

FORM OF PROXY

**PROXY AND INSTRUCTIONS
FOR GENERAL UNSECURED CREDITORS AND LANDLORDS**

**IN THE MATTER OF THE PROPOSED
PLAN OF COMPROMISE AND ARRANGEMENT OF PAYLESS SHOESOURCE CANADA
INC. AND PAYLESS SHOESOURCE CANADA GP INC.**

MEETINGS OF AFFECTED CREDITORS

to be held pursuant to an Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") made on September 19, 2019 (the "**Meetings Order**") in connection with the Plan of Compromise and Arrangement of Payless ShoeSource Canada Inc. and Payless ShoeSource Canada GP Inc. (the "**Applicants**", and with Payless ShoeSource Canada LP, the "**Payless Canada Entities**") dated September 17, 2019 (as amended, restated, modified and/or supplemented from time to time, the "**Plan**")

on October 23, 2019 at 10:00 a.m. (Toronto time) (General Unsecured Creditors) and
October 23, 2019 at 10:15 a.m. (Toronto time) (Landlords) at

**CASSELS BROCK & BLACKWELL LLP
COUNSEL TO THE PAYLESS CANADA ENTITIES
40 King Street West, Suite 2100
Toronto, ON M5H 3C2**

and at any adjournment, postponement or other rescheduling thereof (the "**Creditors' Meetings**")

PLEASE COMPLETE, SIGN AND DATE THIS PROXY AND RETURN IT TO THE MONITOR, FTI CONSULTING CANADA INC. BY 10:00 A.M. (TORONTO TIME) ON OCTOBER 21, 2019, OR 48 HOURS (EXCLUDING SATURDAYS, SUNDAYS AND STATUTORY HOLIDAYS) PRIOR TO ANY ADJOURNED, POSTPONED OR RESCHEDULED CREDITORS' MEETING (THE "**PROXY DEADLINE**"). PLEASE RETURN OR DEPOSIT YOUR ORIGINAL PROXY SO THAT IT IS ACTUALLY RECEIVED BY THE MONITOR ON OR BEFORE THE PROXY DEADLINE.

Please use this Proxy form if you do not wish to attend the applicable Creditors' Meetings to vote in person but wish to appoint a proxyholder to attend the applicable Creditors' Meetings, vote your Voting Claim or Disputed Voting Claim to accept or reject the Plan and otherwise act for and on your behalf at the applicable Creditors' Meetings and any adjournment(s), postponement(s) or rescheduling(s) thereof.

The Plan is included in the Information Package delivered by the Monitor to all Eligible Voting Creditors, copies of which you have received. All capitalized terms used but not defined in this Proxy shall have the meanings ascribed to such terms in the Plan.

You should review the Plan before you vote. In addition, on September 19, 2019, the Court issued the Meetings Order establishing certain procedures for the conduct of the Creditors' Meetings, a copy of which is included in the Information Package. The Meetings Order contains important

information regarding the voting process. Please read the Meetings Order and the instructions sent with this Proxy prior to submitting this Proxy.

If the Plan is approved by the Required Majorities, is sanctioned by the Court and is implemented, it will be binding on you whether or not you vote.

APPOINTMENT OF PROXYHOLDER AND VOTE

By checking one of the two boxes below, the undersigned Eligible Voting Creditor hereby revokes all proxies previously given and nominates, constitutes and appoints either (*if no box is checked, the Monitor will act as your proxyholder*):

- _____, or
- a representative of FTI Consulting Canada Inc. solely in its capacity as Monitor of Payless ShoeSource Canada Inc., Payless ShoeSource Canada GP Inc. and Payless ShoeSource Canada LP,

as proxyholder, with full power of substitution, to attend, vote and otherwise act for and on behalf of the undersigned at the (*mark as many as may apply*):

- meeting of the General Unsecured Creditors
- meeting of the Landlords

and at adjournment(s), postponement(s) and rescheduling(s) thereof, and to vote the amount of the Eligible Voting Creditors' Voting Claim or Disputed Voting Claim. Without limiting the generality of the power hereby conferred, the person named as proxyholder is specifically directed to vote as shown below. The person named as proxyholder is also directed to vote at the proxyholder's discretion and otherwise act for and on behalf of the undersigned with respect to any amendments or variations to the Plan and to any matters that may come before the applicable Creditors' Meeting or at any adjournment, postponement or rescheduling thereof and to vote the amount of the Eligible Voting Creditors Voting Claim as follows (*mark only one*):

- Vote **FOR** the approval of the Plan, or
- Vote **AGAINST** the approval of the Plan

Please note that if no specification is made above, the Eligible Voting Creditor will be deemed to have voted FOR approval of the Plan at the applicable Creditors' Meetings provided unless the Eligible Voting Creditor otherwise exercises its right to vote at the applicable Creditors' Meeting.

DATED at _____ this _____ day of _____, 2019.

AFFECTED CREDITOR'S SIGNATURE:

(Print Legal Name of Eligible Voting Creditor)

(Print Legal Name of Assignee, if applicable)

(Signature of the Eligible Voting Creditor/Assignee or an
Authorized Signing Officer of the Eligible Voting
Creditor/Assignee)

(Print Name and Title of Authorized Signing Officer of the
Eligible Voting Creditor/Assignee, if applicable)

(Mailing Address of the Eligible Voting Creditor/Assignee)

(Telephone Number and Email of the Eligible Voting
Creditor/Assignee or Authorized Signing Officer of the
Eligible Voting Creditor/Assignee)

**YOUR PROXY MUST BE RECEIVED BY THE MONITOR AT THE ADDRESS LISTED BELOW
OR BEFORE THE PROXY DEADLINE.**

**FTI CONSULTING CANADA INC.
MONITOR OF PAYLESS SHOESOURCE CANADA INC., PAYLESS SHOESOURCE
CANADA GP INC. AND PAYLESS SHOESOURCE CANADA LP**

**79 Wellington Street West
Suite 2010
P.O. Box 104
Toronto, ON M5K 1G8**

**Attention: Ellen Dong
Email: paylesscanada@fticonsulting.com**

**IF YOU HAVE ANY QUESTIONS REGARDING THIS PROXY OR THE VOTING
PROCEDURES, OR IF YOU NEED AN ADDITIONAL COPY OR ADDITIONAL COPIES OF THE
ENCLOSED MATERIALS, PLEASE CONTACT THE MONITOR AT
paylesscanada@fticonsulting.com OR VISIT THE MONITOR'S WEBSITE AT
<http://cfcanada.fticonsulting.com/paylesscanada/>.**

INSTRUCTIONS FOR COMPLETION OF PROXY FOR GENERAL UNSECURED CREDITORS AND LANDLORDS

1. All capitalized terms used but not defined in this Proxy shall have the meanings ascribed to such terms in the Plan of Compromise and Arrangement of Payless ShoeSource Canada Inc. and Payless ShoeSource Canada GP Inc. (the “**Applicants**”, and with Payless ShoeSource Canada LP, the “**Payless Canada Entities**”) dated September 17, 2019 (the “**Plan**”), a copy of which you have received.
2. The aggregate amount of your Claim in respect of which you are entitled to vote (your “**Voting Claim**”) shall be your Proven Claim, or with respect to a Disputed Voting Claim, the amount as determined by the Payless Canada Entities and the Monitor in accordance with the Claims Procedure Order and the Meetings Order.
3. Holders of General Unsecured Claims or Landlord Claims (as defined in the Plan) are entitled to vote only at the applicable Creditors’ Meeting.
4. Check the appropriate box to vote for or against the Plan. **If you do not check either box, you will be deemed to have voted FOR approval of the Plan provided you do not otherwise exercise your right to vote at the applicable Creditors’ Meetings.**
5. Each Eligible Voting Creditor who has a right to vote at the applicable Creditors’ Meetings has the right to appoint a person (who need not be an Eligible Voting Creditor) to attend, act and vote for and on behalf of the Eligible Voting Creditor and such right may be exercised by inserting in the space provided the name of the person to be appointed, or to select a representative of the Monitor as its proxyholder. If no proxyholder is selected, the Eligible Voting Creditor will be deemed to have appointed any officer of FTI Consulting Canada Inc., in its capacity as Monitor, or such other person as FTI Consulting Canada Inc. may designate, as proxyholder of the Eligible Voting Creditor, with power of substitution, to attend on behalf of and act for the Eligible Voting Creditor at the applicable Creditors’ Meetings to be held in connection with the Plan and at any and all adjournments, postponements or other rescheduling thereof.
6. Please read and follow these instructions carefully. Your completed Proxy must actually be received: (i) by the Monitor at FTI Consulting Canada Inc., Monitor of Payless ShoeSource Canada Inc., Payless ShoeSource Canada GP Inc. and Payless ShoeSource Canada LP, 79 Wellington Street West, Suite 2010, P.O. Box 104, Toronto, ON M5K 1G8 (Attention: Ellen Dong), e-mail: paylesscanada@fticonsulting.com prior to 10:00 a.m. (Toronto time) on October 21, 2019, or 48 hours (excluding Saturdays, Sundays and statutory holidays) which is the Proxy Deadline, prior to the time of any adjournment, postponement or rescheduling of the applicable Creditors’ Meetings (the “**Proxy Deadline**”). If your Proxy is not received by the Proxy Deadline, unless such time is extended, your Proxy will not be counted.
7. Sign the Proxy - your original signature is required on the Proxy to appoint a proxyholder and vote at the applicable Creditors’ Meetings. If you are completing the proxy as a duly authorized representative of a corporation or other entity, indicate your relationship with such corporation or other entity and the capacity in which you are signing, and if subsequently requested, provide proof of your authorization to so sign. In addition, please provide your name, mailing address, telephone number and e-mail address.

8. If you need additional Proxies, please immediately contact the Monitor.
9. If multiple Proxies are received from the same person with respect to the same Claims prior to the Proxy Deadline, the latest dated, validly executed Proxy timely received will supersede and revoke any earlier received Proxy. However, if a holder of Claims casts Proxies received by the Monitor dated with the same date, but which are voted inconsistently, such Proxies will not be counted. If a Proxy is not dated in the space provided, it shall be deemed dated as of the date it is received by the Monitor.
10. If an Eligible Voting Creditor validly submits a Proxy to the Monitor and subsequently attends the applicable Creditors' Meetings and votes in person inconsistently, such Eligible Voting Creditor's vote at the applicable Creditors' Meetings will supersede and revoke the earlier received Proxy.
11. Proxies may be accepted for purposes of an adjourned, postponed or other rescheduled Creditors' Meetings if received by the Monitor by the Proxy Deadline.
12. Any Proxy that is illegible or contains insufficient information to permit the identification of the claimant will not be counted.
13. After the Proxy Deadline, no Proxy may be withdrawn or modified, except by an Eligible Voting Creditor voting in person at the applicable Creditors' Meetings, without the prior consent of the Monitor and the Payless Canada Entities.

IF YOU HAVE ANY QUESTIONS REGARDING THIS PROXY OR THE VOTING PROCEDURES, OR IF YOU NEED AN ADDITIONAL COPY OR ADDITIONAL COPIES OF THE ENCLOSED MATERIALS, PLEASE CONTACT THE MONITOR AT paylesscanada@fticonsulting.com OR VISIT THE MONITOR'S WEBSITE AT <http://cfcanada.fticonsulting.com/paylesscanada/>.