persons or bodies authorized to administer foreign proceedings of the Debtors, (ii) all parties to litigation pending in the United States in which the Debtors are a party at the time of the filing of the Petitions for Recognition, and (iii) all entities against whom provisional relief is being sought; (c) a statement identifying all foreign proceedings with respect to the Debtors that are known to the Foreign Representative; and (d) a certified copy of the Initial CCAA Order.

71. My counsel has also advised me that the automatic stay is one of the most fundamental protections provided by the Bankruptcy Code. I have been advised that it halts all collection efforts, harassment, and foreclosure actions against debtors and provides them with necessary breathing room to step back from and attempt to resolve the financial pressures that caused their bankruptcy filing.

72. I have also been informed that section 365(e) of the Bankruptcy Code provides a debtor with similar relief by prohibiting counterparties from terminating contracts and leases solely because of the debtor’s bankruptcy filing or insolvency. If these protections were unavailable, I believe that the Debtors could face immediate and irreparable harm resulting from

the potential termination of critical contracts and the piecemeal loss of assets as a result of individual creditor collection and enforcement efforts. I can confirm that the Debtors are parties to numerous critical agreements with United States-based counterparties, including supply agreements and leases that contain provisions granting the counterparty a right to terminate for various reasons, including a bankruptcy filing, becoming a debtor under the Bankruptcy Code, or becoming insolvent. Without the provisional relief requested, I believe that counterparties may attempt to terminate these valuable contracts, which are at the core of the Debtors' business.

73. In addition, I believe that the Debtors will suffer immediate and irreparable harm should they be unable to gain access to the DIP Loan approved by the Canadian Court prior to entry of the Final Order. I can confirm that the Debtors require immediate access to the DIP Loan to maintain sufficient minimum operating liquidity and fund working capital requirements, capital expenditures, general corporate expenses, and the costs of administering their bankruptcy cases and the CCAA Proceeding until a final hearing can be held on the verified chapter 15 petitions. If the interim and final requested relief is not granted, I believe that it is likely that the Debtors will be unable to secure necessary goods and services, and it is possible that they will lose customers and become unable to operate, pay employees, and generally maintain the operation of their business as a going concern.

74. Moreover, I can attest that the DIP Lender has agreed to provide the DIP Loan only upon the terms outlined in the Initial CCAA Order and the DIP Facility. I can also attest that the terms of the DIP Loan were negotiated, proposed, and entered by the Debtors and the DIP Lender without collusion and in good faith after the exercise of their sound business judgment and consultation with their advisors. Although the DIP Lender is administered by a 28% shareholder of IMSG, the terms of the DIP Loan are at least as favorable to the Credit

Parties as could be achieved from any other third party lender. As part of the final negotiated business deal embodied in the DIP Loan, the DIP Lender has conditioned the Debtors' access to the funds provided by the DIP Loan on, among other things, entry of the Provisional Order and, upon notice and a hearing, the Final Order, in each case providing them the protections afforded by sections 364(c), 364(d), and 364(e) of the Bankruptcy Code.

75. Based on my understanding of section 364 of the Bankruptcy Code after consultation with United States counsel, I can attest that, given their existing capital structure and their current liquidity constraints, the Debtors have been unable and would be unable to obtain on terms and conditions more favorable than those provided in the DIP Loan (a) unsecured credit allowable as an administrative expense, (b) credit secured solely by a lien on unencumbered property (because substantially all of their assets have been pledged as collateral), or (c) credit secured by a junior lien on the Debtors' property. Further, I believe that without the liquidity to be provided by the DIP Loan, the Debtors could face the shuttering of certain or all of their operations during these cases and prior to consummation of the Proposed Sale, to the detriment of all of the Debtors' creditors and other stakeholders. The availability to the Debtors of sufficient working capital and liquidity through the incurrence of new indebtedness, access to cash collateral, and other financial accommodations from the DIP Lender is necessary to the confidence of the Debtors' vendors and suppliers of other goods and services, as well as their customers and employees.

76. I, along with the Foreign Representative, Monitor and the Debtors, believe that the terms of the DIP Term Sheet are reasonable under the circumstances. I believe that the DIP Loan is the only means of preserving and maintaining the going concern value of the Debtors' business pending consummation of a sale of the assets of iMarketing Solution Group Inc. and its

affiliates, including the Debtors, and conclusion of these cases, which, in turn, is integral to maximizing recoveries for the Debtors' stakeholders and preserving the business as a going concern.

77. I also believe that the Debtors' creditors and other stakeholders will suffer little, if any, harm as a result of the requested provisional relief as it will merely preserve the status quo and enable the Debtors to continue to finance their operations during the short time necessary for the Court to rule on the Petitions for Recognition. In fact, I believe that granting the request for provisional relief will benefit the Debtors' creditors and stakeholders because it will ensure that the value of the Debtors' assets business are preserved and maximized for the benefit of all stakeholders

78. I can attest that the CCAA Proceeding is pending in Canada, the center of each of the Debtors' and their corporate family's main interests. As described in the Memorandum of Law, I can further confirm that the Debtors are functionally and operationally integrated under the ultimate control and supervision of IMSG and their other Canadian affiliates and individuals employed and working in Canada. Indeed, among others, the following critical functions are mostly or entirely performed for the Debtors out of the Toronto office support of the IMSG Group' position that the IMSG Group' COMI is Ontario, the IMSG Group rely on the following:

- (a) all corporate strategic decision-making for the IMSG Group occurs at IMSG's Toronto office and the CEO and Chief Financial Officer ("CFO") have their primary business office in Ontario;
- (b) as CEO of IMSG, I am involved, along with other members of the senior management team, in all material decisions regarding the operations of all IMSG Group, including the approval of all terms and conditions of any material

contracts, and all such decisions are directed from, made in or monitored from our offices in Ontario;

- (c) all treasury management functions, including a centralized cash management system for the IMSG Group, are conducted from IMSG's office in Ontario;
- (d) financial reporting of the IMSG Group is done on a consolidated basis (except where separate entity reporting is required by taxing authorities) and the audited financial statements are prepared in Ontario;
- (e) budgeting for each of the IMSG Group is approved at IMSG's office in Ontario;
- (f) accounting is performed and the books and records are maintained at IMSG's head office in Ontario;
- (g) human resource policy and administration, including certain human resource functions such as employee recruitment strategy and the administration of employee benefits, are performed and located in Ontario;
- (h) investor communications functions are undertaken at the Toronto office;
- (i) the vast majority of corporate minute books for all IMSG Group are located and maintained in Ontario;
- (j) the only credit facilities made available to any of the IMSG Group are with a lender who manages such facilities in Toronto, Ontario, and the credit facilities and security granted in respect thereof are governed by Ontario law (as discussed below); and
- (k) the Board of Directors' meetings are customarily held in Ontario.

79. The IMSG Group's business is fully integrated, including between the Canadian and the U.S. operations. The restructuring of the IMSG Group can be administered most efficiently through a single, centralized restructuring process. Such a process will minimize the cost of the restructuring, including the time necessary to effect the restructuring, sale or refinancing effort and thereby maximize the overall value of the assets and operations for the benefit of all of the IMSG Group's creditors, customers and stakeholders.

80. The business operations of the IMSG Group are functionally integrated. There are many suppliers, creditors and other stakeholders of the IMSG Group that are common to several of the IMSG Group.

81. In addition, the cash management arrangements among the IMSG Group are completely integrated, with the companies borrowing and advancing funds within the IMSG Group as needed, demonstrating that the operations of the IMSG Group are functionally, financially and operationally integrated. As such, there is a need to deal with the restructuring in a procedurally consolidated manner. As the operations of the IMSG Group are managed centrally at the IMSG level, the IMSG Group are of the view that Ontario is the most appropriate forum for overseeing the restructuring of the entire IMSG Group

82. Finally, as described in the Memorandum of Law and the Recognition and Relief Motion, I understand and believe that recognizing the CCAA Proceeding as a foreign main proceeding and granting the relief requested therein on a final basis is consistent with the purposes of chapter 15 of the Bankruptcy Code and public policy of the United States.

83. Therefore, I believe that the provisional and final relief requested in the Recognition and Relief Motion is necessary and appropriate and is in the best interests of the Debtors, their creditors, and other parties in interest.

Joint Administration Motion

84. The Foreign Representative has also filed, concurrently herewith, the Joint Administration Motion seeking entry of an order directing joint administration of these chapter 15 cases for procedural purposes only, and providing that parties in interest shall use a consolidated caption to indicate that any pleading filed relates to the jointly administered chapter 15 cases.

85. I believe that joint administration of these chapter 15 cases is warranted because the Debtors' financial affairs and business operations are closely related and because it will ease the administrative burden of these cases on the Court and interested parties. I can confirm that the Foreign Representative anticipates that the various notices, motions, hearings, orders, and other pleadings in these cases will affect all of the Debtors. With seven affiliated Debtors, each with its own case docket, I believe that the failure to jointly administer these cases would result in numerous duplicative pleadings filed for each issue and served upon separate service lists. I also believe that such duplication of substantially identical documents would be wasteful and would unnecessarily burden the Clerk of the Court (the "Clerk").

86. Moreover, I have been advised that joint administration will permit the Clerk to use a single docket for all of the Debtors' cases and to combine notices to creditors and other parties in interest. I have further been advised that joint administration will protect parties in interest by ensuring that they will be apprised of the various matters before the Court. I believe that the proposed caption set forth in the Joint Administration Motion should be approved as the modified caption for these chapter 15 cases.

87. I believe that the rights of the respective creditors of each of the Debtors will not be adversely affected by joint administration of these cases inasmuch as the relief sought in the

Joint Administration Motion is purely procedural and not intended to affect substantive rights. I have been advised that each creditor and party in interest will maintain whatever rights it has against the particular Debtor against which it allegedly has a claim or right. I have also been told by my counsel that the rights of all creditors will be enhanced by the reduction in costs resulting from joint administration. Finally, I have been advised that if the requested relief is granted, the Court and the Clerk will be relieved of the burden of entering duplicative orders and keeping duplicative files, and supervision of the administrative aspects of these cases by the Office of the United States Trustee for the District of Delaware will be simplified.

88. Therefore, I believe that the relief requested in the Joint Administration Motion is necessary and appropriate and is in the best interests of the Court, the Debtors, their creditors, and other parties in interest.

Consolidated Lists Motion

89. The Foreign Representative has also filed, concurrently herewith, the Consolidated Lists Motion seeking the entry of an order authorizing the Foreign Representative to file a consolidated list identifying the names and addresses of the authorized foreign administrators of the Debtors, parties to litigation pending in the United States involving any of the Debtors, and all persons and entities against whom the Debtors seek provisional relief pursuant to section 1519 of the Bankruptcy Code.

90. I can confirm that the Debtors presently maintain various computerized lists that contain the data required to comply with the requirements of Bankruptcy Rule 1007(a)(4). I, along with the Foreign Representative, believe that the information, as maintained in the Debtors' computer files (or those of their agents), may be consolidated and utilized efficiently to provide interested parties with the information required by Bankruptcy Rule 1007(a)(4).

91. I, along with the Foreign Representative, submit that the filing of a consolidated Bankruptcy Rule 1007(a)(4) list serves the interests of efficiency and will conserve the resources of all parties in interest, including the Court.

92. Therefore, I believe that the relief requested in the Consolidated Lists Motion is necessary and appropriate and is in the best interests of the Court, the Debtors, their creditors, and other parties in interest.

Notice Procedures Motion

93. Concurrently herewith, the Foreign Representative has also filed the Notice Procedures Motion seeking the entry of an order approving (a) the form of notice of the chapter 15 petitions, the entry of the Provisional Relief Order, the deadline to object to the proposed Final Order, and the Recognition Hearing, (b) the manner of service of the Recognition Hearing Notice, and (c) the manner of service on the Master Service List of any pleadings in these chapter 15 cases.

94. I can attest that the Debtors have hundreds of creditors, potential creditors, and other parties in interest, all of whom need to be provided with notice of the Provisional Order, the proposed Final Order, the Recognition Objection Deadline, and the Recognition Hearing. Under the facts and circumstances of the Debtors' chapter 15 cases, I submit that service of the Recognition Hearing Notice in the manner proposed herein will provide the Notice Parties due and sufficient notice of the relief requested in the Recognition Motion and associated objection deadline and hearing dates.

95. Furthermore, I believe that the Recognition Hearing Notice provides multiple efficient ways for any party receiving such notice to obtain copies of pleadings filed in these chapter 15 cases, as it provides a website address, email address, and phone number that can be

used to obtain critical documents including the Recognition Motion, the Provisional Order, the Initial CCAA Order, and the proposed Final Order. Additionally, I believe that service by the Foreign Representative of all pleadings that it files in these cases by United States or Canadian mail, first class postage prepaid, on the Master Service List is an efficient and effective way to provide notice to such key parties in these cases and the CCAA Proceeding. At the same time, I believe that it will not overburden the Foreign Representative with the significant costs associated with copying and mailing all the various documents filed in these cases to the entire matrix of putative creditors and other parties.

96. Therefore, I believe that the relief requested in the Notice Procedures Motion is necessary and appropriate and is in the best interests of the Court, the Debtors, their creditors, and other parties in interest.

Conclusion

97. Based on the foregoing, I believe that the relief being requested at the outset of these chapter 15 cases is well-justified, necessary under the circumstances, in the best interests of the Debtors and their creditors, and should be granted.

I certify pursuant to 28 U.S.C. § 1746 under penalty of perjury under the laws of the United States of America that the foregoing is true and correct to the best of my knowledge, information, and belief, and that the copy of the Initial CCAA Order attached hereto as Exhibit A is a true and correct copy of the same as entered by the Canadian Court.

/s/ Andrew Langhorne

iMarketing Solution Group Inc.
Foreign Representative of the Debtors
By: Andrew Langhorne
Title: Chief Executive Officer

Exhibit A

Initial CCAA Order

THIS IS TO CERTIFY THAT THIS DOCUMENT, EACH PAGE OF WHICH IS STAMPED WITH THE SEAL OF THE SUPERIOR COURT OF JUSTICE AT TORONTO, IS A TRUE COPY OF THE DOCUMENT ON FILE IN THIS OFFICE

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CV 13-10067-00CL

Court File No.:

DATED AT TORONTO THIS 12 DAY OF April 20 13
FAIT À TORONTO LE 12 JOUR DE Avril 20 13

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SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

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THE HONOURABLE MR.
JUSTICE NEWBOULD

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FRIDAY, THE 12TH
DAY OF APRIL, 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"(the
"Applicants")

INITIAL ORDER

THIS APPLICATION, made by the Applicants, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Andrew Langhorne sworn April 11, 2013 and the Exhibits thereto (the "Langhorne Affidavit"), and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for the Applicants, counsel for the DIP Lender (as defined herein), counsel for the Canadian Imperial Bank of Commerce, no one else appearing although duly served as appears from the affidavit of service of Sandra Reid sworn April 12, 2013 and on reading the consent of Duff & Phelps Canada Restructuring Inc. to act as the Monitor.

SERVICE

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

APPLICATION

2. THIS COURT ORDERS AND DECLARES that the Applicants are companies to which the CCAA applies. Although not Applicants, the limited partnerships listed in Schedule "B" to this Order (the "LPs") shall enjoy the benefits of and the protections provided to the Applicants by this Order. (The Applicants and the LPs are hereinafter referred to collectively as "IMSG Parties").

PLAN OF ARRANGEMENT

3. THIS COURT ORDERS that the IMSG Parties shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "Plan").

POSSESSION OF PROPERTY AND OPERATIONS

4. THIS COURT ORDERS that the IMSG Parties shall remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "Property"). Subject to further Order of this Court, the IMSG Parties shall continue to carry on business in a manner consistent with the preservation of their business (the "Business") and Property. The IMSG Parties shall be authorized and empowered to continue to retain and employ the firm, firms,

consultants, agents, experts, accountants, counsel and other persons who are employed by

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“Assistants”) currently retained or employed by them, with liberty to retain such further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

5. **THIS COURT ORDERS** that the IMSG Parties shall be entitled to continue to utilize the central cash management system currently in place as described in the Langhorne Affidavit (the “Cash Management System”) and that any bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the IMSG Parties of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the IMSG Parties, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

6. **THIS COURT ORDERS** that the IMSG Parties shall be entitled but not required to pay the following expenses whether incurred prior to or after this Order:

- (a) all outstanding and future wages, salaries, employee benefits, vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and

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- (b) the fees and disbursements of any Assistants retained or employed by the ISMG Parties in respect of these proceedings, at their standard rates and charges.

7. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, the ISMG Parties shall be entitled but not required to pay all reasonable expenses incurred by the ISMG Parties in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and
- (b) payment for goods or services actually supplied to the ISMG Parties following the date of this Order.

8. **THIS COURT ORDERS** that the ISMG Parties shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or payable in any other jurisdiction or any other taxation authority which are required to be deducted from employees' wages on or after the date hereof, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;
- (b) all goods and services or other applicable sales taxes (collectively, "Sales Taxes")

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 FAIT À TORONTO LE 12 JOUR DE Avril 20 13

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retained by the ISMG Parties in connection with the sale of goods and services to the ISMG Parties, but only where such Sales Taxes are accrued or

collected after the date of this Order or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order, and

- (c) any amount payable to the Crown in right of Canada or payable in any other jurisdiction or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the IMMSG Parties.

9. **THIS COURT ORDERS** that until a real property lease (where the leased premises are occupied by the IMMSG Parties or any of them as of the date hereof) is disclaimed or resiliated in accordance with the CCAA, the IMMSG Parties shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the IMMSG Parties and the landlords from time to time ("Rent"), for the period commencing from and including the date of this Order, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

10. **THIS COURT ORDERS** that, except as specifically permitted herein, the IMMSG Parties are hereby directed, until further Order of this Court: (a) to make no payments of principal,

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of amounts owing by the IMMSG Parties to any of their

creditors as of this date, except as contemplated in the DIP Credit Documentation, as herein defined; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of their Property, except as permitted hereunder; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business or as permitted hereunder.

CRITICAL SUPPLIER PAYMENTS

11. **THIS COURT ORDERS** that the IMSG Parties shall be permitted to make such payments to customers to which the IMSG Parties are indebted and to those suppliers of goods and services as the IMSG Parties, always in consultation with the Monitor and only as permitted under the DIP Credit Documentation (as hereinafter defined), determine to be necessary to permit the IMSG Parties to proceed with the Restructuring (as defined below).

RESTRUCTURING

12. **THIS COURT ORDERS** that the IMSG Parties shall, subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the DIP Credit Documentation, have the right to:

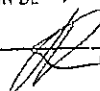
- (a) permanently or temporarily cease, downsize or shut down any of their business or operations and to dispose of redundant or non-material assets not exceeding \$50,000 in any one transaction or \$100,000 in the aggregate;
- (b) terminate the employment of such of their employees or temporarily lay off such of their employees as they deem appropriate; and

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- (c) pursue all avenues of refinancing of their Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,

all of the foregoing to permit the IMSC Parties to proceed with an orderly restructuring of the Business (the "Restructuring").

13. **THIS COURT ORDERS** that the IMSC Parties shall provide each of the relevant landlords with notice of the IMSC Parties' intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the IMSC Parties' entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the IMSC Parties, or by further Order of this Court upon application by the IMSC Parties on at least two (2) days notice to such landlord and any such secured creditors. If the IMSC Parties disclaim or resiliate the lease governing such leased premises in accordance with Section 32 of the CCAA, they shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer or resiliation of the lease shall be without prejudice to the IMSC Parties' claim to the fixtures in dispute.

14. **THIS COURT ORDERS** that if a notice of disclaimer or resiliation is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time

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of the disclaimer or resiliation, the landlord may show the affected leased premises to

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prospective tenants during normal business hours, on giving the IMMSG Parties and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer or resiliation, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the IMMSG Parties in respect of such lease or leased premises and such landlord shall be entitled to notify the IMMSG Parties of the basis on which it is taking possession and to gain possession of and re-lease such leased premises to any third party or parties on such terms as such landlord considers advisable, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE IMMSG PARTIES OR THE PROPERTY

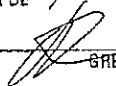
15. **THIS COURT ORDERS** that until and including May 11, 2013, or such later date as this Court may order (the "Stay Period"), no proceeding or enforcement process in any court or tribunal (each, a "Proceeding") shall be commenced or continued against or in respect of the IMMSG Parties, the CRO, as herein defined, or the Monitor, or affecting the Business or the Property, except with the written consent of the IMMSG Parties and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the IMMSG Parties or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

16. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the

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IMSG Parties or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the IMSG Parties and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the IMSG Parties to carry on any business which the IMSG Parties are not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

17. **THIS COURT ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the IMSG Parties, except with the written consent of the IMSG Parties and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

18. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with the IMSG Parties or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Business or the IMSG Parties, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the IMSG Parties, and that the IMSG Parties shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers,

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including their premises, and associated services, provided in each case that the normal prices or charges for

all such goods or services received after the date of this Order are paid by the IMMSG Parties in accordance with normal payment practices of the IMMSG Parties or such other practices as may be agreed upon by the supplier or service provider and each of the IMMSG Parties and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

19. THIS COURT ORDERS that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of lease or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the IMMSG Parties. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS


20. THIS COURT ORDERS that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the IMMSG Parties with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the IMMSG Parties whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the IMMSG Parties, if one is filed, is sanctioned by this Court or is refused by the creditors of the IMMSG Parties or this Court.

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FAIT À TORONTO LE JOUR DE 12 AVRIL 20 13

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CHIEF RESTRUCTURING OFFICER

21. **THIS COURT ORDERS** that the appointment of Illumina Partners Inc. using the services of Upkar Arora thereof, as chief restructuring officer of the IMSG Parties (the "CRO") and as an officer of this Court is hereby confirmed and approved and the CRO is hereby authorized and empowered to operate and manage the affairs of the IMSG Parties during the pendency of these CCAA proceedings.

22. **THIS COURT ORDERS** that the IMSG Parties shall pay the CRO his fees and disbursements, including the fees and disbursements of the CRO's counsel, if any, in accordance with the CRO's retention agreement with the IMSG Parties dated April 11, 2013, annexed as **Exhibit "Z"** to the Langhorne Affidavit save and except that any payment of a success fee thereunder shall be subject to further Order of this Court.

23. **THIS COURT ORDERS** that the CRO shall incur no liability or obligation as a result of his appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on his part.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

24. **THIS COURT ORDERS** that the IMSG Parties shall indemnify their directors and officers, including the CRO, against obligations and liabilities that they may incur as directors or officers of the IMSG Parties after the commencement of the within proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

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25. THIS COURT ORDERS that the directors and officers of the IMSG Parties, including the CRO, shall be entitled to the benefit of and are hereby granted a charge (the "Directors' Charge") on the Property, which charge shall not exceed an aggregate amount of \$1,300,000, as security for the indemnity provided in paragraph 24 of this Order. The Directors' Charge shall have the priority set out in paragraphs 44 and 46 herein.

26. THIS COURT ORDERS that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the IMSG Parties' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 24 of this Order.

APPOINTMENT OF MONITOR

27. THIS COURT ORDERS that Duff & Phelps Canada Restructuring Inc. is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the IMSG Parties with the powers and obligations set out in the CCAA or set forth herein and that the IMSG Parties and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the IMSG Parties pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

28. THIS COURT ORDERS that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby authorized and empowered

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- (a) monitor the IMMSG Parties' receipts and disbursements;
- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (c) assist the IMMSG Parties, to the extent required by the IMMSG Parties, in their dissemination, to the DIP Lender (as herein defined) and its counsel of financial and other information as agreed to between the IMMSG Parties and the DIP Lender which may be used in these proceedings including reporting on the basis agreed with the DIP Lender in the DIP Credit Documentation;
- (d) advise the IMMSG Parties in their preparation of the IMMSG Parties' cash flow statements and reporting required by the DIP Lender, which information shall be reviewed with the Monitor and delivered to the DIP Lender and its counsel on a periodic basis, as agreed to by the DIP Lender in the DIP Credit Documentation;
- (e) advise the IMMSG Parties in their development of the Plan and any amendments to the Plan;
- (f) assist the IMMSG Parties, to the extent required by the IMMSG Parties, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
- (g) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the IMMSG Parties, to the extent that is necessary to adequately assess the IMMSG

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Parties' business and financial affairs or to perform its duties arising under this Order;

- (h) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and
- (i) perform such other duties as are required by this Order or by this Court from time to time.

29. THIS COURT ORDERS that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

30. THIS COURT ORDERS that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "Environmental Legislation"), provided however that nothing herein shall

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Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

31. **THIS COURT ORDERS** that that the Monitor shall provide any creditor of the IMSG Parties and the DIP Lender with information provided by the IMSG Parties in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the IMSG Parties is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the IMSG Parties may agree.

32. **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

33. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor (including U.S. counsel), the CRO and counsel (including U.S. counsel) to the IMSG Parties shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the IMSG Parties as part of the costs of these proceedings subject to the passing of their accounts. The

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FAIT A TORONTO LE JOUR DE

and directed to pay the accounts of the Monitor, counsel for

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the Monitor, the CRO and counsel for the IMSG Parties at regular intervals at such time as each of them may agree with the IMSG Parties and, in addition, the IMSG Parties are hereby authorized to pay to the Monitor, counsel to the Monitor, the CRO and counsel to the IMSG Parties, retainers in such amount as may be agreed with each of them to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

34. THIS COURT ORDERS that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

35. THIS COURT ORDERS that the Monitor, counsel to the Monitor, if any, the CRO and counsel to the IMSG Parties shall be entitled to the benefit of and are hereby granted a charge (the "Administration Charge") on the Property, which charge shall not exceed an aggregate amount of \$300,000, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 44 and 46 hereof.

INTER-COMPANY CHARGE

36. THIS COURT ORDERS that, subject to the terms of the DIP Term Sheet (as defined herein) and the DIP Credit Documentation:

- (a) iMarketing Solutions Group Inc. ("IMSG") is authorized to make loans, advances or transfers of funds to any of the other Applicants or LPs (each an "IMG

Subsidiary") and collectively, the "IMSG Subsidiaries") from time to time in

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accordance with the Cash Management System and the DIP Credit Documentation;

- (b) the IMSG Subsidiaries are hereby authorized to repay funds previously advanced to the IMSG Subsidiaries by IMSG from time to time in accordance with the Cash Management System and the DIP Credit Documentation; and
- (c) for greater certainty, the IMSG Parties shall not be entitled to transfer funds to any direct or indirect subsidiary, affiliate or associate of IMSG or an IMSG Subsidiary that is not a Credit Party under the DIP Term Sheet (as defined therein) without prior consent of the DIP Lender, or Order of this Court.

37. THIS COURT ORDERS that IMSG shall be entitled to the benefits of, and is hereby granted, a charge (the "Inter-Company Charge") on the Property of the IMSG Subsidiaries in an amount equal to but not exceeding the aggregate amounts outstanding at any given time based on advances made by IMSG Subsidiaries pursuant to the authorization granted under subparagraph 36 herein from and after the date of this Order. The Inter-Company Charge shall have the priority set out in paragraphs 44 and 46 hereof.

DIP FINANCING

38. THIS COURT ORDERS that IMSG is hereby authorized and empowered to obtain and borrow under a credit facility (the "DIP Loan") from Shotgun Fund Limited Partnership III (the "DIP Lender") for the purposes set out in the DIP Term Sheet, provided that borrowings under such credit facility shall not exceed a total of CAD \$1,000,000 unless agreed to by the DIP Lender and permitted by further Order of this Court.

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39. THIS COURT ORDERS that such credit facility shall be on the terms and subject to the conditions set forth in the term sheet amongst IMSG, as borrower, the IMSG Subsidiaries, as guarantors, and the DIP Lender dated as of April 11, 2013 (the "DIP Term Sheet"), filed.

40. THIS COURT ORDERS that the IMSG Parties are hereby authorized and empowered to execute and deliver the DIP Term Sheet and such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "DIP Credit Documentation"), as are contemplated by the DIP Term Sheet or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the IMSG Parties are hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the DIP Term Sheet and the DIP Credit Documentation for the benefit of the DIP Lender as and when the same become due and are to be performed, notwithstanding any other provision of this Order. For greater certainty, the IMSG Subsidiaries are hereby authorized and directed to execute and deliver the Confirmations (as defined in the DIP Term Sheet), and the New Guarantees (as defined in the DIP Term Sheet), as applicable.

41. THIS COURT ORDERS that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the "DIP Lender's Charge") on the Property, to secure the repayment and the payment of all amounts owing by the IMSG Parties to the DIP Lender, including all principal, interest, fees, liabilities and obligations under the DIP Credit Documentation, which DIP Lender's Charge shall not secure an obligation that exists before this Order is made. The DIP Lender's Charge shall have the priority set out in paragraphs 44 and 46 hereof. For greater certainty, the DIP Lender's Charge shall apply to the Inter-Company Charge.

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42. THIS COURT ORDERS that, notwithstanding any other provision of this Order:

- (a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender's Charge or any of the DIP Credit Documentation;
- (b) upon the occurrence of an event of default under the DIP Term Sheet, the DIP Credit Documentation or the DIP Lender's Charge, the DIP Lender, upon two (2) days notice to IMSG and the Monitor, and subject to the prior approval of this Court, may exercise any and all of its rights and remedies against the IMSG Parties, the Guarantors, or the Property under or pursuant to the DIP Term Sheet, the DIP Credit Documentation and the DIP Lender's Charge; and
- (c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the IMSG Parties or the Property.

43. THIS COURT ORDERS AND DECLARES that the claims of the DIP Lender in relation to the DIP Loan are not claims that may be compromised pursuant to the Plan, and shall be treated as unaffected in any Plan, any proposal under the *Bankruptcy and Insolvency Act* (Canada) (the "BIA") or any other restructuring and no such Plan, proposal or restructuring shall be approved that does not provide for the payment of all amounts due to the DIP Lender pursuant to the terms of the DIP Term Sheet and the DIP Credit Documentation.

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VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

44. THIS COURT ORDERS that the priorities of the Directors' Charge, the Administration Charge, the DIP Lender's Charge and the Inter-Company Charge, as among them, shall be as follows for all IMSG Parties except The Responsive Marketing Group Inc. ("RMG"):

- First – Administration Charge (to the maximum amount of \$300,000);
- Second – DIP Lender's Charge (to the maximum amount of \$1,400,000);
- Third – Inter-Company Charge; and
- Fourth – Directors' Charge (to the maximum amount of \$1,300,000);

and, solely in respect of the Applicant, RMG, the priorities of the Directors' Charge, the Administration Charge, the DIP Lender's Charge and the Inter-Company Charge, as among them, shall be as follows:

- First – The security interest of Canadian Imperial Bank of Commerce ("CIBC") to the extent such charge is properly perfected against the assets of RMG;
- Second – Administration Charge (to the maximum amount of \$300,000);
- Third – DIP Lender's Charge (to the maximum amount of \$1,400,000);
- Fourth – Inter-Company Charge; and
- Fifth – Directors' Charge (to the maximum amount of \$1,300,000).

45. THIS COURT ORDERS that the filing, registration or perfection of the Directors' Charge, the Administration Charge, the DIP Lender's Charge or the Inter-Company Charge (collectively, the "Charges") shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

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46. THIS COURT ORDERS that each of the Directors' Charge, the Administration Charge, the Inter-Company Charge and the DIP Lender's Charge (all as constituted and defined herein) shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "Encumbrances") in favour of any Person, except solely in relation to the assets of RMG, the security interest of CIBC and any Encumbrances that have priority over the security interest of CIBC.

47. THIS COURT ORDERS that except as otherwise expressly provided for herein, or as may be approved by this Court, the IMSC Parties shall not grant any Encumbrances over any Property that rank in priority to, or pari passu with, any of the Directors' Charge, the Administration Charge or the DIP Lender's Charge, unless the IMSC Parties also obtain the prior written consent of the Monitor, the DIP Lender and the beneficiaries of the Directors' Charge and the Administration Charge, or further Order of this Court.

48. THIS COURT ORDERS that the Directors' Charge, the Administration Charge, the DIP Term Sheet, the DIP Credit Documentation and the DIP Lender's Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "Chargees") and/or the DIP Lender thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions

of any federal or provincial statute or regulation, any negative covenants, prohibitions or other similar provisions with respect to borrowing, incurring debt or the creation of Encumbrances, contained

of any federal or provincial statute or regulation (e)
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in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "Agreement") which binds the IMSG Parties, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the DIP Term Sheet or the DIP Credit Documentation shall create or be deemed to constitute a breach by the IMSG Parties of any Agreement to which they are parties;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the IMSG Parties entering into the DIP Term Sheet, the creation of the Charges, or the execution, delivery or performance of the DIP Credit Documentation; and
- (c) the payments made by the IMSG Parties pursuant to this Order, the DIP Term Sheet or the DIP Credit Documentation, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

49. THIS COURT ORDERS that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the IMSG Parties' interest in such real property leases.

SERVICE AND NOTICE

50. THIS COURT ORDERS that the Monitor shall (i) without delay, publish in the Globe and Mail (National Edition) a notice containing the information prescribed in the

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within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the IMMSG Parties of more than \$1000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

51. **THIS COURT ORDERS** that the IMMSG Parties and the Monitor be at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or electronic transmission to the IMMSG Parties' creditors or other interested parties at their respective addresses as last shown on the records of the IMMSG Parties and that any such service or notice by courier, personal delivery or electronic transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

52. **THIS COURT ORDERS** that the IMMSG Parties, the Monitor, and any party who has filed a Notice of Appearance may serve any court materials in these proceedings by e-mailing a PDF or other electronic copy of such materials to counsels' email addresses as recorded on the Service List from time to time, and the Monitor may post a copy of any or all such materials on its website at

<http://www.duffandphelps.com/services/restructuring/Pages/RestructuringCases.aspx>.

THIS IS TO CERTIFY THAT THIS DOCUMENT, EACH PAGE OF WHICH IS STAMPED WITH THE SEAL OF THE SUPERIOR COURT OF JUSTICE AT TORONTO, IS A TRUE COPY OF THE DOCUMENT ON FILE IN THIS OFFICE
LA PRÉSENT ATTEST QUE CE DOCUMENT, DONT CHAQUE DES PAGES EST REVÊTUE DU SCEAU DE LA COUR SUPÉRIEURE DE JUSTICE A TORONTO, EST UNE COPIE CONFORME DU DOCUMENT CONSERVÉ DANS CE BUREAU
DATED AT TORONTO THIS 12 DAY OF April 20 13
FAIT A TORONTO LE JOUR DE

REGISTRAR

BREFFIER

GENERAL

53. THIS COURT ORDERS that the IMMSG Parties or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

54. THIS COURT ORDERS that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the IMMSG Parties, the Business or the Property.

55. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the IMMSG Parties, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the IMMSG Parties and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor or iMarketing Solutions Group Inc. in any foreign proceeding, or to assist the IMMSG Parties and the Monitor and their respective agents in carrying out the terms of this Order.

56. THIS COURT ORDERS that each of the IMMSG Parties and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that iMarketing Solutions Group Inc. is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

<p>THIS IS TO CERTIFY THAT THIS DOCUMENT, EACH PAGE OF WHICH IS STAMPED WITH THE SEAL OF THE SUPERIOR COURT OF JUSTICE AT TORONTO, IS A TRUE COPY OF THE DOCUMENT ON FILE IN THIS OFFICE</p> <p>DATED AT TORONTO THIS <u>12</u> DAY OF <u>June</u> 20 <u>13</u> FAIT A TORONTO LE _____ JOUR DE _____</p> <p>REGISTRAR _____</p>	<p>LA PRÉSENT ATTEST QUE CE DOCUMENT, DONT CHACUNE DES PAGES EST REVÊTUE DU SCEAU DE LA COUR SUPÉRIEURE DE JUSTICE A TORONTO, EST UNE COPIE CONFORME DU DOCUMENT CONSERVÉ DANS CE BUREAU</p> <p>_____ 20 13 Greffier</p> <p>GREFFIER</p>
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57. THIS COURT ORDERS that any interested party (including the IMSC Parties and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

58. THIS COURT ORDERS that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.

27 March

ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:



APR 12 2013

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FAIT A TORONTO LE JOUR DE

REGISTRAR



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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)

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DATED AT TORONTO THIS 12 DAY OF
FAIT À TORONTO LE 12 JOUR DE

April 20 13

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Schedule "B"

List of Limited Partnerships

RMG Smiths Falls LP

RMG Thunder Bay LP

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DATED AT TORONTO THIS 12 DAY OF April 20 13
FAIT À TORONTO LE 12 JOUR DE Avril 20 13

REGISTRAR


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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 GROUP SOLUTIONS
INC. and those Companies referred to on Schedule "A"

C-13-10067 OCL

Court File No.:

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at Toronto

ORDER

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Exhibit B

Corporate Organizational Chart

Corporate Structure

