

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE

)

TUESDAY, THE 17TH

)

JUSTICE McEWEN

)

DAY OF SEPTEMBER, 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
(THIRD STAY EXTENSION)

THIS MOTION made by the Applicants, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCA**"), for an Order, *inter alia*: (i) lifting the stay of proceedings (the "**Stay of Proceedings**") granted in the Initial Order of the Honourable Regional Senior Justice Morawetz dated February 19, 2019 (the "**Initial Order**") for a limited purpose; (ii) extending the Stay Period (as defined in the Initial Order) to and including December 20, 2019; and (iii) approving the Fifth Report (as defined below) and the activities of FTI Consulting Canada Inc. ("**FTI**") in its capacity as court-appointed monitor ("**Monitor**") and the fees and disbursements of the Monitor and its counsel, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion of the Applicants, the Affidavit of Adrian Frankum, sworn September 10, 2019 (the "**Frankum Affidavit**"), the fifth report of FTI in its capacity as Monitor of the Applicants and Payless ShoeSource Canada LP (collectively, the "**Payless Canada Entities**") dated September 12, 2019 (the "**Fifth Report**"), and on hearing the submissions of counsel for the Payless Canada Entities, the Monitor, and such other parties as

were present, no one else appearing although duly served as appears from the affidavits of service of Taschina Ashmeade, sworn September 10, 2019 and September 11, 2019, filed;

SERVICE AND DEFINITIONS

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record herein be and is hereby abridged and validated so that the Motion is properly returnable today.

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.

STAY EXTENSION

3. **THIS COURT ORDERS** that the Stay Period be and is hereby extended until and including December 20, 2019.

LIFTING STAY OF PROCEEDINGS

4. **THIS COURT ORDERS** that to the extent necessary, the Stay of Proceedings is hereby lifted for the limited purpose of allowing the Payless Canada Entities to apply to the U.S. Court to dismiss the Payless Canada Entities' U.S. Proceedings.

CASH FLOW STATEMENT

5. **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 Fifth 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.

APPROVAL OF MONITOR'S FIFTH REPORT, ACTIVITIES, FEES AND DISBURSEMENTS

6. **THIS COURT ORDERS** that the Fifth 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.

7. **THIS COURT ORDERS** that the fees and disbursements of the Monitor and its counsel, as set out in the affidavits of Paul Bishop sworn September 12, 2019 and Sean H. Zweig sworn September 12, 2019 be and are hereby approved.

8. **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.

9. **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.

A handwritten signature in black ink, appearing to read 'McEwen', is written above a horizontal line.

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

SEP 17 2019

PER / PAR: RW

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
ORDER (THIRD STAY EXTENSION)
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