

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

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED**

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

(the "**Applicants**")

**MOTION RECORD OF THE APPLICANTS
(Returnable April 24, 2019)**

April 17, 2019

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

TO: THE SERVICE LIST

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

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,
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**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF PAYLESS
SHOESOURCE CANADA INC. AND PAYLESS SHOESOURCE CANADA GP INC.**

(the "**Applicants**")

**NOTICE OF MOTION
(Returnable April 24, 2019)**

Payless ShoeSource Canada Inc. and Payless ShoeSource Canada GP Inc. (the "**Applicants**", and with Payless ShoeSource Canada LP, the "**Payless Canada Entities**") will make a Motion before a Judge of the Ontario Superior Court of Justice (Commercial List), on Wednesday, April 24, 2019 at 8:30 a.m., or as soon after that time as the motion can be heard, at the court house at 330 University Avenue, Toronto, Ontario, by way of Court Call. Registration information for this appearance can be found at **Schedule "A"** attached hereto.

PROPOSED METHOD OF HEARING: The motion is to be heard orally.

THE MOTION IS FOR:

- (a) an order substantially in the form attached hereto as **Schedule "B"**, *inter alia*:
 - (i) abridging the time for service of the Notice of Motion and the Motion Record herein, if necessary, and validating service thereof;

- (ii) establishing a process for the identification of Claims against the Payless Canada Entities (the “**Claims Procedure Order**”) and their present and former directors and officers (the “**Claims Procedure**”); and
- (b) an order substantially in the form attached hereto as **Schedule “C”**, *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 to the U.S. Debtors (defined below), subject to the existing security interests of the Term Loan Agent (as defined in the Initial Order); and
 - (iii) approving the third report of FTI Consulting Canada Inc. (“**FTI**”) in its capacity as monitor of the Payless Canada Entities (the “**Monitor**”), to be filed (the “**Third Report**”), and approving the activities of the Monitor as described therein; and
- (c) such further and other relief as this Court may deem just.

THE GROUNDS FOR THE MOTION ARE:

- (a) on February 18, 2019, the Payless Holdings LLC and twenty six of its affiliated companies (collectively, the “**U.S. Debtors**”) commenced insolvency proceedings (the “**U.S. Proceedings**”) by filing voluntary petitions for relief under chapter 11 of the United States Bankruptcy Code. The Payless Canada Entities are U.S. Debtors in the U.S. Proceedings. The U.S. Proceedings are pending before the United States Bankruptcy Court for the Eastern District of Missouri (the “**U.S. Bankruptcy Court**”);

- (b) on February 19, 2019 (the "**Filing Date**"), the Applicants sought and obtained the Initial Order under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") (the "**CCAA Proceedings**"). The Initial Order's protections extend to Payless ShoeSource Canada LP as the operating entity of the Payless Canada Entities. Among other things, the Initial Order granted an initial stay of proceedings in favour of the Payless Canada Entities until and including March 21, 2019 (the "**Stay Period**") and appointed FTI as the Monitor. On March 20, 2019, the Court granted a further order extending the Stay Period to June 7, 2019;
- (c) on February 21, 2019, the Court granted a further order approving a liquidation consulting agreement with a contractual joint venture comprised of Great American Group, LLC and Tiger Capital Group, LLC (together, "**Consultant**") dated February 12, 2019 (the "**Liquidation Consulting Agreement**") pursuant to which the U.S. Only Debtors (defined below) and the Payless Canada Entities engaged the Consultant to advise them, in the U.S. Proceedings and the CCAA Proceedings respectively, with respect to the liquidation of inventory and certain fixtures at the stores identified in the Liquidation Consulting Agreement;
- (d) since the Filing Date, the Payless Canada Entities have worked closely with their advisors and the Monitor. In addition, the Payless Canada Entities have negotiated with their vendors to ensure uninterrupted services and engaged with various landlords with respect to the lease disclaimer process;
- (e) the Payless Canada Entities have delivered notices of disclaimer or termination for all of their store leases and expect to conclude the liquidation sales by April 30, 2019. The Payless Canada Entities expect to continue operations at the

corporate offices until approximately May 31, 2019. The global corporate office in Topeka, Kansas will remain open beyond this date in order to assist with the wind down of the U.S. Debtors;

- (f) the liquidation sales in Canada have resulted in recoveries higher than initially projected. This variation is driven by, among other things, the active participation of the CRO, the Consultant and the Malfitano Advisors in consultation with the Monitor, each of which have assisted with managing liquidation sale, including the discount rates applied to remaining inventory and managing store closures at an appropriate cadence. The Payless Canada Entities are continuing to work with the Monitor to reconcile the expenses incurred during the liquidation sales;
- (g) with the combined proceeds of the liquidation sales in Canada and the U.S., the U.S. Debtors have repaid all amounts outstanding under the pre-filing ABL Credit Facility (as defined in the Affidavit of Stephen Marotta sworn on February 18, 2019 filed in these CCAA Proceedings (the “**Initial Affidavit**”)) as permitted by the Initial Order and the Cash Collateral Order granted in the U.S. Proceedings dated April 4, 2019;
- (h) on February 25, 2019, the U.S. Bankruptcy Court entered an interim order authorizing the U.S. Debtors (other than the Payless Canada Entities), (the “**U.S. Only Debtors**”) to access a post-filing financing facility (the “**DIP Financing**”) in order to supplement the inventory in the U.S. stores. A condition of the post-filing financing is that the U.S. Debtors must meet certain milestones in the U.S. Proceedings, including milestones related to the delivery of a plan and disclosure statement;

- (i) on March 1, 2019, the United States Trustee appointed an official committee of unsecured creditors (the “**UCC**”) to represent the interests of unsecured creditors in the U.S. Proceedings. The UCC and the U.S. Debtors (including the Payless Canada Entities) are engaged in discussions regarding the appropriate next steps in these cross-border insolvency proceedings;
- (j) on April 4, 2019, the U.S. Bankruptcy Court entered several final orders governing the U.S. Debtors including, a final order in respect of the DIP Financing (the “**Final DIP Order**”). The milestones attached to the Final DIP Order require the U.S. Debtors to (i) file a motion seeking approval of a disclosure statement no later than May 3, 2019; (ii) obtain approval of the disclosure statement by May 31, 2019; and (iii) obtain a confirmation order with respect to the related plan no later than June 28, 2019;
- (k) the proposed Claims Procedure, if approved, will be conducted in parallel with the claims process in the U.S. Proceedings (the “**Chapter 11 Claims Process**”) in respect of the U.S. Only Debtors. Given that the U.S. Debtors are required to undertake a claims process in connection with the plan process and the Payless Canada Entities are U.S. Debtors in the U.S. Proceedings, the Payless Canada Entities are required to call for claims;

Claims Procedure Process

- (l) the Payless Canada Entities are seeking authorization to undertake the Claims Procedure to solicit and identify Claims against the Payless Canada Entities and their present and former directors and officers (the “**Directors and Officers**”);
- (m) the Claims Procedure will enable the Payless Canada Entities to ascertain the potential scope and nature of Claims that may exist against the Payless Canada

Entities as well as to assess the impact such Claims may have with respect to the Payless Canada Entities' restructuring efforts in coordination with the other U.S. Debtors;

- (n) a hearing with respect to the Chapter 11 Claims Process is scheduled for April 23, 2019 and the proposed order (the "**Chapter 11 Claims Order**") contains a process for notification and publication of the Chapter 11 Claims Process, procedures for the filing of proofs of claim, and bar dates by which claims in respect of the U.S. Only Debtors must be filed;
- (o) the Claims Procedure includes a "negative claims process" in which the Payless Canada Entities may elect, in consultation with the Monitor, to deliver to certain creditors, a statement detailing the classification, amount and nature of the creditors' claim as determined by the Payless Canada Entities, in consultation with the Monitor, based on the books and records of the Payless Canada Entities (the "**Listed Claim**");
- (p) a claimant that agrees with its Listed Claim is not required to take any further action or file a proof of claim, and the claim of such claimant shall be deemed to be the Listed Claim set forth in the claim statement;
- (q) any claimant that wishes to dispute the classification, amount and/or nature of the Listed Claim set forth in the claim statement delivered to such Claimant or to assert an additional Claim against the Payless Canada Entities is required to deliver a notice of dispute in the form attached to the Claims Procedure Order, to the Monitor by no later than the Claims Bar Date (as defined below) or Restructuring Period Claims Bar Date (as defined below), as applicable;

- (r) the proposed Claims Bar Date is June 7, 2019 at 11:59 p.m. (Central Time) (the “**Claims Bar Date**”);
- (s) the proposed Restructuring Period Claims Bar Date is 11:59 p.m. (Central Time) on the later of (i) the Claims Bar Date, and (ii) the date that is thirty (30) days after the date on which the Monitor sends such person a Claim Document Package (the “**Restructuring Period Claims Bar Date**”);
- (t) the Claims Procedure Order provides that given that the Payless Canada Entities are not subject to a bankruptcy or receivership proceeding at this time, any claimant that does not deliver a notice of dispute of claim statement shall not be barred from claiming additional amounts from her Majesty in right of Canada or the Minister of National Revenue in respect of his or her entitlement to any future amounts claimable under the *Wage Earner Protection Program Act*, S.C. 2005, c. 47, s.1 (“**WEPPA**”), if applicable, provided that in no circumstances shall any person other than Her Majesty in right of Canada or the Minister of National Revenue have any liability whatsoever for any additional claims in respect of WEPPA;
- (u) the Claims Procedure Order does not contain procedures for the assessment and final determination of Claims. The Payless Canada Entities intend to seek Court approval of such procedures for the assessment and financial determination of claims at a later date, if appropriate;

Cash Flow Statement

- (v) given the better than expected results of the liquidation sales, the Payless Canada Entities were able to repay the obligations under the ABL Credit Facility faster than previously expected. However, under the terms of the Initial Order,

the Payless Canada Entities are only able to release Canadian Excess Proceeds (as defined in the Initial Affidavit) materially consistent with the approved Cash Flow Statement (defined below). As the revised Cash Flow Statement will show, the Payless Canada Entities have already paid approximately CAD\$9 million to repay the ABL Credit Facility. During the week of April 8, 2019, the U.S. Debtors repaid the obligations under the ABL Credit Facility in full;

- (w) the Payless Canada Entities, with the assistance of the Monitor, are preparing a revised forecast of its receipts, disbursements and financing requirements for the period until June 14, 2019 (the “**Cash Flow Statement**”);
- (x) in light of the repayment of the ABL Credit Facility and the success of the liquidation sales in Canada, the Payless Canada Entities have access to additional cash that is not required to operate the business. The Payless Canada Entities are seeking approval of the Cash Flow Statement (as amended) as well as an order allowing the Payless Canada Entities 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;
- (y) the requested order will allow the Payless Canada Entities to reduce the administrative and professional costs associated with returning to Court in the event that the Payless Canada Entities, with the consent of the Monitor, determine that additional funds are available to transfer to the U.S. Debtors subject to the existing security interests of the Term Loan Agent;

- (z) the Monitor is supportive of the relief sought on this motion;
- (aa) those grounds set out in the Affidavit of Adrian Frankum sworn April 17, 2019, and the exhibits thereto (the “**Frankum Affidavit**”);
- (bb) those grounds set out in the Third Report, and the Appendices thereto, to be filed;
- (cc) the provisions of the CCAA and the inherent and equitable jurisdiction of this Court;
- (dd) Rules 1.04, 1.05, 2.01, 2.03, 3.02, 16 and 37 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended; and
- (ee) such further and other grounds as counsel may advise and this Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

- (a) the Frankum Affidavit;
- (b) the Initial Order;
- (c) the Third Report; and
- (d) such further and other evidence as counsel may advise and this Court may permit.

April 17, 2019

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ShoeSource Canada LP*

TO: THE SERVICE LIST

TAB A



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Cassels Brock & Blackwell LLP

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Case Name: Payless Shoesource Canada Inc. and Payless Shoesource Canada GP Inc.

Case Number: CV-19-00614629-00CL

Court Name: Ontario Superior Court of Justice (ON)

Dept/Judge: 330 / Commercial Court Courtroom - 330 University (V)

Proceeding: Motion

Date/Time: Wednesday, April 24th, 2019 at 8:30 AM ET

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Jane O. Dietrich

Cassels Brock & Blackwell LLP

Tél: (416) 860-5223

Télé: (416) 640-3144

Nom du dossier: Payless Shoesource Canada Inc. and Payless Shoesource Canada GP Inc.

Numéro du dossier: CV-19-00614629-00CL

Nom du tribunal: Ontario Superior Court of Justice (ON)

Département /Juge: 330 / Commercial Court Courtroom - 330 University (V)

Affaire: Motion

Date et heure: Wednesday, April 24th, 2019 at 8:30 AM ET

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TAB B

**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
(CLAIMS PROCEDURE ORDER)**

THIS MOTION, 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 by way of Court Call.

ON READING the affidavit of Adrian Frankum sworn April 17, 2019 and the Third Report of FTI Consulting Canada Inc., in its capacity as monitor of the Payless Canada Entities (the "**Monitor**"), and on hearing the submissions of counsel for the Payless Canada Entities, the Monitor, ●, and such other counsel as were present and wished to be heard:

SERVICE AND DEFINITIONS

1. **THIS COURT ORDERS** that the time and method for service and notice of this Motion is hereby abridged and validated and this Motion is properly returnable today without further service or notice thereof.

2. **THIS COURT ORDERS** that, for the purposes of this Order (the “**Claims Procedure Order**”), in addition to terms defined elsewhere herein, the following terms shall have the following meanings:

- (a) "**Additional WEPPA Claim**" has the meaning set forth in paragraph 23 of this Claims Procedure Order;
- (b) "**Affiliate**" means, in relation to a party, a body corporate;
 - (i) which is directly or indirectly controlled by such party; or
 - (ii) which directly or indirectly controls such party; or
 - (iii) which is, directly or indirectly, controlled by a body corporate that also, directly or indirectly controls such party.

For the purpose of this definition, “**control**” of a body corporate means the direct or indirect power to direct, administer and dictate policies or management of such body corporate, it being understood and agreed that control of a body corporate can be exercised without direct or indirect ownership of fifty percent (50%) or more of its voting shares, provided always that the ownership of the right to exercise fifty percent (50%) or more of the voting rights of a given body corporate shall be deemed to be effective control hereunder. For the avoidance of doubt, the joint venture partners of the U.S. Debtors shall not be “Affiliates” for purposes of this Order;

- (c) "**Amended Claim Statement**" has the meaning set forth in paragraph 21 of this Claims Procedure Order
- (d) "**Assessments**" means Claims of Her Majesty the Queen in Right of Canada or of any province or territory or municipality or any other taxation authority in any Canadian or foreign jurisdiction, including, without limitation, amounts which may arise or have arisen under any notice of assessment, notice of reassessment, notice of objection, notice of appeal, audit, investigation, demand or similar request from any taxation authority;
- (e) "**Business Day**" means a day, other than a Saturday, Sunday or statutory holiday, on which banks are generally open for business in Toronto, Ontario;

- (f) **“CCAA Proceedings”** means these proceedings in respect of the Payless Canada Entities pursuant to the CCAA;
- (g) **“Chapter 11 Claims Procedure”** means the claims process approved by the U.S. Bankruptcy Court pursuant to an order dated April ●, 2019 to be conducted within the U.S. Proceedings in respect of the U.S. Debtors other than the Payless Canada Entities;
- (h) **“Chapter 11 Proof of Claim”** means a proof of claim against any of the Payless Canada Entities filed in the Chapter 11 Claims Procedure;
- (i) **“Claim”** means:
 - (i) any right or claim of any Person against any of the Payless Canada Entities, whether or not asserted, in connection with any indebtedness, liability or obligation of any kind of any of the Payless Canada Entities in existence on the Filing Date, whether or not such right or claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known, unknown, by guarantee, by surety or otherwise, and whether or not such right is executory or anticipatory in nature, including any Assessment and any right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, which indebtedness, liability or obligation is based in whole or in part on facts that existed prior to the Filing Date and any other claims that would have been claims provable in bankruptcy had such Payless Canada Entity become bankrupt on the Filing Date, including for greater certainty any Equity Claim and any claim against any of the Payless Canada Entities for indemnification by any Director or Officer in respect of a Director/Officer Claim (but excluding any such claim for indemnification that is covered by the Directors' Charge (as defined in the Initial Order)), in each case, where such monies remain unpaid as of the date hereof (each, a **“Prefiling Claim”**, and collectively, the **“Prefiling Claims”**);

- (ii) any right or claim of any Person against any of the Payless Canada Entities in connection with any indebtedness, liability or obligation of any kind whatsoever owed by any of the Payless Canada Entities to such Person arising out of (A) the restructuring, disclaimer, resiliation, termination or breach by any of the Payless Canada Entities on or after the Filing Date of any contract, lease or other agreement or arrangement whether written or oral or (B) the termination of employment with any of the Payless Canada Entities on or after the Filing Date, whether arising by contract, under statute or otherwise (each, a **“Restructuring Period Claim”**, and collectively, the **“Restructuring Period Claims”**); and
- (iii) any right or claim of any Person against one or more of the Directors and/or Officers howsoever arising, whether or not such right or claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known, or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including any Assessment and any right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, for which any Director or Officer is alleged to be, by statute or otherwise by law or equity, liable to pay in his or her capacity as a Director or Officer (each a **“Director/Officer Claim”**, and collectively, the **“Director/Officer Claims”**),

including any Claim arising through subrogation against any Payless Canada Entity or Director or Officer, provided however, that in any case “Claim” shall not include an Excluded Claim;

- (j) **“Claim Document Package”** means a document package that contains a copy of the Instruction Letter, the Notice to Claimants, a Claim Statement and Notice of Dispute of Claim Statement (in respect of a document package delivered to a Listed Claimant), a Proof of Claim (in respect of a document package delivered to a Claimant other than a Listed Claimant), and such other materials as the Monitor and the Payless Canada Entities may consider appropriate or desirable;

- (k) **"Claim Statement"** means a General Claim Statement, Employee Claim Statement or Landlord Claim Statement, substantially in the form attached hereto as Schedule "D-1", Schedule "D-2" or Schedule "D-3", as applicable;
- (l) **"Claimant"** means any Person having or asserting a Claim;
- (m) **"Claims Bar Date"** means 11:59 p.m. (Central Time) on June 7, 2019, or such later date as may be ordered by the Court;
- (n) **"Claims Procedure"** means the procedures outlined in this Claims Procedure Order in connection with the solicitation and assertion of Claims against any of the Payless Canada Entities or the Directors or Officers or any of them, as amended or supplemented by further order of the Court;
- (o) **"Court"** means the Ontario Superior Court of Justice (Commercial List);
- (p) **"D&O Indemnity Claim"** means any existing or future right of any Director or Officer against any of the Payless Canada Entities which arose or arises as a result of a Listed Claim or any Person filing a Proof of Claim in respect of such Director or Officer for which such Director or Officer is entitled to be indemnified by the Payless Canada Entities;
- (q) **"Directors"** means all current and former directors (or their estates) of any of the Payless Canada Entities, in such capacity, or persons who may be deemed to be or have been, whether by statute, operation of law or otherwise, Directors, and **"Director"** means any one of them;
- (r) **"Employee Claim Statement"** means an Employee Claim Statement substantially in the form attached hereto as Schedule "D-2";
- (s) **"Equity Claim"** has the meaning set forth in Section 2(1) of the CCAA;
- (t) **"Excluded Claim"** means:
 - (i) any Claim secured by any of the Charges (as that term is defined in the Initial Order);
 - (ii) any Claim of a U.S. Debtor or other Affiliate of the U.S. Debtors; and

- (iii) and for greater certainty, shall include any Excluded Claim arising through subrogation;
- (u) **"Filing Date"** means February 19, 2019;
- (v) **"General Claim Statement"** means a General Claim substantially in the form attached hereto as Schedule "D-1";
- (w) **"Initial Order"** means the Initial Order under the CCAA dated February 19, 2019, as amended, restated or varied from time to time;
- (x) **"Instruction Letter"** means the instruction letter to Claimants, in substantially the form attached as Schedule "A" hereto, regarding completion by Claimants of the Proof of Claim and the Notice of Dispute of Claim Statement;
- (y) **"Landlord Claim Statement"** means a Landlord Claim Statement substantially in the form attached hereto as Schedule "D-3";
- (z) **"Listed Claim"** has the meaning set forth in paragraph 18 of this Claims Procedure Order or on Schedule D-1, Scheduled D-2 or Schedule D-3 hereto, as applicable;
- (aa) **"Listed Claimants"** means a Claimants to whom a General Claim Statement, Employee Claim Statement or a Landlord Claim Statement is delivered pursuant to paragraph 18 of this Claims Procedure Order;
- (bb) **"Known Claimants"** means with respect to any of the Payless Canada Entities, or the Directors or Officers or any of them:
 - (i) those Claimants that the books and records of any of the Payless Canada Entities disclose were owed monies by any of the Payless Canada Entities as of the Filing Date, where such monies remain unpaid in full or in part as of the date hereof;
 - (ii) any Person who commenced a legal proceeding against any of the Payless Canada Entities or one or more Directors or Officers in respect of a Claim, which legal proceeding was commenced and served prior to the Filing Date;

- (iii) any Person who has filed a Chapter 11 Proof of Claim as of the date of this Claims Procedure Order; and
- (iv) any other Claimant of whom the Payless Canada Entities have knowledge as at the date of this Claims Procedure Order and for whom the Payless Canada Entities have a current address or other contact information;
- (cc) **“Meeting”** means a meeting of the Claimants of the Payless Canada Entities called for the purpose of considering and voting in respect of a Plan, if any;
- (dd) **“Monitor”** has the meaning set out in the recitals hereto;
- (ee) **“Monitor’s Website”** means the website maintained by the Monitor at <http://cfcanada.fticonsulting.com/paylesscanada/> ;
- (ff) **“Notice of Dispute of Claim Statement”** means a notice in substantially the form attached hereto as Schedule “E”;
- (gg) **“Notice to Claimants”** means the notice to Claimants for publication in substantially the form attached as Schedule “B” hereto;
- (hh) **“Officers”** means all current and former officers (or their estates) of any of the Payless Canada Entities, in such capacity, or persons who may be deemed to be or have been, whether by statute, operation of law or otherwise, Officers and **“Officer”** means any one of them;
- (ii) **“Payless Canada Entities”** means Payless ShoeSource Canada Inc., Payless ShoeSource Canada GP Inc., and Payless ShoeSource Canada LP and each a **“Payless Canada Entity”**;
- (jj) **“Person”** means any individual, partnership, limited partnership, joint venture, trust, corporation, unincorporated organization, government or agency or instrumentality thereof, or any other corporate, executive, legislative, judicial, regulatory or administrative entity howsoever designated or constituted, including, without limitation, any present or former shareholder, supplier, customer, employee, agent, client, contractor, lender, lessor, landlord, sub-landlord, tenant, sub-tenant, licensor, licensee, partner or advisor;

- (kk) **“Plan”** means any plan of compromise or arrangement or plan of reorganization filed by or in respect of any or all of the Payless Canada Entities, as may be amended, supplemented or restated from time to time in accordance with the terms thereof;
- (ll) **“Prime Clerk”** means Prime Clerk LLC, the U.S. Debtors' notice and claims agent in the U.S. Proceedings;
- (mm) **“Proof of Claim”** means a proof of claim form in substantially the form attached hereto as Schedule “C”;
- (nn) **“Restructuring Period Claims Bar Date”** means, in respect of a Restructuring Period Claim, 11:59 p.m. (Central Time) on the date that is the later of (i) the Claims Bar Date and (ii) thirty (30) days after the date on which the Monitor sends a Claim Document Package with respect to a Restructuring Period Claim to a Claimant;
- (oo) **“Service List”** means the service list maintained by the Monitor in respect of these CCAA Proceedings;
- (pp) **“U.S. Bankruptcy Court”** means the United States Bankruptcy Court for the Eastern District of Missouri;
- (qq) **“U.S. Debtors”** means Payless Holdings LLC; Payless Intermediate Holdings LLC; WBG-PSS Holdings LLC; Payless Inc.; Payless Finance, Inc.; Collective Brands Services, Inc.; PSS Delaware Company 4, Inc.; Shoe Sourcing, Inc.; Payless ShoeSource, Inc.; Eastborough, Inc.; Payless Purchasing Services, Inc.; Payless ShoeSource Merchandising, Inc.; Payless Gold Value CO, Inc.; Payless ShoeSource Distribution, Inc.; Payless ShoeSource Worldwide, Inc.; Payless NYC, Inc.; Payless ShoeSource of Puerto Rico, Inc.; Payless Collective GP, LLC; Collective Licensing, L.P.; Collective Licensing International LLC; Clinch, LLC; Collective Brands Franchising Services, LLC; Payless International Franchising, LLC; PSS Canada, Inc.; Payless ShoeSource Canada Inc.; Payless ShoeSource Canada GP Inc.; and Payless ShoeSource Canada LP and such other entities as are or may be debtors for purposes of the U.S. Proceedings;

- (rr) **"U.S. Proceedings"** means the proceedings commenced on February 18, 2019 by the U.S. Debtors under chapter 11 of title 11 of the United States Code in the U.S. Bankruptcy Court; and
- (ss) **"WEPPA"** means the *Wage Earner Protection Program Act*, S.C. 2005, c. 47, s. 1.

GENERAL PROVISIONS

3. **THIS COURT ORDERS** that all references to time herein shall mean Toronto time and any reference to an event occurring on a Business Day shall mean prior to 5:00 p.m. on such Business Day unless otherwise indicated herein.
4. **THIS COURT ORDERS** that all references to the word "including" shall mean "including without limitation".
5. **THIS COURT ORDERS** that all references to the singular herein include the plural, the plural include the singular, and any gender includes the other gender.
6. **THIS COURT ORDERS** that the Claims Procedure and the forms of Notice to Claimants, Instruction Letter, Proof of Claim, General Claim Statement, Employee Claim Statement, Landlord Claim Statement, and Notice of Dispute of Claim Statement are hereby approved and, if applicable, arrangements shall be made for French language translations of such forms. Notwithstanding the foregoing, the Payless Canada Entities with the consent of the Monitor may, from time to time, make non-substantive changes to the forms as the Payless Canada Entities may consider necessary or desirable.
7. **THIS COURT ORDERS** that the Payless Canada Entities and the Monitor are hereby authorized to use reasonable discretion as to the adequacy of compliance with respect to the manner in which forms delivered hereunder are completed and executed, and may waive strict compliance with the requirements of this Claims Procedure Order as to completion, execution and submission of such forms and to request any further documentation from a Claimant that the Payless Canada Entities or the Monitor may require.
8. **THIS COURT ORDERS** that all Claims shall be denominated in Canadian dollars. Any Claims denominated in a foreign currency shall be converted to Canadian dollars at the Bank of Canada daily average exchange rate on the Filing Date, which for United States dollar is USD 1.328:CAD 1.

9. **THIS COURT ORDERS** that there shall be no presumption of validity or deeming of the amount due in respect of amounts claimed in any Assessment.

10. **THIS COURT ORDERS** that copies of all forms delivered hereunder, as applicable, shall be maintained by the Monitor. The Monitor shall promptly provide copies of all Proofs of Claim and Notices of Dispute of Claim Statement received by the Monitor in connection with the Claims Procedure to counsel for the Payless Canada Entities, Cassels Brock & Blackwell LLP, by email to Taschina Ashmeade (tashmeade@casselsbrock.com).

ROLE OF THE MONITOR

11. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights, duties, responsibilities and obligations under the CCAA, the Initial Order and any other orders of the Court in the CCAA Proceedings, shall assist the Payless Canada Entities in the administration of the Claims Procedure provided for herein and is hereby directed and empowered to take such other actions and fulfill such other roles as are contemplated by this Claims Procedure Order.

12. **THIS COURT ORDERS** that the Monitor shall (i) have all protections afforded to it by the CCAA, this Claims Procedure Order, the Initial Order, any other Orders of the Court in the CCAA Proceedings and other applicable law in connection with its activities in respect of this Claims Procedure Order, including the stay of proceedings in its favour provided pursuant to the Initial Order; and (ii) incur no liability or obligation as a result of carrying out the provisions of this Claims Procedure Order, including in respect of its exercise of discretion as to the completion, execution or time of delivery of any documents to be delivered hereunder, other than in respect of gross negligence or wilful misconduct.

13. **THIS COURT ORDERS** that the Payless Canada Entities, the Officers, the Directors and their respective employees, agents and representatives and any other Person given notice of this Claims Procedure Order shall fully cooperate with the Monitor in the exercise of its powers and the discharge of its duties and obligations under this Claims Procedure Order.

NOTICE TO CLAIMANTS

14. **THIS COURT ORDERS** that:

- (a) the Monitor shall, not later than five (5) Business Days following the granting of the Claims Procedure Order, deliver on behalf of the Payless Canada Entities to each of the Known Claimants a copy of the Claim Document Package;
- (b) the Monitor shall cause to be published on or before May 1, 2019, the Notice to Claimants in the following newspapers: (i) *The Globe and Mail* (National Edition); and (ii) *Le Devoir*;
- (c) the Monitor shall post a copy of this Claims Procedure Order, the Applicants' Motion Record in respect of this Claims Procedure Order, and the Claim Document Package on the Monitor's Website;
- (d) the Monitor shall deliver as soon as reasonably possible following receipt of a request therefor, a copy of the Claim Document Package to any Person claiming to be a Claimant and requesting such material in writing; and
- (e) any notices of disclaimer or resiliation delivered to Claimants by the Payless Canada Entities or the Monitor after the date of this Order shall be accompanied by a Claim Document Package and upon becoming aware of any other circumstance giving rise to a Restructuring Period Claim, the Monitor shall send a Claim Document Package to the Claimant or may direct the Claimant to the documents posted on the Monitor's Website in respect of such Restructuring Period Claim.

15. **THIS COURT ORDERS** that the Monitor shall be entitled to rely on the accuracy and completeness of the information obtained from the books and records of the Payless Canada Entities regarding the Known Claimants. For greater certainty, the Monitor shall have no liability in respect of the information provided to it or otherwise obtained by it regarding the Known Claimants and shall not be required to conduct any independent inquiry and investigation with respect to that information.

PROOFS OF CLAIM

16. **THIS COURT ORDERS** that subject to paragraphs 18 to 22 below, to be effective, every Claimant asserting a Claim against any of the Payless Canada Entities or the Directors or Officers or any of them shall set out its aggregate Claim in a Proof of Claim, including supporting documentation, and deliver that Proof of Claim to the Monitor so that it is actually

received by the Monitor by no later than the Claims Bar Date or the Restructuring Period Claims Bar Date, as applicable.

17. **THIS COURT ORDERS** that if a Chapter 11 Proof of Claim is inadvertently filed in respect of any of the Payless Canada Entities and such Chapter 11 Proof of Claim would have been timely filed in accordance with the Chapter 11 Claims Procedure if such procedure applied to it, such Chapter 11 Proof of Claim will be deemed to be a Proof of Claim that has been timely delivered to the Monitor in accordance with the Claims Procedure. If in respect of any of the Payless Canada Entities (i) a Claimant has delivered a Proof of Claim to the Monitor in accordance with the Claims Procedure and has also filed a Chapter 11 Proof of Claim, the Proof of Claim delivered in accordance with the Claims Procedure shall govern, and (ii) a Claim Statement has been delivered to a Claimant and such Claimant has also filed a Chapter 11 Proof of Claim, the Claim Statement and the procedures related thereto specified in paragraphs 18 to 22 shall govern.

CLAIM STATEMENT

18. **THIS COURT ORDERS** that the Payless Canada Entities may elect, in consultation with the Monitor, to deliver a Claim Statement to Known Claimants by requesting that the Monitor include such Claim Statement in the Claim Document Package delivered to such Known Claimant pursuant to paragraph 14. Such Claim Statement shall be in substantially the form attached hereto as Schedule "D-1", Schedule "D-2", or Schedule "D-3" as applicable, and shall specify the classification, amount and nature of such Known Claimant's Claim as determined by the Payless Canada Entities, in consultation with the Monitor, based on the books and records of the Payless Canada Entities (the "**Listed Claim**").

19. **THIS COURT ORDERS** that any Claimant who does not dispute the classification, amount or nature of the Listed Claim set forth in the Claim Statement delivered to such Claimant is not required to take any further action and the Claim of such Claimant shall, subject to paragraph 21, be deemed to be the Listed Claim.

20. **THIS COURT ORDERS** that any Claimant who wishes to dispute the classification, amount and/or nature of the Listed Claim set forth in the Claim Statement delivered to such Claimant or to assert an additional Claim in relation to the Payless Canada Entities other than the Listed Claim shall be required to deliver a Notice of Dispute of Claim Statement to the

Monitor so that it is actually received by the Monitor by no later than the Claims Bar Date or the Restructuring Period Claims Bar Date, as applicable.

21. **THIS COURT ORDERS** that if, after the date on which a Claim Statement is initially delivered to a Claimant, the Payless Canada Entities, in consultation with the Monitor, determines that it is appropriate to change the classification, amount or nature of the Listed Claim set forth in such Claim Statement, the Monitor shall cause an amended Claim Statement (an “**Amended Claim Statement**”) to be delivered to such Claimant, which Amended Claim Statement and the revised Listed Claim specified therein shall thereafter supersede any previous Claim Statement delivered to such Claimant. If the Claimant wishes to dispute the classification, amount and/or nature of the Listed Claim set forth in the Amended Claim Statement, such Claimant shall be required to deliver a Notice of Dispute of Claim Statement so that it is actually received by the Monitor on or before the later of (i) the Claims Bar Date or the Restructuring Period Claims Bar Date, as applicable, and (ii) thirty (30) days after the date on which the Amended Claim Statement is delivered to the Claimant.

22. **THIS COURT ORDERS** that any Claimant that does not deliver a Notice of Dispute of Claim Statement in respect of a Claim Statement or an Amended Claim Statement, if applicable, pursuant to paragraphs 20 and 21, as applicable, shall be forever barred from disputing the classification, amount and/or nature of the Listed Claim set forth in the Claim Statement or Amended Claim Statement, as applicable, and any Claim of a different classification or nature or in excess of the amount specified in the Claim Statement or Amended Claim Statement, as applicable, shall be forever barred and extinguished.

23. **THIS COURT ORDERS** that, notwithstanding anything contained in this Order and given that the Payless Canada Entities are not subject to a bankruptcy or receivership proceeding at this time, any Claimant that does not deliver a Notice of Dispute of Claim Statement in connection with an Employee Claim Statement, shall not be barred from claiming additional amounts from Her Majesty in right of Canada or the Minister of National Revenue in respect of his or her entitlement to any future amounts claimable under WEPPA (an “**Additional WEPPA Claim**”) should WEPPA apply, provided that in no circumstances shall any Person other than Her Majesty in right of Canada or the Minister of National Revenue have any liability whatsoever for any Additional WEPPA Claim.

D&O INDEMNITY CLAIMS

24. **THIS COURT ORDERS** that to the extent that any Director/Officer Claim is filed in accordance with this Claims Procedure or a Listed Claim includes a Director/Officer Claim, a corresponding D&O Indemnity Claim shall be deemed to have been timely filed in respect of each of each Director/Officer Claim. For the avoidance of doubt, Directors and Officers shall not be required take any action or to file Proof of Claim in respect of such D&O Indemnity Claim.

CLAIMS BARRED

25. **THIS COURT ORDERS** that, subject to paragraphs 18 to 22, any Person that does not deliver a Proof of Claim in respect of a Claim in the manner required by this Claims Procedure Order so that it is actually received by the Monitor on or before the Claims Bar Date or the Restructuring Period Claims Bar Date, as applicable:

- (a) shall not be entitled to attend or vote at a Meeting in respect of such Claim;
- (b) shall not be entitled to receive any distribution in respect of such Claim pursuant to a Plan or otherwise;
- (c) shall not be entitled to any further notice in the CCAA Proceedings (unless it has otherwise sought to be included on the Service List); and
- (d) shall be and is hereby forever barred from making or enforcing such Claim against the Payless Canada Entities, or the Directors or Officers or any of them, and such Claim shall be and is hereby extinguished without any further act or notification.

For greater certainty, this paragraph shall not apply to Excluded Claims and the rights of any Person (including the Payless Canada Entities) with respect to Excluded Claims are expressly reserved.

SET-OFF

26. **THIS COURT ORDERS** that nothing in this Claims Procedure Order shall affect any right of set-off that any of the Payless Canada Entities may have against any Person.

TRANSFER OF CLAIMS

27. **THIS COURT ORDERS** that if the holder of a Claim transfers or assigns the whole of such Claim to another Person, neither the Monitor nor the Payless Canada Entities shall be obligated to give notice or otherwise deal with the transferee or assignee of such Claim in respect thereof unless and until written notice of such transfer or assignment, together with evidence satisfactory to the Monitor, in its sole discretion, of such transfer or assignment, has been received by the Monitor and the Monitor has provided written confirmation acknowledging the transfer or assignment of such Claim, and thereafter such transferee or assignee shall for the purposes hereof constitute the "Claimant" in respect of such Claim. Any such transferee or assignee of a Claim shall be bound by any notices given or steps taken in respect of such Claim in accordance with this Claims Procedure Order prior to receiving written confirmation by the Monitor acknowledging such assignment or transfer. After the Monitor has delivered a written confirmation acknowledging the notice of the transfer or assignment of a Claim, the Payless Canada Entities and the Monitor shall thereafter be required only to deal with the transferee or assignee and not the original holder of the Claim. A transferee or assignee of a Claim takes the Claim subject to any defences and rights of set-off to which the Payless Canada Entities may be entitled with respect to such Claim. For greater certainty, a transferee or assignee of a Claim is not entitled to set-off, apply, merge, consolidate or combine any Claims assigned or transferred to it against or on account or in reduction of any amounts owing by such Person to the Payless Canada Entities. Reference to transfer in this Claims Procedure Order includes a transfer or assignment whether absolute or intended as security.

28. **THIS COURT ORDERS** that if a Claimant or any subsequent holder of a Claim, who in any such case has previously been acknowledged by the Monitor as the holder of the Claim, transfers or assigns the whole of such Claim to more than one Person or part of such Claim to another Person, such transfers or assignments shall not create separate Claims and such Claims shall continue to constitute and be dealt with as a single Claim notwithstanding such transfers or assignments. The Payless Canada Entities and the Monitor shall not, in each case, be required to recognize or acknowledge any such transfers or assignments and shall be entitled to give notices to and to otherwise deal with such Claim only as a whole and then only to and with the Person last holding such Claim, provided such Claimant may, by notice in writing delivered to the Monitor, direct that subsequent dealings in respect of such Claim, but only as a whole, shall be dealt with by a specified Person and in such event, such Person shall be bound

by any notices given or steps taken in respect of such Claim with such Claimant or in accordance with the provisions of this Claims Procedure Order.

DETERMINATION OF CLAIMS

29. **THIS COURT ORDERS** that, except as contemplated by paragraphs 19 and 22, the applicable procedures for reviewing and determining Claims, if any, shall be established by further Order of the Court.

SERVICE AND NOTICE

30. **THIS COURT ORDERS** that the Payless Canada Entities and the Monitor may, unless otherwise specified by this Claims Procedure Order, serve and deliver or cause to be served and delivered the Claim Document Package, any letters, notices or other documents to Claimants or any other interested Person by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery, facsimile transmission or email to such Persons or their counsel (including counsel of record in any ongoing litigation) at the physical or electronic address, as applicable, last shown on the books and records of the Payless Canada Entities or set out in such Claimant's Proof of Claim or Notice of Dispute of Claim Statement, if one has been filed. Any such service and delivery shall be deemed to have been received: (i) if sent by ordinary mail, on the third Business Day after mailing within Canada, and the fifth Business Day after mailing internationally; (ii) if sent by courier or personal delivery, on the next Business Day following dispatch; and (iii) if delivered by facsimile transmission or email by 5:00 p.m. on a Business Day, on such Business Day and if delivered after 5:00 p.m. or other than on a Business Day, on the following Business Day.

31. **THIS COURT ORDERS** that any notice or communication required to be provided or delivered by a Claimant to the Monitor under this Claims Procedure Order shall be in writing in substantially the form, if any, provided for in this Claims Procedure Order and will be sufficiently given only if delivered by prepaid registered mail, courier, personal delivery or email addressed to:

FTI Consulting Canada Inc. as Monitor of the Payless Canada Entities
TD Waterhouse Tower
79 Wellington Street West
Suite 2010, P.O. Box 104
Toronto, Ontario M5K 1G8

E-mail: paylesscanada@fticonsulting.com

Any such notice or communication delivered by a Claimant shall be deemed to be received upon actual receipt thereof before 5:00 p.m. on a Business Day or if delivered outside of normal business hours, the next Business Day.

32. **THIS COURT ORDERS** that the posting of materials on the Monitor's Website pursuant to paragraph 14(c), the publication of the Notice to Claimants and the mailing of the Claim Document Packages as set out in this Claims Procedure Order shall constitute good and sufficient notice to Claimants of the Claims Bar Date, the Restructuring Period Claims Bar Date and the other deadlines and procedures set forth herein, and that no other form of notice or service need be given or made on any Person, and no other document or material need be served on any Person in respect of the claims procedure described herein.

33. **THIS COURT ORDERS** that in the event that this Claims Procedure Order is subsequently amended by further Order of the Court, the Payless Canada Entities shall serve notice of such amendment on the Service List in these proceedings and the Monitor shall post such further Order on the Monitor's Website and such posting shall constitute adequate notice to all Persons of such amendment.

GENERAL

34. **THIS COURT ORDERS** that notwithstanding any other provisions of this Claims Procedure Order, the solicitation by the Monitor or the Payless Canada Entities of Proofs of Claim, the delivery of Claim Document Packages to Known Claimants, and the filing by any Person of any Proof of Claim or Notice of Dispute of Claim Statement shall not, for that reason only, grant any Person any standing in the CCAA Proceedings or rights under a Plan.

35. **THIS COURT ORDERS** that nothing in this Claims Procedure Order shall prejudice the rights and remedies of any Directors or Officers or other Persons under the Directors' Charge or any applicable insurance policy or prevent or bar any Person from seeking recourse against or payment from the Payless Canada Entities' insurance and any Director's or Officer's liability insurance policy or policies that exist to protect or indemnify the Directors or Officers or other Persons, whether such recourse or payment is sought directly by the Person asserting a Claim from the insurer or derivatively through the Director or Officer or the Payless Canada Entities; provided, however, that nothing in this Claims Procedure Order shall create any rights in favour of such Person under any policies of insurance nor shall anything in this Claims Procedure Order limit, remove, modify or alter any defence to such Claim available to the insurer pursuant

to the provisions of any insurance policy or at law; and further provided that any Claim or portion thereof for which the Person receives payment directly from, or confirmation that the Person is covered by, the Payless Canada Entities' insurance or any Director's or Officer's liability insurance or other liability insurance policy or policies that exist to protect or indemnify the Directors or Officers or other Persons shall not be recoverable as against the Payless Canada Entities or Director or Officer, as applicable.

36. **THIS COURT ORDERS** that nothing in this Claims Procedure Order shall constitute or be deemed to constitute an allocation or assignment of Claims into particular classes for the purpose of the Plan and, for greater certainty, the treatment of Claims, or any other claims and the classification of creditors for voting and distribution purposes, shall be subject to the terms of a Plan or further Order of this Court.

37. **THIS COURT ORDERS** that the Payless Canada Entities or the Monitor may from time to time apply to this Court to amend, vary, supplement or replace this Claims Procedure Order or for advice and directions concerning the discharge of their respective powers and duties under this Claims Procedure Order or the interpretation or application of this Claims Procedure Order.

38. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or outside Canada to give effect to this Claims Procedure Order and to assist the Payless Canada Entities, the Monitor and their respective agents in carrying out the terms of this Claims Procedure Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to 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 Claims Procedure Order, to grant representative status to the Payless ShoeSource Canada Inc. in any foreign proceeding, or to assist the Payless Canada Entities and the Monitor and their respective agents in carrying out the terms of this Claims Procedure Order.

39. **THIS COURT ORDERS** that this Claims Procedure Order and all of its provisions are effective as of 12:01 a.m. Toronto Time on the date of this Claims Procedure Order.

SCHEDULE "A"

INSTRUCTION LETTER FOR THE CLAIMS PROCEDURE

**Payless ShoeSource Canada Inc., Payless ShoeSource Canada GP Inc.,
and Payless ShoeSource Canada LP
(the "Payless Canada Entities") and/or their Directors or Officers**

A. CLAIMS PROCEDURE

By Order of the Ontario Superior Court of Justice (Commercial List) made April 24, 2019 (the "**Claims Procedure Order**"), the Court-appointed Monitor of the Payless Canada Entities, FTI Consulting Canada Inc. (in such capacity, the "**Monitor**"), has been authorized to assist the Payless Canada Entities in conducting a claims procedure (the "**Claims Procedure**") with respect to claims against the Payless Canada Entities and their present or former Directors and Officers ("**Directors/Officers**") in accordance with the terms of the Claims Procedure Order.

A similar claims process has also been established by the U.S. Bankruptcy Court with respect to the U.S. Debtors other than the Payless Canada Entities (the "**Chapter 11 Claims Procedure**"). The Order of the U.S. Bankruptcy Court granted in respect of the Chapter 11 Claims Procedure provides that it does not apply to the Payless Canada Entities or claims against the Payless Canada Entities, other than certain limited matters relating to notice and coordination. The Claims Procedure Order governs all claims against the Payless Canada Entities.

Unless otherwise defined, all capitalized terms used herein shall have the meanings given to those terms in the Claims Procedure Order.

The Claims Procedure Order, the Claim Document Package, additional Proofs of Claim and related materials may be accessed from the Monitor's Website at <http://cfcanada.fticonsulting.com/paylesscanada/>.

This letter provides instructions for responding to or completing the Proof of Claim or a Notice of Dispute of Claim Statement. Reference should be made to the Claims Procedure Order for a complete description of the Claims Procedure.

The Claims Procedure is intended for any Person with any Claims of any kind or nature whatsoever against the Payless Canada Entities or the Directors/Officers of the Payless Canada Entities, whether liquidated, unliquidated, contingent or otherwise. Please review the enclosed material for the complete definitions of "Claim", "Prefiling Claim", "Restructuring Period Claim" and "Director/Officer Claim" to which the Claims Procedure applies.

All notices and enquiries with respect to the Claims Procedure should be addressed to:

FTI Consulting Canada Inc. as Monitor of the Payless Canada Entities
TD Waterhouse Tower
79 Wellington Street West
Suite 2010, P.O. Box 104
Toronto, Ontario M5K 1G8
Phone: 416 649 8096
Toll Free: 1 855 718 5255

Fax: 416 649 8101

E-mail: paylesscanada@fticonsulting.com

B. FOR CLAIMANTS SUBMITTING A PROOF OF CLAIM

Unless you are a Listed Claimant (as defined below), if you believe that you have a Claim against the Payless Canada Entities or the Directors or Officers of any of the Payless Canada Entities, you must file a Proof of Claim with the Monitor.

If a Chapter 11 Proof of Claim relating to the Payless Canada Entities is inadvertently filed in accordance with the Chapter 11 Claims Procedure (including by the claims bar dates specified therein) as if such procedure otherwise applied to the Payless Canada Entities, the Chapter 11 Proof of Claim will be deemed to have been filed with the Monitor in accordance with the Claims Procedure. If both a Proof of Claim and Chapter 11 Proof of Claim are timely filed, the Proof of Claim delivered in accordance with the Claims Procedure shall govern.

All **Proofs of Claim for Prefiling Claims** (i.e., Claims against the Payless Canada Entities arising prior to the Filing Date) and all **Director/Officer Claims** must be received by the Monitor **before 11:59 p.m. (Central Time) on June 7, 2019** (the “**Claims Bar Date**”).

All **Proofs of Claim for Restructuring Period Claims** (i.e. Claims against the Payless Canada Entities arising on or after the Filing Date) must be received by the Monitor **before 11:59 p.m. (Central Time)** on the date that is **the later of (i) the Claims Bar Date and (ii) thirty (30) days after the date on which the Monitor sends a Claim Document Package with respect to a Restructuring Period Claim** (the “**Restructuring Period Claims Bar Date**”).

PROOFS OF CLAIM MUST BE RECEIVED BY THE CLAIMS BAR DATE OR RESTRUCTURING PERIOD CLAIMS BAR DATE, AS APPLICABLE, OR THE APPLICABLE CLAIM WILL BE FOREVER BARRED AND EXTINGUISHED. If you are required to file a Proof of Claim pursuant to the Claims Procedure but do not file a Proof of Claim in respect of a Claim by the Claims Bar Date or the Restructuring Period Claims Bar Date, as applicable, you shall not be entitled to vote at any Meeting regarding a Plan or participate in any distribution under a Plan or otherwise in respect of such Claims.

All Claims denominated in foreign currency shall be converted to Canadian dollars at the Bank of Canada daily average exchange rate on the date of the Initial Order.

Additional Proof of Claim forms can be obtained by contacting the Monitor at the telephone numbers and address indicated above and providing particulars as to your name, address and facsimile number or email mail address. Additional Proofs of Claim and related materials may be accessed from the Monitor's Website at <http://cfcanada.fticonsulting.com/paylesscanada/>.

C. FOR CLAIMANTS WHO RECEIVE A CLAIM STATEMENT

Certain Known Claimants of the Payless Canada Entities (each a “**Listed Claimant**”) will receive a Claim Statement from the Monitor specifying the classification, amount and nature of such Claimant's Claim as determined by the Payless Canada Entities, in consultation with the Monitor, based on the books and records of the Payless Canada Entities (the “**Listed Claim**”).

If you receive a Claim Statement and you do not dispute the classification, amount or nature of the Listed Claim, you are not required to take any further action or to file a Proof of Claim with the Monitor in the Claims Procedure Order.

If you wish to dispute the classification, amount and/or nature of the Listed Claim set forth in the Claim Statement or to assert an additional Claim in relation to the Payless Canada Entities other than the Listed Claim, you are required to deliver a Notice of Dispute of Claim Statement to the Monitor so that it is actually received by the Monitor by no later than the Claims Bar Date or the Restructuring Period Claims Bar Date, as applicable.

If a completed Notice of Dispute of Claim Statement in respect of a Listed Claim is not received by the Monitor by the Claims Bar Date or the Restructuring Period Claims Bar Date, as applicable, the Claimant shall be forever barred from disputing the classification, amount or nature of the Listed Claim and any Claim of a different classification or nature or in excess of the amount specified in the Listed Claim shall be forever barred and extinguished. **IF A NOTICE OF DISPUTE OF CLAIM STATEMENT IS NOT RECEIVED BY THE MONITOR WITHIN THE PRESCRIBED TIME PERIOD, THE CLAIM AS SET OUT IN THE CLAIM STATEMENT WILL BE DEEMED TO BE THE CLAIM OF THE CLAIMANT AND WILL BE FINAL AND BINDING ON THE CLAIMANT FOR ALL PURPOSES.**

DATED at Toronto, Ontario this _____ day of _____, 2019.

FTI Consulting Canada Inc.,
solely in its capacity as Monitor of
the Payless Canada Entities, and not
in its personal capacity.

SCHEDULE "B"

NOTICE TO CLAIMANTS

**Payless ShoeSource Canada Inc., Payless ShoeSource Canada GP Inc.,
and Payless ShoeSource Canada LP
(the "Payless Canada Entities") and/or their Directors or Officers**

RE: NOTICE OF CLAIMS PROCEDURE AND CLAIMS BAR DATE

This notice is being published pursuant to an Order of the Ontario Superior Court of Justice (Commercial List) dated April 24, 2019 (the "**Claims Procedure Order**") in proceedings in respect of the Payless Canada Entities pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"). The Court has ordered that the Court-appointed Monitor of the Payless Canada Entities, FTI Consulting Canada Inc. (in such capacity, the "**Monitor**"), assist the Payless Canada Entities with conducting a claims procedure (the "**Claims Procedure**") with respect to claims against the Payless Canada Entities and their present and former Directors and Officers ("**Directors/Officers**"). The Monitor is required to send Claim Document Packages to the Payless Canada Entities' Known Claimants. All capitalized terms herein shall have the meanings given to those terms in the Claims Procedure Order.

The Claims Procedure Order, the Claim Document Package, additional Proofs of Claim and related materials may be accessed from the Monitor's Website at <http://cfcanada.fticonsulting.com/paylesscanada/>.

A. Submission of Proof of Claim

With the exception of Listed Claimants (as defined below), all persons wishing to assert a Claim against the Payless Canada Entities or the Directors/Officers must file a Proof of Claim with the Monitor.

THE CLAIMS BAR DATE is 11:59 p.m. (Central Time) on June 7, 2019. Proofs of Claim in respect of Prefiling Claims and Director/Officer Claims must be completed and filed with the Monitor on or before the Claims Bar Date.

THE RESTRUCTURING PERIOD CLAIMS BAR DATE is 11:59 p.m. (Central Time) on the date that is the later of (i) the Claims Bar Date and (ii) thirty (30) days after the date on which the Monitor sends a Claim Document Package with respect to a Restructuring Period Claim (the "Restructuring Period Claims Bar Date"). Proofs of Claim in respect of Restructuring Period Claims must be completed and filed with the Monitor on or before the Restructuring Period Claims Bar Date.

PROOFS OF CLAIM MUST BE RECEIVED BY THE MONITOR BY THE CLAIMS BAR DATE OR RESTRUCTURING PERIOD CLAIMS BAR DATE, AS APPLICABLE, OR THE CLAIM WILL BE FOREVER BARRED AND EXTINGUISHED. If you are required to file a Proof of Claim pursuant to the Claims Procedure but do not file a Proof of Claim in respect of a Claim by the Claims Bar Date or the Restructuring Period Claims Bar Date, as applicable, you shall not

be entitled to vote at any Meeting regarding a Plan or participate in any distribution under a Plan, if any, or otherwise in respect of such Claims.

Reference should be made to the enclosed material for the complete definitions of "Claim", "Prefiling Claim", "Restructuring Period Claim" and "Director/Officer Claim" to which the Claims Procedure applies.

B. Listed Claimants Receiving a Claim Statement

Certain Known Claimants of the Payless Canada Entities (each a "**Listed Claimant**") will receive a Claim Statement from the Monitor specifying the classification, amount and nature of such party's Claim as determined by the Payless Canada Entities, in consultation with the Monitor, based on the books and records of the Payless Canada Entities (the "**Listed Claim**").

If you receive a Claim Statement and you do not dispute the classification, amount or nature of the Listed Claim, you are not required to take any further action or to file a Proof of Claim with the Monitor in the Claims Procedure Order.

If you wish to dispute the classification, amount and/or nature of the Listed Claim set forth in the Claim Statement or to assert an additional Claim in relation to any of the Payless Canada Entities other than the Listed Claim, you are required to deliver a Notice of Dispute of Claim Statement to the Monitor so that it is received by the Monitor by no later than the Claims Bar Date or the Restructuring Period Claims Bar Date, as applicable.

If a completed Notice of Dispute of Claim Statement in respect of a Listed Claim is not received by the Monitor by the Claims Bar Date or the Restructuring Period Claims Bar Date, as applicable, the Claimant shall be forever barred from disputing the classification, amount or nature of the Listed Claim and any Claim of a different classification or nature or in excess of the amount specified in the Listed Claim shall be forever barred and extinguished. **IF A NOTICE OF DISPUTE OF CLAIM STATEMENT IS NOT RECEIVED BY THE MONITOR WITHIN THE PRESCRIBED TIME PERIOD, THE CLAIM AS SET OUT IN THE CLAIM STATEMENT WILL BE DEEMED TO BE THE CLAIM OF THE CLAIMANT AND WILL BE FINAL AND BINDING ON THE CLAIMANT FOR ALL PURPOSES.**

C. Monitor Contact Information

The Monitor can be contacted at the following address to request a Claim Document Package or for any other notices or enquiries with respect to the Claims Procedure:

FTI Consulting Canada Inc. as Monitor of the Payless Canada Entities
TD Waterhouse Tower
79 Wellington Street West
Suite 2010, P.O. Box 104
Toronto, Ontario M5K 1G8
Phone: 416 649 8096
Toll Free: 1 855 718 5255
Fax: 416 649 8101
E-mail: paylesscanada@fticonsulting.com

DATED at Toronto, Ontario this _____ day of _____, 2019.

FTI Consulting Canada Inc.,
solely in its capacity as Monitor of

the Payless Canada Entities, and not
in its personal capacity.

SCHEDULE "C"

PROOF OF CLAIM

**Payless ShoeSource Canada Inc., Payless ShoeSource Canada GP Inc.,
and Payless ShoeSource Canada LP
(the "Payless Canada Entities") and/or their Directors or Officers**

Please read carefully the enclosed Instruction Letter for completing this Proof of Claim. All capitalized terms not defined herein have the meanings given to such terms in the Claims Procedure Order dated April 24, 2019.

I. PARTICULARS OF CLAIMANT:

1. 1. Full Legal Name of Claimant:
_____ (the "Claimant")
2. Full Mailing Address of the Claimant:

3. Telephone Number: _____
4. E-Mail Address: _____
5. Facsimile Number: _____
6. Attention (*Contact Person*): _____
7. Have you acquired this Claim by assignment?
Yes: No: (*if yes, attach documents evidencing assignment*)
If Yes, Full Legal Name of Original Claimant(s):

II. PROOF OF CLAIM:

1. I, _____
(*name of Claimant or Representative of the Claimant*), of _____
_____ do hereby certify:
(*city and province*)

- (a) that I *[check (√) one]*
- am the Claimant; OR
- am _____ (state position or title) of _____;
(name of Claimant)

(b) that I have knowledge of all the circumstances connected with the Claim referred to below;

(c) that one or more of the Payless Canada Entities and/or the Directors/Officers of the Payless Canada Entities were and still are indebted to the Claimant as follows:¹

| Debtor | Prefiling Claim Amount | Secured, Priority Unsecured, or Unsecured | Value of Security, if any: |
|---|------------------------|---|----------------------------|
| Payless ShoeSource Canada Inc. | | | |
| Payless ShoeSource Canada GP Inc. | | | |
| Payless ShoeSource Canada LP | | | |
| Directors and Officers of the Payless Canada Entities | | | |
| _____ <i>(insert names above)</i> | | | |

| Debtor | Restructuring Period Claim Amount | Secured, Priority Unsecured, or Unsecured | Value of Security, if any: |
|---|-----------------------------------|---|----------------------------|
| Payless ShoeSource Canada Inc. | | | |
| Payless ShoeSource Canada GP Inc. | | | |
| Payless ShoeSource Canada LP | | | |
| Directors and Officers of the Payless Canada Entities | | | |
| _____ <i>(insert names above)</i> | | | |

¹ (Claims in a foreign currency are to be converted to Canadian Dollars at the Bank of Canada daily average exchange rate for February 19, 2019. The Canadian Dollar/U.S. Dollar daily average exchange rate on that date was CAD\$1/ USD\$1.323.)

III. PARTICULARS OF CLAIM

The particulars of the undersigned's total Claim (including Prefiling Claims, Restructuring Period Claims and Director/Officer Claims) are attached.

(Provide full particulars of the Claim and supporting documentation, including amount, description of transaction(s) or agreement(s) giving rise to the Claim, name of any guarantor(s) which has guaranteed the Claim, particulars and copies of any security and amount of Claim allocated thereto, date and number of all invoices, particulars of all credits, discounts, etc. claimed. Include the relevant store location and number if applicable. If a Claim is made against any Directors or Officers, specify the applicable Directors or Officers and the legal basis for the Claim against them.)

IV. FILING OF CLAIM

For **Prefiling Claims and all Director/Officer Claims**, this Proof of Claim must be received by the Monitor **before 11:59 p.m. (Central Time) on June 7, 2019** (the "**Claims Bar Date**").

For **Restructuring Period Claims**, this Proof of Claim must be received by the Monitor **before 11:59 p.m. (Central Time) on the date that is the later of: (i) the Claims Bar Date and (ii) thirty (30) days after the date on which the Monitor sends a Claim Document Package with respect to a Restructuring Period Claim** (the "**Restructuring Period Claims Bar Date**").

In both cases, completed forms must be delivered by prepaid ordinary mail, courier, personal delivery or electronic transmission at the following address:

FTI Consulting Canada Inc. as Monitor of the Payless Canada Entities
TD Waterhouse Tower
79 Wellington Street West
Suite 2010, P.O. Box 104
Toronto, Ontario M5K 1G8
Phone: 416 649 8096
Toll Free: 1 855 718 5255
Fax: 416 649 8101

E-mail: paylesscanada@fticonsulting.com

Failure to file your Proof of Claim as directed by the Claims Bar Date or Restructuring Period Claims Bar Date, as applicable, will result in your Claim being extinguished and barred and in you being prevented from making or enforcing a Claim against the applicable Payless Canada Entities or Director/Officer, as applicable.

Dated at _____ this _____ day of _____, 2019.

Signature of Claimant

SCHEDULE "D-1"

GENERAL CLAIM STATEMENT

**Payless ShoeSource Canada Inc., Payless ShoeSource Canada GP Inc.,
and Payless ShoeSource Canada LP
(the "Payless Canada Entities") and/or their Directors or Officers**

Claim Reference Number: [Insert Claim Reference Number]
Store Number (if applicable): [Insert Store Number, if applicable]
To: [Insert Name of Known Claimant] (the
"Claimant")
[Insert Address of Known Claimant]

This General Claim Statement is delivered to the Claimant, as a Known Claimant of one or more of the Payless Canada Entities and/or their Directors or Officers as noted below, pursuant to the Order of the Ontario Superior Court of Justice (Commercial List) dated April 24, 2019 (the "**Claims Procedure Order**") in proceedings in respect of the Payless Canada Entities pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCA**"). Pursuant to the Claims Procedure Order, the Court-appointed Monitor of the Payless Canada Entities, FTI Consulting Canada Inc. (in such capacity, the "**Monitor**"), has been directed to assist the Payless Canada Entities in conducting a claims procedure (the "**Claims Procedure**") with respect to claims against the Payless Canada Entities and their present or former Directors and Officers in accordance with the terms of the Claims Procedure Order. Unless otherwise defined, all capitalized terms used herein have the meanings given to those terms in the Claims Procedure Order.

According to the books, records and other relevant information in the possession of the Payless Canada Entities, the Claim of the Claimant is set out in the table below (the "**Listed Claim**"):

| Debtor(s) | Classification of Claim | Amount of Claim^{1, 2} | Nature of Claim |
|---|--|---------------------------------------|--|
| [name of Payless Canada Entity or Director/Officer] | [Prefiling Claim / Restructuring Period Claim] | [Insert amount of Claim] | [Unsecured Claim / Unsecured Priority Claim / Secured Claim] |

¹ Amount is in Canadian dollars. Claims in a foreign currency have been converted to Canadian dollars at the Bank of Canada daily average exchange rate for February 19, 2019. The Canadian dollar/U.S. dollar daily average exchange rate for that date was CAD\$1/ USD\$1.323.

² If applicable, additional information with respect to the Listed Claim is provided in a schedule to this Claim Statement.

If the Listed Claim accurately reflects the Claim that the Claimant has in respect of such Payless Canada Entity(ies) (or any Director/Officer Claim), you are not required to take any further action or to file a Proof of Claim with the Monitor in the Claims Procedure Order.

If the Claimant wishes to dispute the classification, amount and/or nature of the Listed Claim or to assert an additional Claim against any of the Payless Canada Entities or the Directors or Officers other than the Listed Claim, the Claimant must complete the enclosed Notice of Dispute of Claim Statement and deliver it to the Monitor such that it is received by the Monitor by no later than **11:59 p.m. (Central Time)** on June 7, 2019 (the “**Claims Bar Date**”) or, solely in respect of a Restructuring Period Claim, by **11:59 p.m. (Central Time)** on the day that is the later of (i) the Claims Bar Date, and (ii) thirty (30) days after the date on which the Monitor delivered the Claim Document Package to the Claimant (the “**Restructuring Period Claims Bar Date**”).

If a completed Notice of Dispute of Claim Statement in respect of the Listed Claim is not received by the Monitor by the Claims Bar Date or the Restructuring Period Claims Bar Date, as applicable, the Claimant shall be forever barred from disputing the classification, amount or nature of the Listed Claim and any Claim of a different classification or nature or in excess of the amount specified in the Listed Claim shall be forever barred and extinguished. **IF A NOTICE OF DISPUTE OF CLAIM STATEMENT IS NOT RECEIVED BY THE MONITOR WITHIN THE PRESCRIBED TIME PERIOD, THE CLAIM AS SET OUT IN THE GENERAL CLAIM STATEMENT WILL BE DEEMED TO BE THE CLAIM OF THE CLAIMANT AND WILL BE FINAL AND BINDING ON THE CLAIMANT FOR ALL PURPOSES.**

Claimants requiring further information or Claim documentation, or who wish to submit a Notice of Dispute of Claim Statement, may contact the Monitor at the following address:

FTI Consulting Canada Inc. as Monitor of the Payless Canada Entities
TD Waterhouse Tower
79 Wellington Street West
Suite 2010, P.O. Box 104
Toronto, Ontario M5K 1G8
Phone: 416 649 8096
Toll Free: 1 855 718 5255
Fax: 416 649 8101

E-mail: paylesscanada@fticonsulting.com

Dated at _____ this _____ day of _____, 2019.

FTI Consulting Canada Inc.,
solely in its capacity as Monitor of
the Payless Canada Entities, and not
in its personal capacity

SCHEDULE "D-2"

EMPLOYEE CLAIM STATEMENT

**Payless ShoeSource Canada Inc., Payless ShoeSource Canada GP Inc.,
and Payless ShoeSource Canada LP
(the "Payless Canada Entities") and/or their Directors or Officers**

Claim Reference Number: [Insert Claim Reference Number]
Store Number (if applicable): [Insert Store Number, if applicable]
To: [Insert Name of Known Claimant] (the
"Claimant")
[Insert Address of Known Claimant]

This Employee Claim Statement is delivered to the Claimant, as a Known Claimant of one or more of the Payless Canada Entities and/or their Directors or Officers as noted below, pursuant to the Order of the Ontario Superior Court of Justice (Commercial List) dated April 24, 2019 (the "**Claims Procedure Order**") in proceedings in respect of the Payless Canada Entities pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCA**"). Pursuant to the Claims Procedure Order, the Court-appointed Monitor of the Payless Canada Entities, FTI Consulting Canada Inc. (in such capacity, the "**Monitor**"), has been directed to assist the Payless Canada Entities in conducting a claims procedure (the "**Claims Procedure**") with respect to claims against the Payless Canada Entities and their present or former Directors and Officers in accordance with the terms of the Claims Procedure Order. Unless otherwise defined, all capitalized terms used herein have the meanings given to those terms in the Claims Procedure Order.

According to the books, records and other relevant information in the possession of the Payless Canada Entities, the Claim of the Claimant is set out in the table below (the "**Listed Claim**"):

| Debtor(s) | Classification of Claim | Amount of Claim^{1, 2} | Nature of Claim |
|---|--|---------------------------------------|--|
| [name of Payless Canada Entity or Director/Officer] | [Prefiling Claim / Restructuring Period Claim] | [Insert amount of Claim] | [Unsecured Claim / Unsecured Priority Claim / Secured Claim] |

¹ Amount is in Canadian dollars. Claims in a foreign currency have been converted to Canadian dollars at the Bank of Canada daily average exchange rate for February 19, 2019. The Canadian dollar/U.S. dollar daily average exchange rate for that date was CAD\$1/ USD\$1.323.

² If applicable, additional information with respect to the Listed Claim is provided in a schedule to this Claim Statement.

If the Listed Claim accurately reflects the Claim that the Claimant has in respect of such Payless Canada Entity(ies) (or any Director/Officer Claim), you are not required to take any further action or to file a Proof of Claim with the Monitor in the Claims Procedure Order.

Please note that the Listed Claim is calculated based on your statutory entitlement to termination and severance pay.

If the Claimant wishes to dispute the classification, amount and/or nature of the Listed Claim or to assert an additional Claim (based on common law, contract or otherwise) against any of the Payless Canada Entities or the Directors or Officers other than the Listed Claim, the Claimant must complete the enclosed Notice of Dispute of Claim Statement and deliver it to the Monitor such that it is received by the Monitor by no later than 11:59 p.m. (Central Time) on June 7, 2019 (the "Claims Bar Date") or, solely in respect of a Restructuring Period Claim, by 11:59 p.m. (Central Time) on the day that is the later of (i) the Claims Bar Date, and (ii) thirty (30) days after the date on which the Monitor delivered the Claim Document Package to the Claimant (the "Restructuring Period Claims Bar Date").

If a completed Notice of Dispute of Claim Statement in respect of the Listed Claim is not received by the Monitor by the Claims Bar Date or the Restructuring Period Claims Bar Date, as applicable, the Claimant shall be forever barred from disputing the classification, amount or nature of the Listed Claim and any Claim of a different classification or nature or in excess of the amount specified in the Listed Claim shall be forever barred and extinguished. **IF A NOTICE OF DISPUTE OF CLAIM STATEMENT IS NOT RECEIVED BY THE MONITOR WITHIN THE PRESCRIBED TIME PERIOD, THE CLAIM AS SET OUT IN THE EMPLOYEE CLAIM STATEMENT WILL BE DEEMED TO BE THE CLAIM OF THE CLAIMANT AND WILL BE FINAL AND BINDING ON THE CLAIMANT FOR ALL PURPOSES.**

Claimants requiring further information or Claim documentation, or who wish to submit a Notice of Dispute of Claim Statement, may contact the Monitor at the following address:

FTI Consulting Canada Inc. as Monitor of the Payless Canada Entities
TD Waterhouse Tower
79 Wellington Street West
Suite 2010, P.O. Box 104
Toronto, Ontario M5K 1G8
Phone: 416 649 8096
Toll Free: 1 855 718 5255
Fax: 416 649 8101

E-mail: paylesscanada@fticonsulting.com

Dated at _____ this _____ day of _____, 2019.

FTI Consulting Canada Inc.,
solely in its capacity as Monitor of
the Payless Canada Entities, and not
in its personal capacity

SCHEDULE "D-3"

LANDLORD CLAIM STATEMENT

**Payless ShoeSource Canada Inc., Payless ShoeSource Canada GP Inc.,
and Payless ShoeSource Canada LP
(the "Payless Canada Entities") and/or their Directors or Officers**

Claim Reference Number: [Insert Claim Reference Number]
Store Number (if applicable): [Insert Store Number, if applicable]
To: [Insert Name of Known Claimant] (the
"Claimant")
[Insert Address of Known Claimant]

This Landlord Claim Statement is delivered to the Claimant, as a Known Claimant of one or more of the Payless Canada Entities and/or their Directors or Officers as noted below, pursuant to the Order of the Ontario Superior Court of Justice (Commercial List) dated April 24, 2019 (the "**Claims Procedure Order**") in proceedings in respect of the Payless Canada Entities pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCA**"). Pursuant to the Claims Procedure Order, the Court-appointed Monitor of the Payless Canada Entities, FTI Consulting Canada Inc. (in such capacity, the "**Monitor**"), has been directed to assist the Payless Canada Entities in conducting a claims procedure (the "**Claims Procedure**") with respect to claims against the Payless Canada Entities and their present or former Directors and Officers in accordance with the terms of the Claims Procedure Order. Unless otherwise defined, all capitalized terms used herein have the meanings given to those terms in the Claims Procedure Order.

According to the books, records and other relevant information in the possession of the Payless Canada Entities, the Claim of the Claimant is set out in the table below (the "**Listed Claim**"):

| Debtor(s) | Classification of Claim | Amount of Claim^{1, 2} | Nature of Claim |
|---|--|---------------------------------------|--|
| [name of Payless Canada Entity or Director/Officer] | [Prefiling Claim / Restructuring Period Claim] | [Insert amount of Claim] | [Unsecured Claim / Unsecured Priority Claim / Secured Claim] |

¹ Amount is in Canadian dollars. Claims in a foreign currency have been converted to Canadian dollars at the Bank of Canada daily average exchange rate for February 19, 2019. The Canadian dollar/U.S. dollar daily average exchange rate for that date was CAD\$1/ USD\$1.323.

² If applicable, additional information with respect to the Listed Claim is provided in a schedule to this Claim Statement.

If the Listed Claim accurately reflects the Claim that the Claimant has in respect of such Payless Canada Entity(ies) (or any Director/Officer Claim), you are not required to take any further action or to file a Proof of Claim with the Monitor in the Claims Procedure Order.

Please note that the Listed Claim is only representative of your Prefiling Claim and that the Listed Claim does not list any Restructuring Period Claim you may have.

If the Claimant wishes to dispute the classification, amount and/or nature of the Listed Claim or to assert an additional Claim against any of the Payless Canada Entities or the Directors or Officers other than the Listed Claim, the Claimant must complete the enclosed Notice of Dispute of Claim Statement and deliver it to the Monitor such that it is received by the Monitor by no later than **11:59 p.m. (Central Time)** on June 7, 2019 (the “**Claims Bar Date**”) or, solely in respect of a Restructuring Period Claim, by **11:59 p.m. (Central Time)** on the day that is the later of (i) the Claims Bar Date, and (ii) thirty (30) days after the date on which the Monitor delivered the Claim Document Package to the Claimant (the “**Restructuring Period Claims Bar Date**”).

If a completed Notice of Dispute of Claim Statement in respect of the Listed Claim is not received by the Monitor by the Claims Bar Date or the Restructuring Period Claims Bar Date, as applicable, the Claimant shall be forever barred from disputing the classification, amount or nature of the Listed Claim and any Claim of a different classification or nature or in excess of the amount specified in the Listed Claim shall be forever barred and extinguished. **IF A NOTICE OF DISPUTE OF CLAIM STATEMENT IS NOT RECEIVED BY THE MONITOR WITHIN THE PRESCRIBED TIME PERIOD, THE CLAIM AS SET OUT IN THE LANDLORD CLAIM STATEMENT WILL BE DEEMED TO BE THE CLAIM OF THE CLAIMANT AND WILL BE FINAL AND BINDING ON THE CLAIMANT FOR ALL PURPOSES.**

Claimants requiring further information or Claim documentation, or who wish to submit a Notice of Dispute of Claim Statement, may contact the Monitor at the following address:

FTI Consulting Canada Inc. as Monitor of the Payless Canada Entities
TD Waterhouse Tower
79 Wellington Street West
Suite 2010, P.O. Box 104
Toronto, Ontario M5K 1G8
Phone: 416 649 8096
Toll Free: 1 855 718 5255
Fax: 416 649 8101

E-mail: paylesscanada@fticonsulting.com

Dated at _____ this _____ day of _____, 2019.

FTI Consulting Canada Inc.,
solely in its capacity as Monitor of
the Payless Canada Entities, and not
in its personal capacity

SCHEDULE "E"

NOTICE OF DISPUTE OF CLAIM STATEMENT

**Payless ShoeSource Canada Inc., Payless ShoeSource Canada GP Inc.,
and Payless ShoeSource Canada LP
(the "Payless Canada Entities") and/or their Directors or Officers**

Capitalized terms not defined herein have the meanings given to them in the Order of the Ontario Superior Court of Justice (Commercial List) dated April 24, 2019 (the "**Claims Procedure Order**") or the Claim Statement.

I. PARTICULARS OF CLAIMANT

Claim Reference Number: [Insert Claim Reference Number listed on Claim Statement] (the "**Claim Statement**").

Full Legal Name of Claimant:

Full Mailing Address of Claimant: _____

Telephone Number: _____

Email Address: _____

Attention (Contact Person): _____

Have you acquired this Claim by assignment?

Yes: No: (if yes, attach documents evidencing assignment)

If Yes, Full Legal Name of Original Claimant(s): _____

II. DISPUTE OF CLAIM SET OUT IN CLAIM STATEMENT

The Claimant hereby disputes the classification, amount and/or nature of the Listed Claim set out in the Claim Statement and asserts the Claim(s) as set out in the following table:

| | Classification of Claim | Amount of Claim | Nature of Claim |
|---|---|--------------------------|--|
| Name of Debtor or Director/Officer | [Prefiling Claim / Restructuring Period Claim/Director/Officer Claim] | [Insert amount of Claim] | [Unsecured Claim / Unsecured Priority Claim / Secured Claim] |

Fax: 416 649 8101

E-mail: paylesscanada@fticonsulting.com

If a completed Notice of Dispute of Claim Statement in respect of the Listed Claim is not received by the Monitor by the Claims Bar Date or the Restructuring Period Claims Bar Date, as applicable, the Claimant shall be forever barred from disputing the classification, amount or nature of the Listed Claim and any Claim of a different classification or nature or in excess of the amount specified in the Listed Claim shall be forever barred and extinguished. **IF A NOTICE OF DISPUTE OF CLAIM STATEMENT IS NOT RECEIVED BY THE MONITOR WITHIN THE PRESCRIBED TIME PERIOD, THE CLAIM AS SET OUT IN THE CLAIM STATEMENT WILL BE DEEMED TO BE THE CLAIM OF THE CLAIMANT AND WILL BE FINAL AND BINDING ON THE CLAIMANT FOR ALL PURPOSES.**

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
(CLAIMS PROCEDURE ORDER)**

Cassels Brock & Blackwell LLP

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

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Tel: 416. 860.6465
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Fax : 416. 640.3207
nlevine@casselsbrock.com

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

TAB C

**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 ●, 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 ●, 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.

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)**

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

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

**NOTICE OF MOTION
(Returnable April 24, 2019)**

Cassels Brock & Blackwell LLP

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ShoeSource Canada GP Inc. and Payless ShoeSource
Canada LP*

TAB 2

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

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED**

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

(the "**Applicants**")

**AFFIDAVIT OF ADRIAN FRANKUM
Sworn April 17, 2019
(Claims Procedure Order and Amended Cash Flow Statement)**

I, Adrian Frankum, of the city of New York, in the State of New York, **MAKE OATH AND**

SAY:

1. I am a Senior Managing Director at Ankura Consulting Group, LLC, the Chief Restructuring Organization ("**CRO**") of Payless ShoeSource Canada Inc., Payless ShoeSource Canada GP Inc. and Payless ShoeSource Canada LP (collectively, the "**Payless Canada Entities**"). I also serve as the Restructuring Officer of Payless Holdings LLC (the ultimate parent company of the Payless Canada Entities) and twenty-three of its affiliated companies (collectively with the Payless Canada Entities, the "**U.S. Debtors**"). As such I am familiar with the Payless Canada Entities' day-to-day operations, business, financial affairs, and books and records and I have personal knowledge of the Payless Canada Entities and the matters to which I depose in this affidavit. Where I do not possess personal knowledge, I have stated the source of my information and, in all such cases, believe it to be true.

2. I swear this affidavit in support of a motion by the Payless Canada Entities for:

- (a) an order establishing a process for the identification of Claims against the Payless Canada Entities (the “**Claims Procedure Order**”) and their present and former directors and officers (the “**Claims Procedure**”);¹ and
- (b) an order, among other things, (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 to the U.S. Debtors, subject to the existing security interests of the Term Loan Agent (as defined in the Initial Order), on the terms set out in the proposed order; and (iii) approving the third report of the Monitor (defined below), to be filed, and approving the activities of the Monitor as described therein (the “**Third Report**”);

I. BACKGROUND

3. Payless Holdings LLC, through its subsidiaries and related parties (collectively, “**Payless**”), is the largest specialty family footwear retailer in the Western Hemisphere, offering a wide range of shoes and accessory items at affordable prices. The Payless Canada Entities comprise the Canadian operating arm of the Payless global business and, as at the Filing Date (as defined below), sold Payless footwear and merchandise throughout Canada from over 240 retail stores across 10 provinces.

4. On February 18, 2019, the U.S. Debtors (including the Payless Canada Entities) commenced insolvency proceedings (the “**U.S. Proceedings**”) by filing voluntary petitions for relief under chapter 11 of the United States Bankruptcy Code. The U.S. Proceedings are pending before the United States Bankruptcy Court for the Eastern District of Missouri (the “**U.S. Bankruptcy Court**”).

¹ Capitalized terms used but not otherwise defined herein have the meanings set out in the Claims Procedure Order.

5. On February 19, 2019 (the “**Filing Date**”), Payless ShoeSource Canada Inc. and Payless ShoeSource Canada GP Inc. sought and obtained the Initial Order under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) (the “**CCAA Proceedings**”). The Initial Order’s protections extend to Payless ShoeSource Canada LP as the operating entity of the Payless Canada Entities. Among other things, the Initial Order granted an initial stay of proceedings in favour of the Payless Canada Entities until and including March 21, 2019 (the “**Stay Period**”) and appointed FTI Consulting Canada Inc. as monitor in these CCAA Proceedings (in such capacity, the “**Monitor**”). A copy of the Initial Order is attached hereto as **Exhibit “A”**. On March 20, 2019, the Court granted an order extending the Stay Period to June 7, 2019.

6. On February 21, 2019, the Court granted a further order approving a liquidation consulting agreement with a contractual joint venture comprised of Great American Group, LLC and Tiger Capital Group, LLC (together, “**Consultant**”) dated February 12, 2019 (the “**Liquidation Consulting Agreement**”) pursuant to which the U.S. Only Debtors and the Payless Canada Entities engaged the Consultant to advise them, in the U.S. Proceedings and the CCAA Proceedings respectively, with respect to the liquidation of inventory and certain fixtures at the stores identified in the Liquidation Consulting Agreement.

II. UPDATE ON LIQUIDATION SALES

7. Since the Filing Date, the Payless Canada Entities have worked closely with their advisors and the Monitor to ensure that their stakeholders, including landlords, utility providers, vendors, customers and employees have been well informed regarding the CCAA Proceedings. In addition, the Payless Canada Entities have negotiated with their vendors to ensure uninterrupted services and engaged with various landlords with respect to the lease disclaimer process. As of the date hereof, the Payless Canada Entities have delivered notices of disclaimer or termination for all of their store leases and expect to conclude the liquidation sales

by April 30, 2019. The Payless Canada Entities expect to continue operations at the Canadian regional corporate offices that generally provides operation and human resources support for Canadian operations until approximately May 31, 2019. The global corporate office in Topeka, Kansas will remain open beyond this date in order to assist with the wind down of the U.S. Debtors.

8. The liquidation sales in Canada have resulted in recoveries higher than initially projected. This variation is driven by, among other things, the active participation of the CRO, the Consultant and the Malfitano Advisors in consultation with the Monitor, each of which have assisted with managing the liquidation sale, including the discount rates applied to remaining inventory and managing store closures at an appropriate cadence. The Payless Canada Entities are continuing to work with the Monitor to reconcile the expenses incurred during the liquidation sales.

9. With the combined proceeds of the liquidation sales in Canada and the U.S., the U.S. Debtors have repaid all amounts outstanding under the pre-filing ABL Credit Facility (as defined in the Affidavit of Stephen Marotta sworn on February 18, 2019, filed in these CCAA Proceedings (the “**Initial Affidavit**”)) as permitted by the Initial Order and the final cash collateral order granted in the U.S. Proceedings dated April 4, 2019.

10. The obligations under the Term Loan Credit Facility (as defined in the Initial Affidavit) remain outstanding. As at February 18, 2019, the outstanding aggregate principal amount under the Term Loan Credit Facility was approximately USD\$277.2 million and each of the Payless Canada Entities have granted security over their assets in respect of the Term Loan Credit Facility. At this time, the U.S. Debtors do not expect to have sufficient combined assets to repay the Term Loan Credit Facility in full.

III. UPDATE ON THE U.S. PROCEEDINGS

11. On February 25, 2019, the U.S. Bankruptcy Court entered an interim order authorizing the U.S. Debtors (other than the Payless Canada Entities) (the “**U.S. Only Debtors**”) to access a post-filing financing facility (the “**DIP Financing**”) in order to supplement the inventory in the U.S. stores. A condition of the post-filing financing is that the U.S. Debtors must meet certain milestones in the U.S. Proceedings, including milestones related to the delivery of a plan and disclosure statement (described in further detail below).

12. On March 1, 2019, the United States Trustee appointed an official committee of unsecured creditors (the “**UCC**”) to represent the interests of unsecured creditors in the U.S. Proceedings. The UCC and the U.S. Debtors (including the Payless Canada Entities) are engaged in discussions regarding the appropriate next steps in these cross-border insolvency proceedings.

13. On April 4, 2019, the U.S. Bankruptcy Court entered several final orders governing the U.S. Debtors including, a final order in respect of the DIP Financing (the “**Final DIP Order**”). The milestones attached to the Final DIP Order require the U.S. Debtors to (i) file a motion seeking approval of a disclosure statement no later than May 3, 2019; (ii) obtain approval of the disclosure statement by May 31, 2019; and (iii) obtain a confirmation order with respect to the related plan no later than June 28, 2019.

14. The Chapter 11 Claims Process (as defined below) is necessary to allow the U.S. Debtors to develop a plan of liquidation and related disclosure statement. More specifically, the U.S. Debtors are seeking to determine the universe of potential claims in order to provide fulsome disclosure to creditors regarding potential recoveries and facilitate the preparation and confirmation of a plan. Given that the U.S. Debtors are required to undertake a claims process in connection with the plan process and the Payless Canada Entities are U.S. Debtors in the

U.S. Proceedings, the Payless Canada Entities are required to call for claims. In light of the fact that many creditors of the Payless Canada Entities are located in Canada and unfamiliar with the claims process in the U.S. Proceedings, the Payless Canada Entities have determined that running a companion claims process in Canada is the most efficient way to identify potential claims against the Payless Canada Entities.

IV. THE CLAIMS PROCESS

15. The Payless Canada Entities are seeking authorization to undertake the Claims Procedure to solicit and identify Claims against the Payless Canada Entities and their present and former directors and officers (the “**Directors and Officers**”). Approval is being sought at this stage of the CCAA Proceedings in order to ascertain the potential scope and nature of Claims that may exist against the Payless Canada Entities as well as to assess the impact such Claims may have with respect to the Payless Canada Entities’ restructuring efforts in coordination with the other U.S. Debtors. The proposed Claims Procedure Order does not include a mechanism for determining or reconciling Claims at this time and any such mechanism will be determined by a further Court order, if required.

A. Chapter 11 Claims Process

16. The proposed Claims Procedure, if approved, will be conducted in parallel with the claims process in the U.S. Proceedings (the “**Chapter 11 Claims Process**”) in respect of the U.S. Only Debtors. A hearing in respect of the Chapter 11 Claims Process is scheduled for April 23, 2019 and a copy of the proposed order (the “**Chapter 11 Claims Order**”) is attached hereto as **Exhibit “B”**. The proposed Chapter 11 Claims Order contains a process for notification and publication of the Chapter 11 Claims Process, procedures for the filing of proofs of claim, and bar dates by which claims in respect of the U.S. Only Debtors must be filed. The

proposed “General Claims Bar Date” in respect of general, prepetition claims is June 7, 2019 at 11:59 p.m. prevailing Central Time.

17. In light of the parallel CCAA Proceedings, the Payless Canada Entities, in consultation with the U.S. Only Debtors and the Monitor, have determined that the CCAA Proceedings should be the primary forum for the Claims Procedure. Accordingly, paragraph 6 of the Chapter 11 Claims Order provides that, except with respect to certain notification and coordination matters, the Chapter 11 Claims Order does not apply to the Payless Canada Entities and that the Payless Canada Entities shall be permitted to implement a claims process in the CCAA Proceedings. The “Bar Date Notice” attached to the proposed Chapter 11 Claims Order expressly indicates that the Chapter 11 Claims Order does not apply to the Payless Canada Entities and that Claims against the Payless Canada Entities must be filed pursuant to the process established in the CCAA Proceedings.

18. To ensure that Claimants who inadvertently file Claims against the Payless Canada Entities in the Chapter 11 Claims Process are redirected to the Claims Procedure in the CCAA Proceedings, the Chapter 11 Claims Order provides that the U.S. Only Debtors shall, or cause Prime Clerk (their notice and claims agent) to, promptly provide the Monitor with copies of all proofs of claim inadvertently filed in the Chapter 11 Claims Process that relate to the Payless Canada Entities. As described below, the Claims Procedure Order provides for the recognition in the Claims Procedure of Claims against the Payless Canada Entities that are inadvertently but timely filed in the Chapter 11 Claims Process.

B. The CCAA Claims Procedure

19. The proposed Claims Procedure Order establishes a comprehensive process for the solicitation and identification of Claims against any of the Payless Canada Entities and the Directors and Officers. The Claims Procedure will enable the Payless Canada Entities to

ascertain the scope of potential Claims against the Payless Canada Entities and their potential impact on the Payless Canada Entities' restructuring initiatives. The Claims Procedure has been developed in consultation with the CRO, and the Monitor and its counsel, and the Payless Canada Entities believe that the Claims Procedure Order prescribes an appropriate and effective process to identify potential Claims against the Payless Canada Entities.

20. The Claims Procedure Order does not contain procedures for the assessment and final determination of Claims (whether asserted pursuant to a Proof of Claim or a Notice of Dispute of Claim Statement). The Payless Canada Entities intend to seek Court approval of such procedures for the assessment and financial determination of Claims at a later date, if appropriate.

Claim Statement and Filing of a Notice of Dispute of Claim Statement

21. To streamline and enhance the efficiency of the process, the Claims Procedure includes a "negative claims process" in which the Payless Canada Entities may elect, in consultation with the Monitor, to deliver to a Known Claimant a Claim Statement in the form attached as Schedule "D-1", Schedule "D-2" or Schedule "D-3" to the Claims Procedure Order. The Claim Statement will specify the classification, amount and nature of the Known Claimant's Claim as determined by the Payless Canada Entities, in consultation with the Monitor, based on the books and records of the Payless Canada Entities (the "**Listed Claim**").

22. A Claimant that agrees with its Listed Claim is not required to take any further action or file a Proof of Claim, and the Claim of such Claimant shall be deemed to be the Listed Claim set forth in the Claim Statement (subject to potential revision in accordance with the Claims Procedure Order, in consultation with the Monitor).

23. Any Claimant that wishes to dispute the classification, amount and/or nature of the Listed Claim set forth in the Claim Statement delivered to such Claimant or to assert an

additional Claim against the Payless Canada Entities is required to deliver a notice of dispute, in the form attached as Schedule “E” to the Claims Procedure Order (the “**Notice of Dispute of Claim Statement**”), to the Monitor by no later than the Claims Bar Date or Restructuring Period Claims Bar Date (as defined below), as applicable. Any Claimant with a Listed Claim that does not deliver a Notice of Dispute of Claim Statement by the applicable bar date will be forever barred from disputing the classification, amount or nature of the Listed Claim, and any Claim of a different classification or nature or in excess of the amount of the Listed Claim shall be barred and extinguished.

24. The Payless Canada Entities have been working diligently to reconcile amounts owing to their pre-filing creditors and expect to issue Claim Statements to a significant portion of their pre-filing creditors. The Payless Canada Entities believe that issuing Claim Statements to creditors is the most efficient means of progressing the Claims Procedure.

Filing of a Proof of Claim

25. The Claims Procedure Order provides that any Claimant that does not receive a Claim Statement from the Monitor and wishes to assert a Claim against the Payless Canada Entities or the Directors or Officers must deliver to the Monitor, on or before the applicable bar date, a Proof of Claim in the form attached as Schedule “C” to the Claims Procedure Order, together with all supporting documentation in respect of such Claim.

26. As described above, the Claims Procedure Order provides that if a Proof of Claim against any of the Payless Canada Entities is inadvertently filed in the U.S. Proceedings prior to the applicable claims bar date in the Chapter 11 Claims Process (as if such process applied in respect of the Payless Canada Entities), such proof of claim shall be deemed to be a Proof of Claim that has been timely delivered to the Monitor in accordance with the Claims Procedure in the CCAA Proceedings.

27. The Claims Procedure does not apply to (a) any claim secured by any of the charges granted pursuant to the Initial Order, (b) any claim of a U.S. Debtor or other affiliate of the Payless Canada Entities or (c) any claim related to (a) or (b) arising through subrogation (collectively, the “**Excluded Claims**”), and the rights of any person (including the Payless Canada Entities) with respect to an Excluded Claim are expressly reserved.

28. To the extent that any Director/Officer Claim is filed in accordance with the Claims Procedure or a Listed Claim includes a Director/ Officer Claim, a corresponding D&O Indemnity Claim shall be deemed to have been timely filed in respect of each Director/ Officer Claim. For the avoidance of doubt, Directors and Officers shall not be required take any action or to file a Proof of Claim in respect of such D&O Indemnity Claim.

Notice to Claimants

29. The Claims Procedure Order provides for the delivery by the Monitor to each known Claimant, within five (5) business days of the granting of the Claims Procedure Order, of a Claim Document Package containing:

- (a) an “Instruction Letter” in substantially the form attached as Schedule “**A**” to the Claims Procedure Order;
- (b) a “Notice to Claimants” in substantially the form attached as Schedule “**B**” to the Claims Procedure Order; and
- (c) either (i) a Claim Statement and Notice of Dispute of Claim Statement (where the Claim Document Package is delivered to a Listed Claimant) or (ii) a Proof of Claim (where the Claim Document Package is delivered to a Claimant other than a Listed Claimant).

30. The Claims Procedure Order also provides that the Monitor shall take the following actions to provide notice of the Claims Procedure to persons who may have Claims against any of the Payless Canada Entities:

- (a) cause the Notice to Claimants to be published on or before May 1, 2019 in *The Globe and Mail* (National Edition) and *Le Devoir*;
- (b) post a copy of the Claims Procedure Order, the Claim Document Package, and the Applicants' motion record in respect of the Claims Procedure on the Monitor's website;
- (c) deliver a Claim Document Package to any person claiming to be a Claimant and requesting such material in writing; and
- (d) provide a Claim Document Package to any person upon becoming aware of any circumstance giving rise to a Restructuring Period Claim.

Claims Bar Dates

31. The proposed Claims Procedure Order specifies the following bar dates:

- (a) in respect of Prefiling Claims and Director and Officer Claims, 11:59 p.m. (Central Time) on June 7, 2019 (the "**Claims Bar Date**"); and
- (b) in respect of Restructuring Period Claims, 11:59 p.m. (Central Time) on the later of (i) the Claims Bar Date, and (ii) the date that is thirty (30) days after the date on which the Monitor sends such person a Claim Document Package (the later of such dates being the "**Restructuring Period Claims Bar Date**").

32. The Claims Bar Date in the CCAA Proceedings is the same date as the "General Claims Bar Date" in the Chapter 11 Claims Process, which will facilitate a common timeline for the identification of claims against the U.S. Debtors. As the Claims Procedure Order provides for

the delivery of Claim Document Packages to Known Claimants by no later than May 1, 2019, Claimants will have approximately 6 weeks in which to prepare and deliver a Proof of Claim or Notice of Dispute of Claim Statement, as applicable.

33. Any person who is required to but does not deliver a Proof of Claim to the Monitor on or before the Claims Bar Date or the Restructuring Period Claims Bar Date, as applicable: (i) shall not be entitled to attend or vote at a meeting in respect of such Claim; (ii) shall not be entitled to receive any distribution in respect of such Claim pursuant to a plan or otherwise; (iii) shall not be entitled to any further notice in the CCAA Proceedings (unless such person is otherwise on the Service List); and (iv) shall be forever barred from making or enforcing such Claim against the Payless Canada Entities or the Directors or Officers, and such Claim shall be extinguished.

V. CASH FLOW STATEMENT

34. The Payless Canada Entities, with the assistance of the Monitor, are preparing a revised forecast of its receipts, disbursements and financing requirements for the period until June 14, 2019 (the "**Cash Flow Statement**"). I understand that a copy of the Cash Flow Forecast will be attached as an Appendix to the Third Report, which will be filed in connection with this motion.

35. Given the better than expected results of the liquidation sales, the Payless Canada Entities were able to repay the obligations under the ABL Credit Facility faster than previously expected. However, under the terms of the Initial Order, the Payless Canada Entities are only able to release Canadian Excess Proceeds (as defined in the Initial Affidavit) materially consistent with the approved Cash Flow Statement. As the revised Cash Flow Statement will show, the Payless Canada Entities have already paid approximately CAD\$9 million to repay the ABL Credit Facility. During the week of April 8, 2019, the U.S. Debtors repaid the obligations under the ABL Credit Facility in full.

36. As will be reflected in the Cash Flow Statement, each of the Payless Canada Entities is forecast to have sufficient liquidity to fund its post-filing obligations and the costs of its CCAA Proceedings during the Stay Period which currently expires June 7, 2019.

37. In light of the repayment of the ABL Credit Facility and the success of the liquidation sales in Canada, the Payless Canada Entities have access to additional cash that is not required to operate the business. As a result, the Payless Canada Entities are seeking approval of the Cash Flow Statement (as amended) as well as an order allowing the Payless Canada Entities 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.

38. The requested order will allow the Payless Canada Entities to reduce the administrative and professional costs associated with returning to Court in the event that the Payless Canada Entities, with the consent of the Monitor, determine that additional funds are available to transfer to the U.S. Debtors subject to the existing security interests of the Term Loan Agent.

VI. CONCLUSION

39. In summary, the Claims Procedure contains an appropriate and effective process to solicit and identify potential Claims in respect of the Payless Canada Entities and the Directors and Officers. The completion of the Claims Procedure is a necessary and important step in the Payless Canada Entities' CCAA Proceedings and will enable the Payless Canada Entities to ascertain the scope of potential Claims that will need to be addressed in these cross-border proceedings on a timeline consistent with the other U.S. Debtors. The Payless Canada Entities and their advisors have worked closely with the Monitor and its counsel in the development of

the Claims Procedure Order and will work closely with the Monitor in the implementation of the Claims Procedure.

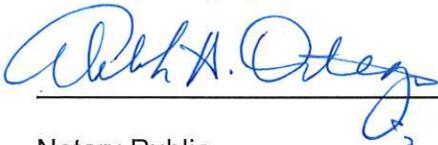
40. The revised Cash Flow Statement provides stakeholders with updated information on the Payless Canada Entities progress to date and the requested relief will allow the Payless Canada Entities to remit funds to the U.S. Debtors as appropriate in the circumstances.

41. I swear this affidavit in support of (i) the Payless Canada Entities' motion for a Claims Procedure Order, and (ii) an Order approving the amended Cash Flow Statement and allowing the Payless Canada Entities to transfer additional funds to the U.S. Debtors, subject to the existing security interests of the Term Loan Agent, on the terms set out in the proposed Order, and for no other or improper purpose.

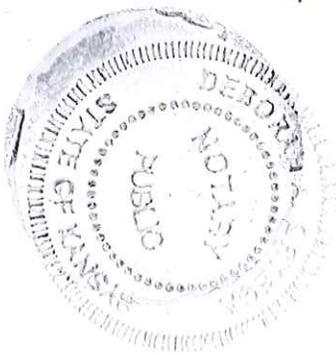
SWORN BEFORE ME at the)
city of Topeka, in the)
state of Kansas, this)
17th day of April, 2019)



Adrian Frankum



Notary Public
My Commission Expires 12-2-20



TAB A

This is **Exhibit "A"**
to the Affidavit of **Adrian Frankum**
sworn and subscribed to before me
this 17th day of April 2019



(Insert notary stamp)



Court File No.
CV-19-00614629-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE REGIONAL) TUESDAY, THE 19th
)
SENIOR JUSTICE MORAWETZ) DAY OF FEBRUARY, 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")

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 "CCA") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Stephen Marotta sworn February 18, 2019 (the "**Marotta Affidavit**") and the Exhibits thereto, and the pre-filing report dated February 19, 2019 of FTI Consulting Canada Inc. ("**FTI**"), in its capacity as the proposed Monitor of the Payless Canada Entities (as defined below) (the "**Pre-Filing Report**") 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 and Payless ShoeSource Canada LP (each a "**Payless Canada Entity**" and collectively, the "**Payless Canada Entities**"), counsel to FTI, counsel to Wells Fargo Bank, National Association (the "**ABL Agent**"), counsel to the ad hoc group of lenders under the Term Loan Credit Facility (as defined in the Marotta Affidavit), counsel to Cortland Products Corp. (the "**Term Loan Agent**") and counsel to the Liquidation Consultant (as defined in the Marotta Affidavit), and no one appearing for any other party

although duly served as appears from the affidavit of service of Monique Sassi sworn February 19, 2019 and on reading the consent of FTI 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 an Applicant, Payless ShoeSource Canada LP shall be bound by this Order as though it were an Applicant, enjoy the benefits of the protections and authorizations provided by this Order and shall be subject to the restrictions contained herein.

PLAN OF ARRANGEMENT

3. THIS COURT ORDERS that the Payless Canada Entities, individually or collectively, 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 Payless Canada Entities shall remain in possession and control of their respective 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, each of the Payless Canada Entities shall continue to carry on business in a manner consistent with the preservation of its business (the "**Business**") and Property. Each of the Payless Canada Entities shall be authorized and empowered to continue to retain and employ the employees, consultants, agents, advisors, experts, accountants, counsel and such other persons (collectively, the "**Assistants**") currently retained or employed by or with respect to it, with liberty to retain such further Assistants, including without limitation, a real estate advisor to assist in the monetization of the Payless Canada Entities' real property leases, as it deems 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 Payless Canada Entities shall be entitled to continue to utilize the central cash management system currently in place as described in the Marotta Affidavit or replace it with another substantially similar central cash management system (the "**Cash Management System**") and that any present or future 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 each of the Payless Canada Entities 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 Payless Canada Entities, 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 each of the Payless Canada Entities' existing depository and disbursement banks (collectively, the "**Banks**") is authorized to debit the applicable Payless Canada Entity's accounts in the ordinary course of business without the need for further order of this Court for: (i) all cheques drawn on the Payless Canada Entities' accounts which are cashed at such Bank's counters or exchanged for cashier's cheques by the payees thereof prior to the date of this Order; (ii) all cheques or other items deposited in one of Payless Canada Entities' accounts with such Bank prior to the date of this Order which have been dishonoured or returned unpaid for any reason, together with any fees and costs in connection therewith, to the same extent the Payless Canada Entities were responsible for such items prior to the date of this Order; and (iii) all undisputed pre-filing amounts outstanding as of the date hereof, if any, owed to any Bank as service charges for the maintenance of the Cash Management System.

7. THIS COURT ORDERS that any of the Banks may rely on the representations of the applicable Payless Canada Entity with respect to whether any cheques or other payment order drawn or issued by the Payless Canada Entities prior to the date of this Order should be honoured pursuant to this or any other order of this Court, and such Bank shall not have any liability to any party for relying on such representations by the applicable Payless Canada Entities as provided for herein.

8. THIS COURT ORDERS that (i) those certain existing deposit agreements between the Banks shall continue to govern the post-filing cash management relationship between the Payless Canada Entities and the Banks, and that all of the provisions of such agreements, including, without limitation, the termination and fee provisions, shall remain in full force and effect, and (ii) either the Payless Canada Entities or the Banks may, without further Order of this Court, implement changes to the Cash Management Systems and procedures in the ordinary course of business pursuant to terms of those certain existing deposit agreements, including, without limitation, the opening and closing of bank accounts.

9. THIS COURT ORDERS that each of the Payless Canada Entities shall be entitled but not required to pay the following expenses and satisfy the following obligations whether incurred prior to, on or after the date of this Order to the extent such expenses are incurred and payable by such Payless Canada Entity:

- (a) all outstanding and future wages, salaries, employee benefits (including, without limitation, employee medical, dental, vision, insurance and similar benefit plans or arrangements), 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 all other payroll and benefits processing and servicing expenses;
- (b) the fees and disbursements of any Assistants retained or employed by or with respect to any of the Payless Canada Entities in respect of these proceedings, in accordance with the terms of their respective engagements; and
- (c) with the consent of the Monitor, amounts owing for goods or services supplied to the Payless Canada Entities prior to the date of this Order by third party suppliers if, in the opinion of the Payless Canada Entities following consultation with the Monitor, such payment is necessary to maintain the uninterrupted operations of the Business.

10. THIS COURT ORDERS that, except as otherwise provided to the contrary herein each of the Payless Canada Entities shall be entitled but not required to pay all reasonable expenses incurred by such Payless Canada Entity in carrying on the Business in the ordinary course on or

after the date of 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 such Payless Canada Entity following the date of this Order.

11. THIS COURT ORDERS that each of the Payless Canada Entities 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 of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, 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 taxes, harmonized sales taxes, or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by such Payless Canada Entity in connection with the sale of goods and services by such Payless Canada Entity, 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 remitted until on or after the date of this Order, and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof 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 any of the Payless Canada Entities.

12. THIS COURT ORDERS that, except (i) as specifically permitted herein; or (ii) for repayments of the obligations owing under the ABL Credit Facility (as defined in the Marotta Affidavit) in the amounts noted as Canadian Excess Proceeds in the Cash Flow Statement attached to the Pre-Filing 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, each of the Payless Canada Entities is hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by any of the Payless Canada Entities to any of their creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of its Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

12A. THIS COURT ORDERS that the payments to be made by each of the Payless Canada Entities as authorized by this Order shall be materially consistent with the Cash Flow Statement, including without limitation the establishment and funding of the Reserve (as detailed in the Cash Flow Statement) in a separate Payless Canada Entity bank account (the "**Reserve Account**"). Payments shall only be made from the Reserve Account with the consent of the Monitor to satisfy those items for which the Reserve was established, or by further Order of the Court. For greater certainty, no Reserve amounts shall constitute Canadian Excess Proceeds or be otherwise used to repay the ABL Credit Facility without further Order of the Court, regardless of whether such amounts have been deposited into the Reserve Account.

12B. THIS COURT ORDERS that the Payless Canada Entities, in consultation with the Monitor, shall provide periodic reporting to the ABL Agent and the Term Loan Agent on a weekly basis (unless otherwise agreed) until the ABL Credit Facility (in the case of reporting to the ABL Agent) and the Term Loan Credit Facility (in the case of reporting to the Term Loan Agent) is repaid in full, with respect to the actual and projected receipts and disbursements of the Payless Canada Entities in a form to be agreed upon between the Payless Canada Entities each of the ABL Agent and the Term Loan Agent, in consultation with the Monitor.

RESTRUCTURING

13. THIS COURT ORDERS that each of the Payless Canada Entities shall, subject to such requirements as are imposed by the CCAA, have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of its business or operations, and to dispose of redundant or non-material assets not exceeding \$100,000 in any one transaction or \$500,000 in the aggregate; and
- (b) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate; and
- (c) pursue all avenues of refinancing of its 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 each of the Payless Canada Entities to proceed with an orderly restructuring of the Business.

REAL PROPERTY LEASES

14. THIS COURT ORDERS that until a real property lease is disclaimed or resiliated in accordance with the CCAA, the Payless Canada Entity which is responsible for such payment shall pay, without duplication, 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) but, ~~excluding accelerated rent or penalties, fees or other charges arising as a result of the insolvency of any of the Payless Canada Entities or any affiliate thereof, the making of this Order, or the commencement of any insolvency proceeding (including, without limitation, the U.S. Proceedings, as defined in the Cross-Border Protocol) in respect of any of the Payless Canada Entities or any affiliate thereof in the United States or any other foreign jurisdiction (a "Foreign Proceeding")~~ or as otherwise may be negotiated between the applicable Payless Canada Entity and the landlord 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.

15. THIS COURT ORDERS that the relevant Payless Canada Entity shall provide each of the relevant landlords with notice of the relevant Payless Canada Entity's 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 relevant Payless Canada Entity's 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 relevant Payless Canada Entity, or by further Order of this Court upon application by the Payless Canada Entities on at least two (2) days notice to such landlord and any such secured creditors. If any of the Payless Canada Entities disclaims or resiliates the lease governing such leased premises in accordance with Section 32 of the CCAA, it 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 relevant Payless Canada Entity's claim to the fixtures in dispute.

16. THIS COURT ORDERS that if a notice of disclaimer or resiliation is delivered pursuant to Section 32 of the CCAA by any of the Payless Canada Entities, then (a) during the notice period prior to the effective time of the disclaimer or resiliation, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the relevant Payless Canada Entity 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 relevant Payless Canada Entity in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

8 / *intentionally deleted*
17. ~~THIS COURT ORDERS that, notwithstanding anything to the contrary in any real property lease or elsewhere, the Payless Canada Entities shall have no obligation to stock or restock and/or operate from any of its locations.~~ *9/3*

NO PROCEEDINGS AGAINST ANY OF THE PAYLESS CANADA ENTITIES, THE BUSINESS OR THE PROPERTY

18. THIS COURT ORDERS that until and including March 21, 2019, 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 any of the Payless Canada Entities or the Monitor, or affecting any of the Business or the Property,

except with the written consent of the applicable Payless Canada Entity(ies) and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of any of the Payless Canada Entities or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

19. 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 foregoing, collectively being "Persons" and each being a "Person") against or in respect of any of the Payless Canada Entities or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the applicable Payless Canada Entity(ies) and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower any of the Payless Canada Entities to carry on any business which such entity is 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

20. 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 any of the Payless Canada Entities, except with the written consent of the applicable Payless Canada Entity(ies) and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

21. THIS COURT ORDERS that during the Stay Period, all Persons having oral or written agreements with any of the Payless Canada Entities 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 and benefits services, customs clearing, warehouse and logistics, insurance, transportation services, utility or other services to the Business or any of the Payless Canada Entities, 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 any of the Payless Canada Entities, and that each of the Payless Canada Entities shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, 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 appropriate Payless Canada Entity(ies) in accordance with normal payment practices of such Payless Canada Entity(ies) or such other practices as may be agreed upon by the supplier or service provider and each of the appropriate Payless Canada Entity(ies) and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

22. THIS COURT ORDERS that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased 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 any of the Payless Canada Entities. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

23. 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 any of the Payless Canada Entities with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of any of the Payless Canada Entities 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 obligation.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

24. THIS COURT ORDERS that each of the Payless Canada Entities shall indemnify its directors and officers against obligations and liabilities that they may incur as directors or officers of each of the Payless Canada Entities 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.

25. THIS COURT ORDERS that the directors and officers of each of the Payless Canada Entities shall, as security for the indemnity provided in paragraph 24 of this Order, be entitled to the benefit of and are hereby granted (i) a charge on the funds in the Reserve Account in the amount of the funds held in the Reserve Account at any point in time (the "**Directors' Reserve Charge**") and (ii) a charge on the Property which charge shall not exceed a maximum amount of USD\$4 million until March 21, 2019 and thereafter shall automatically reduce without any further order of this Court, to the maximum amount of USD\$2 million (the "**Directors' General Charge**" and together with the Directors' Reserve Charge, the "**Directors' Charge**"). The Directors' Charge shall have the priority set out in paragraphs 45 and 47 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) each of the Payless Canada Entities' 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.

APPROVAL OF THE CRO ENGAGEMENT

27. THIS COURT ORDERS that the agreement dated as of January 24, 2019 pursuant to which the Payless Canada Entities have engaged Ankura Consulting Group, LLC ("**Ankura**") to act as Chief Restructuring Organization (the "**CRO**") through the services of Stephen Marotta, Adrian Frankum and other employees of Ankura, a copy of which is attached as Exhibit "**H**" to the Marotta Affidavit as may be amended by the parties thereto with the consent of the Monitor (the "**CRO Engagement Letter**"), and the appointment of the CRO pursuant to the terms thereof, are hereby approved, including, without limitation, the payment of the fees and expenses contemplated thereby.

28. THIS COURT ORDERS that, subject to the provisions of the CCAA, this Order and any subsequent Order of this Court, the CRO is authorized to exercise and perform the powers,

responsibilities and duties as described in the CRO Engagement Letter and subject to the terms thereof, together with such other powers, responsibilities and duties as may be agreed upon by the CRO and approved by this Court (collectively, the “**CRO Powers**”), including, without limitation, the power to:

- (a) make decisions with respect to the day to day aspects of the management and operations of the Business, including, without limitation, organization, human resources, marketing, sales, operations, supply chain, finance and administration, in such manner and take such actions and steps, as the CRO deems reasonably necessary and appropriate, and execute such documents and writings as required to cause or permit each of the Payless Canada Entities to do all things authorized, directed and permitted pursuant to the CCAA, the terms of this Order, and any subsequent Orders of this Court, subject to the terms of those Orders;
- (b) subject to the terms of this Order, realize and dispose of the Property of each of the Payless Canada Entities on behalf of such Payless Canada Entity(ies), including, without limitation, to negotiate and enter into agreements on behalf of each of the Payless Canada Entities with respect to the sale or other disposition of all or any part of the Property;
- (c) represent each of the Payless Canada Entities in any negotiations with any other stakeholders and their professional constituencies, including vendors and suppliers;
- (d) assist the Payless Canada Entities with store closures and liquidations;
- (e) evaluate the short-term company-prepared cash flows and financing requirements of the Payless Canada Entities as they relate to these proceedings;
- (f) assist the Payless Canada Entities in the preparation and oversight of financial statements and schedules, monthly operating reports, and other information required in these proceedings, as applicable;
- (g) assist the Payless Canada Entities in obtaining court approval and administration of financing including developing forecasts and information, and any insolvency related claims management and reconciliation process;

- (h) work with the Payless Canada Entities, and their retained professionals, as appropriate, to assess any offer(s) made to one or more of the Payless Canada Entities;
- (i) communicate with and provide information to the Monitor, and its advisors, regarding the Business and affairs of each of the Payless Canada Entities;
- (j) assist the Monitor, as requested by the Monitor, in connection with the powers given to the Monitor; and
- (k) work with the Assistants and the Monitor in respect of all of the foregoing;

provided that, in each case such actions, agreements, expenses and obligations shall be construed to be those of the appropriate Payless Canada Entity and not of the CRO personally.

29. THIS COURT ORDERS that none of the CRO, Stephen Marotta, Adrian Frankum or such other employees of Ankura, shall be or be deemed to be a director, officer or employee of any of the Payless Canada Entities.

30. THIS COURT ORDERS that the CRO shall ~~not, as a result of the performance of its~~ ^{if deemed to be in possession or control} ~~obligations and duties in accordance with the terms of the CRO Engagement Letter and this Order, be deemed to be in Possession (as defined below) of any of the Property within the meaning of any Environmental Legislation (as defined below); provided, however, if the CRO is nevertheless later found to be in Possession of any Property, then the CRO, as the case may be,~~ ^{shall} be deemed to be a Person who has been lawfully appointed to take, or has lawfully taken, possession or control of such Property for the purposes of section 14.06(1.1)(c) of the *Bankruptcy and Insolvency Act of Canada* (the "BIA") and shall be entitled to the ~~benefits and protections in relation to the applicable Payless Canada Entity and such Property as provided by section 14.06(2) of the BIA to a "trustee" in relation to an insolvent Person and its property.~~

31. THIS COURT ORDERS that nothing in the CRO Engagement Letter or this Order shall be construed as resulting in the CRO being an employer, successor employer, responsible person or operator within the meaning of any statute, regulation or rule of law, or equity for any purpose whatsoever.

32. THIS COURT ORDERS that the CRO shall not have any liability with respect to any losses, claims, damages or liabilities, of any nature or kind, to any Person from and after the date of this Order except to the extent such losses, claims, damages or liabilities result from the gross negligence or wilful misconduct on the part of the CRO, provided further that in no event shall the liability of the CRO exceed the quantum of the fees paid to the CRO.

33. THIS COURT ORDERS that no action or other proceeding shall be commenced directly, or by way of counterclaim, third party claim or otherwise, against or in respect of the CRO, and all rights and remedies of any Person against or in respect of the CRO are hereby stayed and suspended, except with the written consent of the CRO and the Monitor, or with leave of this Court on notice to the Payless Canada Entities, the Monitor, and the CRO. Notice of any such motion seeking leave of this Court shall be served upon the Payless Canada Entities, the Monitor, and the CRO at least ten (10) days prior to the return date of any such motion for leave.

34. THIS COURT ORDERS that the obligations of each of the Payless Canada Entities to the CRO pursuant to the CRO Engagement Letter shall be treated as unaffected and may not be compromised in any Plan or proposal filed under the BIA in respect of any of the Payless Canada Entities.

35. THIS COURT ORDERS that (i) any indemnification obligations of any of the Payless Canada Entities in favour of the CRO and (ii) payment obligations of any of the Payless Canada Entities to the CRO shall be entitled to the benefit of and shall form part of the Administration Charge (as defined below) set out herein.

APPOINTMENT OF MONITOR

36. THIS COURT ORDERS that FTI is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the Business and financial affairs of each of the Payless Canada Entities with the powers and obligations set out in the CCAA or set forth herein and that each of the Payless Canada Entities and its shareholders, officers, directors, and Assistants and the CRO shall advise the Monitor of all material steps taken by such Payless Canada Entity 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.

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

- (a) monitor each of the Payless Canada Entities' 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) advise each of the Payless Canada Entities in its development of the Plan and any amendments to the Plan;
- (d) assist each of the Payless Canada Entities, to the extent required by the Payless Canada Entity, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
- (e) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of each of the Payless Canada Entities, to the extent that is necessary to adequately assess the Payless Canada Entities' business and financial affairs or to perform its duties arising under this Order;
- (f) assist each of the Payless Canada Entities with respect to any Foreign Proceeding and monitor and report to this Court, as it deems appropriate, on the Foreign Proceeding;
- (g) 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
- (h) perform such other duties as are required by this Order or by this Court from time to time.

38. 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.

39. 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 similar legislation in other provinces and territories and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable 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.

40. THIS COURT ORDERS that the Monitor shall provide any creditor of any of the Payless Canada Entities with information provided by such Payless Canada Entity 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 any of the Payless Canada Entities 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 applicable Payless Canada Entity(ies) may agree.

41. 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.

42. THIS COURT ORDERS that the Monitor, counsel to the Monitor and counsel to the Payless Canada Entities shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Payless Canada Entities as part of the costs of these proceedings. The Payless Canada Entities are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Payless Canada Entities in accordance with the payment terms, including the use of retainers as previously paid, as agreed between or on behalf of the Payless Canada Entities and such parties.

43. 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.

44. THIS COURT ORDERS that the CRO, the Monitor, counsel to the Monitor, and counsel to the Payless Canada Entities 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 USD\$2 million, as security for the professional fees and disbursements incurred by the CRO, the Monitor, counsel to the Monitor, and counsel for the Payless Canada Entities at each of their standard rates and charges and on the terms set forth in their respective engagement letters, 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 45 and 47 hereof.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

45. THIS COURT ORDERS that the priorities of the Directors' Charge and the Administration Charge, as among them, shall be as follows:

First – Administration Charge (to the maximum amount of USD\$2 million); and

Second – Directors' Charge (for the amounts set out in paragraph 25 hereof).

46. THIS COURT ORDERS that the filing, registration or perfection of the Directors' Charge or the Administration 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.

47. THIS COURT ORDERS that each of the Directors' Charge and the Administration Charge (each 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 notwithstanding the order of perfection or attachment, other than any validly perfected security interest under the *Personal Property Security Act* (Ontario) or such other applicable provincial legislation that has not been served with notice of this Order. For the avoidance of doubt: (i) the Administration Charge and (ii) the Directors' Charge shall rank in priority to the security interest of the ABL Agent and the Term Loan Agent.

48. THIS COURT ORDERS that the Payless Canada Entities shall be entitled, on a subsequent motion on notice to those Persons likely to be affected thereby, to seek priority of the Charges ahead of any Encumbrance over which the Charges have not obtained priority.

49. THIS COURT ORDERS that except as otherwise expressly provided for herein, or as may be approved by this Court, none of the Payless Canada Entities shall grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Directors' Charge or the Administration Charge, unless the applicable Payless Canada Entity(ies) also obtains the prior written consent of the Monitor and the beneficiaries of the Directors' Charge and/or the Administration Charge, as applicable, or further Order of this Court.

50. THIS COURT ORDERS that the Charges 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**") 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 or receivership order(s) issued pursuant to the BIA or otherwise, or any bankruptcy or receivership 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 statutes; or (e) any negative covenants, prohibitions or other similar

provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an “**Agreement**”) which binds any of the Payless Canada Entities, and notwithstanding any provision to the contrary in any Agreement:

- (a) the creation of the Charges shall not create or be deemed to constitute a breach by any of the Payless Canada Entities of any Agreement to which it is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any obligation or Agreement caused by or resulting from the creation of the Charges; and
- (c) the payments made by any of the Payless Canada Entities pursuant to this Order, 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.

51. THIS COURT ORDERS that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the applicable Payless Canada Entity(ies) interest in such real property leases.

CROSS-BORDER PROTOCOL

52. THIS COURT ORDERS that the cross-border protocol in the form attached as Schedule “A” hereto (the “**Cross-Border Protocol**”) is hereby approved and shall become effective upon its approval by the United States Bankruptcy Court for the Eastern District of Missouri, and the parties to these proceedings and any other Person shall be governed by and shall comply with the Cross-Border Protocol.

SERVICE AND NOTICE

53. THIS COURT ORDERS that the Monitor shall (i) without delay, publish in *The Globe and Mail* (National Edition) and *Le Devoir* a notice containing the information prescribed under the CCAA, (ii) 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 any of the Payless Canada Entities of more than

\$1,000, 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.

54. THIS COURT ORDERS that the E-Service Protocol of the Commercial List (the "**Protocol**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL <http://cfcanada.fticonsulting.com/paylesscanada/> (the "**Website**").

55. THIS COURT ORDERS that the Monitor shall create, maintain and update as necessary a list of all Persons appearing in person or by counsel in this proceeding (the "**Service List**"). The Monitor shall post the Service List, as may be updated from time to time, on the Website, provided that the Monitor shall have no liability in respect of the accuracy of, or the timeliness of making any changes to, the Service List.

56. THIS COURT ORDERS that if the service or distribution of documents in accordance with the Protocol is not practicable, the Payless Canada Entities and the Monitor are at liberty to serve or distribute 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 facsimile transmission to any of the Payless Canada Entities' creditors or other interested parties at their respective addresses as last shown on the records of any of the Payless Canada Entities and that any such service or distribution shall be deemed to be received (a) if sent by courier, on the next business day following the date of forwarding thereof, (b) if delivered by personal delivery or facsimile or other electronic transmission, on the day so delivered, and (c) if sent by ordinary mail, on the third business day after mailing.

57. THIS COURT ORDERS that the Payless Canada Entities and the Monitor and their respective counsel are at liberty to serve or distribute this Order, any other materials and

orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the Payless Canada Entities' creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or judicial obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

GENERAL

58. THIS COURT ORDERS that each of the Payless Canada Entities or the Monitor may from time to time apply to this Court to amend, vary or supplement this Order or for advice and directions concerning the discharge of its powers and duties under this Order or in the interpretation or application of this Order.

59. 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 any of the Payless Canada Entities, the Business or the Property.

60. 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.

61. 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.

62. THIS COURT ORDERS that any interested party (including any of the Payless Canada Entities 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.

63. 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.



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

FEB 19 2019

PER / PAR: RW

Schedule "A"

CROSS-BORDER INSOLVENCY PROTOCOL

This cross-border insolvency protocol (the "Protocol") shall govern the conduct of all parties in interest in the Insolvency Proceedings (as such term is defined herein).

The Guidelines for Communication and Cooperation Between Courts in Cross-Border Insolvency Matters (the "Guidelines"), annexed as "Schedule A" hereto, shall be incorporated by reference and form part of this Protocol. To the extent there is any discrepancy between the Protocol and the Guidelines, this Protocol shall prevail.

A. Background

1. On February 18, 2019 (the "Petition Date"), Payless Holdings LLC and certain of its subsidiaries and affiliates (collectively, the "Debtors")¹ commenced cases (collectively, the "U.S. Proceedings") under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Eastern District of Missouri.

2. On February 19, 2019, certain of the Debtors, specifically Payless ShoeSource Canada Inc. and Payless ShoeSource Canada GP Inc., (together with Payless ShoeSource Canada LP, the "Canadian Debtors"), also sought protection in Canada (the "Canadian Proceedings" and

¹ The Debtors (as defined herein) in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Payless Holdings LLC [5704]; Payless Intermediate Holdings LLC [5190]; WBG-PSS Holdings LLC [0673]; Payless Inc. [3160]; Payless Finance, Inc. [2101]; Collective Brands Services, Inc. [7266]; PSS Delaware Company 4, Inc. [1466]; Shoe Sourcing, Inc. [4075]; Payless ShoeSource, Inc. [4097]; Eastborough, Inc. [2803]; Payless Purchasing Services, Inc. [3043]; Payless ShoeSource Merchandising, Inc. [0946]; Payless Gold Value CO, Inc. [3581]; Payless ShoeSource Distribution, Inc. [0944]; Payless ShoeSource Worldwide, Inc. [6884]; Payless NYC, Inc. [4126]; Payless ShoeSource of Puerto Rico, Inc. [9017]; Payless Collective GP, LLC [2940]; Collective Licensing, LP [1256]; Collective Licensing International LLC [5451]; Clinch, LLC [9836]; Collective Brands Franchising Services, LLC [3636]; Payless International Franchising, LLC [6448]; PSS Canada, Inc. [4969]; Payless ShoeSource Canada Inc. [4180]; Payless ShoeSource Canada GP Inc. [4182]; and Payless ShoeSource Canada LP [4179]. With respect to certain taxing authorities, the Debtors' address is 2001 Bryan Street, Suite 800, Dallas, TX 75201. However, the location of Debtor Payless Holdings LLC's corporate headquarters and the Debtors' service address is: c/o Payless ShoeSource Inc., 3231 S.E. 6th Avenue, Topeka, Kansas 66607.

together with the U.S. Proceedings, the “Insolvency Proceedings”) by filing an application under *the Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “CCAA”) with the Ontario Superior Court of Justice (Commercial List) (the “Canadian Court” and together with the U.S. Court, the “Courts” and each individually, a “Court”). The remaining Debtors in these chapter 11 cases are domiciled in the United States (the “U.S. Debtors”).

3. The Canadian Debtors sought an initial order from the Canadian Court (as may be amended from time to time, the “CCAA Order”), *inter alia*, (a) granting the Canadian Debtors relief under the CCAA; (b) appointing FTI Consulting Canada Inc. as monitor of the Canadian Debtors (the “Monitor”), with the rights, powers, duties and limitations upon liabilities set forth in the CCAA Order; and (c) granting a stay of proceedings in respect of the Canadian Debtors.

4. The Debtors continue to operate and maintain their businesses as debtors in possession pursuant to Bankruptcy Code sections 1107 and 1108. The Office of the United States Trustee (the “U.S. Trustee”) may appoint an official committee of unsecured creditors (if appointed, the “U.S. Creditors’ Committee”) in the U.S. Proceedings.

B. Purpose and Goals

5. While the U.S. Proceedings and the Canadian Proceedings are full and separate proceedings pending in the United States of America (the “U.S.”) and Canada, the implementation of basic administrative procedures and cross-border guidelines is both necessary and desirable to coordinate certain activities in the Insolvency Proceedings, protect the rights of parties thereto and ensure the maintenance of the Court’s independent jurisdiction and comity. Accordingly, this Protocol has been developed to promote the following mutually desirable goals and objectives in the Insolvency Proceedings:

- (a) harmonize and coordinate activities in the Insolvency Proceedings before the Courts;
- (b) promote the orderly and efficient administration of the Insolvency Proceedings to, among other things, maximize the efficiency of the Insolvency Proceedings, reduce the costs associated therewith and avoid duplication of effort;
- (c) honor the independence and integrity of the Courts and other courts and tribunals of the U.S. and Canada, respectively;
- (d) promote international cooperation and respect for comity among the Courts, the Debtors, the U.S. Creditors’ Committee, the U.S. Representatives (defined below), the Canadian Representatives (defined below and together with the U.S. Representatives, the “Estate Representatives”), the U.S. Trustee and other creditors and interested parties in the Insolvency Proceedings;
- (e) facilitate the fair, open and efficient administration of the Insolvency Proceedings for the benefit of all of the creditors and interested parties of the Debtors, wherever located; and
- (f) implement a framework of general principles to address basic administrative issues arising out of the cross-border and international nature of the Insolvency Proceedings.

C. Comity and Independence of the Courts

6. The approval and implementation of this Protocol shall not divest or diminish the U.S. Court’s and the Canadian Court’s independent jurisdiction over the subject matter of the

U.S. Proceedings and the Canadian Proceedings, respectively. By approving and implementing this Protocol, neither the U.S. Court, the Canadian Court, the Debtors, the Estate Representatives nor any creditors or interested parties shall be deemed to have approved or engaged in any infringement on the sovereignty of the U.S. or Canada.

7. The U.S. Court shall have sole and exclusive jurisdiction and power over the conduct of the U.S. Proceedings and the hearing and determination of matters arising in the U.S. Proceedings. The Canadian Court shall have sole and exclusive jurisdiction and power over the conduct of the Canadian Proceedings and the hearing and determination of matters arising in the Canadian Proceedings.

8. In accordance with the principles of comity and independence established in the preceding paragraphs, nothing contained herein shall be construed to:

- (a) increase, decrease or otherwise modify the independence, sovereignty or jurisdiction of the U.S. Court, the Canadian Court or any other court or tribunal in the U.S. or Canada, including the ability of any such court or tribunal to provide appropriate relief under applicable law on an ex parte or “limited notice” basis;
- (b) require the U.S. Court to take any action that is inconsistent with its obligations under the laws of the U.S.;
- (c) require the Canadian Court to take any action that is inconsistent with its obligations under the laws of Canada;
- (d) require any of the Debtors, the Monitor, the U.S. Creditors’ Committee, the Estate Representatives or the U.S. Trustee to take any action or refrain from taking any action that would result in a breach of any duty imposed on them by any applicable law;
- (e) authorize any action that requires the specific approval of one or both of the Courts under the Bankruptcy Code or the CCAA after appropriate notice and a hearing (except to the extent that such action is specifically described in this Protocol); or
- (f) preclude any of the Debtors, the Monitor, the U.S. Creditors’ Committee, the Estate Representatives, the U.S. Trustee, or any creditor or other interested party

from asserting such party's substantive rights under the applicable laws of the U.S., Canada or any other relevant jurisdiction including, without limitation, the rights of interested parties or affected persons to appeal from the decisions taken by one or both of the Courts.

9. Subject to the terms hereof, the Debtors, the U.S. Creditors' Committee, the Estate Representatives and their respective employees, members, agents and professionals shall respect and comply with the independent, non-delegable duties imposed upon them by the Bankruptcy Code, the CCAA, the CCAA Order and other applicable laws and orders of the Courts, as applicable.

D. Cooperation

10. To assist in the efficient administration of the Insolvency Proceedings and in recognizing that a Debtor may be a creditor of another Debtor's estate, the Debtors and the Estate Representatives shall where appropriate:

- (a) reasonably cooperate with each other in connection with actions taken in both the U.S. Court and the Canadian Court; and
- (b) take any other reasonable steps to coordinate the administration of the U.S. Proceedings and the Canadian Proceedings for the benefit of the Debtors' respective estates and stakeholders, including, without limitation, developing in consultation with the U.S. Creditors' Committee and seeking approval of any cross-border claims protocol by the Canadian and U.S. Courts.

11. To harmonize and coordinate the administration of the Insolvency Proceedings, the U.S. Court and the Canadian Court each may coordinate activities with and defer to the judgment of the other Court, where appropriate and feasible. In furtherance of the foregoing:

- (a) The U.S. Court and the Canadian Court may communicate with one another, with or without counsel present, with respect to any procedural or substantive matter relating to the Insolvency Proceedings;
- (b) Where the issue of the proper jurisdiction or Court to determine an issue is raised by an interested party in either of the Insolvency Proceedings with respect to a

motion or an application filed in either Court, the Court before which such motion or application was initially filed may contact the other Court to determine an appropriate process by which the issue of jurisdiction will be determined. Such process shall be subject to submissions by the Debtors, the Estate Representatives, the U.S. Creditors' Committee, the Monitor, the U.S. Trustee and any interested party before any determination on the issue of jurisdiction is made by either Court; and

- (c) The Courts may, but are not obligated to, coordinate activities in the Insolvency Proceedings such that the subject matter of any particular action, suit, request, application, contested matter or other proceeding is determined in a single Court.

12. The U.S. Court and the Canadian Court may conduct joint hearings with respect to any matter relating to the conduct, administration, determination or disposition of any aspect of the U.S. Proceedings and the Canadian Proceedings, including the interpretation or implementation of this Protocol if both Courts consider such joint hearings to be necessary or advisable and, in particular, to facilitate or coordinate with the proper and efficient conduct of the U.S. Proceedings and the Canadian Proceedings. With respect to any such joint hearing, unless otherwise ordered, the following procedures will be followed:

- (a) a telephone or video link shall be established so that both the U.S. Court and the Canadian Court shall be able to simultaneously hear the proceedings in the other Court;
- (b) notices, submissions, applications, or motions by any party that are or become the subject of a joint hearing of the Courts (collectively, "Pleadings") shall be made or filed initially only to the Court in which such party is appearing and seeking relief. Promptly after the scheduling of any joint hearing, the party submitting such Pleadings to one Court shall file courtesy copies with the other Court. In any event, Pleadings seeking relief from both Courts shall be filed with both Courts.
- (c) any party intending to rely on any written evidentiary materials in support of a submission to the U.S. Court or the Canadian Court in connection with any joint hearing shall file such materials, which shall be identical insofar as possible and shall be consistent with the procedure and evidentiary rules and requirements of each Court, in advance of the time of such hearing or the submissions of such application;

- (d) If a party has not previously appeared in or attorned or does not wish to attorn to the jurisdiction of either Court, it shall be entitled to file such materials without, by the act of filing, being deemed to have attorned to the jurisdiction of the Court in which such material is filed, so long as it does not request in its materials or submissions any affirmative relief from the Court to which it does not wish to attorn;
- (e) the Judge of the U.S. Court and the Justice of the Canadian Court who will hear any such application or motion shall be entitled to communicate with each other in advance of the hearing on the application or motion, with or without counsel being present, to establish guidelines for the orderly submission of pleadings, papers and other materials and the rendering of decisions by the U.S. Court and the Canadian Court, and to address any related procedural, administrative or preliminary matters; and
- (f) the Judge of the U.S. Court and the Justice of the Canadian Court, having heard any such application, shall be entitled to communicate with each other after the hearing on such application or motion, without counsel present, for the purpose of determining whether consistent rulings can be made by both Courts, and coordinating the terms upon which such rulings shall be made, as well as to address any other procedural or non-substantive matter relating to such applications or motions.

13. Notwithstanding the terms of the preceding paragraph, the Protocol recognizes that the U.S. Court and the Canadian Court are independent courts. Accordingly, although the Courts will seek to cooperate and coordinate with each other in good faith, each of the Courts shall be entitled at all times to exercise its independent jurisdiction and authority with respect to:

- (a) the conduct of the parties appearing in matters presented to such Court; and
- (b) matters presented to such Court, including without limitation, the right to determine if matters are properly before such Court.

14. In the interest of cooperation and coordination of these proceedings, each Court shall recognize and consider all privileges applicable to communications between counsel and parties, including those contemplated by the common interest doctrine or like privileges, which would be applicable in each respective Court. Such privileges in connection with

communications shall be applicable in both Courts with respect to all parties to these proceedings having any requisite common interest.

15. Where one Court has jurisdiction over a matter which requires the application of the law of the jurisdiction of the other Court in order to determine an issue before it, the Court with jurisdiction over such matter may, among other things, hear expert evidence or seek the advice and direction of the other Court in respect of the foreign law to be applied, subject to paragraph 38 herein.

E. Retention and Compensation of Estate Representatives and Professionals

16. The Monitor, its officers, directors, employees, counsel, agents, and any other professionals related therefor, wherever located (collectively, the "Monitor Parties") and any other estate representatives in the Canadian Proceedings and their counsel and other professionals (collectively with the Monitor Parties, the "Canadian Representatives") shall all be subject to the sole and exclusive jurisdiction of the Canadian Court with respect to all matters, including:

- (a) the Canadian Representatives' appointment and tenure in office;
- (b) the retention and compensation of the Canadian Representatives;
- (c) the Canadian Representatives' liability, if any, to any person or entity, including the Canadian Debtors and any third parties, in connection with the Insolvency Proceedings; and
- (d) the hearing and determination of any matters relating to the Canadian Representatives arising in the Canadian Proceedings under the CCAA or other applicable Canadian law.

17. Additionally, the Canadian Representatives, and the Debtors' Canadian counsel:

- (a) shall be compensated for their services solely in accordance with the CCAA and other applicable Canadian law or orders of the Canadian Court; and

(b) shall not be required to seek approval of their compensation in the U.S. Court.

18. The Monitor Parties shall be entitled to the protections of Bankruptcy Code section 306 and the same protections and immunities in the U.S. as those granted to them under the CCAA and the CCAA Order. In particular, except as otherwise provided in any subsequent order entered in the Canadian Proceedings, the Monitor Parties shall incur no liability or obligations as a result of the appointment of the Monitor, the carrying out of its duties or the provisions of the CCAA and the CCAA Order by the Monitor Parties, except any such liability arising from actions of the Monitor Parties constituting gross negligence or willful misconduct.

19. Any estate representative appointed in the U.S. Proceedings, including without limitation, any restructuring officer appointed under Bankruptcy Code section 306, the U.S. Creditors' Committee and any examiner or trustee appointed pursuant to Bankruptcy Code section 1104, and their respective counsel and other professionals (collectively, the "U.S. Representatives"), shall be subject to the sole and exclusive jurisdiction of the U.S. Court with respect to all matters, including:

- (a) the U.S. Representatives' tenure in office;
- (b) the U.S. Representatives' retention and compensation;
- (c) the U.S. Representatives' liability, if any, to any person or entity, including the U.S. Debtors and any third parties, in connection with the Insolvency Proceedings; and
- (d) the hearing and determination of any other matters relating to the U.S. Representatives arising in the U.S. Proceedings under the Bankruptcy Code or other applicable laws of the U.S.

20. Nothing in this Protocol creates any fiduciary duty, duty of care or other duty owed by the U.S. Representatives to the stakeholders in the Canadian Proceedings or by the

Canadian Representatives to the stakeholders in the U.S. Proceedings that they would not otherwise have in the absence of this Protocol.

21. The U.S. Representatives shall not be required to seek approval of their retention in the Canadian Court. Additionally, the U.S. Representatives:

- (a) shall be compensated for their services solely in accordance with the Bankruptcy Code and other applicable laws of the United States or orders of the U.S. Court; and
- (b) shall not be required to seek approval of their compensation in the Canadian Court.

22. Any professionals retained by or with the approval of the Debtors for Canadian related advice, activities performed in Canada or in connection with the Canadian Proceeding, including, in each case, counsel, financial advisors, accountants, consultants and experts (collectively, the "Canadian Professionals") shall be subject to the sole and exclusive jurisdiction of the Canadian Court. Accordingly, the Canadian Professionals: (a) shall be subject to the procedures and standards for retention and compensation applicable in the Canadian Court under the CCAA, the CCAA Order any other applicable Canadian law or orders of the Canadian Court; and (b) shall not be required to seek approval of their retention or compensation in the U.S. Court. The Debtors will include the identity and the amount of payments with respect to the Canadian Professionals in the Debtors' monthly operating reports.

23. Any professionals retained by or with approval of the Debtors for activities performed in the U.S. or in connection with the U.S. Proceedings, including, in each case, counsel, financial advisors, accountants, consultants and experts (collectively, the "U.S. Professionals") shall be subject to the sole and exclusive jurisdiction of the U.S. Court. Accordingly, the U.S. Professionals: (a) shall be subject to the procedures and standards for

retention and compensation applicable in the U.S. Court under the Bankruptcy Code and any other applicable laws of the U.S. or orders of the U.S. Court; and (b) shall not be required to seek approval of their retention of compensation in the Canadian Court.

24. Any professionals retained by the U.S. Creditors' Committee, including, in each case, counsel and financial advisors (collectively, the "Committee Professionals") shall be subject to the sole and exclusive jurisdiction of the U.S. Court. Accordingly, the Committee Professionals: (a) shall be subject to the procedures and standards for retention and compensation applicable in the U.S. Court under the Bankruptcy Code and any other applicable laws of the U.S. or orders of the U.S. Court; and (b) shall not be required to seek approval of their retention of compensation in the Canadian Court.

F. Rights to Appear and Be Heard

25. Each of the Debtors, their creditors and other interested parties in the Insolvency Proceedings, including the Canadian Representatives, and the U.S. Representatives shall have the right and standing to:

- (a) appear and be heard in either the U.S. Court or the Canadian Court in the Insolvency Proceedings to the same extent as a creditor and other interested party domiciled in the forum country, but solely to the extent such party is a creditor or other interested party in the subject forum, subject to any local rules or regulations generally applicable to all parties appearing in the forum; and
- (b) subject to 25(a) above, file notices of appearance or other papers with the Clerk of the U.S. Court or the Canadian Court in the Insolvency Proceedings; *provided, however,* that any appearance or filing may subject a creditor or interested party to the jurisdiction of the Court in which the appearance or filing occurs; provided further, that appearance by the U.S. Creditors' Committee in the Canadian Proceedings shall not form a basis for personal jurisdiction in Canada over the members of the U.S. Committee. Notwithstanding the foregoing, and in accordance with the policies set forth above:
 - (i) the Canadian Court shall have jurisdiction over the U.S. Representatives and the U.S. Trustee solely with respect to the particular matters as to

which the U.S. Representatives or the U.S. Trustee appear before the Canadian Court; and

- (ii) the U.S. Court shall have jurisdiction over the Canadian Representatives solely with respect to the particular matters as to which the Canadian Representatives appear before the U.S. Court.

26. Solely with respect to consensual due diligence the U.S. Creditors' Committee will execute confidentiality agreements in the form to be agreed to by the Canadian Debtors and the U.S. Creditors' Committee.

G. Claims Protocol

27. It may be necessary to implement a specific claims protocol to address, among other things and without limitation, the timing, process, jurisdiction and applicable governing law to be applied to the resolution of claims filed by the Debtors' creditors (including intercompany claims) in the Canadian Proceedings and the U.S. Proceedings. In such event, and in recognition of the inherent complexities of the intercompany claims that may be asserted in the Insolvency Proceedings, the Debtors shall submit a specific claims protocol.

H. Notice

28. Notice of any motion, application or other pleading or paper filed in one or both of the Insolvency Proceedings relating to matters addressed by this Protocol and notice of any related hearings or other proceedings shall be given by appropriate means (including, where circumstances warrant, by courier or electronic forms of communication) to the following:

- (a) all creditors and other interested parties in accordance with the practice of the jurisdiction where the papers are filed or the proceedings are to occur and order of the applicable court ; and
- (b) to the extent not otherwise entitled to receive notice under subpart (a) of this paragraph, to:

- (i) U.S. Counsel to the Debtors, Akin Gump Stauss Hauer & Feld LLP, Bank of America Tower, 1 Bryant Park, New York, NY 10036, USA (Attn: Meredith Lahaie and Kevin Zuzolo) and Armstrong Teasdale LLP, 7700 Forsyth Blvd., Suite 1800, St. Louis, MO 63105, USA (Attn: Erin Edelman and John Willard);
- (ii) Canadian Counsel to the Debtors, Cassels Brock & Blackwell LLP, 2100, 40 King Street West, Toronto, ON Canada, M5H 3C2 (Attn: Ryan Jacobs, Jane Dietrich, Natalie Levine);
- (iii) the Monitor, FTI Consulting Canada Inc., TD Waterhouse Tower, 79 Wellington Street West, Suite 2010, P.O. Box 104, Toronto, ON Canada, M5K 1G8 (Attn: Greg Watson, Paul Bishop), and its counsel, Bennett Jones LLP, 3400, One First Canadian Place, Toronto, ON Canada, M5X 1A4 (Attn: Sean Zweig, Kevin J. Zych);
- (iv) Counsel to the ABL Agent, Choate Hall & Stewart LLP, Two International Place, Boston, MA 02110 (Attn: Kevin Simard, Doug Gooding and Jonathan Marshall); Thompson Coburn LLP, One US Bank Plaza, St. Louis, MO 63101 (Attn: Mark Bossi); and Norton Rose Fulbright Canada LLP, Suite 3800, Royal Bank Plaza, South Tower, 200 Bay Street, P.O. Box 84, Toronto, ON Canada, M5J 2Z4 (Attn: Tony Reyes and David Amato);
- (v) Counsel to the Ad Hoc Term Lender Committee, Kramer Levin Naftalis & Frankel LLP, 1177 Avenue of the Americas, New York, NY 10036, USA (Attn: Stephen D. Zide); Doster, Ullom & Boyle, LLC, 16090 Swingley Ridge Road, Suite 620, Chesterfield, Missouri 63017, USA (Attn: Gregory D. Willard); and Fasken Martineau DuMoulin LLP, Bay Adelaide Centre, 333 Bay Street, Suite 2400, P.O. Box 20, Toronto, ON Canada, M5H 2T6 (Attn: Stuart Brotman)
- (vi) Counsel to any statutory committee or any other official appointed in the U.S. Proceedings;
- (vii) the Office of the United States Trustee for Eastern District of Missouri;
- (viii) such other parties as may be designated by either Court from time to time.

29. Notice in accordance with this paragraph may be designated by either of the Courts from time to time. Notice in accordance with this paragraph shall be given by the party otherwise responsible for effecting notice in the jurisdiction where the underlying papers are

filed or the proceedings are to occur. In addition to the foregoing, upon request, the U.S. Debtors or the Canadian Debtors shall provide the U.S. Court or the Canadian Court, as the case may be, with copies of any orders, decisions, opinions or similar papers issued by the other Court in the Insolvency Proceedings.

30. When any cross-border issues or matters addressed by this Protocol are to be addressed before a Court, notices shall be provided in the manner and to the parties referred to in paragraph 28 above.

I. Recognition of Stays of Proceedings

31. The Canadian Court hereby recognizes the validity of the stay of proceedings and actions against or respecting the U.S. Debtors and their property under Bankruptcy Code section 362 (the "U.S. Stay"). In implementing the terms of this paragraph, the Canadian Court may consult with the U.S. Court regarding the interpretation, extent, scope and applicability of the U.S. Stay, and any orders of this U.S. Court modifying or granting relief from the U.S. Stay.

32. The U.S. Court hereby recognizes the validity of the stay of proceedings and actions against or respecting the Canadian Debtors, its property and the current and former directors and officers of the Canadian Debtors under the CCAA and the CCAA Order (the "Canadian Stay"). In implementing the terms of this paragraph, the U.S. Court may consult with the Canadian Court regarding the interpretation, extent, scope and applicability of the Canadian Stay, and any orders of the Canadian Court modifying or granting relief from the Canadian Stay.

33. Nothing contained herein shall affect or limit the Debtors or other parties' rights to assert the applicability or non-applicability of the U.S. Stay or the Canadian Stay to any particular proceeding, property, asset, activity or other matter, wherever pending or located. Subject to the terms hereof: (a) any motion with respect to the application of the stay of

proceedings issued by the Canadian Court in the CCAA Proceeding shall be heard and determined by the Canadian Court and (b) any motion with respect to the application of the stay under Bankruptcy Code section 362 shall be heard and determined by the U.S. Court.

J. Effectiveness; Modification

34. This Protocol shall become effective only upon its approval by both the U.S. Court and the Canadian Court.

35. This Protocol may not be supplemented, modified, terminated or replaced in any manner except by the U.S. Court and the Canadian Court after notice and a hearing. Notice of any legal proceeding to supplement, modify, terminate or replace this Protocol shall be given in accordance with the notice provision contained in this Protocol.

K. Procedure for Resolving Disputes Under the Protocol

36. Disputes relating to the terms, intent or application of this Protocol may be addressed by interested parties to either the U.S. Court, the Canadian Court or both Courts upon notice as set forth in paragraphs 28 and 29 above. In rendering a determination in any such dispute, the Court to which the issue is addressed:

- (a) shall consult with the other Court; and
- (b) may, in its sole discretion, either:
 - (i) render a binding decision after such consultation;
 - (ii) defer to the determination of the other Court by transferring the matter, in whole or in part, to the other Court; or
 - (iii) seek a joint hearing of both Courts.

37. Notwithstanding the foregoing, each Court in making a determination shall have regard to the independence, comity or inherent jurisdiction of the other Court established under existing law.

38. In implementing the terms of the Protocol, the U.S. Court and the Canadian Court may, in their sole, respective discretion, provide advice or guidance to each other with respect to legal issues in accordance with the following procedures:

- (a) The U.S. Court or the Canadian Court, as applicable, may determine that such advice or guidance is appropriate under the circumstances;
- (b) The Court issuing such advice or guidance shall provide it to the non-issuing Court in writing;
- (c) Copies of such written advice or guidance shall be served by the applicable Court in accordance with paragraph 28 hereof; and
- (d) The Courts may jointly decide to invite the Debtors, the Estate Representatives, the U.S. Trustee, the Monitor and any other affected or interested party to make submissions to the appropriate Court in response to or in connection with any written advice or guidance received from the other Court.

39. For clarity, the provisions of paragraph 38 shall not be construed to restrict the ability of the U.S. Court or the Canadian Court to confer, as provided above, whenever they deem it appropriate to do so.

L. Preservation of Rights

40. Except as specifically provided herein, neither the terms of this Protocol nor any actions taken under the terms of this Protocol shall (a) prejudice or affect the powers, rights, claims and defenses of the Debtors and their estates, the Estate Representatives, the U.S. Trustee, the Monitor or any of the Debtors' creditors under applicable law, including the Bankruptcy Code, the CCAA and the Orders of the Courts or (b) preclude or prejudice the rights of any

person to assert or pursue such person's substantive rights against any other person under the applicable laws of the United States or Canada.

41. The question of the degree of standing of the U.S. Creditors' Committee in the Canadian Court remains an open issue. This Protocol is without prejudice to the question one way or the other.

Schedule A

GUIDELINES FOR COMMUNICATION AND COOPERATION BETWEEN COURTS IN CROSS-BORDER INSOLVENCY MATTERS

INTRODUCTION

- A. The overarching objective of these Guidelines is to improve in the interests of all stakeholders the efficiency and effectiveness of cross-border proceedings relating to insolvency or adjustment of debt opened in more than one jurisdiction (“Parallel Proceedings”) by enhancing coordination and cooperation amongst courts under whose supervision such proceedings are being conducted. These Guidelines represent best practice for dealing with Parallel Proceedings.
- B. In all Parallel Proceedings, these Guidelines should be considered at the earliest practicable opportunity.
- C. In particular, these Guidelines aim to promote:
- (i) the efficient and timely coordination and administration of Parallel Proceedings;
 - (ii) the administration of Parallel Proceedings with a view to ensuring relevant stakeholders’ interests are respected;
 - (iii) the identification, preservation, and maximisation of the value of the debtor’s assets, including the debtor’s business;
 - (iv) the management of the debtor’s estate in ways that are proportionate to the amount of money involved, the nature of the case, the complexity of the issues, the number of creditors, and the number of jurisdictions involved in Parallel Proceedings;
 - (v) the sharing of information in order to reduce costs; and
 - (vi) the avoidance or minimisation of litigation, costs, and inconvenience to the parties² in Parallel Proceedings.
- D. These Guidelines should be implemented in each jurisdiction in such manner as the jurisdiction deems fit.³
- E. These Guidelines are not intended to be exhaustive and in each case consideration ought to be given to the special requirements in that case.
- F. Courts should consider in all cases involving Parallel Proceedings whether and how to implement these Guidelines. Courts should encourage and where necessary direct, if they have the power to do so, the parties to make the necessary applications to the court to facilitate such implementation by a protocol or order derived from these Guidelines, and encourage them to act so as to promote the objectives and aims of these Guidelines wherever possible.

² The term “parties” when used in these Guidelines shall be interpreted broadly.

³ Possible modalities for the implementation of these Guidelines include practice directions and commercial guides.

ADOPTION & INTERPRETATION

Guideline 1: In furtherance of paragraph F above, the courts should encourage administrators in Parallel Proceedings to cooperate in all aspects of the case, including the necessity of notifying the courts at the earliest practicable opportunity of issues present and potential that may (a) affect those proceedings; and (b) benefit from communication and coordination between the courts. For the purpose of these Guidelines, “administrator” includes a liquidator, trustee, judicial manager, administrator in administration proceedings, debtor-in-possession in a reorganisation or scheme of arrangement, or any fiduciary of the estate or person appointed by the court.

Guideline 2: Where a court intends to apply these Guidelines (whether in whole or in part and with or without modification) in particular Parallel Proceedings, it will need to do so by a protocol or an order,⁴ following an application by the parties or pursuant to a direction of the court if the court has the power to do so.

Guideline 3: Such protocol or order should promote the efficient and timely administration of Parallel Proceedings. It should address the coordination of requests for court approvals of related decisions and actions when required and communication with creditors and other parties. To the extent possible, it should also provide for timesaving procedures to avoid unnecessary and costly court hearings and other proceedings.

Guideline 4: These Guidelines when implemented are not intended to:

- (i) interfere with or derogate from the jurisdiction or the exercise of jurisdiction by a court in any proceedings including its authority or supervision over an administrator in those proceedings;
- (ii) interfere with or derogate from the rules or ethical principles by which an administrator is bound according to any applicable law and professional rules;
- (iii) prevent a court from refusing to take an action that would be manifestly contrary to the public policy of the jurisdiction; or
- (iv) confer or change jurisdiction, alter substantive rights, interfere with any function or duty arising out of any applicable law, or encroach upon any applicable law.

Guideline 5: For the avoidance of doubt, a protocol or order under these Guidelines is procedural in nature. It should not constitute a limitation on or waiver by the court of any powers, responsibilities, or authority or a substantive determination of any matter in controversy before the court or before the other court or a waiver by any of the parties of any of their substantive rights and claims.

Guideline 6: In the interpretation of these Guidelines or any protocol or order under these Guidelines, due regard shall be given to their international origin and to the need to promote good faith and uniformity in their application.

COMMUNICATION BETWEEN COURTS

⁴ In the normal case, the parties will agree on a protocol derived from these Guidelines and obtain the approval of each court in which the protocol is to apply.

Guideline 7: A court may receive communications from a foreign court and may respond directly to them. Such communications may occur for the purpose of the orderly making of submissions and rendering of decisions by the courts, and to coordinate and resolve any procedural, administrative or preliminary matters relating to any joint hearing where Annex A is applicable. Such communications may take place through the following methods or such other method as may be agreed by the two courts in a specific case:

- (i) Sending or transmitting copies of formal orders, judgments, opinions, reasons for decision, endorsements, transcripts of proceedings or other documents directly to the other court and providing advance notice to counsel for affected parties in such manner as the court considers appropriate.
- (ii) Directing counsel or other appropriate person to transmit or deliver copies of documents, pleadings, affidavits, briefs or other documents that are filed or to be filed with the court to the other court in such fashion as may be appropriate and providing advance notice to counsel for affected parties in such manner as the court considers appropriate.
- (iii) Participating in two-way communications with the other court, by telephone or video conference call or other electronic means, in which case Guideline 8 should be considered.

Guideline 8: In the event of communications between courts, other than on administrative matters, unless otherwise directed by any court involved in the communications whether on an *ex parte* basis or otherwise, or permitted by a protocol, the following shall apply:

- (i) In the normal case, parties may be present.
- (ii) If the parties are entitled to be present, advance notice of the communications shall be given to all parties in accordance with the rules of procedure applicable in each of the courts to be involved in the communications.
- (iii) The communications between the courts shall be recorded and may be transcribed. A written transcript may be prepared from a recording of the communications that, with the approval of each court involved in the communications, may be treated as the official transcript of the communications.
- (iv) Copies of any recording of the communications, of any transcript of the communications prepared pursuant to any direction of any court involved in the communications, and of any official transcript prepared from a recording may be filed as part of the record in the proceedings and made available to the parties and subject to such directions as to confidentiality as any court may consider appropriate.
- (v) The time and place for communications between the courts shall be as directed by the courts. Personnel other than judges in each court may communicate with each other to establish appropriate arrangements for the communications without the presence of the parties.

Guideline 9: A court may direct that notice of its proceedings be given to parties in proceedings in another jurisdiction. All notices, applications, motions, and other materials served for purposes of the proceedings before the court may be ordered to be provided to such other parties by

making such materials available electronically in a publicly accessible system or by facsimile transmission, certified or registered mail or delivery by courier, or in such other manner as may be directed by the court in accordance with the procedures applicable _in the court.

APPEARANCE IN COURT

Guideline 10: A court may authorise a party, or an appropriate person, to appear before and be heard by a foreign court, subject to approval of the foreign court to such appearance.

Guideline 11: If permitted by its law and otherwise appropriate, a court may authorise a party to a foreign proceeding, or an appropriate person, to appear and be heard by it without thereby becoming subject to its jurisdiction.

CONSEQUENTIAL PROVISIONS

Guideline 12: A court shall, except on proper objection on valid grounds and then only to the extent of such objection, recognise and accept as authentic the provisions of statutes, statutory or administrative regulations, and rules of court of general application applicable to the proceedings in other jurisdictions without further proof. For the avoidance of doubt, such recognition and acceptance does not constitute recognition or acceptance of their legal effect or implications.

Guideline 13: A court shall, except upon proper objection on valid grounds and then only to the extent of such objection, accept that orders made in the proceedings in other jurisdictions were duly and properly made or entered on their respective dates and accept that such orders require no further proof for purposes of the proceedings before it, subject to its law and all such proper reservations as in the opinion of the court are appropriate regarding proceedings by way of appeal or review that are actually pending in respect of any such orders. Notice of any amendments, modifications, extensions, or appellate decisions with respect to such orders shall be made to the other court(s) involved in Parallel Proceedings, as soon as it is practicable to do so.

Guideline 14: A protocol, order or directions made by a court under these Guidelines is subject to such amendments, modifications, and extensions as may be considered appropriate by the court, and to reflect the changes and developments from time to time in any Parallel Proceedings. Notice of such amendments, modifications, or extensions shall be made to the other court(s) involved in Parallel Proceedings, as soon as it is practicable to do so.

ANNEX A (JOINT HEARINGS)

Annex A to these Guidelines relates to guidelines on the conduct of joint hearings. Annex A shall be applicable to, and shall form a part of these Guidelines, with respect to courts that may signify their assent to Annex A from time to time. Parties are encouraged to address the matters set out in Annex A in a protocol or order.

ANNEX A: JOINT HEARINGS

A court may conduct a joint hearing with another court. In connection with any such joint hearing, the following shall apply, or where relevant, be considered for inclusion in a protocol or order:

- (i) The implementation of this Annex shall not divest nor diminish any court's respective independent jurisdiction over the subject matter of proceedings. By implementing this Annex, neither a court nor any party shall be deemed to have approved or engaged in any infringement on the sovereignty of the other jurisdiction.
- (ii) Each court shall have sole and exclusive jurisdiction and power over the conduct of its own proceedings and the hearing and determination of matters arising in its proceedings.
- (iii) Each court should be able simultaneously to hear the proceedings in the other court. Consideration should be given as to how to provide the best audio-visual access possible.
- (iv) Consideration should be given to coordination of the process and format for submissions and evidence filed or to be filed in each court.
- (v) A court may make an order permitting foreign counsel or any party in another jurisdiction to appear and be heard by it. If such an order is made, consideration needs to be given as to whether foreign counsel or any party would be submitting to the jurisdiction of the relevant court and/or its professional regulations.
- (vi) A court should be entitled to communicate with the other court in advance of a joint hearing, with or without counsel being present, to establish the procedures for the orderly making of submissions and rendering of decisions by the courts, and to coordinate and resolve any procedural, administrative or preliminary matters relating to the joint hearing.
- (vii) A court, subsequent to the joint hearing, should be entitled to communicate with the other court, with or without counsel present, for the purpose of determining outstanding issues. Consideration should be given as to whether the issues include procedural and/or substantive matters. Consideration should also be given as to whether some or all of such communications should be recorded and preserved.

CU-19-00614629-
00CL

Court File No.

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

INITIAL ORDER

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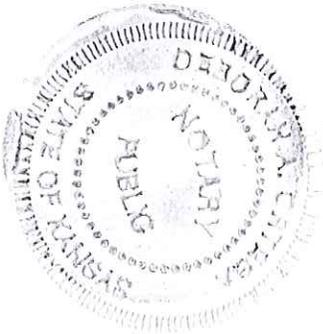
Lawyers for Payless ShoeSource Canada Inc., Payless ShoeSource Canada GP Inc. and Payless ShoeSource Canada LP

TAB B

This is **Exhibit "B"**
to the Affidavit of **Adrian Frankum**
sworn and subscribed to before me
this 17th day of April 2019



(Insert notary stamp)



**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION**

| | | |
|---------------------------------------|---|-------------------------|
| In re: |) | Case No. 19-40883-659 |
| |) | Chapter 11 |
| PAYLESS HOLDINGS LLC, <i>et al.</i> , |) | |
| |) | Jointly Administered |
| Debtors. |) | |
| |) | Related Docket No.: 774 |

**ORDER ESTABLISHING BAR DATES FOR FILING PROOFS OF
CLAIM AND APPROVING FORM AND MANNER OF NOTICE THEREOF**

Upon the motion (the “Motion”)¹ of the above-captioned debtors and debtors-in-possession (collectively, the “Debtors”) for entry of an order (this “Order”), establishing bar dates for filing proofs of claim and approving form and manner of notice thereof, all as more fully set forth in the Motion; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and Rule 81-9.01(B)(1) of the Local Rules of the United States District Court for the Eastern District of Missouri; and the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and the Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having found that the relief requested is in the best interests of the Debtors’ estates, their creditors, and other parties in interest; and this Court having found that the Debtors provided appropriate notice of the Motion and the opportunity for a hearing under the circumstances; and the Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing, if any, before the Court (the “Hearing”); and the Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and any and all objections having been

¹ Capitalized terms used but not otherwise defined in this Order shall have the meanings ascribed to them in the Motion.

resolved or overruled; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause therefore; it is HEREBY ORDERED THAT:

1. The Motion is granted as set forth herein.

2. As used herein, (a) the term “claim” has the meaning given to such term in section 101(5) of the Bankruptcy Code, (b) the term “entity” has the meaning given to such term in section 101(15) of the Bankruptcy Code and (c) the term “governmental unit” has the meaning given to such term in section 101(27) of the Bankruptcy Code.

3. The forms of the Bar Date Notice, the Proof of Claim Form and the Publication Notice attached hereto as **Exhibit A**, **Exhibit B** and **Exhibit C**, respectively, and the manner of providing notice of the Bar Dates proposed in the Motion are approved in all respects pursuant to Bankruptcy Rules 2002(a)(7), 2002(l), and 2002(p). The form and manner of notice of the Bar Dates approved herein are (a) reasonable and adequate and (b) fulfill the notice requirements of the Bankruptcy Code, the Bankruptcy Rules, and the Local Bankruptcy Rules. As such, the Debtors are authorized to direct their claims and noticing agent Prime Clerk, LLC (“Prime Clerk”), to prepare and serve the Bar Date Notice Package in the manner described in paragraphs 9, 19, and 20 below and publish the Publication Notice as described in paragraph 18 below.

4. Except as otherwise provided in this Order, all entities (including, without limitation, individuals, partnerships, corporations, joint ventures, and trusts) that assert a claim against a Debtor that arose or is deemed to have arisen prior to the Petition Date must file a proof of claim in writing in accordance with the procedures described herein so that such proof of claim is actually received by the Clerk of the United States Bankruptcy Court for the Eastern District of Missouri (the “Clerk of the Court”) or by Prime Clerk **on or before 11:59 p.m., prevailing Central Time on June 7, 2019** (the “General Bar Date”).

5. Except as otherwise provided in this Order, the General Bar Date applies to all types of claims against the Debtors that arose or are otherwise deemed to have arisen prior to the Petition Date, including secured claims, unsecured priority claims, claims under section 503(b)(9) of the Bankruptcy Code, and unsecured nonpriority claims. For the avoidance of doubt, the General Bar Date and the procedures in this Order do not modify, alter or otherwise supersede the *Order Establishing Bar Dates for Filing Proofs of Claim and Approving Form and Manner of Notice Thereof* [Docket No. 767] or order confirming the *Fifth Amended Joint Plan of Reorganization of Payless Holdings LLC and its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 1676] in the Prior Cases.

6. Except as specifically set out in paragraphs 11(1), 21, 25 and 29 below, this Order shall not apply to the Debtors Payless ShoeSource Canada Inc., Payless ShoeSource Canada GP Inc., or Payless ShoeSource Canada LP (the “Canadian Debtors”) or claims against any of the Canadian Debtors. The Canadian Debtors shall be permitted to implement a claims process in respect of claims against any of the Canadian Debtors as may be authorized or permitted in the proceedings in respect of the Canadian Debtors pursuant to the *Companies’ Creditors Arrangement Act* (Canada) pending before the Ontario Superior Court of Justice (Commercial List) (the “CCAA Proceedings”)

7. The filing of a proof of claim form is deemed to satisfy the procedural requirements for the assertion of administrative priority claims under section 503(b)(9) of the Bankruptcy Code; *provided, however*, that all other administrative claims under section 503(b) of the Bankruptcy Code, other than Rejection Damages Claims (as defined below), must be made by separate requests for payment in accordance with section 503(a) of the Bankruptcy Code and will not be deemed proper if made by a proof of claim.

8. By the later of two (2) business days after the Court's entry of this Order (the "Service Deadline"), the Debtors will serve, through Prime Clerk, the Bar Date Notice and a Proof of Claim Form upon all creditors that have been identified as of the date of entry of this Order. Prime Clerk shall, using the Court's ECF System as instructed by the Clerk of the Court, electronically file with the Court all proofs of claim that Prime Clerk has received or will receive in these cases. Upon receipt of a proof of claim or a transfer of claim, Prime Clerk shall stamp the receipt date and time on the document before filing it with the Court. The Clerk of the Court need not physically transfer to Prime Clerk any claim that she receives electronically.

9. Subject to terms described in this order for holders of claims subject to the Governmental Bar Date, Rejection Bar Date, and the Amended Schedules Bar Date, the following entities must file a proof of claim on or before the General Bar Date:

- a. any entity (i) whose prepetition claim against a Debtor is not listed in the applicable Debtor's Schedules or is listed as contingent, disputed or unliquidated and (ii) that desires to participate in any of these chapter 11 cases or share in any distribution in any of these chapter 11 cases; and
- b. any entity that believes that its prepetition claim is improperly classified in the Schedules or is listed in an incorrect amount or against an incorrect Debtor, and that desires to have its claim allowed in a classification or amount or against a Debtor other than that identified in the Schedules.

10. The following procedures for the filing of proofs of claim shall apply:

- a. proofs of claim must be on the Proof of Claim Form attached hereto as **Exhibit B** or otherwise conform substantially to Official Form B 410;
- b. proofs of claim must be (a) filed through the CM/ECF system on the Court's website at <https://www.ecf.moeb.uscourts.gov/cgibin/login>; (b) filed electronically using the Electronic Proof of Claim (ePOC) Program on the Court's web site at <http://www.moeb.uscourts.gov/epoc.htm>; (c) sent by first-class mail or overnight courier to Clerk of the Bankruptcy Court, Eastern District of Missouri, 111 S. 10th St., 4th Floor, St. Louis, MO 63102; or (d) sent by first-class mail, overnight courier, or hand-delivery to Payless Holdings LLC Claims Processing Center, c/o Prime Clerk LLC, 830 3rd

Avenue, 3rd Floor, New York, NY 10022. **Proofs of claim may NOT be delivered by facsimile or electronic mail transmission;**

- c. proofs of claims will be deemed filed only when actually received by Prime Clerk or the Clerk of the Court per the instructions set forth in the foregoing subparagraph on or before the applicable Bar Date. If a creditor wishes to receive acknowledgement of Prime Clerk's receipt of a proof of claim, the creditor also must submit to Prime Clerk by the applicable Bar Date and concurrently with its original proof of claim (i) a copy of the original proof of claim and (ii) a self-addressed, postage prepaid return envelope. Received proofs of claim will also be posted on Prime Clerk's website, <https://cases.primeclerk.com/pss> as soon as is practicable after they are received.²
- d. proofs of claim must (i) be signed by the claimant or, if the claimant is not an individual, by an authorized agent of the claimant (electronic signature is acceptable), (ii) include any documents upon which the claim is based (or, if such documents are voluminous, a summary) or an explanation as to why the documents are not available, (iii) be written in the English language and (iv) be denominated in United States currency; and
- e. all Claimants asserting a Claim against more than one Debtor must file a separate proof of claim with respect to each such Debtor and identify on each proof of claim the particular Debtor against which such Claim is asserted and the case number for that particular Debtor. If any proof of claim does not clearly specify the name of the Debtor against which the claim is asserted (including listing multiple Debtors), that proof of claim shall be administered as though it was filed against Payless Holdings LLC (Case No. 19-40883-659), unless a single different case number is clearly specified. Notwithstanding the foregoing, the failure of any entity to file its proof of claim against the correct Debtor shall not constitute cause to expunge the proof of claim. Rather, the Debtors may seek to reclassify the proof of claim so that the claim is asserted against the proper Debtor upon notice to the affected claimant.

11. The following entities, whose claims otherwise would be subject to the General Bar Date, shall not be required to file proofs of claim in these chapter 11 cases:

- a. any entity that already has filed a signed proof of claim against the applicable Debtor(s) with Prime Clerk or the Clerk of the Court in a form substantially similar to Official Form B 410;

² The Debtors cannot guarantee that Proofs of Claim submitted near the Bar Date will be posted prior to the Bar Date.

- b. any entity whose claim is listed on the Schedules if: (i) the claim is not scheduled as any of “disputed,” “contingent” or “unliquidated”; (ii) such entity agrees with the amount, nature and priority of the claim as set forth in the Schedules; and (iii) such entity does not dispute that its claim is an obligation only of the specific Debtor against which the claim is listed in the Schedules;
- c. any entity whose claim has previously been allowed by order of the Court;
- d. any entity whose claim has been paid in full by the Debtors pursuant to the Bankruptcy Code in accordance with an order of the Court;
- e. any Debtor or non-Debtor subsidiary having a claim against another Debtor;
- f. any entity whose claim is solely against any of the Debtors’ non-Debtor affiliates;
- g. a current employee of the Debtors, if an order of this Court authorized the Debtors to honor such claim in the ordinary course of business for wages, commission, or benefits; *provided, however*, that a current employee must submit a proof of claim by the General Bar Date for all other claims arising before the Petition Date, including claims for wrongful termination, discrimination, harassment, hostile work environment and/or retaliation;
- h. the Prepetition ABL Credit Parties, on account of claims arising under the Prepetition ABL Facility; *provided*, however, that the administrative agent or collateral agent under such debt instruments, as applicable, may (but is not required to) file one master proof of claim by the General Bar Date with respect to all of the claims under such debt instrument;³
- i. the Prepetition Term Loan Credit Parties, on account of claims arising under the Prepetition Term Loan Facility; *provided*, however, that the administrative agent or collateral agent under such debt instruments, as applicable, may (but is not required to) file one master proof of claim by the General Bar Date with respect to all of the claims under such debt instrument;⁴
- j. the DIP Secured Parties, on account of claims arising under the DIP Credit Agreement; *provided*, however, that the administrative agent or collateral agent under such debt instruments, as applicable, may (but is not required to) file one master proof of claim by the General Bar Date with respect to all of the claims under such debt instrument;⁵

³ Capitalized terms used but not defined in this Section E(h) shall have the meanings set forth in the Final Cash Collateral Order.

⁴ Capitalized terms used but not defined in this Section E(i) shall have the meanings set forth in the Final Cash Collateral Order.

⁵ Capitalized terms used but not defined in this Section E(j) shall have the meanings set forth in the Final DIP Order.

- k. any individual holder of a claim for principal, interest or applicable fees or charges (a “Debt Claim”) on account of any note, bond or debenture issued by the Debtors pursuant to an indenture (an “Indenture”) or a credit agreement (a “Credit Agreement”) with respect to such claim;
- l. any holder of a claim allowable under Bankruptcy Code sections 503(b) and 507(a)(2) as an expense of administration incurred in the ordinary course; *provided, however*, that any entity asserting a claim entitled to priority under Bankruptcy Code section 503(b)(9) must assert such claims by filing a request for payment or a proof of claim on or prior to the General Bar Date;
- m. any entity holding a claim against any of the Canadian Debtors, provided that a claims process shall be determined by the Canadian Court and such claims shall be governed in accordance with such approved process;
- n. any entity holding a claim for which a separate deadline is fixed by the Court;
- o. claims for fees and expenses of professionals (i) retained in these proceedings or (ii) compensated pursuant to the Final Cash Collateral Order or Final DIP Order; and
- p. any holder of a claim that was properly asserted and addressed in the Debtors’ Prior Cases, but which has not yet received a distribution.

12. Any entity holding an interest in any Debtor (an “Interest Holder”), which interest is based exclusively upon the ownership of common or preferred stock in a corporation, a membership interest in a limited liability corporation or partnership or warrants or rights to purchase, sell or subscribe to such a security or interest (any such security or interest, an “Interest”), need not file a proof of Interest on or before the General Bar Date; *provided, however*, that Interest Holders that wish to assert *claims* against any of the Debtors that arise out of or relate to the ownership or purchase of an Interest, including claims arising out of or relating to the sale, issuance or distribution of the Interest, must file proofs of claim on or before the General Bar Date, unless another exception contained in this Order applies. The Debtors retain the right to seek relief at a later date establishing a deadline for Interest Holders to file proofs of Interest.

13. Any governmental unit asserting a claim against the Debtors (whether secured, unsecured priority or unsecured nonpriority) that arose or is deemed to have arisen prior to the Petition Date must file a proof of claim in writing in accordance with the procedures described herein so that such proof of claim is actually received by the Clerk of the Court or Prime Clerk **on or before 11:59 p.m., prevailing Central Time, on August 19, 2019** (the “Governmental Bar Date”).

14. Any entity asserting claims arising from or relating to the rejection of executory contracts or unexpired leases pursuant to an order of this Court or by operation of section 365(d)(4) of the Bankruptcy Code in the applicable Debtor’s chapter 11 case, or claims otherwise related to such rejected agreements, including (a) secured claims, unsecured priority claims and unsecured nonpriority claims that arose or are deemed to have arisen prior to the Petition Date and (b) administrative claims under section 503(b) of the Bankruptcy Code (collectively, “Rejection Damages Claims”) are required to file proofs of claim by the later of: (a) the General Bar Date and (b) 11:59 p.m., prevailing Central Time, on the date that is thirty (30) days following entry of the relevant order or deemed effective date of the rejection of such rejected contract or unexpired lease (the “Rejection Bar Date”). For the avoidance of doubt, all prepetition and postpetition claims of any kind or nature relating to the rejection of executory contracts or unexpired leases must be filed by the Rejection Bar Date. Notices of rejection of executory contracts and/or unexpired leases, and any orders approving the rejection of executory contracts or unexpired leases entered after the date of entry of this Order, shall include a description of the applicable Rejection Bar Date in the text thereof.

15. Each entity asserting a Rejection Damages Claim that includes an administrative claim component must file as part of its proof of claim a detailed supporting statement describing

the nature and basis of any portion of the Rejection Damages Claim asserting an administrative priority under section 503(b) of the Bankruptcy Code (the “Administrative Claim Supplement”). The filing of a proof of claim form with an attached Administrative Claim Supplement, if applicable, shall be deemed to satisfy the procedural requirements for the assertion of a Rejection Damages Claim (including any administrative claim included therein). For the avoidance of doubt, any entity asserting a Rejection Damages Claim with an administrative claim component shall prepare its own Administrative Claim Supplement, and the Debtors will not provide a form of Administrative Claim Supplement. For the further avoidance of doubt, to the extent that a party enters into a Stub Rent Agreement pursuant to the Final Cash Collateral Order, the Stub Rent Agreement shall govern the treatment of administrative claims relating to the rejection of an unexpired lease

16. All administrative claims under section 503(b) of the Bankruptcy Code other than (a) claims under section 503(b)(9) of the Bankruptcy Code and (b) any portion of a Rejection Damages Claim asserting administrative priority, must be made by separate filed requests for payment filed with the Court in accordance with section 503(a) of the Bankruptcy Code and shall not be deemed proper if made by proof of claim.

17. The Debtors shall retain the right, subject to the Final Cash Collateral Order and Final DIP Order, to: (a) dispute, or assert offsets or defenses against any filed claim or any claim listed or reflected in the Schedules as to nature, amount, liability, priority, classification or otherwise; (b) subsequently designate any scheduled claim as disputed, contingent or unliquidated; and (c) otherwise amend or supplement the Schedules.

18. If the Debtors amend or supplement their Schedules after the service of the Bar Date Package, the Debtors shall give notice of any such amendment or supplement to the holders

of claims affected thereby, including notice of the Amended Schedules Bar Date to file proofs of claim in response to the amendment or supplement to the Schedules. In particular, if a Debtor amends or supplements its Schedules to: (a) reduce the undisputed, noncontingent and liquidated amount of a claim; (b) change the nature or classification of a claim against the Debtor in a manner adverse to the scheduled creditor; or (c) add a new claim to the Schedules with respect to a party that was not previously served with notice of the Bar Dates, the affected claimant is required to file a proof of claim or amend any previously filed proof of claim in respect of the new or amended scheduled claim in accordance with the procedures described herein by the later of: (i) the General Bar Date and (ii) 11:59 p.m., prevailing Central Time, on the date that is thirty (30) days from the date on which the Debtors mail notice of the amendment to the Schedules (the “Amended Schedules Bar Date”). Notwithstanding the foregoing, nothing contained herein shall preclude the Debtors from objecting to any claim, whether scheduled or filed, on any grounds.

19. Pursuant to Bankruptcy Code sections 105(a) and 503(a) and Bankruptcy Rule 3003(c)(2), and except as otherwise provided in this Bar Date Order, any entity that is required to file a proof of claim in these cases pursuant to the Bankruptcy Code, the Bankruptcy Rules or this Order with respect to a particular claim against a Debtor, but fails to properly do so by the applicable Bar Date, shall be estopped and enjoined from: (a) asserting any such claim against the Debtors or their estates or against any reorganized Debtor or successor in interest following the effective date of a Chapter 11 plan of reorganization in these cases, or property that (i) is in an amount that exceeds the amount, if any, that is identified in the Schedules on behalf of such entity as undisputed, noncontingent and liquidated or (ii) is of a different nature or classification than any such claim identified in the Schedules on behalf of such entity (any such claim under subparagraph (a) of this paragraph being referred to herein as an “Unscheduled Claim”); (b)

voting on, or receiving distributions under, any chapter 11 plan in these chapter 11 cases in respect of an Unscheduled Claim; or (c) with respect to any administrative priority claim component of any Rejection Damages Claim, asserting any such priority claim against the Debtors or their estates or property.

20. The Debtors will publish the Bar Date Notice in accordance with Bankruptcy Rule 2002(l), modified for publication in substantially the form attached hereto as **Exhibit C** (the “**Publication Notice**”), on one occasion in *The New York Times* and, in the Debtors’ discretion, any appropriate local or trade publication, at least 21 days before the General Bar Date, which publication is hereby approved and deemed to constitute good, adequate and sufficient publication notice, reasonably calculated, under the circumstances, to apprise interested parties of the pendency of the Bar Date Notice.

21. By the Service Deadline, the Debtors, through Prime Clerk or otherwise, shall serve the Bar Date Package, including a copy of the Bar Date Notice and the Proof of Claim Form substantially in the forms attached hereto as **Exhibit A** and **Exhibit B**, respectively, by first class mail, postage prepaid (or equivalent service), on:

- a. the Office of the United States Trustee for the Eastern District of Missouri;
- b. counsel to the Official Committee of Unsecured Creditors;
- c. counsel to the Prepetition ABL Administrative Agent;
- d. counsel to the FILO Agent;
- e. counsel to certain Prepetition Term Loan Lenders;
- f. counsel to the Prepetition Term Loan Agent;
- g. the Monitor in the CCAA Proceedings and counsel thereto;
- h. all banking or financial institutions that hold the Debtors’ accounts;

- i. all known creditors and other known holders of claims against the Debtors, including all entities to be listed in the Schedules as holding claims against the Debtors;
- j. all entities that have requested notice of the proceedings in these chapter 11 cases pursuant to Bankruptcy Rule 2002 as of the date of entry of this Order;
- k. all entities that have filed proofs of claim in these chapter 11 cases as of the date of entry of this Order, including against any of the Canadian Debtors;
- l. all parties to executory contracts and unexpired leases with the Debtors that have been identified as of the date of entry of this Order, including all parties to rejected executory contracts and unexpired leases as of the date of entry of this Order;
- m. all parties to pending litigation with the Debtors that have been identified as of the date of entry of this Order;
- n. the Internal Revenue Service for this District and all other taxing authorities for the jurisdictions in which the Debtors conducted business as of the Petition Date;
- o. all relevant state attorneys general;
- p. the Securities and Exchange Commission;
- q. all federal and state environmental protection agencies for the jurisdictions in which the Debtors held property on the Petition Date or conducted business on the Petition Date; and
- r. such additional persons and entities as deemed appropriate by the Debtors or the Clerk of the Court.

22. As part of the Bar Date Package, the Debtors shall mail one or more Proof of Claim Forms (as appropriate) to the parties receiving the Bar Date Notice. For holders of potential claims listed in the Schedules, the Proof of Claim Form mailed to such entities shall indicate how the Debtors have scheduled the creditor's claim in the Schedules, including (a) the identity of the Debtor against which the entity's claim is scheduled, (b) the amount of the scheduled claim, if any, (c) whether the scheduled claim is listed as disputed, contingent or unliquidated and (d) whether the scheduled claim is listed as a secured claim, an unsecured

priority claim or an unsecured nonpriority claim. The Bar Date Notice shall also advise that potential creditors holding claims identified on the Schedules as claims against any of the Canadian Debtors must comply with the procedures in the CCAA Proceedings.

23. Except as otherwise provided in this Order, all entities asserting claims against more than one Debtor are required to file a separate proof of claim with respect to each such Debtor and identify on each proof of claim the particular Debtor against which their claim is asserted. If more than one Debtor is listed on the Proof of Claim Form, then the Debtors will treat such claim as filed only against the first listed Debtor. Any claim filed under the joint administration case number (Payless Holdings LLC, Case No. 19-40883-659) or otherwise without identifying a Debtor by name or case number will be presumed to be filed only against Debtor Payless Holdings LLC.

24. The Debtors shall, or shall cause Prime Clerk to, promptly provide the Monitor appointed in the CCAA Proceedings with copies of all Proofs of Claim inadvertently filed in these chapter 11 cases against the Canadian Debtors.

25. The entry of this Order is without prejudice to the rights of the Debtors to seek a further order of this Court fixing a date by which holders of claims or interests not subject to the Bar Dates established herein must file proofs of such claims or interests, or requests for payment of administrative claims, or be estopped and enjoined from doing so, including holders of claims or interests against the Canadian Debtors.

26. The requirements of Local Rules 3001 and 3003 are hereby deemed satisfied.

27. Notwithstanding Bankruptcy Rule 6004(h) or any Local Rule that might otherwise delay the effectiveness of this Order, the terms and conditions of this Order are immediately effective and enforceable upon its entry.

28. Notice of the Motion satisfies the requirements set forth in Bankruptcy Rule 6004(a).

29. Nothing in this Order shall alter or limit any authorization or relief contained in, or prevent the Canadian Debtors from taking any action authorized pursuant to an order issued by the Ontario Superior Court of Justice (Commercial List) (the “Canadian Court”) in the CCAA Proceedings. To the extent of any inconsistency between this Order and the terms of any order of the Canadian Court, the order of the Canadian Court shall govern with respect to the Canadian Debtors.

30. No later than two (2) business days after the date of this order, the Debtors shall serve a copy of the Order on the Notice Parties and shall file a certificate of service no later than 24 hours after service.

Dated: _____, 2019
St. Louis, Missouri

KATHY A. SURRETT-STATES
Chief United States Bankruptcy Judge

Order Prepared By:

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Proposed Counsel to the Debtors and Debtors in Possession

Exhibit A

Form of Notice of Bar Date

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION**

| | | |
|---------------------------------------|---|-------------------------|
| In re: |) | Case No. 19-40883-659 |
| |) | Chapter 11 |
| PAYLESS HOLDINGS LLC, <i>et al.</i> , |) | |
| |) | Jointly Administered |
| Debtors. |) | |
| |) | Related Docket No.: [●] |

NOTICE OF DEADLINES FOR FILING OF PROOFS OF CLAIM

TO ALL PERSONS AND ENTITIES WITH CLAIMS AGAINST ANY OF THE FOLLOWING DEBTOR ENTITIES:

| Debtor's Name | Debtor's Case Number |
|---|----------------------|
| Payless Holdings LLC | 19-40883 |
| Payless Intermediate Holdings LLC | 19-40886 |
| WBG-PSS Holdings LLC | 19-40889 |
| Payless Inc. | 19-40890 |
| Payless Finance, Inc. | 19-40892 |
| Collective Brands Services, Inc. | 19-40910 |
| PSS Delaware Company 4, Inc. | 19-40884 |
| Shoe Sourcing, Inc. | 19-40898 |
| Payless ShoeSource, Inc. | 19-40882 |
| Eastborough, Inc. | 19-40888 |
| Payless Purchasing Services, Inc. | 19-40903 |
| Payless ShoeSource Merchandising, Inc. | 19-40907 |
| Payless Gold Value CO, Inc. | 19-40885 |
| Payless ShoeSource Distribution, Inc. | 19-40894 |
| Payless ShoeSource Worldwide, Inc. | 19-40896 |
| Payless NYC, Inc. | 19-40901 |
| Payless ShoeSource of Puerto Rico, Inc. | 19-40906 |
| Payless Collective GP, LLC | 19-40887 |
| Collective Licensing, L.P. | 19-40908 |
| Collective Licensing International LLC | 19-40891 |
| Clinch, LLC | 19-40900 |
| Collective Brands Franchising Services, LLC | 19-40893 |
| Payless International Franchising, LLC | 19-40905 |
| PSS Canada, Inc. | 19-40902 |

On _____, 2019, the United States Bankruptcy Court for the Eastern District of Missouri (the "Court") entered an order (Docket No. __) (the "Bar Date Order")¹ establishing certain deadlines for the filing of Proofs of Claim in the chapter 11 cases of the above-listed

¹ All capitalized term not defined herein shall have the meaning ascribed them in the Bar Date Order.

debtors and debtors-in-possession (collectively, the “Debtors”).

By the Bar Date Order, the Court established: (i) **June 7, 2019 at 11:59 p.m., prevailing Central Time** (the “General Bar Date”), as the general deadline for entities to file Proofs of Claim in the Debtors’ cases for claims against the Debtors that arose or are deemed to have arisen prior to the date on which the Debtors filed their chapter 11 petitions, February 18, 2019 (the “Petition Date”); and (ii) **August 19, 2019 at 11:59 p.m., prevailing Central Time** (the “Governmental Bar Date”), as the general deadline for governmental units to file Proofs of Claim in the Debtors’ cases for claims against the Debtors that arose or are deemed to have arisen prior to the Petition Date. As described below, the Bar Date Order also establishes different bar dates for certain categories of claims.

The Bar Date Order **does not apply** to the Payless ShoeSource Canada Inc., Payless ShoeSources Canada GP Inc. and Payless Shoe Sources Canada LP (collectively, the “Canadian Debtors”) or claims against any of the Canadian Debtors. The Canadian Debtors intend to seek entry of an order in the proceedings currently pending before the Ontario Superior Court of Justice (Commercial List) (the “CCAA Proceedings”) establishing bar dates, approving a proof of claim form and document package and granting related relief in respect of claims against the Canadian Debtors (the “Canadian Claims Process Order”). **If you have any claims against the Canadian Debtors you do not need to file a proof of claim in this claims process at this time. The Canadian Claims Process Order or a further order of the Court will govern the process to file such claims.** More information about the CCAA Proceedings is available at <http://cfcanada.fticonsulting.com/paylesscanada/>.

For your convenience, enclosed with this Notice is a customized proof of claim form (the “Proof of Claim Form”), which identifies on its face the amount, nature and classification of your claim(s), if any, listed in the Debtors’ schedules of assets and liabilities and statements of financial affairs filed in these chapter 11 cases (collectively, the “Schedules”).

As used in this Notice, the term “entity” has the meaning given to it in section 101(15) of title 11 of the United States Code (the “Bankruptcy Code”), and includes all persons, estates, trusts and the United States Trustee. As used in this Notice, the terms “person” and “governmental unit” have the meanings given to them in Bankruptcy Code sections 101(41) and 101(27), respectively.

As used in this Notice, the term “claim” means, as to or against any of the Debtors and in accordance with Bankruptcy Code section 101(5): (i) any right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured; or (ii) any right to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured.

A. THE BAR DATES

The Bar Date Order establishes the following bar dates for filing Proofs of Claim or requests for payment of certain administrative expenses in these cases (collectively, the “Bar”

Dates’):

1. The General Bar Date. Pursuant to the Bar Date Order, except as described below, all entities holding claims (whether secured, unsecured, priority or unsecured priority, including section 503(b)(9) claims) against the Debtors that arose or are deemed to have arisen prior to the Petition Date are required to file Proofs of Claim so that such proof of claim is actually received by the Clerk of the Bankruptcy Court for the Eastern District of Missouri (the “Clerk of the Court”) or the Debtors’ claims, noticing and balloting agent, Prime Clerk LLC (“Prime Clerk”) **by June 7, 2019 at 11:59 p.m., prevailing Central Time.** *The General Bar Date applies to all types of claims against the Debtors that arose prior to the Petition Date, including secured claims, unsecured priority claims (including, without limitation, claims entitled to priority under Bankruptcy Code section 503(b)(9)) and unsecured nonpriority claims.*
2. The Governmental Bar Date. Pursuant to the Bar Date Order, except as described below, all governmental units holding claims against the Debtors that arose or are deemed to have arisen before the Petition Date are required to file Proofs of Claim so that such proof of claim is actually received by the Clerk of the Court or Prime Clerk **by August 19, 2019 at 11:59 p.m., prevailing Central Time.**
3. The Rejection Bar Date. Pursuant to the Bar Date Order, any entity asserting claims against the Debtors arising from or relating to the rejection of executory contracts or unexpired leases, in accordance with Bankruptcy Code section 365 and pursuant to a court order or by operation of Bankruptcy Code section 365(d)(4), or claims otherwise related to such rejected agreements, including: (i) secured claims, unsecured priority claims and unsecured nonpriority claims that arose or are deemed to have arisen prior to the Petition Date; and (ii) administrative claims under Bankruptcy Code section 503(b), (collectively, “Rejection Damages Claims”) are required to file Proofs of Claim so that such proof of claim is actually received by the Clerk of the Court or Prime Clerk **by the later of: (x) the General Bar Date and (y) 11:59 p.m., prevailing Central Time, on the date that is 30 days after the entry of the relevant order or deemed effective date of such rejection of executory contract(s) or unexpired lease(s).** The later of these dates is referred to in this Notice as the “Rejection Bar Date.” *For the avoidance of doubt, all prepetition and postpetition claims of any kind or nature arising from or relating to rejected executory contracts or unexpired leases must be filed by the Rejection Bar Date.*
4. The Amended Schedules Bar Date. Pursuant to the Bar Date Order, if, subsequent to the date of this Notice, a Debtor amends or supplements its Schedules to: (i) reduce the undisputed, noncontingent and liquidated amount of a claim against the Debtor; (ii) change the nature or classification of a claim against the Debtor in a manner adverse to the scheduled creditor; or (iii) add a new claim to the Schedules with respect to a party that was not previously served with notice of the Bar Dates, the affected claimant is required to file a

proof of claim or amend any previously filed proof of claim in respect of the new or amended scheduled claim so that such proof of claim is actually received by the Clerk of the Court or Prime Clerk **by the later of: (x) the General Bar Date; and (y) 11:59 p.m., prevailing Central Time, on the date that is 30 days after notice of the applicable amendment or supplement to the Schedules is served on the claimant.** The later of these dates is referred to in this Notice as the “Amended Schedules Bar Date.”

B. WHO MUST FILE A PROOF OF CLAIM

Unless one of the exceptions described in Section E below applies, if you have a claim that arose or is deemed to have arisen prior to the Petition Date, you **MUST** file a proof of claim to vote on a chapter 11 plan or to share in distributions from the Debtors’ bankruptcy estates. Claims based on acts or omissions of the Debtors that occurred before the Petition Date must be filed on or prior to the applicable Bar Date, even if such claims are not now fixed, liquidated or certain or did not mature or become fixed, liquidated or certain before the Petition Date.

Except where the Governmental Bar Date, Rejection Bar Date, or the Amended Schedules Bar Date apply to establish a different deadline or one of the exceptions described in Section E below applies, the following entities must file proofs of claim on or before the General Bar Date:

- a. any entity (i) whose prepetition claim against a Debtor is not listed in the applicable Debtor’s Schedules or is listed as “disputed,” “contingent” or “unliquidated” and (ii) that desires to participate in any of these chapter 11 cases or share in any distribution in any of them; and
- b. any entity that believes that its prepetition claim is improperly classified in the Schedules or is listed in an incorrect amount or against an incorrect Debtor and that desires to have its claim allowed in a classification or amount or against a Debtor other than that identified in the Schedules.

C. WHAT TO FILE

The Debtors are enclosing a Proof of Claim Form for use in these cases, or you may use another proof of claim form that conforms substantially to the standard proof of claim form, Official Form B 410. You will receive a different Proof of Claim Form for each claim scheduled in your name by the Debtors. You may utilize the Proof of Claim Form(s) provided by the Debtors to file your claim. Additional proof of claim forms may be obtained, free of charge, at the following websites: <https://cases.primeclerk.com/pss> or <https://www.uscourts.gov/forms/bankruptcy-forms>.

All proof of claim forms must be **signed** by the claimant or, if the claimant is not an individual, by an authorized agent of the claimant (electronic signatures are acceptable). The proof of claim form must be written in English and be denominated in United States currency. You should attach to your completed proof of claim form any documents upon which the claim is based (or, if such documents are voluminous, attach a summary) or an explanation as to why the documents are not available.

Except as otherwise set forth in the Bar Date Order, all claimants asserting a claim against more than one Debtor must file a separate proof of claim with respect to each such Debtor and identify on each proof of claim the particular Debtor against which such claim is asserted and the case number for that particular Debtor. If any proof of claim does not clearly specify the name of the Debtor against which the claim is asserted (including listing multiple Debtors), that proof of claim shall be administered as though it was filed against Payless Holdings LLC (Case No. 19-40883-659), unless a single different case number is clearly specified. Notwithstanding the foregoing, the failure of any entity to file its proof of claim against the correct Debtor shall not constitute cause to expunge the proof of claim. Rather, the Debtors may seek to reclassify the proof of claim so that the claim is asserted against the proper Debtor on notice to the affected claimant.

Any entity asserting a Rejection Damages Claim with an administrative claim component must file, along with its proof of claim, a detailed statement describing the nature and basis of any portion of the Rejection Damages Claim asserting an administrative priority under Bankruptcy Code section 503(b) (the “Administrative Claim Supplement”). For the avoidance of doubt, any entity asserting a Rejection Damages Claim with an administrative claim component shall prepare its own Administrative Claim Supplement, and the Debtors will not provide a form of Administrative Claim Supplement.

Under the Bar Date Order, the filing of a proof of claim form, along with an attached Administrative Claim Supplement, if applicable, shall be deemed to satisfy the procedural requirements for the assertion of a Rejection Damages Claim (including any administrative claim included therein). *All other administrative claims under section 503(b) of the Bankruptcy Code must be made by separate requests for payment in accordance with Bankruptcy Code section 503(a) and shall not be deemed proper if made by proof of claim.* No deadline has been established for the filing of administrative claims other than (a) claims under Bankruptcy Code section 503(b)(9) and (b) any portion of a Rejection Damages Claim seeking administrative priority, which claims must be filed by the General Bar Date and the Rejection Bar Date, respectively.

D. WHEN AND WHERE TO FILE

All Proofs of Claim must be (a) filed using the CM/ECF system on the Court’s website at <https://www.ecf.moeb.uscourts.gov/cgi-bin/login>; (b) filed electronically using the Electronic Proof of Claim (ePOC) Program on the Court’s website at <http://www.moeb.uscourts.gov/epoc.htm>; (c) sent by first-class mail or overnight courier to Clerk of the Bankruptcy Court, Eastern District of Missouri, 111 S. 10th St., 4th Floor, St. Louis, MO 63102; or (d) sent by first-class mail, overnight courier, or hand-delivery to **Payless Holdings LLC Claims Processing Center, c/o Prime Clerk LLC, 830 3rd Avenue, 3rd Floor, New York, NY 10022**. Proofs of claim must be actually received by 11:59 p.m, prevailing Central Time, **on or before the applicable Bar Date**.

Proofs of claim will be deemed filed only when **actually received** by the United States Bankruptcy Court for the Eastern District of Missouri or by the Payless Claims Processing Center on or before the applicable Bar Date. **Proofs of claim may NOT be delivered by**

facsimile or electronic mail transmission. Any facsimile or electronic mail submission will not be accepted and will not be deemed filed until a proof of claim is submitted by one of the approved methods described above.

Proof of claim forms will be collected from the Court or claims agent and docketed and maintained by the Debtors' claims agent, Prime Clerk. If you wish to receive acknowledgement of Prime Clerk's receipt of a proof of claim, you must submit to Prime Clerk by the applicable Bar Date and concurrently with your original proof of claim: (a) a copy of the original proof of claim; and (b) a self-addressed, postage prepaid return envelope. Filed Proofs of Claim will be posted on Prime Clerk's website, <https://cases.primeclerk.com/pss>, as soon as is practicable after receipt.

E. WHO NEED NOT FILE A PROOF OF CLAIM

The Bar Date Order further provides that the following entities need not file Proofs of Claim:

- a. any entity that already has filed a signed proof of claim against the applicable Debtor(s) with Prime Clerk or the Clerk of the Court in a form substantially similar to Official Form B 410;
- b. any entity whose claim is listed on the Schedules if: (i) the claim is not scheduled as any of "disputed," "contingent" or "unliquidated"; (ii) such entity agrees with the amount, nature and priority of the claim as set forth in the Schedules; and (iii) such entity does not dispute that its claim is an obligation only of the specific Debtor against which the claim is listed in the Schedules;
- c. any entity whose claim has previously been allowed by order of the Court;
- d. any entity whose claim has been paid in full by the Debtors pursuant to the Bankruptcy Code in accordance with an order of the Court;
- e. any Debtor or non-Debtor subsidiary having a claim against another Debtor;
- f. any entity whose claim is solely against any of the Debtors' non-Debtor affiliates;
- g. a current employee of the Debtors, if an order of this Court authorized the Debtors to honor such claim in the ordinary course of business for wages, commission, or benefits; *provided, however*, that a current employee must submit a proof of claim by the General Bar Date for all other claims arising before the Petition Date, including claims for wrongful termination, discrimination, harassment, hostile work environment and/or retaliation;
- h. the Prepetition ABL Credit Parties, on account of claims arising under the Prepetition ABL Facility; *provided, however*, that the administrative agent or collateral agent under such debt instruments, as applicable, may (but is not

required to) file one master proof of claim by the General Bar Date with respect to all of the claims under such debt instrument;²

- i. the Prepetition Term Loan Credit Parties, on account of claims arising under the Prepetition Term Loan Facility; *provided*, however, that the administrative agent or collateral agent under such debt instruments, as applicable, may (but is not required to) file one master proof of claim by the General Bar Date with respect to all of the claims under such debt instrument;³
- j. the DIP Secured Parties, on account of claims arising under the DIP Credit Agreement; *provided*, however, that the administrative agent or collateral agent under such debt instruments, as applicable, may (but is not required to) file one master proof of claim by the General Bar Date with respect to all of the claims under such debt instrument;⁴
- k. any individual holder of a claim for principal, interest or applicable fees or charges (a “Debt Claim”) on account of any note, bond or debenture issued by the Debtors pursuant to an indenture (an “Indenture”) or a credit agreement (a “Credit Agreement”) with respect to such claim;
- l. any holder of a claim allowable under Bankruptcy Code sections 503(b) and 507(a)(2) as an expense of administration incurred in the ordinary course; *provided, however*, that any entity asserting a claim entitled to priority under Bankruptcy Code section 503(b)(9) must assert such claims by filing a request for payment or a proof of claim on or prior to the General Bar Date;
- m. any entity holding a claim against any of the Canadian Debtors, provided that a claims process shall be determined by the Canadian Court and such claims shall be filed in accordance with such approved process;
- n. any entity holding a claim for which a separate deadline is fixed by the Court;
- o. claims for fees and expenses of professionals (i) retained in these proceedings or (ii) compensated pursuant to the Final Cash Collateral Order or Final DIP Order;
- p. any holder of a claim that was properly asserted and addressed in the Debtors’ Prior Cases, but which has not yet received a distribution; and
- q. any holder of an equity interest in the Debtors need not file a proof of interest with respect to the ownership of such equity interest at this time; provided that any holder of an equity interest who wishes to assert a claim against the

² Capitalized terms used but not defined in this Section E(h) shall have the meanings set forth in the Final Cash Collateral Order.

³ Capitalized terms used but not defined in this Section E(i) shall have the meanings set forth in the Final Cash Collateral Order.

⁴ Capitalized terms used but not defined in this Section E(j) shall have the meanings set forth in the Final DIP Order.

Debtors, including a claim relating to such equity interest or the purchase or sale of such interest, must file a proof of claim asserting such claim on or prior to the General Bar Date pursuant to the procedures set forth herein.

F. EXECUTORY CONTRACTS AND UNEXPIRED LEASES

As described in Section A above, any entity wishing to assert a Rejection Damages Claim must file, by the Rejection Bar Date, a proof of claim for any prepetition or postpetition damages caused by such rejection, or any other prepetition or postpetition claims of any kind or nature whatsoever relating to the rejected agreement. As further described in Section C above, any entity asserting a Rejection Damages Claim with an administrative claim component must file, along with its proof of claim, an Administrative Claim Supplement.

G. CONSEQUENCES OF FAILURE TO FILE A PROOF OF CLAIM BY THE APPLICABLE BAR DATE

EXCEPT AS OTHERWISE SET FORTH IN THE BAR DATE ORDER, ANY ENTITY THAT IS REQUIRED TO FILE A PROOF OF CLAIM WITH RESPECT TO A PARTICULAR CLAIM AGAINST A DEBTOR BUT THAT FAILS TO DO SO BY THE APPLICABLE BAR DATE DESCRIBED IN THIS NOTICE SHALL BE ESTOPPED AND ENJOINED FROM THE FOLLOWING: (I) ASSERTING ANY SUCH CLAIM AGAINST THE DEBTORS OR THEIR ESTATES OR AGAINST ANY REORGANIZED DEBTOR OR SUCCESSOR IN INTEREST FOLLOWING THE EFFECTIVE DATE OF A CHAPTER 11 PLAN OF REORGANIZATION IN THESE CASES, OR PROPERTY THAT (A) IS IN AN AMOUNT THAT EXCEEDS THE AMOUNT, IF ANY, THAT IS IDENTIFIED IN THE SCHEDULES ON BEHALF OF SUCH ENTITY AS UNDISPUTED, NONCONTINGENT AND LIQUIDATED OR (B) IS OF A DIFFERENT NATURE OR CLASSIFICATION THAN ANY SUCH CLAIM IDENTIFIED IN THE SCHEDULES ON BEHALF OF SUCH ENTITY (ANY SUCH CLAIM IN THIS SUBPARAGRAPH BEING REFERRED TO IN THIS NOTICE AS AN “UNSCHEDULED CLAIM”); (II) VOTING UPON, OR RECEIVING DISTRIBUTIONS UNDER, ANY CHAPTER 11 PLAN IN THESE CHAPTER 11 CASES IN RESPECT OF AN UNSCHEDULED CLAIM; OR (III) WITH RESPECT TO ANY ADMINISTRATIVE PRIORITY CLAIM COMPONENT OF ANY REJECTION DAMAGES CLAIM, ASSERTING ANY SUCH PRIORITY CLAIM AGAINST THE DEBTORS OR THEIR ESTATES OR PROPERTY.

H. THE DEBTORS’ SCHEDULES AND ACCESS THERETO

You may be listed as the holder of a claim against one or more of the Debtors in the Debtors' Schedules. To determine if and how you are listed on the Schedules, please refer to the descriptions set forth on the enclosed Proof of Claim Form(s) regarding the nature, amount and status of your claim(s). If you received postpetition payments from the Debtors (as authorized by the Court) on account of your claim, the information on the enclosed Proof of Claim Form may reflect the net remaining amount thereof. If the Debtors believe that you may hold claims against more than one Debtor, you will receive multiple Proof of Claim Forms, each of which will reflect the nature and amount of your claim against one Debtor, as listed in the Schedules.

If you rely on the Debtors’ Schedules, it is your responsibility to determine that the claim

is accurately listed in the Schedules. Otherwise, or if you decide to file a proof of claim, you must do so before the applicable Bar Date in accordance with the procedures set forth in this Notice.

I. RESERVATION OF RIGHTS

The Debtors reserve the right, subject to the Final Cash Collateral Order and Final DIP Order, to: (i) dispute, or assert offsets or defenses against, any filed claim or any claim listed or reflected in the Schedules as to nature, amount, liability, priority, classification or otherwise; (ii) subsequently designate any scheduled claim as disputed, contingent or unliquidated; and (iii) otherwise amend or supplement the Schedules. Nothing contained in this Notice shall preclude the Debtors from objecting to any claim, whether scheduled or filed, on any grounds.

J. ADDITIONAL INFORMATION

Copies of the Debtors' Schedules, the Bar Date Order, the Proof of Claim Form and other information and documents regarding the Debtors' chapter 11 cases are available for inspection and download free of charge on Prime Clerk's website at <https://cases.primeclerk.com/pss>. Copies of the Schedules and other documents filed in these cases also may be examined between the hours of 8:30 a.m. and 4:30 p.m., prevailing Central Time, Monday through Friday, at the U.S. Bankruptcy Court Eastern District of Missouri, Office of the Clerk of Court, 111 South 10th Street, Fourth Floor, St. Louis, MO 63102.

If you require additional information regarding the filing of a proof of claim, you may contact Prime Clerk at (844) 648-5574 (toll free in the U.S. and Canada) or (347) 505-5254 (international calls). You also may contact Prime Clerk by writing to:

Payless Holdings LLC Claims Processing Center
c/o Prime Clerk LLC
830 3rd Avenue, 3rd Floor
New York, NY 10022

A HOLDER OF A POSSIBLE CLAIM AGAINST THE DEBTORS SHOULD CONSULT AN ATTORNEY REGARDING ANY MATTERS NOT COVERED BY THIS NOTICE, SUCH AS WHETHER THE HOLDER SHOULD FILE A PROOF OF CLAIM.

BY ORDER OF THE COURT

Exhibit B

Proof of Claim Form

United States Bankruptcy Court, Eastern District of Missouri, Eastern Division

Fill in this information to identify the case (Select only one Debtor per claim form):

| | | |
|--|--|--|
| <input type="checkbox"/> Payless Holdings LLC (Case No. 19-40883) | <input type="checkbox"/> Collective Licensing International, LLC (Case No. 19-40891) | <input type="checkbox"/> Payless Purchasing Services, Inc. (Case No. 19-40903) |
| <input type="checkbox"/> Payless ShoeSource, Inc. (Case No. 19-40882) | <input type="checkbox"/> Payless Finance, Inc. (Case No. 19-40892) | <input type="checkbox"/> Payless International Franchising, LLC (Case No. 19-40905) |
| <input type="checkbox"/> PSS Delaware Company 4, Inc. (Case No. 19-40884) | <input type="checkbox"/> Collective Brands Franchising Services, LLC (Case No. 19-40893) | <input type="checkbox"/> Payless ShoeSource of Puerto Rico, Inc. (Case No. 19-40906) |
| <input type="checkbox"/> Payless Gold Value Co, Inc. (Case No. 19-40885) | <input type="checkbox"/> Payless ShoeSource Distribution, Inc. (Case No. 19-40894) | <input type="checkbox"/> Payless ShoeSource Merchandising, Inc. (Case No. 19-40907) |
| <input type="checkbox"/> Payless Intermediate Holdings LLC (Case No. 19-40886) | <input type="checkbox"/> Payless ShoeSource Worldwide, Inc. (Case No. 19-40896) | <input type="checkbox"/> Collective Licensing, LP (Case No. 19-40908) |
| <input type="checkbox"/> Payless Collective GP, LLC (Case No. 19-40887) | <input type="checkbox"/> Shoe Sourcing, Inc. (Case No. 19-40898) | <input type="checkbox"/> Collective Brands Services, Inc. (Case No. 19-40910) |
| <input type="checkbox"/> Eastborough, Inc. (Case No. 19-40888) | <input type="checkbox"/> Clinch, LLC (Case No. 19-40900) | PLEASE NOTE: Parties holding claims against Payless ShoeSource Canada, Inc., Payless ShoeSource Canada GP Inc., or Payless ShoeSource Canada LP (the "Canadian Debtors") should <u>not</u> use this form to file a proof of claim. Please visit http://cfcanada.fticonsulting.com/paylesscanada/ for information about filing claims against the Canadian Debtors. |
| <input type="checkbox"/> WBG-PSS Holdings LLC (Case No. 19-40889) | <input type="checkbox"/> Payless NYC, Inc. (Case No. 19-40901) | |
| <input type="checkbox"/> Payless Inc. (Case No. 19-40890) | <input type="checkbox"/> PSS Canada, Inc. (Case No. 19-40902) | |

Official Form 410 Proof of Claim

04/16

Read the instructions before filling out this form. This form is for making a claim for payment in a bankruptcy case. Other than a claim under 11 U.S.C. § 503(b)(9), this form should not be used to make a request for payment of an administrative expense. Make such a request according to 11 U.S.C. § 503.

Filers must leave out or redact information that is entitled to privacy on this form or on any attached documents. Attach redacted copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. Do not send original documents; they may be destroyed after scanning. If the documents are not available, explain in an attachment.

A person who files a fraudulent claim could be fined up to \$500,000, imprisoned for up to 5 years, or both. 18 U.S.C. §§ 152, 157, and 3571.

Fill in all the information about the claim as of the date the case was filed. That date is on the notice of bankruptcy (Form 309) that you received.

Part 1: Identify the Claim

| | |
|--|---|
| 1. Who is the current creditor? | |
| Name of the current creditor (the person or entity to be paid for this claim) _____ | |
| Other names the creditor used with the debtor _____ | |
| 2. Has this claim been acquired from someone else? | |
| <input type="checkbox"/> No | |
| <input type="checkbox"/> Yes. From whom? _____ | |
| 3. Where should notices and payments to the creditor be sent? | Where should notices to the creditor be sent? |
| | Where should payments to the creditor be sent? (if different) |
| Federal Rule of Bankruptcy Procedure (FRBP) 2002(g) | Name _____ |
| | Number _____ Street _____ |
| | City _____ State _____ ZIP Code _____ |
| Contact phone _____ | Contact phone _____ |
| Contact email _____ | Contact email _____ |
| 4. Does this claim amend one already filed? | |
| <input type="checkbox"/> No | |
| <input type="checkbox"/> Yes. Claim number on court claims registry (if known) _____ | |
| | Filed on _____ MM / DD / YYYY |
| 5. Do you know if anyone else has filed a proof of claim for this claim? | |
| <input type="checkbox"/> No | |
| <input type="checkbox"/> Yes. Who made the earlier filing? _____ | |

Part 2: Give Information About the Claim as of the Date the Case Was Filed

6. Do you have any number you use to identify the debtor? No
 Yes. Last 4 digits of the debtor's account or any number you use to identify the debtor: ____ _

7. How much is the claim? \$_____. Does this amount include interest or other charges?
 No
 Yes. Attach statement itemizing interest, fees, expenses, or other charges required by Bankruptcy Rule 3001(c)(2)(A).

8. What is the basis of the claim? Examples: Goods sold, money loaned, lease, services performed, personal injury or wrongful death, or credit card.
Attach redacted copies of any documents supporting the claim required by Bankruptcy Rule 3001(c).
Limit disclosing information that is entitled to privacy, such as health care information.

9. Is all or part of the claim secured? No
 Yes. The claim is secured by a lien on property.

Nature of property:
 Real estate. If the claim is secured by the debtor's principal residence, file a *Mortgage Proof of Claim Attachment* (Official Form 410-A) with this *Proof of Claim*.
 Motor vehicle
 Other. Describe: _____

Basis for perfection: _____
Attach redacted copies of documents, if any, that show evidence of perfection of a security interest (for example, a mortgage, lien, certificate of title, financing statement, or other document that shows the lien has been filed or recorded.)

Value of property: \$ _____
Amount of the claim that is secured: \$ _____
Amount of the claim that is unsecured: \$ _____ (The sum of the secured and unsecured amounts should match the amount in line 7.)

Amount necessary to cure any default as of the date of the petition: \$ _____

Annual Interest Rate (when case was filed) _____ %
 Fixed
 Variable

10. Is this claim based on a lease? No
 Yes. Amount necessary to cure any default as of the date of the petition. \$ _____

11. Is this claim subject to a right of setoff? No
 Yes. Identify the property: _____

12. Is all or part of the claim entitled to priority under 11 U.S.C. § 507(a)?

A claim may be partly priority and partly nonpriority. For example, in some categories, the law limits the amount entitled to priority.

- No
- Yes. *Check one:*
- Domestic support obligations (including alimony and child support) under 11 U.S.C. § 507(a)(1)(A) or (a)(1)(B).
 - Up to \$2,850* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use. 11 U.S.C. § 507(a)(7).
 - Wages, salaries, or commissions (up to \$12,850*) earned within 180 days before the bankruptcy petition is filed or the debtor's business ends, whichever is earlier. 11 U.S.C. § 507(a)(4).
 - Taxes or penalties owed to governmental units. 11 U.S.C. § 507(a)(8).
 - Contributions to an employee benefit plan. 11 U.S.C. § 507(a)(5).
 - Other. Specify subsection of 11 U.S.C. § 507(a)() that applies.

Amount entitled to priority

\$ _____

\$ _____

\$ _____

\$ _____

\$ _____

\$ _____

* Amounts are subject to adjustment on 4/01/16 and every 3 years after that for cases begun on or after the date of adjustment.

13. Is all or part of the claim entitled to administrative priority pursuant to 11 U.S.C. § 503(b)(9)?

- No
- Yes. **Indicate the amount of your claim arising from the value of any goods received by the Debtor within 20 days before the date of commencement of the above case, in which the goods have been sold to the Debtor in the ordinary course of such Debtor's business. Attach documentation supporting such claim.**

\$ _____

Part 3: Sign Below

The person completing this proof of claim must sign and date it. FRBP 9011(b).

If you file this claim electronically, FRBP 5005(a)(2) authorizes courts to establish local rules specifying what a signature is.

A person who files a fraudulent claim could be fined up to \$500,000, imprisoned for up to 5 years, or both. 18 U.S.C. §§ 152, 157, and 3571.

Check the appropriate box:

- I am the creditor.
- I am the creditor's attorney or authorized agent.
- I am the trustee, or the debtor, or their authorized agent. Bankruptcy Rule 3004.
- I am a guarantor, surety, endorser, or other codebtor. Bankruptcy Rule 3005.

I understand that an authorized signature on this *Proof of Claim* serves as an acknowledgment that when calculating the amount of the claim, the creditor gave the debtor credit for any payments received toward the debt.

I have examined the information in this *Proof of Claim* and have a reasonable belief that the information is true and correct.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on date _____ (mm/dd/yyyy)

Signature
Print the name of the person who is completing and signing this claim:

Name _____
First name Middle name Last name

Title _____

Company _____
Identify the corporate servicer as the company if the authorized agent is a servicer.

Address _____
Number Street

City State ZIP Code

Contact phone _____ Email _____

Instructions for Proof of Claim

These instructions and definitions generally explain the law. In certain circumstances, such as bankruptcy cases that debtors do not file voluntarily, exceptions to these general rules may apply. You should consider obtaining the advice of an attorney, especially if you are unfamiliar with the bankruptcy process and privacy regulations.

A person who files a fraudulent claim could be fined up to \$500,000, imprisoned for up to 5 years, or both.
18 U.S.C. §§ 152, 157 and 3571.

How to fill out this form

- Fill in all of the information about the claim as of the date the case was filed.
- Fill in the caption at the top of the form.
- If the claim has been acquired from someone else, then state the identity of the last party who owned the claim or was the holder of the claim and who transferred it to you before the initial claim was filed.
- Attach any supporting documents to this form.
Attach redacted copies of any documents that show that the debt exists, a lien secures the debt, or both. (See the definition of *redaction* on the next page.)
Also attach redacted copies of any documents that show perfection of any security interest or any assignments or transfers of the debt. In addition to the documents, a summary may be added. Federal Rule of Bankruptcy Procedure (called “Bankruptcy Rule”) 3001(c) and (d).
- Do not attach original documents because attachments may be destroyed after scanning.
- If the claim is based on delivering health care goods or services, do not disclose confidential health care information. Leave out or redact confidential information both in the claim and in the attached documents.

- A *Proof of Claim* form and any attached documents must show only the last 4 digits of any social security number, individual’s tax identification number, or financial account number, and only the year of any person’s date of birth. See Bankruptcy Rule 9037.
- For a minor child, fill in only the child’s initials and the full name and address of the child’s parent or guardian. For example, write *A.B., a minor child (John Doe, parent, 123 Main St., City, State)*. See Bankruptcy Rule 9037.

Confirmation that the claim has been filed

To receive confirmation that the claim has been filed, enclose a stamped self-addressed envelope and a copy of this form. You may view a list of filed claims in this case by visiting the Claims and Noticing Agent's website at <https://cases.primeclerk.com/> or the Court's website at <https://www.pacer.gov> and <https://www.ecf.moeb.uscourts.gov/cgi-bin/login.pl>.

Understand the terms used in this form

Administrative expense: Generally, an expense that arises after a bankruptcy case is filed in connection with operating, liquidating, or distributing the bankruptcy estate.
11 U.S.C. § 503.

Claim: A creditor’s right to receive payment for a debt that the debtor owed on the date the debtor filed for bankruptcy.
11 U.S.C. §101 (5). A claim may be secured or unsecured.

Claim Pursuant to 11 U.S.C. §503(b)(9): A claim arising from the value of any goods received by the Debtor within 20 days before the date of commencement of the above case, in which the goods have been sold to the Debtor in the ordinary course of the Debtor's business. Attach documentation supporting such claim.

Creditor: A person, corporation, or other entity to whom a debtor owes a debt that was incurred on or before the date the debtor filed for bankruptcy. 11 U.S.C. §101 (10).

Debtor: A person, corporation, or other entity who is in bankruptcy. Use the debtor's name and case number as shown in the bankruptcy notice you received. 11 U.S.C. § 101 (13).

Evidence of perfection: Evidence of perfection of a security interest may include documents showing that a security interest has been filed or recorded, such as a mortgage, lien, certificate of title, or financing statement.

Information that is entitled to privacy: A *Proof of Claim* form and any attached documents must show only the last 4 digits of any social security number, an individual's tax identification number, or a financial account number, only the initials of a minor's name, and only the year of any person's date of birth. If a claim is based on delivering health care goods or services, limit the disclosure of the goods or services to avoid embarrassment or disclosure of confidential health care information. You may later be required to give more information if the trustee or someone else in interest objects to the claim.

Priority claim: A claim within a category of unsecured claims that is entitled to priority under 11 U.S.C. §507(a). These claims are paid from the available money or property in a bankruptcy case before other unsecured claims are paid. Common priority unsecured claims include alimony, child support, taxes, and certain unpaid wages.

Proof of claim: A form that shows the amount of debt the debtor owed to a creditor on the date of the bankruptcy filing. The form must be filed in the district where the case is pending.

Redaction of information: Masking, editing out, or deleting certain information to protect privacy. Filers must redact or leave out information entitled to **privacy** on the *Proof of Claim* form and any attached documents.

Secured claim under 11 U.S.C. §506(a): A claim backed by a lien on particular property of the debtor. A claim is secured to the extent that a creditor has the right to be paid from the property before other creditors are paid. The amount of a secured claim usually cannot be more than the value of the particular property on which the creditor has a lien. Any amount owed to a creditor that is more than the value of the property normally may be an unsecured claim. But exceptions exist; for example, see 11 U.S.C. § 1322(b) and the final sentence of 1325(a).

Examples of liens on property include a mortgage on real estate or a security interest in a car. A lien may be voluntarily granted by a debtor or may be obtained through a court proceeding. In some states, a court judgment may be a lien.

Setoff: Occurs when a creditor pays itself with money belonging to the debtor that it is holding, or by canceling a debt it owes to the debtor.

Unsecured claim: A claim that does not meet the requirements of a secured claim. A claim may be unsecured in part to the extent that the amount of the claim is more than the value of the property on which a creditor has a lien.

Offers to purchase a claim

Certain entities purchase claims for an amount that is less than the face value of the claims. These entities may contact creditors offering to purchase their claims. Some written communications from these entities may easily be confused with official court documentation or communications from the debtor. These entities do not represent the bankruptcy court, the bankruptcy trustee, or the debtor. A creditor has no obligation to sell its claim. However, if a creditor decides to sell its claim, any transfer of that claim is subject to Bankruptcy Rule 3001(e), any provisions of the Bankruptcy Code (11 U.S.C. § 101 et seq.) that apply, and any orders of the bankruptcy court that apply.

Please send completed Proof(s) of Claim to:

Payless Holdings LLC Claims Processing Center
c/o Prime Clerk LLC
850 3rd Avenue, Suite 412
Brooklyn, NY 11232

Do not file these instructions with your form

Exhibit C

Form of Publication Notice

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION**

| | | |
|---------------------------------------|---|-------------------------|
| In re: |) | Case No. 19-40883-659 |
| |) | Chapter 11 |
| PAYLESS HOLDINGS LLC, <i>et al.</i> , |) | |
| |) | Jointly Administered |
| Debtors. |) | |
| |) | Related Docket No.: [●] |

NOTICE OF DEADLINES FOR FILING OF PROOFS OF CLAIM

PLEASE TAKE NOTICE OF THE FOLLOWING:

On _____, 2019, the United States Bankruptcy Court for the Eastern District of Missouri (the “Court”) entered an order (Docket No. __) (the “Bar Date Order”) establishing certain deadlines for the filing of Proofs of Claim in the chapter 11 cases of Payless Holdings LLC and certain of its direct and indirect subsidiaries listed below (collectively, the “Debtors”):

| Debtor’s Name | Debtor’s Case Number |
|---|----------------------|
| Payless Holdings LLC | 19-40883 |
| Payless Intermediate Holdings LLC | 19-40886 |
| WBG-PSS Holdings LLC | 19-40889 |
| Payless Inc. | 19-40890 |
| Payless Finance, Inc. | 19-40892 |
| Collective Brands Services, Inc. | 19-40910 |
| PSS Delaware Company 4, Inc. | 19-40884 |
| Shoe Sourcing, Inc. | 19-40898 |
| Payless ShoeSource, Inc. | 19-40882 |
| Eastborough, Inc. | 19-40888 |
| Payless Purchasing Services, Inc. | 19-40903 |
| Payless ShoeSource Merchandising, Inc. | 19-40907 |
| Payless Gold Value CO, Inc. | 19-40885 |
| Payless ShoeSource Distribution, Inc. | 19-40894 |
| Payless ShoeSource Worldwide, Inc. | 19-40896 |
| Payless NYC, Inc. | 19-40901 |
| Payless ShoeSource of Puerto Rico, Inc. | 19-40906 |
| Payless Collective GP, LLC | 19-40887 |
| Collective Licensing, L.P. | 19-40908 |
| Collective Licensing International LLC | 19-40891 |
| Clinch, LLC | 19-40900 |
| Collective Brands Franchising Services, LLC | 19-40893 |
| Payless International Franchising, LLC | 19-40905 |
| PSS Canada, Inc. | 19-40902 |

More information can be obtained, free of charge, from the website maintained by the Debtors' claims, noticing and balloting agent, Prime Clerk LLC ("Prime Clerk"), at <https://cases.primeclerk.com/pss> (the "Prime Clerk Website").

By the Bar Date Order, the Court established: (i) **June 7, 2019 at 11:59 p.m., prevailing Central Time** (the "General Bar Date"), as the general deadline for entities to file Proofs of Claim in the Debtors' cases for claims against the Debtors that arose or are deemed to have arisen prior to the date on which the Debtors filed their chapter 11 petitions, February 18, 2019 (the "Petition Date"); and (ii) **August 19, 2019 at 11:59 p.m., prevailing Central Time** (the "Governmental Bar Date"), as the general deadline for governmental units to file Proofs of Claim in the Debtors' cases for claims against the Debtors that arose or are deemed to have arisen prior to the Petition Date. As described below, the Bar Date Order also establishes different bar dates for certain categories of claims.

The Bar Date Order **does not apply** to the Payless ShoeSource Canada Inc., Payless ShoeSources Canada GP Inc. and Payless Shoe Sources Canada LP (collectively, the "Canadian Debtors") or claims against any of the Canadian Debtors. The Canadian Debtors intend to seek entry of an order in the proceedings currently pending before the Ontario Superior Court of Justice (Commercial List) (the "CCAA Proceedings") establishing bar dates, approving a proof of claim form and document package and granting related relief in respect of claims against the Canadian Debtors (the "Canadian Claims Process Order"). **If you have any claims against the Canadian Debtors you do not need to file a proof of claim in this claims process at this time. The Canadian Claims Process Order or a further order of the Court will govern the process to file such claims.** More information about the CCAA Proceedings is available at <http://cfcanda.fticonsulting.com/paylesscanada/>.

As used in this Notice, the terms "claim," "entity," "governmental unit," and "person" have the meanings given to them under applicable sections of title 11 of the United States Code (the "Bankruptcy Code").

A. THE BAR DATES

The Bar Date Order establishes the following bar dates for filing Proofs of Claim or requests for payment of certain administrative expenses in these cases (collectively, the "Bar Dates"):

1. The General Bar Date. Pursuant to the Bar Date Order, except as described below, all entities holding claims (whether secured, unsecured, priority or unsecured priority, including section 503(b)(9) claims) against the Debtors that arose or are deemed to have arisen prior to the commencement of these cases are required to file Proofs of Claim **by June 7, 2019 at 11:59 p.m., prevailing Central Time**. *The General Bar Date applies to all types of claims against the Debtors that arose prior to the Petition Date.*
2. The Governmental Bar Date. Pursuant to the Bar Date Order, all governmental units holding claims against the Debtors that arose or are deemed to have

arisen before the Petition Date are required to file Proofs of Claim **by August 19, 2019 at 11:59 p.m., prevailing Central Time.**

3. The Rejection Bar Date. Pursuant to the Bar Date Order, any entity asserting any prepetition or postpetition claims against the Debtors (including administrative claims under Bankruptcy Code section 503(b) arising from or relating to the rejection of executory contracts or unexpired leases pursuant to a court order or by operation of Bankruptcy Code section 365(d)(4) (collectively, “Rejection Damages Claims”) are required to file Proofs of Claim **by the later of: (i) the General Bar Date; and (ii) 11:59 p.m., prevailing Central Time, on the date that is 30 days after the entry of the relevant order or the deemed rejection date.** The later of these dates is referred to in this Notice as the “Rejection Bar Date.”
4. The Amended Schedules Bar Date. Pursuant to the Bar Date Order, if, subsequent to the date of this Notice, a Debtor amends or supplements its Schedules, the affected claimant is required to file a proof of claim or amend any previously filed proof of claim in respect of the new or amended scheduled claim **by the later of: (i) the General Bar Date; and (ii) 11:59 p.m., prevailing Central Time, on the date that is 30 days after the date that notice of the applicable amendment or supplement to the Schedules is served on the claimant.** The later of these dates is referred to in this Notice as the “Amended Schedules Bar Date.”

B. WHO MUST FILE A PROOF OF CLAIM

Unless an exception applies, if you have a claim that arose or is deemed to have arisen prior to the Petition Date, you **MUST** file a proof of claim to vote on a chapter 11 plan or to share in distributions from the Debtors' bankruptcy estates. Claims based on acts or omissions of the Debtors that occurred before the Petition Date must be filed on or prior to the applicable Bar Date, even if such claims are not now fixed, liquidated or certain or did not mature or become fixed, liquidated or certain before the Petition Date. The exceptions to the requirement to file a claim by the Bar Dates are described in the Bar Date Order, which is available on the Prime Clerk Website.

C. WHAT TO FILE

Claims should be asserted on proof of claim forms that conform substantially to the standard proof of claim form, Official Form B 410. Proof of Claim Forms may be obtained, free of charge, at the Prime Clerk Website or <https://www.uscourts.gov/forms/bankruptcy-forms>.

All proof of claim forms must be **signed** by the claimant or, if the claimant is not an individual, by an authorized agent of the claimant (electronic signatures are acceptable). The proof of claim form must be written in English and be denominated in United States currency. You should attach to your completed proof of claim form any documents upon which the claim is based (or, if such documents are voluminous, attach a summary) or an explanation as to why the documents are not available.

Except as otherwise set forth in the Bar Date Order, all claimants asserting a claim against more than one Debtor must file a separate proof of claim with respect to each such Debtor and identify on each proof of claim the particular Debtor against which such claim is asserted and the case number for that particular Debtor. If any proof of claim does not clearly specify the name of the Debtor against which the claim is asserted (including listing multiple Debtors), that proof of claim shall be administered as though it was filed against Payless Holdings LLC (Case No. 19-40883-659), unless a single different case number is clearly specified. Notwithstanding the foregoing, the failure of any entity to file its proof of claim against the correct Debtor shall not constitute cause to expunge the proof of claim. Rather, the Debtors may seek to reclassify the proof of claim so that the claim is asserted against the proper Debtor on notice to the affected claimant.

Any entity asserting a Rejection Damages Claim with an administrative claim component must file as part of its proof of claim a detailed statement describing the nature and basis of any portion of the Rejection Damages Claim asserting an administrative priority under Bankruptcy Code section 503(b) (the “Administrative Claim Supplement”).

Under the Bar Date Order, the filing of a proof of claim form, along with an attached Administrative Claim Supplement, if applicable, shall be deemed to satisfy the procedural requirements for the assertion of a Rejection Damages Claim (including any administrative claim included therein). ***All other administrative claims under Bankruptcy Code section 503(b) must be made by separate requests for payment in accordance with Bankruptcy Code section 503(a) and shall not be deemed proper if made by proof of claim.*** No deadline has been established for the filing of administrative claims other than (a) claims under Bankruptcy Code section 503(b)(9) and (b) any portion of a Rejection Damages Claim seeking administrative priority, which claims must be filed by the General Bar Date and the Rejection Bar Date, respectively.

D. WHEN AND WHERE TO FILE

Proofs of claim must be sent (a) by first-class mail, overnight courier, or hand-delivery to **Payless Holdings LLC Claims Processing Center, c/o Prime Clerk, LLC, 830 3rd Avenue, 3rd Floor, New York, NY 10022** or (b) electronically by submitting a proof of claim through the Court’s website, <http://moeb.uscourts.gov/epoc.htm>.

Claimants must submit Proofs of Claim either (a) through the CM/ECF system on the Court’s website at <https://www.ecf.moeb.uscourts.gov/cgi-bin/login>; or (b) electronically using the Electronic Proof of Claim (ePOC) Program on the Court’s website at <http://www.moeb.uscourts.gov/epoc.htm>; (c) by first-class mail or overnight courier to Clerk of the Bankruptcy Court, Eastern District of Missouri, 111 S. 10th St., 4th Floor, St. Louis, MO 63102; or (d) by first-class mail, overnight courier, or hand-delivery to **Payless Holdings LLC Claims Processing Center, c/o Prime Clerk LLC, 830 3rd Avenue, 3rd Floor, New York, NY 10022**. Proofs of claim must be actually received by 11:59 p.m, prevailing Central Time, **on or before the applicable Bar Date**. **Proofs of claim may NOT be delivered by facsimile or electronic mail transmission.** Any facsimile or electronic mail submission will not be accepted

and will not be deemed filed until a proof of claim is submitted by one of the approved methods described above.

Proof of claim forms will be collected from the Payless Claims Processing Center, docketed and maintained by the Debtors' claims agent, Prime Clerk. If you wish to receive acknowledgement of Payless' receipt of a proof of claim, you must submit to Payless by the applicable Bar Date and concurrently with your original proof of claim: (a) a copy of the original proof of claim; and (b) a self-addressed, postage prepaid return envelope.

E. CONSEQUENCES OF FAILURE TO FILE A PROOF OF CLAIM BY THE APPLICABLE BAR DATE

EXCEPT AS OTHERWISE SET FORTH IN THE BAR DATE ORDER, ANY ENTITY THAT IS REQUIRED TO FILE A PROOF OF CLAIM WITH RESPECT TO A PARTICULAR CLAIM AGAINST A DEBTOR BUT THAT FAILS TO DO SO BY THE APPLICABLE BAR DATE DESCRIBED IN THIS NOTICE SHALL BE ESTOPPED AND ENJOINED FROM THE FOLLOWING: (I) ASSERTING ANY SUCH CLAIM AGAINST THE DEBTORS OR THEIR ESTATES OR AGAINST ANY REORGANIZED DEBTOR OR SUCCESSOR IN INTEREST FOLLOWING THE EFFECTIVE DATE OF A CHAPTER 11 PLAN OF REORGANIZATION IN THESE CASES, OR PROPERTY THAT (A) IS IN AN AMOUNT THAT EXCEEDS THE AMOUNT, IF ANY, THAT IS IDENTIFIED IN THE SCHEDULES ON BEHALF OF SUCH ENTITY AS UNDISPUTED, NONCONTINGENT AND LIQUIDATED OR (B) IS OF A DIFFERENT NATURE OR CLASSIFICATION THAN ANY SUCH CLAIM IDENTIFIED IN THE SCHEDULES ON BEHALF OF SUCH ENTITY (ANY SUCH CLAIM IN THIS SUBPARAGRAPH BEING REFERRED TO IN THIS NOTICE AS AN "UNSCHEDULED CLAIM"); (II) VOTING UPON, OR RECEIVING DISTRIBUTIONS UNDER, ANY CHAPTER 11 PLAN IN THESE CHAPTER 11 CASES IN RESPECT OF AN UNSCHEDULED CLAIM; OR (III) WITH RESPECT TO ANY ADMINISTRATIVE PRIORITY CLAIM COMPONENT OF ANY REJECTION DAMAGES CLAIM, ASSERTING ANY SUCH PRIORITY CLAIM AGAINST THE DEBTORS OR THEIR ESTATES OR PROPERTY.

F. RESERVATION OF RIGHTS

The Debtors reserve the right, subject to the Final Cash Collateral Order¹ and Final DIP Order,² to: (a) dispute, or assert offsets or defenses against, any filed claim or any claim listed or reflected in the Schedules as to nature, amount, liability, priority, classification or otherwise; (b) subsequently designate any scheduled claim as disputed, contingent or unliquidated; and (c)

¹ For purposes of this Motion, the term "Final Cash Collateral Order" shall mean the final order entered pursuant to the *Debtors' Motion for Entry of Interim and Final Orders Pursuant to 11 U.S.C. §§ 105, 361, 362, 363, 364, 507 and 552 (1) Authorizing Use of Cash Collateral, (2) Granting Adequate Protection, and (III) Modifying the Automatic Stay* [Docket No. 61]

² For purposes of this Motion, the term "Final DIP Order" shall mean the final order entered pursuant to the *Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to Obtain Postpetition Financing, (II) Granting Liens and Providing Superpriority Administrative Expense Status, (III) Modifying the Automatic Stay, and (IV) Granting Related Relief* [Docket No. 216].

otherwise amend or supplement the Schedules. Nothing contained in this Notice shall preclude the Debtors from objecting to any claim, whether scheduled or filed, on any grounds.

G. THE DEBTORS' SCHEDULES AND ADDITIONAL INFORMATION

You may be listed as the holder of a claim against one or more of the Debtors in the Debtors' Schedules. Copies of the Debtors' Schedules, a Proof of Claim Form and other information and documents regarding the Debtors' chapter 11 cases (including the Bar Date Order) are available for inspection and download free of charge on the Prime Clerk Website.

If you rely on the Debtors' Schedules, it is your responsibility to determine that the claim is accurately listed in the Schedules. Otherwise, if you decide to file a proof of claim, you must do so before the applicable Bar Date in accordance with the procedures set forth in this Notice.

If you require additional information regarding the filing of a proof of claim, you may contact Prime Clerk by telephone at (844) 648-5574 (toll free in the U.S. and Canada) or (347) 505-5254 (international calls), and via electronic mail at paylessinfo@primeclerk.com. You also may contact Prime Clerk directly by writing to the Prime Clerk Claims Processing Center.

A HOLDER OF A POSSIBLE CLAIM AGAINST THE DEBTORS SHOULD CONSULT AN ATTORNEY REGARDING ANY MATTERS NOT COVERED BY THIS NOTICE, SUCH AS WHETHER THE HOLDER SHOULD FILE A PROOF OF CLAIM. YOU ARE FURTHER ENCOURAGED TO CAREFULLY REVIEW THE BAR DATE ORDER AND RELATED MATERIALS ON THE PRIME CLERK WEBSITE.

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

**AFFIDAVIT OF ADRIAN FRANKUM
(Claims Procedure Order and Amended Cash Flow Statement)
Sworn April 17, 2019**

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Canada GP Inc. and Payless ShoeSource Canada LP*

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

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

PROCEEDING COMMENCED AT TORONTO

**MOTION RECORD OF THE APPLICANTS
(Returnable April 24, 2019)**

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