

Court File No. CV-17-011758-00CL

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

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

**AND IN THE MATTER OF PAYLESS HOLDINGS LLC, PAYLESS SHOESOURCE
CANADA INC., PAYLESS SHOESOURCE CANADA GP INC. AND THOSE OTHER
ENTITIES LISTED ON SCHEDULE "A" HERETO**

**APPLICATION OF PAYLESS HOLDINGS LLC UNDER SECTION 46 OF THE
COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED**

**FOURTH REPORT OF THE INFORMATION OFFICER
ALVAREZ & MARSAL CANADA INC.**

October 19, 2017

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1.0 INTRODUCTION

- 1.1 On April 4, 2017 (the “**Filing Date**”), Payless Holdings LLC (“**Payless Holdings**”), Payless ShoeSource Canada Inc. (“**Payless Canada**”), Payless ShoeSource Canada GP Inc. (“**PSS GP Inc.**”) and Payless ShoeSource Canada LP (“**Payless LP**” and together with Payless Canada and PSS GP Inc., the “**Payless Canada Group**”) together with the other entities listed on **Appendix “A”** (collectively, “**Payless**”, or the “**Chapter 11 Debtors**”) commenced voluntary reorganization proceedings (the “**Chapter 11 Proceedings**”) in the United States Bankruptcy Court for the Eastern District of Missouri (the “**US Court**”) by filing voluntary petitions for relief under Chapter 11 of Title 11 of the United States Code, 11 U.S.C. 101-1532 (the “**US Code**”).
- 1.2 On the Filing Date, the Chapter 11 Debtors filed a number of motions for interim and final orders (the “**First Day Motions**”) in the Chapter 11 Proceedings to permit the Chapter 11 Debtors to continue to operate their business in the ordinary course and to advance their reorganization. The First Day Motions, which were heard by the US Court on April 5, 2017, included a motion for entry of an order (the “**Foreign Representative Order**”) authorizing Payless Holdings to act as foreign representative on behalf of the Chapter 11 Debtors.
- 1.3 On April 5, 2017, the US Court granted the Foreign Representative Order and a series of other orders in respect of the First Day Motions (the “**First Day Orders**”).
- 1.4 On April 7, 2017, Payless Holdings commenced proceedings (the “**CCAA Recognition Proceedings**”, together with the Chapter 11 Proceedings, the “**Restructuring Proceedings**”) before this Court (the “**Court**”) pursuant to Part IV of the *Companies’*

Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”). On the same date, the Court granted an initial recognition order (the “**Initial Recognition Order**”) pursuant to sections 46, 47 and 48 of the CCAA, among other things: (i) declaring that Payless Holdings is a “foreign representative” (the “**Foreign Representative**”); (ii) declaring that the Chapter 11 Proceedings are recognized as a “foreign main proceeding” under the CCAA; and (iii) granting a stay of proceedings in respect of the Chapter 11 Debtors.

1.5 On April 12, 2017, the Court issued an endorsement granting a supplemental order (the “**Supplemental Order**”) pursuant to section 49 of the CCAA, among other things: (i) recognizing in Canada and enforcing certain First Day Orders, except for the interim DIP order; (ii) appointing Alvarez & Marsal Canada Inc. (“**A&M Canada**”) as the information officer in respect of the CCAA Recognition Proceedings (in such capacity, the “**Information Officer**”); (iii) staying any claims, rights, remedies, liens or proceedings against or in respect of the Chapter 11 Debtors; and (iv) restraining the right of any person or entity to, among other things, discontinue or terminate any supply of products or services to the Chapter 11 Debtors.

1.6 On June 21, 2017, the Court issued an order that recognized certain final orders of the US Court which granted the relief in the First Day Orders on a final basis.

1.7 On July 26, 2017, the US Court confirmed Payless’ Fifth Amended Joint Plan of Reorganization dated July 21, 2017 (the “**Plan**”) and the Plan Supplement dated July 10, 2017 (as amended, supplemented and otherwise modified, the “**Plan Supplement**”, and

together with the Plan, the “**Confirmed Plan**”) by entering the confirmation order requested by the Chapter 11 Debtors (the “**Confirmation Order**”).

- 1.8 On July 28, 2017, the Court issued an order (the “**Plan Recognition Order**”), among other things: (i) recognizing the Confirmation Order; (ii) authorizing and directing the Foreign Representative and the other Chapter 11 Debtors to take all steps and actions, and to do all things, necessary or appropriate to implement the Confirmed Plan in accordance with its terms; and (iii) terminating the Stay Period (as defined in the Supplemental Order) and the stay of proceedings contained in the Initial Recognition Order in respect of the Chapter 11 Debtors (collectively with the Stay Period, the “**Stay**”) upon the Information Officer filing a certificate (the “**Information Officer’s Certificate**”) with the Court confirming that the effective date of the Confirmed Plan (the “**Effective Date**”) had occurred.
- 1.9 The Effective Date occurred on August 10, 2017 and on August 11, 2017, in accordance with the provisions of the Plan Recognition Order, the Information Officer filed the Information Officer’s Certificate resulting in a termination of the Stay in the CCAA Recognition Proceedings.
- 1.10 The Information Officer filed a Pre-Filing Report dated April 7, 2017, a First Report dated June 7, 2017, a Second Report dated June 19, 2017, and a Third Report dated July 26, 2017 which collectively provide further background in respect of the Restructuring Proceedings. The Information Officer’s reports can be found on the Information Officer’s website at <https://www.alvarezandmarsal.com/paylesscanada>.

2.0 TERMS OF REFERENCE

2.1 In preparing this report (the “**Fourth Report**”), A&M Canada has relied solely on information and documents provided by the Foreign Representative, the other Chapter 11 Debtors and their Canadian legal counsel (collectively the “**Information**”). Except as otherwise described in this Fourth Report in respect of the Payless cash flow forecast:

- (a) the Information Officer has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Information Officer has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards (“**CAS**”) pursuant to the *Chartered Professional Accountants of Canada Handbook* (the “**Handbook**”), and accordingly, the Information Officer expresses no opinion or other form of assurance contemplated under CAS in respect of the Information; and
- (b) some of the information referred to in this Fourth Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the Handbook, has not been performed.

2.2 Future-oriented financial information referred to in this Fourth Report was prepared based on estimates and assumptions made by Payless’s management. Readers are cautioned that, since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, and the variations could be significant.

2.3 This Fourth Report should be read in conjunction with the Affidavit of Neil Hansen, Senior Vice President and Chief Financial Officer of Payless Holdings LLC, sworn on September 27, 2017 (the “**Hansen Affidavit**”).

2.4 Unless otherwise stated, all monetary amounts contained in this Fourth Report are expressed in United States dollars, which is the Chapter 11 Debtors’ common reporting currency.

3.0 PURPOSE OF THIS REPORT

3.1 The purpose of this Fourth Report is to provide the Court with information in respect of the motion brought by the Foreign Representative for an Order (the “**Escrow Funds and Discharge Order**”):

- (a) authorizing and directing the Information Officer to return the Escrow Funds (defined below) to the Payless Canada Group (or as the Payless Canada Group may direct);
- (b) authorizing and approving the fees and disbursements of the Information Officer and its legal counsel incurred in connection with the Restructuring Proceedings as described in the Fee Affidavits (defined below);
- (c) authorizing and approving the fees and disbursements of the Information Officer and its legal counsel that are not set out in the Fee Affidavits but incurred following September 9, 2017 in respect of the Information Officer and August 31, 2017 in respect of its legal counsel for the performance of the duties of the Information Officer up to a maximum of C\$25,000 of aggregate fees plus any

reasonable disbursements incurred in respect thereof and any applicable taxes on such fees and disbursements;

- (d) ordering that A&M Canada be discharged as Information Officer upon filing a certificate of discharge (the “**Discharge Certificate**”) evidencing the completion of its duties as Information Officer;
- (e) declaring that the Administration Charge shall be deemed to be discharged upon the filing of the Discharge Certificate; and
- (f) approving this Fourth Report of the Information Officer and the activities of the Information Officer described herein.

4.0 THE ESCROW FUNDS

4.1 Pursuant to an endorsement of the Court dated April 27, 2017, a copy of which is appended to the Hansen Affidavit, the Payless Canada Group paid the Information Officer funds to hold in escrow (the “**Escrow Funds**”) on account of April pre-filing rent (the “**Unpaid April Rent**”) owing to landlords of the Payless Canada Group (the “**Landlords**”). As of September 30, 2017, the Escrow Funds totaled C\$465,779.55, including interest. The Information Officer continues to hold the Escrow Funds pending further order of this Court.

4.2 The Information Officer understands that on or about September 6, 2017, the Payless Canada Group paid the amounts owing in respect of the Unpaid April Rent to the respective Landlords. Accordingly, it is the Information Officer’s view that it is

appropriate for the Information Officer to remit the Escrow Funds to the Payless Canada Group.

5.0 APPROVAL OF FEES

- 5.1 The Supplemental Order requires that the Information Officer and its legal counsel pass their accounts from time to time before a judge of this Court. The Information Officer and its legal counsel have maintained detailed records of their professional costs and time during the course of the Restructuring Proceedings.
- 5.2 The Affidavit of Alan J. Hutchens, a Senior Vice-President of A&M Canada, sworn September 26, 2017 (the “**Hutchens Affidavit**”) attests to the fees and disbursements of the Information Officer for the period March 30, 2017 to September 9, 2017 in the amount of C\$338,216.11, comprised of fees of C\$261,570.00, disbursements (primarily for publication of notices of the proceedings in The Globe and Mail and La Presse newspapers) of C\$37,736.28 and HST of \$38,909.83.
- 5.3 The Affidavit of Ashley Taylor, a partner with the law firm Stikeman Elliott LLP (“**Stikeman**”), sworn September 26, 2017 (the “**Taylor Affidavit**” and, together with the Hutchens Affidavit, the “**Fee Affidavits**”) attests to the fees and disbursements of Stikeman, acting as legal counsel to the Information Officer, for the period from March 31, 2017 to August 31, 2017 in the amount of C\$187,167.51, including disbursements and HST. The Information Officer confirms that the fees and disbursements set out in the invoices of Stikeman relate to advice sought by the Information Officer and that, in the Information Officer’s view, the fees and disbursements of Stikeman are reasonable.

- 5.4 Copies of the Hutchens Affidavit and the Taylor Affidavit are attached as **Appendix “B”** and **Appendix “C”**, respectively.
- 5.5 In addition to approving the amounts set forth in the Fee Affidavits, the Escrow Funds and Discharge Order also seeks authorization and approval of the fees and disbursements of the Information Officer and its legal counsel that are not set out in the Fee Affidavits but have been incurred since their last invoices were rendered or will be incurred in the performance of their duties as Information Officer, up to a maximum of C\$25,000 of aggregate fees plus any reasonable disbursements and any applicable taxes on such fees and disbursements (the “**Maximum Remaining Amount**”). The Maximum Remaining Amount was determined on the assumption that the motion for the Escrow Funds and Discharge Order proceeds on an uncontested basis. The Information Officer will submit further accounts to legal counsel of the Foreign Representative for fees and disbursements actually incurred by it and Stikeman. In the event that the Maximum Remaining Amount is exceeded, the Information Officer will submit the additional accounts to the Court for approval.
- 5.6 To the extent that approved fees and disbursements have not been paid, the Information Officer and Stikeman intend to apply their respective retainers to such amounts. The remainder of the retainers, if any, will be returned to the Payless Canada Group following the discharge of the Information Officer.
- 5.7 The Foreign Representative has reviewed the Fee Affidavits and believes the fees and disbursements described therein and the Maximum Remaining Amount are reasonable in the circumstances. Accordingly, the Information Officer believes that it is appropriate for

the Court to authorize and approve the fees and disbursements described in the Fee Affidavits and the Maximum Remaining Amount.

6.0 ACTIVITIES OF THE INFORMATION OFFICER

6.1 The activities of the Information Officer since the date of its Third Report, being July 26, 2017, have included:

- (a) continuing to make non-confidential materials filed with the Court publicly available on the website maintained by the Information Officer in respect of these CCAA Recognition Proceedings at www.alvarezandmarsal.com/paylesscanada;
- (b) responding to inquiries from stakeholders regarding the Restructuring Proceedings;
- (c) monitoring the Chapter 11 Debtors' restructuring website maintained by Prime Clerk LLC for activity and developments in the Chapter 11 Proceedings;
- (d) discussions with legal counsel, the Chapter 11 Debtors' Canadian and U.S. legal counsel, the financial advisor to the Chapter 11 Debtors and certain management of the Chapter 11 Debtors regarding matters relevant to the Restructuring Proceedings;
- (e) communicating with legal counsel, the Chapter 11 Debtors' Canadian and U.S. legal counsel, the U.S. financial advisor to the Chapter 11 Debtors, certain management of the Chapter 11 Debtors and legal counsel to certain Landlords to discuss and resolve certain matters of concern to the Landlords;

- (f) attending the hearing held in respect of the Foreign Representative's motion seeking the Plan Recognition Order via video conference on July 28, 2017; and
- (g) preparing this Fourth Report and reviewing draft materials of the Foreign Representative in connection with this motion for the Escrow Funds and Discharge Order.

6.2 The Foreign Representative is seeking approval of this Fourth Report and the activities of the Information Officer set out herein.

7.0 DISCHARGE OF THE INFORMATION OFFICER AND TERMINATION OF THE RESTRUCTURING PROCEEDINGS

7.1 The Effective Date of the Confirmed Plan occurred on August 10, 2017 and the Chapter 11 Debtors have now successfully emerged from the Chapter 11 Proceedings as reorganized entities. The Chapter 11 Proceedings are substantially complete and there will be no need for the Court to recognize any further orders of the US Court. In addition, other than the activities described in this Fourth Report, the Information Officer does not anticipate any further steps being required in these Restructuring Proceedings. Accordingly, the Information Officer believes that it is appropriate that an order be issued discharging A&M Canada as Information Officer and relieving it from any further duties in respect of these Restructuring Proceedings upon the filing of the Discharge Certificate. The Discharge Certificate is expected to be filed following the return of the Escrow Funds.

8.0 RECOMMENDATIONS

8.1 Based on the foregoing and for the reasons set out in this Fourth Report, the Information Officer respectfully recommends that this Court grant the Escrow Funds and Discharge Order in the form requested by Foreign Representative.

ALL OF WHICH IS RESPECTFULLY SUBMITTED at Toronto, Ontario this 19th day of October, 2017.

**ALVAREZ & MARSAL CANADA INC.,
in its capacity as Information Officer of
Payless Holdings LLC and the other Applicants listed on Appendix "A",
and not in its personal or corporate capacity.**



Per: Alan J. Hutchens
Senior Vice-President

APPENDIX “A”

ADDITIONAL CHAPTER 11 DEBTORS

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, LP
Collective Licensing International LLC
Clinch, LLC
Collective Brands Franchising Services, LLC
Payless International Franchising, LLC
Collective Brands Logistics, Limited
Dynamic Assets Limited
PSS Canada, Inc.

APPENDIX “B”

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

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

**AND IN THE MATTER OF PAYLESS HOLDINGS LLC,
PAYLESS SHOESOURCE CANADA INC., PAYLESS
SHOESHOURCE CANADA GP INC. AND THOSE OTHER
ENTITIES LISTED ON EXHIBIT "A" HERETO**

**AFFIDAVIT OF ALAN J. HUTCHENS
(Sworn September 26, 2017)**

I, ALAN J. HUTCHENS, of the Town of Oakville, in the Province of Ontario, **MAKE OATH AND SAY:**

1. I am a Senior Vice-President at Alvarez & Marsal Canada Inc. ("**A&M**"), the Court appointed Information Officer in these proceedings (the "**Information Officer**"). As such, I have knowledge of the matters hereinafter deposed to, except where stated to be on information and belief and whereso stated I verily believe it to be true.
2. A&M was appointed as Information Officer pursuant to the Supplemental Order (Foreign Main Proceeding) (the "**Supplemental Order**") of Regional Senior Justice Morawetz dated April 12, 2017. The Information Officer retained Stikeman Elliott LLP as its counsel in these proceedings.
3. Pursuant to the paragraphs 18 and 19 of the Supplemental Order, the Information Officer and its legal counsel are to be paid their reasonable fees and disbursements incurred in respect of these proceedings, both before and after the making of the Supplemental Order, at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and are required to pass their accounts from time to time.
4. Attached hereto and marked as Exhibit "B" to this my Affidavit is a summary of the invoices rendered by A&M (the "**A&M Accounts**") in respect of these proceedings for the

period from March 30 to September 9, 2017 (the “A&M Application Period”), together with copies of the A&M Accounts.

5. A&M expended a total of 418.9 hours in connection with this matter during the A&M Application Period, giving rise to fees and disbursements totalling \$338,216.11, comprised of fees of \$261,570.00, disbursements (primarily for publication of notices of the proceedings in The Globe and Mail and La Presse newspapers) of \$37,736.28 and HST of \$38,909.83.

6. Attached hereto and marked as Exhibit “C” to this my Affidavit is a summary of the hours incurred and standard hourly rates of the A&M personnel involved in this matter.


7. In addition to the foregoing, A&M estimates that its fees and disbursements through to conclusion of these proceedings, beyond the A&M Application Period, will not exceed \$12,500, excluding disbursements and HST.

8. To the best of my knowledge, A&M’s rates and disbursements are consistent with those in the market for these types of matters and the hourly billing rates charged by A&M are comparable to the rates charged by A&M for services rendered in similar proceedings. A&M has had its rates and disbursements, including the rates of various professionals who provided services in these proceedings, approved by this Court in respect of similar services provided in a number of insolvency and restructuring files.

9. This Affidavit is sworn in connection with a motion by the Information Officer to have its fees and disbursements, and those of its legal counsel, in connection with these proceedings, approved by this Court and for no improper purpose.

SWORN before me at the City of Toronto,
in the Province of Ontario, on this 26th day
of September, 2017.


Gail Anne Jenkinson, a Commissioner, etc.,
Province of Ontario, for Alvarez & Marsal Canada Inc.
Expires April 26, 2020.


A Commissioner for taking affidavits

Name:


ALAN J. HUTCHENS

This is Exhibit "A" referred to in the
affidavit of Alan J. Hutchens
sworn before me, this 26th
day of September, 2017.




A Commissioner for Taking Affidavits

ADDITIONAL CHAPTER 11 DEBTORS

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, LP
Collective Licensing International LLC
Clinch, LLC
Collective Brands Franchising Services, LLC
Payless International Franchising, LLC
Collective Brands Logistics, Limited
Dynamic Assets Limited
PSS Canada, Inc.

This is Exhibit "B" referred to in the
affidavit of Alan J. Hutchens
sworn before me, this 26th
day of September, 2017.



A Commissioner for Taking Affidavits

**ALVAREZ & MARSAL CANADA INC.
 COURT-APPOINTED INFORMATION OFFICER OF PAYLESS HOLDINGS LLC,
 PAYLESS SHOESOURCE CANADA INC., PAYLESS SHOESOURCE CANADA GP INC. AND THOSE OTHER
 ENTITIES LISTED ON SCHEDULE "A"**

FOR THE PERIOD MARCH 30 SEPTEMBER 9, 2017

Invoice No.	Date of Invoice	Invoice Period	Total Hours	Fees	Expenses	HST	Invoice Total
1	May 2, 2017	March 30 to April 29, 2017	273.1	\$168,152.50	7,387.00	\$22,820.14	\$198,359.64
2	June 6, 2017	April 30 to June 3, 2017	73.4	44,572.50	30,261.88	9,728.47	84,562.85
3	July 5, 2017	June 4 to July 1, 2017	29.1	19,887.50	-	2,585.38	22,472.88
4	August 3, 2017	July 2 to 29, 2017	26.7	18,890.00	-	2,455.70	21,345.70
5	September 13, 2017	July 30 to September 9, 2017	16.6	10,067.50	87.40	1,320.14	11,475.04
TOTAL			418.9	\$261,570.00	\$37,736.28	\$38,909.83	\$338,216.11



Alvarez & Marsal Canada Inc.
 Royal Bank Plaza, South Tower
 200 Bay Street, Suite 2900, P.O. Box 22
 Toronto, ON M5J 2J1
 Phone: +1 416 847 5200
 Fax: +1 416 847 5201

May 2, 2017

Payless ShoeSource Canada LP
 3231 SE Sixth Avenue
 Topeka, KS
 66607 USA

Attention: Mr. Michael Schwindle
 SVP & Chief Financial Officer

Re: PAYLESS SHOESOURCE CANADA LP
INVOICE #1 – 810485D

For professional services rendered in connection with our role as CCAA Information Officer, pursuant to the Supplemental Order granted by the Ontario Superior Court of Justice, for the period to April 29, 2017.

BILLING SUMMARY

	<u>Hours</u>	<u>Rate</u>	<u>Total</u>
A. Hutchens, Managing Director	66.5	\$825	\$54,862.50
M. MacKenzie, Senior Director	101.6	\$650	66,040.00
M. Brouwer, Senior Associate	<u>105.0</u>	\$450	<u>47,250.00</u>
	<u>273.1</u>		<u>\$168,152.50</u>
 Add: Out of pocket expense – La Presse Newspaper Notice			 <u>7,387.00</u>
			<u>\$175,539.50</u>
 Add: HST @ 13%			 <u>22,820.14</u>
TOTAL INVOICE			<u>\$198,359.64</u>

Mailing Instructions:

Alvarez & Marsal Canada Inc.
 Attn: Richard Morawetz
 Royal Bank Plaza, South Tower
 200 Bay Street, Suite 2900
 P.O. Box 22
 Toronto, ON M5J 2J1

Wiring Instructions:

Bank: TD Canada Trust
 Account Name: Alvarez & Marsal Canada ULC
 Swiftcode: TDOMCATTOR
 Bank Address: 55 King Street West
 Toronto, ON
 Bank Transit #: 10202
 Institution #: 0004
 Account #: 5410790
 Reference #: Payless Shoe (810485D) – Invoice #1
 HST#: 83158 2127 RT0001

Payless ShoeSource – 810485D
DETAILED SUMMARY – to April 29, 2017

<u><i>A. Hutchens</i></u>	<u>Hrs.</u>
Mar 30 Discussions/emails with Osler and internally on start-up matters; emails with A&M US on start-up matters; review the draft Declaration in Support of the First Day Pleadings for the Chapter 11 case.	3.3
Mar 31 Discussions/emails with Osler, Stikeman Elliott and internally on start-up matters, information requests and information flow; emails with A&M US on start-up matters and information requests; review the draft affidavit in support of the Canadian application; review certain of the draft first day motions for the Chapter 11 case; internal discussions and emails on creditors of the Canadian debtors.	5.7
Apr 1 Review the draft Canadian application materials; internal discussions and emails/emails with A&M US on Canadian creditors and certain of the draft first day motions for the Chapter 11 case.	3.0
Apr 2 Teleconference with Stikeman Elliott on the draft Canadian application materials and related matters; internal emails/emails with Osler and Stikeman Elliott on pre-filing matters; review draft financial statements for the Canadian entities; review the consolidated cash flow forecast; internal emails on the director and officer (“D&O”) liability analysis and preliminary liquidation analysis.	2.8
Apr 3 Emails with A&M US on start-up matters; internal discussions on the Pre-Filing Report of the Proposed Information Officer; review the revised draft Canadian application materials.	2.2
Apr 4 Review the draft D&O analysis and internal discussion on same; review certain aspects of the further revised draft Canadian application materials; review and revise the draft Pre-Filing Report, and internal discussions/emails on same.	2.5
Apr 5 Prepare paragraph inserts, review and revise iterations of the draft Pre-Filing Report, and discussions/emails with Stikeman Elliott and internally on same; discussion with counsel to a landlord; discussion/emails with A&M US on April rent payments and emails with Osler on same; internal discussions on the draft liquidation analysis.	7.7
Apr 6 Internal meeting and discussions on the draft liquidation analysis; emails with A&M US and Osler on April rents; prepare paragraph inserts, review and revise iterations of the draft Pre-Filing Report, and discussions/emails with Stikeman Elliott on same.	6.4



Payless ShoeSource – 810485D
DETAILED SUMMARY – to April 29, 2017

Apr 7	Review, revise and finalize the Pre-Filing Report for service, and discussions/emails with Stikeman Elliott on same; prepare for and attend at Court for the hearing for approval of the Initial Recognition Order and the Supplemental Order; email to A&M US to provide an update on the outcome of today's Court hearing.	8.0
Apr 8	Discussions with Stikeman Elliott on landlord matters; teleconference with Payless, Kirkland & Ellis ("K&E"), A&M US, Osler and Stikeman Elliott on the outcome of yesterday's Canadian Court hearing and next steps; review the deck to support the sizing of the DIP facility.	1.1
Apr 9	Teleconference with Payless, K&E, A&M US, Osler and Stikeman Elliott on landlord matters.	0.4
Apr 10	Discussion and emails with Stikeman Elliott on the status of landlord issues; prepare for and attend at Court for the hearing for the Supplemental Order.	4.2
Apr 11	Attend at Court for the case conference for submission of the proposed three-month rents endorsement; discussion with Stikeman Elliott on information requested by counsel to a landlord and emails with Payless/Osler on same.	1.0
Apr 12	Discussions with Stikeman Elliott on information requested by counsel to a landlord and on the Court's endorsement of the Supplemental Order; internal discussions on start-up matters.	0.6
Apr 13	Emails with Stikeman Elliott on matters related to the Court's endorsement of the Supplemental Order; emails with A&M US on aspects of A&M's retention in Canada	0.5
Apr 14	Emails with A&M US on aspects of A&M's retention in Canada.	0.4
Apr 17	Discussion with Stikeman Elliott on CCAA matters; internal discussion on notification requirements of the Supplemental Order.	0.4
Apr 18	Review the revised draft Supplemental Order; discussions and emails with Stikeman Elliott and internally on an email from legal counsel to a landlord.	1.2
Apr 19	Discussion with A&M US on the status of the DIP financing and related matters; internal discussion on a service provider inquiry; discussion with Stikeman Elliott on next steps to address questions/suggestions received from Osler and legal counsel to a landlord; teleconference with Osler and Stikeman Elliott on next steps regarding the Supplemental Order and related matters.	2.0



Payless ShoeSource – 810485D
DETAILED SUMMARY – to April 29, 2017

Apr 20	Discussions with Stikeman Elliott and internally on next steps regarding the revised Supplemental Order, landlord inquiries and information requirements; review the two final Endorsements of the Court for the Initial Recognition Order and the Supplemental Order and discussion with Stikeman Elliott on same; internal discussions on required financial information.	1.6
Apr 22	Teleconference with Payless, K&E, A&M US and Osler to discuss potential funding requirements of Canada, Canadian landlords/April rents, the DIP and next steps, and subsequent internal discussion on same.	1.2
Apr 24	Internal discussions on Canadian specific matters; emails with A&M US on the preliminary liquidation analysis.	0.4
Apr 25	Discussion with Stikeman Elliott on a landlord request for a hearing to lift the stay of proceedings, and subsequent teleconference with Osler and Stikeman Elliott on same; review the draft Canada cash flow forecast and teleconference with Payless, K&E, A&M US, Osler and Stikeman Elliott on same.	1.8
Apr 26	Attend at Court for the case conference regarding April rent and a landlord request to lift the stay of proceedings; discussions and emails with Osler, Stikeman Elliott and others on Court/landlord matters; teleconference with Payless, K&E, A&M US, Osler and Stikeman Elliott on landlord/DIP matters; prepare for and attend at Osler's offices for a meeting with counsel to landlords and DIP lenders on rent and DIP matters, and emails among Payless, legal counsel and others on the meeting.	5.3
Apr 27	Internal emails/emails with Stikeman Elliott on landlord and inventory matters; attend at Court for the case conference to provide an update on the outcomes of yesterday's meeting with the landlords, payment of rents, DIP discussions, etc.; coordinate wire transfer instructions for the escrow bank account for pre-filing April rent; emails with Stikeman Elliott on questions from counsel to a landlord.	2.8
TOTAL – A. Hutchens		66.5 hrs.



Payless ShoeSource – 810485D
DETAILED SUMMARY – to April 29, 2017

M. MacKenzie

Hrs.

Mar 30	Meet with A. Hutchens to discuss background, prepare, review and discuss information request list, and draft email to B. Campagna to request required information; meet with M. Brouwer to discuss same; meet with A. Hutchens and M. Brouwer for planning purposes; call with M. Brouwer and A&M US to discuss information request list and related matters; meet with A. Hutchens and M. Brouwer to provide update and to call P. Riesterer of Osler to obtain background and other information; review and discuss various information provided by A&M US.	3.0
Mar 31	Review results of PPSA search; review Treasury Services & Loan Agreement; set-up framework of draft Report of the Proposed Information Officer (the “Report”); review draft Motion materials; review draft First Day Motions; communications with P. Riesterer regarding timing of filing; review various accounts payable information; review information in respect of intercompany loans and associated promissory notes, related discussions with P. Riesterer and various communications with A. Hutchens and Stikeman; work on the draft Report.	7.5
Apr 1	Various calls with M. Brouwer regarding preparation of draft combined financial statements for the Canadian Chapter 11 Debtors from the draft trial balances provided and the cash management system; calls with P. Riesterer to obtain information and discuss outstanding Canadian accounts payable; call with A&M US on critical vendors; emails with T. Fleisher of A&M US on various inquiries and information requests; communications with J. Ehrenhofer and T. Behnke of A&M US regarding the draft First Day Motions in respect of the utilities and freight service providers; work on the draft Report; review the draft Declaration; review draft Canadian Notice of Motion, Orders and Affidavit and prepare comments in respect of same; review revised draft affidavit; review draft utilities motion and critical vendor motion; review and discuss Canadian rent roll with M. Brouwer.	8.6
Apr 2	Review comments in respect of the draft Motion materials in preparation for call with Stikeman; call with M. Brouwer to discuss liquidation analysis, preparation of financial information, schedule of intercompany balances involving the Canadian companies and other related matters, and related communications with A. Hutchens; work on the draft Report; calls and emails with P. Riesterer to obtain additional information; review draft DIP agreement and DIP motion.	7.2



Payless ShoeSource – 810485D
DETAILED SUMMARY – to April 29, 2017

- Apr 3 Review DIP agreement and discuss same with Stikeman; discussions with M. Brouwer regarding combined financial statement information for Canadian companies and assist in obtaining information required in respect of same; various communications with P. Riesterer to obtain information required for the draft Report and to clarify certain other information; discussions with M. Brouwer regarding lease for Etobicoke regional office and related follow-up; work on the draft Report and update same to incorporate revised information reflected in the revised Court materials and related internal discussions; review presentation of draft combined financial statements for Canadian companies and discuss same with M. Brouwer; emails with A&M US to inquire regarding cash management system and related call with P. Riesterer; review revised Declaration and incorporate revised/additional information reflected in same into draft Report as appropriate; call with Stikeman regarding timing of filing, accounts payable and various other matters; communications with Osler to provide comments in respect of revised Motion materials. 8.6
- Apr 4 Work on the draft Report; review revised DIP motion; review draft D&O analysis, meet with M. Brouwer to review and discuss same, review revised analysis, and meet with A. Hutchens and M. Brouwer to discuss same; calls with P. Riesterer to request information and to clarify certain other information; discussions with Stikeman, internal discussions and discussions with Osler regarding accounts payable; review RSA, revised DIP order and revised Declaration and incorporate information regarding same into draft Report; call with P. Riesterer regarding accounts payable and potential for changes from date of information and date of filing, and related follow-up call with A. Hutchens. 8.5



Payless ShoeSource – 810485D
DETAILED SUMMARY – to April 29, 2017

Apr 8	Communications regarding liquidity and cash-flow projections; emails with A. Hutchens regarding status of preparation for Court; review DIP Budget and related call with A. Hutchens.	1.3
Apr 9	Various emails regarding the updated status of communications with the landlords' legal counsel; emails with A. Hutchens regarding liquidity and various other related matters and related follow-up call.	1.3
Apr 10	Review draft newspaper Notices, provide comments in respect of same and assist M. Brouwer to coordinate their publication; assist M. Brouwer in responding to certain creditor enquiries and related discussion with P. Riesterer.	1.5
Apr 12	Email from A. Taylor regarding information requested by legal counsel for one of the landlords and related internal discussion; emails with A&M US regarding certain creditor enquiries.	0.8
Apr 13	Review the Court's Endorsement regarding the Canadian Orders and related internal communications; review revised narrative for Information Officer's website, provide comments in respect of same and related discussion with M. Brouwer; call with P. Riesterer to discuss the status of various matters and related emails to provide an update to A. Hutchens, M. Brouwer and Stikeman.	3.3
Apr 17	Review the revised draft Supplemental Order and related discussion with P. Riesterer; communications with M. Brouwer regarding newspaper notices.	1.3
Apr 18	Communications with M. Brouwer regarding newspaper notices; review Prime Clerk site for any new materials relevant to the Canadian proceedings; review email from landlord legal counsel; call with A. Taylor to discuss the status of the proceedings and various other matters; emails with A. Hutchens and A. Taylor regarding information request from landlords; call with A. Taylor to discuss response to landlords' legal counsel and related communications with A. Hutchens.	3.0
Apr 19	Group call to discuss status of proceedings; various internal communications regarding status and go-forward information requirements; discussion with M. Brouwer regarding newspaper notices; review draft revised Supplemental Order, provide comments and related emails regarding same; discussions with M. Brouwer regarding responses to various enquiries; call with P. Riesterer regarding status of various matters; review Prime Clerk site for any new filings relevant to Canadian proceedings.	3.3



Payless ShoeSource – 810485D
DETAILED SUMMARY – to April 29, 2017

Apr 20	Emails with Stikeman and A. Hutchens regarding the status of the proceedings; call with T. Fleisher regarding information required in the Canadian proceedings and contact people who could provide certain of the information requested; call with P. Riesterer regarding the status of various matters; communications with P. Riesterer and M. Brouwer regarding inquiries from creditors and responses to same.	2.5
Apr 21	Emails with A. Hutchens and A. Taylor regarding the status of various matters; review Limited Consent in respect of the DIP and interim Utilities Order issued in the Chapter 11 proceedings and related discussion with M. Brouwer; call with P. Riesterer in respect of various matters.	1.8
Apr 22	Emails with P. Riesterer, M. Brouwer and G. Madsen on the current cash position of Canadian debtors.	0.8
Apr 23	Call with K&E, Osler, A&M US, certain company management and A. Hutchens to discuss the status of the proceedings, the go-forward plan and the upcoming Court attendance; call with P. Riesterer.	1.0
Apr 24	Various emails in follow-up to matters discussed on the call yesterday; call with P. Riesterer to discuss the status of various matters.	1.0
Apr 25	Communications with M. Brouwer regarding inquiries received from certain creditors and responses to same; review emails forwarded by A. Taylor from legal counsel to one of the landlord groups in respect of an urgent Court attendance tomorrow and related internal communications and communications with A. Taylor; call with A. Hutchens regarding the status of various matters; review intercompany information provided by M. Brouwer and call to discuss same as well as regarding an inquiry from ADP in respect of payroll matters; call with P. Riesterer to provide information in respect of intercompany payments, cash flow information and other related matters; review draft Canadian stand-alone cash-flow projections and related discussion with A. Hutchens; call with K&E, Osler, certain company management, Stikeman, A. Hutchens and M. Brouwer to discuss the status of the proceedings and discuss the Canadian cash-flow projections and the impact of same.	3.8



Payless ShoeSource – 810485D
DETAILED SUMMARY – to April 29, 2017

Apr 26	Emails with A. Hutchens in advance of Court attendance; review materials circulated by D. Ullman regarding motion to lift stay and related communications with A. Hutchens; call with A&M US, Osler, A. Hutchens, and Stikeman to discuss landlord related matters and the payment of outstanding rent; emails regarding potential solutions to concerns raised by landlords and effect of same on borrowing base, cash flows and operations; attend the offices of Osler to meet with A. Hutchens, A. Taylor and Osler in advance of meeting with landlords; meet with A. Hutchens, A. Taylor, Osler, landlords' legal counsel and DIP lenders' legal counsel to discuss matters related to relief previously sought in respect of the DIP and matters of concern to landlords; email from P. Riesterer to provide an update to A&M US, the Company and K&E following the landlord meeting; emails with various Company management to obtain information requested by A. Taylor in advance of upcoming Court attendance.	7.3
Apr 27	Emails regarding the meeting yesterday with landlord legal counsel, outcome of same and go-forward matters; emails with A. Hutchens and A. Taylor in advance of Court hearing to provide information required in preparation for same; emails and call with A. Hutchens to discuss outcome of Court hearing and go-forward, and related email from P. Riesterer, together with the Court Endorsement.	1.3
Apr 28	Meet with B. Joyce of A&M US to discuss Canadian aspects of the liquidation analysis and Canadian claims that may rank ahead of the lenders.	0.5
TOTAL – M. MacKenzie		101.6 hrs.

M. Brouwer

Hrs.

Mar 30	Update meeting with M. MacKenzie; call with A&M US team to review information requests and discuss strategy; review of materials provided by A&M US and Osler.	3.5
Mar 31	Meeting with M. MacKenzie to discuss work plan and review of documents provided by A&M US and Osler; review of cash management system documents; review of trial balances for Canadian entity to pull required financial information.	4.6



Payless ShoeSource – 810485D
DETAILED SUMMARY – to April 29, 2017

Apr 1	Calls with M. MacKenzie on work plan/tasks; review of combined Canadian entity financial information for Court reporting purposes; review draft Court documents; respond to numerous information requests from counsel and team members; review and sizing analysis for potential D&O liabilities by province; correspondence with Osler regarding potential statutory employee obligations.	11.3
Apr 2	Call with A&M and Stikeman teams to discuss outstanding issues and review comments on draft Court materials; prepare draft D&O liability sizing analysis; call with L. Nicholson regarding employee obligations; correspondence with M. Shakra and P. Riesterer (Osler) regarding employee priority claims; review and analysis of intercompany claims for Canadian entities.	10.9
Apr 3	Analysis of potential D&O liabilities; calls with PSS Head Office staff to discuss Canadian employee obligations; review of Canadian leases and remaining lease obligations; review of financial statements and intercompany balances for Court reporting; correspondence with PSS head of leasing manager regarding Canadian properties; preparation of Information Officer website; emails with M. May (controller) regarding financial statements.	11.1
Apr 4	Prepare the draft liquidation analysis for Canadian debtors; review of operating costs for liquidation analysis; Court material review and preparation; meetings with A. Hutchens and M. MacKenzie to discuss outstanding items and review D&O analysis; correspondence with M. Shakra regarding potential liabilities for Canadian entities; various correspondence with Osler and Stikeman regarding Court materials and information requests.	9.8
Apr 5	Calls with A&M US team; review of various Court materials; preparation of liquidation analysis for the Canadian entities; review of current and potential future liabilities; meeting with A. Hutchens to review materials in preparation for Court; correspondence with M. May (controller) regarding various financial data.	10.5
Apr 6	Respond to information requests from Osler; further prepare the draft liquidation analysis and review of same with team; review of various Court documents; preparation of Information Officer website content and structure; review of financial information to be included in Court documents and confirmation of same with Company; respond to information requests.	8.2



Payless ShoeSource – 810485D
DETAILED SUMMARY – to April 29, 2017

Apr 7	Review of Court documents; meetings with A. Hutchens and M. MacKenzie in preparation for Court; correspondence with website developer for Information Officer website; draft website content; preparation of notice for publication in newspaper; review of draft liquidation analysis with A. Hutchens.	5.3
Apr 10	Coordinate posting of Court documents and updates to Information Officer website.	0.5
Apr 12	Correspondence with L. Nicholson regarding Court documents; update Information Officer website; update discussions with A. Hutchens regarding Information Officer website and next steps.	3.8
Apr 13	Update Information Officer website; respond to creditor inquiry.	0.9
Apr 17	Respond to creditor inquiries.	0.2
Apr 18	Correspondence with team and Osler regarding newspaper notice; correspondence with The Globe & Mail and La Presse regarding publication of notices; correspondence with G. Madsen; respond to creditor inquiries.	2.1
Apr 19	Respond to creditor inquiries; correspondence with The Globe & Mail and La Presse regarding newspaper notices; call with M. MacKenzie to discuss outstanding items; update edits to Information Officer website.	2.4
Apr 20	Correspondence with P. Reisterer regarding creditor inquiries; correspondence with The Globe & Mail and La Presse regarding notice publication; respond to creditor inquiries; review of Endorsement and reasons; coordinate posting of updated information to the Information Officer website.	3.4
Apr 21	Discussions with A. Hutchens regarding Court documents; correspondence with Information Officer website developer.	0.5
Apr 24	Correspondence with T. Calkins and D. Diedel (PSS Tax Team) to discuss intercompany transactions between Canadian and US entities; update with team regarding DIP and various outstanding items; edit the draft liquidation analysis.	3.1
Apr 25	Review of intercompany arrangements; review of invoicing between US entities and Canadian entities; review of certain intercompany payments; update call with Company and advisors to review Canadian cash flows; respond to creditor inquiries.	5.1



Payless ShoeSource – 810485D
DETAILED SUMMARY – to April 29, 2017

Apr 26	Correspondence with G. Madsen regarding rent payments; update call with Company and counsel to discuss occupancy costs and various outstanding items; review of Court materials.	2.7
Apr 27	Coordinate trust account set up; provide wire details to the company; review of Court documents on Prime Clerk; update meeting with A. Hutchens and Court preparation; call with L. Nicholson.	3.2
Apr 28	Review of Court documents and respond to creditor and vendor inquiries.	1.9
TOTAL – M. Brouwer		105.0 hrs.





Alvarez & Marsal Canada Inc.
 Royal Bank Plaza, South Tower
 200 Bay Street, Suite 2900, P.O. Box 22
 Toronto, ON M5J 2J1
 Phone: +1 416 847 5200
 Fax: +1 416 847 5201

June 6, 2017

Payless ShoeSource Canada LP
 3231 SE Sixth Avenue
 Topeka, KS
 66607 USA

Attention: Mr. Michael Schwindle
 SVP & Chief Financial Officer

Re: PAYLESS SHOESOURCE CANADA LP
INVOICE #2 – 810485D

For professional services rendered in connection with our role as CCAA Information Officer, pursuant to the Supplemental Order granted by the Ontario Superior Court of Justice, for the period April 30 to June 3, 2017.

BILLING SUMMARY

	<u>Hours</u>	<u>Rate</u>	<u>Total</u>
A. Hutchens, Managing Director	10.3	\$825	\$8,497.50
M. MacKenzie, Senior Director	38.4	\$650	24,960.00
M. Brouwer, Senior Associate	24.7	\$450	11,115.00
	<u>73.4</u>		<u>\$44,572.50</u>
Add: Out of pocket expense – La Presse and The Globe and Mail legal notices			30,261.88
			<u>\$74,834.38</u>
Add: HST @ 13%			9,728.47
TOTAL INVOICE			<u>\$84,562.85</u>

Mailing Instructions:

Alvarez & Marsal Canada Inc.
 Attn: Richard Morawetz
 Royal Bank Plaza, South Tower
 200 Bay Street, Suite 2900
 P.O. Box 22
 Toronto, ON M5J 2J1

Wiring Instructions:

Bank: TD Canada Trust
 Account Name: Alvarez & Marsal Canada ULC
 Swiftcode: TDOMCATTOR
 Bank Address: 55 King Street West
 Toronto, ON
 Bank Transit #: 10202
 Institution #: 0004
 Account #: 5410790
 Reference #: Payless Shoe (810485D) – Invoice #2
 HST#: 83158 2127 RT0001

Payless ShoeSource – 810485D
DETAILED SUMMARY – April 30 to June 3, 2017

<u>A. Hutchens</u>	<u>Hrs.</u>
May 1 Discussion and emails with Stikeman Elliott on the proposed reduction of the Administration Charge; review the weekly DIP reporting and DIP sizing deck and internal discussion on same; emails with Osler, Norton Rose and Stikeman Elliott on DIP matters.	1.7
May 2 Teleconference with Stikeman Elliott on the weekly DIP reporting and DIP sizing deck; teleconference with Osler and Stikeman Elliott on the status of discussions with landlords and next steps; teleconference with Payless, K&E, A&M US, Osler and Stikeman Elliott on DIP matters.	2.0
May 4 Emails with Osler on the adjournment of the US hearing for final approval of the DIP and the upcoming claims bar date motion; emails with counsel to a landlord regarding the US claims process; discussion with Stikeman Elliott on upcoming Court hearings.	0.8
May 5 Review draft letters from Blakes (company counsel handling employee adjudication proceedings) and emails with Stikeman Elliott on same; emails with landlord counsel and Osler on rent, tenancy and claims matters.	0.4
May 8 Review the weekly cash flow/DIP variance reporting; emails with Stikeman Elliott on status/timing of US and Canadian Court motions; emails with Osler and others on landlord matters.	0.7
May 10 Internal emails/emails with Stikeman Elliott and Osler on final orders granted and adjourned by the US Court and landlord matters.	0.4
May 12 Emails with Osler and others on landlord and inventory matters; discussion with Stikeman Elliott on the status of inventory shipments to Canada and US final orders.	0.5
May 15 Review black-lines of the proposed final DIP and claims bar orders to be sought in the Chapter 11 case.	0.4
May 26 Discussion with Stikeman Elliott on correspondence received from legal counsel to a landlord; emails with Osler on the proposed timing and US orders to be recognized at the next Canadian Court hearing; emails with Osler and others on a lien claim.	0.8



Payless ShoeSource – 810485D
DETAILED SUMMARY – April 30 to June 3, 2017

Jun 2	Review and revise iterations of the draft First Report of the Information Officer, and internal discussions/emails with Stikeman Elliott on same; emails with Stikeman Elliott on correspondence from legal counsel to a landlord.	2.6
TOTAL – A. Hutchens		10.3 hrs.

M. MacKenzie

Hrs.

May 1	Review cash flow variance analysis to April 28 for the Payless Group, meet with A. Hutchens to discuss same, calls with T. Fleisher to make enquiries in respect of same and follow-up discussion with A. Hutchens; discussion with M. Brouwer regarding intercompany matters; various emails between Stikeman Elliott and certain landlord counsel regarding the Administration Charge and Court attendance; various discussions with A. Hutchens and T. Fleisher regarding the DIP budget and cash flow variance analysis and related follow-up calls with T. Fleisher; calls with P. Riesterer regarding various matters.	3.3
May 2	Review priorities in a bankruptcy vs. non-bankruptcy liquidation scenario and estimated realizations in each scenario in preparation for call with A&M US regarding the broader liquidation analysis; call with P. Riesterer regarding status and potential landlord claim and follow-up call with Stikeman Elliott in respect of same; call with B. Joyce of A&M US to discuss Canadian liquidation analysis; communications with Stikeman Elliott regarding landlord matters and call with A. Hutchens and Stikeman Elliott to review and discuss cash flow variance analysis and impact of same in respect of landlords' questions; call with P. Riesterer to review and discuss cash flow variance analysis; call with Payless, Osler, Kirkland & Ellis, A. Hutchens and Stikeman Elliott regarding the status of the US proceedings, landlord matters and next steps; communications with T. Fleisher to make various enquiries regarding the cash flow variance analysis and operational matters.	7.3
May 3	Email from Stikeman Elliott regarding objections filed in respect of the DIP motion in the US proceedings; emails regarding invoices; review the draft Plan and Disclosure Statement filed in US proceedings; call with P. Riesterer regarding various matters.	2.8



Payless ShoeSource – 810485D
DETAILED SUMMARY – April 30 to June 3, 2017

May 4	Review the Claims Motion filed in the US proceedings and related discussions with P. Riesterer and M. Brouwer; discussion with M. Brouwer regarding intercompany transactions; emails with A. Hutchens and related discussion regarding claims process; emails with P. Riesterer regarding inventory and call regarding various matters; work on the draft First Report of the Information Officer.	4.8
May 5	Call with P. Riesterer regarding next Court attendance and related matters; work on draft First Report; review email and associated letters forwarded by Stikeman Elliott in respect of certain employee related matters; follow-up in respect of email from L. Glassiere regarding unpaid rent for one of the Canadian locations; emails from L. Glassiere and P. Riesterer regarding the claims process; email from P. Riesterer regarding lien and expired lease; review analysis of intercompany transactions prepared by M. Brouwer.	3.8
May 7	Review the draft update email to Justice Morawetz prepared by Stikeman Elliott, provide comments in respect of same and review revised email.	0.5
May 8	Emails regarding expired lease at the Calgary Eaton Centre; communications regarding rent due but not paid on April 15 th and related call with P. Riesterer; work on the First Report.	1.5
May 9	Review certain dockets on Prime Clerk's website; review prior week cash flow variance report; call with T. Fleisher to respond to enquiry and to discuss variance analysis; various communications regarding status of dealings with landlords.	3.3
May 10	Emails with L. Glassiere regarding payment of percentage rent that was not paid when due on April 15, and coordinate payment of same; communications regarding the payment of pre-filing April rent into A&M escrow account; discussions with P. Riesterer regarding the status of various matters and follow-up discussions with A. Hutchens to provide update.	3.0
May 11	Emails regarding Montreal Eaton Centre lease expiry; communications regarding Synerex lien; email with A. Hutchens and Stikeman Elliott regarding the status of inventory shipments and go-forward matters; call with P. Riesterer regarding the timing of the next Court hearing and associated motion materials.	0.8



Payless ShoeSource – 810485D
DETAILED SUMMARY – April 30 to June 3, 2017

May 12	Communications with A. Hutchens regarding cash position of Canadian companies and status of inventory shipments; various emails regarding the expiry of the Calgary Eaton Centre lease; emails from P. Riesterer regarding liens registered against Fairview Park Kitchener and certain other locations.	0.8
May 16	Communications from P. Riesterer regarding liens and draft motion materials in respect of next Court hearing; respond to enquiry from T. Fleisher; email Payless to request updated Canadian cash flow forecast; communications with M. Brouwer regarding posting the endorsement to the website; follow-up email to T. Fleisher.	1.5
May 17	Various emails between P. Riesterer and Stikeman Elliott regarding the payment of liens; email from T. Fleisher regarding prior week cash flow variance analysis.	0.3
May 18	Review variance analysis for week ended May 5, 2017; email from P. Riesterer regarding waiver from lenders in respect of requirement to obtain DIP Order recognition.	0.5
May 19	Review updates to Prime Clerk’s website and dockets relevant to the Canadian proceedings; communications between P. Riesterer and Borden Ladner Gervais regarding payment of lien.	1.3
May 24	Communications regarding exiting from expired lease in Montreal Eaton Centre; review dockets on Prime Clerk’s website relevant to the Canadian proceedings; call with P. Riesterer regarding various matters.	1.3
May 26	Communications with P. Riesterer regarding dates for upcoming Court hearing; review letter from D. Ullman and updates to Prime Clerk’s website relevant to the Canadian proceedings.	0.8
Jun 2	Review the revised draft First Report, follow-up in respect of certain information to be included therein, provide comments, and related discussion with A. Hutchens.	0.8
TOTAL – M. MacKenzie		38.4 hrs.

M. Brouwer

Hrs.

May 1	Correspondence with G. Madsen; draft intercompany agreement summaries; Court document review; correspondence with T. Calkins regarding intercompany agreements.	2.5
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Payless ShoeSource – 810485D
DETAILED SUMMARY – April 30 to June 3, 2017

May 2	Review of Court documents; discussion of liquidation analysis with M. MacKenzie; update Information Officer website.	1.5
May 3	Preparation of intercompany agreement memorandum; correspondence with G. Madsen regarding intercompany arrangements and activity; respond to creditor inquiries.	3.4
May 4	Respond to creditor inquiries; review of Court documents; update service list; update Information Officer website content.	2.2
May 5	Call with M. Shakra to discuss creditor inquires; call with Niagara Peninsula Energy regarding Supplemental Order and security deposits; review of Court documents; update Information Officer website.	2.0
May 8	Respond to creditor inquiries; update Information Officer website; review of Court documents.	1.6
May 9	Review of intercompany note agreements; further draft intercompany arrangement summary memorandum; respond to creditor inquiries; correspondence with T. Calkin regarding intercompany arrangements; call with M. Shakra regarding creditor inquiries; update with A. Hutchens regarding Chapter 11 proceedings.	3.7
May 11	Respond to creditor inquiries regarding the Supplemental Order; review of remittance for pre-filing rent held in Information Officer's escrow account; review of Court documents.	2.0
May 16	Review Chapter 11 Court documents; call with M. Shakra to discuss utility providers, deposits etc.; update Information Officer's website.	3.1
May 17	Respond to creditor inquiries.	0.2
May 24	Return calls from creditors; review various Court documents.	1.3
May 29	Return calls from creditors; update Information Officer's website and service list.	0.5
Jun 1	Return calls from creditors; email correspondence with M. Shakra regarding various utility deposits.	0.4



Payless ShoeSource – 810485D
DETAILED SUMMARY – April 30 to June 3, 2017

Jun 2	Call from Manitoba Hydro regarding the status of the US proceedings and deposits; email correspondence with M. Shakra regarding same; follow-up email with Manitoba Hydro regarding same.	0.3
TOTAL – M. Brouwer		24.7 hrs.





Alvarez & Marsal Canada Inc.
 Royal Bank Plaza, South Tower
 200 Bay Street, Suite 2900, P.O. Box 22
 Toronto, ON M5J 2J1
 Phone: +1 416 847 5200
 Fax: +1 416 847 5201

July 5, 2017

Payless ShoeSource Canada LP
 3231 SE Sixth Avenue
 Topeka, KS
 66607 USA

Attention: Mr. Michael Schwindle
 SVP & Chief Financial Officer

**Re: PAYLESS SHOESOURCE CANADA LP
 INVOICE #3 – 810485D**

For professional services rendered in-connection with our role as CCAA Information Officer, pursuant to the Supplemental Order granted by the Ontario Superior Court of Justice, for the period June 4 to July 1, 2017.

BILLING SUMMARY

	<u>Hours</u>	<u>Rate</u>	<u>Total</u>
A. Hutchens, Managing Director	9.9	\$825	\$8,167.50
M. MacKenzie, Senior Director	15.4	\$650	10,010.00
M. Brouwer, Senior Associate	3.8	\$450	1,710.00
	<u>29.1</u>		<u>\$19,887.50</u>
Add: HST @ 13%			<u>2,585.38</u>
TOTAL INVOICE			<u>\$22,472.88</u>

Mailing Instructions:

Alvarez & Marsal Canada Inc.
 Attn: Audrey Singels-Ludvik
 Royal Bank Plaza, South Tower
 200 Bay Street, Suite 2900
 P.O. Box 22
 Toronto, ON M5J 2J1

Wiring Instructions:

Bank: TD Canada Trust
 Account Name: Alvarez & Marsal Canada ULC
 Swiftcode: TDOMCATTTOR
 Bank Address: 55 King Street West
 Toronto, ON
 Bank Transit #: 10202
 Institution #: 0004
 Account #: **5508901 (Please note new Acct. #)**
 Reference #: Payless Shoe (810485D) – Invoice #3
 HST#: 83158 2127 RT0001

Payless ShoeSource – 810485D
DETAILED SUMMARY – June 4 to July 1, 2017

<u>A. Hutchens</u>	<u>Hrs.</u>	
June 6	Review and revise the draft First Report of the Information Officer and discussion with Stikeman Elliott on same.	1.4
June 7	Emails with A&M US on the draft First Report; review the revised draft First Report and discussion/emails with Stikeman Elliott to finalize same for service.	2.5
June 12	Internal discussion and emails with Stikeman Elliott on information requested by legal counsel to a landlord; internal discussion on the next Information Officer's report for the upcoming recognition hearing; respond to an inquiry from legal counsel to a creditor.	0.7
June 13	Review the draft affidavit in support of the motion for recognition by the Canadian Court for a series of Final Orders granted by the US Court.	0.4
June 14	Internal discussions and emails/emails with Stikeman Elliott on the draft Second Report of the Information Officer.	0.5
June 15	Review the revised draft motion materials for the upcoming recognition hearing.	0.7
June 16	Review excerpts of the served motion materials for the upcoming recognition hearing; review the updated cash flow forecast for Payless Canada; review the revised draft Second Report and internal discussions on same.	1.6
June 19	Review the revised draft Second Report and emails with Stikeman Elliott to finalize same for service.	0.6
Jun 23	Review correspondence from Osler on a lien claim; review updated cash flow variance reporting and the extended cash flow forecast.	0.7
Jun 30	Review the weekly DIP/cash flow reporting variance analysis; review the draft Third Report of the Information Officer.	0.8
TOTAL – A. Hutchens		9.9 hrs.



Payless ShoeSource – 810485D
DETAILED SUMMARY – June 4 to July 1, 2017

<u>M. MacKenzie</u>		<u>Hrs.</u>
June 5	Draft an insert for the cash flow position for the draft First Report to Court (“First Report”) and related discussion with M. Brouwer to obtain information; call with L. Nicholson regarding timing of Osler comments and related communications with A. Hutchens; call with P. Riesterer.	1.3
June 6	Review Osler comments on the draft First Report and related calls with T. Fleisher.	0.8
June 7	Further review of the draft First Report; review email from Stikeman Elliott to D. Ullman in respect of the claims process and other matters; email from BLG to P. Riesterer regarding liens; review Kirkland & Ellis comments on the draft First Report; various emails to finalize the First Report for service.	1.2
June 12	Call with P. Riesterer; work on the draft Second Report to Court (“Second Report”) and related discussion with A. Hutchens.	2.0
June 14	Further prepare the draft Second Report; review the draft Affidavit and various related communications with Stikeman Elliott; discussions with A. Hutchens regarding the draft Second Report.	3.0
June 15	Call with L. Nicholson regarding the draft Second Report and related discussion with A. Hutchens; call with T. Fleisher regarding cash flow projections and email to Company to request updated Canadian cash flow projections.	1.0
June 16	Call with L. Nicholson, review Stikeman Elliott’s comments on the draft Second Report; review Canadian cash flow projections and further update draft Second Report; discussions with L. Nicholson and with A. Hutchens; call with P. Riesterer regarding timing of service and related matters.	1.8
June 19	Review comments on the draft Second Report received from Osler and Kirkland & Ellis and related emails with T. Fleisher; finalize the Second Report for service.	2.0
June 22	Call with T. Fleisher regarding an update in respect of the U.S. proceedings, including a settlement with the UCC and a further revised Plan and Disclosure Statement; update email regarding same to A. Hutchens and Stikeman Elliott; review the Endorsement in respect of the recognition order granted by the Canadian Court.	1.0



Payless ShoeSource – 810485D
DETAILED SUMMARY – June 4 to July 1, 2017

June 26	Communications with M. Brouwer regarding information to be posted to the Information Officer's website; review prior week variance analysis.	1.3
TOTAL – M. MacKenzie		15.4 hrs.

<u>M. Brouwer</u>		<u>Hrs.</u>
June 6	Update Information Officer website; returning calls from creditors.	0.6
June 7	Update Information Officer website.	0.4
June 9	Update Information Officer website; discussions with M. Mackenzie regarding status of file.	0.1
June 12	Update Information Officer website; return calls from creditors.	0.5
June 16	Update Information Officer website.	0.2
June 19	Update Information Officer website; discussions with M. MacKenzie regarding status of file.	0.8
June 20	Review of Court documents; update Information Officer website.	0.6
June 23	Correspondence with M. Shakra regarding claims.	0.2
June 26	Respond to creditor inquiries; update Information Officer website.	0.4
TOTAL – M. Brouwer		3.8 hrs.





Alvarez & Marsal Canada Inc.
 Royal Bank Plaza, South Tower
 200 Bay Street, Suite 2900, P.O. Box 22
 Toronto, ON M5J 2J1
 Phone: +1 416 847 5200
 Fax: +1 416 847 5201

August 3, 2017

Payless ShoeSource Canada LP
 3231 SE Sixth Avenue
 Topeka, KS
 66607 USA

Attention: Mr. Michael Schwindle
 SVP & Chief Financial Officer

**Re: PAYLESS SHOESOURCE CANADA LP
 INVOICE #4 – 810485D**

For professional services rendered in-connection with our role as CCAA Information Officer, pursuant to the Supplemental Order granted by the Ontario Superior Court of Justice, for the period July 2 to 29, 2017.

BILLING SUMMARY

	<u>Hours</u>	<u>Rate</u>	<u>Total</u>
A. Hutchens, Managing Director	9.0	\$825	\$7,425.00
M. MacKenzie, Senior Director	17.5	\$650	11,375.00
M. Brouwer, Senior Associate	0.2	\$450	90.00
	<u>26.7</u>		<u>\$18,890.00</u>
Add: HST @ 13%			<u>2,455.70</u>
TOTAL INVOICE			<u>\$21,345.70</u>

Mailing Instructions:

Alvarez & Marsal Canada Inc.
 Attn: Audrey Singels-Ludvik
 Royal Bank Plaza, South Tower
 200 Bay Street, Suite 2900
 P.O. Box 22
 Toronto, ON M5J 2J1

Wiring Instructions:

Bank: TD Canada Trust
 Account Name: Alvarez & Marsal Canada ULC
 Swiftcode: TDOMCATTOR
 Bank Address: 55 King Street West
 Toronto, ON
 Bank Transit #: 10202
 Institution #: 0004
 Account #: **5508901 (Please note new Acct. #)**
 Reference #: Payless Shoe (810485D) – Invoice #4
 HST#: 83158 2127 RT0001

Payless ShoeSource – 810485D
DETAILED SUMMARY – July 2 to 29, 2017

<u>A. Hutchens</u>	<u>Hrs.</u>
July 5 Review the revised draft Third Report of the Information Officer (“Third Report”) and internal discussion on same; respond to an inquiry from legal counsel to a creditor.	1.0
July 6 Emails with Stikeman Elliott and Osler on timing and other matters related to the draft Third Report.	0.2
July 7 Emails with Osler on agreements to be disclaimed; review the weekly DIP/cash flow variance reporting.	0.3
July 11 Emails with Osler on agreements to be disclaimed.	0.3
July 14 Review the weekly DIP/cash flow variance reporting.	0.2
July 17 Internal discussions and emails on status/timing for next recognition hearing in Canada.	0.2
July 19 Emails with Osler and Stikeman Elliott on the upcoming Canadian Court hearing; emails with Osler on disclaimed contracts and agreements; review the draft US confirmation order.	1.5
July 20 Review the draft US confirmation order; emails with Osler on agreements to be disclaimed.	0.5
July 21 Review the weekly DIP/cash flow variance reporting.	0.2
July 24 Review iterations of the draft Schwindle affidavit to be filed in support of recognition of the US Plan confirmation order; emails with Osler and Stikeman Elliott on matters related to the upcoming Canadian recognition hearing.	1.0
July 25 Review and revise the draft Third Report and internal emails/emails with Stikeman Elliott on same.	1.6
July 26 Internal emails/emails with Osler and Stikeman Elliott to finalize the Third Report for service.	0.5
July 27 Review certain of the Court-filed materials for tomorrow’s recognition hearing.	1.2
July 28 Emails with Stikeman Elliott on today’s recognition hearing; review the weekly DIP/cash flow variance reporting.	0.3
TOTAL – A. Hutchens	9.0 hrs.



Payless ShoeSource – 810485D
DETAILED SUMMARY – July 2 to 29, 2017

<u><i>M. MacKenzie</i></u>	<u>Hrs.</u>
July 5 Review riders prepared by Stikeman Elliott for the draft Third Report to Court (“Third Report”) and revisions to same; related call with L. Nicholson to discuss.	1.0
July 6 Emails with Osler and Stikeman Elliott on timing of Third Report; review cash flow variance analysis of prior week.	0.8
July 7 Emails and discussion with P. Riesterer in respect of U.S. proceedings contracts to be disclaimed.	0.5
July 10 Review and discuss variance analysis and respond to inquiry from creditor.	0.5
July 11 Various update emails from P. Riesterer; review Plan Supplement filed in the U.S. proceedings and related emails from and discussion with P. Riesterer.	1.3
July 19 Review draft Plan Confirmation Order and call with L. Nicholson.	0.8
July 20 Call with L. Nicholson regarding the timing of filing materials and updating Third Report; review cash flow variance analysis from prior week; review information in respect of contract rejections provided by P. Riesterer.	1.3
July 21 Review draft motion materials and provide comments in respect of same to L. Nicholson.	0.8
July 24 Review update emails from P. Riesterer and review and provide comments in respect of draft motion materials.	1.3
July 25 Review and provide comments in respect of revised draft motion materials and revised draft Third Report; call with L. Nicholson; review comments in respect of draft Third Report provided by A. Taylor and provide additional comments in respect of same; review draft order and affidavit; attend to administrative matters in preparation for serving Third Report.	2.8
July 26 Review draft preliminary liquidation analysis prepared in respect of the Canadian Payless companies at the outset of the Canadian proceedings as compared to the liquidation analysis presented in the Disclosure Statement and provide Stikeman Elliott with an analysis of the significant variances as between the two, and related discussion with L. Nicholson; communications regarding finalizing the Third Report.	3.3



Payless ShoeSource – 810485D
DETAILED SUMMARY – July 2 to 29, 2017

July 27	Review Court materials and arrange to have same posted to the Information Officer's website.	0.8
July 28	Attend Court hearing/televised conference at the offices of Stikeman Elliott and related discussions with L. Nicholson following the hearing; discuss next steps in these proceedings.	1.5
July 31	Update discussion with M. Brouwer; review prior week cash flow variance analysis.	0.8
TOTAL – M. MacKenzie		17.5 hrs.

M. Brouwer

Hrs.

July 19	Respond to vendor inquiries.	0.2
TOTAL – M. Brouwer		0.2 hrs.





Alvarez & Marsal Canada Inc.
 Royal Bank Plaza, South Tower
 200 Bay Street, Suite 2900, P.O. Box 22
 Toronto, ON M5J 2J1
 Phone: +1 416 847 5200
 Fax: +1 416 847 5201

September 13, 2017

Payless ShoeSource Canada LP
 3231 SE Sixth Avenue
 Topeka, KS
 66607 USA

Attention: Mr. Michael Schwindle
 SVP & Chief Financial Officer

**Re: PAYLESS SHOESOURCE CANADA LP
 INVOICE #5 – 810485D**

For professional services rendered in-connection with our role as CCAA Information Officer, pursuant to the Supplemental Order granted by the Ontario Superior Court of Justice, for the period July 30 to September 9, 2017.

BILLING SUMMARY

	<u>Hours</u>	<u>Rate</u>	<u>Total</u>
A. Hutchens, Managing Director	2.5	\$825	\$2,062.50
M. MacKenzie, Senior Director	8.3	\$650	5,395.00
M. Brouwer, Senior Associate	<u>5.8</u>	\$450	<u>2,610.00</u>
	<u>16.6</u>		<u>\$10,067.50</u>
 Add: Out of pocket expenses including meals and travels costs			 <u>87.40</u>
			<u>\$10,154.90</u>
 Add: HST @ 13%			 <u>1,320.14</u>
TOTAL INVOICE			<u>\$11,475.04</u>

Mailing Instructions:

Alvarez & Marsal Canada Inc.
 Attn: Audrey Singels-Ludvik
 Royal Bank Plaza, South Tower
 200 Bay Street, Suite 2900
 P.O. Box 22
 Toronto, ON M5J 2J1

Wiring Instructions:

Bank: TD Canada Trust
 Account Name: Alvarez & Marsal Canada ULC
 Swiftcode: TDOMCATTOR
 Bank Address: 55 King Street West
 Toronto, ON
 Bank Transit #: 10202
 Institution #: 0004
 Account #: **5508901**
 Reference #: Payless Shoe (810485D) – Invoice #5
 HST#: 83158 2127 RT0001

Payless ShoeSource – 810485D
DETAILED SUMMARY – July 30 to September 9, 2017

<u>A. Hutchens</u>	<u>Hrs.</u>	
Jul 31	Review correspondence received from legal counsel to a landlord and internal emails on same; internal emails on landlord funds held in escrow.	0.5
Aug 10	Review the served notice of occurrence of the effective date; review and execute the Information Officer's Certificate regarding the occurrence of the effective date and emails with Stikeman Elliott on same.	0.7
Aug 16	Emails with Payless and Osler on the escrow funds held for pre-filing stub period rents.	0.2
Aug 17	Emails with Payless, Osler and Stikeman Elliott on the escrow funds held for pre-filing stub period rents.	0.3
Aug 21	Internal discussion and emails with Stikeman Elliott on the reconciliation/payment of pre-filing stub period rents.	0.2
Aug 31	Review the draft Escrow Funds Order and emails with Stikeman Elliott on same and, also on next steps/timing regarding an Information Officer's report.	0.3
Sep 7	Emails with Stikeman Elliott on a landlord inquiry; internal emails on the next Information Officer's report.	0.3
TOTAL – A. Hutchens		2.5 hrs.

<u>M. MacKenzie</u>	<u>Hrs.</u>	
July 1	Update discussion with M. Brouwer; review prior week cash flow variance analysis.	0.8
Aug 1	Review objection filed by D. Ullman on behalf of certain landlords, related discussions with L. Nicholson and P. Riesterer; arrange for Plan Recognition Order and associated Endorsement and Motion Materials to be posted to the Information Officer's website.	1.3
Aug 2	Update A. Hutchens regarding objection filed by D. Ullman and implications of same.	0.5
Aug 9	Review prior week variance analysis.	0.3



Payless ShoeSource – 810485D
DETAILED SUMMARY – July 30 to September 9, 2017

Sept 5	Review prior week emails, follow-up in respect of same as appropriate with L. Nicholson and P. Riesterer, and related discussion with M. Brouwer; review prior report to Court and summarize matters that require follow-up in next report; review draft Order received from Osler.	1.8
Sept 6	Prepare the draft of the next Information Officer’s report to Court and related call with P. Riesterer.	3.1
Sept 8	Call with L. Nicholson regarding the status of the proceedings, draft report and timing of same; follow-up call with P. Riesterer.	0.5
TOTAL – M. MacKenzie		8.3 hrs.

M. Brouwer

Hrs.

Aug 1	Review of Court materials; call with M. Shakra; uploading information to the Information Officer’s website.	0.9
Aug 2	Respond to stakeholder inquiries.	0.4
Aug 3	Respond to stakeholder inquiries.	0.2
Aug 10	Call with L. Nicholson regarding Information Officer’s certificate and outstanding items; respond to stakeholder inquiries.	0.6
Aug 14	Review of legal documents and posting items to the Information Officer’s website.	0.2
Aug 15	Respond to stakeholder inquiries; email correspondence with Payless regarding lease payments.	0.4
Aug 18	Call with M. Shakra regarding status of Payless reconciliation of cure costs; call with L. Nicholson regarding outstanding items; emails with team regarding cure costs and funds held in trust.	1.1
Aug 21	Discussion with A. Hutchens regarding outstanding items; email correspondence with G. May regarding cure cost reconciliations.	0.6
Aug 24	Respond to stakeholder inquiries regarding expected payments.	0.4
Aug 29	Respond to stakeholder inquiries.	0.2



Payless ShoeSource – 810485D

DETAILED SUMMARY – July 30 to September 9, 2017

Aug 30	Call with L. Nicholson regarding outstanding items and cure costs; reconciliation of trust funds; discussion with A. Hutchens regarding trust funds and outstanding items.	0.8
TOTAL – M. Brouwer		5.8 hrs.



This is Exhibit "C" referred to in the
affidavit of Alan J. Hutchens
sworn before me, this 26th
day of September, 2017.



A Commissioner for Taking Affidavits

EXHIBIT "C"

**ALVAREZ & MARSAL CANADA INC.
COURT-APPOINTED INFORMATION OFFICER OF PAYLESS HOLDINGS LLC,
PAYLESS SHOESHOURCE CANADA INC., PAYLESS SHOESOURCE
CANADA INC., PAYLESS SHOESOURCE CANADA GP INC. AND THOSE
OTHER ENTITIES LISTED ON EXHIBIT "A"**

FOR THE PERIOD MARCH 30 TO SEPTEMBER 9, 2017

Staff Member	Title	Rate	Total Hours	Total Billed \$
<u>Toronto:</u>				
A. Hutchens	Managing Director	\$825	98.2	81,015.00
M. MacKenzie	Senior Director	\$650	181.2	117,780.00
M. Brouwer	Senior Associate	\$450	139.5	62,775.00
TOTAL fees (excluding disbursements and HST)			418.9	\$261,570.00

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

Court File No.: CV-17-011758-00CL

AND IN THE MATTER OF A PAYLESS HOLDINGS LLC, PAYLESS SHOESOURCE CANADA INC.,
PAYLESS SHOESOURCE CANADA GP INC. AND THOSE OTHER ENTITIES LISTED ON EXHIBIT "A"
HERETO

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

Proceeding commenced at Toronto

**AFFIDAVIT OF ALAN J. HUTCHENS
(sworn September 26, 2017)**

STIKEMAN ELLIOTT LLP
5300 Commerce Court West
199 Bay Street
Toronto, Ontario M5H 2S7

Ashley Taylor LSUC#39932E
ataylor@stikeman.com

Lee Nicholson LSUC#66412I
lnicholson@stikeman.com

Tel: 416.869.5236
Fax: 416.947.0866

Lawyers for the Monitor

APPENDIX “C”

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

AND IN THE MATTER OF PAYLESS HOLDINGS LLC, PAYLESS SHOESOURCE
CANADA INC., PAYLESS SHOESOURCE CANADA GP INC. AND THOSE OTHER
ENTITIES LISTED ON SCHEDULE "A" HERETO

APPLICATION OF PAYLESS HOLDINGS LLC UNDER SECTION 46 OF THE
COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

(Applicants)

AFFIDAVIT OF ASHLEY TAYLOR
(SWORN SEPTEMBER 26, 2017)

I, Ashley Taylor, of the City of Toronto, in the Province of Ontario, MAKE OATH

AND SAY:

1. I am a partner with the law firm of Stikeman Elliott LLP ("**Stikeman Elliott**"), lawyers of Alvarez & Marsal Canada Inc. ("**A&M Canada**") in its capacity as the Information Officer in the above-noted proceedings and, as such, I have knowledge of the matters to which I hereinafter depose.
2. This affidavit is sworn in support of a motion for, *inter alia*, the approval of the fees and disbursements of Stikeman Elliott for the period from March 31, 2017 to August 31, 2017, inclusive.
3. During the period from March 31, 2017 to August 31, 2017, Stikeman Elliott docketed 259.63 hours, amounting to legal fees invoiced in the amount of \$163,650.35 and disbursements and other charges in the amount of \$1,984.61 plus Harmonized Sales Tax ("**HST**") of \$21,532.55.
4. Attached hereto and marked collectively as **Exhibit "A"** are copies of the accounts rendered by Stikeman Elliott to A&M Canada, in its capacity as Information Officer, from

March 31, 2017 to August 31, 2017. Certain confidential and/or privileged information have been redacted from the invoices.

5. Attached hereto as Exhibit "B" is a schedule summarizing each invoice included in Exhibit "A", including the fees, expenses, HST and total fees charged in each invoice.

6. Attached hereto as Exhibit "C" is a schedule summarizing the billing rates and total amounts billed with respect to each member of Stikeman Elliott who rendered services to A&M Canada, in its capacity as Information Officer.


7. Additional professional time has been required following August 31, 2017 as part of winding up these proceedings and further time is expected to be required. Stikeman Elliott estimates the fees for this additional professional time will be no more than \$12,500, exclusive of HST and disbursements.

8. The hourly billing rate applied in the invoices of Stikeman Elliott were no more than Stikeman Elliott's normal hourly rates which were in effect from March 31, 2017 to August 31, 2017, and are comparable to the hourly rates charged by Stikeman Elliott for services rendered in relation to similar proceedings.

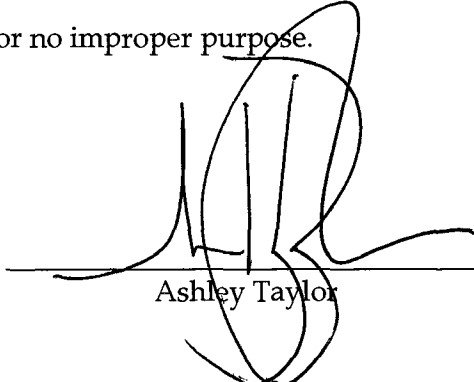
9. To the best of my knowledge, the rates charged by Stikeman Elliott are comparable to the rates charged by other firms in the Toronto market for the provision of similar restructuring services.

10. This affidavit is sworn in support of a motion for, *inter alia*, the approval of the fees and disbursements of Stikeman Elliott and for no improper purpose.

SWORN BEFORE ME at the City of Toronto, in the Province of Ontario, on September 26, 2017.



Commissioner for Taking Affidavits
Lee Nicholson



Ashley Taylor

SCHEDULE "A"

ADDITIONAL CHAPTER 11 DEBTORS

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, LP
Collective Licensing International LLC
Clinch, LLC
Collective Brands Franchising Services, LLC
Payless International Franchising, LLC
Collective Brands Logistics, Limited
Dynamic Assets Limited
PSS Canada, Inc.

EXHIBIT "A"

THIS IS EXHIBIT "A", referred to in the Affidavit of Ashley Taylor, sworn on September 26, 2017.

A handwritten signature in black ink, consisting of a stylized 'M' followed by a cursive 'i'.

Commissioner for Taking Affidavits

EXHIBIT "A"
Copies of Stikeman Elliott LLP's Invoices
Services Rendered from March 31, 2017 to August 31, 2017

STIKEMAN ELLIOTT

Stikeman Elliott LLP, Barristers & Solicitors
5300 Commerce Court West, 199 Bay Street, Toronto, Canada M5L 1B9
Tel: (416) 869-5500 Fax: (416) 947-0866 www.stikeman.com

G.S.T./H.S.T. NO. 1214111360001
Q.S.T. No. 1018978624

Invoice

Alvarez & Marsal
220 Bay Street, Suite 2900
Royal Bank Plaza, South Tower
Toronto, ON M5J 2J1

May 12, 2017
File No. 1194991005
Client's Reference No. 119499

Invoice No. 5537222

Attention: Alan Hutchens

FOR PROFESSIONAL SERVICES RENDERED in connection with Payless ShoeSource for the period up to May 12, 2017.

<u>Date</u>	<u>Timekeeper</u>	<u>Hours</u>	<u>Description</u>	<u>Amount</u>
Mar 31, 2017	L. Nicholson	6.08	Research regarding guarantees of US obligations; review various Payless documents; draft email to A. Taylor regarding research on DIP issues;	3,222.40
Mar 31, 2017	M. Obee Tower	1.00	Discuss role of information officer and review draft DIP documentation.	725.00
Mar 31, 2017	A.J. Taylor	3.75	Telephone conversation with M. Wasserman and A. Hutchens; telephone conversation with A. Hutchens; conversation with L. Nicholson; telephone conversation with M. Obee-Tower; telephone conversation with A. Hutchens; telephone conversation with M. MacKenzie;	3,375.00
Apr 1, 2017	L. Nicholson	5.58	Review case law on information officers acting as financial advisors; email to A. Taylor on research; review various emails; research regarding recent roll up in Canadian proceedings; email to A. Taylor on roll ups; review Osler materials for Part IV recognition application;	2,957.40

STIKEMAN ELLIOTT

<u>Date</u>	<u>Timekeeper</u>	<u>Hours</u>	<u>Description</u>	<u>Amount</u>
Apr 1, 2017	A.J. Taylor	4.50	Review research memos; telephone conversation with M. Wasserman; Review Initial Application draft materials;	4,050.00
Apr 2, 2017	L. Nicholson	8.50	Call with A&M; incorporate various comments into Osler application materials; review DIP agreement; commence drafting DIP section of pre-filing report; call and email with M. Brouwer regarding employee claims; email to M. Brouwer regarding DIP agreement; review US motions;	4,505.00
Apr 2, 2017	A.J. Taylor	2.33	Conference call re Initial Application materials; emails re DIP application;	2,097.00
Apr 3, 2017	L. Nicholson	7.17	Draft DIP section of pre-filing report; review US DIP motion; email to M. Obee Tower;	3,800.10
Apr 3, 2017	M. Obee Tower	3.17	Review draft motion materials and draft DIP credit agreement.	2,298.25
Apr 3, 2017	A.J. Taylor	1.25	Telephone conversation with M. MacKenzie; telephone conversation with A. Hutchens; conflicts check; retainer letter; all emails re retainer;	1,125.00
Apr 4, 2017	L. Nicholson	4.33	Email to P. Riesterer; edit DIP section of the pre-filing report; review DIP Term Loan Agreement; email draft DIP section to A&M; review DIP Order;	2,294.90
Apr 4, 2017	M. Obee Tower	3.57	Review and revise portion of report related to DIP credit agreement and corresponding review of DIP credit agreement.	2,588.25
Apr 4, 2017	A.J. Taylor	0.75	Telephone conversation with M. MacKenzie; all emails re filing; all emails re DIP;	675.00
Apr 5, 2017	L. Nicholson	10.17	Review and comment on pre-filing report; input various comments into the report; review latest Part IV application materials; incorporate various comments into the pre-filing report;	5,390.10
Apr 5, 2017	A.J. Taylor	4.50	Review revised application materials; telephone conversation with M.	4,050.00

STIKEMAN ELLIOTT

<u>Date</u>	<u>Timekeeper</u>	<u>Hours</u>	<u>Description</u>	<u>Amount</u>
Apr 6, 2017	L. Nicholson	11.75	Wasserman re Filing Time; conversation with L. Nicholson; telephone conversation with M. Wasserman; review and revise draft report; telephone conversation with A. Hutchens; Continue editing pre-filing report; review liquidation analysis section; call with M. Mackenzie; review restructuring support agreement; draft language regarding supplemental order charge; draft language regarding A&M's role; various call with P. Riesterer regarding pre-filing report; email report to NRF, G. Morawetz and Osler; review Payless factum;	6,227.50
Apr 6, 2017	A.J. Taylor	8.08	Revise 1st report; emails re Rents; conversation with L. Nicholson; telephone conversations with A. Hutchens; telephone conversation with M. MacKenzie;	7,272.00
Apr 7, 2017	L. Nicholson	6.00	Edit pre-filing report; review application materials; prepare pre-filing report and serve; draft information officer consent; prepare for and attend court for recognition proceeding;	3,180.00
Apr 7, 2017	A.J. Taylor	8.17	Telephone conversation with M. Wasserman; telephone conversation with A. Hutchens; conversation with L. Hutchison; telephone conversation with V. Gauthier; review the report; attendance at Court; conversation with A. Hutchens; telephone conversation with M. Wasserman;	7,353.00
Apr 8, 2017	A.J. Taylor	1.75	Telephone conversations with A. Hutchens; conference call re Part IV Application; telephone conversation with J. MacDonald;	1,575.00
Apr 9, 2017	L. Nicholson	3.67	Prepare for and attend hearing on supplementary order and ABL Lenders' charge; email to P. Riesterer regarding supplementary order;	1,945.10

STIKEMAN ELLIOTT

<u>Date</u>	<u>Timekeeper</u>	<u>Hours</u>	<u>Description</u>	<u>Amount</u>
			email pre-filing report to D. Ullmann; review emails regarding consent endorsement;	
Apr 9, 2017	A.J. Taylor	1.50	Conference call re Part IV Application; all emails;	1,350.00
Apr 10, 2017	A.J. Taylor	4.58	Telephone conversation with M. Wasserman; telephone conversation with J. MacDonald; telephone conversation with A. Hutchens; conversation with L. Nicholson;	4,122.00
Apr 11, 2017	L. Nicholson	0.42	Email website materials to M. Brouwer; review emails regarding information requests from landlords.	222.60
Apr 11, 2017	A.J. Taylor	1.75	8:30 Attendance telephone conversation with T. Reyes; conversation with J. MacDonald; telephone conversation with A. Hutchens; telephone call with J. MacDonald;	1,575.00
Apr 12, 2017	L. Nicholson	0.67	Review endorsement of RSJ Morawetz; call with P. Riesterer; email to endorsement of RSJ Morawetz to the service list.	355.10
Apr 12, 2017	A.J. Taylor	0.75	Telephone conversation with J. Macdonald; telephone conversation with A. Hutchens re Info Request; telephone conversation with A. Hutchens; Telephone conversation with M. Wasserman;	675.00
Apr 13, 2017	L. Nicholson	0.17	Emails with A&M regarding supplemental order.	90.10
Apr 13, 2017	A.J. Taylor	0.42	All emails re Supplemental Order;	378.00
Apr 14, 2017	L. Nicholson	0.17	Email to M. Brouwer regarding stay.	90.10
Apr 16, 2017	A.J. Taylor	0.25	All emails re Landlords	225.00
Apr 17, 2017	L. Nicholson	0.33	Edit newspaper notice; call with Osler regarding newspaper notice; email to M. MacKenzie regarding newspaper notice;	174.90
Apr 17, 2017	A.J. Taylor	0.83	Telephone conversation with A. Hutchens; telephone conversation with M. MacKenzie; telephone conversation with M. Wasserman; review Notice;	747.00
Apr 18, 2017	D.A. Arseneau	0.33	Revision Press Notice of Filings.	174.90

STIKEMAN ELLIOTT

<u>Date</u>	<u>Timekeeper</u>	<u>Hours</u>	<u>Description</u>	<u>Amount</u>
Apr 18, 2017	T.-M. Gravel	1.83	Translation - Press Notice of Filings - Payless ShoeSource.	704.55
Apr 18, 2017	A.J. Taylor	1.08	Emails re Notice; Emails re Landlords; telephone conversation with M. MacKenzie;	972.00
Apr 19, 2017	L. Nicholson	2.75	Call with M. Brouwer; email French translation of newspaper notice to A&M; review draft supplemental order; email to A&M regarding changes to supplemental order; call with Osler regarding appointment with Justice Newbould; call with A&M regarding seeking appointment with Justice Newbould;	1,457.50
Apr 19, 2017	A.J. Taylor	1.75	Conversation with L. Nicholson; telephone conversation with A. Hutchens; telephone conversation with D. Bish; telephone conversation with Oslers;	1,575.00
Apr 20, 2017	L. Nicholson	0.58	Email to P. Riesterer; discussion with A. Taylor regarding obtaining court time; reviewing Payless endorsement on recognition of the DIP;	307.40
Apr 20, 2017	A.J. Taylor	2.33	Emails re Order; conversation with L. Nicholson; telephone conversation with D. Bish; telephone conversation with A. Hutchens; review reasons; telephone conversation with A. Hutchens and L. Nicholson; telephone conversation with M. Wasserman;	2,097.00
Apr 21, 2017	L. Nicholson	0.25	Call with P. Riesterer; call with A&M regarding court time; canvassing available court time;	132.50
Apr 21, 2017	A.J. Taylor	0.25	All emails re Landlords and the Order;	225.00
Apr 22, 2017	A.J. Taylor	0.25	Emails re Landlord	225.00
Apr 23, 2017	A.J. Taylor	0.25	Emails re Landlords;	225.00
Apr 24, 2017	L. Nicholson	0.10	Discussion with A. Taylor; email to P. Riesterer regarding 8:30 appointment;	53.00
Apr 24, 2017	A.J. Taylor	0.25	Telephone conversation with M. Wasserman;	225.00
Apr 25, 2017	L. Nicholson	1.25	Call with Osler and A&M; call with company and Osler regarding cash	662.50

STIKEMAN ELLIOTT

<u>Date</u>	<u>Timekeeper</u>	<u>Hours</u>	<u>Description</u>	<u>Amount</u>
Apr 25, 2017	A.J. Taylor	2.17	flow; review cash flow statement; call with A&M; All emails re 9:30 appointment; telephone conversation with A. Hutchens; telephone conversation with M. Wasserman and A. Hutchens; conference call re cashflow; telephone conversation with A. Hutchens and L. Nicholson;	1,953.00
Apr 26, 2017	L. Nicholson	2.17	Prepare for and attend 9:30 appointment; preparing for meeting at Osler regarding DIP and supplemental order; call with A. Hutchens;	1,150.10
Apr 26, 2017	A.J. Taylor	6.42	9:30 Appointment; conversation with A. Hutchens; conversation with D. Bish; telephone conversation with A. Hutchens; telephone conversation with M. Wasserman; conference call re Rent; conversation with L. Nicholson; telephone conversation with A. Hutchens;	5,778.00
Apr 27, 2017	L. Nicholson	2.67	Attend 9:30 appointment; distribute endorsement to service list; arrange for transcription of endorsement; review DIP agreement for borrowing base calculation; email to A&M regarding reserve for admin charge under the DIP;	1,415.10
Apr 27, 2017	A.J. Taylor	1.33	9:30 Appointment re Rent Payments;	1,197.00
Apr 28, 2017	L. Nicholson	3.33	Research regarding whether Part IV proceeding grinds down a landlords' preferred claim;	1,764.90
Apr 28, 2017	A.J. Taylor	1.20	Telephone conversation with A. Hutchens; review all emails re Landlords;	1,080.00
Apr 30, 2017	A.J. Taylor	0.42	Email re Order; telephone conversation with D. Ullmann;	378.00
May 1, 2017	A.J. Taylor	0.75	Emails re Order; telephone conversation with P. Riesterer; telephone conversation with A. Hutchens; emails re form of order; telephone conversation with C. Prophet; telephone conversation with	675.00

STIKEMAN ELLIOTT

<u>Date</u>	<u>Timekeeper</u>	<u>Hours</u>	<u>Description</u>	<u>Amount</u>
May 2, 2017	L. Nicholson	0.75	P. Riesterer; emails re landlord information; Call with M. MacKenzie regarding reduction of landlord claims following commencement of Part IV proceeding; call with A&M;	397.50
May 2, 2017	A.J. Taylor	1.58	Emails re NDAs; call with A&M; call with Osler;	1,422.00
May 3, 2017	L. Nicholson	3.17	Review Plan and disclosure statement; email to A&M regarding Plan amendment details; review objections to Plan filed in US; email to A&M regarding objections that have been filed and status of US hearing;	1,680.10
May 3, 2017	A.J. Taylor	0.50	Emails re disclosure plan; conversation with L. Nicholson;	450.00
May 4, 2017	L. Nicholson	0.20	Email proof of claim to L. Galessiere; email to M. Shakra;	106.00
May 4, 2017	A.J. Taylor	0.50	Telephone conversation with A. Hutchens re Inventory and Landlord report; telephone conversation with M. Wasserman; telephone conversation with P. Riesterer;	450.00
May 5, 2017	L. Nicholson	1.42	Review letters from Blakes regarding stay; email letters to A&M; draft email update to RSJ Morawetz;	752.60
May 5, 2017	A.J. Taylor	0.33	Emails re Inventory; review letters re Stay; all emails re DIP;	297.00
May 7, 2017	L. Nicholson	0.83	Edit email update to RSJ Morawetz;	439.90
May 7, 2017	A.J. Taylor	0.25	Review and revise update for Morawetz RSJ;	225.00
May 9, 2017	L. Nicholson	0.47	Call with M. Crane regarding NDA; email to A&M;	249.10
May 11, 2017	A.J. Taylor	0.25	Review emails;	225.00
May 12, 2017	L. Nicholson	0.33	Call with A. Hutchens regarding various outstanding issues;	174.90
May 12, 2017	A.J. Taylor	1.17	Emails re Landlord requests; claim process; lien claims; telephone conversation with M. Shakra; telephone conversation with A. Hutchens; conversation with L. Nicholson;	1,053.00

STIKEMAN ELLIOTT

FEE SUMMARY

<u>Timekeeper</u>	<u>Hours</u>	<u>Rate/Hr</u>	<u>Amount</u>
L. Nicholson	85.28	\$530.00	\$45,198.40
M. Obee Tower	7.74	725.00	5,611.50
A.J. Taylor	68.19	900.00	61,371.00
Revisors	0.33	\$530.00	\$174.90
Translators	1.83	385.00	704.55

FEES

Professional Services	CAD \$113,060.35
HST @ 13.0%	14,697.85
Total Professional Services and Taxes	CAD \$127,758.20

CHARGES SUMMARY

<u>Description</u>	<u>Taxable</u>	<u>Non - Taxable</u>	<u>Total</u>
Photocopies	1,443.50		1,443.50
Total Charges	1,443.50	0.00	1,443.50
HST @ 13.0%			187.66
Total Charges and Taxes			CAD \$1631.16

DISBURSEMENTS SUMMARY

<u>Description</u>	<u>Taxable</u>	<u>Non - Taxable</u>	<u>Total</u>
Cash Received		0.00	0.00
Book Binding/Binders	12.86		12.86
Telephone	7.08		7.08
Travel - Taxis	13.53		13.53
Total Disbursements	33.47	0.00	33.47
HST @ 13.0%			4.35
Total Disbursements and Taxes			CAD \$37.82

STIKEMAN ELLIOTT

INVOICE SUMMARY

Invoice No. 5537222

Re: Payless ShoeSource

File No. 1194991005

	<u>Taxable</u>	<u>Non-Taxable</u>	<u>Total</u>
Professional Services	113,060.35	0.00	\$113,060.35
HST @ 13.0%			14,697.85
Charges	1,443.50	0.00	1,443.50
HST @ 13.0%			187.66
Disbursements	33.47	0.00	33.47
HST @ 13.0%			4.35
AMOUNT DUE			<u>CAD \$129,427.18</u>

STIKEMAN ELLIOTT LLP



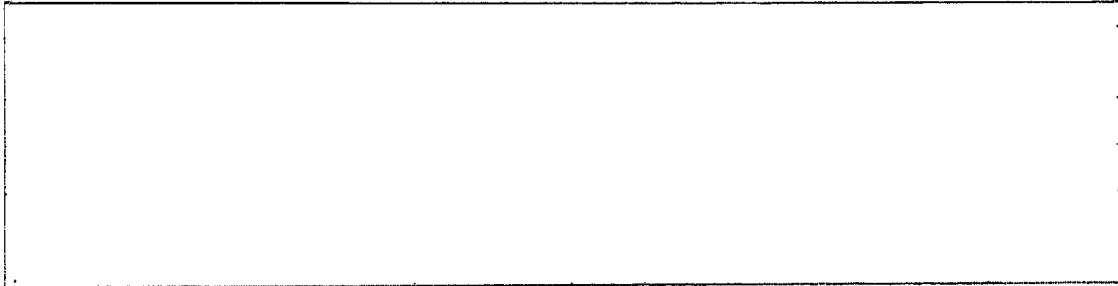
Ashley J. Taylor

Accounts are due when rendered. Please note that a prevailing quarterly pre-judgement interest rate will be charged for amounts unpaid 30 days or more.

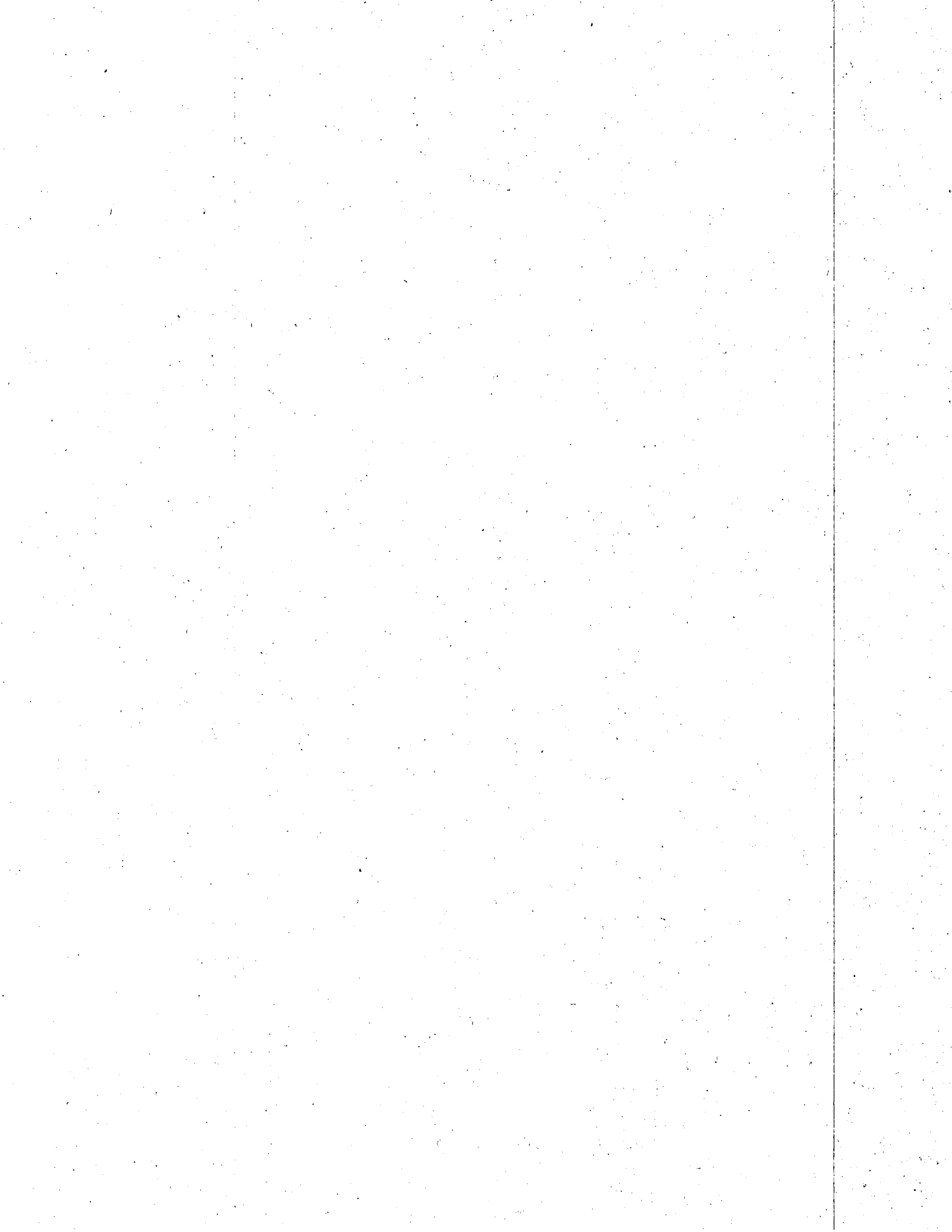
Disbursements and charges may not have been posted at the date of this account.
Please quote our File number and/or Invoice number when making payment.

STIKEMAN ELLIOTT

Payment can be wired as follows:



Please include client number on transfer documents.



Stikeman Elliott

Stikeman Elliott LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, ON Canada M5L 1B9

Main: 416 869 5500
Fax: 416 947 0866
www.stikeman.com

GST / HST No. 1214111360001
QST No. 1018978624

Invoice

September 11, 2017

File No. 1194991005
Client's Reference No. 119499
Invoice No. 5567661

Alvarez & Marsal
220 Bay Street, Suite 2900
Royal Bank Plaza, South Tower
Toronto, ON M5J 2J1

Attention: Alan Hutchens

For Professional Services Rendered in connection with Payless ShoeSource for the period up to August 31, 2017.

<u>Date</u>	<u>Timekeeper</u>	<u>Hours</u>	<u>Description</u>	<u>Amount</u>
May 15, 2017	L. Nicholson	0.50	Discussion with T. Reyes regarding NDAs; call with M. Crane;	265.00
May 15, 2017	A.J. Taylor	0.75	Emails re Lien Claimant; telephone conversation with T. Reyes and L. Nicholson;	675.00
May 17, 2017	L. Nicholson	0.92	Call with P. Reisterer; email to A&M; draft email update for Morawetz RSJ.	487.60
May 17, 2017	A.J. Taylor	0.75	Emails re Inventory; telephone conversation with M. MacKenzie;	675.00
May 19, 2017	L. Nicholson	0.25	Call with L. Wilde regarding information on Chapter 11 Proceedings.	132.50
May 23, 2017	A.J. Taylor	0.17	Telephone conversation with D. Ullman; emails re Landlord Inquiries;	153.00
May 24, 2017	L. Nicholson	0.42	Call with D. Ullmann;	222.60
May 24, 2017	A.J. Taylor	0.17	Emails;	153.00
May 25, 2017	L. Nicholson	0.25	Email update to A. Taylor regarding call with D. Ullmann; call with M. Mackenzie;	132.50
May 25, 2017	A.J. Taylor	0.17	Discussion with L. Nicholson;	153.00
May 26, 2017	L. Nicholson	0.42	Call with A. Hutchens; call M. Mackenzie; email to P. Riesterer;	222.60

Stikeman Elliott

<u>Date</u>	<u>Timekeeper</u>	<u>Hours</u>	<u>Description</u>	<u>Amount</u>
May 26, 2017	A.J. Taylor	0.42	Conversation with L. Nicholson; telephone conversation with A. Hutchens; all emails re Hearing;	378.00
May 29, 2017	L. Nicholson	0.25	Call with M. Crane; email to M. Crane regarding claims procedure order in chapter 11 proceedings; call and leave voicemail for M. Mackenzie;	132.50
May 29, 2017	A.J. Taylor	0.33	Emails re recognition;	297.00
May 30, 2017	L. Nicholson	2.42	Review chapter 11 materials for second report; draft second report;	1,282.60
May 31, 2017	L. Nicholson	4.67	Review chapter 11 materials for second report; draft second report; discussion with A. Taylor;	2,475.10
May 31, 2017	A.J. Taylor	0.42	Emails re DIP recognition; emails re report; conversation with L. Nicholson;	378.00
Jun 1, 2017	L. Nicholson	4.58	Draft second report; email to A. Taylor; email to P. Riesterer; call with M. Crane.	2,427.40
Jun 1, 2017	A.J. Taylor	0.50	Review and revise draft report;	450.00
Jun 2, 2017	L. Nicholson	2.42	Update first report; review and edit first report; email to A. Hutchens; email to Osler;	1,282.60
Jun 5, 2017	L. Nicholson	0.67	Draft email to D. Ullmann; email to Prime Clerk; emails with A&M; call with Osler;	355.10
Jun 5, 2017	A.J. Taylor	0.17	Emails re Second Report	153.00
Jun 6, 2017	L. Nicholson	1.50	Review Osler comments on first report; edit first report; review email from A. Hutchens regarding cash flow forecast;	795.00
Jun 7, 2017	L. Nicholson	3.33	Incorporate comments into first report; edit first report; call with A. Hutchens and M. Mackenzie; serve first report;	1,764.90
Jun 7, 2017	A.J. Taylor	0.92	Emails with Landlord's counsel;	828.00
Jun 12, 2017	A.J. Taylor	0.25	Telephone conversation with M. MacKenzie re Report; telephone conversation with D. Bish;	225.00
Jun 14, 2017	L. Nicholson	3.17	Review and edit company affidavit; email to A&M regarding affidavit comments; email to A&M regarding second amended plan; review second amended plan; listen to audio recording of US hearing on disclosure statement;	1,680.10
Jun 14, 2017	A.J. Taylor	0.75	Review draft affidavit; emails;	675.00
Jun 15, 2017	L. Nicholson	4.75	Review and edit draft second report; email to M. MacKenzie regarding second report; review draft recognition order; email to P. Riesterer;	2,517.50
Jun 16, 2017	L. Nicholson	1.58	Emails with M. MacKenzie regarding second report; edit second report and email second report to A. Taylor; email to Osler regarding draft affidavit;	837.40

Stikeman Elliott

<u>Date</u>	<u>Timekeeper</u>	<u>Hours</u>	<u>Description</u>	<u>Amount</u>
Jun 17, 2017	L. Nicholson	0.50	Edit second report; email to M. MacKenzie;	265.00
Jun 17, 2017	A.J. Taylor	0.50	Review and comment on draft report; emails	450.00
Jun 19, 2017	L. Nicholson	1.00	Edit and finalize second report; various emails regarding finalizing the second report;	530.00
Jun 21, 2017	L. Nicholson	1.50	Prepare for and attend motion for recognition of final orders; email to A&M regarding court appearance;	795.00
Jun 27, 2017	A.J. Taylor	0.50	All emails; conversation with L. Nicholson re Hearing;	450.00
Jun 29, 2017	L. Nicholson	3.50	Review various Chapter 11 materials; draft third report.	1,855.00
Jun 30, 2017	L. Nicholson	0.33	Review third report; email to A. Taylor.	174.90
Jun 30, 2017	A.J. Taylor	0.33	Review and comment on draft report;	297.00
Jul 5, 2017	L. Nicholson	0.33	Call with M. MacKenzie; edit third report and email report to Osler.	174.90
Jul 6, 2017	L. Nicholson	0.10	Emails to Osler and A&M regarding timing of third report.	53.00
Jul 6, 2017	A.J. Taylor	0.17	All emails re Third Report; conversation with L. Nicholson;	153.00
Jul 18, 2017	A.J. Taylor	0.33	Emails regarding report; conversation with L. Nicholson.	297.00
Jul 19, 2017	L. Nicholson	0.50	Call with P. Reisterer; email to A&M.	265.00
Jul 20, 2017	L. Nicholson	1.25	Review confirmation order; call with A&M.	662.50
Jul 20, 2017	A.J. Taylor	0.25	All emails regarding confirmation hearing; review letter regarding construction lien.	225.00
Jul 21, 2017	L. Nicholson	7.08	Draft third report; call with P. Reisterer regarding cure cost issue; discussion with A. Taylor regarding cure cost issue; review Plan and confirmation order in respect of cure cost issue; email to D. Ullmann regarding cure cost issue; review and comment on draft Plan recognition order.	3,752.40
Jul 21, 2017	A.J. Taylor	1.08	Telephone conversation with M. Wasserman; conversation with L. Nicholson; review emails and Plan;	972.00
Jul 22, 2017	L. Nicholson	0.75	Review notice of motion and draft order; email to A&M.	397.50
Jul 22, 2017	A.J. Taylor	0.33	All emails re US Plan;	297.00
Jul 23, 2017	L. Nicholson	6.50	Draft third report; email to Osler regarding notice of motion changes; review email from D. Ullmann.	3,445.00
Jul 24, 2017	L. Nicholson	8.75	Continue drafting third report; call with M. Crane; discussion with A. Taylor regarding payment of April rent; editing	4,637.50

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<u>Date</u>	<u>Timekeeper</u>	<u>Hours</u>	<u>Description</u>	<u>Amount</u>
			Third Report; call with M. MacKenzie regarding third report; review draft Schwindle affidavit; review emails regarding proposed recognition order; incorporate comments into third report; review revised Schwindle affidavit.	
Jul 24, 2017	M. Obee Tower	0.30	Review and summarize interest rate terms in exit financing.	217.50
Jul 24, 2017	A.J. Taylor	2.08	Review draft orders; review draft Notice of Motion; all emails re Plan confirmation; conversation with L. Nicholson; review draft report;	1,872.00
Jul 25, 2017	L. Nicholson	2.58	Review term loan credit agreement; call with M. MacKenzie; review A&M comments on Third Report; edit Third Report; review final Schwindle affidavit review Osler comments on the Third Report.	1,367.40
Jul 25, 2017	A.J. Taylor	0.58	All emails re Plan confirmation; review comments on draft report;	522.00
Jul 26, 2017	L. Nicholson	1.50	Review and edit Third Report; review email regarding liquidation analysis; review supplementary affidavit; review factum of Payless.	795.00
Jul 27, 2017	L. Nicholson	1.42	Call with P. Reisterer; email Report of Justice Morawetz; arrange for filing of report; prepare for Plan recognition.	752.60
Jul 27, 2017	A.J. Taylor	0.50	All emails re Motion; conversation with L. Nicholson;	450.00
Jul 28, 2017	L. Nicholson	1.43	Prepare for and attend hearing on recognition of Plan confirmation order; review letter from M. Crane.	757.90
Aug 1, 2017	L. Nicholson	0.25	Call with M. MacKenzie regarding letter from D. Ullmann; call with M. Brouwer regarding payment of Canadian creditors.	132.50
Aug 10, 2017	L. Nicholson	0.25	Prepare Information Officer certificate; arrange for signature of Information Officer certificate;	132.50
Aug 11, 2017	L. Nicholson	0.17	Arrange for filing of Information Officer certificate;	90.10
Aug 17, 2017	L. Nicholson	0.08	Email to A&M regarding Blaney email.	42.40
Aug 18, 2017	L. Nicholson	0.42	Call with M. Brouwer regarding outstanding rent payments; email to A. Hutchens regarding escrow amount; email D. Ullmann regarding property list.	222.60
Aug 18, 2017	A.J. Taylor	0.42	Review confirmation hearing endorsement; all emails re Plan Implementation;	378.00
Aug 30, 2017	L. Nicholson	0.33	Call with P. Reisterer regarding escrow	174.90

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<u>Date</u>	<u>Timekeeper</u>	<u>Hours</u>	<u>Description</u>	<u>Amount</u>
Aug 31, 2017	L. Nicholson	0.33	funds; call with M. Brouwer; email to P. Reisterer regarding escrow funds. Revise escrow funds order; emails on escrow funds order; email to A. Hutchens regarding information officer report.	174.90
Aug 31, 2017	A.J. Taylor	0.17	Emails re Escrow Funds;	153.00

Fee Summary

<u>Timekeeper</u>	<u>Hours</u>	<u>Rate/Hr</u>	<u>Amount</u>
L. Nicholson	72.95	\$530.00	\$38,663.50
M. Obee Tower	0.30	725.00	217.50
A.J. Taylor	13.01	900.00	11,709.00
Professional Services			CAD \$50,590.00
HST @ 13.0%			6,576.70
Total Professional Services and Taxes			CAD \$57,166.70

Charges Summary

<u>Description</u>	<u>Taxable</u>	<u>Non - Taxable</u>	<u>Total</u>
Photocopies	1.50		1.50
Total Charges	1.50	0.00	1.50
HST @ 13.0%			0.19
Total Charges and Taxes			CAD \$1.69

Disbursements Summary

<u>Description</u>	<u>Taxable</u>	<u>Non - Taxable</u>	<u>Total</u>
Agents' Fees	285.00		285.00
Business Meals - In Town	32.12		32.12
Miscellaneous	70.29		70.29
On-Line Search	116.96		116.96
Telephone	1.77		1.77
Total Disbursements	506.14	0.00	506.14
HST @ 13.0%			65.80
Total Disbursements and Taxes			CAD \$571.94

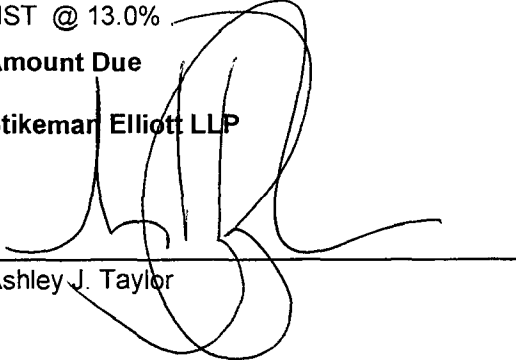
Stikeman Elliott

Invoice Summary

Invoice No. 5567661
File No. 1194991005
Re: Payless ShoeSource

	<u>Taxable</u>	<u>Non-Taxable</u>	<u>Total</u>
Professional Services	50,590.00	0.00	\$50,590.00
HST @ 13.0%			6,576.70
Charges	1.50	0.00	1.50
HST @ 13.0%			0.19
Disbursements	506.14	0.00	506.14
HST @ 13.0%			65.80
Amount Due			<u>CAD \$57,740.33</u>

Stikeman Elliott LLP



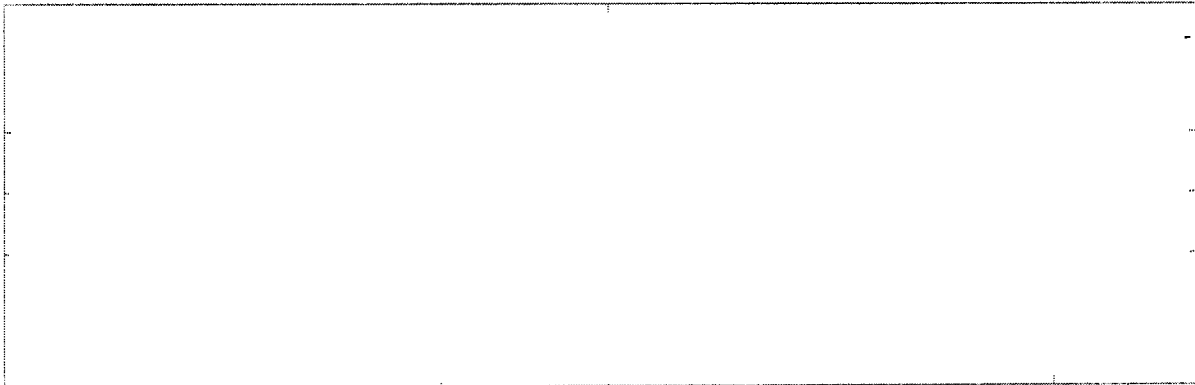
Ashley J. Taylor

Accounts are due when rendered. Please note that a prevailing quarterly pre-judgement interest rate will be charged for amounts unpaid 30 days or more.

Disbursements and charges may not have been posted at the date of this account.
Please quote our File number and/or Invoice number 119499.1005/5567661 when making payment.

Stikeman Elliott

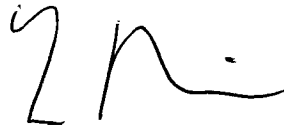
Payment can be wired as follows:



Please include client number on transfer documents.

EXHIBIT “B”

***THIS IS EXHIBIT "B", referred to in the
Affidavit of Ashley Taylor, sworn on
September 26, 2017.***

A handwritten signature in black ink, appearing to be 'ZM' with a horizontal line extending from the end.

Commissioner for Taking Affidavits

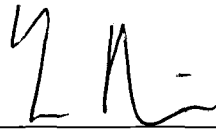
EXHIBIT "B"

**Summary of Stikeman Elliott LLP's Invoices
Services Rendered from March 31, 2017 to August 31, 2017**

Invoice No.	Date	Fee	Expenses	HST	Total
5537222	May 12, 2017	113,060.35	1476.97	14,889.86	129,427.18
5567661	September 11, 2017	50,590.00	507.64	6,642.69	57,740.33
TOTAL		163,650.35	1,984.61	21,532.55	187,167.61

EXHIBIT "C"

THIS IS EXHIBIT "C", referred to in the Affidavit of Ashley Taylor, sworn on September 26, 2017.



Commissioner for Taking Affidavits

EXHIBIT "C"
Summary of Stikeman Elliott LLP's Invoices
Services Rendered from March 31, 2017 to August 31, 2017

NAME	POSITION	HOURLY RATE	HOURS	TOTAL
A. Taylor	Partner	900.00	81.20	73,080.00
M. Obee Tower	Partner	725.00	8.04	5,829.00
L. Nicholson	Associate	530.00	158.23	83,861.90
Reviewer	Other	530.00	.33	174.90
Translators	Other	385.00	1.83	704.55
TOTAL			249.63	163,650.35

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

Court File No: CV-15-10869-00CL

AND IN THE MATTER OF PAYLESS HOLDINGS LLC, PAYLESS SHOESOURCE CANADA INC., PAYLESS SHOESOURCE CANADA GP INC. AND THOSE OTHER ENTITIES LISTED ON SCHEDULE "A" HERETO

APPLICATION OF PAYLESS HOLDINGS LLC UNDER SECTION 46 OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

**ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)**

Proceeding commenced at Toronto

**AFFIDAVIT OF ASHLEY TAYLOR
(SWORN SEPTEMBER 26, 2017)**

STIKEMAN ELLIOTT LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, Canada M5L 1B9

Ashley Taylor LSUC#: 39932E
Tel: (416) 869-5236
Email: ataylor@stikeman.com

Lee Nicholson LSUC#: 66412I
Tel: (416) 869-5604
E-mail: leenicholson@stikeman.com
Fax: (416) 947-0866

Lawyers for the Information Officer

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

Court File No: CV-17-011758-00CL

AND IN THE MATTER OF PAYLESS HOLDINGS LLC, PAYLESS SHOESOURCE CANADA INC., PAYLESS SHOESOURCE CANADA GP INC. AND THOSE OTHER ENTITIES LISTED ON SCHEDULE "A" HERETO

APPLICATION OF PAYLESS HOLDINGS LLC UNDER SECTION 46 OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

FOURTH REPORT OF THE INFORMATION
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