



FTI Consulting
TD Waterhouse Tower
79 Wellington Street West
Suite 2010, P.O. Box 104
Toronto ON M5K 1G8

February 22, 2019

To: Whom It May Concern,

RE: Payless ShoeSource Canada Inc., Payless ShoeSource GP Inc. and Payless ShoeSource Canada LP (collectively, the “Payless Canada Entities” or the “Company”)

On February 19, 2019, Payless ShoeSource Canada Inc. (“Payless Inc.”) and Payless ShoeSource Canada GP Inc. (“Payless GP” along with Payless Inc., the “Applicants”) sought and obtained an initial order (the “Initial Order”) from the Ontario Superior Court of Justice (Commercial List) (the “Court”) under the Companies’ Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended (the “CCAA”). The Initial Order provides, among other things, a stay of proceedings until March 21, 2019 (the “Stay Period”), which may be extended by the Court from time to time. The benefits, protections, authorizations and restrictions provided by the Initial Order, including the stay of proceedings, were also extended to Payless ShoeSource Canada LP. Pursuant to the Initial Order, FTI Consulting Canada Inc. was appointed monitor (the “Monitor”) of the Payless Canada Entities.

A copy of the Initial Order and copies of the materials filed in respect of the CCAA proceedings may be obtained on the Monitor’s website at <http://cfcanada.fticonsulting.com/paylesscanada> or on request from the Monitor by calling 1-855-718-5255 or by emailing paylesscanada@fticonsulting.com.

Pursuant to the Initial Order, 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 are restrained until further Order of the 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, provided that the normal prices or charges for all such goods or services received after the date of the Initial Order are paid by the appropriate Payless Canada Entity(ies) in accordance with the 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 the Court. The Initial Order prohibits the Payless Canada Entities from making payment of amounts relating to the supply of goods or services provided to any of the Payless Canada Entities prior to February 19, 2019, other than certain payments as specified in the Initial Order.

During the Stay Period, all parties are prohibited from commencing or continuing legal action against any of the Payless Canada Entities and all rights and remedies of any party against or in respect of any of the Payless Canada Entities or their assets are stayed and suspended except with the written consent of the Payless Canada Entities and the Monitor, or by leave of the Court.

On February 12, 2019, the Company entered into a liquidation consulting agreement (the “**Liquidation Consulting Agreement**”) with a contractual joint venture comprised of Great American Group, LLC and Tiger Capital Group, LLC (together, the “**Liquidation Consultant**”) to,



amongst other things, liquidate the remaining inventory of the Payless Canada Entities at all of their 248 locations in Canada. The Liquidation Consulting Agreement was approved by the Court on February 21, 2019.

If you have any questions regarding the foregoing or require further information, please consult the Monitor's website at <http://cfcanada.fticonsulting.com/paylesscanada> or contact the Monitor by calling 1-855-718-5255 or by emailing paylesscanada@fticonsulting.com.

Sincerely,

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