

EASTBOROUGH, INC.

By: _____
Name: Vincent P. DeSantis
Title: President

PAYLESS SHOESOURCE PSS DE
COLOMBIA S.A.S.

By: *Patricia Bruges Hernandez*
Name: Patricia Bruges Hernandez
Title: Legal Representative

PAYLESS SHOESOURCE INTERNATIONAL
LIMITED (SHENZHEN)

By: _____
Name: Michael F. McBreen
Title: Director

11/15/2011 10:00:00 AM

EASTBOROUGH, INC.

By: _____
Name: Vincent P. DeSantis
Title: President

PAYLESS SHOESOURCE PSS DE
COLOMBIA S.A.S.

By: _____
Name: Patricia Bruges Hernandez
Title: Legal Representative

PAYLESS SHOESOURCE INTERNATIONAL
LIMITED (SHENZHEN)


By: Michael F. McBreen
Name: Michael F. McBreen
Title: Director

ACKNOWLEDGMENT

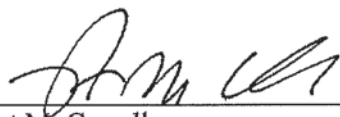
This Intercompany Note and all of the rights of each Payee that is a Loan Party (as defined in the TL First Lien Credit Agreement and the TL Second Lien Credit Agreement) hereunder have been collaterally assigned to (i) Morgan Stanley Senior Funding, Inc. as TL Administrative Agent, pursuant to the terms of the Security Agreement (as defined in the TL First Lien Credit Agreement by, among others, certain Payees and TL Administrative Agent), (ii) Wells Fargo Bank, National Association, as ABL Administrative Agent, pursuant to the terms of the Security Agreement (as defined in the ABL Credit Agreement by, among others, certain Payees and ABL Administrative Agent) and (iii) Morgan Stanley Senior Funding, Inc. as Second Lien TL Administrative Agent, pursuant to the terms of the Security Agreement (as defined in the TL Second Lien Credit Agreement by, among others, certain Payees and Second Lien TL Administrative Agent) subject, in each case, to the terms of the ABL/TL Intercreditor Agreement and the Term Loan Intercreditor Agreement, as applicable.

[Signature Page Follows]

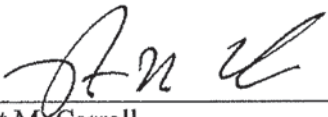
Payless Inc., a Delaware corporation

By: 
Name: Robert M. Carroll
Title: Vice President and Secretary

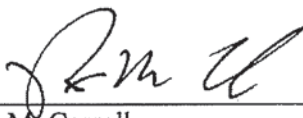
Payless Finance, Inc., a Nevada corporation

By: 
Name: Robert M. Carroll
Title: Vice President and Secretary

Payless ShoeSource Distribution, Inc.,
a Kansas corporation

By: 
Name: Robert M. Carroll
Title: Vice President and Secretary

Payless ShoeSource, Inc., a Missouri corporation

By: 
Name: Robert M. Carroll
Title: Vice President and Secretary

WBG - PSS Holdings LLC,
a Delaware limited liability company

By: _____
Name: Douglas J. Treff
Title: President

Payless Inc., a Delaware corporation

By: _____
Name: Robert M. Carroll
Title: Vice President and Secretary

Payless Finance, Inc., a Nevada corporation

By: _____
Name: Robert M. Carroll
Title: Vice President and Secretary

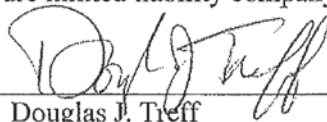
Payless ShoeSource Distribution, Inc.,
a Kansas corporation

By: _____
Name: Robert M. Carroll
Title: Vice President and Secretary

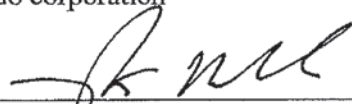
Payless ShoeSource, Inc., a Missouri corporation

By: _____
Name: Robert M. Carroll
Title: Vice President and Secretary

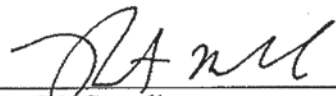
WBG - PSS Holdings LLC,
a Delaware limited liability company

By:  _____
Name: Douglas J. Treff
Title: President

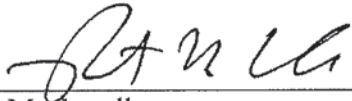
Payless Gold Value CO, Inc.,
a Colorado corporation

By: 
Name: Robert M. Carroll
Title: Vice President and Secretary

Clinch, LLC, a Delaware limited liability
company

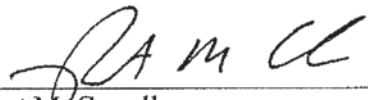
By: 
Name: Robert M. Carroll
Title: Vice President and Secretary

Collective Brands Services, Inc., a Delaware
corporation

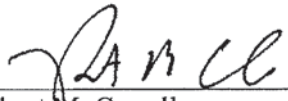
By: 
Name: Robert M. Carroll
Title: Vice President and Secretary

Collective Brands, LLC, a Kansas limited liability
company


By: Payless ShoeSource Worldwide, Inc.
Its: Managing Member

By: 
Name: Robert M. Carroll
Title: Vice President and Secretary

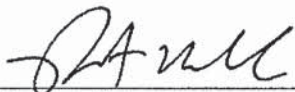
Collective Licensing International, LLC, a
Delaware limited liability company

By: 
Name: Robert M. Carroll
Title: Vice President and Secretary

Payless NYC, Inc., a Kansas corporation


By: 
Name: Robert M. Carroll
Title: Vice President and Secretary

Payless Purchasing Services, Inc., a Kansas corporation

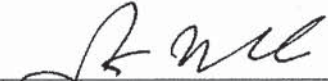
By: 
Name: Robert M. Carroll
Title: Vice President and Secretary

Payless ShoeSource Leasing, LLC,
a Delaware corporation

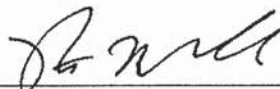
By: Payless ShoeSource, Inc.
Its: Managing Member

By: 
Name: Robert M. Carroll
Title: Vice President and Secretary

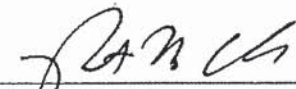
Payless ShoeSource Merchandising, Inc., a
Kansas corporation

By: 
Name: Robert M. Carroll
Title: Vice President and Secretary

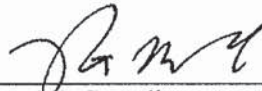
Payless ShoeSource Worldwide, Inc., a Kansas
corporation

By: 
Name: Robert M. Carroll
Title: Vice President and Secretary

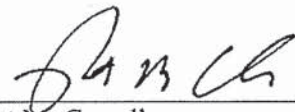
PSS Delaware Company 2, Inc., a Delaware
corporation

By: 
Name: Robert M. Carroll
Title: Vice President and Secretary

PSS Delaware Company 4, Inc.,
a Delaware corporation

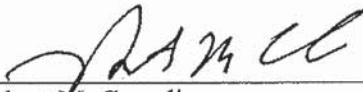
By: 
Name: Robert M. Carroll
Title: Vice President and Secretary

Shoe Sourcing, Inc., a Kansas corporation

By: 
Name: Robert M. Carroll
Title: Vice President and Secretary

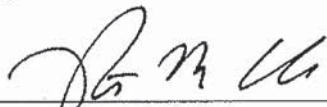
Collective Brands Franchising Services, LLC,
a Kansas limited liability company

By: Payless ShoeSource Worldwide, Inc.
Its: Managing Member

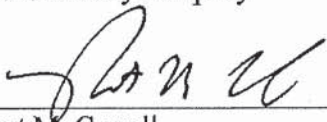
By: 
Name: Robert M. Carroll
Title: Vice President and Secretary

Payless Collective GP, LLC,
a Delaware limited liability company

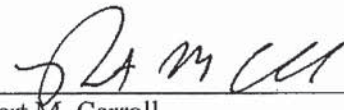
By: Payless ShoeSource Worldwide, Inc.
Its: Managing Member

By: 
Name: Robert M. Carroll
Title: Vice President and Secretary

Payless International Franchising, LLC,
a Kansas limited liability company

By: 
Name: Robert M. Carroll
Title: Vice President and Secretary

Collective Licensing, LP, a Delaware limited
partnership

By: 
Name: Robert M. Carroll
Title: Vice President and Secretary

Schedule I

Existing Intercompany Loan Arrangements

Payless ShoeSource
Long Term Notes
as of January 2014

Document #	Lendor	Borrower	Issued Date	Maturity Date	Interest Rate	Denominated	Local Currency	USD
75	Payless Finance, Inc.	Payless Inc	2000/04/10	2020/04/10	7.75%	USD	n/a	462,858,463
432	Collective Licensing, LP	Lifestyle Brands Corporation	2006/02/06	On demand	0.00%	USD	n/a	7,884,040
300	Collective Brands Cayman Finance, Limited	Collective Brands II Cooperatief U.A.	2012/10/09	2020/10/09	2.00%	CAD	78,943,064 CAD	70,085,583
451	Collective Brands II Cooperatief U.A.	Payless ShoeSource Canada Inc.	2012/10/09	2020/10/09	1.75%	CAD	78,943,064 CAD	70,359,237
430 399	Payless ShoeSource of St Lucia, Ltd.	Payless ShoeSource Jamaica Limited	2011/09/20 2011/04/01	consecutive 10 yr periods	12.75%	JMD JMD	51,700,000 JMD 145,000,000 JMD	901,334
434	Payless ShoeSource of St Lucia, Ltd.	Payless ShoeSource (Barbados) SRL	2012/02/09	consecutive 10 yr periods	10.00%	USD	n/a	1,300,000
429 428 400	Collective Brands Cooperatief U.A.	Payless Finance, Inc	2011/12/22 2011/07/26 2011/03/25	2021/12/22 2021/07/26 2021/03/25	7.00%	USD	n/a	23,900,000
484 482	Collective Brands II Cooperatief U.A.	Payless Shoes Pty Ltd	2013/02/27 2013/02/27	2022/02/27 w/ consecutive 1 yr periods	7.00%	AUD	4,090,149 AUD 953,550 AUD	4,389,642
Total Long Term Notes								641,678,300

Payless ShoeSource
Short Term Notes
as of January 2014

Lender	Borrower	Issued Date	Maturity Date	Interest Rate	Denominated	Local Currency	USD
Payless Finance, Inc	Payless ShoeSource, Inc	2012/01/18 2011/12/19	On demand On demand	0.00%	USD USD	n/a n/a	7,000,000.00
Payless ShoeSource Canada Inc.	Payless Finance, Inc	2012/10/09	2022/10/09	5.02%	USD	n/a	102,946,654.40
Payless ShoeSource Limitada & Compania Limited (Nicaragua)	Payless ShoeSource (BVI) Holdings, Ltd.	2010/04/19 2009/06/18	2020/04/19 2019/06/18	1.00%	NIO NIO	21,118,000 NIO	1,641,191.88
PSS Holdings	Collective Brands Trust II	2014/01/30	On demand	25%	USD	n/a	2,500,000.00
Collective Brands Trust II	Payless ShoeSource International Limited	2012/01/09	On demand	0.00%	USD	n/a	15,513,313.00
Term Notes							129,601,159.28

These intercompany note are part of note 385.

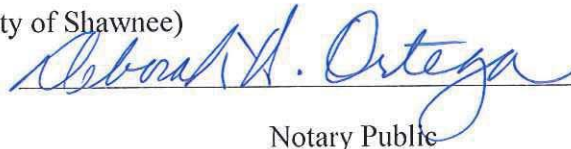
Payless ShoeSource
Cash Concentration Loans
as of January 2014

Lendor	Borrower	Issued Date	Maturity Date	Interest Rate	USD
Payless ShoeSource, Limitada	Payless ShoeSource Overseas S.R.L.	2012/09/21	2017/12/31	10.00%	3,406,456.38
Payless ShoeSource de Guatemala, Ltda.	Payless ShoeSource Overseas S.R.L.	2013/03/20	2017/12/31	10.00%	3,200,000.00
Payless ShoeSource of El Salvador, Ltda. de C.V.	Payless ShoeSource Overseas S.R.L.	2012/04/11	2017/12/31	10.00%	1,612,406.99
Payless ShoeSource Honduras S. De R.L.	Payless ShoeSource Overseas S.R.L.	2012/03/29	2017/12/31	10.00%	1,557,000.00
Payless ShoeSource Limitada & Compania Limited (Nicaragua)	Payless ShoeSource Overseas S.R.L.	2012/03/29	2017/12/31	10.00%	2,049,811.42
Payless ShoeSource Overseas S.R.L.	Payless ShoeSource (BVI) Holdings, Ltd.	2012/04/17	2017/12/31	10.00%	9,103,086.97
Payless ShoeSource Overseas SR.L..	Payless ShoeSource de la Republica Dominicana, S.R.L.	2012/10/04 2012/03/29	2017/12/31 2017/12/31	10.00%	850,000.00
oncentration Loans					21,778,761.76

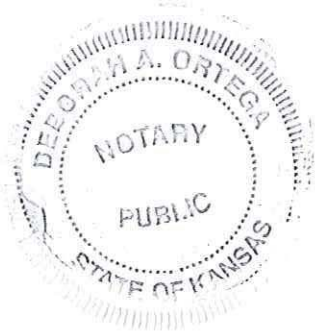
THIS IS **EXHIBIT "F"** REFERRED TO IN THE
AFFIDAVIT OF MICHAEL SCHWINDLE, SWORN BEFORE
ME THIS 6th DAY OF APRIL, 2017.

State of Kansas)

County of Shawnee)

A handwritten signature in blue ink, reading "Deborah A. Ortega", is written over a horizontal line.

Notary Public



My Commission Expires: 12/2/20

AMENDED AND RESTATED NOTE AGREEMENT

PAYLESS SHOESOURCE CANADA INC., a corporation formed under the laws of Canada (“**Payless Canada**”).

\$59,034,006 CDN

Due: April 28, 2016

FOR VALUE RECEIVED, THIS AMENDED AND RESTATED NOTE is issued as of the 9th day of October, 2012 by Payless Canada, whose principal place of business is located at 191 The West Mall, Suite 915, Etobicoke, Ontario, M9C 5K8 Canada to Collective Brands II Cooperatief U.A. (“**CB CO-OP**”).

WHEREAS, Payless Canada previously issued a Note Agreement dated April 28, 2008 to Stride Rite Europe B.V., a private company with limited liability formed under the laws of the Netherlands, in the principal amount of \$59,034,006 CDN (the “**2008 Note**”);

WHEREAS, the 2008 Note was amended as of January 29, 2012 to reduce the interest rate from seven and three-quarters percent (7.75%) to two percent (2.0%); and

WHEREAS, Stride Rite Europe B.V. transferred the 2008 Note to CB CO-OP effective as of October 9, 2012; and

WHEREAS, Payless Canada and CB CO-OP now desire to enter into this Amended and Restated Note Agreement to replace the 2008 Note and reflect (i) the reduction of the interest rate in the 2008 Note pursuant to the January 29, 2012 amendment and (ii) the transfer of the 2008 Note from Stride Rite Europe B.V. to CB CO-OP.

NOW THEREFORE for good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), Payless Canada covenants, acknowledges, represents and warrants as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

Each word and phrase with initial capitals used in this Note has the meaning assigned to it in Schedule “A”.

1.2 Replacement

This Amended and Restated Note Agreement shall replace the 2008 Note beginning as of October 9, 2012.

1.3 Statutes

A reference in this Note to a statute refers to that statute as it may be amended from time to time, and to any restated or successor legislation of comparable effect.

1.4 Headings

The division of this Note into Articles, Sections, and Schedules and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Note. The Article, Section and Schedule headings in this Note are not intended to be full or precise descriptions of the text to which they refer and shall not be considered part of this Note.

1.5 Number and Gender

In this Note, words in the singular include the plural and *vice versa* and words in one gender include all genders.

1.6 Currency

All sums of money referenced under this Note shall be in Canadian Dollars unless otherwise stated.

1.7 Schedules

The following Schedules are incorporated into and form part of this Note:

<u>SCHEDULE</u>	<u>DESCRIPTION</u>
A	Definitions

ARTICLE 2 NOTE PAYMENTS

2.1 Promise to Pay

Payless Canada hereby acknowledges itself indebted to the Holder and:

- (a) promises to pay the Holder, by uncertified cheque or wire transfer (unless otherwise directed by the Holder) payable to or to the order of the Holder and delivered to the address of the Holder shown in the Register or wire transferred to the account of the Holder (the "**Account**") the particulars of which shall be advised by the Holder to Payless Canada, from time to time, upon request from Payless Canada, on the Maturity Date (or on such earlier date as the principal indebtedness hereby evidenced may become payable in accordance with the terms hereof) the principal sum of Fifty Nine Million Thirty Four Thousand Six Dollars (\$59,034,006) (the

“Principal Amount”); and

- (b) promises to pay interest thereon to the Holder, at the rate per annum equal to the Interest Rate, both before and after maturity, default or judgment, together with interest on overdue interest at the same rate, provided that the amount of any such interest obligation payable on any Interest Payment Date shall be rounded down to the next whole dollar,

which acknowledgements of indebtedness Holder accepts.

Without limiting Payless Canada's payment obligation, the Holder of this Note may demand payment of the Principal Amount by presenting and surrendering this Note on the Maturity Date (or on any earlier date the Principal Amount may become payable in accordance with the terms hereof) at the office of Payless Canada specified in Section 7.5 hereof (or at such other place as Payless Canada may designate from time to time by five (5) Business Days written notice to the Holder), or may demand payment at such times in any other manner permitted by applicable law. Such interest in respect of each Interest Period (an **“Interest Payment”**) shall accrue on a daily basis (without compounding unless interest is overdue) and shall be calculated in arrears (I) on the last Business Day of each Interest Period (with the first such payment of interest becoming due and payable on the last Business Day of the first Interest Period of this Note), and (II) on such earlier date as the Principal Amount shall be repaid in full in accordance with the terms hereof. Each Interest Payment shall be payable not later than the end of the next following Interest Period, or in the case of an Interest Payment determined pursuant to clause 2.1(II) above, the date of repayment of the Principal Amount (each, an **“Interest Payment Date”**). Interest shall, unless otherwise agreed, be paid by uncertified cheque or wire transfer payable on the Interest Payment Date to the Holder, mailed to the Holder's address as shown on the Register three (3) Business Days prior to the relevant Interest Payment Date or wire transferred on or before the Interest Payment Date to the Account. Notwithstanding the foregoing in this Section 2.1, Payless Canada shall have the option, at its sole discretion, exercisable by written notice provided to Holder, as specified in Section 7.5 hereof to defer payment of any and all interest owing hereunder to the Holder from time to time until the Maturity Date, and any such deferred interest shall be subject to interest compounding thereon calculated after the last Interest Payment Date for the particular year and such compound interest shall be payable no later than 60 days after the end of the following year.

2.2 Prepayment

Payless Canada shall have the right to prepay the whole Principal Amount or any part thereof (and any accrued but unpaid interest thereon to date) upon reasonable notice being provided to the Holder, without penalty. If Payless Canada makes a partial prepayment of Principal Amount, the remaining Principal Amount of this Note shall, upon receipt by the Holder of the amount being prepaid (the **“Prepayment Amount”**), be automatically restated at the date of prepayment (the **“Prepayment Date”**) to be an amount equal to the original Principal Amount less the Prepayment Amount (the

“**Restated Principal Amount**”) and Payless Canada shall forthwith record such prepayment and the Restated Principal Amount in the Register.

2.3 No Illegal Interest

Payless Canada and the Holder hereby acknowledge and agree that it is their express intention and desire that in no event shall the total payment to the Holder whether for interest, fees, additional consideration or otherwise, exceed the maximum payment permitted by law, and the parties further acknowledge and agree that notwithstanding any other terms or conditions of this Note, the maximum amount payable to the Holder shall not exceed the maximum allowable return permitted under the laws of the Cayman Islands or any other applicable jurisdiction and the provisions of this Note shall be modified and are deemed to be modified to the extent necessary to give effect to the foregoing.

2.4 Withholding Tax

Payless Canada shall withhold and remit all Taxes (if applicable) in respect of payments to the Holder under this Note to the relevant authority when and as due and as promptly as possible thereafter Payless Canada shall, upon Holder’s request, send to the Holder a copy of an original official receipt or other required documentary evidence received by Payless Canada showing prompt remittance thereof, and it being understood by the parties that any such remittance by Payless Canada will constitute a portion of the Interest Payment to which the remittance is related. If Payless Canada fails to pay any such Taxes when due to the appropriate taxing authority or fails to provide the required receipts or other required documentary evidence, Payless Canada shall indemnify the Holder for any incremental Taxes, interest or penalties that may become payable by the Holder as a result of any such failure. The agreements in this subsection shall survive the termination of this Note and the payment of the Principal Amount and all other amounts payable hereunder. Payless Canada and the Holder agree to cooperate to structure agreements to reduce such Taxes and tax withholdings or other tax exposures.

ARTICLE 3 RECOURSE

3.1 Recourse For Principal and Interest

Notwithstanding anything to the contrary contained in this Note, the recourse of the Holder against Payless Canada hereunder for:

- (a) the payment of all amounts owing hereunder on account of the Principal Amount and all interest thereon; and
- (b) the payment of any other obligations or liabilities of Payless Canada to the Holder hereunder,

shall, after (but not prior to) any Event of Default, not be limited in any way, other than

applicable law, for any amounts payable by Payless Canada hereunder or for the performance of any of Payless Canada's covenants, liabilities or obligations hereunder.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF PAYLESS CANADA

Payless Canada represents and warrants to and in favour of the Holder that, on the date of this Note:

4.1 Name

The full legal name of Payless Canada is "Payless ShoeSource Canada Inc."

4.2 Incorporation

Payless Canada is a corporation formed under the laws of Canada.

4.3 Power

Payless Canada has the corporate power, capacity, legal right and authority, and has taken all necessary corporate action, to issue this Note and to perform this Note. The execution and delivery of this Note and the consummation of the transactions contemplated hereby have been, and shall hereafter continue to be, duly authorized by all necessary action on the part of Payless Canada.

4.4 Licenses

Payless Canada has all necessary power, capacity, legal right and authority, and holds all material licenses, permits and consents which it requires, to own its property and to carry on its current business in each relevant jurisdiction, in each case, where the failure to hold such licenses, permits and consents would cause a material adverse effect to the business and operations of Payless Canada.

4.5 No Conflict

Neither the issuance of this Note nor the performance of this Note requires the approval of any regulatory agency having jurisdiction over Payless Canada where the failure to obtain such approval would be materially prejudicial to the enforcement hereof, nor is this Note in contravention of or in conflict with the articles of association or resolutions of the directors of Payless Canada or of the provisions of any Agreement to which Payless Canada is a party or by which any of its property may be bound or of any statute, regulation, by-law, ordinance or other law where such contravention or conflict would be materially prejudicial to the enforcement hereof, or of any judgment, decree, award, ruling or order to which Payless Canada or any of its property may be subject, where such contravention or conflict would be materially prejudicial to the enforcement hereof. No such action will oblige Payless Canada to grant any Encumbrance to any Person other than the Holder.

4.6 No Default

Payless Canada is not in breach of any material Agreement to which it is a party.

4.7 Enforceability

This Note constitutes a valid and legally binding obligation of Payless Canada enforceable against Payless Canada in accordance with its terms, subject only to bankruptcy, insolvency or other statutes or judicial decisions affecting the enforcement of creditors' rights in general, and to general principles of equity under which specific performance and injunctive relief may be refused by a court in its discretion.

4.8 Financial Information

In all written information and financial statements (if any) supplied by Payless Canada for the benefit of the Holder, Payless Canada has made no untrue statement of any material fact and has revealed all material facts of which it is aware, the omission of which would make such information and statements misleading. Payless Canada has disclosed all facts which materially adversely affect the business, properties, prospects or financial condition of Payless Canada, or the ability of Payless Canada to perform its obligations hereunder.

4.9 No Actions

There are no material actions, suits or judicial or arbitral proceedings pending or, to the knowledge of Payless Canada, threatened against Payless Canada in any court or other authority which Payless Canada expects would result in a material adverse change in the business or financial condition of Payless Canada.

4.10 Compliance with Laws

Payless Canada is not in breach of any material by-law, law, statute, regulation, rule or order, of any authority relating in any way to the operation of its business, except where such breach would not have a material adverse effect on the business and affairs of Payless Canada.

4.11 Judgments and Executions

There are no material judgments or executions filed or pending against Payless Canada.

4.12 Insolvency Proceedings

Payless Canada has not made any assignment for the benefit of creditors nor has any receiving order been made against it under the provisions of any bankruptcy and insolvency legislation in any applicable jurisdiction, nor has any Receiver, administrator, monitor, custodian or official with similar powers been appointed by court order or privately respecting Payless Canada or any of its assets or property.

4.13 Material Liabilities

There are no material liabilities of Payless Canada, whether or not accrued and whether or not determined or determinable, in respect of which Payless Canada is liable on the date of this Note which are not fully and properly reflected in the financial information of Payless Canada delivered to the Holder.

4.14 Reliance and Survival

All representations and warranties of Payless Canada made herein or in any certificate or other document delivered by or on behalf of Payless Canada for the benefit of the Holder shall survive the issuance of this Note and shall continue in full force and effect until the Obligations are discharged in full. The Holder shall be deemed to have relied upon each such representation and warranty notwithstanding any investigation made by or on behalf of the Holder at any time.

ARTICLE 5 COVENANTS OF PAYLESS CANADA

5.1 Conduct of Business

Payless Canada shall diligently conduct its business in a proper and efficient manner so as to preserve and protect its business and assets.

5.2 Register of Holders

Payless Canada shall, as part of its records, cause to be kept a register of the Holders (the “**Register**”) at the place where Payless Canada may from time to time keep its books and records as required by applicable law. The register shall contain all particulars concerning this Note and the Holder as are required by applicable law, including the name and last known address of the Holder and the Principal Amount outstanding hereunder.

5.3 Books of Account

Payless Canada shall keep proper books of account in accordance with generally accepted accounting principles and, provided that the Holder shall treat all such information as confidential and proprietary to Payless Canada and shall not disclose such information to any Person, Payless Canada shall:

- (a) furnish to the Holder all information and statements relating to its business and assets which the Holder reasonably requests; and
- (b) permit the Holder or its authorized agent at any time to have access to all premises occupied by Payless Canada and to examine the books of account and other financial records and reports of Payless Canada and to have temporary custody of, make copies of and take extracts from such

books, records and reports.

5.4 Taxes

Payless Canada shall pay all applicable Taxes when due, other than such payments as are, at the relevant time, being contested in good faith by proper proceedings which stay the imposition of any penalty, fine or lien resulting from the non-payment thereof.

5.5 Further Assurances

Payless Canada shall at all times do, execute, acknowledge and deliver or cause to be done, executed, acknowledged or delivered all such further acts, deeds, transfers, assignments, notes and assurances as the Holder may reasonably require in order to give effect to the provisions of this Note.

5.6 Maintain Corporate Existence

Payless Canada will at all times maintain its existence as a Netherlands limited liability company. Payless Canada shall do all things necessary and proper to keep and maintain its existence in good standing and in full force and effect.

5.7 Notice of Change of Name or Address

Payless Canada shall notify the Holder in writing at least twenty (20) Business Days prior to any change of (i) the name of Payless Canada; or (ii) the location of its registered or principal office address.

5.8 Reimbursements as Obligations

All amounts for which Payless Canada is required hereunder to reimburse the Holder or any Receiver shall, from the date of disbursement until the date the Holder or such Receiver receives reimbursement, be deemed advanced to Payless Canada by the Holder, shall be deemed to be Obligations and shall bear interest, accruing daily, at the Interest Rate.

5.9 General Indemnity

Payless Canada will indemnify the Holder and save it fully harmless of and from all loss, cost, damage, expense, claims and liability which it may suffer or incur in connection with (i) the exercise by the Holder of its remedies and powers hereunder, (ii) any breach of the representations or warranties contained herein, and (iii) any failure by Payless Canada to perform any of its covenants or obligations under this Note.

5.10 Financial Statements

Payless Canada shall furnish or shall cause to be furnished to the Holder:

- (a) such financial statements (if any) and such other information, accounts,
(Amended Note from PSS Canada to Dutch Co-Op) 17.01(f)

data, cash flow analyses and projections regarding the operations, business affairs and financial condition of Payless Canada, in each case as the Holder may reasonably request, from time to time; and

- (b) if requested, with each of the financial statements (if any) and other information submitted under subsection (a) above, a certificate executed by an officer of Payless Canada to the effect that to its knowledge, no Event of Default or event which, upon notice of lapse of time or both, would constitute an Event of Default, has occurred and is continuing, that the covenants contained in this Note are all complied with and that the representations and warranties in this Note are true and correct in all material respects as at that date (or advising of any material changes to the representations and warranties).

5.11 Default

Payless Canada will promptly notify the Holder of the occurrence of any event which with notice or lapse of time or both would result in an Event of Default.

ARTICLE 6 EVENTS OF DEFAULT

6.1 Acceleration and Enforcement

Whenever any Event of Default occurs and is continuing and not waived by the Holder in writing, the Obligations shall be accelerated and immediately become due and payable in full.

6.2 Events of Default

Each of the following events constitutes an “**Event of Default**”:

- (a) Payless Canada fails to make any payment of any of the Obligations when due and such default is not remedied within fifteen (15) Business Days of receipt of written notice by Payless Canada of such non-payment;
- (b) Payless Canada commits a breach of, or fails to observe or perform, any material covenant (other than those covered by subsection (a) above) under this Note or any other Agreement from time to time in effect between Payless Canada and the Holder, whether relating to the Obligations or not, and such breach or failure is not cured within fifteen (15) Business Days of the date on which Payless Canada receives written notice from the Holder that Payless Canada must cure such breach or failure;
- (c) any representation and warranty made or deemed to be made by Payless Canada under this Note shall prove to have been materially inaccurate

when made or deemed to be made and such inaccuracy is not cured within fifteen (15) Business Days of the date on which Payless Canada receives written notice from the Holder that Payless Canada must cure such default;

- (d) Payless Canada ceases or threatens to cease to carry on its business;
- (e) Payless Canada fails to discharge any judgment for the payment of money rendered against it within forty-five (45) days of receiving notice of such judgment and such judgment has a material adverse effect on Payless Canada's ability to perform its obligations under this Note;
- (f) Payless Canada commits any act of bankruptcy, becomes insolvent or admits its insolvency (as defined or provided for in any applicable statute);
- (g) any proceeding, voluntary or involuntary, is commenced respecting Payless Canada pursuant to any bankruptcy and insolvency legislation in any applicable jurisdiction;
- (h) Payless Canada passes any resolution to terminate its existence;
- (i) any Receiver, trustee, sequestrator, custodian or liquidator or Person with similar powers is appointed judicially or extra-judicially for Payless Canada or for any material part of its properties;
- (j) Payless Canada, or any property of Payless Canada, becomes subject to any execution, sequestration or other analogous process of any court or to distress or any analogous process and such proceeding has a material adverse effect on Payless Canada's ability to perform its obligations under this Note;
- (k) Payless Canada fails to pay any Taxes (other than Taxes for which liability is being contested in good faith) when due and which are not discharged within thirty (30) days and which have a material effect on the business and operations of Payless Canada; or
- (l) Payless Canada defaults under any Agreement with respect to any indebtedness to any Person other than the Holder and (i) and such default has a material adverse effect on Payless Canada's ability to perform its obligations under this Note; and (ii) such default (A) continues beyond the applicable grace period, (B) is not waived by the relevant creditor, and (C) has resulted or will, with notice or lapse of time or both, result in, the acceleration of any such indebtedness or obligation or the right of such Person to realize upon any collateral.

6.3 Waiver

The Holder may waive any Event of Default or any breach by Payless Canada of any of the provisions of this Note. No waiver, however, shall be deemed to extend to a subsequent breach or Event of Default, whether or not the same as or similar to the breach or Event of Default waived, and no act or omission by the Holder shall extend to, or be taken in any manner whatsoever to affect, any subsequent breach or Event of Default or the rights of the Holder arising therefrom. Any such waiver must be in writing and signed by the Holder to be effective.

ARTICLE 7 GENERAL

7.1 Holder Exclusively Entitled

The Holder of this Note, as from time to time registered as such in the Register will be regarded as exclusively entitled to the benefit of this Note and all Persons may act accordingly.

7.2 Assignment

This Note may be transferred or otherwise assigned by the Holder, in whole or in part, without the consent of Payless Canada, and such assignee shall have all the rights and benefits of the Holder.

7.3 Appointment of Attorney

Payless Canada hereby irrevocably appoints the Holder (and any of its officers) as attorney of Payless Canada (with full power of substitution) to do, make and execute, in the name of and on behalf of Payless Canada, upon the occurrence and during the continuance of an Event of Default, all such acts, documents, matters and things which the Holder may deem necessary or advisable to accomplish the purposes of this Note. Such appointment and power of attorney, being coupled with an interest, shall not be revoked by the insolvency or bankruptcy of Payless Canada. All acts of the attorney are ratified and approved, and the attorney shall not be liable for any act, failure to act or any other matter or thing in connection therewith, except for its own gross negligence or willful misconduct.

7.4 No Merger

The taking of any judgment shall not extinguish the liability of Payless Canada to pay and perform the Obligations nor shall the acceptance of any payment constitute or create any novation. No covenant, representation or warranty of Payless Canada herein shall merge in any judgment.

7.5 Notice

Any notice, demand or other communication (in this Section, a “**notice**”) required or permitted to be given or made hereunder shall be in writing and shall be sufficiently given or made if:

- (a) delivered in person during normal business hours of the recipient on a Business Day and left with a receptionist or other responsible employee of the recipient at the relevant address set forth below;
- (b) except during any period of actual or imminent interruption of postal services due to strike, lockout or other cause, sent by registered mail (or, if no registered mail is available, by prepaid first class mail); or
- (c) sent by Transmission, charges prepaid and receipt confirmed;

to the Holder at the address recorded from time to time in the Register, which shall be at:

3231 SE Sixth Avenue
Topeka, KS 66607

Fax Number: 785-295-6084
Attention: General Counsel

and to Payless Canada at:

3231 S.E. Sixth Avenue
Topeka, KS 66607
USA

Fax Number: 785-295-6084
Attention: General Counsel

Each notice sent in accordance with this Section shall be deemed to have been received:

- (i) at the time on the day it was delivered;
- (ii) at the beginning of business on the third Business Day after it was mailed (excluding each day on which there is any interruption of postal services due to strike, lockout or other cause); or
- (iii) one hour after it was sent on the same day that it was sent by Transmission, or at the start of business on the first Business Day thereafter if the day on which it was sent by Transmission was not a Business Day or if the time at which it was sent was not during

or prior to normal business hours on a Business Day.

Addresses for notice may be changed by giving notice in accordance with this section.

7.6 Time of the Essence

Time is of the essence of this Note and each of its provisions.

7.7 Performance on Non-Business Days

If any action is required to be taken pursuant to this Note on or by a specified date which is not a Business Day, then such action shall be valid if taken on or by the next succeeding Business Day.

7.8 Governing Law

This Note shall be governed by, and interpreted and enforced in accordance with, the laws in force in the Netherlands (excluding any conflict of laws rule or principle which might refer such construction to the laws of another jurisdiction).

7.9 Entire Agreement

There are no representations, warranties, conditions, other agreements or acknowledgments, whether direct or collateral, express or implied, (including any representation, warranty, condition, agreement or acknowledgment in any other agreement or document delivered in connection with or in any manner related to this Note, unless expressly otherwise provided herein), that form part of or affect this Note or the Obligations, other than as set forth herein.

7.10 Successors

This Note shall enure to the benefit of the Holder and its successors and assigns and be binding on Payless Canada and its successors.

7.11 Provisions Reasonable

Payless Canada acknowledges that the provisions of this Note are continuing, are commercially reasonable and not manifestly unreasonable.

7.12 Invalidity

If any provision of this Note is determined to be invalid or unenforceable by a court of competent jurisdiction, that provision shall be deemed to be severed herefrom, and the remaining provisions of this Note shall not be affected thereby and shall remain valid and enforceable.

7.13 Note Lost or Stolen

If this Note is mutilated, lost, stolen or destroyed, Payless Canada shall, upon being furnished with evidence satisfactory to it of such mutilation, loss, theft or destruction:

- (a) issue and deliver a replacement Note of like date and tenor as the one mutilated, lost, stolen or destroyed, in exchange for, in place of and upon cancellation of the mutilated Note, or in lieu of and in substitution for the lost, stolen or destroyed Note; and
- (b) record such replacement Note in the Register.

7.14 Amendment

No Agreement purporting to amend, supplement or otherwise vary this Note shall be binding upon either Payless Canada or the Holder unless that agreement is in writing and signed by Payless Canada and the Holder, and is noted in the Register.

7.15 Set-Off, Combination of Accounts and Crossclaims

In any action for payment of a debt by Payless Canada or the Holder, as the case may be, (for purposes of this Section 7.15, the "**Plaintiff**") against the other party (for purposes of this Section 7.15, the "**Defendant**"):

- (a) if the action is for payment of a debt arising pursuant to another agreement or in respect of another transaction or circumstance, the Defendant may, by way of defence, claim the right to set off against the Plaintiff's claim any debt owed by the Plaintiff to the Defendant arising pursuant to this Note;
- (b) if the action is for payment of a debt arising pursuant to this Note, the Defendant may, by way of defence, claim the right to set off against the Plaintiff's claim any debt owed by the Plaintiff to the Defendant pursuant to another agreement or in respect of another transaction or circumstance;
- (c) mutual debts between the Plaintiff and Defendant may be set off against each other even if they are of a different nature or arise under an agreement, transaction or circumstance unrelated to this Note; and
- (d) for debts to be set off as aforesaid they must, on the date the Defendant seeks to invoke its right of set-off, be owing to each other and not to a third party (including any assignee or purchaser of a debt).


7.16 Receipt of Copy

Payless Canada acknowledges receipt of a photocopy of this Note.

[remainder of page intentionally left blank - signatures on following page]

IN WITNESS WHEREOF Payless Canada has executed and delivered this Note on the date first written above.

Collective Brands II Cooperatief U.A.

By: 
Name: Harold J. Herman
Title: Director

By: _____
Name:
Title:

Acknowledged and Agreed:

PAYLESS SHOESOURCE CANADA INC.

By: 
Name: Laurie L. Tietjen
Title: Vice President

IN WITNESS WHEREOF Payless Canada has executed and delivered this Note on the date first written above.

Collective Brands II Cooperatief U.A.

By: _____

Name: Harold J. Herman

Title: Director

By: _____

Name: ~~Tradman Netherlands B.V.~~

Title:

Acknowledged and Agreed:

PAYLESS SHOESOURCE CANADA INC.

By: _____

Name: Laurie L. Tietjen

Title: Vice President

SCHEDULE "A"

Definitions

"**Agreement**" means any written agreement, indenture, instrument or undertaking.

"**Business Day**" means any day of the week except Saturday, Sunday or any statutory or civic holiday in the Netherlands.

"**CB CO-OP**" has the meaning ascribed thereto in the recital hereof.

"**Payless Canada**" has the meaning ascribed thereto in the recitals hereof.

"**Event of Default**" means any of the events set out in Section 6.2.

"**Holder**" means CB CO-OP, the registered holder of the Note according to the Register.

"**including**" means "including without limitation" and the term "including" shall not be construed to limit any general statement which it follows to the specific or similar items or matters immediately following it.

"**Interest Payment**" has the meaning ascribed thereto in Section 2.1 hereof;

"**Interest Payment Date**" has the meaning ascribed thereto in Section 2.1 hereof.

"**Interest Period**" means each period commencing on a Start Date and ending on the applicable End Date. "**End Date**" means, in respect of the first Interest Period, July 31, 2008, and means, in respect of any other Interest Period, July 31 and January 31 of each year until the Maturity Date. "**Start Date**" means, in respect of the first Interest Period, April 28, 2008 and means, in respect of any other Interest Period, the day immediately following the End Date of the immediately preceding Interest Period.

"**Interest Rate**" means a fixed rate per annum equal to two percent (2.0%), or such other interest rate as the Holder and Payless Canada may agree in writing and attach hereto as a Schedule. Interest hereunder shall be calculated on the basis of the number of days elapsed divided by 360 (the 360 day year being comprised of twelve 30 day months). For the purposes of the Interest Act (Canada) the interest rate in this Note which is expressed as an annual rate is equivalent to such determined rate multiplied by the actual number of days in the year in which same is to be ascertained and divided by the number of days in the 360 day period upon which it was based.

"**Maturity Date**" means April 28, 2016.

"**Note**" means this note and all schedules attached hereto as the same may be amended, supplemented, restated, replaced, extended or renewed from time to time, and all references to "**hereto**", "**herein**", "**hereof**", "**hereby**" and "**hereunder**", including similar expressions, refer to this Note and not to any particular section or portion of it.

References to "**Article**", "**Section**", or "**Schedule**" refer to the applicable article, section or schedule of this Note, as the case may be.

"**Obligations**" means the Principal Amount of this Note, all interest due thereon and all other monies from time to time owing pursuant to this Note, together with the observance and performance by Payless Canada of its covenants and obligations hereunder.

"**Person**" includes an individual, corporation, partnership, joint venture, trust, unincorporated organization, the Crown or any agency or instrumentality thereof or any other entity recognized by law.

"**Prepayment Amount**" has the meaning ascribed thereto in Section 2.2 hereof.

"**Prepayment Date**" has the meaning ascribed thereto in Section 2.2 hereof.

"**Principal Amount**" has the meaning ascribed thereto in Section 2.1 hereof.

"**Receiver**" means receiver, manager, receiver and manager or agent.

"**Register**" has the meaning ascribed thereto in Section 5.2 hereof.

"**Restated Principal Amount**" has the meaning ascribed thereto in Section 2.2 hereof.

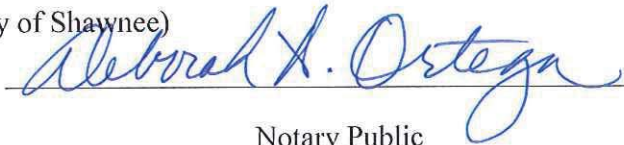
"**Taxes**" means all taxes, imposts, rates, levies, assessments and government fees or dues lawfully levied, assessed or imposed in respect of any Person or in respect of this Note (including in respect of any payment thereunder) including, without limitation, income, sales, excise, use, goods and services, property, business transfer and value added taxes.

"**Transmission**" means any electronic means of sending messages, including telex or facsimile transmission, which produces a permanent written record.

THIS IS **EXHIBIT "G"** REFERRED TO IN THE
AFFIDAVIT OF MICHAEL SCHWINDLE, SWORN BEFORE
ME THIS 6th DAY OF APRIL, 2017.

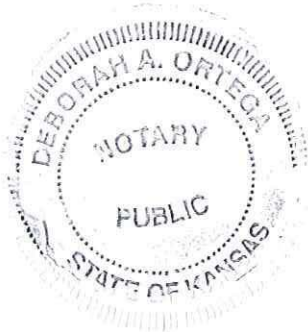
State of Kansas)

County of Shawnee)



Notary Public

My Commission Expires: 12/2/20



AMENDED AND RESTATED NOTE AGREEMENT

PAYLESS SHOESOURCE CANADA INC., a corporation formed under the laws of Canada ("**Payless Canada**").

\$22,965,500 CDN
Due: July 14, 2016

FOR VALUE RECEIVED, THIS AMENDED AND RESTATED NOTE is issued as of the 9th day of October, 2012 by Payless Canada, whose principal place of business is located at 191 The West Mall, Suite 915, Etobicoke, Ontario, M9C 5K8 Canada to Collective Brands II Cooperatief U.A. ("**CB CO-OP**").

WHEREAS, Payless Canada previously issued a Note Agreement dated July 14, 2008 to Stride Rite Europe B.V., a private company with limited liability formed under the laws of the Netherlands, in the principal amount of \$22,965,500 CDN (the "**2008 Note**");

WHEREAS, the 2008 Note was amended as of January 29, 2012 to reduce the interest rate from seven and three-quarters percent (7.75%) to two percent (2.0%); and

WHEREAS, Stride Rite Europe B.V. transferred the 2008 Note to CB CO-OP effective as of October 9, 2012; and

WHEREAS, Payless Canada and CB CO-OP now desire to enter into this Amended and Restated Note Agreement to replace the 2008 Note and reflect (i) the reduction of the interest rate in the 2008 Note pursuant to the January 29, 2012 amendment and (ii) the transfer of the 2008 Note from Stride Rite Europe B.V. to CB CO-OP.

NOW THEREFORE for good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), Payless Canada covenants, acknowledges, represents and warrants as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

Each word and phrase with initial capitals used in this Note has the meaning assigned to it in Schedule "A".

1.2 Replacement

This Amended and Restated Note Agreement shall replace the 2008 Note beginning as of October 9, 2012.

1.3 Statutes

A reference in this Note to a statute refers to that statute as it may be amended from time to time, and to any restated or successor legislation of comparable effect.

1.4 Headings

The division of this Note into Articles, Sections, and Schedules and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Note. The Article, Section and Schedule headings in this Note are not intended to be full or precise descriptions of the text to which they refer and shall not be considered part of this Note.

1.5 Number and Gender

In this Note, words in the singular include the plural and *vice versa* and words in one gender include all genders.

1.6 Currency

All sums of money referenced under this Note shall be in Canadian Dollars unless otherwise stated.

1.7 Schedules

The following Schedules are incorporated into and form part of this Note:

<u>SCHEDULE</u>	<u>DESCRIPTION</u>
A	Definitions

ARTICLE 2 NOTE PAYMENTS

2.1 Promise to Pay

Payless Canada hereby acknowledges itself indebted to the Holder and:

- (a) promises to pay the Holder, by uncertified cheque or wire transfer (unless otherwise directed by the Holder) payable to or to the order of the Holder and delivered to the address of the Holder shown in the Register or wire transferred to the account of the Holder (the "**Account**") the particulars of which shall be advised by the Holder to Payless Canada, from time to time, upon request from Payless Canada, on the Maturity Date (or on such earlier date as the principal indebtedness hereby evidenced may become payable in accordance with the terms hereof) the principal sum of Twenty Two Million Nine Hundred Sixty Five Thousand Five Hundred Canadian

Dollars (CDN\$22,965,500) (the "**Principal Amount**"); and

- (b) promises to pay interest thereon to the Holder, at the rate per annum equal to the Interest Rate, both before and after maturity, default or judgment, together with interest on overdue interest at the same rate, provided that the amount of any such interest obligation payable on any Interest Payment Date shall be rounded down to the next whole dollar,

which acknowledgements of indebtedness Holder accepts.

Without limiting Payless Canada's payment obligation, the Holder of this Note may demand payment of the Principal Amount by presenting and surrendering this Note on the Maturity Date (or on any earlier date the Principal Amount may become payable in accordance with the terms hereof) at the office of Payless Canada specified in Section 7.5 hereof (or at such other place as Payless Canada may designate from time to time by five (5) Business Days written notice to the Holder), or may demand payment at such times in any other manner permitted by applicable law. Such interest in respect of each Interest Period (an "**Interest Payment**") shall accrue on a daily basis (without compounding unless interest is overdue) and shall be calculated in arrears (I) on the last Business Day of each Interest Period (with the first such payment of interest becoming due and payable on the last Business Day of the first Interest Period of this Note), and (II) on such earlier date as the Principal Amount shall be repaid in full in accordance with the terms hereof. Each Interest Payment shall be payable not later than the end of the next following Interest Period, or in the case of an Interest Payment determined pursuant to clause 2.1(II) above, the date of repayment of the Principal Amount (each, an "**Interest Payment Date**"). Interest shall, unless otherwise agreed, be paid by uncertified cheque or wire transfer payable on the Interest Payment Date to the Holder, mailed to the Holder's address as shown on the Register three (3) Business Days prior to the relevant Interest Payment Date or wire transferred on or before the Interest Payment Date to the Account. Notwithstanding the foregoing in this Section 2.1, Payless Canada shall have the option, at its sole discretion, exercisable by written notice provided to Holder, as specified in Section 7.5 hereof to defer payment of any and all interest owing hereunder to the Holder from time to time until the Maturity Date, and any such deferred interest shall be subject to interest compounding thereon calculated after the last Interest Payment Date for the particular year and such compound interest shall be payable no later than 60 days after the end of the following year.

2.2 Prepayment

Payless Canada shall have the right to prepay the whole Principal Amount or any part thereof (and any accrued but unpaid interest thereon to date) upon reasonable notice being provided to the Holder, without penalty. If Payless Canada makes a partial prepayment of Principal Amount, the remaining Principal Amount of this Note shall, upon receipt by the Holder of the amount being prepaid (the "**Prepayment Amount**"), be automatically restated at the date of prepayment (the "**Prepayment Date**") to be an amount equal to the original Principal Amount less the Prepayment Amount (the

“**Restated Principal Amount**”) and Payless Canada shall forthwith record such prepayment and the Restated Principal Amount in the Register.

2.3 No Illegal Interest

Payless Canada and the Holder hereby acknowledge and agree that it is their express intention and desire that in no event shall the total payment to the Holder whether for interest, fees, additional consideration or otherwise, exceed the maximum payment permitted by law, and the parties further acknowledge and agree that notwithstanding any other terms or conditions of this Note, the maximum amount payable to the Holder shall not exceed the maximum allowable return permitted under the laws of the Cayman Islands or any other applicable jurisdiction and the provisions of this Note shall be modified and are deemed to be modified to the extent necessary to give effect to the foregoing.

2.4 Withholding Tax

Payless Canada shall withhold and remit all Taxes (if applicable) in respect of payments to the Holder under this Note to the relevant authority when and as due and as promptly as possible thereafter Payless Canada shall, upon Holder’s request, send to the Holder a copy of an original official receipt or other required documentary evidence received by Payless Canada showing prompt remittance thereof, and it being understood by the parties that any such remittance by Payless Canada will constitute a portion of the Interest Payment to which the remittance is related. If Payless Canada fails to pay any such Taxes when due to the appropriate taxing authority or fails to provide the required receipts or other required documentary evidence, Payless Canada shall indemnify the Holder for any incremental Taxes, interest or penalties that may become payable by the Holder as a result of any such failure. The agreements in this subsection shall survive the termination of this Note and the payment of the Principal Amount and all other amounts payable hereunder. Payless Canada and the Holder agree to cooperate to structure agreements to reduce such Taxes and tax withholdings or other tax exposures.

ARTICLE 3 RECOURSE

3.1 Recourse For Principal and Interest

Notwithstanding anything to the contrary contained in this Note, the recourse of the Holder against Payless Canada hereunder for:

- (a) the payment of all amounts owing hereunder on account of the Principal Amount and all interest thereon; and
- (b) the payment of any other obligations or liabilities of Payless Canada to the Holder hereunder,

shall, after (but not prior to) any Event of Default, not be limited in any way, other than

applicable law, for any amounts payable by Payless Canada hereunder or for the performance of any of Payless Canada's covenants, liabilities or obligations hereunder.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF PAYLESS CANADA

Payless Canada represents and warrants to and in favour of the Holder that, on the date of this Note:

4.1 Name

The full legal name of Payless Canada is "Payless ShoeSource Canada Inc."

4.2 Incorporation

Payless Canada is a corporation formed under the laws of Canada.

4.3 Power

Payless Canada has the corporate power, capacity, legal right and authority, and has taken all necessary corporate action, to issue this Note and to perform this Note. The execution and delivery of this Note and the consummation of the transactions contemplated hereby have been, and shall hereafter continue to be, duly authorized by all necessary action on the part of Payless Canada.

4.4 Licenses

Payless Canada has all necessary power, capacity, legal right and authority, and holds all material licenses, permits and consents which it requires, to own its property and to carry on its current business in each relevant jurisdiction, in each case, where the failure to hold such licenses, permits and consents would cause a material adverse effect to the business and operations of Payless Canada.

4.5 No Conflict

Neither the issuance of this Note nor the performance of this Note requires the approval of any regulatory agency having jurisdiction over Payless Canada where the failure to obtain such approval would be materially prejudicial to the enforcement hereof, nor is this Note in contravention of or in conflict with the articles of association or resolutions of the directors of Payless Canada or of the provisions of any Agreement to which Payless Canada is a party or by which any of its property may be bound or of any statute, regulation, by-law, ordinance or other law where such contravention or conflict would be materially prejudicial to the enforcement hereof, or of any judgment, decree, award, ruling or order to which Payless Canada or any of its property may be subject, where such contravention or conflict would be materially prejudicial to the enforcement hereof. No such action will oblige Payless Canada to grant any Encumbrance to any Person other than the Holder.

4.6 No Default

Payless Canada is not in breach of any material Agreement to which it is a party.

4.7 Enforceability

This Note constitutes a valid and legally binding obligation of Payless Canada enforceable against Payless Canada in accordance with its terms, subject only to bankruptcy, insolvency or other statutes or judicial decisions affecting the enforcement of creditors' rights in general, and to general principles of equity under which specific performance and injunctive relief may be refused by a court in its discretion.

4.8 Financial Information

In all written information and financial statements (if any) supplied by Payless Canada for the benefit of the Holder, Payless Canada has made no untrue statement of any material fact and has revealed all material facts of which it is aware, the omission of which would make such information and statements misleading. Payless Canada has disclosed all facts which materially adversely affect the business, properties, prospects or financial condition of Payless Canada, or the ability of Payless Canada to perform its obligations hereunder.

4.9 No Actions

There are no material actions, suits or judicial or arbitral proceedings pending or, to the knowledge of Payless Canada, threatened against Payless Canada in any court or other authority which Payless Canada expects would result in a material adverse change in the business or financial condition of Payless Canada.

4.10 Compliance with Laws

Payless Canada is not in breach of any material by-law, law, statute, regulation, rule or order, of any authority relating in any way to the operation of its business, except where such breach would not have a material adverse effect on the business and affairs of Payless Canada.

4.11 Judgments and Executions

There are no material judgments or executions filed or pending against Payless Canada.

4.12 Insolvency Proceedings

Payless Canada has not made any assignment for the benefit of creditors nor has any receiving order been made against it under the provisions of any bankruptcy and insolvency legislation in any applicable jurisdiction, nor has any Receiver, administrator, monitor, custodian or official with similar powers been appointed by court order or privately respecting Payless Canada or any of its assets or property.

4.13 Material Liabilities

There are no material liabilities of Payless Canada, whether or not accrued and whether or not determined or determinable, in respect of which Payless Canada is liable on the date of this Note which are not fully and properly reflected in the financial information of Payless Canada delivered to the Holder.

4.14 Reliance and Survival

All representations and warranties of Payless Canada made herein or in any certificate or other document delivered by or on behalf of Payless Canada for the benefit of the Holder shall survive the issuance of this Note and shall continue in full force and effect until the Obligations are discharged in full. The Holder shall be deemed to have relied upon each such representation and warranty notwithstanding any investigation made by or on behalf of the Holder at any time.

ARTICLE 5 COVENANTS OF PAYLESS CANADA

5.1 Conduct of Business

Payless Canada shall diligently conduct its business in a proper and efficient manner so as to preserve and protect its business and assets.

5.2 Register of Holders

Payless Canada shall, as part of its records, cause to be kept a register of the Holders (the "**Register**") at the place where Payless Canada may from time to time keep its books and records as required by applicable law. The register shall contain all particulars concerning this Note and the Holder as are required by applicable law, including the name and last known address of the Holder and the Principal Amount outstanding hereunder.

5.3 Books of Account

Payless Canada shall keep proper books of account in accordance with generally accepted accounting principles and, provided that the Holder shall treat all such information as confidential and proprietary to Payless Canada and shall not disclose such information to any Person, Payless Canada shall:

- (a) furnish to the Holder all information and statements relating to its business and assets which the Holder reasonably requests; and
- (b) permit the Holder or its authorized agent at any time to have access to all premises occupied by Payless Canada and to examine the books of account and other financial records and reports of Payless Canada and to have temporary custody of, make copies of and take extracts from such

books, records and reports.

5.4 Taxes

Payless Canada shall pay all applicable Taxes when due, other than such payments as are, at the relevant time, being contested in good faith by proper proceedings which stay the imposition of any penalty, fine or lien resulting from the non-payment thereof.

5.5 Further Assurances

Payless Canada shall at all times do, execute, acknowledge and deliver or cause to be done, executed, acknowledged or delivered all such further acts, deeds, transfers, assignments, notes and assurances as the Holder may reasonably require in order to give effect to the provisions of this Note.

5.6 Maintain Corporate Existence

Payless Canada will at all times maintain its existence as a Netherlands limited liability company. Payless Canada shall do all things necessary and proper to keep and maintain its existence in good standing and in full force and effect.

5.7 Notice of Change of Name or Address

Payless Canada shall notify the Holder in writing at least twenty (20) Business Days prior to any change of (i) the name of Payless Canada; or (ii) the location of its registered or principal office address.

5.8 Reimbursements as Obligations

All amounts for which Payless Canada is required hereunder to reimburse the Holder or any Receiver shall, from the date of disbursement until the date the Holder or such Receiver receives reimbursement, be deemed advanced to Payless Canada by the Holder, shall be deemed to be Obligations and shall bear interest, accruing daily, at the Interest Rate.

5.9 General Indemnity

Payless Canada will indemnify the Holder and save it fully harmless of and from all loss, cost, damage, expense, claims and liability which it may suffer or incur in connection with (i) the exercise by the Holder of its remedies and powers hereunder, (ii) any breach of the representations or warranties contained herein, and (iii) any failure by Payless Canada to perform any of its covenants or obligations under this Note.

5.10 Financial Statements

Payless Canada shall furnish or shall cause to be furnished to the Holder:

- (a) such financial statements (if any) and such other information, accounts,
(Amended Note 2 of 2 from PSS Canada to Dutch Co-Op) 17.01(g)

data, cash flow analyses and projections regarding the operations, business affairs and financial condition of Payless Canada, in each case as the Holder may reasonably request, from time to time; and

- (b) if requested, with each of the financial statements (if any) and other information submitted under subsection (a) above, a certificate executed by an officer of Payless Canada to the effect that to its knowledge, no Event of Default or event which, upon notice of lapse of time or both, would constitute an Event of Default, has occurred and is continuing, that the covenants contained in this Note are all complied with and that the representations and warranties in this Note are true and correct in all material respects as at that date (or advising of any material changes to the representations and warranties).

5.11 Default

Payless Canada will promptly notify the Holder of the occurrence of any event which with notice or lapse of time or both would result in an Event of Default.

ARTICLE 6 EVENTS OF DEFAULT

6.1 Acceleration and Enforcement

Whenever any Event of Default occurs and is continuing and not waived by the Holder in writing, the Obligations shall be accelerated and immediately become due and payable in full.

6.2 Events of Default

Each of the following events constitutes an “**Event of Default**”:

- (a) Payless Canada fails to make any payment of any of the Obligations when due and such default is not remedied within fifteen (15) Business Days of receipt of written notice by Payless Canada of such non-payment;
- (b) Payless Canada commits a breach of, or fails to observe or perform, any material covenant (other than those covered by subsection (a) above) under this Note or any other Agreement from time to time in effect between Payless Canada and the Holder, whether relating to the Obligations or not, and such breach or failure is not cured within fifteen (15) Business Days of the date on which Payless Canada receives written notice from the Holder that Payless Canada must cure such breach or failure;
- (c) any representation and warranty made or deemed to be made by Payless Canada under this Note shall prove to have been materially inaccurate

when made or deemed to be made and such inaccuracy is not cured within fifteen (15) Business Days of the date on which Payless Canada receives written notice from the Holder that Payless Canada must cure such default;

- (d) Payless Canada ceases or threatens to cease to carry on its business;
- (e) Payless Canada fails to discharge any judgment for the payment of money rendered against it within forty-five (45) days of receiving notice of such judgment and such judgment has a material adverse effect on Payless Canada's ability to perform its obligations under this Note;
- (f) Payless Canada commits any act of bankruptcy, becomes insolvent or admits its insolvency (as defined or provided for in any applicable statute);
- (g) any proceeding, voluntary or involuntary, is commenced respecting Payless Canada pursuant to any bankruptcy and insolvency legislation in any applicable jurisdiction;
- (h) Payless Canada passes any resolution to terminate its existence;
- (i) any Receiver, trustee, sequestrator, custodian or liquidator or Person with similar powers is appointed judicially or extra-judicially for Payless Canada or for any material part of its properties;
- (j) Payless Canada, or any property of Payless Canada, becomes subject to any execution, sequestration or other analogous process of any court or to distress or any analogous process and such proceeding has a material adverse effect on Payless Canada's ability to perform its obligations under this Note;
- (k) Payless Canada fails to pay any Taxes (other than Taxes for which liability is being contested in good faith) when due and which are not discharged within thirty (30) days and which have a material effect on the business and operations of Payless Canada; or
- (l) Payless Canada defaults under any Agreement with respect to any indebtedness to any Person other than the Holder and (i) and such default has a material adverse effect on Payless Canada's ability to perform its obligations under this Note; and (ii) such default (A) continues beyond the applicable grace period, (B) is not waived by the relevant creditor, and (C) has resulted or will, with notice or lapse of time or both, result in, the acceleration of any such indebtedness or obligation or the right of such Person to realize upon any collateral.

6.3 Waiver

The Holder may waive any Event of Default or any breach by Payless Canada of any of the provisions of this Note. No waiver, however, shall be deemed to extend to a subsequent breach or Event of Default, whether or not the same as or similar to the breach or Event of Default waived, and no act or omission by the Holder shall extend to, or be taken in any manner whatsoever to affect, any subsequent breach or Event of Default or the rights of the Holder arising therefrom. Any such waiver must be in writing and signed by the Holder to be effective.

ARTICLE 7 GENERAL

7.1 Holder Exclusively Entitled

The Holder of this Note, as from time to time registered as such in the Register will be regarded as exclusively entitled to the benefit of this Note and all Persons may act accordingly.

7.2 Assignment

This Note may be transferred or otherwise assigned by the Holder, in whole or in part, without the consent of Payless Canada, and such assignee shall have all the rights and benefits of the Holder.

7.3 Appointment of Attorney

Payless Canada hereby irrevocably appoints the Holder (and any of its officers) as attorney of Payless Canada (with full power of substitution) to do, make and execute, in the name of and on behalf of Payless Canada, upon the occurrence and during the continuance of an Event of Default, all such acts, documents, matters and things which the Holder may deem necessary or advisable to accomplish the purposes of this Note. Such appointment and power of attorney, being coupled with an interest, shall not be revoked by the insolvency or bankruptcy of Payless Canada. All acts of the attorney are ratified and approved, and the attorney shall not be liable for any act, failure to act or any other matter or thing in connection therewith, except for its own gross negligence or willful misconduct.

7.4 No Merger

The taking of any judgment shall not extinguish the liability of Payless Canada to pay and perform the Obligations nor shall the acceptance of any payment constitute or create any novation. No covenant, representation or warranty of Payless Canada herein shall merge in any judgment.

7.5 Notice

Any notice, demand or other communication (in this Section, a “**notice**”) required or permitted to be given or made hereunder shall be in writing and shall be sufficiently given or made if:

- (a) delivered in person during normal business hours of the recipient on a Business Day and left with a receptionist or other responsible employee of the recipient at the relevant address set forth below;
- (b) except during any period of actual or imminent interruption of postal services due to strike, lockout or other cause, sent by registered mail (or, if no registered mail is available, by prepaid first class mail); or
- (c) sent by Transmission, charges prepaid and receipt confirmed;

to the Holder at the address recorded from time to time in the Register, which shall be at:

Pannekeetwes 22, 1704 PL
Heerhugowaard
the Netherlands

Fax Number: (31) 72 5717300
Attention: General Counsel

and to Payless Canada at:

3231 S.E. Sixth Avenue
Topeka, KS 66607
USA

Fax Number: 785-295-6084
Attention: General Counsel

Each notice sent in accordance with this Section shall be deemed to have been received:

- (i) at the time on the day it was delivered;
- (ii) at the beginning of business on the third Business Day after it was mailed (excluding each day on which there is any interruption of postal services due to strike, lockout or other cause); or
- (iii) one hour after it was sent on the same day that it was sent by Transmission, or at the start of business on the first Business Day thereafter if the day on which it was sent by Transmission was not

a Business Day or if the time at which it was sent was not during or prior to normal business hours on a Business Day.

Addresses for notice may be changed by giving notice in accordance with this section.

7.6 Time of the Essence

Time is of the essence of this Note and each of its provisions.

7.7 Performance on Non-Business Days

If any action is required to be taken pursuant to this Note on or by a specified date which is not a Business Day, then such action shall be valid if taken on or by the next succeeding Business Day.

7.8 Governing Law

This Note shall be governed by, and interpreted and enforced in accordance with, the laws in force in the Netherlands (excluding any conflict of laws rule or principle which might refer such construction to the laws of another jurisdiction).

7.9 Entire Agreement

There are no representations, warranties, conditions, other agreements or acknowledgments, whether direct or collateral, express or implied, (including any representation, warranty, condition, agreement or acknowledgment in any other agreement or document delivered in connection with or in any manner related to this Note, unless expressly otherwise provided herein), that form part of or affect this Note or the Obligations, other than as set forth herein.

7.10 Successors

This Note shall enure to the benefit of the Holder and its successors and assigns and be binding on Payless Canada and its successors.

7.11 Provisions Reasonable

Payless Canada acknowledges that the provisions of this Note are continuing, are commercially reasonable and not manifestly unreasonable.

7.12 Invalidity

If any provision of this Note is determined to be invalid or unenforceable by a court of competent jurisdiction, that provision shall be deemed to be severed herefrom, and the remaining provisions of this Note shall not be affected thereby and shall remain valid and enforceable.

7.13 Note Lost or Stolen

If this Note is mutilated, lost, stolen or destroyed, Payless Canada shall, upon being furnished with evidence satisfactory to it of such mutilation, loss, theft or destruction:

- (a) issue and deliver a replacement Note of like date and tenor as the one mutilated, lost, stolen or destroyed, in exchange for, in place of and upon cancellation of the mutilated Note, or in lieu of and in substitution for the lost, stolen or destroyed Note; and
- (b) record such replacement Note in the Register.

7.14 Amendment

No Agreement purporting to amend, supplement or otherwise vary this Note shall be binding upon either Payless Canada or the Holder unless that agreement is in writing and signed by Payless Canada and the Holder, and is noted in the Register.

7.15 Set-Off, Combination of Accounts and Crossclaims

In any action for payment of a debt by Payless Canada or the Holder, as the case may be, (for purposes of this Section 7.15, the "**Plaintiff**") against the other party (for purposes of this Section 7.15, the "**Defendant**"):

- (a) if the action is for payment of a debt arising pursuant to another agreement or in respect of another transaction or circumstance, the Defendant may, by way of defence, claim the right to set off against the Plaintiff's claim any debt owed by the Plaintiff to the Defendant arising pursuant to this Note;
- (b) if the action is for payment of a debt arising pursuant to this Note, the Defendant may, by way of defence, claim the right to set off against the Plaintiff's claim any debt owed by the Plaintiff to the Defendant pursuant to another agreement or in respect of another transaction or circumstance;
- (c) mutual debts between the Plaintiff and Defendant may be set off against each other even if they are of a different nature or arise under an agreement, transaction or circumstance unrelated to this Note; and
- (d) for debts to be set off as aforesaid they must, on the date the Defendant seeks to invoke its right of set-off, be owing to each other and not to a third party (including any assignee or purchaser of a debt).


7.16 Receipt of Copy

Payless Canada acknowledges receipt of a photocopy of this Note.

[remainder of page intentionally left blank - signatures on following page]

IN WITNESS WHEREOF Payless Canada has executed and delivered this Note on the date first written above.

Collective Brands II Cooperatief U.A.

By: 
Name: Harold J. Herman
Title: Director

By: _____
Name:
Title:

Acknowledged and Agreed:

PAYLESS SHOESOURCE CANADA INC.

By: 
Name: Laurie L. Tietjen
Title: Vice President

IN WITNESS WHEREOF Payless Canada has executed and delivered this Note on the date first written above.

Collective Brands II Cooperatief U.A.

By: _____
Name: Harold J. Herman
Title: Director

By: _____
Name: Tradman Netherlands B.V.
Title:

Acknowledged and Agreed:

PAYLESS SHOESOURCE CANADA INC.

By: _____
Name: Laurie L. Tietjen
Title: Vice President

SCHEDULE "A"

Definitions

"**Agreement**" means any written agreement, indenture, instrument or undertaking.

"**Business Day**" means any day of the week except Saturday, Sunday or any statutory or civic holiday in the Netherlands.

"**CB CO-OP**" has the meaning ascribed thereto in the recital hereof.

"**Payless Canada**" has the meaning ascribed thereto in the recitals hereof.

"**Event of Default**" means any of the events set out in Section 6.2.

"**Holder**" means CB CO-OP, the registered holder of the Note according to the Register.

"**including**" means "including without limitation" and the term "including" shall not be construed to limit any general statement which it follows to the specific or similar items or matters immediately following it.

"**Interest Payment**" has the meaning ascribed thereto in Section 2.1 hereof;

"**Interest Payment Date**" has the meaning ascribed thereto in Section 2.1 hereof.

"**Interest Period**" means each period commencing on a Start Date and ending on the applicable End Date. "**End Date**" means, in respect of the first Interest Period, January 31, 2009, and means, in respect of any other Interest Period, July 31 and January 31 of each year until the Maturity Date. "**Start Date**" means, in respect of the first Interest Period, July 14, 2008 and means, in respect of any other Interest Period, the day immediately following the End Date of the immediately preceding Interest Period.

"**Interest Rate**" means a fixed rate per annum equal to two percent (2.0%), or such other interest rate as the Holder and Payless Canada may agree in writing and attach hereto as a Schedule. Interest hereunder shall be calculated on the basis of the number of days elapsed divided by 360 (the 360 day year being comprised of twelve 30 day months). For the purposes of the Interest Act (Canada) the interest rate in this Note which is expressed as an annual rate is equivalent to such determined rate multiplied by the actual number of days in the year in which same is to be ascertained and divided by the number of days in the 360 day period upon which it was based.

"**Maturity Date**" means July 14, 2016.

"**Note**" means this note and all schedules attached hereto as the same may be amended, supplemented, restated, replaced, extended or renewed from time to time, and all references to "**hereto**", "**herein**", "**hereof**", "**hereby**" and "**hereunder**", including similar expressions, refer to this Note and not to any particular section or portion of it.

References to “**Article**”, “**Section**”, or “**Schedule**” refer to the applicable article, section or schedule of this Note, as the case may be.

“**Obligations**” means the Principal Amount of this Note, all interest due thereon and all other monies from time to time owing pursuant to this Note, together with the observance and performance by Payless Canada of its covenants and obligations hereunder.

“**Person**” includes an individual, corporation, partnership, joint venture, trust, unincorporated organization, the Crown or any agency or instrumentality thereof or any other entity recognized by law.

“**Prepayment Amount**” has the meaning ascribed thereto in Section 2.2 hereof.

“**Prepayment Date**” has the meaning ascribed thereto in Section 2.2 hereof.

“**Principal Amount**” has the meaning ascribed thereto in Section 2.1 hereof.

“**Receiver**” means receiver, manager, receiver and manager or agent.

“**Register**” has the meaning ascribed thereto in Section 5.2 hereof.

“**Restated Principal Amount**” has the meaning ascribed thereto in Section 2.2 hereof.

“**Taxes**” means all taxes, imposts, rates, levies, assessments and government fees or dues lawfully levied, assessed or imposed in respect of any Person or in respect of this Note (including in respect of any payment thereunder) including, without limitation, income, sales, excise, use, goods and services, property, business transfer and value added taxes.

“**Transmission**” means any electronic means of sending messages, including telex or facsimile transmission, which produces a permanent written record.

THIS IS **EXHIBIT "H"** REFERRED TO IN THE
AFFIDAVIT OF MICHAEL SCHWINDLE, SWORN BEFORE
ME THIS 6th DAY OF APRIL, 2017.

State of Kansas)
County of Shawnee)

Notary Public

My Commission Expires: 12/2/20

RESTRUCTURING SUPPORT AGREEMENT

This RESTRUCTURING SUPPORT AGREEMENT (as amended, supplemented, or otherwise modified from time to time in accordance with the terms hereof, this “Agreement”), dated as of April 4, 2017, is entered into by and among the following parties:

- i. the Company;² and
- ii. the undersigned Holders of First Lien Claims (as defined below) in their capacity as holders of First Lien Claims and, if applicable, their capacity as Holders of Second Lien Claims (as defined below), collectively with their respective successors and permitted assigns and any subsequent holder of First Lien Claims or Second Lien Claims that becomes party hereto in accordance with the terms hereof, the “Consenting Lenders”).

The Company and each Consenting Lender, and any subsequent person or entity that becomes a party hereto in accordance with the terms hereof, are referred to herein as the “Parties” and individually as a “Party.” Each Consenting Party intends to be and is bound under this Agreement with respect to any and all claims against, or interests in, the Company whether currently held or hereafter acquired, by such Consenting Party.

WHEREAS, the Parties and their respective professionals have negotiated a restructuring and recapitalization transaction (the “Restructuring,” and the transactions contemplated thereby, the “Restructuring Transactions”) that will be implemented and consummated pursuant to a chapter 11 plan of reorganization (as may be modified in accordance with Section 10 hereof, the “Plan”), the terms of which shall be consistent in all respects with those set forth in this Agreement, the term sheet attached hereto as Exhibit A (the “Term Sheet”), the DIP Documents (as defined below), and the Definitive Documents (as defined below) to be filed in cases (the “Chapter 11 Cases”) commenced under chapter 11 of title 11 of

¹ Each of the exhibits attached hereto and any schedules to such exhibits (collectively, the “Exhibits and Schedules”) is expressly incorporated herein and made a part of this Agreement, and all references to this Agreement shall include the Exhibits and Schedules. In the event of any inconsistency between this Agreement (without reference to the Exhibits and Schedules) and the Exhibits and Schedules, this Agreement (without reference to the Exhibits and Schedules) shall govern; provided, however, that to the extent there is a conflict among the Exhibits and Schedules, the conflicting term of the Term Sheet shall control and govern.

² The “Company” shall mean, collectively, 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; and Payless International Franchising, LLC.

³ Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Term Sheet. The Term Sheet is expressly incorporated herein by reference and made a part of this Agreement as if fully set forth herein. The Term Sheet sets forth the material terms and conditions of the Restructuring Transactions; provided, however, that the Term Sheet is supplemented by the terms and conditions of this Agreement. In the event of any inconsistency between the Term Sheet and this Agreement, this Agreement shall control.

the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Eastern District of Missouri (the "Bankruptcy Court");

WHEREAS, as of the date hereof, the Debtors have debt outstanding under that certain First Lien Term Loan and Guarantee Agreement, dated as of March 11, 2014, by and among (i) WBG – PSS Holdings LLC, as Holdings, and Payless Inc., Payless Finance, Inc., Payless ShoeSource, Inc., and Payless ShoeSource Distribution, Inc., as Borrowers, (collectively, the "Company Credit Agreement Parties"), (ii) the banks and other financial institutions named therein as lenders (the "First Lien Lenders"), (iii) Cortland Products Corp. ("Cortland"), as Administrative Agent and Collateral Agent (as successor to Morgan Stanley Senior Funding, Inc. ("Morgan Stanley") in such capacity, the "First Lien Agent"), and (iv) Morgan Stanley, Jefferies Finance LLC, and MCS Capital Markets LLC, as Joint Lead Arrangers and Joint Bookrunners (as amended, modified, or otherwise supplemented from time to time prior to the date hereof, the "First Lien Term Loan Agreement," and the claims and other obligations arising thereunder, the "First Lien Claims"), as further set forth in the Term Sheet;

WHEREAS, as of the date hereof, the Debtors have debt outstanding under that certain Second Lien Term Loan and Guarantee Agreement, dated as of March 11, 2014, by and among (i) the Company Credit Agreement Parties, (ii) the banks and other financial institutions named therein as lenders (the "Second Lien Lenders"), (iii) Morgan Stanley, as Administrative Agent and Collateral Agent, and (iv) Morgan Stanley, Jefferies Finance LLC, and MCS Capital Markets LLC, as Joint Lead Arrangers and Joint Bookrunners (as amended, modified, or otherwise supplemented from time to time prior to the date hereof, the "Second Lien Term Loan Agreement," and the claims and other obligations arising thereunder, the "Second Lien Claims"), as further set forth in the Term Sheet;

WHEREAS, as of the date hereof, the Consenting Lenders beneficially own or control (with sole investment or voting discretion), in the aggregate, approximately 65.6% of the aggregate outstanding principal amount of the First Lien Claims and 64.8% of the aggregate outstanding principal amount of the Second Lien Claims;

WHEREAS, as of the date hereof, the Debtors have debt outstanding under that certain asset-based credit agreement dated as of October 9, 2012, by and among (i) the Company Credit Agreement Parties, (ii) the banks and other financial institutions named therein as lenders (the "ABL Lenders"), (iii) Wells Fargo Bank, National Association, in its capacity as Agent and Co-Collateral Agent (the "ABL Agent"), (iv) General Electric Capital Corporation, as Co-Collateral Agent, Bank of America, N.A., as Syndication Agent, and Wells Fargo Capital Finance, LLC, and (v) Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Joint Lead Arrangers and Joint Bookrunners (as amended, modified, or otherwise supplemented from time to time prior to the date hereof, the "ABL Credit Agreement"), as further set forth in the Term Sheet;

WHEREAS, the Debtors have requested and (i) certain of the ABL Lenders or their affiliates (in their capacities as such, the "DIP ABL Lenders") have agreed to provide a \$305 million debtor-in-possession revolving financing facility (the "DIP ABL Facility"); (ii) certain of the Consenting Lenders or their affiliates (in their capacities as such, the "DIP Term Lenders," and collectively with the DIP ABL Lenders, the "DIP Lenders") have agreed to provide an up to \$80 million debtor-in-possession term loan financing facility (the "DIP Term Facility," and with

the DIP ABL Facility, the “DIP Financing”), with the ABL Agent acting as the agent for the DIP ABL Facility and the First Lien Agent acting as the agent under the DIP Term Facility (in their capacity as such, the “DIP Agents”); and (iii) the Consenting Lenders and the ABL Agent have agreed to the Company’s use of cash collateral, which DIP Financing and use of cash collateral will be in accordance with the terms and conditions set forth in the credit agreement governing the ABL Facility (the “DIP ABL Credit Agreement”) and the credit agreement governing the DIP Term Facility (the “DIP Term Credit Agreement”; together with the DIP ABL Credit Agreement, the “DIP Credit Agreements”) and a proposed order approving the DIP Financing, attached hereto as **Exhibit B** (the “Interim DIP Order,” and collectively with the DIP Credit Agreements and any documents related thereto, the “DIP Documents”);

WHEREAS, prior to the commencement of the Chapter 11 Cases, the Company and the Consenting Lenders engaged in arm’s-length, good-faith negotiations, culminating in the Parties’ agreement on the terms of the Plan, as more particularly detailed and described herein, in the Term Sheet, and in the DIP Documents, that will be implemented through the commencement of the Chapter 11 Cases and the filing by the Company of voluntary petitions with the Bankruptcy Court (the date of such filing, the “Petition Date”), which date shall be no later than one calendar day after the Agreement Effective Date; and

WHEREAS, the Parties are prepared to perform their obligations hereunder, subject to the terms and conditions hereof.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound hereunder, do agree as follows:

1. Effectiveness.

This Agreement shall be effective and binding with respect to each of the Parties at the time at which (i) the Company shall have executed and delivered counterpart signature pages of this Agreement to counsel to the Consenting First Lien Ad Hoc Committee and (ii) Consenting Lenders holding more than 50.0% in principal amount of the First Lien Claims and more than 50.0% in principal amount of the Second Lien Claims shall have executed and delivered counterpart signature pages of this Agreement to counsel to the Company (the “Agreement Effective Date”); provided, however, that signature pages executed by the Consenting Parties shall be delivered to (a) counsel to the Consenting First Lien Ad Hoc Committee in an unredacted form and (b) the Company and its counsel in an unredacted form (to be held on a confidential basis by such counsel in accordance with Section 9 hereof).

2. Certain Definitions.

As used in this Agreement, the following terms have the following meanings:

- (a) “*Confirmation Order*” means the order confirming the Plan.
- (b) “*Consenting First Lien Ad Hoc Committee*” means the undersigned Consenting Lenders represented by King & Spalding LLP and Houlihan Lokey Capital Inc.

(c) “*Definitive Documents*” means all documents (including any related orders, agreements, instruments, schedules, or exhibits) that are contemplated by the Plan and that are otherwise necessary or desirable to implement, effectuate, or otherwise relate to the Restructuring, including, without limitation: (i) the Plan; (ii) the documents to be filed in the supplement to the Plan; (iii) the Disclosure Statement; (iv) Disclosure Statement Motion and the Disclosure Statement Order; (v) the Confirmation Order; (vi) any documentation relating to the use of cash collateral and the DIP Financing, including motions seeking authority to use cash collateral and obtain the DIP Financing, any Financing Orders, and the DIP Documents; (vii) any organizational documents, shareholder and member related agreements, or other governance documents for the reorganized Company; and (viii) such other documents or agreements as may be reasonably necessary to implement the Restructuring contemplated by this Agreement and the Term Sheet.

(d) “*Disclosure Statement*” means the disclosure statement for the Plan that is prepared and distributed in accordance with sections 1125, 1126(b), and 1145 of the Bankruptcy Code.

(e) “*Disclosure Statement Motion*” means the motion seeking approval of the Disclosure Statement.

(f) “*Disclosure Statement Order*” means the order approving the Disclosure Statement.

(g) “*Final Financing Order*” means one or more final orders entered by the Bankruptcy Court authorizing the Debtors to enter into the DIP Financing.

(h) “*Financing Orders*” means the Final Financing Order and Interim Financing Order, collectively.

(i) “*Holder*” means any individual, partnership, joint venture, firm, or corporation that beneficially owns or controls (with sole investment or voting discretion) First Lien Claims and/or Second Lien Claims, as applicable.

(j) “*Interim Financing Order*” means one or more interim orders entered by the Bankruptcy Court authorizing the Debtors to enter into the DIP Financing on an interim basis.

(k) “*Plan Effective Date*” means the effective date of the Plan.

(l) “*Plan Support Period*” means the period commencing on the Agreement Effective Date and ending on the earlier of the (i) date on which this Agreement is terminated in accordance with Section 6 hereof and (ii) the Plan Effective Date.

(m) “*Requisite Consenting Lenders*” means, as of the relevant date, Consenting Lenders that collectively hold at least a majority of the aggregate outstanding principal amount of the First Lien Claims held by all of the Consenting Lenders as of such date.

3. Definitive Documents

Each of the Definitive Documents shall (A) contain terms and conditions consistent in all material respects with this Agreement, the Term Sheet, and the DIP Documents and (B) shall otherwise be reasonably satisfactory in all respects to the Company and the Consenting Lenders, including with respect to any modifications, amendments, deletions, or supplements to such Definitive Documents at any time during the Plan Support Period.

4. Agreements of the Consenting Parties.

(a) During the Plan Support Period, subject to the terms and conditions hereof, each Consenting Party agrees, solely with respect to itself, that:

(i) it will use its commercially reasonable efforts to support the Restructuring and the transactions contemplated by the Term Sheet, as applicable, and to act in good faith and take all commercially reasonable actions necessary to consummate the Restructuring and the Restructuring Transactions in a manner consistent with this Agreement, including the timelines set forth herein;

(ii) it shall not (A) direct any administrative agent or collateral agent to take any action inconsistent with such Consenting Party's obligations under this Agreement, and, if any applicable administrative agent or collateral agent takes any action inconsistent with such Consenting Party's obligations under this Agreement, such Consenting Party shall use its commercially reasonable efforts to request that such administrative agent or collateral agent cease and refrain from taking any such action (but shall not be required to incur any indemnification obligations in respect of such request or otherwise), or (B) directly or indirectly encourage any other person or entity to directly or indirectly, (x) object to, delay, impede, or take any other action or any inaction to interfere with the acceptance, approval, implementation, consummation, or amendment of the Plan (whether before or after confirmation, provided that such amendment is consistent with this Agreement); (y) propose, file, support, vote for, or take any other action in furtherance of any restructuring, workout, plan of arrangement, or plan of reorganization for the Company that is inconsistent with this Agreement, the DIP Documents, the Term Sheet, or the Plan, as applicable; or (z) exercise any right or remedy for the enforcement, collection, or recovery of any claim against the Company except in a manner consistent with this Agreement, the Financing Orders, and the Plan, as applicable;

(iii) subject to the receipt of the Disclosure Statement pursuant to the Disclosure Statement Order, it shall (A) timely vote or cause to be voted any First Lien Claims and Second Lien Claims (as applicable) it holds to accept the Plan by timely delivering its duly executed and completed ballot or ballots, as applicable, accepting the Plan on a timely basis following commencement of the solicitation of acceptances of the Plan in accordance with sections 1125(g) and 1126 of the Bankruptcy Code; (B) not change or withdraw such vote or the elections described above (or cause or direct such vote or elections to be changed or withdrawn); provided, however, that such vote or elections shall be immediately revoked (and deemed void *ab initio*) by all Consenting Parties upon the expiration of the Plan Support Period or the termination of this Agreement; and (C) to the extent it is permitted to elect whether to opt out of

the releases set forth in the Plan, not elect to opt out of the releases set forth in the Plan by timely delivering its duly executed and completed ballot or ballots indicating such election; and

(iv) use commercially reasonable efforts to support, and take all commercially reasonable actions necessary to facilitate, the approval of the Disclosure Statement, solicitation of votes on the Plan, and confirmation and consummation of the Plan.

(b) Transfers. During the Plan Support Period, subject to the terms and conditions hereof, each Consenting Party agrees, solely with respect to itself, that it shall not sell, use, assign, convey, grant, transfer, permit the participation in, or otherwise dispose of, in whole or in part (each, a “Transfer”), any ownership (including any beneficial ownership)⁴ in the First Lien Claims or Second Lien Claims, as applicable, that it holds (collectively, for purposes of this Section 4, the “Consenting Party Claims”), as applicable, or any option thereon or any right or interest therein (including, but not limited to, accomplishing the same, by granting any proxies or depositing any interests in the Consenting Party Claims into a voting trust or by entering into a voting agreement with respect to the Consenting Party Claims), unless (i) the intended transferee is a Consenting Party or (ii) if the intended transferee is not a Consenting Party, such intended transferee executes and delivers to counsel to the Company on the terms set forth below an executed transfer agreement in the form attached hereto as Exhibit C (a “Transfer Agreement”) before such Transfer is effective (it being understood and agreed by the Parties that any such Transfer shall not be effective as against the Company until notification of such Transfer and a copy of the executed, unaltered, and unredacted Transfer Agreement is received by counsel to the Company, in each case, on the terms set forth herein) (such transfer, a “Permitted Transfer” and such party to such Permitted Transfer, a “Permitted Transferee”), in which event (I) the transferee (including the Consenting Party transferee, if applicable) shall be deemed to be a Consenting Party hereunder to the extent of such transferred rights and obligations, and (II) the transferor shall be deemed to relinquish its rights (and be released from its obligations) under this Agreement to the extent of such transferred rights and obligations. Notwithstanding anything herein to the contrary, during the Plan Support Period, each Consenting Party may offer, sell, or otherwise transfer any or all of its holdings of First Lien Claims or Second Lien Claims to any entity that, as of the date of transfer, controls, is controlled by, or is under common control with such Consenting Party; provided, however, that such entity shall automatically be subject to the terms of this Agreement and deemed a Consenting Party hereunder, and shall execute a Transfer Agreement.

(i) Notwithstanding anything to the contrary herein, (A) the foregoing provisions shall not preclude any Consenting Party from settling or delivering any Consenting Party Claims to settle any confirmed transaction pending as of the date of such Consenting Party’s entry into this Agreement (subject to compliance with applicable securities laws and it being understood that such Consenting Party Claims so acquired and held (i.e., not as a part of a short transaction) shall be subject to the terms of this Agreement), (B) a Qualified Marketmaker⁵

⁴ As used herein, the term “beneficial ownership” means the direct or indirect economic ownership of, and/or the power, whether by contract or otherwise, to direct the exercise of the voting rights and the disposition of, all or any portion of the Consenting Party Claims or the right to acquire any such Consenting Party Claims.

⁵ As used herein, the term “Qualified Marketmaker” means an entity that (a) holds itself out to the public or the applicable private markets as standing ready in the ordinary course of business to purchase from customers and

that acquires any Consenting Party Claims with the purpose and intent of acting as a Qualified Marketmaker for such Consenting Party Claims, shall not be required to execute and deliver to counsel a Transfer Agreement or otherwise agree to be bound by the terms and conditions set forth in this Agreement if the transfer otherwise is a Permitted Transfer; provided, however, that if any of the conditions in this clause (B) is not satisfied, the Qualified Marketmaker will be required to execute and deliver a Transfer Agreement, and (C) to the extent any Party is acting solely in its capacity as a Qualified Marketmaker, it may Transfer any ownership interests in the Consenting Party Claims (as applicable) that it acquires from a holder of the Consenting Party Claims that is not a Consenting Party to a transferee that is not a Consenting Party at the time of such Transfer without the requirement that the transferee be or become a signatory to this Agreement or execute a Transfer Agreement; provided, however, that in the event such Party fails to act solely in its capacity as a Qualified Marketmaker in compliance with this clause (C), any transferee that is not a Consenting Party must execute and deliver a Transfer Agreement.

(ii) This Agreement shall in no way be construed to preclude any Consenting Party from acquiring additional Consenting Party Claims; provided, however, that (A) any Consenting Party that acquires additional Consenting Party Claims during the Plan Support period shall promptly notify counsel to the Company and counsel to the Consenting First Lien Ad Hoc Committee of such acquisition, including the amount of such acquisition, and (B) such acquired Consenting Party Claims shall automatically and immediately upon acquisition by a Consenting Party be deemed subject to the terms of this Agreement (regardless of when or whether notice of such acquisition is given to the Company), in the case of each of clauses (A) and (B), other than with respect to any Consenting Party Claims acquired by such Consenting Party in its capacity as a Qualified Marketmaker, in accordance with Section 4(b)(i).

(iii) This Section 4 shall not impose any obligation on the Company to issue any “cleansing letter” or otherwise publicly disclose information for the purpose of enabling a Consenting Party to Transfer any Consenting Party Claims. Notwithstanding anything to the contrary herein, to the extent the Company and another Party have entered into a separate agreement with respect to the issuance of a “cleansing letter” or other public disclosure of information (each such executed agreement, a “Confidentiality Agreement”), the terms of such Confidentiality Agreement shall continue to apply and remain in full force and effect according to its terms.

(iv) Any Transfer made in violation of this Section 4(b) shall be void *ab initio*.

(c) DIP Term Facility Backstop. Each Consenting Lender holding a First Lien Claim that has executed this Agreement prior to the Petition Date (each, an “Initial Consenting Lender” and collectively, the “Initial Consenting Lenders”), may, at its option, directly or through one more affiliated funds or financing vehicles (or funds or accounts advised or sub-advised by such person) commit to backstop the aggregate Term DIP Commitments (as

sell to customers claims against the Company (or enter with customers into long and short positions in claims against the Company), in its capacity as a dealer or market maker in claims against the Company and (b) is, in fact, regularly in the business of making a market in claims against issuers or borrowers (including debt securities or other debt).

such term is defined in the Term DIP Credit Agreement) on a pro rata basis, determined based on the outstanding aggregate principal amount of First Lien Claims held by the Initial Consenting Lenders or their affiliated funds as of the Petition Date (each such Initial Consenting Lender backstopping the Term DIP Commitments, a "Backstop Lender"; collectively, the "Backstop Lenders"; each Backstop Lender's commitment, a "Backstop DIP Commitment"; and collectively, the "Backstop DIP Commitments"). To the extent one or more of the Initial Consenting Lenders elects to not backstop its pro rata share of the Term DIP Commitments, the remaining Backstop Lenders shall cover such Initial Consenting Lender's funding obligation on a pro rata basis. In exchange for each Backstop Lender's Backstop DIP Commitment, each such Backstop Lender shall be entitled to a backstop fee equal to 3.00% on the entire Backstop DIP Commitments as set forth in the DIP Fee Letter (as such term is defined in the Term DIP Credit Agreement).

5. Agreements of the Company.

(a) Subject to the terms and conditions hereof, including Section 6(c)(iii), prior to and during the Plan Support Period, the Company agrees that it shall, without limitation:

(i) (A)(1) complete and file, within the timeframes contemplated herein, the Plan, the Disclosure Statement, and the other Definitive Documents and (2) use commercially reasonable efforts to obtain entry by the Bankruptcy Court of the Financing Orders, the Disclosure Statement Order, and the Confirmation Order within the timeframes contemplated by this Agreement; and (B) use commercially reasonable efforts to obtain any and all required regulatory and/or third-party approvals for the Restructuring embodied in the Plan, if any, and solely to the extent necessary to effectuate the Restructuring;

(ii) continue to operate its businesses without material change in such operations or disposition of material assets (in each case, unless the Requisite Consenting Lenders have expressly consented thereto in writing) in accordance with its business judgment, and confer with the Consenting Parties and their respective representatives, as reasonably requested, to report on operational matters and the general status of ongoing operations; provided, however, notwithstanding the forgoing, the Debtors shall be permitted to continue the liquidation of certain business assets as contemplated by the "going-out-of-business" motion to be filed with the Bankruptcy Court or any disposition of assets contemplated by a budget prepared in connection with the Final Financing Orders.

(iii) (A) support and take all reasonable actions necessary or reasonably requested by the Requisite Consenting Lenders to facilitate the solicitation, confirmation, and consummation of the Restructuring, the Plan, and the transactions contemplated thereby, (B) not take any action directly or indirectly that is inconsistent with, or that would reasonably be expected to prevent, interfere with, delay, or impede the approval of the Disclosure Statement, the solicitation of votes on the Plan, and the confirmation and consummation of the Plan and the Restructuring, including soliciting, causing, or allowing any of its agents or representatives to solicit any agreements relating to any chapter 11 plan or restructuring transaction (including, for the avoidance of doubt, a transaction premised on an asset sale of substantially all of the Company's assets under section 363 of the Bankruptcy Code) other than the Restructuring (an "Alternative Transaction"), and (C) (x) not, nor encourage any other person to, take any action

which would, or would reasonably be expected to, breach or be inconsistent with this Agreement or delay, impede, appeal, or take any other negative action, directly or indirectly, or encourage any other entity to interfere with the acceptance or implementation of the Restructuring, and (y) in the event any other person takes any action described in the preceding clause (x), take all steps reasonably necessary to affirmatively contest such action and/or object thereto, including, without limitation, timely filing a formal written response in opposition thereto with the Bankruptcy Court;

(iv) (A) provide (x) draft copies of all first day motions or applications and other documents that the Company intends to file with the Bankruptcy Court on the Petition Date, and (y) draft copies of all other material motions and applications that the Company intends to file with the Bankruptcy Court after the Petition Date, in each case, to counsel to the Consenting First Lien Ad Hoc Committee at least three (3) calendar days prior to the date on which the Company intends to file such documents; provided, that final filing versions of such documents shall be reasonably acceptable, in form and substance, to the Requisite Consenting Lenders or otherwise amended to be reasonably acceptable, in form and substance, to the Requisite Consenting Lenders upon the Company receiving notice that any final filing versions were not reasonably acceptable to the Requisite Consenting Lenders;

(B) file on the Petition Date such first day motions and pleadings that are reasonably acceptable in form and substance, to the Requisite Consenting Lenders;

(C) (i) file the Plan, the Disclosure Statement (other than any exhibits attached thereto), and the Disclosure Statement Motion with the Bankruptcy Court within 21 calendar days of the Petition Date (the "Plan Filing Date"); (ii) obtain approval of the Disclosure Statement Motion within 35 calendar days of the Plan Filing Date, and (iii) obtain entry of the Confirmation Order within 91 calendar days of the Plan Filing Date (such date that the Confirmation Order is entered, the "Confirmation Date");

(D) seek a Confirmation Order that becomes effective and enforceable immediately upon its entry and seek to have the period in which an appeal thereto must be filed commence immediately upon its entry;

(v) obtain authority, pursuant to the Financing Orders, to pay all pre- and postpetition reasonable and documented (in summary form) fees and expenses of (A) King & Spalding LLP, as counsel to the Consenting First Lien Ad Hoc Committee, (B) Houlihan Lokey Capital, Inc., as financial advisor to the Consenting First Lien Ad Hoc Committee, (C) Norton Rose Fulbright US LLP, as counsel to the First Lien Agent; and (D) counsel retained by any Initial Consenting Lender prior to the Petition Date (and acknowledged on or prior to such date by counsel to the Consenting First Lien Ad Hoc Committee); provided that, and so long as, such Initial Consenting Lender (i) remains a party to and fulfills its obligations under this Agreement (unless such Initial Consenting Lender terminates this Agreement pursuant to Section 6(e), in which case the fees and expenses of such terminating Initial Consenting Lender's counsel shall be paid by the Company through and including the termination date); and (ii) becomes a lender under the Term DIP Facility and fulfills its obligations under the Term DIP Credit Agreement;

(vi) maintain their good standing under the laws of the states in which they are incorporated or organized;

(vii) timely file with the Bankruptcy Court or any other applicable United States court a formal written objection to any motion filed with the Bankruptcy Court or any other United States court by any party seeking the entry of an order (A) directing the appointment of an examiner with expanded powers or a trustee in any of the Chapter 11 Cases, (B) converting any of the Chapter 11 Cases to cases under chapter 7 of the Bankruptcy Code, (C) dismissing any of the Chapter 11 Cases, (D) modifying or terminating the Company's exclusive right to file and/or solicit acceptances of a plan of reorganization, or (E) granting any relief inconsistent with this Agreement and the Definitive Documents;

(viii) provide to the Consenting Parties and/or their respective professionals, upon reasonable advance notice to the Company, (A) reasonable access to the respective management and advisors of the Company for the purposes of evaluating the Company's finances and operations and participating in the planning process with respect to the Restructuring; (B) prompt access to any information provided to any existing or prospective financing sources (including lenders under any exit financing facility); and (C) timely and reasonable responses to all diligence requests;

(ix) use their commercially reasonable efforts to preserve intact in all material respects their current business organizations, keep available the services of their current officers and material employees (in each case, other than voluntary resignations, terminations for cause, or terminations consistent with applicable fiduciary duties), and preserve in all material respects their relationships with customers, sales representatives, suppliers, distributors, and others, in each case, having material business dealings with the Company (other than terminations for cause or consistent with applicable fiduciary duties);

(x) provide prompt written notice to the Consenting Parties between the date hereof and the Plan Effective Date of (A) the occurrence, or failure to occur, of any event of which the Company knows (or, upon reasonable inquiry, should have known), which occurrence or failure would be likely to cause (1) any covenant of the Company contained in this Agreement not to be satisfied in any material respect or (2) any condition precedent contained in the Plan or this Agreement not to timely occur or become impossible to satisfy, (B) receipt of any notice from any third-party alleging that the consent of such party is or may be required in connection with the transactions contemplated by the Restructuring, (C) receipt of any notice from any governmental unit with jurisdiction in connection with this Agreement or the transactions contemplated by the Restructuring, (D) receipt of any notice of any proceeding commenced, or, to the actual knowledge of the Company, threatened against the Company, relating to or involving or otherwise affecting in any material respect the transactions contemplated by the Restructuring, and (E) any failure of the Company to comply, in any material respect, with or satisfy any covenant, condition, or agreement to be complied with or satisfied by it hereunder;

(xi) to the extent permitted under applicable law and confidentiality obligations, promptly notify the other Parties in writing following the receipt, in writing, of notice of any material governmental, regulatory, or third-party complaints, litigations,

investigations, or hearings (or communications indicating that the same may be contemplated or threatened);

(xii) provide notice of any written or oral offer or proposal for an Alternative Transaction received by the Company or its advisors, together with copies of any and all documents relating thereto, to the advisors to counsel to the Consenting First Lien Ad Hoc Committee, within one business day of the Company's or their advisors' receipt thereof; and

(xiii) comply with all covenants set forth in the Term Sheet.

(b) Negative Covenants. The Company agrees that, for the duration of the Plan Support Period, the Company shall not take any action inconsistent with, or omit to take any action required by, this Agreement, the Plan, or any of the other Definitive Documents. The Company further agrees that prior to and during the Plan Support Period, the Company shall not: (i) take any action that impairs or removes any interest or right the Consenting Parties have in and to any collateral held or owned by the Company without the consent of the First Lien Lenders or bankruptcy court order authorizing such action; (ii) make any transfers from and after the Agreement Effective Date and through the Plan Support Period to or for the account of insiders or affiliates in respect of antecedent debt without a Bankruptcy Court order; and (iii) other than voluntary departure or termination for cause, change any of its management team without immediate replacement with another qualified individual.

(c) Automatic Stay. The Company acknowledges and agrees and shall not dispute that after the commencement of the Chapter 11 Cases, the giving of notice of termination by any Party pursuant to this Agreement shall not be a violation of the automatic stay of section 362 of the Bankruptcy Code (and the Company hereby waives, to the fullest extent permitted by law, the applicability of the automatic stay as it relates to any such notice being provided). Notwithstanding anything to the contrary herein, following the commencement of the Chapter 11 Cases and unless and until there is an unstayed order of the Bankruptcy Court providing that the giving of notice under and/or termination of this Agreement in accordance with its terms is not prohibited by the automatic stay imposed by section 362 of the Bankruptcy Code, the occurrence of any of the termination events in Section 6(b), 6(d), or 6(e) shall result in an automatic termination of this Agreement, to the extent any of the Terminating Consenting Parties (as defined below) would otherwise have the ability to terminate this Agreement in accordance with Section 6(b), 6(d), or 6(e), five (5) calendar days following such occurrence unless waived in writing by all of the Terminating Consenting Parties.

(d) Notwithstanding anything to the contrary herein, nothing in this Agreement shall require the Company or any directors, officers, or members of the Company, each in its capacity as a director, officer, or member of the Company, to take any action, or to refrain from taking any action, to the extent inconsistent with its or their fiduciary obligations under applicable law (as reasonably determined by them in good faith after consultation with legal counsel).

6. Termination of Agreement.

(a) Automatic Termination. This Agreement shall terminate automatically, without any further action required by any Party, upon the occurrence of any of the following events: (i) entry of an order denying confirmation of the Plan, (ii) the occurrence of the Plan Effective Date, (iii) an order confirming the Plan is reversed or vacated, or (iv) any court of competent jurisdiction has entered a final, non-appealable judgment or order declaring this Agreement to be unenforceable.

(b) Consenting Party Termination Events. This Agreement may be terminated by the Requisite Consenting Lenders (or the First Lien Agent acting at the direction of the Requisite Consenting Lenders) by the delivery to the Company, and counsel to the Consenting Parties other than the Consenting Parties seeking to terminate this Agreement pursuant to this Section 6(b) (such Consenting Parties seeking to terminate, the "Terminating Consenting Parties") of a written notice in accordance with Section 19 hereof, upon the occurrence of any of the following events (each, a "Consenting Party Termination Event"):

(i) the Company fails to meet any of the Milestones as set forth in the Term sheet;

(ii) the breach by any Party other than the Terminating Consenting Parties, of (A) any affirmative or negative covenant contained in this Agreement or (B) any other obligations of such breaching Party set forth in this Agreement, in each case, in any material respect (without giving effect to any "materiality" qualifiers set forth therein), and, in either respect, to the extent such breach would have a material adverse effect on the consummation of the Restructuring in accordance with the Term Sheet or the DIP Documents and which breach remains uncured for a period of 5 calendar days following such breaching Party's receipt of notice pursuant to Section 19 hereof (as applicable);

(iii) any representation or warranty in this Agreement made by the Company shall have been untrue in any material respect when made or shall have become untrue in any material respect, or the Company violates any of the covenants herein, and such breach remains uncured for a period of 10 calendar days following the Company's receipt of notice pursuant to Section 19 hereof (as applicable);

(iv) the Company files any motion, pleading, or related document with the Bankruptcy Court in a manner that is materially inconsistent with this Agreement, the DIP Credit Agreements, the Term Sheet, or the Plan, and such motion, pleading, or related document has not been withdrawn after 3 business days of the Company receiving written notice in accordance with Section 19 that such motion, pleading, or related document is materially inconsistent with this Agreement, the Term Sheet, the DIP Documents, or the Plan;

(v) the issuance by any governmental authority, including any regulatory authority or court of competent jurisdiction, of any ruling, judgment, or order enjoining the consummation of or rendering illegal the Plan or the Restructuring or any material portion thereof, and either (A) such ruling, judgment, or order has been issued at the request of or

with the acquiescence of the Company, or (B) in all other circumstances, such ruling, judgment, or order has not been reversed or vacated within 30 calendar days after such issuance;

(vi) the Bankruptcy Court (or other court of competent jurisdiction) enters an order (A) directing the appointment of an examiner with expanded powers or a trustee in any of the Chapter 11 Cases, (B) converting any of the Chapter 11 Cases to cases under chapter 7 of the Bankruptcy Code, (C) dismissing any of the Chapter 11 Cases, or (D) the effect of which would render the Plan incapable of consummation on the terms set forth in this Agreement or the Term Sheet;

(vii) the Company's consensual use of cash collateral has been terminated in accordance with the terms of the Financing Orders;

(viii) other than pursuant to any relief sought by the Company that is not materially inconsistent with its obligations under this Agreement or the Plan, the Bankruptcy Court grants relief terminating, annulling, or modifying the automatic stay (as set forth in section 362 of the Bankruptcy Code) with respect to any assets of the Company having an aggregate fair market value in excess of \$5.0 million without the prior written consent of the Requisite Consenting Lenders;

(ix) the Company files or supports (or fails to timely object to) another party in filing (A) a motion or pleading challenging the amount, validity, or priority of any First Lien Claims or Second Lien Claims or (B) any plan of reorganization, liquidation, or sale of all or substantially all of the Company's assets, other than the Restructuring set forth herein;

(x) the Company (A) withdraws the Plan, (B) publicly announces or otherwise informs any of the Consenting Parties of its intention not to support the Plan or the Restructuring, (C) files a motion with the Bankruptcy Court seeking the approval of an Alternative Transaction, or (D) agrees to pursue (including, for the avoidance of doubt, as may be evidenced by a term sheet, letter of intent, or similar document) or publicly announces its intent to pursue an Alternative Transaction;

(xi) if the Definitive Documents and any amendments, modifications, deletions, or supplements thereto do not comply with Section 3 or Section 10 of this Agreement, as applicable; provided that such Definitive Documents or amendments, modifications, deletions, or supplements thereto were not modified to be consistent with Section 3 or Section 10, as applicable, or withdrawn within five (5) business days following such breaching Party's receipt of notice pursuant to Section 19 hereof;

(xii) the Bankruptcy Court enters an order modifying or terminating the Company's exclusive right to file and/or solicit acceptances of a plan of reorganization (including the Plan);

(xiii) the occurrence of any Event of Default under (and as defined in) the Definitive Documentation governing the DIP Financing;

(xiv) the Company has determined to exercise its rights under Section 6(c)(iii) of this Agreement;

(xv) the Company files a motion seeking entry of an order approving any key employee incentive plan, employee retention plan, or comparable plan, except as provided in the Plan, without the prior written consent of the Requisite Consenting Lenders; or

(xvi) Holders of First Lien Claims do not receive under the Plan on account of such First Lien Claims their pro rata share of at least 86.5% of the New Equity (but subject to dilution from the MEIP and Exit Commitment Fee) after taking into account distributions to all other holders of claims and interests under the Plan.

(c) Company Termination Events. This Agreement may be terminated by the Company pursuant to this Section 6(c) five (5) calendar days following the delivery to counsel to the Consenting Parties of a written notice in accordance with Section 19 hereof, which notice may be delivered upon the occurrence of any of the following events (each, a "Company Termination Event"):

(i) the breach by one or more of the Consenting Lenders representing in excess of 50.01% of the aggregate principal amount of the First Lien Claims each with respect to any of the representations, warranties, or covenants of such Consenting Party, as set forth in this Agreement, to the extent such breach would have a material adverse effect on the consummation of the Restructuring, and which breach remains uncured for a period of five (5) calendar days after the receipt by the applicable Consenting Lenders from the Company of written notice of such breach;

(ii) the issuance by any governmental authority, including any regulatory authority or court of competent jurisdiction, of any ruling, judgment, or order enjoining the consummation of or rendering illegal the Plan or the Restructuring or any material portion thereof, and either (A) such ruling, judgment, or order has been issued at the request of or with the acquiescence of the Company, or (B) in all other circumstances, such ruling, judgment, or order has not been reversed or vacated within thirty (30) calendar days after such issuance; or

(iii) the board of directors, managers, or similar governing body, as applicable, of any Company entity determines that taking any action, refraining from taking any action, or continued performance under this Agreement would be inconsistent to any extent with its (or their respective officers or directors') fiduciary obligations under applicable law (as reasonably determined by the Company in good faith after consultation with legal counsel).

(d) Mutual Termination. This Agreement may be terminated by mutual agreement of the Company and the Requisite Consenting Lenders upon the receipt of written notice delivered in accordance with Section 19 hereof.

(e) Consenting Party Individual Termination Right. Any individual Consenting Party shall have the right to terminate this Agreement, as to itself only, if (i) the Plan Effective Date shall not have occurred by 11:59 p.m. (New York time) on the date that is 210 calendar days after the Petition Date (the "Outside Date") or (ii) (x) the Company or any other Consenting Party takes any action that is inconsistent with this Agreement or the Term Sheet or (y) this Agreement or the Term Sheet or any provision therein is waived, modified, amended or changed without the consent of the affected Consenting Party that, in either case, in the

reasonable determination of the affected Consenting Party, disproportionately and adversely affects the rights of such Consenting Party (including with respect to its Second Lien Claims) and its affiliates (taken as a whole) related to or under this Agreement, the Term Sheet or the Plan. In the event a Consenting Party terminates pursuant to this Section 6(e), such termination shall be effective as to such Consenting Party only and shall not affect any of the rights or obligations of any other party to this Agreement.

(f) Effect of Termination. Upon the termination of this Agreement in accordance with this Section 6, and except as provided in Section 13 hereof, this Agreement shall forthwith become null and void and of no further force or effect as to all Parties and each Party shall, except as provided otherwise in this Agreement, be immediately released from its liabilities, obligations, commitments, undertakings, and agreements under or related to this Agreement and shall have all the rights and remedies that it would have had and shall be entitled to take all actions, whether with respect to the Restructuring or otherwise, that it would have been entitled to take had (notwithstanding the passage of any applicable deadlines) it not entered into this Agreement; provided, however, that in no event shall any such termination relieve a Party from liability for its breach or non-performance of its obligations hereunder prior to the date of such termination. Upon any such termination of this Agreement, any vote or consent given by the Consenting Parties prior to termination shall automatically be deemed, for all purposes, to be null and void *ab initio* and shall not be considered or otherwise used in any manner by the Parties in connection with the Restructuring and this Agreement and such consents or ballots may be changed or resubmitted regardless of whether the applicable voting deadline has passed (without the need to seek a court order or consent from the Company allowing such change or resubmission).

7. Definitive Documents; Good Faith Cooperation; Further Assurances.

Subject to the terms and conditions described herein, during the Plan Support Period, each Party, severally and not jointly, hereby covenants and agrees to reasonably cooperate with each other in good faith in connection with the negotiation, drafting, execution, and delivery of the Definitive Documents. Furthermore, subject to the terms and conditions hereof, each of the Parties shall take such action as may be reasonably necessary or reasonably requested by the other Parties to carry out the purposes and intent of this Agreement, including making and filing any required regulatory filings (provided, however, that no Consenting Party shall be required to incur any out of pocket cost or expense, or any liability in connection therewith).

8. Representations and Warranties.

(a) Each Party, severally and not jointly, represents and warrants to the other Parties that the following statements are true, correct, and complete as of the date hereof (or as of the date a Consenting Party becomes a party hereto):

(i) such Party is validly existing and in good standing under the laws of its jurisdiction of incorporation or organization, and has all requisite corporate, partnership, limited liability company, or similar authority to enter into this Agreement and carry out the transactions contemplated hereby and perform its obligations contemplated hereunder; and the

execution and delivery of this Agreement and the performance of such Party's obligations hereunder have been duly authorized by all necessary corporate, limited liability company, partnership, or other similar action on its part;

(ii) the execution, delivery, and performance by such Party of this Agreement does not and will not (A) violate any provision of law, rule, or regulation applicable to it, its charter, or its bylaws (or other similar governing documents), or (B) conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under any material contractual obligation to which it is a party (except to the extent such conduct is consented to by the counterparty thereto or the Requisite Consenting Lenders relevant thereto);

(iii) the execution, delivery, and performance by such Party of this Agreement does not and will not require any registration or filing with, consent or approval of, or notice to, or other action, with or by, any federal, state, or governmental authority or regulatory body, except such filings as may be necessary and/or required by the SEC; and

(iv) this Agreement is the legally valid and binding obligation of such Party, enforceable against it in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, or other similar laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability or a ruling of the Bankruptcy Court.

(b) Each Consenting Party severally (and not jointly) represents and warrants to the Company that, as of the date hereof (or as of the date such Consenting Party becomes a party hereto), such Consenting Party (i) is the beneficial owner of the aggregate principal amount of First Lien Claims, and/or Second Lien Claims (as applicable) set forth below its name on the signature page hereof (or below its name on the signature page of a Transfer Agreement for any Consenting Party that becomes a party hereto after the date hereof), and/or (ii) has, with respect to the beneficial owners of such First Lien Claims and/or Second Lien Claims (as applicable), (A) sole investment or voting discretion with respect to such First Lien Claims and/or Second Lien Claims (as applicable), (B) full power and authority to vote on and consent to matters concerning such First Lien Claims, and/or Second Lien Claims, (as applicable), or to exchange, assign, and transfer such First Lien Claims and/or Second Lien Claims (as applicable), and (C) full power and authority to bind or act on the behalf of, such beneficial owners.

9. Disclosure; Publicity.

(a) On or before the Petition Date, the Company shall disseminate a press release disclosing the existence of this Agreement and the terms hereof and of the Plan (including any schedules and exhibits thereto that are filed with the Bankruptcy Court on the Petition Date) with such redactions as may be reasonably requested by counsel to any Consenting Party to maintain the confidentiality of the parties provided in Section 9(b), except as otherwise required by law.

(b) The Company shall submit drafts to counsel to the Consenting Parties of any press releases and public documents, that constitute disclosure of the existence or terms of this Agreement or any amendment to the terms of this Agreement at least three (3) calendar days

prior to making any such disclosure, and shall afford them a reasonable opportunity under the circumstances to comment on such documents and disclosures, final versions of which shall be reasonably satisfactory to the Requisite Consenting Lenders. Except as required by law or otherwise permitted under the terms of any other agreement between the Company on the one hand, and any Consenting Party, on the other hand, no Party or its advisors (including counsel to any Party) shall disclose to any person or entity (including, for the avoidance of doubt, any other Consenting Party), other than advisors to the Company, the principal amount or percentage of any First Lien Claims, Second Lien Claims, or any other securities of the Company held by any Party, in each case, without such Party's prior written consent; provided, however, that (i) if such disclosure is required by law, subpoena, or other legal process or regulation, the disclosing Party shall afford the relevant Party a reasonable opportunity to review and comment in advance of such disclosure and shall take all reasonable measures to limit such disclosure (the expense of which, if any, shall be borne by the relevant disclosing Party) and (ii) the foregoing shall not prohibit the disclosure of the aggregate percentage or aggregate principal amount of First Lien Claims or Second Lien Claims held by all Consenting Parties. Notwithstanding the provisions in this Section 9, any Party may disclose, to the extent consented to in writing by a duly authorized officer or representative of the affected Consenting Party, such Consenting Party's individual holdings.

10. Amendments and Waivers.

During the Plan Support Period, this Agreement, including any exhibits or schedules hereto, may not be waived, modified, amended, or supplemented except in a writing signed by the Company and the Requisite Consenting Lenders; provided, however, that (i) any modification, amendment, deletion, or change to the definition of Requisite Consenting Lenders shall, in each case, require the prior written consent of each Consenting First Lien Lender, (ii) any extension of the Outside Date with respect to any Consenting First Lien Lender shall require the prior written consent of such Consenting First Lien Lender, (iii) any modification, amendment, deletion, or change to this Section 10 or the definition of Requisite Consenting Lenders shall require the prior written consent of each Requisite Creditor and (iv) any modification, amendment, or change to Section 6(e) shall require the prior written consent of each Consenting Party; provided further, however, that any waiver, modification, amendment, deletion, or supplement that disproportionately and adversely affects the economic recoveries or treatment of any Consenting Party under the Plan may not be made without the prior written consent of each such adversely affected Consenting Party.

11. Governing Law; Jurisdiction; Waiver of Jury Trial.

(a) This Agreement shall be construed and enforced in accordance with, and the rights of the Parties shall be governed by, the law of the State of New York, without giving effect to the conflicts of law principles thereof.

(b) Each of the Parties irrevocably agrees that any legal action, suit, or proceeding arising out of or relating to this Agreement brought by any party or its successors or assigns shall be brought and determined in any federal or state court in the Borough of Manhattan, the City of New York, and each of the Parties hereby irrevocably submits to the exclusive jurisdiction of the aforesaid courts for itself and with respect to its property, generally

and unconditionally, with regard to any such proceeding arising out of or relating to this Agreement or the Restructuring Transactions. Each of the Parties agrees not to commence any proceeding relating hereto or thereto except in the courts described above in New York or in the Bankruptcy Court, other than proceedings in any court of competent jurisdiction to enforce any judgment, decree, or award rendered by any such court in New York as described herein. Each of the Parties further agrees that notice as provided herein shall constitute sufficient service of process and the Parties further waive any argument that such service is insufficient. Subject to the foregoing, each of the Parties hereby irrevocably and unconditionally waives, and agrees not to assert, by way of motion or as a defense, counterclaim, or otherwise, in any proceeding arising out of or relating to this Agreement or the Restructuring Transactions, (i) any claim that it is not personally subject to the jurisdiction of the courts in New York as described herein for any reason, (ii) that it or its property is exempt or immune from jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment, or otherwise) and (iii) that (A) the proceeding in any such court is brought in an inconvenient forum, (B) the venue of such proceeding is improper, or (C) this Agreement, or the subject matter hereof, may not be enforced in or by such courts. Notwithstanding the foregoing, during the pendency of the Chapter 11 Cases, all proceedings contemplated by this Section 11(b) shall be brought in the Bankruptcy Court.

(c) EACH PARTY HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT, OR ANY OTHER THEORY). EACH PARTY (I) CERTIFIES THAT NO REPRESENTATIVE, AGENT, OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (II) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

12. Specific Performance/Remedies.

It is understood and agreed by the Parties that money damages would not be a sufficient remedy for any breach of this Agreement by any Party and each non-breaching Party shall be entitled to specific performance and injunctive or other equitable relief (including attorneys' fees and costs) as a remedy of any such breach, without the necessity of proving the inadequacy of money damages as a remedy, including an order of the Bankruptcy Court requiring any Party to comply promptly with any of its obligations hereunder.

13. Survival.

Notwithstanding the termination of this Agreement pursuant to Section 6 hereof, the agreements and obligations of the Parties set forth in this Section 13 and the following Sections: 1, 6(f), 9, 11, 12, 14, 15, 16, 17, 18, 20 and 21 hereof (and any defined terms

used in any such Sections) shall survive such termination and shall continue in full force and effect for the benefit of the Consenting Parties in accordance with the terms hereof; provided, however, that any liability of a Party for failure to comply with the terms of this Agreement shall survive such termination.

14. Headings.

The headings of the sections, paragraphs, and subsections of this Agreement are inserted for convenience only and shall not affect the interpretation hereof or, for any purpose, be deemed a part of this Agreement.

15. Successors and Assigns; Severability; Several Obligations.

This Agreement is intended to bind and inure to the benefit of the Parties and their respective successors, permitted assigns, heirs, executors, administrators, and representatives; provided, however, that nothing contained in this Section 15 shall be deemed to permit Transfers of interests in the First Lien Claims and/or Second Lien Claims other than in accordance with the express terms of this Agreement. If any provision of this Agreement, or the application of any such provision to any person or entity or circumstance, shall be held invalid or unenforceable in whole or in part, such invalidity or unenforceability shall attach only to such provision or part thereof and the remaining part of such provision hereof and this Agreement shall continue in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon any such determination of invalidity, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in a reasonably acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible. The agreements, representations, and obligations of the Parties are, in all respects, several and neither joint nor joint and several.

16. No Third-Party Beneficiaries.

Unless expressly stated otherwise herein, this Agreement shall be solely for the benefit of the Parties and no other person or entity shall be a third-party beneficiary hereof.

17. Prior Negotiations; Entire Agreement.

This Agreement, including the exhibits and schedules hereto, constitutes the entire agreement of the Parties, and supersedes all other prior negotiations (whether written, verbal or otherwise), with respect to the subject matter hereof and thereof, except that the Parties acknowledge that any confidentiality agreement and/or non-disclosure agreement (if any) heretofore executed between the Company and any Consenting Party shall continue in full force and effect in accordance with its terms.

18. Counterparts.

This Agreement may be executed in several counterparts, each of which shall be deemed to be an original, and all of which together shall be deemed to be one and the same agreement.

Execution copies of this Agreement may be delivered by facsimile, electronic mail, or otherwise, which shall be deemed to be an original for the purposes of this paragraph.

19. Notices.

All notices hereunder shall be deemed given if in writing and delivered, if contemporaneously sent by electronic mail, facsimile, courier, or by registered or certified mail (return receipt requested) to the following addresses and facsimile numbers:

(1) If to the Company, to:

Payless, Inc.
3231 SE Sixth Avenue
Topeka, Kansas 66607
Attention: Michael Schwindle, Senior Vice President and CFO

With a copy to:

Kirkland & Ellis LLP
601 Lexington Avenue
New York, New York 10022
Attention: Nicole L. Greenblatt, P.C.
(nicole.greenblatt@kirkland.com)

- and -

Kirkland & Ellis LLP
300 North LaSalle
Chicago, Illinois 60654
Attention: William A. Guerrieri
(will.guerrieri@kirkland.com)

(2) If to counsel to the Consenting First Lien Ad Hoc Committee, to:

King & Spalding LLP
1185 Avenue of the Americas
New York, NY 10036
Attention: Michael Rupe
(mrupe@kslaw.com)
Jeffrey Pawlitz
(jpawlitz@kslaw.com)
Christopher G. Boies
(cboies@kslaw.com)

Any notice given by electronic mail, facsimile, delivery, mail, or courier shall be effective when received.

20. Reservation of Rights; No Admission.

(a) Nothing contained herein shall (i) limit (A) the ability of any Party to consult with other parties or entities, or (B) the rights of any Party under any applicable bankruptcy, insolvency, foreclosure, or similar proceeding, including, without limitation, the right to appear as a party in interest in any matter to be adjudicated in order to be heard concerning any matter arising in the Chapter 11 Cases, in each case, so long as such consultation or appearance is consistent with such Party's obligations hereunder, or under the terms of the Plan; (ii) limit the ability of any Consenting Party to sell or enter into any transactions in connection with the First Lien Claims, Second Lien Claims, or any other interests in the Company, subject to the terms of Section 4(b) hereof; (iii) limit the rights of any Consenting Party under the First Lien Credit Agreement, the Second Lien Credit Agreement, or any agreements executed in connection with the foregoing; or (iv) constitute a waiver or amendment of any provision of the First Lien Credit Agreement, the Second Lien Credit Agreement, or any agreements executed in connection with the foregoing.

(b) Except as expressly provided in this Agreement, nothing herein is intended to, or does, in any manner waive, limit, impair, or restrict the ability of each of the Parties to protect and preserve its rights, remedies, and interests, including, without limitation, its claims against any of the other Parties (or their respective affiliates or subsidiaries) or its full participation in the Chapter 11 Cases. This Agreement and the Plan are part of a proposed settlement of matters that could otherwise be the subject of litigation among the Parties. Pursuant to Rule 408 of the Federal Rule of Evidence, any applicable state rules of evidence and any other applicable law, foreign or domestic, this Agreement and all negotiations relating thereto shall not be admissible into evidence in any proceeding other than a proceeding to enforce its terms. This Agreement shall in no event be construed as or be deemed to be evidence of an admission or concession on the part of any Party of any claim or fault or liability or damages whatsoever. Each of the Parties denies any and all wrongdoing or liability of any kind and does not concede any infirmity in the claims or defenses which it has asserted or could assert.

(c) Notwithstanding anything herein to the contrary, nothing in this Agreement and neither a vote to accept the Plan by any Consenting Party nor the acceptance of the Plan by any Consenting Party shall (a) be construed to prohibit any Consenting Party from contesting whether any matter, fact, or thing is a breach of, or is inconsistent with, this Agreement or the Definitive Documents, or exercising rights or remedies specifically reserved herein, or (b) impair or waive the rights of any Consenting Party to assert or raise any objection permitted under this Agreement in connection with any hearing on confirmation of the Plan or in the Bankruptcy Court.

21. Relationship Among Consenting Parties.

(a) It is understood and agreed that no Consenting Party has any duty of trust or confidence in any kind or form with any other Consenting Party, and, except as expressly

provided in this Agreement, there are no commitments among or between them. In this regard, it is understood and agreed that any Consenting Party may trade in the First Lien Claims, and/or the Second Lien Claims, or other equity securities of the Company without the consent of the Company or any other Consenting Party, subject to applicable securities laws, the terms of this Agreement, and any confidentiality agreement and/or non-disclosure agreement entered into with the Company; provided, however, that no Consenting Party shall have any responsibility for any such trading to any other person or entity by virtue of this Agreement. No prior history, pattern, or practice of sharing confidences among or between the Consenting Parties shall in any way affect or negate this understanding and agreement.

22. No Solicitation; Representation by Counsel; Adequate Information.

(a) This Agreement is not and shall not be deemed to be a solicitation for votes in favor of the Plan in the Chapter 11 Cases. The acceptances of the Consenting Parties with respect to the Plan will not be solicited until such Consenting Party has received the Disclosure Statement and related ballots and solicitation materials, each as approved by the Bankruptcy Court.

(b) Each Party acknowledges that it has had an opportunity to receive information from the Company and that it has been represented by counsel in connection with this Agreement and the transactions contemplated hereby. Accordingly, any rule of law or any legal decision that would provide any Party with a defense to the enforcement of the terms of this Agreement against such Party based upon lack of legal counsel shall have no application and is expressly waived.

(c) Although none of the Parties intends that this Agreement should constitute, and they each believe it does not constitute, a solicitation or acceptance of a chapter 11 plan of reorganization or an offering of securities, each Consenting Party acknowledges, agrees, and represents to the other Parties that it (i) is an "accredited investor" as such term is defined in Rule 501(a) of the Securities Act of 1933 (the "Securities Act"), (ii) understands that any securities to be acquired by it pursuant to the Restructuring Transactions have not been registered under the Securities Act and that such securities are, to the extent not acquired pursuant to section 1145 of the Bankruptcy Code, being offered and sold pursuant to an exemption from registration contained in the Securities Act, based in part upon such Consenting Party's representations contained in this Agreement, and cannot be sold unless subsequently registered under the Securities Act or an exemption from registration is available, and (iii) has such knowledge and experience in financial and business matters that such Consenting Party is capable of evaluating the merits and risks of the securities to be acquired by it pursuant to the Restructuring Transactions and understands and is able to bear any economic risks with such investment.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed and delivered by their respective duly authorized officers, solely in their respective capacity as officers of the undersigned and not in any other capacity, as of the date first set forth above.

PAYLESS HOLDINGS LLC

By: _____

Name: W. Paul Jones

Title: Chief Executive Officer

PAYLESS INC.

PAYLESS SHOESOURCE, INC.

PAYLESS SHOESOURCE WORLDWIDE, INC.

By: _____

Name: W. Paul Jones

Title: Chief Executive Officer and President

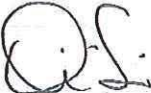
COLLECTIVE BRANDS FRANCHISING SERVICES, LLC

By: _____

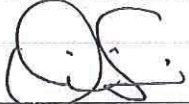
Name: W. Paul Jones

Title: Chief Executive Officer and President of Payless ShoeSource Worldwide, Inc., as
Managing Member


PAYLESS INTERMEDIATE HOLDINGS LLC
WBG-PSS HOLDINGS LLC
PAYLESS FINANCE, INC.
COLLECTIVE BRANDS SERVICES, INC.
PSS DELAWARE COMPANY 4, INC.
PAYLESS PURCHASING SERVICES, INC.
PAYLESS GOLD VALUE CO, INC.
COLLECTIVE LICENSING, L.P.
PSS CANADA, INC.

By: 
Name: Michael C. Schwindle
Title: President


SHOE SOURCING, INC.

By: 
Name: Michael C. Schwindle
Title: Chairman and President


PAYLESS SHOESOURCE OF PUERTO RICO, INC.
CLINCH, LLC

By: 
Name: Michael C. Schwindle
Title: Chief Executive Officer

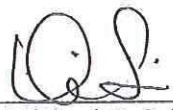
PAYLESS COLLECTIVE GP, LLC
COLLECTIVE LICENSING INTERNATIONAL, LLC

By: 
Name: Michael C. Schwindle
Title: Chief Executive Officer and President


PAYLESS SHOESOURCE MERCHANDISING, INC.

By: 
Name: Michael C. Schwindle
Title: Senior Vice President and Chief Financial Officer

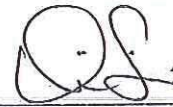
PAYLESS SHOESOURCE DISTRIBUTION, INC.
PAYLESS INTERNATIONAL FRANCHISING, LLC.

By: 
Name: Michael C. Schwindle
Title: Vice President


PAYLESS SHOESOURCE CANADA INC.
PAYLESS SHOESOURCE CANADA GP INC.

By: 
Name: Michael C. Schwindle
Title: Vice President and Treasurer

PAYLESS SHOESOURCE CANADA LP

By: 
Name: Michael C. Schwindle
Title: Vice President and Treasurer of Payless ShoeSource Canada GP Inc., as General Partner


COLLECTIVE BRANDS LOGISTICS, LIMITED

By: 
Name: Dave Milton
Title: Director

--AND--

By: _____
Name: Wang, Tsung-Yuan
Title: Director

DYNAMIC ASSETS LIMITED

By: 
Name: Dave Milton
Title: Director

--AND--

By: _____
Name: Wang, Tsung-Yuan
Title: Director

--AND--

By: _____
Name: Robert Carroll
Title: Director

EASTBOROUGH, INC.
PAYLESS NYC, INC.

By: _____
Name: Gary C. Madsen
Title: Vice President and Treasurer

COLLECTIVE BRANDS LOGISTICS, LIMITED

By: _____
Name: Dave Milton
Title: Director

--AND--

By: Tauk Wang
Name: Wang, Tsung-Yuan
Title: Director

DYNAMIC ASSETS LIMITED

By: _____
Name: Dave Milton
Title: Director

--AND--

By: Tauk Wang
Name: Wang, Tsung-Yuan
Title: Director

--AND--

By: _____
Name: Robert Carroll
Title: Director

EASTBOROUGH, INC.
PAYLESS NYC, INC.

By: _____
Name: Gary C. Madsen
Title: Vice President and Treasurer

COLLECTIVE BRANDS LOGISTICS, LIMITED

By: _____
Name: Dave Milton
Title: Director

--AND--

By: _____
Name: Wang, Tsung-Yuan
Title: Director


DYNAMIC ASSETS LIMITED

By: _____
Name: Dave Milton
Title: Director

--AND--

By: _____
Name: Wang, Tsung-Yuan
Title: Director

--AND--

By:  _____
Name: Robert Carroll
Title: Director

EASTBOROUGH, INC.
PAYLESS NYC, INC.

By: _____
Name: Gary C. Madsen
Title: Vice President and Treasurer

COLLECTIVE BRANDS LOGISTICS, LIMITED

By: _____
Name: Dave Milton
Title: Director

--AND--

By: _____
Name: Wang, Tsung-Yuan
Title: Director

DYNAMIC ASSETS LIMITED

By: _____
Name: Dave Milton
Title: Director

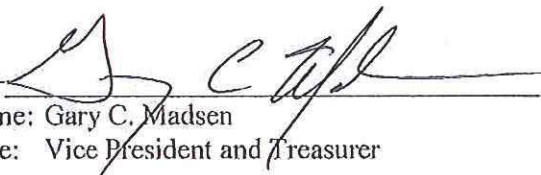
--AND--

By: _____
Name: Wang, Tsung-Yuan
Title: Director

--AND--


By: _____
Name: Robert Carroll
Title: Director



EASTBOROUGH, INC.
PAYLESS NYC, INC.

By: 
Name: Gary C. Madsen
Title: Vice President and Treasurer

ALDEN GLOBAL OPPORTUNITIES MASTER FUND, L.P.

BY: ALDEN GLOBAL CAPITAL LLC (on behalf of the above funds managed, advised,
or sub-advised by it)


By: 
Name: Heath Freeman
Title: President

Principal Amount of First Lien Claims: \$ 
Principal Amount of Second Lien Claims: \$ 



Notice Address:

Alden Global Capital LLC
885 Third Avenue, 34th Floor
New York, New York 10022
Attn: Jennifer Wild
Michael Monticciolo
Email: JWild@aldenglobal.com
MMonticciolo@aldenglobal.com

AIC FINANCE PARTNERSHIP, LP



By: its General Partner
Name: Rob Stobo
Title: Manager

Principal Amount of First Lien Claims: 
Principal Amount of Second Lien Claims: 




Notice Address:

1 Embarcadero Center Suite 2110
San Francisco, CA 94111
Fax: 415-616-7699
Attention: Kevin Clarkson
Email: coacct@aicap.com

**AXAR MASTER FUND, LTD.
STAR V PARTNERS LLC**

BY: AXAR CAPITAL MANAGEMENT LP (on behalf of the above funds managed,
advised, or sub-advised by it)

By: 
Name: Andrew Axelrod
Title: Managing Partner

Principal Amount of First Lien Claims: 
(Axar Master Fund Ltd = , Star V Partners LLC = )

Principal Amount of Second Lien Claims: \$ _____

Notice Address:
Axar Capital Management LP
1330 Avenue of the Americas, 6th Floor
New York, NY 10019

ATRIUM IX
ATRIUM VIII
ATRIUM X
ATRIUM XI
AUSTRALIANSUPER PTY LTD ATF
AUSTRALIANSUPER
BA/CSCREDIT 1 LLC
BENTHAM WHOLESAL
SYNDICATED LOAN FUND
CALIFORNIA STATE TEACHERS'
RETIREMENT SYSTEM
CITY OF NEW YORK GROUP TRUST
COMMONWEALTH OF
PENNSYLVANIA STATE
TREASURY DEPARTMENT
COPPERHILL LOAN FUND I, LLC
CREDIT SUISSE NOVA (LUX)
CREDIT SUISSE OPPORTUNITY
FUNDS-CREDIT SUISSE
FLOATING RATE HIGH INCOME
FUND

CREDIT SUISSE SENIOR LOAN
INVESTMENT UNIT TRUST
DOLLAR SENIOR LOAN FUND, LTD.
EATON CORPORATION MASTER
RETIREMENT TRUST
ERIE INDEMNITY COMPANY
ERIE INSURANCE EXCHANGE
MADISON PARK FUNDING IX, LTD.
MADISON PARK FUNDING X, LTD.
MADISON PARK FUNDING XI, LTD.
MADISON PARK FUNDING XII, LTD.
MADISON PARK FUNDING XIII, LTD.
MADISON PARK FUNDING XIV, LTD.
MADISON PARK FUNDING XV, LTD.
MADISON PARK FUNDING XVI, LTD.
MADISON PARK FUNDING XVII,
LTD.
MADISON PARK FUNDING XVIII,
LTD.
SENIOR SECURED FLOATING RATE
LOAN FUND

BY: CREDIT SUISSE ASSET MANAGEMENT, LLC (on behalf of the above funds managed, advised, or sub-advised by it)

By: _____
Name: Louis Farano
Title: Authorized Signatory

Principal Amount of First Lien Claims:
Principal Amount of Second Lien Claims:

\$ _____
\$ _____

Notice Address:

Credit Suisse Asset Management, LLC
One Madison Avenue
New York, New York 10010
Attn: Adrienne Dale
Email: adrienne.dale@credit-suisse.com

**BLACKSTONE / GSO LONG-SHORT CREDIT INCOME FUND
BLACKSTONE / GSO SENIOR FLOATING RATE TERM FUND
BLACKSTONE / GSO STRATEGIC CREDIT FUND**

By: GSO / Blackstone Debt Funds Management LLC, as investment adviser

**ADIRONDACK PARK CLO LTD.
BIRCHWOOD PARK CLO, LTD.
BOWMAN PARK CLO, LTD.
DORCHESTER PARK CLO LIMITED
EMERSON PARK CLO, LTD
FINN SQUARE CLO LTD.
MARINE PARK CLO LTD.
PINNACLE PARK CLO, LTD.
SENECA PARK CLO, LTD.
SHERIDAN SQUARE CLO LTD.
STEWART PARK CLO, LTD.
THACHER PARK CLO, LTD.
TRYON PARK CLO, LTD.**

By: GSO / Blackstone Debt Funds Management LLC, its collateral manager

GREEN CREEK LLC

By: FS Investment Corporation II, its sole member

By: GSO / Blackstone Debt Funds Management LLC, its sub-adviser

**GSO AIGUILLE DES GRANDS MONTETS FUND I LP
GSO AIGUILLE DES GRANDS MONTETS FUND II LP
GSO AIGUILLE DES GRANDS MONTETS FUND III LP**

By: GSO Capital Partners LP, its attorney-in fact

By: _____
Name: MARISA BEENEY
Title: AUTHORIZED SIGNATORY

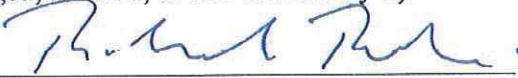
Principal Amount of First Lien Claims:
Principal Amount of Second Lien Claims:

Notice Address:

GSO Capital Partners LP
GSO / Blackstone Debt Funds Management LLC
345 Park Ave, 31st Floor
New York, NY 10154

HAWKEYE CAPITAL MASTER

BY: HAWKEYE CAPITAL MANAGEMENT LLC (on behalf of the above funds managed, advised, or sub-advised by it)

By: 

Name: Richard Rubin
Title: Managing Partner

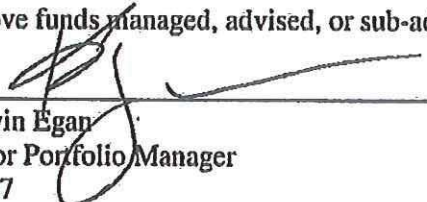
Principal Amount of First Lien Claims:
Principal Amount of Second Lien Claims:

\$ 
\$ 

Notice Address:

Hawkeye Capital Management, LLC
1251 Avenue of the Americas
New York, NY 10020
Attn: Richard Rubin
Matthew Greenblatt
Email: rich@hawkeyecap.com
mattg@hawkeyecap.com

**BY: INVESCO SENIOR SECURED MANAGEMENT, INC. (on behalf of the
above funds managed, advised, or sub-advised by it)**

By: 
Name: Kevin Egan
Title: Senior Portfolio Manager
Date: 4/3/17

Principal Amount of First Lien Claims:
Principal Amount of Second Lien Claims:



Notice Address:

Invesco Senior Secured Management, Inc.
1166 Avenue of the Americas, 26th Fl.
New York, NY 10036
Attn: Peter Wollman
Email: Peter_Wollman@invesco.com

OCTAGON INVESTMENT PARTNERS 24, LTD.
OCTAGON INVESTMENT PARTNERS XIV, LTD.
OCTAGON INVESTMENT PARTNERS XIX, LTD.
OCTAGON INVESTMENT PARTNERS XV LTD
OCTAGON INVESTMENT PARTNERS XVI, LTD
OCTAGON INVESTMENT PARTNERS XVII LTD.
OCTAGON INVESTMENT PARTNERS XVIII, LTD.
OCTAGON INVESTMENT PARTNERS XX, LTD.
OCTAGON INVESTMENT PARTNERS XXI, LTD.
OCTAGON INVESTMENT PARTNERS XXII, LTD.
OCTAGON INVESTMENT PARTNERS XXIII, LTD.
OCTAGON LOAN FUNDING, LTD.
OCTAGON MULTI-STRATEGY CORPORATE CREDIT MASTER FUND LP

BY: OCTAGON CREDIT INVESTORS, LLC (on behalf of the above funds managed,
advised, or sub-advised by it)

By: 

Name:

Title:

Michael Nechamkin - Portfolio Manager

Principal Amount of First Lien Claims:
Principal Amount of Second Lien Claims:



Notice Address:

Octagon Credit Investors, LLC
250 Park Ave. 15th Floor
New York, NY 10177
Attn: Meg Julian
Mike Searles
Email: mjulian@octagon.com
msearles@octagoncredit.com

RSA EXHIBIT A

RSA Term Sheet

PAYLESS HOLDINGS LLC, ET AL.

RESTRUCTURING TERM SHEET

THIS TERM SHEET (THIS "TERM SHEET") DESCRIBES A PROPOSED RESTRUCTURING (THE "RESTRUCTURING") FOR PAYLESS HOLDINGS LLC AND CERTAIN OF ITS AFFILIATES (COLLECTIVELY, THE "DEBTORS") PURSUANT TO A JOINT PLAN OF REORGANIZATION, WHICH WOULD BE FILED BY THE DEBTORS IN CONNECTION WITH A CONTEMPLATED CHAPTER 11 FILING (THE "CHAPTER 11 CASES") IN THE UNITED STATES BANKRUPTCY COURT FOR THE EASTERN DISTRICT OF MISSOURI (THE "BANKRUPTCY COURT").

THIS TERM SHEET IS NOT AN OFFER OR A SOLICITATION WITH RESPECT TO ANY SECURITIES OF THE DEBTORS. ANY SUCH OFFER OR SOLICITATION SHALL COMPLY WITH ALL APPLICABLE SECURITIES LAWS AND/OR PROVISIONS OF THE BANKRUPTCY CODE.

THIS TERM SHEET IS PROVIDED IN CONFIDENCE AND MAY NOT BE DISTRIBUTED WITHOUT THE EXPRESS WRITTEN CONSENT OF THE DEBTORS AND THE REQUISITE CONSENTING LENDERS (AS SUCH TERM IS DEFINED HEREIN). THIS TERM SHEET IS A SETTLEMENT PROPOSAL IN FURTHERANCE OF SETTLEMENT DISCUSSIONS. ACCORDINGLY, THIS TERM SHEET IS PROTECTED BY RULE 408 OF THE FEDERAL RULES OF EVIDENCE AND ANY OTHER APPLICABLE STATUTES OR DOCTRINES PROTECTING THE USE OR DISCLOSURE OF CONFIDENTIAL SETTLEMENT DISCUSSIONS.

THIS TERM SHEET IS SUBJECT TO ONGOING REVIEW AND APPROVAL BY, AND IS NOT BINDING UPON, THE DEBTORS AND THE CONSENTING LENDERS (AS SUCH TERM IS DEFINED HEREIN), IS SUBJECT TO MATERIAL CHANGE, AND IS BEING DISTRIBUTED FOR DISCUSSION PURPOSES ONLY.

GENERAL PROVISIONS REGARDING THE RESTRUCTURING

Restructuring Summary¹	Prior to the date upon which the Debtors commence the Chapter 11 Cases (the " <u>Petition Date</u> "), the Debtors, certain Prepetition First Lien Lenders holding Prepetition First Lien Credit Agreement Claims (such holders, the " <u>Consenting First Lien Lenders</u> " and such claims, the " <u>Consenting First Lien Lender Claims</u> "), and certain Prepetition Second Lien Lenders holding Prepetition Second Lien Credit Agreement Claims (such holders, the " <u>Consenting Second Lien Lenders</u> " and together with the Consenting First Lien Lenders, the " <u>Consenting Lenders</u> ") shall execute a Restructuring Support Agreement (the " <u>Restructuring Support</u>
--	--

¹ Capitalized terms used but not defined in this "Restructuring Summary" section shall have the respective meanings ascribed to such terms herein.

Agreement”), pursuant to which (i) the Debtors shall agree to pursue and implement a plan of reorganization consistent in form and substance in all material respects with this Term Sheet and all exhibits hereto (the “Chapter 11 Plan”) and (ii) the Consenting First Lien Lenders and the Consenting Second Lien Lenders shall agree to support the Chapter 11 Plan.

This Term Sheet outlines the proposed capital structure and other material terms and conditions of the Restructuring. The Term Sheet does not include a description of all of the terms, conditions and other provisions that are to be contained in the definitive documentation governing the Restructuring, which remain subject to further discussion and negotiation.

The Debtors’ Chapter 11 Cases will be funded by: (i) the new money commitments under the Term DIP Facility in aggregate principal amount of \$80 million; and (ii) the ABL DIP Facility, which shall constitute a roll-up of the Prepetition ABL Facility Claims and the Aggregate Commitments (as defined in the Prepetition ABL Facility).

The Debtors’ pro forma exit capital structure will consist of the following:

- **New ABL Facility.** A senior secured asset-based revolving credit facility on terms at least as favorable to the Debtors and the lenders under the New First Lien Term Loan Facility as the Prepetition ABL Facility, as determined by the Requisite Consenting Lenders (as defined herein) in their reasonable discretion.
- **New First Lien Term Loan Facility.** \$280 million first lien senior secured term loan facility (the “New First Lien Term Loan Facility”), on the material terms set forth in the New First Lien Term Loan Facility Term Sheet attached hereto as **Exhibit B**, consisting of (i) a first-out amortizing term loan (the “Tranche A-1 Term Loan”) and (ii) a last-out amortizing term loan (the “Tranche A-2 Term Loan”). The size of the Tranche A-1 Term Loan shall be equal to the outstanding balance of the Term DIP Facility on the Effective Date. The size of the Tranche A-2 Term Loan shall be \$280 million less the amount of the Tranche A-1 Term Loan.
- **New Equity.** Payless Holdings LLC, as reorganized pursuant to and under the Plan, or a new corporation or limited liability company that may be formed to directly or indirectly acquire all of the assets and/or stock of the Debtors (“Reorganized Payless Holdings”) shall issue equity (the “New Equity”) on the Effective Date on the terms set forth herein, which shall be deemed fully paid and non-assessable.

On the date (the “Effective Date”) on which all conditions to the effectiveness of the Chapter 11 Plan are either (i) satisfied or (ii) waived by (a) the Debtors and (b) a group of Consenting First Lien Lenders that collectively hold in the aggregate more than 50% of the aggregate Consenting First Lien Lender Claims held by the Consenting First Lien Lenders as of the relevant date, the “Requisite Consenting Lenders”), the Debtors shall consummate the Chapter 11 Plan, pursuant to which:

- each holder of a Term DIP Facility Claim shall convert its Term DIP Facility Claim into a claim under the Tranche A-1 Term Loan, on a dollar-for-dollar basis, under the New First Lien Term Loan Facility;
- each holder of an ABL DIP Claim shall (i) be paid in full in cash with the proceeds of the New ABL Facility or (ii) convert its ABL DIP Claim into a claim under the New ABL Facility (with such holder’s commitment under the ABL DIP Facility converting to a commitment under the New ABL Facility);
- each holder of a Prepetition First Lien Credit Agreement Claim shall receive its pro rata share of (i) the Tranche A-2 Term Loan and (ii) 91.0% of the New Equity (subject to reduction on account of the Worldwide GUC Equity Recovery, and subject to dilution from the MEIP and the Exit Commitment Fee);
- each holder of a Prepetition Second Lien Credit Agreement Claim shall receive its pro rata share of 9.0% of the New Equity (subject to dilution from the MEIP and the Exit Commitment Fee);
- each holder of a Worldwide General Unsecured Claim shall receive its pro rata share of the Worldwide GUC Equity Recovery (subject to dilution from the MEIP and the Exit Commitment Fee); provided that such holder shall have the option to elect to instead receive a cash payment equal to a percentage to be determined by the Debtors (with the consent of the Requisite Consenting Lenders) of the value of its Worldwide GUC Equity Recovery (the “GUC Cash-Out Option”).
- each holder of an Other General Unsecured Claim shall receive its pro rata share of \$[*] (the “Other General Unsecured Claims Recovery Pool”); provided that Other General Unsecured Claims shall include unsecured deficiency claims of holders of the Prepetition First Lien Credit Agreement Claims and the Prepetition Second Lien Credit Agreement Claims (collectively, the “Deficiency Claims”) (after taking into account recoveries of such holders received on account of Worldwide General Unsecured Claims); and

	<ul style="list-style-type: none"> • each holder of a Qualified Unsecured Trade Claim shall receive a cash payment equal to a percentage to be determined by the Debtors (with the consent of the Requisite Consenting Lenders) of such holder's remaining allowed Qualified Unsecured Trade Claim after taking into account payments made by the Debtors to such holder during the Chapter 11 Cases on account of general unsecured claims or under other Classes hereto. <p>The "<u>Worldwide GUC Equity Recovery</u>" shall mean, for all purposes hereunder, the pro rata share of Unencumbered Property at Payless ShoeSource Worldwide, Inc. to which a Worldwide General Unsecured Claim is entitled to receive New Equity on account of the value thereof (net of the value of Unencumbered Property used to satisfy Administrative Claims (including diminution in value claims) and other priority claims against the Debtors, if any), which shall be determined by calculating such holder's allowed general unsecured claim against the aggregate value of Payless ShoeSource Worldwide, Inc.'s Unencumbered Property as a percentage of all unsecured claims of holders against Payless ShoeSource Worldwide, Inc. (including, without limitation, (a) the Prepetition First Lien Deficiency Claims and (b) the amount of Prepetition Second Lien Credit Agreement Claims outstanding as of the Petition Date) (the "<u>Unencumbered Pro Rata Calculation</u>").</p> <p>"<u>Unencumbered Property</u>" shall mean all present and after acquired property of the Debtors, wherever located, not subject to a lien or security interest on the Petition Date.</p>
<p>Prepetition Funded Debt to be Repaid/Restructured</p>	<p>The prepetition funded debt to be repaid and restructured include:</p> <ul style="list-style-type: none"> • Approximately \$140 million in Tranche A Loan obligations (together with any accrued and unpaid interest through the Petition Date (as defined herein), the "<u>Prepetition Tranche A ABL Facility Claims</u>") outstanding under that certain asset-based revolving credit agreement, dated as of October 9, 2012 (as amended, restated, modified or supplemented from time to time prior to the date hereof, the "<u>Prepetition ABL Facility</u>" and together with any Loan Document (as defined in the Prepetition ABL Facility) and any other document related to or evidencing the loans and obligations thereunder, the "<u>Prepetition ABL Facility Loan Documents</u>") among Holdings (as defined therein), the Borrowers (as defined therein), the several lenders from time to time party thereto (the "<u>Prepetition ABL Facility Lenders</u>") and Wells Fargo Bank, National Association (in such capacity, the "<u>Prepetition ABL Facility Agent</u>"); • Approximately \$30.5 million in Letter of Credit obligations (together with any accrued and unpaid interest through the Petition Date, the "<u>Prepetition ABL Facility L/C Obligations</u>"); • Approximately \$55 million in Tranche A-1 Loan obligations (together with any accrued and unpaid interest and allowed

prepayment fees and expenses, the "Prepetition ABL Facility FILO Term Loan Claims" and together with the Prepetition Tranche A ABL Facility Claims and the Prepetition ABL Facility L/C Obligations, the "Prepetition ABL Facility Claims") outstanding under the Prepetition ABL Facility;

- Approximately \$506 million in obligations (together with any accrued and unpaid interest through the Petition Date, the "Prepetition First Lien Credit Agreement Claims") outstanding under that certain First Lien Term Loan and Guarantee Agreement, dated as of March 11, 2014 (as amended, restated, modified or supplemented from time to time prior to the date hereof, the "Prepetition First Lien Credit Agreement" and together with any Loan Document (as defined in the Prepetition First Lien Credit Agreement) and any other document related to or evidencing the loans and obligations thereunder, the "Prepetition First Lien Loan Documents"), among Holdings, the Borrowers, the several lenders from time to time party thereto (the "Prepetition First Lien Lenders") and Cortland Products Corp. (as successor to Morgan Stanley Senior Funding Inc., in such capacity, the "Prepetition First Lien Agent"); and
- Approximately \$145.0 million in obligations (together with any accrued and unpaid interest through the Petition Date, the "Prepetition Second Lien Credit Agreement Claims" and together with the Prepetition First Lien Credit Agreement Claims, the "Prepetition Credit Agreement Claims") outstanding under that certain Second Lien Term Loan and Guarantee Agreement, dated as of March 11, 2014 (as amended, restated, modified or supplemented from time to time prior to the date hereof, the "Prepetition Second Lien Credit Agreement" and together with any Loan Document (as defined in the Prepetition Second Lien Credit Agreement) and any other document related to or evidencing the loans and obligations thereunder, the "Prepetition Second Lien Loan Documents"), among Holdings, the Borrowers, the several lenders from time to time party thereto (the "Prepetition Second Lien Lenders") and Morgan Stanley Senior Funding Inc. (in such capacity, the "Prepetition Second Lien Agent").

<p>The Term DIP Facility</p>	<p>The material terms of the Term DIP Facility are set forth in the Term DIP Credit Agreement attached hereto as <u>Exhibit A</u>, which shall govern in all respects.</p> <p>On the Petition Date, the Debtors shall file a motion seeking approval of a superpriority senior-secured non-amortizing debtor-in-possession term credit facility (the "<u>Term DIP Facility</u>") comprised of a term loan facility in an aggregate amount not to exceed \$80 million of principal loaned (subject to original issue discount provided in connection with certain fees as set forth in the DIP Fee Letter (as defined in Term DIP Credit Agreement)), consisting of:</p> <ul style="list-style-type: none"> (i) A \$30 million initial draw at the hearing to approve the Term DIP Facility on a final basis (the "<u>Initial DIP Amount</u>"); (ii) During the period of time following entry of the Disclosure Statement Order (as defined herein) through the Effective Date, subject in each case to consent by the Required Lenders (as defined in the Term DIP Facility), up to \$50 million of additional funds available pursuant to multiple draw requests (each, an "<u>Interim DIP Draw</u>"); and (iii) upon the Effective Date, a final draw of remaining available proceeds, if any, under the Term DIP Facility in an amount sufficient to provide the Debtors with no more than \$25 million of liquidity upon emergence (the "<u>Final DIP Draw</u>," together with the Initial DIP Amount and Interim DIP Draws, the "<u>Term DIP Loans</u>"). <p>Each Consenting First Lien Lender that executed the Restructuring Support Agreement prior to the Petition Date (each, a "<u>Backstop Lender</u>"; and collectively, the "<u>Backstop Lenders</u>") shall backstop the Term DIP Loans on a pro rata basis, determined based on the outstanding principal amount of Term Loans under the Prepetition First Lien Credit Agreement held by the Backstop Lenders or their affiliated funds as of the Petition Date; <u>provided</u> that an Initial Consenting Lender may elect to not backstop its pro rata share of the Term DIP Loans, in which case the remaining Backstop Lenders shall cover such Initial Consenting Lender's funding obligation on a pro rata basis.</p> <p>Each Prepetition First Lien Lender that executes the Restructuring Support Agreement within 30 days following the Petition Date shall have the option, at its election, to fund its pro rata share of the Term DIP Loans. For the avoidance of doubt, only the Backstop Lenders are entitled to their pro rata share of the backstop fee (as described in the DIP Fee Letter).</p>
<p>The ABL DIP Facility</p>	<p>The Debtors are seeking to roll the existing Prepetition ABL Facility Claims into a postpetition ABL facility (the "<u>ABL DIP Facility</u>" and together with the Term DIP Facility, the "<u>DIP Facilities</u>"). More</p>

	specifically, amounts outstanding under the Prepetition ABL Facility (including, for the avoidance of doubt, Aggregate Commitments, as defined therein) shall be exchanged on a dollar-for-dollar basis into a superpriority senior secured asset-based revolving credit facility. The ABL DIP Facility is comprised of a revolving loan facility in an aggregate principal amount not to exceed \$305 million.
Qualified Vendors / Qualified Trade Agreement	Each holder of a general unsecured claim that (i) directly relates to and arises solely from the receipt of goods and services by the Debtors arising with, and held by, entities with whom the Debtors are conducting, and with whom the Debtors elect ² to continue to conduct, business as of the Effective Date and (ii) has executed an agreement or similar arrangement with the Debtors (a “ <u>Qualified Trade Agreement</u> ”), which agreement shall be reasonably acceptable to the Requisite Consenting Lenders, to provide favorable vendor terms for at least 12 months following the Effective Date (each such holder, a “ <u>Consenting Qualified Vendor</u> ” and each such claim, a “ <u>Qualified Unsecured Trade Claim</u> ”), shall receive treatment in accordance with Class 5 of the Chapter 11 Plan.
<u>CLASSIFICATION AND TREATMENT OF CLAIMS</u>	
The following designates the classes of claims against and interests (each, a “Class”) in each of the Debtors on a non-consolidated basis. Certain of the Debtors may not have holders of claims or interests in a particular Class or Classes. The summary of classification and treatment of claims set forth below groups the Debtors together solely for the purpose of describing treatment under the Chapter 11 Plan. Such groupings shall not affect each Debtor’s status as a separate legal entity, change the organizational structure of the Debtors’ business enterprise, constitute a change of control of any Debtor for any purpose, cause a merger of consolidation of any legal entities, or cause the transfer of any assets.	
<u>Unclassified Claims</u>	
Administrative Claims	<p>Treatment. On the Effective Date or as soon as reasonably practicable thereafter, except to the extent a holder of an allowed administrative claim, including claims of the type described in section 503(b)(9) of chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the “<u>Bankruptcy Code</u>”), (each, an “<u>Administrative Claim</u>”) already has been paid during the Chapter 11 Cases or such holder of an Administrative Claim, together with the Debtors and the Requisite Consenting Lenders, agrees to less favorable treatment, in full and final satisfaction, settlement, release, and discharge of and in exchange for each allowed Administrative Claim, each such holder of an allowed Administrative Claim shall receive payment in full, in cash, of the unpaid portion of its allowed Administrative Claim.</p> <p>Voting. Unimpaired. Unclassified; non-voting.</p>

² The Debtors may elect to renegotiate and or reject executory contracts and to separately classify and treat any claims arising therefrom, subject to the consent of the Requisite Consenting Lenders.