

October 26, 2011

**To the Creditors of Sterling Shoes Inc., Sterling Shoes Limited Partnership and Sterling Shoes GP Inc. (collectively "Sterling" or the "Company"):**

On October 21, 2011, Sterling Shoes Inc. and Sterling Shoes GP Inc. commenced proceedings (the "Proceedings") in the Supreme Court of British Columbia (the "Court") under the *Companies' Creditors Arrangement Act* (the "CCAA") and the *Canada Business Corporations Act*. On the same day, the Court granted an order (the "Initial Order"), which, among other things, stays all proceedings against or in respect of the Company until November 18, 2011 (the "Stay Period"). The Stay Period may be extended from time to time by the Court on subsequent applications by the Company. Also pursuant to the Initial Order, Alvarez & Marsal Canada Inc. was appointed monitor (the "Monitor") of the business and financial affairs of the Company.

Copies of the Initial Order and all materials filed in the Proceedings may be obtained at the Monitor's website [www.alvarezandmarsal.com/sterling](http://www.alvarezandmarsal.com/sterling) or on request from the Monitor at: (+1) 604-639-0846.

In accordance with the terms of the Initial Order, Sterling continues to operate in the ordinary course of business while under protection from its creditors.

Pursuant to the Initial Order, all persons having oral or written agreements with the Petitioner or statutory or regulatory mandates for the supply of goods and/or services are restrained from discontinuing the supply of such goods or services. The Company must pay such persons the normal prices or charges for all such goods or services received after the date of the Initial in accordance with the normal payment practices of Sterling or on such other terms as may be agreed upon by the supplier, the Company and the Monitor, or as may be ordered by the Court. The Company is reviewing its purchase orders relating to inventory purchases that were outstanding as at October 21, 2011 and will be contacting suppliers directly should there be a change in the status of those orders.

The Initial Order prohibits the Company from making payment of amounts relating to the supply of goods or services prior to October 21, 2011, other than under certain conditions as set out in the Initial Order.

To date, no claims procedure has been approved by the Court and creditors are therefore not required to file a proof of claim at this time. We will in due course forward a Proof of Claim form for completion by creditors. The Company is also working to formulate a Plan of Arrangement to be voted on by its creditors. The timing for circulation of the Plan of Arrangement and the meeting at which it will be voted on is not yet known.

If you have any questions regarding the foregoing or require further information, please consult the Monitor's website at [www.alvarezandmarsal.com/sterling](http://www.alvarezandmarsal.com/sterling) or should you wish to speak to a representative of the Monitor, please contact Mr. Tom Powell at: (+1) 604-639-0846.

Yours very truly,

**Alvarez & Marsal Canada Inc.**

in its capacity as court-appointed Monitor of  
Sterling Shoes Inc. and Sterling Shoes GP Inc.

Per:   
Todd M. Martin  
Senior Vice President