

CANADA

SUPERIOR COURT
(Commercial Division)

PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

(Sitting as a court designated pursuant to the
Companies' Creditors Arrangement Act, R.S.C.
c. C-36)

NO.: 500-11-049256-155

IN THE MATTER OF THE PLAN OF
COMPROMISE AND ARRANGEMENT OF:

**MAGASIN LAURA (P.V.) INC. /
LAURA'S SHOPPE (P.V.) INC.**

Debtor/Petitioner

-and-

**BOUTIQUE LAURA CANADA LTÉE /
LAURA'S SHOPPE CANADA LTD.**

-and-

3482731 CANADA INC.

-and-

9318-5494 QUEBEC INC.

-and-

KALMAN FISHER

Stayed Parties

-and-

KPMG INC.

Monitor

RE-AMENDED PLAN OF COMPROMISE AND ARRANGEMENT
Under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36

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1. INTERPRETATION

1.1. Definitions

In this Plan, unless otherwise stated or the context otherwise requires:

“**Administration Charge**” has the meaning ascribed to such term in the Initial Order;

“**Administration Claim**” means a claim or any other indebtedness or obligation secured by the Administration Charge;

“**Affected Claim**” means any Claim other than an Unaffected Claim. For greater certainty, **Affected Claims** include Disclaimed Landlord Claims, any Claim of Her Majesty the Queen in right of Canada or any province (other than Crown Priority Claims), Directors Claims and Restructuring Claims;

“**Affected Creditor**” means a Creditor holding an Affected Claim, but only to the extent of its Affected Claim;

“**Affected Creditors Class**” has the meaning set forth in **Section 2.2** hereof;

“**Aggregate Distribution**” has the meaning set forth in **Section 2.5** hereof;

“**BIA**” means the *Bankruptcy and Insolvency Act*, R.S.C., 1985, c. B-3, as amended;

“**Business Day**” means a day, other than a Saturday, a Sunday, or a non-judicial day (as defined in article 6 of the *Quebec Code of Civil Procedure*, R.S.Q., c. C-25, as amended);

“**CCAA**” means the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended;

“**CCAA Charge(s)**” means the Administration Charge, the DIP Lender Charge and the KERP Charge;

“**CCAA Proceedings**” means proceedings in respect of the Company before the Court commenced, taken up and continued under the CCAA;

“**Certificate of Implementation**” has the meaning set forth in **Section 8.3** hereof;

“**Certificate of Performance**” has the meaning set forth in **Section 6.1** hereof;

“**Certificate of Non-Implementation**” has the meaning set forth in **Section 8.5** hereof;

“Chair” means a representative of the Monitor, or any other individual designated by the Monitor to preside as chairperson at the Creditors’ Meeting;

“Claim” means any right of any Person against the Company in connection with any indebtedness, liability or obligation of any kind of the Company owed to such Person and any interest, or penalties accrued thereon or costs payable in respect thereof, whether liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, unsecured, present, future, known or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including the right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, which indebtedness, liability or obligation is based in whole or in part on facts existing, or transactions which occurred, prior to the Determination Date, or which would have been claims provable in bankruptcy had the Company become bankrupt on the Determination Date, and, without limitation, including any Restructuring Claim, but excluding any Unaffected Claim and **“Claims”** means all of them;

“Claims Bar Date” has the meaning as set forth in the Claims Procedure Order;

“Claims Procedure Order” means the “Claims Procedure Order” issued by the Court on September 11, 2015, establishing, among other things, procedures for proving Claims, as amended or supplemented from time to time by further Order(s) of the Court;

“Company”, **“Debtor”** or **“Petitioner”** means Magasin Laura (P.V.) Inc./Laura’s Shoppe (P.V.) Inc.;

“Court” means the Commercial Division of the Quebec Superior Court for the District of Montreal;

“Creditor(s)” means any Person(s) having a Claim and may, where the context requires, include the assignee of a Claim or a trustee, interim receiver, receiver, receiver and manager, or other Person acting on behalf of such Person(s);

“Creditors’ Meeting” means the meeting of Affected Creditors to be convened for the purposes of voting on the Plan, or any adjournment of such meeting;

“Crown Priority Claims” means any Claims of Her Majesty the Queen in right of Canada or in right of any province as described in Section 6(3) or Section 38(2) of the CCAA. For greater certainty, any Claim of Her Majesty the Queen in right of Canada or in right of any Province other than Crown Priority Claims shall be an Affected Claim hereunder;

"Determination Date" means July 31, 2015, being the date on which the Company commenced proceedings under the *BIA* by filing a notice of intention to make a proposal thereunder, which proceedings were subsequently taken up and continued by the CCAA Proceedings under the CCAA;

"DIP Claim" means any and all obligations of the Company to the DIP Lender pursuant to the DIP Facility Documents or the Order for New Financing as of or after the Plan Implementation Date;

"DIP Facility Documents" means the "committed term sheet" dated October 22, 2015 by and among, *inter alia*, the Company and the DIP Lender (as amended, modified, restated and/or supplemented from time to time) together with any related collateral, loan or security documents executed in connection therewith or which relate thereto;

"DIP Lender" means collectively, Third Eye Capital Corporation, acting as agent and hypothecary representative for and on behalf of certain affiliates and funds it manages as well as all of the "New Financing Parties" as defined in the Order for New Financing;

"DIP Lender Charge" means the "New Lender Charge" as set forth in the Order for New Financing;

"DIP Loan" means the loan(s) made and/or to be made by the DIP Lender as envisaged by the Order for New Financing;

"Directors" means all of the Company's past and present directors as well as any Persons who were or are deemed to be directors of the Company pursuant to any applicable Laws;

"Directors' Claims" means all Claims, of any nature or source whatsoever, of any of the Creditors against any or all of the Directors which arose before the Determination Date and which relate to obligations of the Company where such Directors are by law liable in their capacity as directors for payment of such obligations. Director's Liability shall, however, exclude all Claims which (i) relate to contractual rights of one or more Creditors arising from contracts with one or more Directors, including any guarantees given by any Directors relating to the Company's obligations, (ii) seek injunctive relieve against any of the Directors in relation to the Company, or (iii) are based on allegations of misrepresentation made by any Directors to Creditors or of wrongful or oppressive conduct by Directors;

"Disallowed Claim" means any Claim, or that portion thereof which has been revised or disallowed by the Monitor pursuant to the Claims Procedure Order or any other Order in respect of which an appeal by the Creditor has been dismissed or all appeal periods, if any, have expired;

"Disclaimed Leases" means each and every one of the Leases which (i) were disclaimed or resiliated by the Company pursuant to Section 65.2 of the *BIA* (as recognized by the Initial Order) or Section 32 of the *CCAA*, and (ii) may be disclaimed or resiliated by the Company at any time between the date of this Plan and the Sanction Date, and **"Disclaimed Lease"** means each of them;

"Disclaimed Landlord" means the landlord under any Disclaimed Lease and **"Disclaimed Landlords"** means all of them;

"Disclaimed Landlord Claims" means all Proven Claims of the Disclaimed Landlords for losses incurred by Disclaimed Landlords in relation to Disclaimed Leases, as provided for in **Section 2.3** hereof and **"Disclaimed Landlord Claim"** means any of them;

"Disputed Claim" means a Claim or that portion thereof that is the object of a Notice of Revision or Disallowance and, in either case, has not become a Proven Claim or a Disallowed Claim;

"Excluded Claim" means any right of any person against the Company in connection with any indebtedness, liability or obligation of any kind which arose with respect to transactions which occurred after the Determination Date and any interest thereon, including the Administration Claim, the DIP Claim, a KERP Claim, the Replacement Financing Claim and any obligation of the Company towards creditors who have supplied or shall supply services, utilities, goods or materials or who have or shall have advanced funds to the Company after the Determination Date, but only to the extent of their claims in respect of the supply of such services, utilities, goods, materials or funds after the Determination Date and to the extent that such claims are not otherwise affected by the Plan. For greater certainty, a Restructuring Claim is not an Excluded Claim;

"Excluded Creditor" means a Person having a claim in respect of an Excluded Claim but only in respect of such Excluded Claim and to the extent that the Plan does not otherwise affect such claim;

"First Released Parties" has the meaning as set forth in **Section 6.2** hereof;

"Fisher Group" means Kalman Fisher, 3482731 Canada Inc., 9318-5494 Quebec Inc. (formerly 7735235 Canada Inc.) and any Person who/which is, or was at any time within the 12 consecutive months immediately preceding the Determination Date, a Related Person to Kalman Fisher;

"Fisher Group Claims" means any Claims for payment of principal on any loans or advances made to the Company (or its predecessor) at any time prior to the Determination Date by any member of the Fisher Group, which includes any Secured

Claim by any member of the Fisher Group, but excludes any Claims or future claims by any member of the Fisher Group for (i) salary (or other remuneration), (ii) reimbursement of business expenses, or (iii) payment of principal on any loans or advances in lieu of salary (or other remuneration) or in lieu of interest;

“**Gift Card Claim**” has the meaning set forth in **Section 2.4(a)(v)** hereof;

“**Governmental Authority**” means any (i) multinational, national, provincial, state, regional, municipal, local or other government, governmental or public department, ministry, central bank, court, tribunal, arbitral body, commission, board, official, minister, bureau or agency, domestic or foreign, (ii) subdivision, agent, commission, board or authority of any of the foregoing; or (iii) quasi-governmental or private body, including any tribunal, commission, regulatory agency or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under, or for the account of, any of the foregoing;

“**Initial Order**” means the “Initial Order” issued by the Court on August 12, 2015, as renewed and amended by the Court from time to time, under the CCAA;

“**KERP Charge**” has the meaning ascribed to such term in the Initial Order;

“**KERP Claim**” means a claim or any other indebtedness or obligation secured by the KERP Charge and “**KERP Claims**” means all of them;

“**Laws**” means all laws, statutes, codes, ordinances, decrees, rules, regulations, by-laws, judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, injunctions, orders or decisions of any Governmental Authority, statutory body or self-regulatory authority, including general principles of law having the force of law and the term “**applicable**” with respect to such Laws and, in the context that refers to any Person, means such Laws as are applicable to such Person or its business, undertaking, property or securities and emanate from a Governmental Authority or self-regulatory authority having jurisdiction over the Person or its business, undertaking, property or securities;

“**Lease**” means any lease and/or other agreement for the occupancy of real and immovable property as well as all amendments thereto and renewals thereof and “**Leases**” means all of them;

“**Meeting Date**” means the date fixed for the Creditors’ Meeting in accordance with the Meeting Procedure Order, or any subsequent Order, or any subsequent date following any adjournment of that meeting, as the case may be;

"Meeting Procedure Order" means the "Meeting Procedure Order" issued by the Court on October 23, 2015, as renewed and amended by the Court from time to time, under the CCAA;

"Monitor" means KPMG Inc., in its capacity as Monitor, as appointed by the Court pursuant to the Initial Order;

"Notice of Revision or Disallowance" has the meaning as set forth in the Claims Procedure Order;

"Order" means any order of the Court in the CCAA Proceedings;

"Order for New Financing" means the "Order for New Financing" issued by the Court on October 30, 2015, as renewed and amended by the Court from time to time, under the CCAA;

"Original Currency" has the meaning set forth in **Section 7.7** hereof;

"Payment Date" and **"Payment Dates"** have the meaning set forth in **Section 2.5** hereof;

"Person" means any individual, corporation, limited or unlimited liability company, general or limited partnership, association, trust, trustee, executor, administrator, legal personal representative, estate, unincorporated organization, joint venture, governmental body or agency, or any other entity;

"Plan" means the present "Re-amended Plan of Compromise and Arrangement" of the Company pursuant to the provisions of the CCAA, as may be amended, varied or supplemented by the Company from time to time in accordance with its terms;

"Plan Implementation Conditions" has the meaning set forth in **Section 8.1** hereof;

"Plan Implementation Date" means the date, on or prior to the Plan Implementation Deadline, upon which all of the Plan Implementation Conditions have occurred or have been satisfied or waived;

"Plan Implementation Deadline" has the meaning set forth in **Section 8.1** hereof;

"Proof of Claim" has the meaning set forth in the Claims Procedure Order;

"Proven Claim" means, in respect of a Creditor, the amount of the Claim of such Creditor as finally determined for distribution purposes in accordance with the provisions of this Plan, the CCAA and the Claims Procedure Order and **"Proven Claims"** means all of them;

“Related Persons” has the meaning set forth in Section 4 of the *BIA*;

“Replacement Financing” means the new senior credit facilities to be provided to the Company by the DIP Lender, including a term loan facility and a revolving asset-based loan facility on terms and conditions acceptable to the DIP Lender and the Company, which shall completely repay and/or replace the DIP Loan;

“Replacement Financing Claim” means any and all indebtedness and obligations of the Company and the DIP Lender under the Replacement Financing;

“Required Majorities” means the affirmative vote of a majority in number of the Affected Creditors voting in the Affected Creditors Class, having Voting Claims and voting on the Plan (in person or by proxy) at the Creditors’ Meeting and representing not less than 66-2/3% in value of the Voting Claims of the Affected Creditors voting (in person or by proxy) at the Creditors’ Meeting;

“Reserve(s)” means the reserve(s) to be established and maintained under this Plan by the Monitor by holding, on account of Disputed Claims, an amount equal to the aggregate amount that the holders of Disputed Claims would be entitled to receive if all such Disputed Claims had been Proven Claims as of any Payment Date;

“Resolution” means, collectively, one or any of, the resolutions providing for the approval of the Plan by the Affected Creditors;

“Restructuring Claim” means any right or claim of any Person against the Company in connection with any indebtedness or obligation of any kind owed to such Person arising out of the Company’s disclaimer, rescission or renegotiation (at any time after the Determination Date) of any Leases (excluding the Disclaimed Landlord Claims, which shall be dealt with pursuant to **Section 2.3** hereof), agreements or other contracts or the Company’s restructuring under the CCAA, and includes any right or claim resulting, directly or indirectly, from the consequences and effects of the Plan’s acceptance by the Affected Creditors, the Plan’s sanction by the Sanction Order, the Plan’s implementation and any debt forgiveness resulting from any of the foregoing; provided, however, that a Restructuring Claim shall not include an Excluded Claim. For greater certainty, a Restructuring Claim is an Affected Claim;

“Sanction Date” means the date on which the Sanction Order is issued;

“Sanction Order” means the Order to be made under the CCAA sanctioning the Plan, as such Order may be affirmed, amended or modified by the Court at any time prior to the Plan Implementation Date or, if appealed, then, unless such appeal is withdrawn, abandoned or denied, as affirmed or amended on appeal, in form and content which is satisfactory to the Petitioner acting reasonably;

"Second Released Party" and **"Second Released Parties"** have the meanings as set forth in **Section 6.3** hereof;

"Section 6(5) Claim" means any claim of an employee or former employee described in Section 6(5) of the CCAA but only to the extent of such amounts as required to be paid under the CCAA;

"Section 19(2) Claims" means any claim described in Section 19(2) of the CCAA;

"Secured Claim" means the Claim of a Secured Creditor, to the extent of the value of such Secured Creditor's security;

"Secured Creditor" has the meaning set forth in the CCAA, but only to the extent that such Creditor's mortgage, hypothec, pledge, charge, lien, privilege, security interest or other rights over the property of the Company was valid, opposable, perfected, and could be set up against third parties, including a trustee to the Company's bankruptcy, on both the Determination Date and the Claims Bar Date, failing which that Secured Creditor will be deemed to be an "unsecured creditor", as defined in the CCAA;

"Stayed Parties" means Boutique Laura Canada Ltée/Laura's Shoppe Canada Ltd., 3482731 Canada Inc., 9318-5494 Quebec Inc. (formerly 7735235 Canada Inc.) and Kalman Fisher;

"Taxes" means all federal, state, provincial, territorial, county, municipal, local or foreign taxes, duties, imposts, levies, assessments, tariffs and other charges imposed, assessed or collected by a Governmental Authority, including **(i)** any gross income, net income, gross receipts, business, royalty, capital, capital gains, goods and services, value added, severance, stamp, franchise, occupation, premium, capital stock, sales and use, real property, land transfer, personal property, ad valorem, transfer, licence, profits, windfall profits, environmental, payroll, employment, employer health, pension plan, anti-dumping, countervail, excise, severance, stamp, occupation, or premium tax, **(ii)** all withholdings on amounts paid to or by the relevant Person, **(iii)** all employment insurance premiums, Canada, Quebec and any other pension plan contributions or premiums, **(iv)** any fine, penalty, interest, or addition to tax, **(v)** any tax imposed, assessed, or collected or payable pursuant to any tax-sharing agreement or any other contract relating to the sharing or payment of any such tax, levy, assessment, tariff, duty, deficiency, or fee, and **(vi)** any liability for any of the foregoing as a transferee, successor, guarantor, or by contract or by operation of law;

"Unaffected Claim" means any right of any Person in connection with any indebtedness, liability or obligation of any kind of the type described in **Section 2.4(a)** hereof. For greater certainty, the Unaffected Claims include the Excluded Claims;

"Unaffected Creditor" means a Person having a Claim in respect of an Unaffected Claim, but only in respect of such Unaffected Claim, and for greater certainty, includes an Excluded Creditor;

"Voting Claim" means, in respect of an Affected Creditor, the amount of such Affected Creditor's claim which has been accepted for voting purposes in accordance with the provisions of this Plan, the Claims Procedure Order and the CCAA and **"Voting Claims"** means all of them;

1.2. Interpretation

For purposes of this Plan:

- (a) any reference in this Plan to a contract, instrument, release, indenture, agreement or other document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions;
- (b) any reference in this Plan to an existing document or exhibit filed or to be filed means such document or exhibit as it may have been or may be amended, modified or supplemented;
- (c) all references to currency and to "\$", "C\$" or "Dollars" are to Canadian dollars except as otherwise indicated;
- (d) all references in this Plan to Sections are references to Sections of this Plan;
- (e) unless otherwise specified, the words "hereof", "herein" and "hereto" refer to this Plan in its entirety rather than to any particular portion of this Plan;
- (f) the division of this Plan into Sections and paragraphs and the insertion of captions and headings to Sections and paragraphs are for convenience of reference only and are not intended to affect the interpretation of, or to be part of this Plan;
- (g) where the context requires, a word or words importing the singular shall include the plural and vice versa and a word or words importing one gender shall include all genders;
- (h) the words "includes" and "including" are not limiting; and
- (i) the word "or" is not exclusive.

1.3. Date For Any Action

In the event that any date (including any Payment Date) on which any action (including any payment) is required to be taken under this Plan by any of the parties is not a Business Day, that action (including any payment) shall be required to be taken on the next succeeding day which is a Business Day.

1.4. Statutory References

Any reference in this Plan to a statute includes all regulations made thereunder and all amendments to such statute or regulations in force, from time to time, or any statute or regulations that supplement or supersede such statute or regulations.

2. COMPROMISE AND ARRANGEMENT

2.1. Persons Affected

The purpose of this Plan is to provide for the full and final settlement of all Affected Claims. Except as specifically provided for in this Plan, this Plan will become effective on the Plan Implementation Date in accordance with its terms, and all Affected Claims against the Company will be fully and finally, settled, compromised and released in this Plan upon the Aggregate Distribution being fully paid to the Monitor, it being understood that any Affected Claim that is paid in full pursuant to this Plan before such date shall be settled, compromised and released on the date of such payment. This Plan shall be binding on and enure to the benefit of the Company, the Affected Creditors, the First Released Parties, the Second Released Parties, any trustee, agent or other Person acting on behalf of any Affected Creditor and such other Persons who have received the benefit of, or are bound by any waivers, releases or indemnities hereunder.

2.2. Classes of Affected Claims

There shall only be one class of Affected Creditors for the purpose of voting on, and receiving distributions pursuant to this Plan, being the "**Affected Creditors Class**".

2.3. Disclaimed Landlord Claims

Disclaimed Landlord Claims shall be Affected Claims under this Plan and shall be determined in accordance with Section 32(7) CCAA.

2.4. Unaffected Claims

(a) This Plan does not affect the following claims (each, an "**Unaffected Claim**" and, collectively, the "**Unaffected Claims**"), the holders of which will not be entitled to

vote at the Creditors' Meeting or receive any distributions under this Plan, namely:

- (i) the Excluded Claims;
- (ii) any Administration Claim;
- (iii) any DIP Claim;
- (iv) any KERP Claims;
- (v) any claim with respect to gift-cards, gift certificates, lay-away deposits and other customer certificates (collectively, "**Gift Card Claims**");
- (vi) Crown Priority Claims;
- (vii) Section 6(5) Claims;
- (viii) Section 19(2) Claims;
- (ix) Secured Claims;
- (x) the Replacement Financing Claim; and
- (xi) Fisher Group Claims,

all of which will be dealt with in **Section 3** hereof;

- (b) Nothing in this Plan shall affect the Company's rights and defences, both legal and equitable, with respect to any Unaffected Claim including any rights arising under or pursuant to the Claims Procedure Order or this Plan or any rights with respect to legal and equitable defences or entitlements to set-offs or recoupments against such Unaffected Claims.

2.5. Treatment of Affected Claims

By no later than each of the payment dates hereafter set forth (collectively the "**Payment Dates**" or individually a "**Payment Date**"), the aggregate sum of \$4 Million (the "**Aggregate Distribution**"), without any interest whatsoever thereon, shall be paid by the Company to the Monitor and shall thereafter be distributed by the Monitor to the Affected Creditors, according to the amount of their respective Proven Claims as hereafter set forth, namely:

- (a) by no later than April 30, 2016, \$1 Million shall be paid by the Company to the Monitor, which shall thereafter be distributed by the Monitor as follows:
- (i) an amount equal to the lesser of (A) the Proven Claim of each Affected Creditor, or (B) \$1,250, shall be distributed by the Monitor to the Affected Creditors, according to the amount of their Proven Claims; and
 - (ii) an amount equal to the difference between (A) \$1 Million, and (B) the aggregate amount to be distributed by the Monitor pursuant to **Section 2.5(a)(i)** above, shall be distributed by the Monitor to the Affected Creditors on a *pro rata* basis, according to the amounts of their respective Proven Claims, less any amounts received in respect of the amounts set forth in **Section 2.5(a)(i)** above;
- (b) by no later than July 31, 2016, \$1 Million shall be paid by the Company to the Monitor, which shall thereafter be distributed by the Monitor to the Affected Creditors on a *pro rata* basis, according to the amounts of their respective Proven Claims, less any amounts received in respect of the distribution under **Section 2.5(a)** hereof;
- (c) by no later than December 15, 2016, \$1.8 Million shall be paid by the Company to the Monitor, which shall thereafter be distributed by the Monitor to the Affected Creditors on a *pro rata* basis, according to the amounts of their respective Proven Claims, less any amounts received in respect of the distributions under **Sections 2.5(a)** and **2.5(b)** hereof; and
- (d) by no later than February 15, 2017, \$200,000 shall be paid by the Company to the Monitor, which shall thereafter be distributed by the Monitor to the Affected Creditors on a *pro rata* basis, according to the amounts of their respective Proven Claims, less any amounts received in respect of the distributions under **Sections 2.5(a), 2.5(b)** and **2.5(c)** hereof.

2.6. Settlement of Affected Claims

The payment of the entire Aggregate Distribution to the Monitor as set forth in **Section 2** hereof shall constitute the full and final payment, reduction, settlement and transaction (as envisaged by the relevant provisions of the *Civil Code of Quebec*) of all of the Affected Claims of all of the Affected Creditors and engage the releases and other provisions set forth in this Plan.

2.7. Extension of Payment Dates

Any or all of the Payment Dates may be extended by the Company with the consent of the Monitor and the DIP Lender (if any portion of the DIP Loan or the Replacement

Financing then remains outstanding), by additional periods not exceeding, in each case, 60 days. On application by the Company or the Monitor (in either case, with the consent of the DIP Lender, if any portion of the DIP Loan or the Replacement Financing remains outstanding) made prior to a Payment Date or, if applicable, prior to the expiry of any extension thereof as described above, the Court may issue Orders extending (or further extending) any or all of the Payment Dates for any additional period(s) deemed appropriate by the Court in the then existing circumstances.

2.8. Prepayment Rights

The Company (with the consent of the DIP Lender, if any portion of the DIP Loan or the Replacement Financing then remains outstanding) shall, at all times prior to the Final Distribution Date, be entitled to pre-pay the whole or any amount of the Aggregate Distribution prior to any Payment Date, whereupon the amount(s) of any such pre-payment(s) shall be distributed by the Monitor to the Affected Creditors in accordance with the provisions of **Section 2.5** hereof, *mutatis mutandis*.

2.9. No Acknowledgment or Admission

Nothing contained in this Plan shall constitute, under any circumstances whatsoever, an acknowledgment or admission by the Company as to the existence or validity of any Claims or Restructuring Claims.

3. TREATMENT OF OTHER CLAIMS AND MATTERS

3.1. Treatment of the DIP Claim

On or before the earlier of (i) the Plan Implementation Date, or (ii) the date on which the DIP Claim becomes payable pursuant to the provisions of the DIP Facility Documents, the DIP Lender shall receive full payment of any remaining DIP Claim.

3.2. Treatment of Excluded Claims

Subject to **Section 3.1** hereof, the Excluded Claims (other than the Administration Claim, the DIP Claim and any KERP Claim) will remain in full force and effect in accordance with their terms after the Plan Implementation Date, and will be paid in full by the Company in the normal course of its business as and when they become due.

3.3. Treatment of Administration Claims

All Administration Claims, if any, will be paid in full by the Company as and when they become due, and any remaining balance will be settled as soon as practicable after the Plan Implementation Date.

3.4. Treatment of Gift Card Claims

Gift Card Claims will be honored in accordance with the terms of the relevant gift card, gift certificate, lay-away deposit or other customer certificates upon presentation of such gift card, gift certificate, lay-away deposit or other customer certificates by the holder at any of the Petitioner's retail stores.

3.5. Treatment of Certain Crown Priority Claims

All Crown Priority Claims described in Section 6(3) of the CCAA, if any, will be paid in full by the Petitioner within 6 months immediately following the Sanction Date.

3.6. Treatment of Section 6(5) Claims

All Section 6(5) Claims, if any, will be paid in such amounts as required under the CCAA immediately after the Sanction Date.

3.7. Treatment of Section 19(2) Claims

All Section 19(2) Claims, if any, will be paid by the Company as and when they become due, unaffected by this Plan.

3.8. Treatment of KERP Claims

Each KERP Claim will be paid by the Company as and when it becomes due.

3.9. Treatment of Secured Claims

Secured Claims (other than the Administration Claim, the DIP Claim, the Replacement Financing Claim and KERP Claims) will be dealt with as provided for under agreements entered into or as may be hereafter entered into between the Company and the relevant Secured Creditor, or as may be ordered by the Court. For greater certainty, Secured Claims will be unaffected by this Plan.

3.10. Treatment of Replacement Financing Claim

The Replacement Financing Claim shall be paid by the Company to the DIP Lender in accordance with the provisions, terms and conditions of the Replacement Financing.

3.11. Treatment of Fisher Group Claims

Conditional upon the enactment of a Resolution approving the Plan, issuance of the Sanction Order and implementation of the Plan as set forth in **Section 8** hereof, each member of the Fisher Group:

- (a) subordinates and postpones all of the Fisher Group Claims to and in favour of full payment of the Aggregate Distribution to the Affected Creditors, such that no member of the Fisher Group shall be entitled to receive any payment from the Company of any principal on any of the Fisher Group Claims unless and until the full Aggregate Distribution shall have been paid to the Monitor as set forth in the Plan; and
- (b) waives and renounces to any right to be an Affected Creditor.

4. VALUATION OF CLAIMS, CREDITORS' MEETING AND RELATED MATTERS

4.1. Conversion of Affected Claims into Canadian Currency

For the purposes of determining the value of Affected Claims denominated in currencies other than Canadian dollars for voting purposes, such Affected Claims shall be converted by the Monitor to Canadian dollars at the Bank of Canada noon spot rate of exchange for exchanging currency to Canadian dollars on the Determination Date (which in the case of US Dollars was C\$1.3080 for US\$1.00).

4.2. Affected Claims

Affected Creditors shall be entitled to prove their respective Affected Claims, vote their Voting Claims in respect of the Plan, and, if their Affected Claims become Proven Claims, receive the distributions, all as set forth in the Claims Procedure Order and this Plan.

All amounts recognized as Voting Claims or Proven Claims shall be net of any amount that the Company is entitled to offset, recoup, compensate or otherwise apply in reduction of such amounts.

4.3. Creditors' Meeting

The Creditors' Meeting shall be held in accordance with this Plan, the Meeting Procedure Order, and any further Order which may be made from time to time for the purposes of considering and voting on the Resolution or other matters to be considered at the Creditors' Meeting.

4.4. Approval by Affected Creditors

The Company will seek approval of the Plan by the affirmative vote of the Required Majorities. The Resolution to be voted on at the Creditors' Meeting will be decided by the Required Majorities on a vote as set forth in the Meeting Procedure Order. The result of any vote will be binding on all Affected Creditors, whether or not any such Affected Creditor is present and voting (in person or by proxy) at the Creditors' Meeting.

4.5. Amendment of Proofs of Claim

Any Affected Creditor who filed its Proof of Claim prior to the Claims Bar Date or who has been permitted to file a late claim pursuant to an Order, shall be entitled to amend its Proof of Claim in order for its Proof of Claim to conform to the provisions of this Plan.

4.6. Late Filing of Claims for Disclaimed Leases

Notwithstanding the Claims Bar Date and its effect or anything contained in this Plan or the Claims Procedure Order, any Disclaimed Landlord in respect of a Disclaimed Lease which may be disclaimed or resiliated between the date of this Plan and the Sanction Date shall be entitled, during (but not after) a period of 30 days following the date of the disclaimer or resiliation of such Lease, to file a Disclaimed Landlord Claim with the Monitor in conformity with **Section 2.3** hereof. If such Disclaimed Landlord fails to file such Disclaimed Landlord Claim within such 30 day period, such Disclaimed Landlord shall have no right to receive any distribution of the Aggregate Distribution and the Company shall be released from such Disclaimed Landlord Claim and **Sections 6.2** and **6.3** of the Plan shall apply to such Disclaimed Landlord Claim.

4.7. Claims Bar Date

Subject to the provisions of **Sections 4.5** and **4.6** hereof, if an Affected Creditor holding an Affected Claim has failed to file its Proof of Claim prior to the Claims Bar Date and has not been permitted to file a late claim pursuant to an Order, that Affected Creditor shall be barred from voting at the Creditors' Meeting, that Affected Creditor shall have no right to receive any distributions of the Aggregate Distribution hereunder, the Company shall be released from the Affected Claims of such Creditor and **Sections 6.2** and **6.3** of this Plan shall apply to all such Affected Claims.

5. PROCEDURE FOR RESOLVING DISTRIBUTIONS IN RESPECT OF DISPUTED CLAIMS**5.1. No Distributions Pending Allowance**

Notwithstanding any other provision of this Plan, no distributions of the Aggregate Distribution hereunder shall be made by the Monitor with respect to a Disputed Claim unless and until it has become a Proven Claim. Disputed Claims shall be dealt with in accordance with the Claims Procedure Order and this Plan.

5.2. Distribution From Reserve Once Disputed Claims Resolved

The Monitor shall make allocations from the Reserve to holders of Disputed Claims following any of the Payment Dates in accordance with this Plan. To the extent that Disputed Claims become Proven Claims after any relevant Payment Date, the Monitor

shall, from time to time at its sole discretion, distribute from the Reserve to the holders of such Proven Claims, the amount which they would have been entitled to receive in respect of such Proven Claims had such Claims been Proven Claims on any relevant Payment Date. To the extent that any Disputed Claim or a portion thereof has become a Disallowed Claim, then the Monitor shall, at any time which it deems appropriate in the circumstances, distribute, to the holders of Proven Claims, their *pro rata* share from the Reserve of such additional amount kept in the Reserve on account of any such Disallowed Claim.

6. EFFECT OF THE PLAN AND RELEASES

6.1. Effect of the Plan

Upon the Aggregate Distribution being fully remitted to the Monitor, the Monitor shall issue and file with the Court a certificate to such effect (the “**Certificate of Performance**”), whereupon all Affected Claims shall be deemed to be fully and finally settled, compromised, released and transacted (as envisaged by the relevant provisions of the *Civil Code of Quebec*), as of the date of issuance of the Certificate of Performance, subject only to an Affected Creditor's right to recover the distributions under this Plan, except for Claims as may have been fully paid prior to such date, in which case those Affected Claims will be deemed to be settled as of such payment.

6.2. Releases upon Implementation

Upon the Implementation of this Plan on the Plan Implementation Date, each of:

- (a) the Monitor and its legal counsel in the CCAA proceedings;
- (b) the Company's legal counsel, financial advisors, consultants and agents of the Company (and their respective directors, officers and employees); and
- (c) the DIP Lender and its legal counsel,

(collectively the “**First Released Parties**”) shall be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, liens and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Person may be entitled to assert whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, duty, responsibility, indebtedness, liability, obligation, dealing or other occurrence existing or taking place on or prior to the Plan Implementation Date in any way relating to, arising out of or in connection with the business and affairs of the Company, this Plan and the CCAA Proceedings, and all

claims arising out of such actions or omissions shall be forever waived and released, all to the full extent permitted by law.

6.3. Releases after Performance

Upon the Aggregate Distribution being fully remitted to the Monitor and the Monitor's issuance and filing with the Court of the Certificate of Performance, each of:

- (a) the Company; and
- (b) the Directors and all present and future officers and employees of the Company,

(each a "**Second Released Party**" and collectively the "**Second Released Parties**") shall be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, liens and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Person (including any Secured Creditor in respect of each Second Released Party, except the Company and solely in respect to its Secured Claim), may be entitled to assert (including any and all Claims in respect of statutory liabilities and any Directors' Claims of all Directors and all present and former officers and employees of the Company and any alleged fiduciary or other duty), whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, duty, responsibility, indebtedness, liability, obligation, dealing or other occurrence existing or taking place on or prior to the Plan Implementation Date in any way relating to, arising out of or in connection with Claims, the business and affairs of the Company, this Plan and the CCAA Proceedings, and all claims arising out of such actions or omissions shall be forever waived and released (other than the right to enforce the Company's obligations under the Plan or any related document), all to the full extent permitted by law.

6.4. Exception to Releases

Nothing set forth in **Sections 6.2** and **6.3** hereof shall:

- (a) release or discharge a Second Released Party from an Unaffected Claim;
- (b) release or discharge the Company from or in respect of its obligations under this Plan;
- (c) affect the right of any Person:
 - (i) to recover an indemnity from any insurance coverage under which that Person is an insured; or

- (ii) to obtain recovery on a claim or liability against a Second Released Party from any insurance coverage pursuant to which that Second Released Party is an insured, but, for certainty, any claim or liability to which an insurer is or would otherwise be subrogated as against the Company is released hereunder and the recovery to which such Person shall be entitled under such insurance coverage shall be limited to the proceeds of insurance actually paid by the insurer with respect to such claim or liability;
- (d) release or discharge the Directors with respect to matters set out in Section 5.1 (2) of the CCAA; or
- (e) release or discharge any Person (whether or not a Director, officer or employee of the Company) other than the Company from any obligations arising from any guarantee furnished by such Person to and in favour of any Affected Creditor.

6.5. Set-Off Rights

Notwithstanding the releases set forth under the Plan, in general, and **Sections 6.1, 6.2** and **6.3** hereof, in particular, all Claims shall remain subject to any rights of set-off that otherwise would be available to the Person against whom a Claim is asserted.

6.6. Injunction Related to Releases

The Sanction Order will enjoin the prosecution by or on behalf of any Person, whether directly, derivatively or otherwise, of any claim, obligation, suit, judgment, damage, demand, debt, right, cause of action, liability or interest released, discharged or terminated pursuant to this Plan.

6.7. Waiver of Defaults

From and after the Plan Implementation Date, all Persons shall be deemed to have waived any and all defaults or occurrences of the Company then existing or previously committed by the Company, caused by the Company or arising, directly or indirectly, or non-compliance with any covenant, positive or negative pledge, warranty, representation, term, provision, condition or obligation, express or implied, in any contract, credit document, agreement for sale, lease or other agreement, written or oral, and any and all amendments or supplements thereto, existing between such Person and the Company arising from the Company's insolvency, the Company's filing a notice of intention to make a proposal under the *BIA*, the filing by the Company under the CCAA or the transactions contemplated by this Plan or otherwise, and any and all notices of default and demands for payment under any instrument, including any guarantee arising from such default, shall be deemed to have been rescinded.

6.8. Stay of Proceedings

The stay of proceedings set forth and ordered in the Initial Order (except to the extent modified by any other Order) in respect of the Company, the Directors and all other Stayed Parties shall be and remain in full force and effect up until and including the Plan Implementation Date and the Affected Creditors hereby consent to the Court's issuance of an Order to such effect.

7. PROVISIONS GOVERNING DISTRIBUTIONS**7.1. Partial Distributions for Claims Allowed**

Except as otherwise provided herein or as ordered by the Court, distributions of the Aggregate Distribution shall be made by the Monitor at the time and in the manner deemed reasonable by the Monitor, and partial distributions may be made prior to receipt of the full amount of the Aggregate Distribution. In such a case, all such partial payments shall represent the *pro rata* amount of the distribution to which the holders of a Proven Claim would otherwise be entitled to receive.

7.2. Currency to be used for the Distribution

For the purposes of determining any Claims denominated in currencies other than Canadian Dollars for distribution purposes, such Claims shall be converted by the Monitor to Canadian dollars at the Bank of Canada noon spot rate of exchange for exchanging currency to Canadian dollars on the Determination Date (which in the case of US Dollars was C\$1.3080 for US\$1.00).

7.3. Assignment of Claims

For purposes of determining entitlement to receive a distribution pursuant to this Plan, the Company and the Monitor and each of their respective agents, successors and assigns shall have no obligation to recognize any transfer of Claims except as provided for under the Claims Procedure Order or the Meeting Procedure Order.

7.4. Interest on Affected Claims

Except as specifically provided in the Plan or the Sanction Order, interest shall not be treated as accruing on account of any Affected Claims for purposes of determining the allowance and distribution of such Affected Claim. To the extent that any Proven Claim to which a distribution under this Plan relates is comprised of indebtedness and accrued but unpaid interest thereon, such distribution shall, to the extent permitted by applicable Laws, be allocated for tax purposes to the principal amount of such Proven Claim (including any secured and unsecured portion(s) of the principal amount of such Proven Claim) first and then, to the extent that the consideration exceeds the principal amount of

the Proven Claim, to the portion of such Proven Claim representing accrued but unpaid interest (including interest in respect of any secured portion of such Proven Claim).

7.5. Distributions by Monitor

The Monitor shall make all distributions required under this Plan in accordance with the provisions of this Plan, in general, and the provisions of **Section 5** and **Section 7** hereof, in particular. The Monitor shall receive, without further Court approval, reasonable compensation from the Company for distribution services rendered pursuant to the Plan.

7.6. Delivery of Distributions

- (a) Subject to **Section 7.3** hereof, distributions shall be made by the Monitor (i) at the addresses set forth on the Proof of Claim form filed by the Affected Creditors (or at the last known addresses of such Affected Creditors if no Proof of Claim form was filed or if the Company or the Monitor has been notified in writing of a change of address), (ii) at the addresses set forth in any written notice of address change delivered to the Monitor after the date of any related Proof of Claim, or (iii) in a registered retirement savings plan account designated by any employee of the Company;
- (b) If any distribution to a Creditor is returned as undeliverable, no further distributions to such Creditor shall be made unless and until the Monitor is notified of the then-current address of such Creditor, at which time all missed distributions shall be made to such Creditor without interest. The Company shall make reasonable efforts to locate Affected Creditors for which distributions were undeliverable. Any claim for undeliverable distributions must be made on or before the later to occur of (i) 3 months after the Payment Date, or (ii) 3 months after such Creditor's Claim becomes a Proven Claim, after which date all unclaimed property shall revert to the Company free of any restrictions or claims thereon and the claim of any Creditor with respect to such property shall be discharged and forever barred, notwithstanding any applicable Laws to the contrary.

7.7. No Double Recovery

The aggregate recovery on account of any Proven Claim from all sources, regardless of whether on account of a theory of primary or secondary liability, by reason of guarantee, surety, indemnity, joint and several obligation or otherwise, shall not exceed (i) 100% of the underlying indebtedness, liability or obligation giving rise to such Claim or, (ii) where the underlying indebtedness, liability or obligation giving rise to such Claim is denominated in a currency (the "**Original Currency**") other than Canadian dollars, 100% of such underlying indebtedness, liability or obligation after conversion of the value of the distributions received in Canadian dollars back to the Original Currency at the Bank of

Canada noon spot rate of exchange for exchanging Canadian dollars to the Original Currency on the Determination Date.

7.8. Withholding Requirements

In connection with the Plan, any distribution made hereunder by the Monitor shall be made net of all applicable Taxes. Notwithstanding any other provision of the Plan, each Creditor that is to receive a distribution pursuant to the Plan shall have sole and exclusive responsibility for the satisfaction and payment of any Taxes imposed by any Governmental Authority (including income, withholding and other Taxes on account of such distribution). The Monitor, as necessary, shall be authorized to take any and all actions as may be necessary or appropriate to comply with such withholding and reporting requirements. All amounts withheld on account of Taxes shall be treated for all purposes as having been paid to the Creditor in respect of which such withholding was made, provided such withheld amounts are remitted to the appropriate Governmental Authority.

8. IMPLEMENTATION OF THE PLAN

8.1. Conditions Precedent to Implementation of Plan

The implementation of this Plan by the Company is subject to the occurrence and/or fulfillment of each of the following conditions precedent (the "**Plan Implementation Conditions**") on or prior to December 18, 2015 or such later date as may be ordered by the Court (the "**Plan Implementation Deadline**"), namely:

- (a) this Plan shall have been approved by Resolution enacted by the Required Majorities;
- (b) the Sanction Order sanctioning this Plan shall have been issued, and shall either (A) order its provisional execution notwithstanding appeal, or (B) not then be subject to any appeal therefrom, and the operation and effect of the Sanction Order shall not have been stayed, reversed or amended, and shall, among other things, declare and order that:
 - (i) this Plan, including the compromises and arrangements set out herein, is sanctioned and approved pursuant to Section 6 of the CCAA and, as at the Plan Implementation Date, will be effective and will enure to the benefit of and be binding upon the Company, the Affected Creditors and all other Persons referred to in this Plan or in the Sanction Order;
 - (ii) (A) this Plan has been approved by the Required Majorities of Affected Creditors of the Company in conformity with the CCAA; (B) the Company has complied with the provisions of the CCAA and the Orders of the Court

made in the CCAA Proceedings in all respects; **(C)** the Court is satisfied that the Company has neither done nor purported to do anything that is not authorized by the CCAA; and **(D)** this Plan and the transactions contemplated thereby are fair and reasonable;

- (iii)** the full and final release and discharge of the Claims will be effective and will enure to the benefit of and be binding upon the Company, the Affected Creditors and all other Persons referred to in this Plan upon the issuance of the Certificate of Performance;
- (iv)** the Company and the Monitor are authorized to take all steps and actions necessary to implement this Plan;
- (v)** all Proven Claims determined in accordance with the Claims Procedure Order and this Plan are final and binding on the Company and all Affected Creditors;
- (vi)** subject to **Sections 4.5** and **4.6** hereof, any Claims for which a Proof of Claim has not been filed by the Claims Bar Date shall be forever barred and extinguished;
- (vii)** all distributions and payments by or at the direction of the Monitor, in each case on behalf of the Company, under the Plan are for the account of the Company and the fulfillment of its obligations under the Plan;
- (viii)** the Company and the Monitor may apply to the Court for advice and direction in respect of any matters arising from or under the Plan;
- (ix)** subject to the performance by the Company of its obligations under this Plan, all contracts, leases, agreements and arrangements to which the Company are a party and that have not been disclaimed, terminated or repudiated pursuant to the Initial Order and/or the CCAA will be and remain in full force and effect, unamended, as at the Plan Implementation Date, and no Person who is a party to any such contract, lease, agreement or other arrangement may accelerate, terminate, rescind, refuse to perform or otherwise repudiate its obligations thereunder, or enforce or exercise any right (including any right of dilution or other remedy) or make any demand under or in respect of any such contract, lease, agreement or other arrangement and no automatic termination will have any validity or effect, by reason of:
 - (A)** any event that occurred on or prior to the Plan Implementation Date and is not continuing that would have entitled such Person to enforce those rights or remedies (including defaults, events of

default, or termination events arising as a result of the insolvency of the Company);

- (B) the insolvency of the Company, the fact that the Company filed a notice of intention to make a proposal under the *BIA* or the fact that the Company sought or obtained relief under the *CCAA*; or
 - (C) any compromises or arrangements effected pursuant to this Plan or any action taken or transaction effected pursuant to this Plan;
- (x) the releases set forth in **Section 6.2** hereof and the injunction set forth in **Section 6.6** hereof are implemented and in effect;
 - (xi) the commencement or prosecution, whether directly, derivatively or otherwise, or any demands, claims, actions, causes of action, counterclaims, suits or any indebtedness, liability, obligation or cause of action released and discharged pursuant to this Plan are enjoined; and
 - (xii) the stay of proceedings as set forth in **Section 6.8** hereof is and remains in full force and effect up until and including the Plan Implementation Date; and
- (c) the Replacement Financing shall have occurred.

8.2. Waiver of Conditions

Except for the condition set forth at **Section 8.1(c)** hereof, each of the Plan Implementation Conditions enure solely to the Company's benefit and, except for each of the conditions set forth in **Sections 8.1(a)** and **8.1(b)(i)** hereof, may be waived in whole or in part either (i) solely by the Company (and no other Person and without the consent of any other Person), without any other notice to parties in interest or the Court and without a hearing, or (ii) by the Court. The failure to satisfy or waive any of the Plan Implementation Conditions prior to the Plan Implementation Date may be asserted by the Company regardless of the circumstances giving rise to the failure of such Plan Implementation Conditions to be satisfied (including any action or inaction by the Company). The failure of the Company to exercise any of the foregoing rights shall not be deemed a waiver of any other rights, and each such right shall be deemed an on-going right that may be asserted at any time. Notwithstanding the foregoing, the condition set forth at **Section 8.1(c)** hereof may only be waived in writing by the Company and the DIP Lender.

8.3. Certificate of Implementation

Upon the occurrence and/or fulfillment of all of the Plan Implementation Conditions (or waiver thereof, as the case may be) on or prior to the Plan Implementation Deadline, the Monitor shall issue and file with the Court a certificate to such effect (the "**Certificate of Implementation**").

8.4. Effect of Plan

Upon the issuance of the Certificate of Performance, the settlement of the Affected Claims in accordance with the Plan shall become final and binding on the Company, and all the Affected Creditors and their respective successors and assigns, and this Plan shall, upon the Aggregate Distribution being fully remitted to the Monitor and the Monitor's issuance and filing with this Court of the Certificate of Performance, result in the full and final settlement of all Affected Claims, including for greater certainty, any Restructuring Claim and any Claims resulting, directly or indirectly, from the consequences and effects relating to the acceptance of the Plan by the Affected Creditors, its sanction by the Court, or its implementation, and any indebtedness, obligations or undertakings which the Company may subsequently become subject to, directly or indirectly, as a result of an obligation, transaction or an event that occurred before the Determination Date, as well as any indebtedness, obligations or any undertakings that the Company may be subject to on any date whatsoever in connection with the Plan, the approval thereof by the Court or the implementation thereof. For greater certainty, this Plan shall not affect or impair any rights, remedies and recourses which the Company had, has or may have after the issuance of the Certificate of Performance in connection with transactions, facts or obligations existing prior to the Determination Date.

8.5. Nullity of Plan

In the event that all of the Plan Implementation Conditions have not occurred and/or been fulfilled (or waived, as the case may be) on or prior to the Plan Implementation Deadline, the Monitor shall issue and file with the Court a certificate to such effect (the "**Certificate of Non-Implementation**"). Upon the issuance of such Certificate of Non-Implementation, any settlement of the Affected Claims shall automatically become null, void and of no effect whatsoever and shall remain owing by the Company and neither the Company, the Affected Creditors, the Monitor nor any other Person affected by this Plan shall be bound, obliged or affected by any of the provisions of this Plan.

9. MISCELLANEOUS**9.1. Confirmation of Plan**

Upon occurrence and/or fulfillment of all of the Plan Implementation Conditions (or waiver thereof, as the case may be) on or prior to the Plan Implementation Deadline, this Plan shall be binding upon the Company, the Affected Creditors and any and all other Persons affected by the provisions of this Plan as well as each of their respective successors and assigns.

9.2. Paramountcy

From and after the Plan Implementation Date, any conflict between this Plan and/or the covenants, warranties, representations, terms, conditions, provisions or obligations, express or implied, of any contract, mortgage, security agreement, and/or indenture, trust indenture, loan agreement, commitment letter, agreement for sale, the by-laws of the Company, lease or other agreement, undertaking or any other source of obligations, written or oral and any and all amendments or supplements thereto existing between one or more of the Affected Creditors and the Company as at the Plan Implementation Date will be deemed to be governed by the terms, conditions and provisions of this Plan and the Sanction Order, which shall take precedence and priority. For greater certainty, all Affected Creditors shall be deemed irrevocably for all purposes to consent to all transactions contemplated in and by this Plan.

9.3. Modification of Plan

The Company:

- (a) in consultation with the Monitor and the DIP Lender (if any DIP Claim remains outstanding), reserves the right to file any modification of, or amendment or supplement to, this Plan by way of supplementary plan or plans of reorganization, compromise or arrangement (or any one or more thereof) at or before the Creditors' Meeting, in which case any such supplementary plan or plans of reorganization, compromise or arrangement (or an one or more thereof), shall, for all purposes, be and be deemed to form part of and be incorporated into this Plan. The Company shall file any supplementary plans with the Court as soon as practicable. The Company shall give notice to Affected Creditors of the details of any such modification, amendment or supplement at the Creditors' Meeting prior to the vote being taken to approve this Plan. The Company may give notice of a proposed modification, amendment or supplement to this Plan at or before the Creditors' Meeting by notice which shall be sufficient if given to those Affected Creditors present at such meeting in person or by proxy; and/or

(b) after the Creditors' Meeting (and both prior to and subsequent to the obtaining of the Sanction Order), the Company, in consultation with the Monitor and, if prior to the Plan Implementation Date, the DIP Lender (if any DIP Claim then remains), at any time and from time to time vary, amend, modify or supplement this Plan, (except to reduce the amount of the Aggregate Distribution or extend any Payment Dates other than as expressly provided herein), without the need for obtaining an Order of the Court or providing notice to the Affected Creditors if the Monitor determines that such variation, amendment, modification or supplement would not be materially prejudicial to the interests of the Affected Creditors under this Plan or the Sanction Order and is necessary in order to give effect to the substance of this Plan or the Sanction Order. All of the foregoing shall not require any further vote by or approval by the Affected Creditors or any approval by the Court.

9.4. **Deeming Provisions**

In this Plan, any deeming provisions are not rebuttable and are conclusive and irrevocable.

9.5. **Sections 38 and 95 to 101 BIA**

Notwithstanding Section 36.1 of the CCAA, Section 38 and Sections 95 through 101 of the BIA shall not apply to this Plan. Accordingly, neither the Monitor, any Creditor nor any other Person shall be entitled to exercise any right, remedy or recourse, or to commence any action, motion, application or any other proceeding against any member of the Fisher Group, any Creditor or any other Person in relation to the Company, based on Section 38 and Sections 95 through 101 of the BIA.

9.6. **Responsibilities of the Monitor**

The Monitor is acting in its capacity as Monitor in the CCAA Proceedings with respect to the Company and not in its personal or corporate capacity and will not be responsible or liable for any responsibilities or obligations of the Company under this Plan or otherwise, including with respect to the making of distributions or the receipt of any distribution by any Creditor or any other Person pursuant to the Plan. The Monitor will have the powers and protections granted to it by this Plan, the CCAA, the Initial Order, the Claims Procedure Order, the Meeting Procedure Order, the Sanction Order and any other Orders.

9.7. **Liability Limitations**

The Monitor, the Company and their respective legal counsel and other professional advisors, shall not be liable to any Person for any act or omission in connection with, or arising out of, the CCAA Proceedings, the Plan, the pursuit of sanctioning of the Plan,

the consummation and implementation of the Plan or the administration of the Plan or the funds to be distributed under the Plan, except for their own wilful misconduct or gross negligence.

9.8. Notices

(a) Any notices or communication to be made or given hereunder to the Company or the Monitor shall be in writing and shall refer to this Plan and may, subject as hereinafter provided, be made or given by personal delivery, by courier, by prepaid mail, by fax or by e-mail, addressed to the respective parties as follows:

(i) if to the Company:

LAURA'S SHOPPE (P.V.) INC.

2955 Jules-Brillant
Laval, Quebec
H7P 6B2

Attention: Kalman Fisher and
Josh Fisher

E-Mails: kfisher@laura.ca
josh.fisher@laura.ca

Fax: (450) 973-6099

with copy to:

KUGLER KANDESTIN LLP

1 Place Ville Marie
Suite 2101
Montreal, Quebec
H3B 2C6

Attention: Gerald F. Kandestin,
David Stolow and
Jeremy Cuttler

E-Mail: gkandestin@kklex.com
dstolow@kklex.com
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Fax: (514) 875-8424

(ii) if to the Monitor:

KPMG LLP
KPMG Tower
600 De Maisonneuve Blvd., West
Suite 1500
Montreal, Quebec
H3A 0A3

Attention: Dev Coossa
E-Mail: dcoossa@kpmg.ca
Fax: (514) 840-2121

with copy to:

FISHMAN FLANZ MELAND PAQUIN, L.L.P.
1250 Rene-Levesque Blvd., West
Suite 4100
Montreal, Quebec
H3B 4W8

Attention: Avram Fishman and
Mark Meland
E-Mails: afishman@ffmp.ca
mmeland@ffmp.ca
Fax: (514) 932-4170

or to such other address as any party may from time to time notify the others in accordance with this **Section 9.8**. In the event of any strike, lock-out or other event which interrupts postal service in any part of Canada, all notices and communications during such interruption may only be given or made by personal delivery, fax or e-mail and any notice or other communication given or made by prepaid mail within the 5 Business Day period immediately preceding the commencement of such interruption, unless actually received, shall be deemed not to have been given or made. All such notices and communications shall be deemed to have been received, in the case of notice by delivery, fax or e-mail prior to 5:00 p.m. (local time) on a Business Day, when received or if received after 5:00 p.m. (local time) on a Business Day or at any time on a non-Business Day, on the next following Business Day and, in the case of notice mailed as aforesaid, on the fourth Business Day following the date on which such notice or other communication is mailed. The unintentional failure by the Company or the Monitor to give any notice contemplated hereunder to any particular Creditor shall not invalidate this Plan or any action taken by any Person pursuant to this Plan.

- (b) Any notices or communication to be made or given hereunder by the Monitor or the Company to a Creditor may be sent by fax, e-mail, ordinary mail, registered mail, courier or facsimile transmission to the e-mail address, address or fax number specified by such Creditor in its Proof of Claim, or in any subsequent written notice of change of address given to the Monitor. A Creditor shall be deemed to have received any document sent pursuant to this Plan 4 Business Days after the document is sent by ordinary or registered mail and on the Business Day immediately following the day on which the document is sent by courier, fax or e-mail.

9.9. Severability of Plan Provisions

If, prior to the Sanction Date, any term or provision of this Plan is held by the Court to be invalid, void or unenforceable, the Court, at the request of the Company which request shall be made in consultation with the Monitor and the DIP Lender (if any DIP Claim then remains), shall have the power to either:

- (a) sever such term or provision from the balance of this Plan and provide the Company with the option to proceed with the implementation of the balance of this Plan as of and with effect from the Plan Implementation Date; or
- (b) alter and interpret such term or provision to make it valid and enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted.

Notwithstanding any such severing, holding, alteration or interpretation, and provided the Company proceeds with the implementation of this Plan, the remainder of the terms and provisions of this Plan shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such severing, holding, alteration or interpretation.

9.10. Revocation, Withdrawal or Non-Consummation

The Company, upon consultation with the Monitor and the DIP Lender, reserves the right to revoke or withdraw this Plan at any time prior to the Sanction Date and to file subsequent plans of arrangement and compromise. If the Company revokes or withdraws this Plan, or if the Sanction Order is not issued:

- (a) this Plan shall be null, void and inoperative in all respects;
- (b) any Claim, any settlement or compromise embodied in this Plan (including the fixing or limiting of any Claim to an amount certain), assumption or termination by this Plan, and any document or agreement executed pursuant to this Plan shall be deemed null, void and inoperative; and

- (c) nothing contained in this Plan, and no act taken in preparation for consummation of this Plan, shall:
- (i) constitute or be deemed to constitute a waiver or release of any Claims by or against the Company or any other Person;
 - (ii) prejudice in any manner the rights of the Company or any Person in any further proceedings involving the Company; or
 - (iii) constitute an admission of any sort by the Company or any other Person.

9.11. Further Assurance

Notwithstanding that the transactions and events set out in this Plan shall occur and be deemed to occur in the order set out herein without any additional act or formality, each of the Persons affected hereby shall make, do and execute, or cause to be made, done and executed at the cost of the requesting party, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by the Company in order to better implement this Plan.

9.12. Governing Law

This Plan shall be governed by and construed in accordance with the law of the Province of Quebec and the federal laws of Canada applicable therein. Any questions as to the interpretation or application of this Plan and all proceedings taken in connection with this Plan and its provisions shall be subject to the exclusive jurisdiction of the Court.

9.13. Successors and Assigns

This Plan shall be binding upon and shall enure to the benefit of the heirs, administrators, executors, legal personal representatives, successors and permitted assigns of the Company, the Directors, the Affected Creditors or any other Persons affected by or benefiting from the provisions of this Plan.

9.14. French Language Version of Plan

In the event of any discrepancy between any of the provisions of the English language version of this Plan and any French language version thereof, the provisions of the English version of this Plan shall, under all circumstances, prevail and govern.

9.15. Choice of Language

The Company and each of the hereafter enumerated members of the Fisher Group acknowledges that it (or he) has required that this Plan and all related documents be


prepared, in English. La Compagnie et chacun des membres du "Fisher Group" ci-après énumérés reconnaît avoir exigé que ce Plan et tous les documents connexes soient rédigés en anglais.

(signature page to follow)

MONTREAL, Province of Quebec, this 18th day of November, 2015.


LAURA'S SHOPPE (P.V.) INC.

Per:



Kalman Fisher, President


EACH of the following members of the Fisher Group acknowledges haven taken cognizance of the contents of this Plan and consents to the provisions of Section 3.11 hereof.



KALMAN FISHER

3482731 CANADA INC.

Per:



Kalman Fisher

9318-5494 QUEBEC INC.

Per:



Kalman Fisher