



True-Value Drugstores Limited (B): **Director Selection**

On September 15th, 1999, one month after a Board meeting at which two directors resigned from the Board, you are meeting with two other directors who are fellow members of the Human Resources Committee of the Board for True-Value Drugstores Limited. You have been mandated by the Board to recommend two new directors for approval by the Board, and you have before you a shortlist of six candidates who have been reviewed by the Human Resources Committee.

Board Action

At the March 7, 1999 Board meeting, a motion was put forward by Nick Rennie to support the restructuring outlined in Profit 2000 and to remove Jimmy Simpson as CEO, replacing him with Barbara Hoffman, True-Value's President and Chief Operating Officer. Simpson was stunned by the motion, and trembled with emotion as he spoke out against the change, appealing to the directors to support him in voting against the motion. A vote was taken by a show of hands, and six directors voted in favour of the motion (yourself included), and two voted against the motion (Jimmy Simpson and Jeff Hefley) with one abstention (Samuel Spencer). After the vote was taken, Hefley made a speech condemning the Board for the ouster of Simpson as CEO, saying:

"How can we turn our backs on the man who built this company into what it is today? We all know Jimmy on a personal and professional basis, and we have let him down."

Simpson was allowed to remain as Chairman of the Board, but in the subsequent Board discussion, it was made clear to Hoffman that she would in future report directly to the Board and not to the Chairman.

Steven A. Cox prepared this case under the direction of Peter Stephenson and Professor Tim Rowley as a basis for class discussion in the Director's Education Program. This case study was developed for the exclusive purpose of providing material for training seminar discussions. It is not intended to illustrate either effective or ineffective handling of a managerial situation. Any reproduction, in any form, of the material is prohibited except with the written consent of Joseph L. Rotman School of Management, University of Toronto. (Revised 2006-08-17)

Despite fast-track implementation of re-structuring measures, the company continued to haemorrhage cash. Facing bankruptcy, company voluntarily entered into the CCAA process in May 1999. Under CCAA, the company was able to aggressively pursue the *Profit 2000* restructuring plan by closing down unprofitable stores and their associated lease obligations.

The Board took an active role in managing the company through the CCAA process, and was led by the core Restructuring Committee, which comprised three directors (Nick Rennie, Brad Nelson and Senator Middleton) working closely with Hoffman and her management team.

In mid-August 1999, the company reached an agreement with its creditors (chiefly the debenture holder and the banks) that would allow the company to re-emerge from CCAA in October 1999 with new share structure and financing, and with supplier relationships that remained largely intact.

The existing equity would be exchangeable for shares in the new company at the rate of \$0.25 a share. Rennie acknowledged a worry about the impact of the new valuation on employees who had purchased shares under the *Executive-Management-Pharmacist Stock Purchase Plan*, and who now held shares that were worth a fraction of their value.

The creditors were supportive of the management of the company and the current Board of Directors. However, before the company would be allowed to come out of CCAA, one of the conditions imposed by the creditors (who would become the new owners) was that True-Value select a new Chairman of the Board. Jimmy Simpson had not been part of the Restructuring Committee, and did not participate in the CCAA discussions with lawyers and creditors. When Nick Rennie told him about the condition for a new Chairman, Simpson strongly resisted giving into creditor demands, at first. After contemplating the reality that the company would not emerge from CCAA without the major creditors on board, however, Simpson succumbed to demands and said he would resign at the August 22, 1999 Board meeting.

The Restructuring Committee reported the agreement to the Board at the August 22nd meeting, but did not report the creditor-imposed condition of Simpson's resignation. During the meeting, Simpson announced his resignation as Chairman, effective immediately. Nick Rennie thanked Simpson for his years of leadership, and nominations were opened for a replacement Chairman. Brad Nelson nominated Nick Rennie, and Senator Middleton seconded the nomination. No other director was nominated. In a vote to confirm Rennie as the new Chairman, there was a show of hands with six voting in favour, none opposed and three abstentions (Jimmy Simpson, Jeff Hefley, Samuel Spencer).

After the vote to confirm Rennie as the new Chairman, Hefley and Spencer both announced to the Board their decisions to resign. Simpson chose to remain on the Board (for a profile overviewing the continuing and resigning directors, refer to Exhibits 1 and 2).

At the meeting, Hoffman and management reported on interim results (six months ending July 31, 1999, which can be found in Exhibit 3) and they committed work on developing a new strategic direction that would be the next step beyond *Profit 2000's* restructuring priorities.

In the absence of a Governance and Nominations Committee, the Board authorized the remaining members of the Human Resources Committee (of which you are a member, together with Nick Rennie and Senator Middleton) to undertake a new director selection process. You are mandated to solicit nominations and recommend two nominees for election to the Board.

Director Selection Process

The first meeting of the Human Resources Committee opened with a discussion in which Senator Middleton asked, "What skills are needed here, as we go forward?" He recounted that at the August 22nd Board meeting, Dr. Sutton had suggested:

"Our Board always functioned effectively until the events this past year. We won the *Best of Breed* designation a few years back. Shouldn't we just seek to replace the skills that are departing?"

Nick Rennie cautioned:

"Even though True-Value has successfully emerged from CCAA, we are still under a great deal of pressure from our new shareholders, our employees and our supply chain. They are all looking to the Board and management for a turnaround in performance.

"I am going to speak to the creditors, who will be our new shareholders, to see if they have nominees they'd like to put forward."

The Human Resources Committee did not want to draw too much public attention to the changeover in directors, so it decided to follow an informal, "word-of-mouth" process. In the past, Board director selection criteria had been "friends of Jimmy"; this time, the Committee decided to encourage all Board members to put forward their own nominees by announcing that the Committee was seeking "candidates who would be capable and effective at the Board level".

The Committee also agreed to approach Barbara Hoffman to seek out any nominees she might be able to suggest.

Long-list and Short-list Formulated

The creditor committee, each member of the Board¹ (as of August 22nd) and Barbara Hoffman were all contacted, and 15 nominations were submitted. Recruitment services and newspaper advertising were not used.

A member of the Human Resources Committee contacted each nominated candidate. In four situations, the candidates themselves withdrew their nominations from consideration due to lack of availability or potential conflicts of interest. Of the four nominations withdrawn from consideration, two had been suggested by the creditors and two had been suggested by Jimmy Simpson.

The remaining eleven nominees were put on a “long-list”, and the Human Resources Committee (yourself included) met to narrow this list down to a “short-list” of six, based on a preliminary assessment of their general business acumen. Of the five candidates crossed off the list, two had been nominated by Richard Norris, the others by Jimmy Simpson, Samuel Spencer and Dr. Sutton.

Next, the Human Resources Committee, on a best efforts basis, gathered up as much information as it could on the six short-listed candidates, through:

- Interviews, either by telephone or face-to-face;
- Resumes, CVs, or corporate backgrounders;
- Internet searches for newspaper articles; and
- Follow-up discussions with the nominating Board member, True-Value officer or creditor-shareholder.

What follows is the information that the Committee was able to assemble on each of the remaining six candidates, in alphabetical order.

¹ Both Hefley and Spencer were contacted for nominations.

Chet Chandler

Chet Chandler currently serves as Director on two other Boards:

- X-Router Inc., a Kingston-based technology company that had a market capitalization of \$100 million; and
- St. Francis–Hotel Dieu Health Centre, a new entity formed from the recent merger of two separate hospitals, and a merger that had faced heavy opposition from the community.

Chandler had been the founder/CEO and majority shareholder owner of X-Router Inc., a publicly traded company that manufactured telecomm equipment. In early 1999, he had sold his majority interest and media reports indicated that he had made over \$50 million in capital gains from the sale.

Chandler had been nominated and championed by Rennie, who gave other members of the Human Resources Committee a “high-level” overview of his credentials and accomplishments:

“Chet is a visionary, creative type that we need on our Board. He has solid Board experience, and is known for being highly expressive and having strong opinions. He is a smart businessman and an independent thinker, but a real team player. He’s what I call “The Perfect Candidate”. He is a lively speaker on the “dotcom winner” speaker circuit, and also has a reputation in Board circles for having written an article for *The Financial Post* on building an effective Board of Directors for a fast-growth technology company.

“He’s also an investor in True-Value, so he knows our company and what it’s been through. He bought 5,000 shares in 1997 as a stock play, and he bought in as our share price was falling. He has some ideas on how to make us a player again.”

You point out to Rennie that you’ve left several messages for Chandler that haven’t been returned, and he responded:

“You know, he’s a busy fellow. He’s looking to set up a technology retailing business. I know you’ll like him. I wholeheartedly recommend him.”

At which point Senator Middleton adds:

“I’ve met Chet on the Ottawa bagman circuit and seen him in action. He definitely has a strong, persuasive style. But I’ve also heard that he’s

known to “lose it” when he doesn’t get his own way. Something about how he blew a fuse at a community town hall when the hospital merger was happening.”

George W. Hatfield, Jr.

George Hatfield sits on the Boards of six national corporations that all include well-known members of the business community. He has been nominated and recommended by Senator Middleton, who feels that:

“True-Value needs to cultivate a better reputation across industry, to get in the game, get in the right circles, and play with the big boys. Hatfield is well connected to many investment bankers, senior executives and investors. He thinks at the high level, and is a good conceptual strategist.”

Senator Middleton arranged a luncheon meeting at his golf and country club so that you and Rennie could meet Hatfield. You jotted down some impressions after your meeting:

- Very experienced as a director; part of the “old boys network”.
- Highly political; sees political connections and deal-making in everything and everybody.
- Naturally gregarious, charming and a well-liked personality.
- Positive in outlook, and optimistic about True-Value’s future.
- Very relationship-oriented; claims a tremendous success rate in making decisions based on his “golden gut” feelings.

After the lunch, you and Rennie shared a cab back to the city, and Rennie indicated:

“That was a tremendous lunch, but I have my doubts about Hatfield. He is nothing but a status-seeker, and a shameless name-dropper. He sees himself as some grand influence peddler, but I think he’s over-committed. Too many Boards. And he only stays on Boards that help in his social and professional mobility. How do we help our Senator see the light on this fellow?”

In a Yahoo search, you came across numerous references to George Hatfield and his father, mostly in connection with Board appointments or philanthropic activities.

Dan Jackson

Dan Jackson sits as a Director for Waterhouse Young Consulting Ltd., and was nominated and personally recommended by Jeff Hefley, one of the two exiting Board members. Hefley was concise in his praise of Jackson, saying that he excelled first as an auditor and secondly, as a tax consultant, and that he always distinguished himself as a sharp, independent thinker.

You are the only one of the three members of the Human Resources Committee to personally interview Jackson, and you sense that Rennie and Senator Middleton are seeking reasons not to select Jackson, mostly due to his being nominated by the departing Hefley.

You took notes during your interview so that you could share your impressions with Hefley and Middleton:

- Jackson's last specialty was as a consultant in tax. He retired in 1998, and now sits on the Board of his consulting company as well as an Advisory Board at a local college business school.
- Jackson is soft-spoken by nature, but offers profound insights and understanding to a discussion. He spoke about complex tax initiatives in a number of corporate clients.
- In past work experience, Jackson had developed skills working with companies who emerged from restructuring. He is a firm believer in watching out for "survivor mentality" and focusing on keeping the organization energized and future-focused.
- Jackson sees his role as a director as self-actualization in that he is helping others benefit from his experience. He sees "the betterment of people as the driver of long-term value. Pharmacies are about health in the eyes of customers, and health to them is a long-term business. We should be focused on keeping our customers around for the long-term."

Bob Martin

Bob Martin was suggested as a candidate by Barbara Hoffman, who speaks from years of personal experience dealing with Martin. Martin is currently a director of Fast & Convenient Ltd, a chain of 24-hour convenience stores that operate in competition to True-Value across certain product lines. Barbara Hoffmann said that Martin has a solid business reputation and tremendous retail industry savvy. She also gave the Committee a file of press clippings and retail industry publications that featured Martin and some of the innovations he had brought to Fast & Convenient Ltd. when he was their CEO.

Rennie, Senator Middleton and yourself had a conference call interview with Martin, scheduled for 30 minutes, but which ran for almost an hour. You found Martin to be quite a talker and very capable at expressing compelling arguments persuasively. Martin knew the situation at True-Value, and gave a well-informed analysis of what went wrong and possible directions for re-building the company. He talked about each of True-Value's main drugstore competitors, and what he viewed as the opportunity to gain market advantage over them. Martin took early retirement as CEO of Fast & Convenient Ltd. in early 1999. Before becoming CEO, he ran their franchised convenience store operations group.

After the conference call, all three of you had a conference call with Barbara Hoffman, who added further background on Martin:

- Hoffman told the Committee that Martin is open to moving to a competitor because of his disagreement with a recent shift in strategy undertaken by new management. If appointed to the True-Value Board, he will be obligated to resign his Board appointment at the convenience store chain due to conflict of interest.
- Martin has a strong retail background and extensive industry supplier connections (Senator Middleton concurred on this point). Barbara has known him for over a decade from retail industry conferences; they co-chaired a government-sponsored retail sector initiative in the mid-90s that was focused on innovation and change to stave off job losses due to the increasing presence of big-box retailers.
- Hoffman also wanted to make the Committee aware that Martin is financially insecure, and sold off his shareholdings in Fast & Convenient Ltd. to finance a divorce settlement.

Nazreen Shah

Nazreen Shah was a nomination from the creditor committee that was on the verge of becoming shareholders in the new True-Value after CCAA. Shah was a retired Executive Vice President of Risk Management for Confederation Bank, one of True-Value's secured lenders - which had a \$25.5 million loan facility outstanding at the time of CCAA.

She had given the committee a copy of her career backgrounder (see Exhibit 4), which chronicled a distinguished career at Confederation Bank. The creditor committee mandated her to put True-Value on a tight audit leash, and ensure ethical compliance as the company pursued its restructuring efforts.

Rennie and Middleton had no need to meet Shah since they both knew her from the CCAA process. Shah had participated in CCAA negotiations, and had been

very adept in keeping the bank's secured position out front of other creditor pools. Each spoke to you independently on their views about her.

Rennie said Shah was a senior banker who ran a credit risk group, and has strong skills as financial guru. He thought she would be able to play a significant role in dealing with bankers and assuaging their concerns going forward.

Senator Middleton was conflicted on what to do with Shah. It would be politically dangerous to overlook a nomination from the new owners, without good solid reasons:

"But to tell you the truth, she was a royal pain to deal with in negotiations. Her bank won't lose a dime on this deal because she sees all the dark clouds on the horizon, and then she builds terms and conditions around them. She seemed to hold all the cards, and we could never read her on which way she would go on any particular issue."

Senator Middleton had also been approached by Brad Nelson, who felt that if Shah was selected, it would be perceived as a slight on his risk management and numbers capability, and may threaten his role as the expert "go to" person on the Board.

When you met Shah, you found her challenging to interview. She was a careful listener, who took copious notes on her laptop, seemed to always be observing your reactions, and gave thoroughly considered responses. You found her somewhat guarded, and perceived that she doesn't share viewpoints freely with people she doesn't know. You were also surprised that a person with her background had no prior Board experience.

Julianna Simpson

Julianna Simpson was an active True-Value Pharmacist, and owner-operator of a successful, profitable franchised True-Value drugstore outlet. She had purchased 20,000 shares under the *Executive-Management-Pharmacist Stock Purchase Plan*, and had seen most of the value of her investment disappear with CCAA. Julianna was also the daughter-in-law of Jimmy Simpson, who had recently been ousted, first as CEO and then as Chairman. She had been nominated and recommended by her father-in-law, Jimmy Simpson, and Barbara Hoffman had confirmed that she was a model example of a pharmacist-entrepreneur.

You met up with Julianna at her store, where she is a practicing True-Value pharmacist. You found her to be optimistic and expressive, which you found surprising, given her family connection to the company and the hard times it had

experienced. In your discussion with her, you learned that she is well networked with the pharmacists at True-Value and that she wants to champion pharmacists' needs; as a group, she feels, pharmacists have often been overlooked by head office. She also has ideas for process improvements that could be implemented inexpensively when new capital becomes available after CCAA.

Senator Middleton is open to her as a director, but Rennie is uncomfortable with her as a nominee and describes her as a "Jimmy's prodigal daughter". He also says that some on the Board suspect that she only wants to look out for father-in-law's interests and protect her diminished inheritance:

"That takes moxy, I tell you. Putting forward your own daughter-in-law as a candidate for director, after all he's been through. I've seen it all!"

Decision at Hand

Nick Rennie strongly feels that it is time to end all the Board intrigues and factionalizing, and that one of the ways to do it is for the Human Resources Committee to unanimously recommend two directors to be selected for the approval of the full Board. He wants to have a frank and open discussion of the strengths and weaknesses of each candidate, but once the Committee has made its selection, the debate is to stop and not be repeated:

"What's said in Committee stays in Committee."

As a member of the Human Resources Committee reporting to the Board, you know you are soon going to be asked by Nick Rennie which two of the six candidates you would recommend for the Board, and why?

EXHIBIT 1
Board of Directors: Continuing

Director	Principal Occupation	Director Since	Board Committees	# Of Shares ²	Thumbnail Descriptions
Senator Ronald Middleton	Deputy Chairman <ul style="list-style-type: none"> • Canadian Dominion Auto Retailers Ltd. Director <ul style="list-style-type: none"> • Western Biotech Ltd. 	1990	Restructuring Compensation Human Resources (Chair) Pension	100	<ul style="list-style-type: none"> • Supplier guru. Has strong links to several biotech firms, and has cultivated relationships with major drug suppliers (both brand-name and generic). • A caring person, and tends to act as consensus-builder in Board and Committee meetings.
Brad B. Nelson	President & CEO, <ul style="list-style-type: none"> • CanFed Insurance. 	1993	Restructuring Compensation Audit (Chair) Risk Mgmt	1,000	<ul style="list-style-type: none"> • Numbers-oriented director. • Very concerned about the deterioration in financial condition.
Richard Norris	Chairman of Board, <ul style="list-style-type: none"> • United Way. Director <ul style="list-style-type: none"> • Starling-Glassco Pharma Corp • Merchant's Union Bank • Agra Innova Inc • Bobcat Manufacturing Ltd. 	1994	Audit	1,000	<ul style="list-style-type: none"> • Retired, and now serves as a professional director, with service on four corporate boards and an additional three non-profits. • Always insists on sticking to agenda and timeline, and is very outspoken about how time-consuming True-Value Board role has become.

² All of the company executive and many of the senior management and pharmacist-dealers had shareholdings purchased as part of an executive-management-pharmacist stock purchase plan, whereby the company provided a loan at favourable interest rates, and the stock was sold to executives-management-pharmacists at a discounted price. The company was to make sufficient dividend payments for the executives-management-pharmacists to fund their interest payments. There were no options or proxies available.

Director	Principal Occupation	Director Since	Board Committees	# Of Shares ²	Thumbnail Descriptions
Nick Rennie	Chairman of Board, <ul style="list-style-type: none"> Cansource Minerals Limited. Chairman of Board <ul style="list-style-type: none"> True-Value Drugstores Ltd. 	1992	Restructuring (Chair) Compensation Human Resources	200	<ul style="list-style-type: none"> CEO type, with over 30 years as manager and executive in the mining industry. A big picture thinker, who doesn't like to get involved in details Concerned about True-Value's lack of vision.
Jimmy Simpson	Director <ul style="list-style-type: none"> True-Value Drugstores Ltd. 	1973	Compensation Risk Mgmt	600,000	<ul style="list-style-type: none"> Started True-Value. Strongly advocated "organic growth" strategy. Removed as CEO and Chairman of True-Value in 1999.
Dr. Joan Sutton	Chief of Cardiology <ul style="list-style-type: none"> University Health Network Professor, <ul style="list-style-type: none"> University of Toronto. Director <ul style="list-style-type: none"> Cannox Research Laboratories Ltd. 	1994	Audit Pension Compensation (Chair)	2,700	<ul style="list-style-type: none"> Academic in medicine. Although on audit committee, not well versed in financial analysis.
YOUR ROLE	YOUR BACKGROUND	1998	Human Resources Risk Mgmt (Chair)	N.A.	<ul style="list-style-type: none"> You are an independent director, recently retired and have taken the Director's Education Program. Directorship is your new professional livelihood, and you want to excel as a director.

EXHIBIT 2
Board of Directors: Resignations

Retiring Directors	Principal Occupation	Board Committees	# Of Shares	Thumbnail Descriptions & Six Thinking Styles
RESIGNATIONS				
Jeff T. Hefley	Managing Partner <ul style="list-style-type: none"> • Waterhouse Young Consulting Ltd. True-Value director since 1977	Compensation Audit Human Resources Pension	100,000	<ul style="list-style-type: none"> • Long-time Board member, and personal friend of Jimmy Simpson. Very relationship-oriented, and doesn't like the split now evident in the once harmonious Board. • Always voted with Simpson, and feels snubbed that his consulting firm was excluded from participation in re-structuring efforts. • Voted with Simpson's "organic growth" strategy, and against his replacement as CEO. Abstained on his removal as Chair.

Retiring Directors	Principal Occupation	Board Committees	# Of Shares	Thumbnail Descriptions & Six Thinking Styles
Samuel Spencer	Past President & CEO, • Energy Corp Director, • Alberta Heritage • Ameribank (Canada) Ltd. • Fuel Exploration Technologies Inc. True-Value director since 1973	Compensation Audit Risk Mgmt	N.A.	<ul style="list-style-type: none"> • Up until CCAA, Spencer maintained a private office at True-Value, which was closed as a cost-cutting measure. • Longest-serving director besides Jimmy Simpson, to whom he is a close confidante. • Vocal and consistent in his opposition to <i>Profit 2000</i>, and vigorously supported Jimmy Simpson's growth vision. • Abstained from voting on resolution around Simpson's "organic growth" strategy and his replacement. Feels guilty that he didn't stand up for Jimmy in final vote, and he feels responsible that he wasn't able to do more to prevent True-Value's declining fortunes, but this was due to large number of Board commitments... <i>"I just didn't pay enough attention to the situation at True-Value. I didn't see the writing on the wall until it was too late. I could have helped Jimmy see the light sooner".</i>

EXHIBIT 3
Financial Highlights: Six Months Ending July 31, 1999

	Projected	Projected	Projected	Interim	actual	actual	actual	actual	actual
	FYE	FYE	FYE	Six Months	Year	Year	Year	Year	Year
Post CCAA Profit 2000 plan Interim Results	2002	2001	2000	Ending Jul.31/99 \$000s	Ending Jan.31/99 \$000s	Ending Jan.31/98 \$000s	Ending Jan.31/97 \$000s	Ending Jan.31/96 \$000s	Ending Jan.31/95 \$000s
Total Sales:									
Canada	576,730	578,230	579,730	218,651	537,437	558,479	576,208	487,793	455,910
US	152,000	146,000	140,000	71,400	142,077	146,087	190,832	162,334	149,000
Consolidated	728,730	724,230	719,730	290,051	679,514	704,566	767,039	650,127	604,911
Gross Profit Margin	26.60%	26.60%	26.60%	27.53%	27.90%	29.00%	29.40%	30.40%	30.50%
General, Administrative & Operating / Sales	23.50%	23.70%	24.20%	22.84%	26.00%	27.00%	26.90%	27.10%	26.90%
\$SGA	\$ 171,252	\$ 171,643	\$ 174,175	\$ 66,248	\$ 176,674	\$ 190,233	\$ 206,333	\$ 176,184	\$ 162,721
Segment Operating Income (Loss)									
Canada	9,938	8,705	5,220	2,257	-1,337	2,422	8,412	12,384	13,637
US	2,842	1,825	1,260	643	-16	-2,678	-4,415	-3,269	-2,444
Consolidated	12,780	10,530	6,480	2,900	-1,353	-256	3,997	9,115	11,193
Interest Expense	7,920	7,920	7,920	1,980	7,780	8,995	9,855	5,256	3,860
Income (Loss) before the following	4,860	2,610	-1,440	920	-9,132	-9,250	-5,858	3,859	7,333
Unusual Items / Restructuring Costs				-900	-18,270	-	-	-	-
Recovery of (provision for) income taxes					122	2,565	703	-1,984	-3,505
Extraordinary items					-	-	-8,075	-	1,490
Net Earnings (Losses)	4,860	2,610	-1,440	20	-27,281	-6,685	-13,230	1,876	5,318
Total Assets:									
Canada				87,104	128,709	154,590	168,445	158,812	123,319
US				31,497	34,322	36,140	48,646	52,979	48,956

Consolidated	143,190	151,920	161,100	118,601	163,031	190,731	217,091	211,792	172,275
Depreciation and Amortization									
Canada				4,398	11,335	11,579	10,916	8,276	6,657
US				1,021	2,291	2,054	4,393	3,695	3,411
Consolidated	12,600	12,600	12,780	5,419	13,625	13,632	15,309	11,971	10,068
Fixed Asset Additions									
Canada				385	3,340	6,962	20,946	18,018	11,741
US				22	1,076	3,933	6,857	2,384	3,762
Consolidated	5,040	5,040	4,770	407	4,415	10,895	27,803	20,402	15,503
# Of Store Locations									
Canada	160	170	185	140	199	210	218	213	191
US	10	10	10	10	11	12	26	36	34
Consolidated	170	180	195	150	210	222	244	249	225
Sales / Store				Six Months					
Canada	3,605	3,401	3,134	1,562	2,701	2,659	2,643	2,290	2,387
US	15,200	14,600	14,000	7,140	12,916	12,174	7,340	4,509	4,382
Consolidated	4,287	4,024	3,691	1,934	3,236	3,174	3,144	2,611	2,688
Segment Operating Income (Loss) / Store				Six Months					
Canada	62	51	28	16	(7)	12	39	58	71
US	284	183	126	64	(1)	(223)	(170)	(91)	(72)
Consolidated	75	59	33	19	(6)	(1)	16	37	50

EXHIBIT 4
Career Backgrounder for Nazreen Shah

Nazreen Shah graduated from London School of Economics in 1967 with an MSc Finance and Economics. In 1968, she accepted a research appointment at Petrofina (Brussels, Belgium) and then joined their finance group in 1974. In 1978, she joined Citibank (New York, USA) as part of their corporate finance group, with a specialty in oil and gas. In 1984, she was recruited to Confederation Bank as a Vice President leading a corporate banking team focused on the Canadian oil and gas industry. In 1988, Nazreen was appointed Senior Vice President Corporate Banking, Western Canada. In 1993, Nazreen was promoted to Executive Vice President, Risk Management for Confederation Bank where she had portfolio responsibilities for certain sectors within the bank's commercial lending portfolio.

In 1999, Nazreen opted for early retirement at age 55, and currently provides consulting services to Confederation Bank Financial Group, with a focus on special loans and workouts.

Nazreen is widowed, and enjoys travel and spending time with her two children and their families. She volunteers with several charities, and is an occasional contributor to academic journals in the economics field.