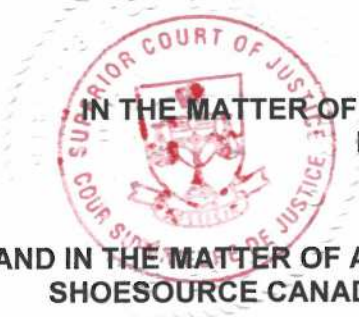


ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE)
REGIONAL SENIOR JUSTICE MORAWETZ)

WEDNESDAY, THE 24TH
DAY OF APRIL, 2019



**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 PAYLESS
SHOESOURCE CANADA INC. AND PAYLESS SHOESOURCE CANADA GP INC.**

(the "Applicants")

**ORDER
(AMENDED CASH FLOW STATEMENT)**

THIS MOTION made by the Applicants, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA"), for an Order, *inter alia*: (i) approving an amended cash flow statement; (ii) providing that notwithstanding the Initial Order granted by the Honourable Regional Senior Justice Morawetz dated February 19, 2019 (the "**Initial Order**"), the Payless Canada Entities may transfer additional funds on the terms set out in this order; and (iii) approving the Third Report (as defined below) and the activities of the Monitor, was heard this day at 330 University Avenue, Toronto, Ontario by way of Court Call.

ON READING the Notice of Motion of the Applicants, Affidavit of Adrian Frankum, sworn April 17, 2019, (the "**Frankum Affidavit**"), the Third Report of FTI Consulting Canada Inc. ("FTI") in its capacity as monitor of the Applicants and Payless ShoeSource Canada LP (collectively, the "**Payless Canada Entities**") dated April 18, 2019 (the "**Third Report**"), and on hearing the submissions of counsel for the Payless Canada Entities, FTI in its capacity as court-appointed monitor ("**Monitor**"), and such other parties as were present by Court Call, no one else appearing although duly served as appears from the affidavit of service of Taschina Ashmeade sworn April 18, 2019 filed;

SERVICE AND DEFINITIONS

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record be and is hereby abridged and validated so that the Motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that any capitalized term used and not defined herein shall have the meaning ascribed thereto in the Initial Order or the Frankum Affidavit.

CASH FLOW STATEMENT

3. **THIS COURT ORDERS** that from and after the date hereof all references to Cash Flow Statement in the Initial Order shall mean the cash flow statement attached to the Third Report, as such Cash Flow Statement may be amended from time to time pursuant to a further Order of this Court or an Order in the U.S. Proceedings.
4. **THIS COURT ORDERS** that notwithstanding paragraph 12 or 12A of the Initial Order the Payless Canada Entities are hereby authorized to transfer funds to the U.S. Debtors, subject to the existing security interests of the Term Loan Agent, (a) materially consistent with "Canadian Excess Proceeds" noted in the Cash Flow Statement, (b) in such amounts as may be determined by the Payless Canada Entities with the prior written consent of the Monitor, or (c) as otherwise ordered by the Court.

APPROVAL OF MONITOR'S REPORT


5. **THIS COURT ORDERS** that the Third Report and the activities of the Monitor, as applicable, referred to therein, be and are hereby approved; provided, however, that only the Monitor, in its personal capacity and only with respect to its own personal liability, shall be entitled to rely upon or utilize in any way such approval.

GENERAL

6. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States or elsewhere, to give effect to this Order and to assist each of the Payless Canada Entities, 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 each of the Payless Canada Entities and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, or to assist each of the Payless Canada Entities and the Monitor and their respective agents in carrying out the terms of this Order.

7. **THIS COURT ORDERS** that each of the Payless Canada Entities 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 Payless ShoeSource Canada 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.


G. B. Thwaites R.S.J.

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

APR 24 2019

PER / PAR: 

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 PAYLESS SHOESOURCE CANADA INC. AND PAYLESS SHOESOURCE CANADA GP INC.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT
TORONTO

ORDER
(AMENDED CASH FLOW STATEMENT)

Cassels Brock & Blackwell LLP

2100 Scotia Plaza
40 King Street West
Toronto, ON M5H 3C2

Ryan Jacobs LSO#: 59510J
Tel: 416. 860.6465
Fax: 416. 640.3189
rjacobs@casselsbrock.com

Jane Dietrich LSO#: 49302U
Tel : 416. 860.5223
Fax : 416. 640.3144
jdietrich@casselsbrock.com

Natalie E. Levine LSO#: 64980K
Tel : 416. 860.6568
Fax : 416. 640.3207
nlevine@casselsbrock.com

*Lawyers for Payless ShoeSource Canada Inc., Payless
ShoeSource Canada GP Inc. and Payless ShoeSource
Canada LP*