Court File No. CV-18-597987-00CL

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 ROCKPORT BLOCKER, LLC, THE ROCKPORT GROUP HOLDINGS, LLC, TRG 1-P HOLDINGS, LLC, TRG INTERMEDIATE HOLDINGS, LLC, TRG CLASS D, LLC, THE ROCKPORT GROUP, LLC, THE ROCKPORT COMPANY, LLC, DRYDOCK FOOTWEAR, LLC, DD MANAGEMENT SERVICES LLC AND ROCKPORT CANADA ULC (THE "DEBTORS")

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

MOTION RECORD
OF ROCKPORT BLOCKER, LLC
(Returnable August 1, 2018)

July 30, 2018

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Rockport – Restructuring
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(As at July 27, 2018)

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Index

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Tab 1

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

NOTICE OF MOTION
(Returnable August 1, 2018)

ROCKPORT BLOCKER, LLC ("**Rockport Blocker**") will make a motion to a Judge presiding over the Commercial List on August 1, 2018 at 10:00 a.m., or as soon after that time as the motion can be heard at 330 University Ave., Toronto, Ontario. Any capitalized terms not otherwise defined herein shall have the meanings given to such terms in the First Levi Affidavit (as defined below).

THE MOTION WILL BE HEARD ORALLY.

THE MOTION IS FOR:

1. An Order substantially in the form of the draft Order attached at Tab 3 of the Motion Record for, among other things:

(a) if necessary, abridging the time for service of the Notice of Motion and the Motion Record and directing that any further service of the Notice of Motion and Motion

Record be dispensed with such that this motion is properly returnable on August 1, 2018;

(b) recognizing and enforcing an order, *inter alia*, authorizing and approving the Settlement Agreement by and between the Debtors and certain of their non-Debtor affiliates (the "**Rockport Parties**"), and adidas AG, Reebok International Ltd. and certain of their affiliated entities (the "**Adidas Parties**"), and the noteholders, the DIP note purchasers and existing or former equity holders, as applicable (the "**Noteholder Parties**" and collectively with the Rockport Parties and the Adidas Parties, the "**Parties**") (the "**Adidas Settlement Order**"); and

2. such further and other relief as counsel may request and this Court deems just.

THE GROUNDS FOR THE MOTION ARE:

1. on May 14, 2018, the Debtors commenced insolvency proceedings by filing voluntary petitions with the United States Bankruptcy Court for the District of Delaware (the "**US Court**") under Chapter 11 of Title 11 of the United States Bankruptcy Code (the "**US Proceedings**");

2. on May 15, 2018, the US Court made various orders in the US Proceedings (the "**First Day Orders**"), including an order authorizing Rockport Blocker to act as foreign representative of the US Proceedings and an order placing the Debtors under joint administration in the US Proceedings;

3. on May 16, 2018, this Court made an Initial Recognition Order (the "**Initial Recognition Order**"), *inter alia*, declaring that Rockport Blocker is the "foreign representative" as defined in section 45 of the *Companies' Creditors Arrangement* Act, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), and a Supplemental Order, *inter alia*, recognizing the First Day Orders;

4. in the period from June 29, 2018 through to July 18, 2018, the US Court entered several Orders, including, the Final DIP Financing Order, the Houlihan Retention Order, the Sale Order

and the Intercompany Payment Order (each as defined in the Third Kosturos Affidavit (as defined below)), in the US Proceedings;

5. on July 20, 2018, this Court made an Order recognizing and enforcing various orders made in the US proceedings, namely, the Final DIP Financing Order, the Houlihan Retention Order, the Sale Order and the Intercompany Payment Order (each as defined in the Third Kosturos Affidavit (as defined below));

6. on July 24, 2018, the US Court entered the Stipulation Order, Omnibus Lease Rejection Order and Bar Date Order (each as defined in the Fourth Kosturos Affidavit (as defined below));

7. on July 30, 2018, this Court made an Order recognizing and enforcing the Stipulation Order, Omnibus Lease Rejection Order and Bar Date Order (each as defined in the Fourth Kosturos Affidavit (as defined below));

8. Rockport Blocker seeks an order of this Court, among other things, recognizing the Adidas Settlement Order to ensure consistency between the US Proceedings and these proceedings;

9. the provisions of the CCAA, including Part IV thereof;

10. rules 2.03, 3.02, 16, and 37 of the *Rules of Civil Procedure*, R.R.O. 1990. Reg. 194, as amended; and

11. such further and other grounds as counsel may advise and this Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

1. the affidavit of Jonathan Levi sworn July 30, 2018 and the exhibits referred to therein (the "**First Levi Affidavit**");

2. the affidavit of Paul Kosturos sworn July 26, 2018 (without exhibits) (the "**Fourth Kosturos Affidavit**");

3. the affidavit of Paul Kosturos sworn July 19, 2018 (without exhibits) (the "**Third Kosturos Affidavit**");

4. the affidavit of Paul Kosturos sworn June 13, 2018 (without exhibits);

5. the affidavit of Paul Kosturos sworn May 15, 2018 (without exhibits);

6. the Fourth Report of Richter to be filed;

7. the Adidas Settlement Order of the US Court made in the US Proceedings, a copy of which is attached to the First Levi Affidavit; and

8. such further and other evidence as counsel may advise and this Court may permit.

July 30, 2018

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AND TO:	**LE CARREFOUR LAVAL LEASEHOLDS** 20 Queen Street West Toronto, ON M5H 3R4 **Attn: Executive Vice-President, National Property Operations**
AND TO:	**MARKET MALL LEASEHOLDS, INC.** 20 Queen Street West Toronto, ON M5H 3R4 **Attn: Executive Vice-President, National Property Operations**
AND TO:	**T.E.C. LEASEHOLDS LIMITED** 20 Queen Street West Toronto, ON M5H 3R4 **Attn: Executive Vice-President, National Property Operations**
AND TO:	**PACIFIC CENTRE LEASEHOLDS LIMITED** 20 Queen Street West Toronto, ON M5H 3R4 **Attn: Executive Vice-President, National Property Operations**
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Court File No.: CV-18-597987-00CL

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED AND IN THE MATTER OF ROCKPORT BLOCKER, LLC, THE ROCKPORT GROUP HOLDINGS, LLC, TRG 1-P HOLDINGS, LLC, TRG INTERMEDIATE HOLDINGS, LLC, TRG CLASS D, LLC, THE ROCKPORT GROUP, LLC, THE ROCKPORT COMPANY, LLC, DRYDOCK FOOTWEAR, LLC, DD MANAGEMENT SERVICES LLC AND ROCKPORT CANADA ULC (THE "DEBTORS")

APPLICATION OF ROCKPORT BLOCKER, 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)

PROCEEDINGS COMMENCED AT TORONTO

NOTICE OF MOTION
(Returnable August 1, 2018)

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Tab 2

Court File No: CV-18-597987-00CL

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 ROCKPORT BLOCKER, LLC, THE ROCKPORT GROUP HOLDINGS, LLC, TRG 1-P HOLDINGS, LLC, TRG INTERMEDIATE HOLDINGS, LLC, TRG CLASS D, LLC, THE ROCKPORT GROUP, LLC, THE ROCKPORT COMPANY, LLC, DRYDOCK FOOTWEAR, LLC, DD MANAGEMENT SERVICES LLC AND ROCKPORT CANADA ULC (THE "DEBTORS")

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

AFFIDAVIT OF JONATHAN LEVI
(Sworn July 30, 2018)

I, **JONATHAN LEVI**, of the City of Newton in the State of Massachusetts, **MAKE OATH AND SAY as follows:**

1. I am the Associate General Counsel of The Rockport Company, LLC ("**Rockport**"), a Delaware limited liability company, together with its affiliated companies, who are the debtor companies in these proceedings. As such I have personal knowledge of the matters deposed to in this Affidavit, or where I do not possess such personal knowledge, I have stated the source of my information, and in all such cases I believe that both the information and the resulting statement to be true.

2. I have been employed by the Debtors since July 2016. I am generally familiar with the Debtors' business and day-to-day operations.

3. Capitalized terms not otherwise defined herein shall have the meanings given to such terms in the Motion of the Debtors for Entry of an Order Authorizing and Approving the Settlement Agreement by and Between the Rockport Parties, the Adidas Parties and the

Noteholder Parties.

Introduction

4. On May 14, 2018 (the "**Filing Date**"), Rockport, Rockport Blocker, LLC ("**Rockport Blocker**"), The Rockport Group Holdings, LLC, TRG 1-P Holdings, LLC, TRG Intermediate Holdings, LLC, TRG Class D, LLC, The Rockport Group, LLC ("**Rockport LLC**"), Drydock Footwear, LLC, DD Management Services LLC (collectively, the "**US Debtors**") and Rockport Canada ULC ("**Rockport Canada**", and together with the US Debtors, the "**Rockport Group**" or the "**Debtors**") filed voluntary petitions for relief pursuant to Chapter 11 of Title 11 ("**Chapter 11**") of the United States Bankruptcy Code (the "**US Code**") (collectively, the "**Petitions**" and each a "**Petition**") with the United States Bankruptcy Court for the District of Delaware (the "**US Court**"). The Rockport Group has requested that the Petitions be jointly administered for procedural purposes only.

5. On May 15, 2018, the US Court made various orders (the "**First Day Orders**"), including orders appointing Rockport Blocker as foreign representative of the Rockport Group (the "**Foreign Representative**") and authorizing the Rockport Group to obtain debtor-in-possession financing on an interim basis in the United States insolvency proceedings (the "**US Proceedings**").

6. In support of the Petitions, the Debtors caused to be filed with the US Court a declaration (the "**First Day Declaration**"). The First Day Declaration sets out in greater detail, among other things, the history of the Rockport Group and the present challenges leading to the US Proceedings. Attached hereto and marked as **Exhibit "A"** is a true copy of the First Day Declaration.

7. On May 15, 2018, Paul Kosturos, the interim Chief Financial Officer of Rockport swore an Affidavit in these proceedings in support of the application for the Recognition Orders (the "**First Kosturos Affidavit**"). The First Kosturos Affidavit sets out in greater detail the background to this matter and the First Day Orders. Attached hereto and marked as **Exhibit "B"** is a true copy of the First Kosturos Affidavit (without exhibits).

8. On May 16, 2018, this Court made orders, among other things, recognizing the First Day Orders within Canada (the "**Recognition Orders**"). Attached hereto and marked as **Exhibit "C"** is a true copy of the Initial Recognition Order, the Supplemental Order and the Endorsement made by Mr. Justice McEwen on May 16, 2018.

9. As detailed in the First Kosturos Affidavit, the Rockport Group entered into an asset purchase agreement dated as of May 13, 2018 (the "**Stalking Horse Agreement**") to sell substantially all of the Rockport Group's assets to CB Marathon Opco, LLC ("**Marathon**"), an affiliate of Charlesbank Equity Fund IX, Limited Partnership ("**Charlesbank**"), or another higher or otherwise better bidder, pursuant to Section 363 of the US Code (the "**Sale**").

10. On June 5, 2018 and June 13, 2018, the US Court granted certain orders (collectively, the "**Second Day and Other US Orders**"), as more particularly described in the Second Kosturos Affidavit (as defined below).

11. On June 13, 2018, Mr. Kosturos swore an Affidavit in these proceedings in support of the motion to recognize the Second Day and Other US Orders in Canada (the "**Second Kosturos Affidavit**"). Attached hereto and marked as **Exhibit "D"** is a true copy of the Second Kosturos Affidavit (without exhibits).

12. On June 14, 2018, this Court made an order, among other things, recognizing the Second Day and Other US Orders (the "**Second Day Recognition Order**"). Attached hereto and marked as **Exhibit "E"** is a true copy of the Second Day Recognition Order made by Mr. Justice McEwen on June 14, 2018.

13. In the period from June 29, 2018 through to July 18, 2018, the US Court entered several Orders, including, the Final DIP Financing Order, the Houlihan Retention Order, the Sale Order and the Intercompany Payment Order (each as defined in the affidavit of Paul Kosturos sworn July 19, 2018 (the "**Third Kosturos Affidavit**")), as more particularly described in the Third Kosturos Affidavit.

14. The Third Kosturos Affidavit was sworn in support of a motion in the within proceedings to recognize the Final DIP Financing Order, the Houlihan Retention Order, the Sale

Order and the Intercompany Payment Order. Attached hereto and marked as **Exhibit "F"** is a true copy of the Third Kosturos Affidavit (without exhibits).

15. On July 20, 2018, this Court made an Order, among other things, recognizing the Final DIP Financing Order, the Houlihan Retention Order, the Sale Order and the Intercompany Payment Order (the "**Retention, DIP, Sale and Intercompany Payment Order**"). Attached hereto and marked as **Exhibit "G"** is a true copy of the Retention, DIP, Sale and Intercompany Payment Order.

16. On July 24, 2018, the US Court entered certain US orders, namely, the Stipulation Order, Omnibus Lease Rejection Order and Bar Date Order (each as defined in the affidavit of Paul Kosturos sworn July 26, 2018 (the "**Fourth Kosturos Affidavit**")), as more particularly described in the Fourth Kosturos Affidavit.

17. The Fourth Kosturos Affidavit was sworn in support of a motion in the within proceedings to recognize the Stipulation Order, Omnibus Lease Rejection Order and Bar Date Order. Attached hereto and marked as **Exhibit "H"** is a true copy of the Fourth Kosturos Affidavit (without exhibits).

18. On July 30, 2018, this Court made an Order, among other things, recognizing the Stipulation Order, Omnibus Lease Rejection Order and Bar Date Order (the "**Stipulation, Omnibus Lease Rejection and Bar Date Order**"). Attached hereto and marked as **Exhibit "I"** is a true copy of the Stipulation, Omnibus Lease Rejection and Bar Date Order.

19. On July 30, 2018, the US Court entered the Adidas Settlement Order (as defined below).

20. This Affidavit is made in support of a motion by Rockport Blocker, in its capacity as Foreign Representative of the Rockport Group pursuant to the Debtors' proceedings under Part IV of the *Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36, as amended (the "**CCAA**"), for an order granting certain relief, including, *inter alia*, recognizing and enforcing in Canada the Adidas Settlement Order (as defined below) of the US Court made in the US Proceedings.

The Adidas Settlement Order

21. The Adidas Settlement Order (as defined below) relates to, among other things, the settlement of certain claims of adidas AG, Reebok International Ltd. and certain of their affiliated entities (collectively, the "**Defendants**") against the Debtors and certain of their non-Debtor affiliates.

22. The Defendants are the former owners of the Debtors' business. In 2015, Reebok International Ltd., a subsidiary of adidas AG, concluded a sale transaction (the "**2015 Transaction**") in which Reebok International Ltd. sold its "Rockport" division to Relay Intermediate, LLC (now Rockport LLC). A Management Agreement dated as of July 31, 2015 (the "**Management Agreement**") was entered into in connection with the 2015 Transaction, which obligated Rockport LLC to reimburse adidas AG for certain closing adjustments and reconciliations (the "**Post-Closing Adjustments**"). Rockport LLC did not reimburse adidas AG for certain Post-Closing Adjustments due in large part to its financial condition and ultimately filed for protection under Chapter 11 of the US Code, along with certain of its affiliates.

23. The Stalking Horse Agreement with Marathon provided that the Acquired Companies had no liability to adidas AG (subject to certain exceptions) under the Management Agreement.

24. On June 28, 2018, the Defendants filed an objection (the "**Objection**") to the proposed transaction with Marathon, asserting, among other things, that certain subsidiaries of Rockport LLC were jointly and severally liable for certain Post-Closing Adjustments relating to, *inter alia*, the Management Agreement.

25. Shortly after the Defendants filed the Objection, Marathon issued a prospective notice of breach (the "**Breach Notice**") of the Stalking Horse Agreement. Among other things, the Breach Notice indicated that the asserted liability of the Rockport LLC subsidiaries named in the Objection, if true, would violate the representations and warranties made by the Debtors in the Stalking Horse Agreement. The Stalking Horse Agreement provides that the Debtors will sell substantially all of their assets, as well as its equity ownership in

certain Acquired Companies (the "**Sale**") to Marathon.

26. As a result of the foregoing, on July 10, 2018, the Debtors filed with the US Court an emergency complaint for declaratory judgment against the Defendants (the "**Adversary Proceeding**"). Contemporaneously with the complaint, the Debtors filed a motion to expedite the Adversary Proceeding in an effort to address this issue prior to August 13, 2018, the outside closing date under the Stalking Horse Agreement.

27. On July 16, 2018, the Defendants filed an Answer and Counterclaims to the motion to expedite the Adversary Proceeding. At the July 16, 2018 hearing before the US Court to expedite the Adversary Proceeding, US counsel for the Debtors informed the US Court that the Debtors might request the appointment of a judicial mediator to facilitate a resolution of the claims in the Adversary Proceeding. The US Court also entered an order expediting the Adversary Proceeding and scheduled a trial for August 8 and 9, 2018.

28. On July 17, 2018, the Parties agreed to participate in a judicial mediation before Judge Kevin Gross of the US Court on July 19, 2018.

29. On or about July 19, 2018, the Parties reached a compromise and settlement in connection with the mediation and entered into a term sheet (the "**Term Sheet**") to memorialize the agreement, subject to concluding a formal settlement agreement (the "**Settlement Agreement**"). The Settlement Agreement was executed by the Parties on July 25, 2018.

30. The Settlement Agreement permits the Debtors to close the Sale to Marathon for the benefit of all of the Debtors' stakeholders. The material terms of the Settlement Agreement are as follows:

- **Settlement Payment**. At the closing of the Sale (the "**Closing**"), the Debtors will pay or cause to be paid a sum of $8,000,000 to Adidas (the "**Settlement Payment**") from the proceeds of the Sale, in full and final satisfaction of all claims of the Adidas Parties against any one or more of the Rockport Parties arising out of or related to the Master Purchase Agreement and the Management Agreement or the Ancillary

Agreements, including, without limitation, all claims relating to the Post-Closing Adjustments.

- **Releases.**

(a) Effective at the Release Effective Time, each of the Adidas Parties, for themselves and on behalf of their respective present, former, and future officers, directors, members, managers, partners, direct and indirect equityholders, employees, affiliates, agents, representatives, predecessors, successors and assigns (collectively, the "**Adidas Releasing Parties**"), hereby release (i) subject to Section 4 of the Settlement Agreement each of the Rockport Parties (including, without limitation, the Acquired Companies), the Noteholder Parties, the Purchaser, CB Marathon Holdings, LLC (the indirect parent of the Purchaser), the direct and indirect subsidiaries of CB Marathon Holdings, LLC and each of their respective present, former, and future officers, directors, members, managers, partners, direct and indirect equityholders, employees, affiliates, agents (including, in the case of the Noteholder Parties, Cortland Capital Market Services LLC, as prepetition and postpetition collateral agent), representatives, predecessors, successors and assigns, in each case, from any and all claims, causes of actions, suits, damages, fees, demands and liabilities that any of the Adidas Releasing Parties had, has or may have arising out of or related to the Master Purchase Agreement, the Management Agreement, or the Ancillary Agreements, including, without limitation, any and all claims that were asserted or that could have been asserted in the Complaint and the Answer and Counterclaim relating to the Rockport Parties and (ii) subject to Section 4(e) of the Settlement Agreement, each of the Acquired Companies and each of their respective predecessors, successors and assigns from any and all claims, causes of action, suits, damages, fees, demands and liabilities that any of the Adidas Releasing Parties had, has or may have against the Acquired Companies or any of their respective predecessors, successors and assigns.

(b) Effective at the Release Effective Time and subject to Section 4 of the Settlement Agreement, each of the Rockport Parties and the Noteholder Parties, for themselves and on behalf of their present, former, and future officers, directors, members, managers, partners, direct and indirect equityholders, employees, affiliates, agents, representatives, predecessors, successors and assigns (collectively, the "**Rockport/Noteholder Releasing Parties**"), hereby release the Adidas Parties, and each of their respective present, former, and future officers, directors, members, managers, partners, direct and indirect equityholders,

employees, affiliates, agents, representatives, predecessors, successors and assigns, in each case, from any and all claims, causes of action, suits, damages, fees, demands and liabilities that any of the Rockport/Noteholder Releasing Parties had, has or may have arising out of or related to the Master Purchase Agreement, the Management Agreement, or the Ancillary Agreements, including, without limitation, any and all such claims that were asserted or that could have been asserted in the Complaint and the Answer and Counterclaim relating to the Adidas Parties.

(c) Effective at the Release Effective Time, and subject to Section 4(e) of the Settlement Agreement, each of the Acquired Companies, for themselves and on behalf of their respective present, former, and future officers, directors, members, managers, partners, direct and indirect equityholders, employees, affiliates, agents, representatives, predecessors, successors and assigns (collectively, the "**Acquired Companies Releasing Parties**"), hereby release each of the Adidas Parties and each of their respective predecessors, successors and assigns from any and all claims, causes of actions, suits, damages, fees, demands and liabilities that any of the Acquired Companies Releasing Parties had, has or may have against the Adidas Parties or any of their respective predecessors, successors and assigns.

(d) The Parties, on behalf of themselves and their respective present, former, and future officers, directors, members, managers, partners, direct and indirect equityholders, employees, affiliates, agents, representatives, predecessors, successors, and assigns , (i) expressly waive all rights afforded by any statute that limits the effect of a release with respect to unknown claims, (ii) understand the significance of this release of unknown claims and waiver of statutory protection against a release of unknown claims, and (iii) acknowledge and agree that this waiver is an essential and material term of the Settlement Agreement.

(e) The Parties represent that they own and have not assigned or transferred to any other person or entity any of their rights or claims that are being released or otherwise affected by the Settlement Agreement.

(f) The releases in Section 3 of the Settlement Agreement will become effective upon (i) the payment to Adidas of the Settlement Payment under Section 2, and (ii) the execution and delivery to Adidas of the Release in the form attached as Exhibit E to the Settlement Agreement, both of which the Parties intend to occur prior to or in connection with the Closing.

- **Unaffected Claims.** Notwithstanding anything to the contrary therein, the releases in Section 3 of the Settlement Agreement does not release or affect the following:

  (a) Any (i) unsecured claim asserted by Reebok against any of the Debtors related to any lease of non-residential real property, whether such claims arise upon lease rejection or otherwise, including by subrogation, contribution, reimbursement or other theory of liability, (ii) prepetition subordinated note claims asserted by Reebok against The Rockport Group, LLC, or (iii) other prepetition, unsecured claims of Adidas or Reebok or their respective Affiliates against any of the Debtors for trade payables that are unrelated to the Master Purchase Agreement, the Management Agreement or the Ancillary Agreements;

  (b) Any of the Noteholder Parties' prepetition or postpetition claims against or liens on assets of, or equity interests in, the Rockport Parties;

  (c) The Parties' obligations under the Settlement Agreement;

  (d) The obligations and agreements of each of the persons or entities party to the Asset Purchase Agreement or any of the transaction documents contemplated thereby pursuant to or otherwise arising under the Asset Purchase Agreement or any of such other agreements (including, without limitation, the releases to be delivered at the Closing pursuant to Sections 4.2(i) and 4.2(j) of the Asset Purchase Agreement); or

  (e) Any obligations and agreements arising under the adiprene License Agreements from and after the consummation of the assumption and assignment of the adiprene License Agreements contemplated in Section 7 of the Settlement Agreement.

- **Plan Support.** If the Debtors propose a bankruptcy plan and the Noteholders have provided written notice to the Adidas Parties that the Noteholders support such plan at least 10 business days before the voting deadline for such plan, subject to receipt by the Adidas Parties of a disclosure statement and solicitation materials for such plan, in each case approved by the Bankruptcy Court as containing "adequate information" as such term is defined in section 1125 of the Bankruptcy Code, then the Adidas Parties will vote any unsecured claims that they hold in favor of that plan.

- **Adidas Liability Escrow Account**. The Bankruptcy Court's order approving the Settlement Agreement will provide that the Settlement Agreement constitutes a "Qualified Resolution" under Section 8.15(a) of the Asset Purchase Agreement, and that therefore there is no

requirement to establish, and there shall not be established, the "**Adidas Liability Escrow Account**" (as defined in the Asset Purchase Agreement) upon closing of the Sale.

- **adiprene License Assignment**. Notwithstanding anything to the contrary in the adiprene License Agreements or any other agreement, adidas AG hereby consents, effective at the Release Effective Time, to the assignment by The Rockport Company, LLC to the Purchaser, and the assumption by the Purchaser from The Rockport Company, LLC, of the adiprene License Agreements. The Parties acknowledge and agree that (a) the adiprene License Agreements shall constitute Purchased Contracts pursuant to the Asset Purchase Agreement, and (b), other than the adiprene License Agreements, neither Purchaser nor any of its affiliates or subsidiaries is assuming from any of the Debtors, and none of the Debtors are assigning to the Purchaser or any of its affiliates or subsidiaries, the Master Purchase Agreement, the Management Agreement or any other Ancillary Agreement. The Adidas Parties acknowledge and agree that (x) the Sell-Off Period (as defined in the adiprene License Agreement) has been extended to December 31, 2019, (y) the Cure Costs for the adiprene License Agreements is zero dollars ($0), and (z) none of the Rockport Parties, the Purchaser or any of its affiliates or subsidiaries will owe any amounts to the Adidas Parties in connection with the assignment and assumption of the adiprene License Agreements to the Purchaser. For purposes of the Settlement Agreement, "**adiprene License Agreements**" means, collectively, the license attached as Exhibit F thereto and the letter agreement attached as Exhibit G thereto. The Bankruptcy Court's order approving the Settlement Agreement will provide for the assumption, assignment, agreements and acknowledgements contained in Section 7 of the Settlement Agreement.

- **Expedited Approval**. The Parties agree to seek expedited approval of the Settlement Agreement by the Bankruptcy Court and to use commercially reasonable efforts to seek the entry of an Order by the Bankruptcy Court approving the Settlement Agreement.

31. The Debtors brought a Motion of the Debtors for Entry of an Order Authorizing and Approving the Settlement Agreement by and Between the Rockport Parties, the Adidas Parties and the Noteholder Parties (the "**Adidas Motion**"), which was the subject of a hearing before the US Court on July 30, 2018. Attached hereto and marked as **Exhibit "J"** is a true copy of the Adidas Motion.

32. In connection with the Adidas Motion, on July 27, 2018, I swore the Declaration of

Jonathan Levi in Support of Motion of Debtors for Entry of an Order Authorizing and Approving the Settlement Agreement by and Between the Rockport Parties, the Adidas Parties and the Noteholder Parties (each as defined below) (the "**Levi Declaration**"). Attached hereto and marked as **Exhibit "K"** is a true copy of the Levi Declaration.

33. On July 30, 2018, the US Court entered an order *inter alia*, authorizing and approving the Settlement Agreement by and between the Debtors and certain of their non-Debtor affiliates (the "**Rockport Parties**"), and adidas AG, Reebok International Ltd. and certain of their affiliated entities (the "**Adidas Parties**"), and the noteholders, the DIP note purchasers and existing or former equity holders, as applicable (the "**Noteholder Parties**" and collectively with the Rockport Parties and the Adidas Parties, the "**Parties**") (the "**Adidas Settlement Order**"). Attached hereto and marked as **Exhibit "L"** is a true copy of the Adidas Settlement Order.

34. I believe that it is in the best interests of the Debtors' estates for this Court to recognize the Adidas Settlement Order, as the Adversary Proceeding only serves to threaten the closing of the Marathon transaction. The closing of the Marathon transaction will be beneficial to all stakeholders.

35. The recognition of the Adidas Settlement Order is necessary to ensure there is consistency as between the US Proceedings and the within ancillary proceedings and to further the Debtors' efforts to restructure. Assuming that the Adidas settlement is implemented, it is anticipated that the Marathon transaction will close on or about August 1, 2018.

36. This Affidavit is sworn in support of a motion brought by the Foreign Representative for the recognition of the Adidas Settlement Order made by the US Court and for no other or improper purpose.

SWORN BEFORE ME at the City of Wilmington, in the State of Delaware, this 30th day of July, 2018)

A Notary Public in and for the State of Delaware)

ANN JEROMINSKI MY COMMISSION EXPIRES OCTOBER 24, 2019 NOTARY PUBLIC STATE OF DELAWARE

JONATHAN LEVI

Court File No.: CV-18-597987-00CL

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

AND IN THE MATTER OF ROCKPORT BLOCKER, LLC, THE ROCKPORT GROUP HOLDINGS, LLC, TRG 1-P HOLDINGS, LLC, TRG INTERMEDIATE HOLDINGS, LLC, TRG CLASS D, LLC, THE ROCKPORT GROUP, LLC, THE ROCKPORT COMPANY, LLC, DRYDOCK FOOTWEAR, LLC, DD MANAGEMENT SERVICES LLC AND ROCKPORT CANADA ULC (THE "DEBTORS")

APPLICATION OF ROCKPORT BLOCKER, 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)

PROCEEDINGS COMMENCED AT TORONTO

AFFIDAVIT OF JONATHAN LEVI
(Sworn July 30, 2018)

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Lawyers for Rockport Blocker, LLC, The Rockport Group Holdings, LLC, TRG 1-P Holdings, LLC, TRG Intermediate Holdings, LLC, TRG Class D, LLC, The Rockport Group, LLC, The Rockport Company, LLC, Drydock Footwear, LLC, DD Management Services LLC and Rockport Canada ULC

Tab A

THIS IS EXHIBIT "A" TO THE AFFIDAVIT

OF JONATHAN LEVI SWORN BEFORE ME

ON THIS 30TH DAY OF JULY, 2018

A Notary Public in and for the State of Delaware

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
THE ROCKPORT COMPANY, LLC, *et al.*,	)	Case No. 18-_____ (___)
Debtors.[1]	)	Joint Administration Requested

DECLARATION OF PAUL KOSTUROS IN SUPPORT
OF DEBTORS' CHAPTER 11 PETITIONS AND FIRST DAY MOTIONS

Under 28 U.S.C. § 1764, I, Paul Kosturos, declare as follows under the penalty of perjury:

1. I am the Interim Chief Financial Officer ("**Interim CFO**") of The Rockport Company, LLC ("**Rockport**"), a Delaware limited liability company, and its affiliates (collectively the "**Debtors**") in the above-captioned Chapter 11 cases (the "**Chapter 11 Cases**"), and a Senior Director of Alvarez & Marsal Private Equity Services Operations Group, LLC ("**A&M**"). I am authorized to submit this declaration (the "**First Day Declaration**") on behalf of the Debtors.

2. In March 2017, A&M was retained by the Debtors to provide certain information technology consulting services. A&M's retention was later expanded whereby A&M made certain personnel available to perform interim management services for the Debtors. Pursuant to

[1] The debtors and debtors in possession in these cases and the last four digits of their respective Employer Identification Numbers are: Rockport Blocker, LLC (5097), The Rockport Group Holdings, LLC (3025), TRG 1-P Holdings, LLC (4756), TRG Intermediate Holdings, LLC (8931), TRG Class D, LLC (4757), The Rockport Group, LLC (5559), The Rockport Company, LLC (5456), Drydock Footwear, LLC (7708), DD Management Services LLC (8274), and Rockport Canada ULC (3548). The debtors' mailing address is 1220 Washington Street, West Newton, Massachusetts 02465.

Docket No. 14
Filed: 05/14/18

the expansion of A&M's retention, I was appointed Interim CFO of Rockport and I have served in that role since August 1, 2017.

3. I have more than twenty years of experience in finance and accounting and have advised companies across a diverse range of industries. I have assisted clients both in and outside of Chapter 11, designed and evaluated financing packages and presentations to various types of lenders and equity investors and acted as financial advisor to boards of directors and/or principal shareholders in the purchase or sale of numerous businesses.

4. I am generally familiar with the Debtors' business, day-to-day operations, financial matters, results of operations, cash flows, and underlying books and records. All facts set forth in this First Day Declaration are based upon my personal knowledge of the Debtors' business, operations, and related financial information gathered from my review of their books and records, relevant documents, and information supplied to me by members of the Debtors' management team and advisors. If called to testify, I could and would testify competently to the facts set forth in this First Day Declaration.

5. On the date hereof (the "**Petition Date**"), each of the Debtors filed a voluntary petition for relief in the United States Bankruptcy Court for the District of Delaware (the "**Court**"). The purpose of these Chapter 11 Cases is to facilitate the entry into an asset purchase agreement to sell substantially all of the Debtors' assets to CB Marathon Opco, LLC ("**Marathon**"), an affiliate of Charlesbank Equity Fund IX, Limited Partnership, or another higher or otherwise better bidder pursuant to Section 363 of the Bankruptcy Code (the "**Sale**"). Filed concurrently herewith is the Debtors' *Motion of Debtors for Entry of Orders (I)(A) Approving Bidding Procedures for Sale of Substantially All of the Debtors' Assets, (B) Approving Stalking Horse Bid Protections, (C) Scheduling Auction for, and Hearing to Approve,*

Sale of Substantially all of the Debtors' Assets, (D) Approving Form and Manner of Notice of Sale, Auction and Sale Hearing, (E) Approving Assumption and Assignment Procedures and (F) Granting Related Relief; and (II)(A) Approving Sale of Substantially all of the Debtors' Assets Free and Clear of All Liens, Claims, Interests and Encumbrances, (B) Approving Assumption and Assignment of Executory Contracts and Unexpired Leases and (C) Granting Related Relief (the "**Sale Motion**").

6. I submit this First Day Declaration on behalf of the Debtors in support of the Debtors' (a) voluntary petitions for relief that were filed under Chapter 11 of the Bankruptcy Code and (b) "first day" motions, which are being filed concurrently herewith (collectively, the "**First Day Motions**").[2] The Debtors seek the relief set forth in the First Day Motions to minimize the adverse effects caused by the commencement of these Chapter 11 Cases on their business so as to preserve the business pending the Sale. I have reviewed the Debtors' petitions and the First Day Motions, or have otherwise had their contents explained to me, and it is my belief that the relief sought therein is essential to ensure the uninterrupted operation of the Debtors' business and to successfully maximize the value of the Debtors' estates.

7. Part I of this First Day Declaration provides an overview of the Debtors' business, capital structure, and significant prepetition indebtedness, as well as a discussion of the Debtors' financial performance and the events leading to the Debtors' Chapter 11 Cases. Part II sets forth a summary of the relief requested in the First Day Motion and the relevant facts in support thereof.

[2] Unless otherwise defined herein, all capitalized terms shall have the meanings ascribed to them in the applicable First Day Motion.

PART I

A. General Background

8. Founded in 1971 and headquartered in West Newton, Massachusetts, the Debtors are a leading global designer, distributor, and retailer of comfort footwear in more than fifty markets worldwide. The Debtors offer a wide array of men's and women's casual and dress style shoes, boots, and sandals, under their namesake Rockport brand and their owned Aravon and Dunham brands. The Debtors' Rockport brand is recognized as a global leader in lightweight, technology-infused comfort footwear for all occasions. The Debtors also offer premium footwear for comfort-conscious customers through their women's-oriented Aravon and outdoor-inspired Dunham brands. The Debtors' comprehensive assortment of footwear products incorporates industry-leading sports technology to provide customers with superior comfort without compromising style.

9. The footwear business is highly competitive, and the Debtors' business accounts for a fraction of the total market for men's and women's footwear. The Debtors' compete with other footwear retailers and wholesalers, including department stores, online retailers, manufacturer-owned factory outlet stores and other retail and wholesale outlets. At various times of the year, department store chains, specialty shops, and online retailers offer brand-name merchandise at substantial markdowns which further intensifies the competitive nature of the industry.

10. The Debtors' business in the United States is operated by Rockport, and the Debtors' Canadian business is operated by Debtor Rockport Canada ULC, a British Columbia unlimited liability company ("**Rockport Canada**"). Rockport Canada is a wholly-owned subsidiary of Rockport, all material decisions regarding Rockport Canada and its operations are made by Rockport personnel in the United States, and substantially all of its books and records

are located in the United States. As a result of these and other factors, the Debtors believe that the center of main interest for Rockport Canada is in the United States. As explained in greater detail in Part II below, in addition to these Chapter 11 Cases, the Debtors anticipate commencing an ancillary proceeding under Part IV of the Companies' Creditors Arrangement Act (Canada) in Toronto, Ontario, Canada before the Ontario Superior Court of Justice (Commercial List) (the "**Canadian Court**").

B. The Debtors' Business

11. The Debtors operate a global, multi-channel business, organized by brand, geography and customer type, consisting of the following segments:

i. **Wholesale Business.** The Debtors are a leading supplier of men's and women's footwear to well-known retailers across a variety of wholesale formats, including department stores, family retail outlets, internet retailers, and independently-owned retailers. The Debtors' wholesale business accounts for approximately 57% of all global sales. In North America, the Debtors' Rockport-branded products are sold through two primary wholesale channels: (a) key accounts (department stores, family retail outlets, and internet retailers) and (b) specialty accounts (independently-owned retailers). International sales of the Debtors' Rockport-branded products are led by dedicated personnel in each location. The Debtors' Aravon- and Dunham-branded products are sold only through department stores, internet retailers, and independently-owned retailers.[3]

ii. **Direct North American Retail Store Business.** The Debtors operate eight (8) full-price and nineteen (19) outlet stores in the United States and fourteen (14) full-price and nineteen (19) outlet stores in Canada.

iii. **Direct eCommerce Business.** The Debtors sell their footwear products directly through their websites (*http://www.rockport.com* and *http://www.rockport.ca*). This channel gives the Debtors an ideal medium to engage directly with new and existing customers.

iv. **International Business.** The Debtors use a distributor model to leverage their global brand in foreign markets without having to establish local operations. Currently, the Debtors are partnered with twenty-two (22) distributors

[3] The Debtors' Dunham brand is sold in the United States and Canada, and their Aravon brand is sold only in the United States.

worldwide to sell their products in thirty-five countries, including China, Indonesia, Egypt, South Africa, Mexico, and Peru. In addition to this distributor model, certain of the Debtors' non-debtor foreign affiliates (the "**Foreign Affiliates**") operate approximately 121 retail stores around the world.

12. In the ordinary course of their business, the Debtors source their inventory, merchandise, and other materials related to their ongoing operations (collectively, the "**Merchandise**") from third-party manufacturers (the "**Vendors**") located outside of the United States–primarily (but not exclusively) in mainland China, but also in Vietnam, India, and Brazil. To that end, the Debtors rely on certain of their Foreign Affiliates to ensure the timely production and delivery of Merchandise for sale by the Debtors and other Foreign Affiliates. In addition, the Debtors rely on their global network of common carriers, expeditors, consolidators, warehousemen and transportation service providers, and other related parties to transport, import, and take delivery of Merchandise in a timely fashion and on a worldwide basis.

13. In particular, the Debtors rely on warehouseman and logistics providers to (i) coordinate and process various import duties and related charges at ports or transportation centers around the world and (ii) transport and store Merchandise at the Debtors' warehousing and distribution centers located in the United States in Rancho Cucamonga, California and Cincinnati, Ohio, and internationally in Brampton, Ontario, Lisbon, Portugal, Incheon, Korea, and Tokyo, Japan.

C. Organizational Structure

14. A detailed organizational chart depicting the ownership structure of the Debtors and their Foreign Affiliates is attached hereto as Exhibit A. Rockport Blocker, LLC, a Delaware limited liability company ("**Blocker**"), is the ultimate parent of each of the other Debtors and their Foreign Affiliates. A list of the unitholders for each Debtor is attached to each of the Chapter 11 petitions.

D. The 2015 and 2017 Transactions

15. In 2015, Reebok International Ltd. ("**Reebok**"), a subsidiary of adidas AG ("**Adidas**"), engaged in a sale transaction (the "**2015 Transaction**") with Berkshire Partners LLC ("**Berkshire**") and New Balance Holding, Inc. ("**New Balance**"). Pursuant to the 2015 Transaction, Reebok sold its Rockport division to Debtor The Rockport Group, LLC ("**TRG**"), an entity formed by Berkshire and New Balance, and New Balance contributed its owned brands, Cobb Hill, Aravon, and Dunham, to TRG.

16. At the time of the 2015 Transaction, the Debtors' operations were deeply integrated with Adidas' global logistics and information technology networks (the "**Adidas Networks**"). As a result of this integration, TRG and Adidas agreed to separate the Debtors' operations from the Adidas Networks over a two-year period (the "**Transition Period**"). During the Transition Period, the Debtors relied on the Adidas Networks in the ordinary course of their business consistent with certain transition and management agreements entered into by TRG and Adidas.

17. In late 2017, Berkshire and New Balance sold 100% of their interests in the Debtors to the Prepetition Noteholders (as defined herein) (the "**2017 Transaction**"). In connection with the closing of the 2017 Transaction, in December 2017, the Prepetition Noteholders appointed William Allen, Matthew Sheahan, and Michael LeRoy as independent directors (the "**Independent Directors**") of Blocker. Shortly after their appointment, the Independent Directors approved the Debtors' retention of independent advisors to explore and evaluate a potential value-maximizing Sale of the Assets (as defined herein).

E. Prepetition Capital Structure

18. In connection with the 2015 Transaction, certain of the Debtors entered into the Prepetition ABL Credit Agreement, the Prepetition Notes Agreement, and the Prepetition

Subordinated Notes (each as defined herein). As of the Petition Date, the Debtors have total outstanding liabilities and other obligations of approximately $287 million of funded indebtedness, comprised of approximately:

- $57 million outstanding under the Prepetition ABL Facility (as defined herein);
- $188.3 million outstanding under the Prepetition Notes Facility (as defined herein);
- $11.9 million outstanding under the Prepetition Subordinated Notes; and
- $29.6 million outstanding in trade debt.

19. A detailed discussion of the Debtors' capital structure, including their various debt obligations, is set forth below.

i. Prepetition ABL Facility

20. The Debtors' have outstanding secured debt to various lenders pursuant to that certain Revolving Credit Agreement,[4] dated as of July 31, 2015 (as amended, supplemented, restated or otherwise modified from time to time, the "**Prepetition ABL Credit Agreement**"), among Rockport, TRG, Rockport Canada, TRG Class D, LLC ("**Class D**"), the Subsidiaries (as defined therein) of TRG from time to time, the Lenders (as defined therein) (the "**ABL Lenders**"), and Citizens Business Capital ("**Citizens**"), as administrative agent and collateral agent for the ABL Lenders (Citizens in such capacities, the "**ABL Administrative Agent**" and, together with the ABL Lenders, the "**ABL Secured Parties**"). The Prepetition ABL Credit Agreement provides for, among other things, up to $60,000,000.00 in aggregate principal amount of revolving loan commitments, including letter of credit and swingline loan

[4] Any summary of an agreement in this First Day Declaration is qualified in its entirety by the terms of that agreement.

commitments, with a sublimit for letters of credit of $10,000,000.00 (collectively, the "**Prepetition ABL Facility**").

21. As of the Petition Date, the aggregate outstanding amount owed by the Debtors under the Prepetition ABL Facility is not less than $53,425,436.95, plus $3,550,000.00 of issued and outstanding letters of credit (collectively, together with any costs and other charges or amounts paid, incurred or accrued prior to the Petition Date in accordance with the Prepetition ABL Facility, and further including all "Obligations" as described in the Prepetition ABL Facility, including all obligations with respect to cash management services and bank products, and all interest, fees, costs and other charges allowable under Section 506(b) of the Bankruptcy Code, the "**Prepetition ABL Obligations**"). The Debtors, including Rockport Canada, are jointly and severally liable for the Prepetition ABL Obligations, and such obligations are secured by a first priority lien on the Revolving Priority Collateral (as defined in the Intercreditor Agreement) (as defined in the Prepetition ABL Credit Agreement)[5]) and a second priority lien on

[5] The term **"Revolving Priority Collateral"** as defined in the Intercreditor Agreement means all Collateral consisting of the following:

(1) all Inventory;

(2) all Revolving Accounts Collateral;

(3) to the extent evidencing or governing any of the items referred to in the preceding clauses (1) and (2), all Documents, General Intangibles (other than Intellectual Property and equity interests of Subsidiaries of Rockport Group), Instruments (including, without limitation, Promissory Notes); provided, that to the extent any of the foregoing also relates to Note Priority Collateral, only that portion related to the items referred to in the preceding clauses (1) and (2) shall be included in the Revolving Priority Collateral;

(4) to the extent evidencing or governing any of the items referred to in the preceding clauses (1) through (3), all Supporting Obligations; provided, that to the extent any of the foregoing also relates to Note Priority Collateral, only that portion related to the items referred to in the preceding clauses (1) through (3) shall be included in the Revolving Priority Collateral;

(5) all books and Records relating to the foregoing (including without limitation all books, databases, customer lists and Records, whether tangible or electronic, which contain any information relating to any of the foregoing); and

(6) all collateral security and guarantees with respect to any of the foregoing and all cash, Money, instruments, Chattel Paper, insurance proceeds, investment property, securities and financial assets to the extent received as proceeds of any Revolving Priority Collateral ("Revolving Priority Proceeds"); provided, however, that

the Note Priority Collateral (as defined in the Intercreditor Agreement)[6], subject to the terms of the Intercreditor Agreement. The Revolving Priority Collateral includes substantially all of the assets of Rockport Canada, including without limitation, all accounts, goods, inventory, and all proceeds of Rockport Canada's assets.

22. Prior to the Petition Date, the Prepetition ABL Facility was used to fund the Debtors' daily operations. As such, the Debtors made daily requests to the ABL Administrative Agent to transfer available funds under the Prepetition ABL Facility into the Debtors' primary operating account held by Rockport. Rockport would then use such funds to fund the Debtors' global enterprise, including the Debtors' operations in Canada. Although Rockport Canada did not borrow any monies directly under the Prepetition ABL Facility, its assets were included in the facility's borrowing base and funds received under that facility were used to, among other things, purchase merchandise sold by Rockport Canada, pay wages, salaries and benefits of the Debtors' corporate employees and other general expenses of the Debtors' enterprise. Rockport

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no proceeds of Revolving Priority Proceeds will constitute Revolving Priority Collateral unless such proceeds of Revolving Priority Proceeds would otherwise constitute Revolving Priority Collateral.

For the avoidance of doubt, under no circumstances shall Excluded Assets (as defined in the next succeeding sentence) be Revolving Priority Collateral. As used in this definition of "Revolving Priority Collateral," the term "Excluded Assets" shall have the meaning provided in the Revolving Credit Facility (if the Revolving Credit Facility is then in effect) or in the Revolving Collateral Documents relating thereto, or in any other Revolving Credit Agreement then in effect (if the Revolving Credit Facility is not then in effect) or in the Revolving Collateral Documents relating thereto.

[6] The term "**Note Priority Collateral**" as defined in the Intercreditor Agreement means all of the Collateral excluding the Revolving Priority Collateral, including all real estate, Intellectual Property, equipment and equity interests of any Subsidiaries of any Credit Party, and all collateral security and guarantees with respect to any Note Priority Collateral and all cash, Money, Instruments, Securities and Financial Assets to the extent received as proceeds of any Note Priority Collateral; provided however, no proceeds of proceeds will constitute Note Priority Collateral unless such proceeds of proceeds would otherwise constitute Note Priority Collateral or are credited to the Asset Sales Proceeds Account. For the avoidance of doubt, under no circumstances shall any of the Revolving Canadian Collateral or Excluded Assets be Note Priority Collateral. As used in this definition of "Note Priority Collateral," "Excluded Assets" shall have the meaning provided in the Original Note Purchase Agreement (if the Original Note Purchase Agreement is then in effect) or in any other Note Purchase Agreement then in effect (if the Original Note Purchase Agreement is not then in effect) or the Note Collateral Documents relating thereto.

Canada's indirect access to the funding provided to the other Debtors under the Prepetition ABL Facility was critical to its ability to operate as a going concern prior to the Petition Date.

23. In addition, prior to the Petition Date, the Prepetition ABL Credit Agreement was amended six (6) times, most recently on May 7, 2018, to, among other things, waive certain defaults by certain of the Debtors under the Prepetition ABL Credit Agreement, modify certain financial reporting requirements, and implement milestones related to a potential Sale of the Assets (as defined herein) and repayment of the Prepetition ABL Obligations.

ii. Prepetition Notes Facility

24. Prior to the Petition Date, certain of the Debtors issued those certain Senior Secured Notes Due 2022 pursuant to that certain Note Purchase Agreement, dated as of July 31, 2015 (as amended, supplemented, restated or otherwise modified from time to time, the "**Prepetition Note Purchase Agreement**"), among Rockport, TRG, Class D, the Subsidiaries (as defined therein) of TRG from time to time, Cortland Capital Market Services LLC ("**Cortland**"), as collateral agent (Cortland in such capacity, the "**Collateral Agent**"), and the Purchasers (as defined therein) (the "**Prepetition Noteholders**" and together with the ABL Secured Parties, the "**Prepetition Secured Parties**"), in the original principal amount of $130 million (together with all Senior Notes issued as payment in kind thereon, the "**Initial Prepetition Notes**"). Prior to the Petition Date, certain additional Senior Notes (together with all Senior Notes issued as payment in kind thereon, the "**Additional Prepetition Notes**" and, together with the Initial Prepetition Notes, the "**Prepetition Notes**") were issued to the Prepetition Noteholders by certain of the Debtors in an original principal amount of $40,753,966.05 (together with the Initial Prepetition Notes, collectively, the "**Prepetition Notes Facility**" and, together with the Prepetition ABL Facility, the "**Prepetition Credit Facilities**"). The Additional Prepetition Notes are senior in right of payment to the Initial Prepetition Notes.

25. As of the Petition Date, the aggregate outstanding amount owed by the Debtors in respect of the Prepetition Notes is not less than $188,253,357.91 (collectively, together with any costs and other charges or amounts paid, incurred or accrued prior to the Petition Date in accordance with the Prepetition Notes Facility, and further including all "Obligations" as described in the Prepetition Notes Facility, including all interest, fees, costs and other charges allowable under Section 506(b) of the Bankruptcy Code, the "**Prepetition Note Obligations**"). The Prepetition Note Obligations are secured by a first priority lien on the Note Priority Collateral, and a second priority lien on the Revolving Priority Collateral, subject to the terms of the Intercreditor Agreement.

26. Proceeds from the Initial Prepetition Notes were used to finance a portion of the 2015 Transaction, and proceeds from the Additional Prepetition Notes were used to provide the Debtors with additional liquidity and to fund day-to-day operations. Prior to the Petition Date, from time to time the Debtors would request that the Prepetition Noteholders purchase Additional Prepetition Notes. In response to such requests, the Prepetition Noteholders would then transfer available funds under the Prepetition Notes Facility into bank accounts operated by the Debtors.

27. Prior to the Petition Date, the Prepetition Noteholder Purchase Agreement was amended five (5) times, most recently on May 7, 2018, to, among other things, permit the issuance of the Additional Prepetition Notes, modify certain financial reporting requirements, and implement milestones related to a potential Sale of the Assets.

iii. Prepetition Subordinated Notes

28. As of the Petition Date, TRG has approximately $11.9 million in contingent obligations under certain promissory notes (the "**Prepetition Subordinated Notes**") issued by Reebok:

- that certain Unsecured Subordinated Promissory Note, dated as of July 31, 2015;
- that certain Unsecured Subordinated Contingent Promissory Note – Tranche A, dated as of July 31, 2015; and
- that certain Unsecured Subordinated Contingent Promissory Note – Tranche B, dated as of July 31, 2015.

29. The Prepetition Subordinated Notes are unsecured and subordinated to the Prepetition Credit Facilities pursuant to that certain Subordination Agreement, dated as of July 31, 2015, among TRG, Rockport, each of the other Loan Parties (as defined therein) from time to time, the ABL Administrative Agent, the Prepetition Noteholders, and Reebok.

iv. Trade Debt

30. As explained above, in the ordinary course of business, the Debtors source their Merchandise from Vendors located outside of the United States. As of the Petition Date, Debtors estimate that they owe approximately $29.6 million in trade debt.

F. Events Leading Up to these Chapter 11 Cases

31. Over the last three years the Debtors have faced economic headwinds and operational challenges that significantly and adversely impacted the operating performance of the Debtors' footwear business, including:

- *A costly and time consuming separation from the Adidas Networks.* Separation of the Debtors' operations from the Adidas Networks was not completed until November 2017, and proved to be more complex, took meaningfully longer, and was significantly more expensive than planned. In addition, the Debtors encountered operational challenges during the initial development of their own logistics network that negatively impacted revenue. Ultimately, significant operational challenges and one-time costs associated with the Debtors' separation from the Adidas Networks contributed to the Debtors' tightening liquidity during the Transition Period.
- *Disruptive and costly supply chain interruption.* In October 2016, the Debtors experienced factory delivery delays due to the closure of three factories by certain of their foreign vendors. As a result, production of the Debtors' women's footwear program was relocated to other factories utilized by the

Debtors for production of their remaining footwear programs. The reallocation of factory resources disrupted the Debtors supply chain and resulted in significant shipment delays across multiple product lines shortly before the Fall 2017 season. In response to this disruption, the Debtors were forced to rely on more expensive expedited shipping methods in order to meet seasonal demands and minimize the delayed arrival of products to their customers.

- *Contract dispute with Expeditors and notice of default.* As explained above, the Debtors rely on warehouse and logistic providers to fulfill their distribution and warehousing needs in various locations throughout the world. To service the Debtors operations in the United States and Canada, Expeditors International of Washington, Inc. ("**Expeditors**") operates distribution warehouse facilities in Rancho Cucamonga, California and Brampton, Canada. The parties' relationship is governed by that certain Master Warehouse and Logistics Services Agreement, dated as of August 1, 2016 (including all statement of works related thereto, as amended, supplemented, restated or otherwise modified from time to time collectively, the "**Expeditors Agreement**"), between Rockport and Expeditors. Since execution of the Expeditors Agreement, the parties' relationship has deteriorated, due largely to disputes over rates charged by Expeditors. On March 23, 2018, Expeditors sent a notice (the "**Default Notice**") alleging that Rockport was in material breach of the Expeditor Agreement for failure to pay certain charges disputed by Rockport. Pursuant to the Default Notice, Expeditors indicated that it would terminate the Expeditor Agreement unless Rockport cured its alleged breach by paying the disputed amounts on or before May 7, 2018. In order to ensure product delivery to the Debtors' customers and avoid irreparable harm to the Debtors' as a result of the potential termination of the Expeditors Agreement, on May 4, 2018, the Debtors paid the disputed amounts under duress and protest, subject to the right of clawback in the future, and thereby cured this disputed default.

- *A number of stores acquired in the 2015 Transaction performed below expectations in a competitive retail market.* Over the last several years the Debtors have faced a highly promotional and competitive retail environment, underscored by a shift in customer preference for online shopping. In this unfavorable retail environment, many of the stores acquired by the Debtors in the 2015 Transaction (the "**Acquired Stores**") performed below expectations. Moreover, the Acquired Stores were significantly impacted by the supply-chain disruption experienced by the Debtors in October 2016. The unfavorable performance of the Acquired Stores in the current retail environment has made it difficult for the Debtors to maintain sufficient liquidity and to operate their business outside of Chapter 11.

32. Given the Debtors' tight liquidity position in the lead up to these Chapter 11 Cases, the Debtors approached the ABL Administrative Agent and the Prepetition Noteholders

on several occasions seeking amendments to the Prepetition ABL Credit Agreement and Prepetition Note Purchase Agreement to, among other things, obtain additional financing (as set forth in Section E above).

G. Prepetition Marketing Efforts and Objectives of the Sale Process

33. In December 2017, the Debtors retained Houlihan Lokey, Inc. ("**Houlihan**")–an investment banker with expertise in mergers and acquisitions, recapitalization, and financial restructuring–to explore a potential sale of the Debtors' assets (collectively, the "**Assets**"). As part of this effort, Houlihan began facilitating a robust marketing process for the potential purchase of all, or certain of, the Assets and contacted one hundred and ten (110) potential strategic and financial acquirers (collectively, the "**Interested Parties**") to garner interest in pursuing such transaction.

34. Approximately sixty (60) Interested Parties executed a non-disclosure agreement to review certain confidential business and financial information of the Debtors, received a confidential information memorandum, and obtained access to an initial set of diligence materials in a data room. On or around January 12, 2018, Houlihan distributed a process letter to the remaining Interested Parties inviting such Interested Parties to submit initial, non-binding indications of interest (the "**Initial IOIs**") by no later than February 6, 2018, at 5:00 p.m. (prevailing Eastern Time) (the "**Initial IOI Submission Deadline**").

35. In all, Houlihan received Initial IOIs from ten (10) Interested Parties. Shortly after the Initial IOI Submission Deadline, a more comprehensive data room was made available to certain Interested Parties who submitted Initial IOIs. Of the ten (10) Interested Parties who submitted Initial IOIs, seven (7) Interested Parties were granted access to the data room and six (6) Interested Parties met with senior management of Rockport in person to review the opportunity and to ask any and all questions pertaining thereto.

36. On or about March 2, 2018, Houlihan requested that the six (6) Interested Parties that remained interested in pursuing a transaction submit their best and final letter of intent (each a "**Final Bid**") for the Assets by March 29, 2018 at 12:00 p.m. (prevailing Eastern Time) (the "**Prepetition Bid Deadline**"). On March 7, 2018, Houlihan posted a form asset purchase agreement in the data room for review and comment by the Interested Parties in connection with submission of their Final Bid. Prior to the Prepetition Bid Deadline, three (3) Interested Parties submitted a Final Bid. On April 4, 2018, a fourth verbal bid (the "**Late Bid**," and together with the Final Bids, the "**Bids**") was received from an Interested Party.

37. After reviewing and carefully considering the Bids received from the four (4) Interested Parties, the Debtors determined, in consultation with their advisors, that Marathon (the "**Stalking Horse Bidder**") had submitted the highest or otherwise best offer, pursuant to which the Stalking Horse Bidder agreed to acquire substantially all of the Assets (other than the Debtors' North American retail assets (the "**North American Retail Assets**"))[7] for a purchase price of (i) $150 million in cash subject to certain working capital adjustments plus the NAM Store Inventory Amount; (ii) a warrant to purchase up to 5% of common equity of the indirect parent of the Stalking Horse Bidder once the Stalking Horse Bidder receives a return equal to 2.5 times its initial equity investment as of the Closing Date (as defined in the Stalking Horse Agreement); and (iii) the assumption of certain liabilities (collectively, the "**Stalking Horse Bid**").

[7] As set forth in the Sale Motion, pursuant to the Stalking Horse Agreement (as defined herein), the Stalking Horse Bidder is still considering whether to purchase any portion of the North American Retail Assets. The Stalking Horse Agreement currently identifies the North American Retail Assets as "Excluded Asset;" provided, however, that section 8.4 of the Stalking Horse Agreement provides for a twenty-five (25) day "No Liquidation Period" following the Petition Date during which the Debtors may not sell retail inventory other than in the ordinary course of business. The "No Liquidation Period" is intended to provide the Stalking Horse Bidder with an opportunity to further consider the acquisition of any North American Retail Assets (*i.e.*, the Debtors' retail leases and related inventory in the United States and Canada) prior to the Debtors commencing any Store Closing Sales (as defined herein).

38. Thereafter, the Debtors, in consultation with their advisors, determined to pursue the Stalking Horse Bid for the Assets, subject to definitive documentation. To this end, after good faith, arm's-length negotiations between the parties and in consultation with their advisors and key stakeholders, the Debtors and the Stalking Horse Bidder entered into that certain Asset Purchase Agreement, dated as of May 13, 2018 (the "**Stalking Horse Agreement**"), pursuant to which the Stalking Horse Bidder will acquire the Purchased Assets (as defined in the Stalking Horse Agreement), subject to higher or otherwise better offers.

39. Contemporaneously herewith the Debtors filed the Sale Motion seeking, among other things: (i) entry of an order (a) establishing bidding and auction procedures (the "**Bidding Procedures**") in connection with the sale of the Assets, (b) approving proposed bid protections, including the payment of a break-up fee in an amount equal to 3 percent (3%) of the Base Cash Amount (as defined in the Stalking Horse Agreement) (*i.e.,* $4,500,000.00) and (b) reimbursement of up to $2,000,000.00 for reasonable and documented costs and expenses incurred by the Stalking Horse Bidder in connection with, among other things, the negotiation and execution of, and the carrying out of its obligations under, the Stalking Horse Agreement, (c) scheduling an auction (the "**Auction**") and setting a date and time for the sale hearing (the "**Sale Hearing**") and (d) establishing procedures for noticing and determining cure amounts for contracts and leases to be assumed and assigned in connection with the Sale transaction; and (ii) at the Sale Hearing, subject to the results of the Auction, the entry of an order (a) approving and authorizing a sale to the winning bidder, (b) authorizing the assumption and assignment of certain contracts and leases and (c) authorizing the Debtors to enter into a transition services agreement as contemplated by the Stalking Horse Agreement.

40. Given the Debtors' extensive prepetition marketing efforts and the significant information compiled in the schedules to the Stalking Horse Agreement, the Sale Motion requests the following timeline:

On or before June 4, 2018	Hearing to consider approval of the Bidding Procedures and entry of the Bidding Procedures Order
June 27, 2018 at 4:00 p.m. (prevailing Eastern Time)	Sale Objection Deadline
June 29, 2018 at 5:00 p.m. (prevailing Eastern Time)	Bid Deadline
July 3, 2018 at 5:00 p.m. (prevailing Eastern Time)	Deadline for Debtors to notify Potential Bidders of their status as Qualified Bidders
July 10, 2018 at 10:00 a.m. (prevailing Eastern Time)	Auction to be held at the offices of Richard, Layton & Finger, P.A. (if necessary)
July 11, 2018	Target date for the Debtors to file with the Court the Notice of Auction Results
July 13, 2018	Proposed date of the Sale Hearing to consider approval of Sale and entry of Sale Order
On or after July 27, 2018	Closing Date (Unless Successful Bidder agrees to waive the 14-day stay of Sale Order)

41. The Bidding Procedures, including the proposed timeline, are designed to maximize the value received for the Assets and to facilitate a fair and open process in which all interested bidders may participate. The Debtors believe that the proposed timeline is sufficient to complete a fair and open sale process that will maximize the value received for the Assets in light of Debtors' robust prepetition marketing efforts. Indeed, the most likely competing bidders are among those who previously submitted a Bid. Thus, these parties need minimal time to submit competing bids. If new bidders emerge, the proposed timeline will provide them with sufficient time to perform due diligence given that the process is well understood at this juncture and bidders can utilize the Stalking Horse Agreement and its schedules as a template upon which to base their bids. Accordingly, the Debtors believe that the schedule is sufficient, while respecting the necessity to consummate the Sale as quickly as possible to maximize the value received for the Assets.

42. Further, upon entry of the Bidding Procedures Order (as defined in the Sale Motion), and in compliance with Section 7.1 of the Stalking Horse Agreement, the Debtors will continue to market and solicit offers for all or a portion of the Assets to a wide range of potential purchasers and will work diligently with all parties that have expressed an interest in the Assets to date.[8] In this way, the Debtors intend to maximize (i) the number of participants in the sale process and (ii) the value of the Assets.

43. As set forth above, the Debtors have determined that value will be maximized by commencing these Chapter 11 Cases and continuing an orderly sale process. While the prepetition solicitation process already was extensive, the commencement of these Chapter 11 Cases and the implementation of a Court supervised sale process allows other bidders to make competing bids and maximize the value of their estates for the benefit of the Debtors' stakeholders.

44. A sale pursuant to Section 363 of the Bankruptcy Code is the most appropriate course of action for the Debtors. As set forth above, if the proposed Sale is consummated, the Stalking Horse Bidder will purchase substantially all of the Assets, including any North American Retail Assets it chooses to acquire. The Debtors have adequate financial and human resources to maintain their business as a going concern throughout these Chapter 11 Cases in order to maximize value for their estates and creditors. The proposed sale process will allow the Debtors to maintain their day-to-day operations with their customers with very little, if any,

[8] Specifically, upon execution of Stalking Horse Agreement and until the earlier of (i) twenty-five (25) days from the Petition Date or (ii) entry of the Bidding Procedures Order, the Debtors agreed to pause the active solicitation of the Assets. During this period, however, the Debtors may provide all information provided to the Stalking Horse Bidder to those twelve (12) or less parties who entered into confidentiality agreements and provided either a written or oral indication of interest to the Debtors consistent with Section 7.1(b) of the Stalking Horse Agreement and engage in discussions with such parties with respect to such information (but may not engage in negotiations for or knowingly encourage an Acquisition Proposal with such parties). Upon the earlier of (i) twenty-five (25) days from the Petition Date or (ii) entry of the Bidding Procedures Order, there is no restriction on the Debtors' ability to solicit bids for and market the Assets.

disruptions. In the absence of a sale transaction conducted in accordance with such timeline, the Debtors face deterioration in the value of the business and the value of the Stalking Horse Agreement. The Debtors do not believe that the Sale could be consummated outside of these bankruptcy proceedings. Among other reasons, the Stalking Horse Bidder requested that the Sale be consummated through a process pursuant to Section 363 of the Bankruptcy Code, whereby the Sale of the Assets would be free and clear of all liens, claims, and encumbrances.

H. Store Closing Sales

45. Under the terms of the Stalking Horse Agreement, the Debtors' North American Retail Assets (*i.e.*, retail leases and related inventory in the U.S. and Canada) are currently identified as Excluded Assets (as defined in the Stalking Horse Agreement). The Stalking Horse Bidder, however, is still considering whether to acquire any portion of the North American Retail Assets.[9] As a result, the Stalking Horse Agreement provides that, for a period of twenty-five (25) days following the Petition Date (the "**No Liquidation Period**"), the Debtors shall not sell or otherwise dispose of any Inventory (as defined in the Stalking Horse Agreement) other than in the ordinary course of business. The No Liquidation Period is intended to preserve ordinary inventory levels at the retail locations should the Stalking Horse Bidder decide to acquire any of the North American retail locations.

46. Although the Stalking Horse Bidder is contemplating acquiring a portion of the North American Retail Assets, based on discussions with the Stalking Horse Bidder, the Debtors do not believe that the Stalking Horse Bidder intends to acquire all or substantially all of the North American Retail Assets. Further, based on the Debtors' extensive prepetition marketing

[9] In the event that the Stalking Horse Bidder chooses to acquire any of the Debtors' North American Retail Assets, the purchase price shall be adjusted to include the costs of the acquired inventory consistent with Section 3.1 of the Stalking Horse Agreement.

process and the prepetition Bids received for the Assets, the Debtors do not expect there to be any significant interest in the North American Retail Assets. Thus, the Debtors need to be in a position to wind down their North American retail business immediately upon the conclusion of the No Liquidation Period (with the goal of concluding such process by July 31, 2018, thereby stemming the incurrence of August administrative rent).[10] Accordingly, contemporaneously herewith the Debtors have filed a motion (the "**Store Closing Motion**") seeking authority to conduct store closing sales (the "**Store Closing Sales**") with respect to the North American Retail Assets, subject to the Debtors' ability to remove any retail location from the relief granted therein to the extent necessary to comply with the Stalking Horse Agreement or otherwise maximize value in connection with the sale process.

PART II

47. To enable the Debtors to minimize any adverse effects caused by the commencement of the Chapter 11 Cases on their businesses until the Sale is completed, the Debtors are seeking approval of the First Day Motions and related orders (the "**Proposed Orders**").

48. I have reviewed each of the First Day Motions, Proposed Orders, and exhibits thereto, and the facts set forth therein are true and correct to the best of my knowledge, information, and belief. Moreover, I believe that the relief sought in each of the First Day Motions (a) is vital to enabling the Debtors to make the transition to, and operate in, Chapter 11 with minimum disruption to their business or loss of productivity or value and (b) is essential to maximizing the value of the Debtors' estates.

[10] The Debtors are considering retaining a consultant to assist them in the conduct of the Store Closing Sales (as defined herein). Should they decide to retain a consultant, the Debtors will seek approval of such arrangement through a separate motion or application to be filed with the Court (in addition to the Store Closing Motion).

A. Joint Administration Motion

49. Pursuant to this motion (the "**Joint Administration Motion**"), the Debtors request the joint administration of their Chapter 11 Cases, ten in total, for procedural purposes only. Many of the motions, hearings, and other matters involved in the Chapter 11 Cases will affect all of the Debtors. Therefore, I believe that the joint administration of these cases will avoid the unnecessary time and expense of duplicate motions, applications and orders, thereby saving considerable time and expense for the Debtors and resulting in substantial savings for their estate. Accordingly, I believe the Court should approve the joint administration of these Chapter 11 Cases.

B. Application to Appoint Prime Clerk LLC as Claims Agent

50. The Debtors filed an application (the "**Claims Agent Application**") contemporaneously herewith to retain Prime Clerk LLC ("**Prime Clerk**"), as claims and noticing agent pursuant to Section 156(c) of Title 28 of the United States Code and Rule 2002-1(f) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware. Prime Clerk is a bankruptcy administrator that specializes in providing comprehensive Chapter 11 administrative services, including noticing, claims processing, balloting, and other related services critical to the effective administration of Chapter 11 cases. Given the complexity of these cases and the number of creditors and other parties in interest involved, I believe that appointing Prime Clerk as the claims and noticing agent in these Chapter 11 Cases will relieve the administrative burden on the Clerk of the Court for the District of Delaware and will maximize the value of the Debtors' estates for all of their stakeholders.

C. Automatic Stay Motion

51. Pursuant to this motion (the "**Automatic Stay Motion**"), the Debtors seek entry of an order enforcing and restating the automatic stay protections and *ipso facto* prohibitions of

the Bankruptcy Code. I believe that such an order is appropriate in these Chapter 11 Cases because the Debtors have customers, vendors, and contract counterparties around the world, including in Asia, Brazil, Canada, and Europe. Many of the Debtors' non-U.S. creditors and contract counterparties may be unfamiliar with the automatic stay, the prohibition on enforcement of *ipso facto* contract provisions, and the Bankruptcy Code's antidiscrimination protections. Therefore, I believe that an order outlining these provisions, which the Debtors could transmit to foreign creditors, would maximize the protection the Bankruptcy Code affords the Debtors. Accordingly, based on the foregoing and those additional reasons set forth in the Automatic Stay Motion, I believe that the relief requested in such motion is in the best interests of the Debtors' estates and their creditors and all other parties in interest.

D. Foreign Representative Motion

52. Pursuant to this motion (the "**Foreign Representative Motion**"), the Debtors seek entry of an order authorizing Blocker, as a Debtor in these Chapter 11 Cases and as the ultimate parent of each Debtor, to act as the foreign representative (the "**Foreign Representative**") on behalf of the Debtors' estates in any judicial or other proceeding in Canada. Because Debtor Rockport Canada is the operating entity for the Debtors' business in Canada, the Debtors intend to commence an ancillary proceeding (the "**Ancillary Proceeding**") under Part IV of the Companies' Creditors Arrangement Act ("**CCAA**") in the Ontario Superior Court of Justice (the "**Canadian Court**"). Blocker, as the proposed foreign representative for the Debtors in the Ancillary Proceeding, intends to seek recognition of these Chapter 11 Cases and certain orders entered in the Chapter 11 Cases. Accordingly, based on the foregoing and those additional reasons set forth in the Foreign Representative Motion, I believe that the relief requested in such motion is in the best interests of the Debtors' estates and their creditors and all other parties in interest.

E. Shippers and Warehousemen Motion

53. Pursuant to this motion (the "**Shippers and Warehousemen Motion**"), the Debtors seek entry of interim and final orders, under Sections 105(a), 363 and 503 of the Bankruptcy Code, (i) authorizing, but not directing, the Debtors, in their sole discretion, to pay (a) all or a portion of the Shipping and Warehousing Claims (as defined in the Shippers and Warehousemen Motion) and (b) certain Import Charges (as defined in the Shippers and Warehousemen Motion); and (ii) authorizing applicable banks and other financial institutions to receive, process, honor and pay any and all checks drawn on the Debtors' general disbursement account and other transfers to the extent such checks and transfers relate to any of the foregoing.

54. In operating their global retail, eCommerce and wholesale businesses, the Debtors depend on the uninterrupted flow of inventory and other goods through their supply chain and distribution network, including the purchase, importation, warehousing, and shipment of the Merchandise. Because the substantial majority of the Debtors' Vendors are located outside of the United States–primarily (but not exclusively) in mainland China, but also in Vietnam, India, and Brazil, the Debtors' ability to operate in the ordinary course of business therefore depends on their concurrent ability to transport, import, and take delivery of Merchandise in a timely fashion and on a worldwide basis.

55. If the Debtors fail to pay any of the Shippers or Warehousemen for charges incurred in connection with the transport of goods, the Shippers or Warehousemen may be permitted by law or otherwise to assert possessory liens against any of the Merchandise. Further, because of the commencement of the Chapter 11 Cases, certain Shippers and Warehousemen that hold Merchandise for delivery to or from the Debtors may refuse to release such Merchandise pending receipt of payment for their prepetition services, which would disrupt the Debtors' operations. The Debtors believe that a disruption in their chain of transportation and storage

arrangements due to nonpayment of shipping and warehouse charges could cause substantial delays, great expense and irreparable harm to the Debtors' estates.

56. Because the Debtors are dependent on many third-party Shippers and Warehousemen, it is essential that the commencement of the Chapter 11 Cases not give such Shippers and Warehousemen reason or excuse to cease performing services or to retain products or other Merchandise. Further, the Debtors propose that they may, in their sole discretion, condition payment of any such Shipping and Warehousing Claims upon an agreement to continue to supply goods or services to the Debtors on such creditor's Customary Trade Terms.

57. As explained above, on May 4, 2018, the Debtors paid certain disputed amounts to Expeditors under duress and protest, subject to the right of clawback in the future. Pursuant to the Shippers and Warehousemen Motion, Debtors seek to pay only undisputed amounts to Expeditors pursuant to the Shippers and Warehousemen Motion.

58. In addition, as noted above, the Debtors receive substantially all of their Merchandise from foreign countries. Timely receipt of such Merchandise is critical to the Debtors' business operations, and the Debtors may be required to pay certain import charges (the "**Import Charges**"), including, but not limited to, customs duties, detention and demurrage fees, tariffs, excise taxes, and other similar obligations. Failure to pay the Import Charges to whom they are owed may interfere with the Debtor's supply chain. A disruption in the Debtors' supply chain due to nonpayment of Import Charges could cause substantial delays, great expense and irreparable harm to the Debtors' estates.

59. Accordingly, based on the foregoing and those additional reasons set forth in the Shipping and Warehousemen Motion, I believe that the relief requested in such motion is

necessary to avoid immediate and irreparable harm and is in the best interests of the Debtors' estates and their creditors and all other parties in interest.

F. Critical and Foreign Vendors Motion

60. Pursuant to this motion (the "**Critical and Foreign Vendors Motion**"), the debtors seek entry of interim and final orders, under Sections 105(a), 363, 1107(a), and 1108 of the Bankruptcy Code, (i) authorizing, but not directing, the Debtors to pay prepetition obligations of certain (a) Critical Vendors (as defined in the Critical and Foreign Vendors Motion), in the ordinary course in an amount not to exceed the applicable Critical Vendor Claims Cap (as defined in the Critical and Foreign Vendors Motion), and (b) Foreign Vendors (as defined in the Critical and Foreign Vendors Motion) in the ordinary course in an amount not to exceed the applicable Foreign Vendor Claims Cap (as defined in the Critical and Foreign Vendors Motion); and (ii) authorizing applicable banks and financial institutions to receive, process, honor and pay any and all checks drawn on the Debtors' general disbursement account and other transfers to the extent these checks and transfers relate to any of the foregoing. For the avoidance of doubt, the Debtors are not seeking to prepay any Vendor's Claims (as defined in the Critical and Foreign Vendors Motion).

61. As described above, the Debtors' business relies on their access to and relationship with a network of Vendors in the United States and around the world. In particular, the Debtors rely entirely on Foreign Vendors to source and manufacture all of the Merchandise sold across the Debtors' global enterprise, from manufacturing facilities located in Brazil, China, India, and Vietnam to the Debtors' distribution warehouses in United States, Canada, Portugal, Korea, and Japan. Because the Foreign Vendors may lack minimum contacts with the United States, the Debtors believe that there is a material risk that the Foreign Vendors may consider themselves beyond the jurisdiction of this Court, disregard the automatic stay, and engage in

conduct that disrupts the Debtors' operations, including but not limited to, exercising self-help remedies under local law, if applicable, and instituting litigation in a foreign forum seeking recovery of outstanding prepetition obligations. Any disruption to the Debtors' production and supply of Merchandise would have a far-reaching economic and operational impact on their business and could therefore jeopardize the Debtors' ability to consummate a Sale through Chapter 11.

62. Accordingly, based on the foregoing and the additional reasons set forth in the Critical and Foreign Vendors Motion, I believe that the relief requested in such motion is necessary to avoid immediate and irreparable harm and is in the best interests of the Debtors' estates and their creditors and all other parties in interest.

G. Taxes Motion

63. Pursuant to this motion (the "**Taxes Motion**"), the Debtors seek entry of interim and final orders, under Sections 105(a), 363(b), 507(a)(8) and 541 of the Bankruptcy Code, authorizing (i) the Debtors, in their sole discretion, to pay Covered Taxes and Fees (as defined in the Taxes Motion) in the ordinary course of business, whether arising prior to, on or after the commencement of the Chapter 11 Cases; and (ii) applicable banks and financial institutions to receive, process, honor and pay any and all checks drawn on the Debtors' general disbursement account and other transfers to the extent these checks and transfers relate to any of the foregoing. For the avoidance of doubt, the Debtors are not seeking to prepay any Covered Taxes and Fees.

64. In the ordinary course of the Debtors' businesses, the Debtors collect, withhold and incur the Covered Taxes and Fees, including Income Taxes, Sales and Use Taxes,

Employment and Wage-Related Taxes,[11] Business Taxes, Property Taxes, and certain Other Taxes (as each is defined in the Taxes Motion). The Debtors remit the Covered Taxes and Fees to various federal, state, provincial and local governmental authorities, including taxing and licensing authorities (collectively, the "**Governmental Authorities**").

65. I believe that many of the Covered Taxes and Fees were collected before the Petition Date and must be turned over to the relevant Governmental Authorities. Moreover, failure to pay such amounts may give rise to priority or secured claims that would, in any event, be entitled to payment in full.

66. The Debtors also seek to pay prepetition Covered Taxes and Fees in order to forestall the Governmental Authorities from taking actions that might interfere with the Debtors' businesses, such as blocking the receipt or renewal of permits required for the Debtors' continued operations or possibly bringing personal liability actions against the Debtors' directors, officers and other employees in connection with non-payment of the Covered Taxes and Fees. I believe that actions against the Debtors' directors, officers and other employees would likely distract key personnel, whose full-time attention to the Chapter 11 Cases is required, and would likely cause potential business disruptions. Any such business disruptions would likely erode the Debtors' business reputation and negatively affect the Chapter 11 Cases. I believe that, as of the Petition Date, none of the Covered Taxes and Fees are past due or delinquent and, after entry of the Proposed Orders, intend to pay such amounts as they come due in the ordinary course of business.

[11] By the Taxes Motion, the Debtors are not seeking authority to pay the Employment and Wage Related Taxes, which are addressed separately in the Employee Motion (as defined herein).

67. Accordingly, based on the foregoing and those additional reasons set forth in the Taxes Motion, I believe that the relief requested in such motion is necessary to avoid immediate and irreparable harm and is in the best interests of the Debtors' estates and their creditors and all other parties in interest.

H. Insurance Motion

68. Pursuant to this motion (the "**Insurance Motion**"), the Debtors seek entry of interim and final orders, under Sections 105(a), 362 and 363 of the Bankruptcy Code, (i) authorizing the Debtors to continue and renew their (a) Insurance Programs (as defined herein), including Premium Financing (as defined herein), and (b) Surety Bond Program (as defined herein) and honor all obligations under the Insurance and Surety Bond Programs; (ii) modifying the automatic stay imposed by Section 362 of the Bankruptcy Code to the extent necessary to permit the Debtors' employees to proceed with any claims they may have under the Workers' Compensation Program (as defined herein); and (iii) authorizing financial institutions to honor and process related checks and transfers.

69. The Debtors maintain their various liability, property, casualty, workers' compensation and other insurance programs, including the Premium Financing (as defined herein) in the ordinary course of their businesses (collectively, the "**Insurance Programs**") through several private insurance carriers (collectively, the "**Insurance Carriers**"). As part of the Insurance Programs, the Debtors also maintain workers' compensation insurance coverage (the "**Workers' Compensation Program**") and premium financing (the "**Premium Financing**") to pay certain of the Insurance Premiums (as defined in the Insurance Motion). All of the Insurance Programs are essential to the ongoing operation of the Debtors' businesses and the preservation of the value of the Debtors' estates.

70. Additionally, in the ordinary course of business, the Debtors are required to provide a customs surety bond (the "**Customs Bond**") to the United States Bureau of Customs and Border Protection to secure the payment or enforcement of certain obligations of Rockport (the "**Surety Bond Program**"). These obligations generally relate to (i) customs and import duties, (ii) the clearance of containers that move internationally, and (iii) foreign-trade zone activity. Failure to provide, maintain, or timely replace the Customs Bond will prevent Rockport from undertaking essential functions related to the Debtors' operations.

71. The Debtors employ Marsh & McLennan Agency (the "**Broker**") to assist them with the procurement and management of the Insurance Programs. Amounts due to the Brokers are paid directly through the premiums the Debtors pay to Insurance Carriers. The employment of the Broker allows the Debtors to obtain and manage the Insurance Programs in a reasonable and prudent manner and to realize considerable savings in the procurement of such policies.

72. The nature of the Debtors' businesses makes it essential for the Debtors to maintain their Insurance Programs and Surety Bond Program on an ongoing and uninterrupted basis. The non-payment of any premiums, deductibles or related fees under the Insurance Programs could result in one or more of the Insurance Carriers terminating or declining to renew their insurance policies or refusing to enter into new insurance policies with the Debtors in the future. If any of the Insurance Programs lapse without renewal, the Debtors could be in violation of state and/or federal law and be exposed to substantial liability for personal and/or property damages, to the detriment of all parties in interest. Likewise, the Debtors would be exposed to substantial liability without the ability to make annual payments towards the Surety Premiums or post new or replacement collateral to secure the Indemnity Obligations.

73. Finally, the Debtors' request modification of the automatic stay as it relates to any workers' compensation claims to allow the Debtors' employees to proceed with any valid claims under the Debtors' Workers' Compensation Programs. The Debtors believe that, absent this relief, employees would face significant harm and may voluntarily terminate their employment which would severely disrupt the Debtors' business and could jeopardize the Debtors' ability to consummate a Sale through Chapter 11.

74. Accordingly, based on the foregoing and those additional reasons set forth in the Insurance Motion, I believe that the relief requested in such motion is necessary to avoid immediate and irreparable harm and is in the best interests of the Debtors' estates and their creditors and all other parties in interest.

I. Employee Motion

75. Pursuant to this motion (the "**Employee Motion**"), the Debtors seek entry of interim and final orders, under Sections 105(a), 363, and 507(a) of the Bankruptcy Code, authorizing (i) the Debtors to (a) pay certain employee compensation and benefits, (b) maintain such benefits and other employee-related programs, and (c) pay the prepetition claims of independent contractors and temporary workers; and (ii) applicable banks and other financial institutions to receive, process, honor and pay any and all checks drawn on the Debtors' general disbursement account and other transfers to the extent such checks and transfers relate to any of the foregoing.

76. Specifically, the Debtors seek the authorization to honor and continue prepetition Compensation and Benefit Programs (as defined in the Employee Motion), including (i) wages, salaries, independent contractor obligations, temporary worker obligations, vacation pay, other accrued compensation, (ii) reimbursement of business, travel and other expenses, and (iii) benefits in the form of health, dental, and vision insurance, health and flexible savings accounts,

dental coverage, continuation coverage under COBRA,[12] basic term life insurance, accidental death and dismemberment insurance, short-term and long-term disability, and other miscellaneous benefits provided to Employees in the ordinary course of business. The Debtors request that the Court confirm their right to continue each of the Compensation and Benefit Programs in the ordinary course of business during the pendency of these Chapter 11 Cases in the manner and to the extent that such Compensation and Benefit Programs were in effect immediately prior to the filing of these cases and to make payments in connection with expenses incurred in the post-petition administration of any Compensation and Benefit Programs.

77. In addition, the Debtors seek authorization to pay Severance Obligations (as defined in the Employee Motion) to fifty-one (51) non-insider, retail Employees terminated shortly before the Petition Date. The Debtors seek authority, but not direction, to pay $70,000.00 in the interim period and $140,000.00 on a final basis with respect to Severance Obligations. The Debtors believe it is necessary for them to have the authorization to honor the Severance Obligations to Employees terminated shortly before the Petition Date in order to maintain Employee morale and goodwill at their retail locations. If Employee morale suffers and Employees depart, the value of the Debtors' business may decline, which could jeopardize the Debtors' ability to successfully close the Sale of substantially all of their Assets and wind down their North American retail operations. By separate motion to be filed with the Court, the Debtors intend to seek authority to pay certain retention and shrink bonuses to Employees at any of their retail locations subject to the Store Closing Sales.

[12] As part of their COBRA obligations, the Debtors seek authority to pay the COBRA premiums of three (3) Former Non-Retail Employees (as defined in the Employee Motion) during the interim period in order to provide these Former Non-Retail Employees sufficient opportunity to obtain appropriate medical insurance.

78. The Debtors also seek authorization to pay any and all local, state, provincial, and federal withholding and payroll-related or similar taxes relating to the prepetition workforce obligations including, but not limited to, all withholding taxes, federal social security (and their Canadian equivalents), and various wage garnishments required by law. In addition, the Debtors seek authorization to pay to third parties any and all amounts deducted from the employees' paychecks by the Debtors for payments on behalf of the Employees for savings programs (including 401(k) plans and their Canadian equivalents), benefit plans, insurance programs, and other similar programs and plans.

79. Accordingly, based on the foregoing and those additional reasons set forth in the Employee Motion, I believe that the relief requested in such motion is necessary to avoid immediate and irreparable harm and is in the best interests of the Debtors' estates and their creditors and all other parties in interest.

J. Customer Programs Motion

80. Pursuant to this motion (the "**Customer Programs Motion**"), the Debtors seek entry of an order under Sections 105, 363, and 507 of the Bankruptcy Code authorizing, but not directing, (i) the Debtors to (a) continue to administer certain Customer Programs (as defined herein) and (b) honor or pay Customer Obligations (as defined in the Customer Programs Motion) in the ordinary course of business; and (ii) applicable banks and other financial institutions to receive, process, honor and pay any and all checks drawn on the Debtors' general disbursement account and other transfers to the extent such checks and transfers relate to any of the foregoing.

81. In the ordinary course of their businesses, the Debtors engage in certain marketing and sales practices that are, among other things, (i) targeted to develop and sustain a positive reputation for their goods in the marketplace and (ii) designed to attract new customers and

reward and provide incentives to existing customers (collectively, the "**Customer Programs**"). The Customer Programs, all of which are described in detail in the Customer Programs Motion, include (a) online sales promotions, (b) wholesale sales promotions, (c) the co-op marketing agreements, (d) the coupon program, (e) the gift card program, (f) return, refund and exchange policies, (g) the affiliate program, (h) the GiftNow program, (i) the wholesale sales associates programs, and (j) the credit card processing programs. Customer programs are standard in retail, wholesale and e-commerce businesses. Without the ability to continue the Customer Programs and to satisfy prepetition obligations in connection therewith, the Debtors risk losing customer loyalty, goodwill, and market share, which could cause a precipitous decline in the value of their businesses at a critical juncture. The Debtors' ability to continue their Customer Programs and honor obligations related thereto is necessary to keep the reputation of the Debtors' brands intact, meet competitive market pressures, ensure customer satisfaction, and, ultimately, maximize value for the Debtors' estates and their stakeholders.

82. Accordingly, based on the foregoing and those additional reasons set forth in the Customer Programs Motion, I believe that the relief requested in such motion is necessary to avoid immediate and irreparable harm and is in the best interests of the Debtors' estates and their creditors and all other parties in interest.

K. Utilities Motion

83. Pursuant to this motion (the "**Utilities Motion**"), the Debtors request entry of interim and final orders, under Section 366 of the Bankruptcy Code, (i) prohibiting the Debtors' utility service providers from altering or discontinuing service; (ii) approving an adequate assurance deposit as adequate assurance of postpetition payment to the utilities; and (iii) establishing procedures for resolving any subsequent requests by the utilities for additional adequate assurance of payment.

84. In connection with the operation of their businesses and management of their properties, the Debtors obtain utility services, including electricity, natural gas, telephone, internet, waste removal, and other similar services (collectively, "**Utility Services**") from more than fifty (50) utilities, as that term is used in section 366 of the Bankruptcy Code (collectively, the "**Utility Companies**"). Uninterrupted Utility Services are essential to the Debtors' ongoing operations and, therefore, the preservation of the value of the Debtors' estates. Should any Utility Company alter, refuse, or discontinue service, even for a brief period, the Debtors' business operations could be disrupted, and such disruption could jeopardize the Debtors' ability to consummate a Sale through Chapter 11. Therefore, the Debtors seek to establish an orderly process for providing adequate assurance to their Utility Companies without hindering the Debtors' ability to maintain operations. Specifically, by the Utilities Motion, the Debtors seek approval of an adequate assurance deposit of approximately $43,000.00 (which is approximately fifty percent (50%) of the estimated monthly cost of the Utility Services, based on historical averages over the prior twelve (12) months) into a newly-created segregated, interest-bearing account, as adequate assurance of postpetition payment to the Utility Companies pursuant to Section 366(b) of the Bankruptcy Code. Further, I am informed and believe that the proposed Adequate Assurance Procedures (as defined in the Utilities Motion) are consistent with procedures that are typically approved in Chapter 11 cases in this District.

85. Accordingly, based on the foregoing and those additional reasons set forth in the Utilities Motion, I believe that the relief requested in such motion is necessary to avoid immediate and irreparable harm and is in the best interests of the Debtors' estates and their creditors and all other parties in interest.

L. Cash Management Motion

86. Pursuant to this motion (the "**Cash Management Motion**"), the Debtors seek entry of interim and final orders, under Sections 105, 345, 363, and 507 of the Bankruptcy Code, requesting the entry of an order (i) authorizing the Debtors to continue to use their cash management system (the "**Cash Management System**") and bank accounts, as set forth below; (ii) waiving certain bank account and related requirements of the Office of the United States Trustee for the District of Delaware (the "**U.S. Trustee**"); (iii) authorizing the Debtors to continue their existing deposit practices under the Cash Management System (subject to the Debtors' implementation of certain reasonable changes to the Cash Management System); (iv) extending time to comply with Section 345(b) of the Bankruptcy Code; (v) authorizing Intercompany Transactions (as defined in the Cash Management Motion) consistent with historical practice and granting administrative expense priority to Intercompany Transactions; and (vi) granting related relief.

87. In the ordinary course of business, the Debtors utilize the Cash Management System to collect, concentrate, and disburse funds (primarily payroll and payments to Vendors) to manage their business. The Cash Management System also enables the Debtors to efficiently monitor and control their cash position and maintain control over Intercompany Transactions. Indeed, the continued use of the Cash Management System during the pendency of these Chapter 11 Cases is essential to the Debtors' business operations and their goal of maximizing value for the benefit of all parties in interest.

88. Moreover, in the ordinary course of business, the Debtors engage in certain transactions between and among the Debtors as well as certain of their non-debtor Foreign Affiliates (the "**Intercompany Transactions**"). Historically, the Debtors have engaged in Intercompany Transactions as business is transacted among (i) Rockport and Rockport Canada

and (ii) Rockport and the Foreign Affiliates. Typically, Rockport funds the operations of certain Foreign Affiliates, primarily those in China, Hong Kong, India, and Vietnam (the "**Sourcing and Sales Foreign Affiliates**"), that (i) work directly with the Debtors' Vendors or (ii) with respect to the Hong Kong Sourcing and Sales Foreign Affiliate, engage in sales, customer service, and merchandising with a focus on distributors. The Intercompany Transactions with the Sourcing and Sales Foreign Affiliates ensure the timely production and delivery of the Merchandise sold by the Debtors and its non-Sourcing and Sales Foreign Affiliates to customers around the world. Intercompany Transactions also occur between Rockport and its non-Sourcing and Sales Foreign Affiliates, *i.e.*, those entities in Korea, Japan, and Western Europe: after Rockport purchases the merchandise directly from the Vendors, it sells the merchandise to its non-Sourcing and Sales Foreign Affiliates, resulting in a transfer of funds to Rockport for use by the Debtors in their day-to-day operations in the United States.

89. In addition, Intercompany Transactions regularly occur between Rockport and Rockport Canada when funds are transferred between those entities as necessary, including, but not limited to, transfers as a result of the Rockport's sale of Merchandise to Rockport Canada.[13] Following the Petition Date, Rockport Canada will continue to transfer funds to Rockport on account of (i) Merchandise purchased postpetition from Rockport as necessary for Rockport Canada's ongoing operations[14] and (ii) postpetition back-office services provided by Rockport (the "**Permitted Rockport Canada Intercompany Transactions**").[15] Other than the Permitted

[13] As of the Petition Date, Rockport Canada owes approximately $28.3 million to Rockport and Debtor Drydock Footwear, LLC on account of these Intercompany Transactions.

[14] Rockport Canada will pay Rockport on a cash on delivery basis for postpetition Merchandise prior to receiving delivery of such Merchandise.

[15] Rockport Canada will pay Rockport for back-office services in accordance with existing practices.

Rockport Canada Intercompany Transactions, following the Petition Date, Rockport Canada will not transfer funds to Rockport on account of any prepetition Intercompany Transactions unless otherwise ordered by the Court.

90. Generally, the Debtors' non-Sourcing and Sales Foreign Affiliates operate solely on funds generated in their respective jurisdictions. Occasionally, funds generated by a non-Sourcing and Sales Foreign Affiliate are insufficient to cover such entity's operating costs. In that limited circumstance, Rockport provides supplemental operational funding to the affected non-Sourcing and Sales Foreign Affiliate. The Debtors believe that continuing these Intercompany Transactions in these limited circumstances is necessary to preserving their equity interests in the non-Sourcing and Sales Foreign Affiliates, and thus, is in the best interests of the Debtors and their estates. In fact, the Stalking Horse Bidder intends to acquire the Debtors' equity interests in the Foreign Affiliates pursuant to the Sale of substantially all of the Assets (other than the Debtors' North American Retail Assets) under Section 363 of the Bankruptcy Code. As a result, the Debtors believe that continuance of the Intercompany Transactions, including the Permitted Rockport Canada Intercompany Transactions, is critical to preserving the value of the Foreign Affiliates which will enure to the benefit of the Debtors' estates and stakeholders in connection with the Sale.

91. Additionally, to minimize expenses to their estates, the Debtors seek authorization to continue their correspondence and business forms, including, but not limited to, purchase orders, letterhead, checks, invoices, sales order acknowledgements and other business forms in the forms existing immediately prior to the Petition Date, without reference to the Debtors' status as debtors in possession; provided, however, that in the event that the Debtors generate new checks during the pendency of these cases other than from their existing stock of checks, such

checks will include a legend with the designation "Debtor-in-Possession." In addition, with respect to checks which the Debtors or their agents print themselves, the Debtors will begin printing the "Debtor in Possession" legend and the bankruptcy case number on such items within ten (10) days of the date of entry of an order approving the Cash Management Motion. The Debtors also seek authority to use all correspondence and other business forms (including, without limitation, letterhead, purchase orders and invoices) without reference to the Debtors' status as debtors in possession.

92. Also, by the Cash Management Motion, the Debtors seek a thirty (30) day extension of the time to comply with Section 345(b) of the Bankruptcy Code, without prejudice to the Debtors' ability to seek a further extension (upon agreement with the United States Trustee) or a waiver of those requirements. During the extension period, the Debtors propose to engage the U.S. Trustee in discussions to determine if compliance with Section 345(b) of the Bankruptcy Code is necessary under the circumstances of these Chapter 11 Cases. The Debtors believe that the benefits of the requested extension far outweigh any harm to the estate.

93. Accordingly, based on the foregoing and those additional reasons set forth in the Cash Management Motion, I believe that the relief requested in such motion is necessary to avoid immediate and irreparable harm and is in the best interests of the Debtors' estates and their creditors and all other parties in interest.

M. DIP Motion

94. Pursuant to this motion (the "**DIP Motion**"), the Debtors request entry of interim and final orders (respectively, the "**Interim DIP Order**" and the "**Final DIP Order**" and, collectively the "**DIP Orders**") authorizing them to obtain postpetition secured DIP financing in an aggregate amount of up to $80 million consisting of (i) up to a $60 million DIP ABL Facility (as defined in the DIP Motion) and (ii) up to a $20 million new money DIP Note Facility (as

defined in the DIP Motion).[16] By the DIP Motion, the Debtors also request that the Court authorize related relief, including the consensual use of the Prepetition Secured Parties Lenders' Cash Collateral (as defined in the DIP Motion).

95. The DIP ABL Facility provides the Debtors with a $60 million facility upon entry of the Interim DIP Order. Pursuant to the DIP ABL Credit Agreement (as defined in the DIP Motion) and the DIP Orders, following entry of the Interim DIP Order the Debtors intend to repay the Prepetition ABL Obligations outstanding under the Prepetition ABL Facility initially as a creeping roll-up by applying the collection of receivables and other proceeds of the Revolving Priority Collateral to satisfy amounts owed under the Prepetition ABL Facility and free up corresponding borrowing availability under the DIP ABL Facility. Upon entry of the Final DIP Order, the Debtors will use the proceeds of the next advance under the DIP ABL Credit Agreement to "roll-up" all amounts outstanding under the Prepetition ABL Facility to satisfy all Prepetition ABL Obligations in full in accordance with the terms of the Prepetition Resolving Credit Agreement.

96. The DIP Note Facility further provides the Debtors with approximately $10 million upon entry of the Interim DIP Order and an additional availability of $10 million following entry of the Final DIP Order to be funded in increments. Pursuant to the DIP Note Purchase Agreement (as defined in the DIP Motion) and the DIP Orders, Prepetition Notes in an amount equal to $20 million will be deemed exchanged for notes issued under the DIP Note Facility upon entry of the Interim DIP Order, and an additional $20 million will be deemed

[16] The lenders under the DIP ABL Facility are identical to the lenders under the Prepetition Revolver Facility and the purchasers under the DIP Note Facility are identical to the purchasers under the Prepetition Note Facility.

exchanged for notes issued under the DIP Note Facility upon entry of the Final DIP Order, for a total "partial roll-up" of $40 million of Prepetition Notes.

97. In addition to providing the Debtors with up to $20 million of incremental liquidity, the DIP Facilities (as defined in the DIP Motion) also provide the Debtors with access to the use of the Prepetition Secured Parties Lenders' collateral (including Cash Collateral) on a consensual basis. The repayment of the Prepetition ABL Facility and the Prepetition Note Facility pursuant to the terms of the DIP Facilities is a material component of the structure of the DIP Facilities and was required by the DIP Lenders (as defined in the DIP Motion) as a condition to their commitment to provide postpetition financing, and the consensual use of Cash Collateral.

98. The Debtors believe they must immediately instill confidence in their employees, vendors and customers, reassuring them that these Chapter 11 Cases will not erode their relationships with the Debtors or the overall value of the Debtors' estates. The Debtors further believe they must provide assurances to their stakeholders as to their ability to seamlessly transition into Chapter 11, operate in a "business as usual" fashion, but with increased liquidity, and ultimately consummate a Sale of their business to the Stalking Horse Bidder, or otherwise highest and best bidder pursuant to Section 363 of the Bankruptcy Code. In particular, the Debtors believe that the initial success of these Chapter 11 Cases depends on the comfort level of the Debtors' stakeholders–in particular the Debtors' third-party vendors located outside of the United States–which, in turn, depends upon the Debtors' ability to minimize the disruption caused by the Chapter 11 filings.

99. The DIP Facilities, as a package covering all the Debtors' typical financing needs, will provide the working capital necessary to allow the Debtors, including Rockport Canada, to,

among other things, continue operating their businesses until consummation of the proposed Sale, which in turn will help maintain value of the Debtors' estates for the benefit of all creditors and parties in interests. I believe that without access to the DIP Facilities, the Debtors, including Rockport Canada, would lack sufficient liquidity to operate their business, thereby immediately and irreparably harming their business, depleting their going-concern value of their Assets, and jeopardizing consummation of the proposed Sale.

100. In particular, consistent with prepetition practices, funds available under the facility will be used to, among other things, provide Rockport Canada with merchandise to sell, pay wages, salaries and benefits of the Debtors' corporate employees and other general expenses of the Debtors' enterprise. Indeed, Rockport Canada's assets were an important component of the borrowing base under the Prepetition ABL Facility, and thus relied upon by the ABL Lenders to secure the Prepetition ABL Obligations. Without Rockport Canada's assets in the borrowing base (as calculated in accordance with the Prepetition ABL Credit Agreement), the availability under the Prepetition ABL Facility (and thus the outstanding Prepetition ABL Obligations) would have been reduced dollar-for-dollar. Similarly, the inclusion of Rockport Canada's assets in the borrowing base under the DIP ABL Facility is an integral component of such facility, and is a condition to the DIP ABL Lenders' commitment to provide postpetition financing. Thus, the Debtors believe that Rockport Canada's indirect access to funds provided to the other Debtors under the DIP ABL Facility is critical to Rockport Canada's ability to operate as a going concern until consummation of the proposed Sale. Accordingly, the credit to be provided under the DIP Facilities is necessary to preserve the value of the Debtors' estates for the benefit of all stakeholders.

101. In order to properly apportion the joint and several liability among Rockport Canada, on the one hand, and all of the remaining Debtors, on the other hand, of the Prepetition ABL Obligations, the Debtors, the ABL Lenders, and the Prepetition Noteholders, and Richter Advisory Group Inc., in its capacity as the proposed Canadian Court-appointed information officer of the Debtors, have initiated discussions over the fair and equitable allocation of the Debtors' liability under the Prepetition ABL Facility as between Rockport Canada, on the one hand and the remaining Debtors, on the other hand.

102. Subject to consideration and approval by the Court at the Final Hearing, the Debtors, the ABL Lenders, and the Prepetition Noteholders have determined that an appropriate allocation of the Prepetition ABL Obligations should be based upon the net asset values set forth in the most recent Borrowing Base Certification (as of April 15, 2018) under the Prepetition ABL Facility with respect to Rockport Canada's Revolving Priority Collateral and the remaining Debtors' Revolving Priority Collateral. The net asset values of the Revolving Priority Collateral (as determined by the April 15, 2018 Borrowing Base Certificate), as between Rockport Canada and the remaining Debtors is set forth on Exhibit D attached to the DIP Motion.[17] As reflected therein, and based upon the agreement of the Debtors, the Prepetition Secured Parties, the DIP

[17] This exhibit sets forth both the "gross" value of the Debtors' eligible assets under the Prepetition ABL Facility as reflected on the Debtors' books ("**Gross Value**") and the net value of these same assets ("**Net Value**") (split between Rockport Canada and the remaining Debtors). Net Value reflects the ABL Lenders' calculation of what they were willing to lend against, or the "Availability" under the Prepetition ABL Facility. The deductions made to Gross Value to arrive at Net Value include: (i) reserves, which are established to discount collateral value for, among other things, accounts receivable that are over sixty (60) days past due or deemed difficult to collect like foreign, inventory shrinkage, and inventory that may not be readily accessible due to location, and (ii) net orderly liquidation value ("**NOLV**"), which represents a percentage of the eligible inventory that reflects the estimated proceeds from the liquidation of such inventory after deducting all associated direct operating costs and liquidator fees. The ABL Lenders utilized professionals to determine both their reserve levels and the NOLV in order to calculate the Net Value (thereby determining the Availability under the Prepetition ABL Facility). The Debtors believe that utilizing the Net Value of the various Debtors' eligible assets under the Prepetition ABL Facility as of the Petition Date is the appropriate methodology for determining the Proposed ABL Liability Allocation as it best reflects the actual value of the assets in the borrowing base that the ABL Lenders were willing to lend against, and thus the allocable amount of the Prepetition ABL Obligations as between Rockport Canada and the remaining Debtors and their eligible assets as of the Petition Date.

ABL Agent and the DIP Note Purchasers, the Debtors believe that Rockport Canada's allocable share of the Prepetition ABL Obligations should be 18.4% of such outstanding amount, and the other Debtors' allocable share should be 81.6% (the "**Proposed ABL Liability Allocation**"). The Debtors will seek approval of this proposed allocation at the final hearing on the DIP Motion.

103. Although the Proposed ABL Liability Allocation will not be considered by the Court until the Final Hearing, the DIP Note Purchasers are willing to provide up to $10 million in New Money Notes (as defined in the DIP Note Purchase Agreement) upon entry of the Interim Order. However, as set forth in the Interim Order, as a condition to providing any additional New Money Notes under the DIP Notes Facility, the DIP Note Purchasers are requiring that the Proposed ABL Liability Allocation be approved by the Court at the Final Hearing and be part of the Final Order.

104. Further, the DIP Facilities are the result of arm's-length negotiations between the Debtors and the Prepetition Secured Parties related to the Debtors' liquidity issues, financing needs, and goals of these Chapter 11 Cases. First, the DIP Lenders, including the DIP Note Purchasers, were represented by separate counsel for negotiating the terms of the DIP Facilities. Second, the Independent Directors, who were advised by independent counsel, approved the DIP Facilities. Third, the DIP Lenders received all of the protections that a third-party DIP lender would have demanded and received in a comparable context. Finally, the fees payable to the DIP Agents (as defined in the DIP Motion) and the DIP Lenders pursuant to the DIP Documents (as defined in the DIP Motion) were negotiated at arm's length, are an integral component of the overall terms of the DIP Facilities, are the best financing terms available, and I have been advised that such fees are reasonable and customary for similar transactions.

105. The Debtors do not believe that alternative sources of financing with terms as favorable as those of the DIP Facilities are readily available to the Debtors. During the prepetition marketing process and negotiation of the Stalking Horse Agreement, Houlihan, on behalf of the Debtors, contacted a number of traditional and non-traditional lenders, including the Stalking Horse Bidder, with experience providing DIP financing. None of the parties contacted by Houlihan were willing to provide DIP financing that was junior to both the ABL Secured Parties and the Prepetition Noteholders. One party indicated it would be willing to provide DIP financing that was junior to the liens held by the ABL Secured Parties Lenders, but would require priming of the Prepetition Noteholders—likely resulting in expensive and distracting litigation at the outset of these Chapter 11 Cases.

106. The Debtors believe, in consultation with their advisors, that the DIP Facilities represent the Debtors' best alternative for postpetition financing under the circumstances as they provide the Debtors with sufficient and immediate liquidity on terms negotiated at arms' length. Indeed, due largely to the fact that substantially all of the Assets are encumbered under the Prepetition Credit Facilities, the Debtors believe that a workable DIP financing, and successful start to the Chapter 11 Cases, is likely only if such DIP financing has the support of, or is provided by, the Prepetition Secured Parties. Moreover, as with any third-party proposal, the Debtors would have incurred execution risk associated with a new lender transaction, including material timing and due diligence constraints, necessarily involving the payment of additional professional fees. In contrast, the proposed DIP Facilities offered by the DIP Lenders allow the Debtors to avoid the need to engage in a costly and time-consuming priming fight at the outset of these Chapter 11 Cases.

107. Accordingly, based on the foregoing and those additional reasons set forth in the DIP Motion, I believe that the relief requested in such motion is necessary to avoid immediate and irreparable harm and is in the best interests of the Debtors' estates and their creditors and all other parties in interest.

CONCLUSION

108. The Debtors' ultimate goal in these Chapter 11 Cases is to maximize the value of their estates for the benefit of their stakeholders. A Sale of the Assets via Section 363 is the best way to accomplish this. In the near term, however, to minimize any loss of value to their business, the Debtors' immediate objective is to promote stability and maintain ordinary course operations during the early stages of these Chapter 11 Cases, with as little disruption to operations as possible. I believe that if the Court grants the relief requested in each of the First Day Motions, the prospect for achieving these objectives and completing a successful sale of the Debtors' business will be substantially enhanced.

109. I hereby certify that the foregoing statements are true and correct to the best of my knowledge, information and belief and respectfully request that all of the relief requested in the First Day Motions be granted, together with such other and further relief as is just and proper.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 14th day of May, 2018.

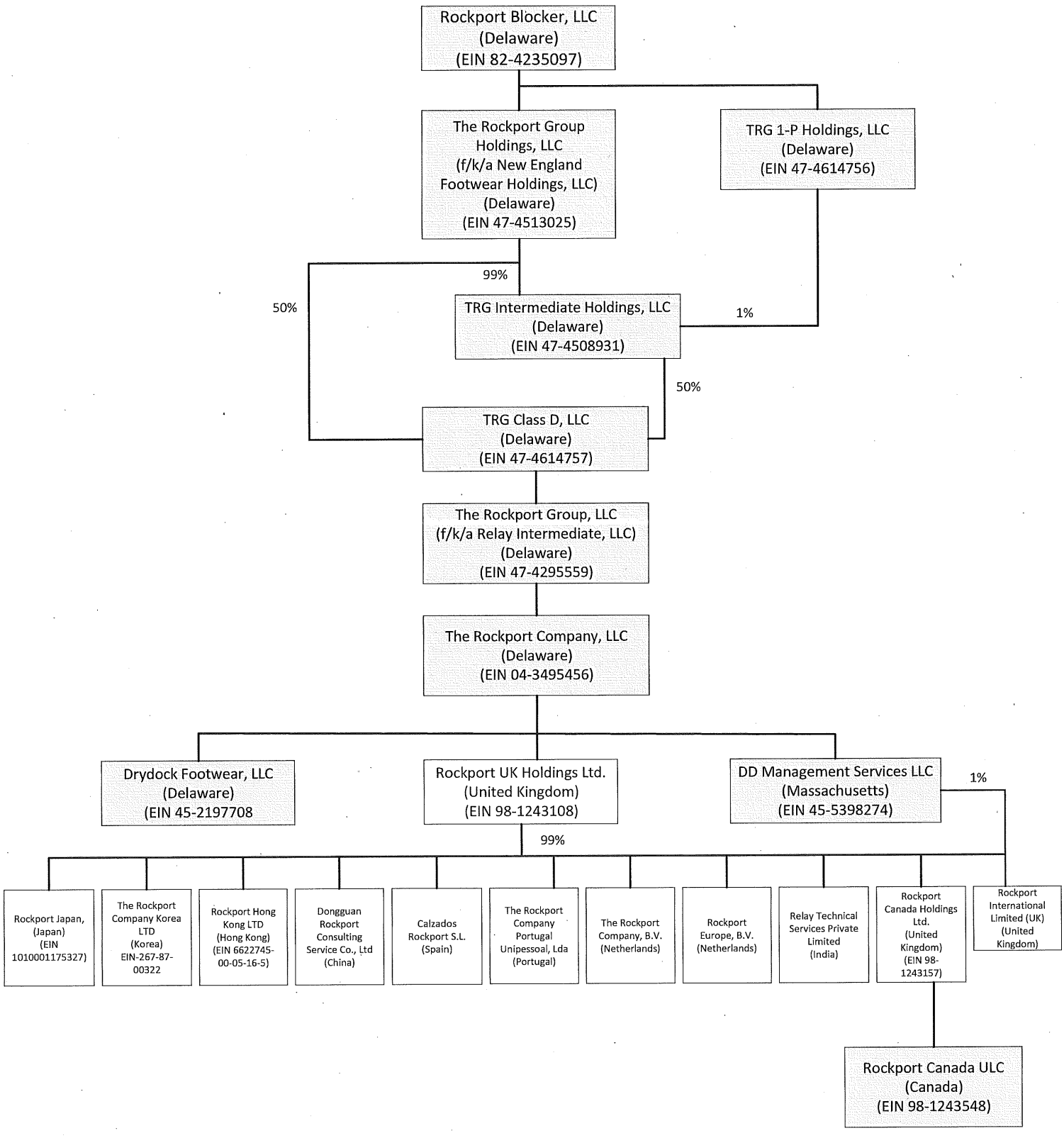
The Rockport Company, LLC, *et al.*
Debtors and Debtors in Possession

/s/ Paul Kosturos
Paul Kosturos
Interim Chief Financial Officer

EXHIBIT A

Organizational Chart

The Rockport Group, LLC
Structure Chart



File a First Day Motion:

18-11145 The Rockport Company, LLC

Type: bk	Chapter: 11 v	Office: 1 (Delaware)
Assets: y	Case Flag: VerifDue, PlnDue, DsclsDue	

U.S. Bankruptcy Court

District of Delaware

Notice of Electronic Filing

The following transaction was received from Mark D. Collins entered on 5/14/2018 at 7:59 AM EDT and filed on 5/14/2018

Case Name: The Rockport Company, LLC
Case Number: 18-11145
Document Number: 14

Docket Text:
Affidavit/Declaration in Support of First Day Motion *//Declaration of Paul Kosturos in Support of Debtors' Chapter 11 Petitions and First Day Motions* Filed By The Rockport Company, LLC (Collins, Mark)

The following document(s) are associated with this transaction:

Document description: Main Document
Original filename:\\im-file\data\MLM\24. First Day Dec.pdf
Electronic document Stamp:
[STAMP bkecfStamp_ID=983460418 [Date=5/14/2018] [FileNumber=15166063-0] [9c568ffeaa7b2fbfec17ba8adde8065e6a1cb97bd4f453ce6bf55d133f20882f0a6 a359e264fbdbdd844913553296f11b7f6e3b8d649b2e4329e29aeaa305523]]

18-11145 Notice will be electronically mailed to:

Mark D. Collins on behalf of Debtor The Rockport Company, LLC
rbgroup@rlf.com;ann-jerominski-2390@ecf.pacerpro.com

Brya Michele Keilson on behalf of U.S. Trustee U.S. Trustee
brya.keilson@usdoj.gov

U.S. Trustee
USTPRegion03.WL.ECF@USDOJ.GOV

18-11145 Notice will not be electronically mailed to:

Tab B

THIS IS EXHIBIT "B" TO THE AFFIDAVIT

OF JONATHAN LEVI SWORN BEFORE ME

ON THIS 30TH DAY OF JULY, 2018

A Notary Public in and for the State of Delaware

ANN JEROMINSKI
MY COMMISSION
EXPIRES
OCTOBER 24, 2019
NOTARY PUBLIC
STATE OF DELAWARE

Court File No:

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 ROCKPORT BLOCKER, LLC, THE ROCKPORT GROUP HOLDINGS, LLC, TRG 1-P HOLDINGS, LLC, TRG INTERMEDIATE HOLDINGS, LLC, TRG CLASS D, LLC, THE ROCKPORT GROUP, LLC, THE ROCKPORT COMPANY, LLC, DRYDOCK FOOTWEAR, LLC, DD MANAGEMENT SERVICES LLC AND ROCKPORT CANADA ULC (THE "DEBTORS")

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

AFFIDAVIT OF PAUL KOSTUROS
(Sworn May 15, 2018)

I, **PAUL KOSTUROS**, of the City of San Francisco in the State of California, **MAKE OATH AND SAY as follows:**

1. I am the interim Chief Financial Officer of The Rockport Company, LLC ("**Rockport**"), a Delaware limited liability company and its affiliated companies, the debtor companies in these proceedings, and as such have personal knowledge of the matters deposed to in this Affidavit, or where I do not possess such personal knowledge, I have stated the source of my information, and in all such cases I believe that both the information and the resulting statement to be true.

2. I am also a Senior Director of Alvarez & Marsal Private Equity Services Operations Group, LLC ("**A&M**"). I have more than 20 years' experience in finance and accounting and have advised companies across a diverse range of industries in respect of their restructuring and insolvency proceedings (both in and out of court). I also have experience designing financing packages and acting as a financial advisor in the purchase or sale of numerous businesses.

3. I have been the interim Chief Financial Officer of Rockport and its affiliated companies since August 1, 2017.

4. Rockport, Rockport Blocker, LLC, The Rockport Group Holdings, LLC, TRG 1-P Holdings, LLC, TRG Intermediate Holdings, LLC, TRG Class D, LLC, The Rockport Group, LLC, Drydock Footwear, LLC, DD Management Services LLC (collectively, the "**US Debtors**") and Rockport Canada ULC ("**Rockport Canada**", and together with the US Debtors, the "**Rockport Group**" or the "**Debtors**") initially retained A&M in March 2017 to provide technology consulting services.

5. The Rockport Group then expanded A&M's management to include interim management services, including my appointment as interim Chief Financial Officer.

6. As a result of my role over the past 10 months, I am generally familiar with the Rockport Group's business, day-to-day operations, finances and records.

Introduction

7. On May 14, 2018 (the "**Filing Date**"), each entity in the Rockport Group filed voluntary petitions for relief pursuant to Chapter 11 of Title 11 ("**Chapter 11**") of the United States Code (the "**US Code**") (collectively, the "**Petitions**" and each a "**Petition**") with the United States Bankruptcy Court for the District of Delaware (the "**US Court**"). Attached hereto and marked as **Exhibit "A"** is a true copy of the filed Petitions. The Rockport Group has requested that the Petitions be jointly administered for procedural purposes only.

8. As of the date of this Affidavit, I am not aware of any other insolvency proceedings involving the Rockport Group other than the proceedings before the US Court commenced by the Petitions (the "**US Proceedings**") and these proceedings.

9. In support of the Petitions, I caused to be filed with the US Court a declaration (the "**First Day Declaration**"). The First Day Declaration sets out in greater detail, among other things, the history of the Rockport Group and the present challenges leading to the US Proceedings. Attached hereto and marked as **Exhibit "B"** is a true copy of the First Day Declaration.

10. As detailed below, the Rockport Group entered into an asset purchase agreement to sell substantially all of the Rockport Group's assets to CB Marathon Opco, LLC ("**Marathon**"), an affiliate of Charlesbank Equity Fund IX, limited Partnership ("**Charlesbank**"), or another higher or otherwise better bidder, pursuant to Section 363 of the US Code. The Rockport Group has determined that value for creditors will be maximized by commencing the US Proceedings and continuing an orderly sale process.

11. This Affidavit is made in support of an application by Rockport Blocker, LLC ("**Blocker**"), in its capacity as foreign representative of the Rockport Group, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36, as amended (the "**CCAA**"), for orders granting certain relief, including, *inter alia*:

(a) abridging the time for service of the materials such that this application is properly returnable on May 16, 2018;

(b) declaring that Blocker is a "foreign representative" as defined in section 45 of the CCAA in respect of the jointly administered insolvency proceedings;

(c) recognizing the US Proceedings under Chapter 11 of the US Code and declaring the US Proceedings as a foreign main proceeding with respect to each member of the Rockport Group, including Rockport Canada;

(d) recognizing and enforcing certain orders (as set out below) of the US Court made in the US Proceedings;

(a) staying all proceedings that might be taken against the Rockport Group under the *Bankruptcy and Insolvency Act* R.S.C. 1985, c. B-3, as amended, or the *Winding-Up and Restructuring Act*, R.S.C. 1985, c. W-11, as amended;

(e) restraining further proceedings and any action, suit or proceeding against the Rockport Group;

(f) prohibiting the commencement of any action, suit or proceeding against the Rockport Group;

(g) granting the Court-ordered charges, namely the Administration Charge (as defined below) to a maximum of CDN$300,000 and the DIP Lender's Charge (as defined below), to a maximum of US$60,000,000; and

(h) appointing Richter Advisory Group Inc. ("**Richter**") as information officer (the "**Information Officer**") in these proceedings.

The First Day Motions

12. As part of the first day motions (the "**First Day Motions**") that were heard by the US Court on May 15, 2018, the US Court made several orders (collectively, the "**First Day Orders**"). The First Day Orders made by the US Court include, *inter alia:*

(a) an order permitting the joint administration of the Chapter 11 cases of the Rockport Group in the US Proceedings, which is attached hereto and marked as **Exhibit "C"** (the "**Joint Administration Order**");

(b) an order authorizing the Rockport Group to appoint Prime Clerk LLC ("**Prime Clerk**") as claims and noticing agent, which is attached hereto and marked as **Exhibit "D"** (the "**Claims Agent Order**");

(c) an order confirming the enforcement and applicability of the protections pursuant to Sections 362, 365, 525 and 541 of the Code, which is attached hereto and marked as **Exhibit "E"** (the "**Automatic Stay Order**");

(d) an order recognizing Blocker as the foreign representative of the Rockport Group, which is attached hereto and marked as **Exhibit "F"** (the "**Foreign Representative Order**");

(e) an interim order (i) authorizing, but not directing, Rockport Group, in their sole discretion, to pay (a) all or a portion of the shipping and warehousing claims and (b) certain import charges; and (ii) authorizing applicable banks and other financial institutions to receive, process, honour and pay any and all cheques drawn on the Debtors' general disbursement account and other transfers, to the

extent such cheques and transfers relate to any of the foregoing, which is attached hereto and marked as **Exhibit "G"** (the "**Shippers and Warehousemen Order**");

(f) an interim order (i) authorizing, but not directing, the Rockport Group to pay prepetition obligations of certain (a) critical vendors, up to US$2,000,000, on an interim basis; and (b) foreign vendors up to US$12 million on an interim basis; and (ii) authorizing applicable banks and financial institutions to receive, process, honor and pay any and all cheques drawn on the Rockport Group's general disbursement account and other transfers, to the extent these cheques and transfers relate to any of the foregoing, which is attached hereto and marked as **Exhibit "H"** (the "**Critical and Foreign Vendors Order**");

(g) an interim order (a) authorizing, but not directing, the Rockport Group, in their sole discretion, to pay Covered Taxes and Fees (as defined in the First Day Declaration), whether asserted prior to, on or after the commencement of the Chapter 11 cases; and (b) authorizing and directing applicable banks and financial institutions to receive, process, honor and pay any and all cheques drawn on the Rockport Group's general disbursement account and other transfers to the extent these cheques and transfers relate to any of the foregoing, which is attached hereto and marked as **Exhibit "I"** (the "**Taxes Order**");

(h) an interim order (i) authorizing the Rockport Group to continue and renew their (a) Insurance Programs (as defined in the First Day Declaration), including Premium Financing (as defined in the First Day Declaration), and (b) Surety Bond Program (as defined in the First Day Declaration) and honor all obligations under the Insurance and Surety Bond Programs; (ii) modifying the automatic stay imposed by Section 362 of the Bankruptcy Code to the extent necessary to permit the Rockport Group's employees to proceed with any claims they may have under the Workers' Compensation Program (as defined in the First Day Declaration); and (iii) authorizing financial institutions to honor and process related cheques and transfers, which is attached hereto and marked as **Exhibit "J"** (the "**Insurance Order**");

(i) an interim order authorizing the Rockport Group to pay pre-Petition wages, compensation, employee benefits and claims of independent contractors which is attached hereto and marked as **Exhibit "K"** (the "**Wages Order**");

(j) an order authorizing, but not directing, the Rockport Group to among other things, (i) maintain certain Customer Programs (as defined in the First Day Declaration); (ii) satisfy obligations related to the Gift Card Program (as defined in the First Day Declaration); and (iii) honor or pay all other Customer Obligations (as defined in the First Day Declaration), which is attached hereto and marked as **Exhibit "L"** (the "**Customer Program Order**");

(k) an interim order with respect to utilities providers: (i) prohibiting the Rockport Group's utility service providers from altering or discontinuing service; (ii) approving an adequate assurance deposit as adequate assurance of post-Petition payment to the utilities; and (iii) establishing procedures for resolving any subsequent requests by the utilities for additional adequate assurance of payment, which is attached hereto and marked as **Exhibit "M"** (the "**Utilities Order**");

(l) an interim order authorizing, but not directing, the Rockport Group to maintain their existing bank accounts, cash management system and authorizing the continuation of (and administrative expense priority status of) intercompany transactions, subject to certain limitations set out therein, which is attached hereto and marked as **Exhibit "N"** (the "**Cash Management Order**"); and

(m) an interim order, among other things, (i) approving post-Petition financing; (ii) granting liens and super-priority administrative expense claim status to Citizens Business Capital, as administrative and collateral agent (the "**DIP ABL Agent**") for the DIP ABL Lenders (as defined in the First Day Declaration) and (iii) modifying the automatic stay; and (iv) scheduling the final hearing, which is attached hereto and marked as **Exhibit "O"** (the "**Interim DIP Financing Order**").

Foreign Representative Order and the Joint Administration Order

13. The US Court made the Foreign Representative Order appointing Blocker as the foreign representative of the Rockport Group to, among other things, seek recognition of the US Proceedings in Canada. Pursuant to the Foreign Representative Order, the US Court requested the assistance of the Ontario Superior Court of Justice (the "**Canadian Court**") in aiding and supporting the US Proceedings.

14. Pursuant to the Joint Administration Order, the US Court directed that the Chapter 11 cases of each member of the Rockport Group would be administered jointly, including having one court file and one service list.

15. In granting the Foreign Representative Order and the Joint Administration Order, the US Court was satisfied that each order was necessary for the US Proceedings and the efficient administration of the US Proceedings. Blocker seeks recognition of the Foreign Representative Order and the Joint Administration Order, so that these proceedings can be managed efficiently and in a manner consistent with the US Proceedings.

Claims Agent Order

16. Pursuant to the Claims Agent Order, the US Court appointed Prime Clerk as claims and noticing agent for the Rockport Group in order to administer the claims of the Rockport Group's creditors. Prime Clerk is a bankruptcy administrator that specializes in administering Chapter 11 proceedings.

17. In making the Claims Agent Order, the US Court determined that the appointment of Prime Clerk as claims agent was reasonable and appropriate to ensure the efficient and effective administration and determination of claims against the Rockport Group.

18. Blocker seeks recognition of the Claims Agent Order from this Honourable Court to ensure consistency in the administration of these proceedings and the US Proceedings. However, Blocker does not propose that the role of Prime Clerk supplant or replace the proposed role of Richter as information officer in these proceedings.

Automatic Stay Order

19. Pursuant to the Automatic Stay Order, the US Court enforced and restated the automatic stay of the US Code and the Rockport Group's right to continue operations, including authorization to satisfy all ordinary course business obligations incurred after the Filing Date.

20. In making the Automatic Stay Order, the US Court determined that enforcing and restating the stay provisions of the US Code was appropriate and necessary to maintain the Rockport Group's operations, while it continues its efforts to facilitate the entry into an asset purchase agreement.

21. Blocker seeks recognition of the Automatic Stay Order from this Honourable Court and submits that such recognition is necessary to ensure consistency between these proceedings and the US Proceedings.

Shippers and Warehousemen Order

22. The US Court made the Shippers and Warehousemen Order, which authorizes (but does not direct) the Rockport Group to, in their sole discretion, pay all or a portion of certain accrued pre-Petition shipping and warehousing claims and certain pre-Petition import charges. The Rockport Group sought this order to ensure its supply of inventory and other goods would not be interrupted. The Shippers and Warehousemen Order was made on an interim basis, and will be subject to a further hearing and final order of the US Court.

23. In making the Shippers and Warehousemen Order, the US Court was satisfied that it is necessary for the Rockport Group to be allowed to pay certain shippers and warehousemen for charges incurred in connection with the transport of goods, so that such shippers or warehousemen do not assert possessory liens against any of the Rockport Group's merchandise or otherwise refuse to release such merchandise pending receipt of payment, which would disrupt the Rockport Group's operations and potentially cause substantial delays, great expense and irreparable harm to the Rockport Group's estates.

24. The US Court was further satisfied in making the Shippers and Warehousemen Order that it is necessary for the Rockport Group to be allowed to pay certain import charges (including, but

not limited to, customs duties, detention and demurrage fees, tariffs, excise taxes and other similar obligations) on merchandise delivered from foreign countries as non-payment could cause substantial delays, great expense and irreparable harm to the Rockport Group's estates. In exchange for the payments pursuant to this Order, the recipients are to provide service in the ordinary course.

25. Blocker seeks recognition of the Shippers and Warehousemen Order from the Canadian Court and submits that such recognition is necessary to ensure consistency in the treatment of these payments between these proceedings and the US Proceedings.

Critical and Foreign Vendors Order

26. Pursuant to the Critical and Foreign Vendors Order, the US Court authorized the Rockport Group to pay pre-Petition obligations to (i) certain critical vendors up to the Critical Vendor Claims Cap (as defined in the First Day Declaration) and (ii) certain foreign vendors up to the Foreign Vendor Claims Cap (as defined in the First Day Declaration). The Rockport Group sought this order to ensure its critical and foreign vendors would continue to supply necessary merchandise to the group. In particular, the Rockport Group was concerned that foreign vendors may not consider themselves bound by the US Proceedings without a specific order. The Critical and Foreign Vendors Order was made on an interim basis, and will be subject to a further hearing and final order of the US Court.

27. In making the Critical and Foreign Vendors Order, the US Court was satisfied that the Critical and Foreign Vendors Order was necessary to ensure that certain critical and foreign vendors integral to sourcing and manufacturing all of the Rockport Group's merchandise do not disregard the automatic stay and engage in conduct disruptive to the Rockport Group's operations, potentially jeopardizing its continued efforts to facilitate an asset purchase. In exchange for the payments pursuant to this Order, the recipients are to provide service in the ordinary course.

28. Blocker seeks recognition of the Critical and Foreign Vendors Order from the Canadian Court and submits that such recognition is necessary to ensure there is no disruption to the Rockport Group's global sourcing and manufacturing network.

Taxes Order

29. Pursuant to the Taxes Order, the US Court authorized the Rockport Group, in its discretion, to pay certain taxes and fees (defined as in the Taxes Order as Covered Taxes and Fees). The Covered Taxes and Fees include income taxes, sales and use taxes, employment taxes, business taxes and property taxes. I believe that many of the Covered Taxes and Fees were collected before the Petitions and must be paid over to the relevant taxing authority and that a failure to do so would result in priority liens. The Taxes Order applies to Canadian taxation authorities, including with respect to sales taxes. The Taxes Order was made on an interim basis, and will be subject to a further hearing and final order of the US Court.

30. In making the Taxes Order, the US Court determined that it was appropriate and necessary for the Rockport Group to have discretion to pay pre-Petition and post-Petition taxes and fees to facilitate its continued operations and avoid potential disruptions to the Rockport Group's operations, including interruptions to necessary permits and distracting the efforts of critical employees.

31. Blocker seeks recognition of the Taxes Order from the Canadian Court, and submits that such recognition is necessary to ensure the efficient and consistent administration of the Rockport Group's operations and stability throughout its efforts to restructure and to implement the restructuring plan. Blocker also seeks recognition of the Taxes Order from the Canadian Court to ensure that Canadian taxation authorities are treated consistently with those in the US.

Insurance Order

32. The US Court made the Insurance Order, which authorizes the Rockport Group to continue and renew certain insurance programs, including premium financing and surety bond programs. The Insurance Order also modified the automatic stay under Section 362 of the US Code, to allow the Rockport Group's employees to proceed with any claims they may have under workers' compensation insurance coverage (the "**Workers' Compensation Program**")

maintained by the Rockport Group. The Insurance Order was made on an interim basis and will be subject to a further hearing and final order of the US Court.

33. In making the Insurance Order, the US Court was satisfied that all of the insurance programs covered by the Insurance Order are essential to the ongoing operation of the Rockport Group's businesses and the preservation of the value of the Rockport Group's estates.

34. Blocker seeks recognition of the Insurance Order from the Canadian Court and submits that such recognition is necessary to ensure consistency of the insurance coverage between the US Debtors and Rockport Canada.

Wages Order

35. The US Court granted the Wages Order authorizing the Rockport Group to, *inter alia*, pay pre-Petition wages and other amounts owed to its employees and claims of independent contractors, to continue all employee benefit programs and to pay all withholding obligations, as such obligations are due. The Wages Order was made on an interim basis and will be subject to a further hearing and final order of the US Court.

36. In granting the Wages Order, the US Court was satisfied that the failure to make payments for these obligations to the Rockport Group employees (and for withholdings related to those employees) and claims of independent contractors would threaten the Rockport Group's ability to operate and its efforts to facilitate the entry into an asset purchase agreement. The US Court was further satisfied that authorizing the payment of these amounts was a sound exercise of the Rockport Group's business judgment.

37. Blocker seeks recognition of the Wages Order from the Canadian Court to ensure that all Rockport Group employees, independent contractors and government entities receiving withholdings are treated consistently.

Customer Program Order

38. The US Court made the Customer Program Order, which authorizes the Rockport Group to maintain certain market and sales practices that, among other things, are targeted to develop and sustain a positive reputation for the Rockport Group goods in the marketplace and to attract

new customers and provide incentives, including rewards, to existing customers. These programs include online sales promotions, wholesale sales promotions, the coupon program, the gift card program, return, refund and exchange policies, the gift card program and the credit card processing program. The Customer Program Order further authorizes the Rockport Group to pay certain pre-Petition obligations relating to these activities.

39. In making the Customer Program Order, the US Court was satisfied that without such an order, the Rockport Group was at risk of losing customer loyalty, goodwill, and market share, which could cause a precipitous decline in the value of their businesses at a critical juncture. The US Court was further satisfied that the Customer Program Order was necessary to keep the reputation of the Rockport Group's brands intact in order to avoid irreparable harm and to maximize value for the Rockport Group's estates and their stakeholders.

40. Blocker seeks recognition of the Customer Program Order from this Honourable Court and submits that such recognition is necessary to ensure that the Rockport Group brand is maintained consistently across jurisdictions and that Canadian customers receive the same treatment in these proceedings as those based in the US.

Utilities Order

41. Pursuant to the Utilities Order, the US Court approved adequate assurance of payment for certain utility providers, establishing procedures for resolving claims by utility providers and prohibited the utility providers from terminating service solely on the basis of the commencement of the US Proceedings. The utilities providers include those supplying gas, electricity, phone and internet services. The Utilities Order includes 17 Canadian utilities providers. The Utilities Order was made on an interim basis and will be subject to a further hearing and final order of the US Court.

42. In making the Utilities Order, the US Court was satisfied that continued service was reasonable, appropriate and necessary to maintain the Rockport Group's operations while it continues its efforts to enter into an asset purchase agreement.

43. Blocker seeks the recognition of the Utilities Order from this Honourable Court and submits that such recognition is necessary to ensure consistency between these proceedings and

the US Proceedings. Blocker also seeks recognition of the Utilities Order from this Honourable Court to ensure Canadian utilities providers are treated consistently with the US utilities providers.

Cash Management Order

44. The US Court made the Cash Management Order, which authorizes the Rockport Group to continue to operate its existing cash management system (including its existing bank accounts), to maintain its existing business forms (such as cheques), and to continue to perform intercompany transactions consistent with past practice, subject to the Permitted Rockport Canada Intercompany Transactions (as defined below). The intercompany transactions include payments between Rockport and Rockport Canada and payments between Rockport and other foreign affiliates. The Cash Management Order was made on an interim basis and will be subject to a further hearing and final order of the US Court.

45. Intercompany transactions regularly occur between Rockport and Rockport Canada when funds are transferred between those entities as necessary, including, but not limited to, transfers as a result of the Rockport's sale of merchandise to Rockport Canada. Following the Petition Date, Rockport Canada will continue to transfer funds to Rockport on account of (i) merchandise purchased postpetition from Rockport, as necessary for Rockport Canada's ongoing operations and (ii) postpetition back-office services provided by Rockport (the "**Permitted Rockport Canada Intercompany Transactions**"). Other than the Permitted Rockport Canada Intercompany Transactions, following the Petition Date, Rockport Canada will not transfer funds to Rockport on account of any prepetition intercompany transactions, unless otherwise ordered by the US Court.

46. In granting the Cash Management Order, the US Court was satisfied that the existing system, subject to the Permitted Rockport Canada Intercompany Transactions, was essential to the Rockport Group's ongoing operations in order to maximize value in its sale efforts and that there would be no prejudice to the Rockport Group continuing to use pre-printed business forms without modification to identify the members of the Rockport Group as debtors in possession.

47. The US Court was also satisfied that the intercompany transactions, subject to the Permitted Rockport Canada Intercompany Transactions, should continue because the system enables the Rockport Group to efficiently monitor and control their cash position and maintain control over Intercompany Transactions (as defined in the First Day Declaration). The continued use of the cash management system in such manner during the pendency of the US Proceedings is essential to the Rockport Group's business operations and their goal of maximizing value for the benefit of all parties in interest. In making the Cash Management Order, the US Court was further satisfied that the Cash Management Order was necessary to avoid immediate and irreparable harm and is in the best interests of the Rockport Group's estates and their creditors and all other parties in interest.

48. Blocker seeks recognition of the Cash Management Order from the Canadian Court to ensure that the Rockport Group finances, which are highly integrated, can continue in the ordinary course, subject to the Permitted Rockport Intercompany Transactions, and to ensure the efficient administration of the Rockport Group, as it works to facilitate the entry into an asset purchase agreement.

Interim DIP Financing Order

49. Pursuant to the Interim DIP Financing Order:

(a) the Rockport Group is authorized to borrow up to US$60 million of post-Petition revolving loans under the DIP ABL Facility (as defined in the First Day Declaration), with a Canadian sublimit of zero (the "**DIP ABL Financing**"); and

(b) the US Debtors are authorized to borrow up to US $20 million of post-Petition financing under the DIP Note Facility (as defined in the First Day Declaration (the "**DIP Note Financing**" and together with the DIP ABL Financing, the "**DIP Financing**")

on such terms and conditions set out in the applicable post-Petition credit agreement, or note purchase agreement and related documents.

50. Consistent with the Prepetition Revolving Credit Agreement (as defined in the First Day Declaration), Rockport Canada will be a borrower under the DIP ABL Financing pursuant to the post-Petition Senior Secured Super-Priority Debtor-in-Possession Revolving Credit Agreement (the "**DIP ABL Credit Agreement**") and related documents (together with the DIP ABL Credit Agreement, the "**DIP Financing Documents**").

51. Consistent with the pre-Petition Note Purchase Agreement dated as of July 31, 2015 (as amended or supplemented to the date hereof), Rockport Canada will not be a party to the DIP Note Financing. The DIP Note Financing will be on the terms and conditions of a Debtor-In-Possession Note Purchase and Security Agreement (the "**DIP Note Purchase Agreement**") by and among the US Debtors, as borrowers, the purchasers party thereto from time to time, and Cortland Capital Market Services LLC, as collateral agent for the note purchasers thereunder (the "**DIP Note Purchasers**").

52. The DIP Note Purchase Agreement provides for the purchase of postpetition notes from time to time thereunder in the amount of up to US$20,000,000 during the Interim Period (as defined in the First Day Orders) to (i) fund the Debtors' Chapter 11 cases and the continued operation of their businesses as US Debtors, and certain fees and expenses associated with the consummation of the transactions and (ii) issue notes under the DIP Note Purchase Agreement, in exchange for Senior Secured Notes (as defined in the First Day Orders) held by the DIP Note Purchasers.

53. The DIP ABL Financing is being provided by a syndicate of lenders (the "**DIP ABL Lenders**"). The DIP ABL Lenders consist of the syndicate of lenders that provided the Rockport Group with its Prepetition ABL Facility (as defined in the First Day Declaration) and the DIP ABL Agent is the same administrative and collateral agent under the Prepetition ABL Facility (the "**Prepetition ABL Agent**"). Although Rockport Canada currently has no borrowings under that facility, it is a co-borrower and a guarantor of the US Debtors' borrowings under that facility and has granted a security interest over its assets, property and undertakings in favour of the Prepetition ABL Agent in respect of those obligations.

54. Pursuant to the DIP ABL Financing Documents, and consistent with the pre-Petition financing terms, Rockport Canada is a co-borrower, the Canadian sublimit under the DIP ABL

Financing will be zero, and Rockport Canada will guarantee all of the obligations of the US Debtors under the DIP ABL Financing Documents. The assets of the US Debtors provide security for the borrowings under the DIP ABL Financing and the assets of Rockport Canada provide security, as co-borrower and guarantor, of the borrowings under the DIP ABL Financing.

55. The DIP Financing will provide the working capital necessary for the Rockport Group to continue its business in the ordinary course until consummation of the proposed sale, with a view to maintaining value for the benefit of all creditors and stakeholders.

56. The US Court ordered that the DIP Financing be secured by security interests and liens in accordance with the US Code and that the amounts owed under the DIP Financing would constitute super-priority claims in priority to all other obligations and liabilities of the Rockport Group, subject only to: (a) the DIP Credit Agreements (as defined in the Interim DIP Financing Order), (b) the Carve-Out (as defined in the Interim DIP Financing Order), (c) a charge in a maximum amount of CDN$300,000 to secure the professional fees and expenses of Richter as information officer and its counsel, and (d) any existing liens that, under applicable law, are senior to, and have not been subordinated to, the liens of the Prepetition Secured Parties (as defined in the Interim DIP Financing Order), but only to the extent that such existing liens are valid, perfected, enforceable, and unavoidable liens as of the Petition Date.

57. The Interim DIP Financing Order authorizes the Debtors to use all cash, collections and proceeds of the ABL Priority Collateral (as defined in the Interim DIP Financing Order) (except ABL Priority Collateral of Rockport Canada) to reduce the Debtors' obligations under the Prepetition ABL Facility during the Interim Period (as defined in the Interim DIP Financing Order). Upon entry of the Final Order (as defined in the Interim DIP Financing Order), subject to the terms and conditions set out in paragraph 38 of the Interim DIP Financing Order, the Debtors will use the proceeds of the DIP ABL Credit Agreement to fully satisfy all of their obligations under the Prepetition ABL Facility. As of the Petition Date, the aggregate outstanding amount owed by the Rockport Group under the Prepetition Revolving Credit Agreement is approximately US$53,425,436.95, plus US$3,550,000 of issued and outstanding letters of credit.

58. The Interim DIP Financing Order deems each DIP Note Purchaser to have exchanged a portion of its claims arising under the Senior Secured Notes (as defined in the Interim DIP

Financing Order), in an amount equal to the amount of such DIP Note Purchaser's DIP Commitment (as defined in the DIP Note Purchase Agreement), for Roll Up Notes (as defined in the DIP Note Purchase Agreement) on a dollar-for-dollar basis. Upon entry of the Final Order, each DIP Note Purchaser shall be deemed to have exchanged an additional portion of its claims arising under the Senior Secured Notes, in an amount equal to such DIP Note Purchaser's DIP Commitment, for Roll Up Notes (as defined in the DIP Note Purchase Agreement) on a dollar-for-dollar basis. As of the Filing Date, US$188,300,000 in principal amount of Senior Secured Notes was outstanding.

59. The Interim DIP Financing Order also authorizes the Rockport Group to use its cash collateral in accordance with the terms of that order.

60. The DIP ABL Financing is made on substantially similar terms as the Prepetition ABL Facility.

61. The costs and fees of the DIP Financing are market for similar levels of financing in similar circumstances. The US Court was satisfied that the terms and conditions of DIP Financing, and the fees paid and to be paid thereunder, are fair, reasonable, and the best available to the Debtors under the circumstances, reflect the Debtors' exercise of prudent and sound business judgment consistent with their fiduciary duties and are supported by reasonably equivalent value and consideration.

62. The US Court was satisfied that the Interim DIP Financing Order was necessary for the orderly continuation and operation of the Rockport Group, to maintain business relationships and to satisfy its business and operational needs (including payroll and other expenses incurred in the ordinary course of business) and to fund the administration of the US Proceedings and the Rockport Group's efforts to facilitate the entry into an asset purchase agreement.

63. The US Court was satisfied that the Rockport Group did not have sufficient available sources of capital and financing to operate its business or maintain its properties in the ordinary course of business without the DIP Financing and the use of cash collateral.

64. The US Court was also satisfied that the Rockport Group would not be able to obtain financing on more favourable terms and would not be able to obtain adequate unsecured credit under the US Code.

65. The US Court was further satisfied that the DIP Financing was a sound exercise of the Rockport Group's business judgment.

66. Blocker seeks recognition of the Interim DIP Financing Order from the Canadian Court.

67. Blocker seeks recognition of the Interim DIP Financing Order from the Canadian Court, with a corresponding charge for the DIP ABL Financing, to ensure the financing remains available and that the Rockport Group can meet its obligations and continue its efforts to facilitate the entry into an asset purchase agreement.

68. The obligations that Rockport Canada will undertake under the DIP ABL Financing correspond to its pre-Petition obligations. That is, Rockport Canada is a co-borrower and a guarantor of the obligations under the DIP ABL Facility and security will be granted over Rockport Canada's assets for its obligations under that facility. While Rockport Canada is listed as a borrower under the DIP ABL Financing, it has no borrowing availability.

The Business of the Rockport Group

69. The Rockport Group is a leading global designer, distributor, and retailer of comfort footwear in more than fifty markets worldwide. The footwear business is highly competitive, and the Rockport Group's business accounts for a fraction of the total market for men's and women's footwear. The Rockport Group competes with other footwear retailers and wholesalers, including department stores, online retailers, manufacturer-owned factory outlet stores and other retail and wholesale outlets. At various times of the year, department store chains, specialty shops, and online retailers offer brand-name merchandise at substantial markdowns which further intensifies the competitive nature of the industry.

70. Further details of the history and business of the Rockport Group (including the circumstances leading to the Chapter 11 Petitions), are set out in the First Day Declaration.

Corporate Structure of the Rockport Group

71. Blocker is a Delaware limited liability corporation headquartered in West Newton, Massachusetts, United States and is the ultimate parent of each of the other entities in the Rockport Group. Rockport Canada is an indirect wholly-owned subsidiary of Rockport.

72. The Rockport Group's US operations are operated by Rockport and its Canadian operations are operated by Rockport Canada.

73. Details of the Rockport Group, its incorporating jurisdictions and the location of its head offices are as follows:

Name	Jurisdiction of Incorporation	Location of Head Office/Headquarters
Rockport Blocker, LLC	Delaware	West Newton, Massachusetts
The Rockport Group Holdings, LLC	Delaware	West Newton, Massachusetts
TRG 1-P Holdings, LLC	Delaware	West Newton, Massachusetts
TRG Intermediate Holdings, LLC	Delaware	West Newton, Massachusetts
TRG Class D, LLC	Delaware	West Newton, Massachusetts
The Rockport Group, LLC	Delaware	West Newton, Massachusetts
The Rockport Company, LLC	Delaware	West Newton, Massachusetts
Drydock Footwear, LLC	Delaware	West Newton, Massachusetts
DD Management Services LLC	Massachusetts	West Newton, Massachusetts
Rockport Canada ULC	British Columbia	West Newton, Massachusetts

74. The corporate structure of the Rockport Group is set out in an organizational chart, which is attached hereto as **Exhibit "P"**.

Centre of Main Interest

The US Debtors

75. The Rockport Group's operations are based in the United States.

76. The US Debtors each have their registered office and conduct all operations in the United States. The US Debtors have no assets or operations in Canada and the US Debtors have no Canadian creditors or employees.

77. All material decisions with respect to business and operations of the US Debtors are directed by management located in the United States (in particular, the head office in West Newton, Massachusetts), including, without limitation, all decisions regarding administration, finances, human resources, strategic planning, management, communication and accounting.

Rockport Canada

78. Rockport Canada has its registered and records office in Vancouver, British Columbia. Attached hereto and marked as **Exhibit "Q"** is a true copy of the British Columbia Corporate Registry search for Rockport Canada, obtained from the British Columbia Corporate Registry on or about April 26, 2018. Rockport Canada is also extra-provincially registered in Alberta, Manitoba, Nova Scotia, Ontario, Quebec and Saskatchewan.

79. Rockport Canada's sole director is Robert Infantino, a resident of West Newton, Massachusetts.

80. Rockport Canada's officers are Robert Infantino and Karla Jarvis, each of whom are residents of Massachusetts.

81. As noted above, Rockport Canada is an indirect wholly owned subsidiary of Rockport.

82. The Canadian assets and operations of Rockport Canada can be summarized as follows:

(a) Rockport Canada has the following bank accounts:

(i) an account with HSBC Bank Canada ("**HSBC**") that serves as Rockport Canada's operating account;

(ii) an account with HSBC that is currently inactive;

(iii) an account with HSBC that serves as Rockport Canada's US Dollar disbursement account (the "**USD Disbursement Account**"); and

(iv) a lockbox account with HSBC for payments from wholesale customers;

(b) its operations include outlet stores and retail stores which are located in Alberta (6), British Columbia (3), Manitoba (2), Nova Scotia (1), Ontario (16), Prince Edward Island (1), and Quebec (4);

(c) all of the Canadian retail and outlet locations are leased by Rockport Canada;

(d) it operates a warehouse and distribution facility located in Brampton, Ontario, which is leased by Expeditors International of Washington, Inc. ("**Expeditors**"). Expeditors coordinates and processes import duties and arranges for transport of the Rockport Group's inventory (including inventory of Rockport Canada in the Brampton warehouse);

(e) it owns inventory located in Canada, valued at approximately CDN$24,320,532; and

(f) it employs 220 Canadian employees, which is comprised of 4 salespeople and 216 retail employees. The 4 salespeople each hold the title of Manager, Territory Sales and 2 of the individuals are based in Ontario, 1 person is in BC and the fourth person is in Quebec. The retail employees work in Rockport Canada's stores across Canada and include store managers and area managers.

83. Rockport Canada's stores that are located throughout Canada are summarized as follows:

Province	Number of Retail Stores	Number of Outlet Stores
Alberta	4	2
British Columbia	1	2

Manitoba	1	1
Nova Scotia	1	0
Ontario	6	10
Prince Edward Island	0	1
Quebec	1	3
Total Number of Stores	14	19

84. None of Rockport Canada's employees are members of any unions.

85. Rockport Canada does not have any pension plan with respect to its employees.

86. The Wages Order authorized Rockport Canada to continue to pay Rockport Canada's employees in the ordinary course. Any amounts owed to any Rockport Canada employees, including for vacation pay, severance pay and benefits, are expected to be paid in the ordinary course, in accordance with the Wages Order.

87. Rockport Canada maintains compensation and benefits for its employees, including wages, employee benefits and an RRSP program. Pursuant to the RRSP program, the Rockport Group contributes an amount equal to 7.5% of an employee's earnings, provided that the employee contributes at least 2.5% of his or her earnings. As of the Petition Date, Rockport Canada owes approximately US$140,000 in amounts due to its employees under the compensation and benefits program. All benefits plans, including insurance, medical and dental, are paid through May 2018.

88. The payroll and benefits programs for Rockport Canada are managed by the accounting and benefits group of Rockport, which is based in West Newton, Massachusetts.

89. All of Rockport Canada's assets are located within Canada.

90. Rockport Canada's head office is located in West Newton, Massachusetts.

91. Rockport Canada is an indirect wholly owned subsidiary of Rockport. Rockport makes all material decisions regarding Rockport Canada and all of Rockport Canada's operations are managed by Rockport personnel in the United States. In particular, all of Rockport Canada's

treasury and financial decisions, including borrowing and setting prices are made by the head office in West Newton, Massachusetts. All Canadian locations provide their financial data and information directly to the head office in West Newton, Massachusetts, which consolidates the information and uses it to make the financial decisions.

92. All accounts payable and accounts receivable are managed from the Rockport Group head office in West Newton, Massachusetts.

Rockport Canada is fully integrated in the US management of the Rockport Group

93. As noted above, all material decisions regarding Rockport Canada and its operations are made by Rockport Group personnel in the United States.

94. The Rockport Group operations, including Rockport Canada, are highly integrated and all corporate decisions are made from the head office in West Newton, Massachusetts.

95. There are no management personnel employed directly by Rockport Canada or located in Canada, except that Rockport Canada employs store managers and area managers to oversee the day-to-day operations of Rockport Canada's stores. The store managers report to the area managers. The area managers oversee the posting of jobs and identifying staffing needs, but they cannot make decisions on hiring or terminating employees without approval from Rockport Canada's head office in West Newton, Massachusetts.

96. Rockport Canada does not have any human resources personnel. Human resources issues and questions for Rockport Canada are managed by two Rockport employees based in West Newton, Massachusetts.

97. Rockport Canada's inventory is distributed from a warehouse based in Brampton, Ontario, but all decisions regarding inventory management are made by the Rockport head office in West Newton, Massachusetts. Rockport uses forecasts to determine inventory needs, and the head office in West Newton, Massachusetts places orders on behalf of Rockport Canada.

98. Rockport Canada does not have any information technology personnel. All technology decisions and issues are managed by Rockport from the head office in West Newton, Massachusetts. In particular, the e-commerce site is based out of and managed from the US.

99. Rockport makes all marketing decisions for the Rockport Group, including Rockport Canada, from its head office in West Newton, Massachusetts.

100. Rockport Canada's strategic decisions, including asset management, capital expenditure and planning decisions are driven from the head office in West Newton, Massachusetts.

101. Other than the retail employees based at Rockport Canada's stores throughout Canada, there are no customer service personnel located within Canada or employed by Rockport Canada. The Rockport Group head office in West Newton, Massachusetts provides all customer service for Rockport Canada (other than in-store service).

102. As noted in the First Day Declaration and discussed in further detail below, the Prepetition Revolving Credit Agreement is a credit facility for the Rockport Group, including Rockport Canada. The Prepetition Revolving Credit Agreement is administered by the Rockport Group finance department based in West Newton, Massachusetts.

103. Based on the forgoing, I verily believe that the Rockport Group, including Rockport Canada, is managed from West Newton, Massachusetts from a corporate, strategic and management perspective and that significant creditors would recognize West Newton, Massachusetts as the centre of Rockport Canada's operations.

Rockport Canada's Cash Management

104. The Canadian segment of the Rockport Group's cash management system is made up of accounts held in Rockport Canada's name at HSBC. The system is made up of three active accounts at HSBC and one inactive account. The system is managed out of the finance and accounting department based in West Newton, Massachusetts. None of Rockport Canada's employees has access to the HSBC accounts, other than to request deposit slips for the operating account.

105. The Canadian operating account serves as the primary collection and disbursement account for Rockport Canada's operations. Revenues generated from wholesale operations, retail credit card sales and retail cash sales are deposited directly into the Canadian operating account. The cash transactions are deposited into the account by an armoured car service, which

picks up the cash and delivers it to HSBC, and all other payments are electronic and deposited directly into the account.

106. The Canadian operating account is also used to fund disbursements in Canadian dollars related to the Rockport Group's day-to-day operations in Canada, including disbursements to vendors, shippers, taxes, customs and duties and amounts due to employees. Under the pre-Petition arrangements, excess cash from the Canadian operating account is periodically transferred to accounts maintained by Rockport.

107. The USD Disbursement Account is used to disburse cheques and wires in US dollars to suppliers and US-based vendors of Rockport Canada. Funds are transferred from the Canadian operating account to the USD Disbursement Account as needed. There is minimal activity associated with the USD Disbursement Account.

108. The lockbox account is used to receive cheques from the Rockport Group's wholesale customers in Canada. At the end of each day, funds in the lockbox account are swept into the Canadian operating account.

109. Rockport Canada intends to close the inactive account at HSBC. This account was previously used to collect revenue from retail credit card sales (which are now deposited directly into the Canadian operating account).

110. During the course of these proceedings, Rockport will cease the practice of sweeping excess cash from the Canadian operating account, so that all such funds are available to Rockport Canada throughout these proceedings.

Intercompany Transactions

111. Rockport Canada is a party to intercompany transactions with Rockport. In particular, the pre-Petition arrangement is for the head office in West Newton, Massachusetts to monitor Rockport Canada's liquidity on approximately a weekly or bi-weekly basis, and transfer excess funds from Rockport Canada's operating account to Rockport.

112. As noted above, the practice of transferring excess cash from Rockport Canada's operating account to Rockport will not continue in the course of these proceedings.

113. Rockport determines the inventory required and places orders on behalf of all of the Rockport Group and its foreign subsidiaries. The pre-Petition arrangement is for Rockport Canada to pay Rockport for the inventory received, plus a mark-up to cover its portion of the management expenses, which includes costs associated with services, which include accounting, human resources and inventory management services, among others, provided by Rockport to Rockport Canada. As noted above, the Cash Management Order permits Rockport Canada to continue to pay for the Permitted Rockport Canada Intercompany Transactions during the course of these proceedings.

114. The Rockport Group tracks, monitors and reviews all fund transfers and book entries related to intercompany transactions in their respective accounting ledgers. The Rockport Group accounting department regularly reviews the settlement of all intercompany claims.

Rockport Canada's Finances

115. Rockport Canada does not independently report its financial performance. Its financial reporting is part of a consolidated reporting prepared for the Rockport Group.

116. Based on the consolidated financial statements ended December 31, 2017, the Rockport Group's consolidated revenue for that period was approximately US$296.5 million, with Rockport Canada representing approximately US$40.9 million (13.8% of revenue) over that period. Attached hereto and marked as **Exhibit "R"** is a true copy of the consolidated financial statements ended December 31, 2017 for the Rockport Group.

117. Attached hereto and marked as **Exhibit "S"** is a true copy of the cash flow and budget for the Rockport Group (on a consolidated basis) during the restructuring proceedings, along with the cash flow and budget for Rockport Canada alone.

Rockport Canada's Creditors

118. In the First Day Declaration, Rockport Canada is a borrower along with certain other of the Rockport Group entities under the Prepetition Revolving Credit Agreement (as defined in the First Day Declaration), which provides for borrowing of up to $60 million in aggregate principal for revolving loan commitments and a sublimit of $10 million for letters of credit. However, Rockport Canada's borrowing availability under the Prepetition Revolving Credit Agreement has been reduced to zero. Rockport Canada is also a guarantor of the US Debtors' obligations under the Prepetition Revolving Credit Agreement and has provided security over all of its assets to secure such obligations.

119. Accordingly, the Prepetition ABL Agent and the Lenders (as defined in the Prepetition Revolving Credit Agreement) are significant creditors of Rockport Canada.

120. The revolving facility is used to fund the Rockport Group's daily operations. Each day, Rockport makes a request to the Prepetition ABL Agent to transfer available funds to its operation account. Rockport then distributes funds to the other entities in the Rockport Group, as needed. On December 26, 2017, Rockport Canada's borrowings and the Canadian sub-limit pursuant to the Prepetition Revolving Credit Agreement was reduced to zero. Since December 26, 2017, Rockport Canada has not needed to access credit under the Prepetition Revolving Credit Agreement.

121. As of the Petition Date, the aggregate outstanding amount owed by the Rockport Group under the Prepetition Revolving Credit Agreement is approximately US$53,425,436.95, plus US$3,550,000 of issued and outstanding letters of credit.

122. If the Lenders were to require repayment in full of the amounts owed by Rockport Canada, as a co-borrower and under its guarantee of the US Debtors' obligations under the Prepetition Revolving Credit Agreement, Rockport Canada would be unable to repay the full amount owed.

123. Other than the lenders under the Prepetition Revolving Credit Agreement, Rockport Canada has no other registered secured creditors in the provinces that it conducts business. As shown on the PPR Searches (as defined below), Rockport Canada is subject to security interest registrations in favour of the Prepetition ABL Agent.

124. Rockport Canada has approximately 64 unsecured creditors that are owed approximately CDN$760,000. These unsecured claims are primarily for amounts due to employees, landlords and for the point of sale system.

125. Rockport Canada is also indebted to each of The Rockport Group, LLC in the amount of US$18,104,735 and Drydock Footwear, LLC in the amount of US$10,200,012, in respect of the advance of inventory to Rockport Canada that was purchased by each of these US Debtors. These intercompany claims against Rockport Canada are not secured.

126. The US Debtors are also indebted pursuant to (i) a Prepetition Note Facility (as defined in the First Day Declaration), and (ii) Prepetition Subordinated Notes. Rockport Canada is not a party to these note facilities.

Environmental Claims

127. Based on the nature of the Rockport Group's assets and operations, there are no known or expected environmental claims or issues.

Searches

128. I am advised by Roger Jaipargas, a partner with Borden Ladner Gervais LLP ("**BLG**"), and do verily believe, that searches were conducted of the personal property registries for Rockport Canada (each, a "**PPR Search**" and collectively, the "**PPR Searches**") for each of the Provinces in which Rockport Canada conducts business.

(a) Attached hereto and marked as **Exhibit "T"** is a true copy of the Quebec PPR Search dated April 25, 2018;

(b) Attached hereto and marked as **Exhibit "U"** is a true copy of the Alberta PPR Search dated April 25, 2018;

(c) Attached hereto and marked as **Exhibit "V"** is a true copy of the Ontario PPR Search dated April 11, 2018;

(d) Attached hereto and marked as **Exhibit "W"** is a true copy of the Nova Scotia PPR Search dated April 25, 2018;

(e) Attached hereto and marked as **Exhibit "X"** is a true copy of the Prince Edward Island PPR Search dated April 25, 2018;

(f) Attached hereto and marked as **Exhibit "Y"** is a true copy of the Manitoba PPR Search dated April 25, 2018; and

(g) Attached hereto and marked as **Exhibit "Z"** is a true copy of the British Columbia PPR Search dated May 7, 2018.

The Asset Purchase Transaction

129. In December 2017, the Rockport Group retained Houlihan Lokey, Inc. ("**Houlihan**"), an investment bank, to explore a potential sale of the Rockport Group's assets. Houlihan contacted one hundred and ten (110) potential strategic and financial acquirers to garner interest in pursuing such transaction, of which sixty (60) executed a non-disclosure agreement, received a confidential information memorandum, and obtained access to an initial set of diligence materials. Ten (10) of these parties later provided initial, non-binding indications of interest of which seven (7) were granted access to a more robust data room and six (6) met with senior management of the Rockport Group in person to ask questions pertaining thereto.

130. On or before March 29, 2018, three (3) parties submitted final bids, and on April 4, 2018, a fourth verbal bid was received. After reviewing and carefully considering the bids received, the Rockport Group determined, in consultation with their advisors, that Charlesbank had submitted the highest or otherwise best offer, pursuant to which Charlesbank agreed to acquire substantially all of the Rockport Group's assets (other than the Rockport Group's North American retail assets) for a purchase price of (i) US$150,000,000 in cash (subject to certain adjustments); (ii) a warrant to purchase up to 5% of the common equity of the Purchaser (as defined in the Stalking Horse Agreement (as defined below)), at an exercise price equal to 2.5 times the price of the

equity invested by the Equity Commitment Party (as defined in the Stalking Horse Agreement) in Parent Holdco (as defined in the Stalking Horse Agreement) as of the Closing Date (as defined in the Stalking Horse Agreement); and (iii) the assumption of certain liabilities.

131. After good faith, arm's-length negotiations between the parties and in consultation with their advisors and key stakeholders, the Rockport Group and Charlesbank entered into an Asset Purchase Agreement, dated as of May 13, 2018 (the "**Stalking Horse Agreement**"), pursuant to which Charlesbank will acquire the Purchased Assets (as defined in the Stalking Horse Agreement), subject to higher or otherwise better offers.

132. The Rockport Group anticipates obtaining a bidding procedures order (the "**Bidding Procedures Order**") from the US Court to, among other things:

(a) establish bidding and auction procedures in connection with the sale of the Rockport Group's assets;

(b) approve the proposed bid protections, including the payment of a break-up fee in the amount of $4.5 million, pursuant to the Stalking Horse Agreement;

(c) reimburse certain expenses of Charlesbank (up to US$2 million), in accordance with the Stalking Horse Agreement;

(d) schedule an auction and set a date and time for the sale hearing; and

(e) establish procedures for notice and to determine cure amounts for contracts and leases to be assumed and assigned in connection with any sale transaction.

133. The anticipated Bidding Procedures Order will also authorize, subject to the results of the auction, entry of an order to (a) approve and authorize a sale to the winning bidder; (b) authorize the assumption and assignment of certain contracts and leases; and (c) authorize the Rockport Group to enter into a transition services agreement, as contemplated by the Stalking Horse Agreement.

134. The anticipated timeline pursuant to the Bidding Procedures Order is:

On or before June 4, 2018	Hearing to consider approval of the bidding procedures and entry of the Bidding Procedures Order
June 27, 2018 at 4:00 pm EST	Sale objection deadline
June 29, 2018 at 5:00 pm EST	Bid deadline
July 3, 2018 at 5:00 pm EST	Deadline for Rockport Group to notify potential bidders of their status as "Qualified Bidders"
July 10, 2018 at 10:00 am EST	Auction to be held at the offices of Richard, Layton & Finger, P.A. (if necessary)
July 11, 2018	Target date for the Rockport Group to file with the US Court the "Notice of Auction Results"
July 13, 2018	Proposed date of the "Sale Hearing" to consider approval of the sale and entry of "Sale Order"
On or after July 27, 2018	Closing Date (unless successful bidder agrees to waive the 14-day stay of the Sale Order)

135. Prior to commencing the US Proceedings and these proceedings, the Rockport Group has conducted a robust marketing effort for its assets. Based on my experience in restructuring matters, in light of the pre-Petition marketing efforts, I believe that the proposed Bidding Procedures Order and the proposed timeline is sufficient to complete a fair and open sale process that will maximize the value received for the assets.

Information Officer

136. Blocker, as foreign representative of the Rockport Group, seeks the appointment of Richter as the Information Officer in these proceedings. Richter is a licensed trustee-in-bankruptcy.

137. In light of the complex corporate and financial structure of the Rockport Group, the stakeholders located in Canada, including Rockport Canada's employees and the amount of debt owed by the Rockport Group, Blocker, as foreign representative, believes that the appointment of the Information Officer is appropriate in the circumstances to ensure that both the Canadian

Court and Rockport Canada's creditors and stakeholders are kept informed of these proceedings and the Chapter 11 proceedings.

138. The appointment of Richter as the Information Officer is reasonable in the circumstances to ensure that both the Canadian Court and Canadian creditors are kept informed of these proceedings and the US Proceedings. Attached hereto and marked as **Exhibit "AA"** is a true copy of the executed Consent of Richter to act as Information Officer.

Administration Charge

139. Blocker, as foreign representative of the Rockport Group, seeks the granting of an administration charge over the assets of the Rockport Group in Canada with respect to the fees and disbursements of Richter, the Information Officer, and its counsel, Stikeman Elliott LLP, to a maximum of CDN$300,000 (the "**Administration Charge**").

140. Based on my experience in restructuring matters, I verily believe that the granting of the Administration Charge, and the amount of the charge proposed, is appropriate, fair and reasonable in the circumstances, particularly in light of the complexity of the Rockport Group's business operations and the proposed role of Richter.

141. I understand that Richter requires the Administration Charge as security for their fees in order to act in this matter and that the Administration Charge should rank as a first charge, including in priority to any charge granted for interim financing.

DIP Lender's Charge

142. Pursuant to the Interim DIP Financing Order, the US Court also authorized the Rockport Group to borrow on an interim financing facility and that the funds borrowed under that facility would have super-priority over the assets of the Rockport Group, in priority to all of the Rockport Group's creditors.

143. Based on my review of the DIP Financing Documents, I believe that the lenders will not advance funds under the DIP Financing without a priority charge to secure repayment of the DIP Financing.

144. As noted above, Rockport Canada's assets will only secure the borrowing pursuant to the DIP ABL Financing, and the obligations pursuant to this facility are substantially similar to Rockport Canada's obligations pursuant to the pre-Petition financing documents. In my view, the proposed DIP Lender's Charge in respect of the DIP ABL Financing is appropriate under the circumstances.

SWORN BEFORE ME at City of Wilmington in the State of Delaware this 15th day of May, 2018

A Notary Public in and for the State of Delaware

LESLEY A. MORRIS MY COMMISSION EXPIRES JANUARY 5, 2019 NOTARY PUBLIC STATE OF DELAWARE

PAUL KOSTUROS

Court File No.:

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

AND IN THE MATTER OF ROCKPORT BLOCKER, LLC, THE ROCKPORT GROUP HOLDINGS, LLC, TRG 1-P HOLDINGS, LLC, TRG INTERMEDIATE HOLDINGS, LLC, TRG CLASS D, LLC, THE ROCKPORT GROUP, LLC, THE ROCKPORT COMPANY, LLC, DRYDOCK FOOTWEAR, LLC, DD MANAGEMENT SERVICES LLC AND ROCKPORT CANADA ULC (THE "DEBTORS")

APPLICATION OF ROCKPORT BLOCKER, 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)

PROCEEDINGS COMMENCED AT TORONTO

AFFIDAVIT OF PAUL KOSTUROS
(Sworn May 15, 2018)

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Lawyers for Rockport Blocker, LLC, The Rockport Group Holdings, LLC, TRG 1-P Holdings, LLC, TRG Intermediate Holdings, LLC, TRG Class D, LLC, The Rockport Group, LLC, The Rockport Company, LLC, Drydock Footwear, LLC, DD Management Services LLC and Rockport Canada ULC

Tab C

THIS IS EXHIBIT "C" TO THE AFFIDAVIT

OF JONATHAN LEVI SWORN BEFORE ME

ON THIS 30TH DAY OF JULY, 2018

A Notary Public in and for the State of Delaware

ANN JEROMINSKI
MY COMMISSION
EXPIRES
OCTOBER 24, 2019
NOTARY PUBLIC
STATE OF DELAWARE

Court File No CV-18-597987-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE	)	WEDNESDAY, THE 16TH
	)	
MR. JUSTICE MCEWEN	)	DAY OF MAY, 2018

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

AND IN THE MATTER OF ROCKPORT BLOCKER, LLC, THE ROCKPORT GROUP HOLDINGS, LLC, TRG 1-P HOLDINGS, LLC, TRG INTERMEDIATE HOLDINGS, LLC, TRG CLASS D, LLC, THE ROCKPORT GROUP, LLC, THE ROCKPORT COMPANY, LLC, DRYDOCK FOOTWEAR, LLC, DD MANAGEMENT SERVICES LLC AND ROCKPORT CANADA ULC (THE "DEBTORS")

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

INITIAL RECOGNITION ORDER
(FOREIGN MAIN PROCEEDING)

THIS APPLICATION, made by Rockport Blocker, LLC in its capacity as the foreign representative (the "**Foreign Representative**") of the Debtors, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") for an Order substantially in the form enclosed in the Application Record, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Application, the affidavit of Paul Kosturos sworn May 15, 2018, the Pre-Filing Report of Richter Advisory Group Inc., in its capacity as proposed information officer (the "**Proposed Information Officer**") dated May 16, 2018, each filed, and upon being provided with copies of the documents required by s.46 of the CCAA,

AND UPON BEING ADVISED by counsel for the Foreign Representative that in addition to this Initial Recognition Order, a Supplemental Order (Foreign Main Proceeding) is being sought,

AND UPON HEARING the submissions of counsel for the Foreign Representative, counsel for the Proposed Information Officer, counsel for Citizens Business Capital, in its capacity as Administrative Agent and Collateral Agent for the lenders under the Senior Secured Super-Priority Debtor-in-Possession Revolving Credit Agreement, counsel for the Senior Secured Noteholders and DIP Note Lenders, counsel for The Cadillac Fairview Corporation Limited, counsel for RioCan REIT and Ivanhoe Cambridge Inc., and upon no one appearing for any other parties although duly served as appears from the Affidavit of Service of Evita Ferreira sworn May 15, 2018:

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

FOREIGN REPRESENTATIVE

2. **THIS COURT ORDERS AND DECLARES** that the Foreign Representative is the "foreign representative" as defined in section 45 of the CCAA of the Debtors in respect of the jointly administered insolvency proceedings (the "**Foreign Proceeding**") of Rockport Blocker, LLC, The Rockport Group Holdings, LLC, TRG 1-P Holdings, LLC, TRG Intermediate Holdings, LLC, TRG Class D, LLC, The Rockport Group, LLC, The Rockport Company, LLC, Drydock Footwear, LLC, DD Management Services LLC and Rockport Canada ULC in the United States Bankruptcy Court for the District of Delaware (the "**U.S. Court**") under Chapter 11 of Title 11 of the United States Code.

CENTRE OF MAIN INTEREST AND RECOGNITION OF FOREIGN PROCEEDING

3. **THIS COURT DECLARES** that the centre of its main interests for each of the Debtors is the United States of America, and that the Foreign Proceeding is hereby recognized as a "foreign main proceeding" as defined in section 45 of the CCAA.

STAY OF PROCEEDINGS

4. **THIS COURT ORDERS** that until otherwise ordered by this Court:

(a) all proceedings taken or that might be taken against any of the Debtors under the *Bankruptcy and Insolvency Act* or the *Winding-up and Restructuring Act* are stayed;

(b) further proceedings in any action, suit or proceeding in Canada against any of the Debtors are restrained; and

(c) the commencement of any action, suit or proceeding in Canada against any of the Debtors is prohibited.

NO SALE OF PROPERTY

5. **THIS COURT ORDERS** that, except with leave of this Court, each of the Debtors is prohibited from selling or otherwise disposing of:

(a) outside the ordinary course of its business, any of its property in Canada that relates to the business; and

(b) any of its other property in Canada.

GENERAL

6. **THIS COURT ORDERS** that within 7 days from the date of this Order, or as soon as practicable thereafter, the Information Officer shall cause to be published a notice substantially in the form attached to this Order as Schedule "A", once a week for two consecutive weeks, in The Globe and Mail (National Edition).

7. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, to give effect to this Order and to assist the Debtors and the Foreign Representative and their respective counsel and agents in carrying out the terms of this Order.

8. **THIS COURT ORDERS AND DECLARES** that this Order shall be effective as of 12:01 am on the date of this Order.

9. **THIS COURT ORDERS** that any interested party may apply to this Court to vary or amend this Order or seek other relief on not less than seven (7) days notice to the Debtors and the Foreign Representative and their respective counsel, and to any other party or parties likely to be affected by the order sought, or upon such other notice, if any, as this Court may order.

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

MAY 16 2018

PER / PAR:

Schedule "A"

Form of Newspaper Notice

Court File No.

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 ROCKPORT BLOCKER, LLC, THE ROCKPORT GROUP HOLDINGS, LLC, TRG 1-P HOLDINGS, LLC, TRG INTERMEDIATE HOLDINGS, LLC, TRG CLASS D, LLC, THE ROCKPORT GROUP, LLC, THE ROCKPORT COMPANY, LLC, DRYDOCK FOOTWEAR, LLC, DD MANAGEMENT SERVICES LLC AND ROCKPORT CANADA ULC (THE "DEBTORS")

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

NOTICE OF INITIAL RECOGNITION ORDER

PLEASE BE ADVISED that this Notice is being published pursuant to an order of the Ontario Superior Court of Justice (Commercial List) (the "**Canadian Court**"), granted on May 16, 2018 (the "**Initial Recognition Order**").

PLEASE TAKE NOTICE that on May 14, 2018, Rockport Blocker, LLC, The Rockport Group Holdings, LLC, TRG 1-P Holdings, LLC, TRG Intermediate Holdings, LLC, TRG Class D, LLC, The Rockport Group, LLC, The Rockport Company, LLC, Drydock Footwear, LLC, DD Management Services LLC, and Rockport Canada ULC (collectively, the "**Chapter 11 Debtors**") each filed voluntary petitions under chapter 11 of title 11 of the United States Code (collectively, the "**Chapter 11 Proceedings**") in United States Bankruptcy Court for the District of Delaware (the "**U.S. Court**"). In connection with the Chapter 11 Proceedings, the U.S. Court has appointed Rockport Blocker, LLC ("**Rockport Blocker**") as the foreign representative of the Chapter 11 Debtors (the "**Foreign Representative**"). The Foreign Representative's address is 1220 Washington Street, West Newton, Massachusetts 02465. The Debtors carry on business in Canada through Rockport Canada ULC.

PLEASE TAKE FURTHER NOTICE that the Initial Recognition Order and a Supplemental Order (together, the "**Recognition Orders**") have been issued by the Canadian Court under Part IV of the *Companies' Creditors Arrangement Act,* R.S.C. 1985, c. C-36 (the "**CCAA Recognition Proceedings**"), and, among other things: (i) recognize the Chapter 11 Proceedings as a foreign main proceeding; (ii) recognize Rockport Blocker as the Foreign Representative of the Chapter 11 Debtors; (iii) recognize certain orders granted by the U.S. Court in the Chapter 11 Proceedings including the granting of an interim DIP financing order; (iv) stay claims against the Chapter 11 Debtors, their property and their directors and officers in Canada; (v) prohibit the

commencement of any such proceedings in Canada absent further order of the Canadian Court; and (vi) appoint Richter Advisory Group Inc. as the Information Officer with respect to the CCAA Recognition Proceedings.

PLEASE TAKE FURTHER NOTICE that counsel for the Foreign Representative is:

Borden Ladner Gervais LLP
Bay Adelaide Centre, East Tower
22 Adelaide St W, Toronto, ON
Canada M5H 4E3
Attention: Roger Jaipargas
Phone: 416-367-6266
Fax: 416-367-6749
Email: RJaipargas@blg.com

PLEASE TAKE FURTHER NOTICE that persons who wish to receive a copy of the Recognition Orders or obtain any further information in respect thereof or in respect of the matters set forth in this Notice, should contact the Information Officer at the address below:

Richter Advisory Group Inc. (solely in its capacity as Information Officer)
Bay Wellington Tower
181 Bay Street, Suite 3320, Toronto, ON
Canada M5J 2T3
Attention: Adam Sherman
Phone: 416-642-4836
Fax: 514-934-8603
Email: asherman@richter.ca

PLEASE TAKE FURTHER NOTICE that the motions, orders and notices filed with the U.S. Court in the Chapter 11 Proceedings are available at https://cases.primeclerk.com/rockport

Prime Clerk LLC
830 Third Avenue, 9th Floor
New York, New York 10022
Attention: Benjamin J. Steele
Phone: 212-257-5490
Email: bsteele@primeclerk.com

PLEASE FINALLY NOTE that the Recognition Orders, and any other orders that may be granted by the Canadian Court, can be viewed at http://www.richter.ca/en/folder/insolvency-cases/r/rockport-canada

DATED AT TORONTO, ONTARIO this ____ day of May, 2018.

Richter Advisory Group Inc.
(solely in its capacity as Information Officer of the Chapter 11 Debtors and not in its personal or corporate capacity)

CV-18-597987-00CL

Court File No.:

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

AND IN THE MATTER OF ROCKPORT BLOCKER, LLC, THE ROCKPORT GROUP HOLDINGS, LLC, TRG 1-P HOLDINGS, LLC, TRG INTERMEDIATE HOLDINGS, LLC, TRG CLASS D, LLC, THE ROCKPORT GROUP, LLC, THE ROCKPORT COMPANY, LLC, DRYDOCK FOOTWEAR, LLC, DD MANAGEMENT SERVICES LLC AND ROCKPORT CANADA ULC (THE "DEBTORS")

APPLICATION OF ROCKPORT BLOCKER, 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)

PROCEEDINGS COMMENCED AT TORONTO

INITIAL RECOGNITION ORDER
(Foreign Main Proceeding – May 16, 2018)

BORDEN LADNER GERVAIS LLP
Bay Adelaide Centre, East Tower
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Lawyers for Rockport Blocker, LLC, The Rockport Group Holdings, LLC, TRG 1-P Holdings, LLC, TRG Intermediate Holdings, LLC, TRG Class D, LLC, The Rockport Group, LLC, The Rockport Company, LLC, Drydock Footwear, LLC, DD Management Services LLC and Rockport Canada ULC

CV-18-597987-00CL
Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE	)	WEDNESDAY, THE 16TH
	)	
MR. JUSTICE MCEWEN	)	DAY OF MAY, 2018

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

AND IN THE MATTER OF ROCKPORT BLOCKER, LLC, THE ROCKPORT GROUP HOLDINGS, LLC, TRG 1-P HOLDINGS, LLC, TRG INTERMEDIATE HOLDINGS, LLC, TRG CLASS D, LLC, THE ROCKPORT GROUP, LLC, THE ROCKPORT COMPANY, LLC, DRYDOCK FOOTWEAR, LLC, DD MANAGEMENT SERVICES LLC AND ROCKPORT CANADA ULC (THE "DEBTORS")

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

SUPPLEMENTAL ORDER
(FOREIGN MAIN PROCEEDING)

THIS APPLICATION, made by Rockport Blocker, LLC in its capacity as the foreign representative (the "**Foreign Representative**") of the Debtors, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") for an Order substantially in the form enclosed in the Application Record, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Application, the affidavit of Paul Kosturos sworn May 15, 2018 (the "**Kosturos Affidavit**"), the Pre-Filing Report of Richter Advisory Group Inc., in its capacity as proposed information officer (the "**Proposed Information Officer**") dated May 16, 2018, and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for the Foreign Representative, counsel for the Proposed Information Officer, counsel for Citizens Business

Capital, in its capacity as Administrative Agent and Collateral Agent (the "**DIP ABL Agent**") for the lenders (together with the DIP ABL Agent, the "**DIP ABL Lenders**") under the Senior Secured Super-Priority Debtor-in-Possession Revolving Credit Agreement (the "**DIP ABL Credit Agreement**"), counsel for the Senior Secured Noteholders and DIP Note Lenders, counsel for The Cadillac Fairview Corporation Limited, counsel for RioCan REIT and Ivanhoe Cambridge Inc., and upon no one appearing for any other parties although duly served as appears from the Affidavit of Service of Evita Ferreira sworn May 15, 2018, and on reading the consent of Richter Advisory Group Inc. to act as the information officer:

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

INITIAL RECOGNITION ORDER

2. **THIS COURT ORDERS** that any capitalized terms not otherwise defined herein shall have the meanings given to such terms in the Initial Recognition Order (Foreign Main Proceeding) dated May 16, 2018 (the "**Recognition Order**") or in the Kosturos Affidavit.

3. **THIS COURT ORDERS** that the provisions of this Supplemental Order shall be interpreted in a manner complementary and supplementary to the provisions of the Recognition Order, provided that in the event of a conflict between the provisions of this Supplemental Order and the provisions of the Recognition Order, the provisions of the Recognition Order shall govern.

RECOGNITION OF FOREIGN ORDERS

4. **THIS COURT ORDERS** that the following orders (collectively, the "**Foreign Orders**") of the United States Bankruptcy Court for the District of Delaware made in the Foreign Proceeding are hereby recognized and given full force and effect in all provinces and territories of Canada pursuant to Section 49 of the CCAA:

(a) an order authorizing Rockport Blocker to act as the foreign representative of the Debtors (the "**Foreign Representative Order**");

(b) an order directing the joint administration of the Chapter 11 cases of the Debtors in the Foreign Proceeding (the "**Joint Administration Order**");

(c) an order authorizing the retention of Prime Clerk LLC as claims and noticing agent (the "**Claims Agent Order**");

(d) an order enforcing and restating the automatic stay protections and *ipso facto* prohibitions of the United States Bankruptcy Code (the "**Automatic Stay Order**");

(e) an interim order authorizing the Debtors to pay all or a portion of the shipping and warehousing claims and certain import charges (the "**Shippers and Warehouse Order**");

(f) an interim order authorizing, but not directing, the Debtors to pay prepetition obligations of certain critical vendors (the "**Critical Foreign Vendors Order**");

(g) an interim order authorizing, but not directing, the payment of certain taxes and fees (the "**Taxes Order**");

(h) an interim order authorizing the Debtors to continue to renew their insurance programs including premium financing and surety bond programs (the "**Insurance Order**");

(i) an interim order authorizing the Debtors to pay certain employee compensation and benefits and prepetition claims of independent contractors and temporary workers (the "**Wages Order**");

(j) an interim order authorizing, but not directing, the Debtors to maintain certain customer programs and to honour or pay certain prepetition obligations related to the customer programs during the pendency of the Foreign Proceeding (the "**Customer Program Order**");

(k) an interim order (i) prohibiting the Debtors utility service providers from altering or discontinuing service; (ii) approving an adequate assurance deposit as adequate assurance of postpetition payment to the utilities; and (iii) establishing procedures for resolving any subsequent request by utilities for additional adequate assurance of payment (the "**Utilities Order**");

(l) an interim order authorizing the Debtors to, *inter alia*, continue to use their cash management system and bank accounts (the "**Cash Management Order**"); and

(m) an interim order, *inter alia*, (i) approving postpetition financing; and (ii) granting liens and super-priority administrative expense claim status to the DIP ABL Agent on its behalf and on behalf of the DIP ABL Lenders (the "**Interim DIP Financing Order**");

provided, however, that in the event of any conflict between the terms of the Foreign Orders and the Orders of this Court made in the within proceedings, the Orders of this Court shall govern with respect to Property (as defined below) in Canada. Copies of the Foreign Orders are attached as Exhibits "C" to "O" to the Kosturos Affidavit.

APPOINTMENT OF INFORMATION OFFICER

5. **THIS COURT ORDERS** that Richter Advisory Group Inc. (the "**Information Officer**") is hereby appointed as an officer of this Court, with the powers and duties set out herein.

NO PROCEEDINGS AGAINST THE DEBTORS OR THE PROPERTY

6. **THIS COURT ORDERS** that, subject to paragraph 22, until such date as this Court may order (the "**Stay Period**") no proceeding or enforcement process in any court or tribunal in Canada (each, a "**Proceeding**") shall be commenced or continued against or in respect of the Debtors or affecting their business (the "**Business**") or their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"), except with leave of this Court, and any and all

Proceedings currently under way against or in respect of any of the Debtors or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

7. **THIS COURT ORDERS** that, subject to paragraph 22, during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of the Debtors, or affecting the Business or the Property, are hereby stayed and suspended except with leave of this Court, provided that nothing in this Order shall (i) prevent the assertion of or the exercise of rights and remedies outside of Canada, (ii) empower any of the Debtors to carry on any business in Canada which that Debtor is not lawfully entitled to carry on, (iii) affect such investigations or Proceedings by a regulatory body as are permitted by section 11.1 of the CCAA, (iv) prevent the filing of any registration to preserve or perfect a security interest, or (v) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

8. **THIS COURT ORDERS** that, subject to paragraph 22, during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by any of the Debtors and affecting the Business in Canada, except with leave of this Court.

ADDITIONAL PROTECTIONS

9. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with the Debtors or statutory or regulatory mandates for the supply of goods and/or services in Canada, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services provided in respect of the Property or Business of the Debtors, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Debtors, and that the Debtors shall be entitled to the continued use in Canada of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names.

10. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Debtors with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Debtors whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations.

11. **THIS COURT ORDERS** that no Proceeding shall be commenced or continued against or in respect of the Information Officer, except with leave of this Court. In addition to the rights and protections afforded the Information Officer herein, or as an officer of this Court, the Information Officer shall have the benefit of all of the rights and protections afforded to a Monitor under the CCAA, and shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part.

OTHER PROVISIONS RELATING TO INFORMATION OFFICER

12. **THIS COURT ORDERS** that the Information Officer:

(a) is hereby authorized to provide such assistance to the Foreign Representative in the performance of its duties as the Foreign Representative may reasonably request;

(b) shall report to this Court at least once every three months with respect to the status of these proceedings and the status of the Foreign Proceeding, which reports may include information relating to the Property, the Business, or such other matters as may be relevant to the proceedings herein;

(c) in addition to the periodic reports referred to in paragraph 12(b) above, the Information Officer may report to this Court at such other times and intervals as the Information Officer may deem appropriate with respect to any of the matters referred to in paragraph 12(b) above;

(d) shall have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Debtors, to the extent that is necessary to perform its duties arising under this Order; and

(e) shall be at liberty to engage independent legal counsel or such other persons as the Information Officer deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order.

13. **THIS COURT ORDERS** that the Debtors and the Foreign Representative shall (i) advise the Information Officer of all material steps taken by the Debtors or the Foreign Representative in these proceedings or in the Foreign Proceeding, (ii) co-operate fully with the Information Officer in the exercise of its powers and discharge of its obligations, and (iii) provide the Information Officer with the assistance that is necessary to enable the Information Officer to adequately carry out its functions.

14. **THIS COURT ORDERS** that the Information Officer shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

15. **THIS COURT ORDERS** that the Information Officer (i) shall post on its website all Orders of this Court made in these proceedings, all reports of the Information Officer filed herein, and such other materials as this Court may order from time to time, and (ii) may post on its website any other materials that the Information Officer deems appropriate.

16. **THIS COURT ORDERS** that the Information Officer may provide any creditor of a Debtor with information provided by the Debtors in response to reasonable requests for information made in writing by such creditor addressed to the Information Officer. The Information Officer shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Information Officer has been advised by the Debtors is privileged or confidential, the Information Officer shall not provide such information to creditors unless otherwise directed by this Court or on

such terms as the Information Officer, the Foreign Representative and the relevant Debtors may agree.

17. **THIS COURT ORDERS** that the Information Officer and counsel to the Information Officer shall be paid by the Debtors their reasonable fees and disbursements incurred in respect of these proceedings, both before and after the making of this Order, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts. The Debtors are hereby authorized and directed to pay the accounts of the Information Officer and counsel for the Information Officer and, in addition, the Debtors are hereby authorized to pay to the Information Officer and counsel to the Information Officer, retainers in the amounts of $50,000, respectively, to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

18. **THIS COURT ORDERS** that the Information Officer and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Information Officer and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice, and the accounts of the Information Officer and its counsel shall not be subject to approval in the Foreign Proceeding.

19. **THIS COURT ORDERS** that the Information Officer and counsel to the Information Officer, if any, shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property in Canada, which charge shall not exceed an aggregate amount of $300,000, as security for their professional fees and disbursements incurred in respect of these proceedings, both before and after the making of this Order. The Administration Charge shall have the priority set out in paragraphs 21 and 23 hereof.

INTERIM FINANCING

20. **THIS COURT ORDERS** that the DIP ABL Lenders shall be entitled to the benefit of and are hereby granted a hypothec and charge (the "**DIP Lenders' Charge**") on the Property in Canada, which DIP Lenders' Charge shall be consistent with the liens and charges created by the DIP ABL Credit Agreement and the Interim DIP Financing Order, provided however that the DIP Lenders' Charge, with respect to the Property in Canada, shall have the priority set out in

paragraphs 21 and 23 hereof, and further provided that the DIP Lenders' Charge shall not be enforced unless the DIP ABL Agent delivers a Default Notice (as such term is defined in the Interim DIP Financing Order) and otherwise complies with the procedure set out in paragraph 27 of the Interim DIP Financing Order.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

21. **THIS COURT ORDERS** that the priorities of the Administration Charge and the DIP Lenders' Charge, as among them, shall be as follows:

First – Administration Charge to the maximum amount of $300,000; and

Second – DIP Lenders' Charge to the maximum amount of US$60,000,000.

22. **THIS COURT ORDERS** that notwithstanding any other provision of this Order or the Recognition Order:

(a) the DIP ABL Lenders may, but are not required to, take such steps from time to time as it may deem necessary or appropriate to file, register, or record the DIP Lenders' Charge or any of the related documents;

(b) the DIP ABL Lenders may administer the DIP ABL Facility in accordance with the terms of the DIP ABL Credit Agreement and the Interim DIP Financing Order;

(c) upon the occurrence of an Event of Default (as defined in the DIP ABL Credit Agreement), provided the DIP ABL Lenders are authorized to do so pursuant to the Interim DIP Financing Order, and subject to any notice requirements in the Interim DIP Financing Order, the DIP ABL Lenders may exercise their rights and remedies under the DIP ABL Credit Agreement and the Interim DIP Financing Order, subject to and in accordance with the terms and conditions thereof in respect of the Property of the Debtors located in Canada without further application to this Court; and

(d) the foregoing rights and remedies of the DIP ABL Lenders shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of any of the Debtors or the Property.

23. **THIS COURT ORDERS** that the filing, registration or perfection of the Administration Charge or the DIP Lenders' Charge (collectively, the "**Charges**") shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect the Charges.

24. **THIS COURT ORDERS** that each of the Charges (all as constituted and defined herein) shall constitute a charge on the Property in Canada and such Charges shall rank in priority to all other security interests, hypothecs, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person.

25. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Debtors shall not grant any Encumbrances over any Property in Canada that rank in priority to, or *pari passu* with, the Charges, unless the Debtors also obtain the prior written consent of the Information Officer and the DIP ABL Lenders.

26. **THIS COURT ORDERS** that the Charges shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") shall not otherwise be limited or impaired in any way by (i) the pendency of these proceedings and the declarations of insolvency made herein; (ii) any application(s) for bankruptcy order(s) issued pursuant to the *Bankruptcy and Insolvency Act (Canada)*, R.S.C. 1985, c. B-3, as amended (the "**BIA**"), or any bankruptcy order made pursuant to such applications; (iii) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (iv) the provisions of any federal or provincial statutes; or (v) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds any Debtor, and notwithstanding any provision to the contrary in any Agreement:

(a) the creation of the Charges shall not create or be deemed to constitute a breach by a Debtor of any Agreement to which it is a party;

(b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges; and

(c) the payments made by the Debtors to the Chargees pursuant to this Order and the Interim DIP Financing Order, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

27. **THIS COURT ORDERS** that any Charges created by this Order over leases of real property in Canada shall only be a charge in the applicable Debtor's interest in such real property leases.

28. **THIS COURT ORDERS** that the Debtors are authorized and empowered to execute and deliver such deeds of hypothec, Canadian security agreements, and other definitive documents as are contemplated by the DIP ABL Credit Agreement or as may be reasonably required by the DIP ABL Lenders pursuant to the terms of the DIP ABL Credit Agreement.

SERVICE AND NOTICE

29. **THIS COURT ORDERS** that the Debtors, the Foreign Representative, the Information Officer and their counsel are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the Debtors' creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or juridical obligation, and notice requirements within the meaning of clause 3(c) of the Electronic Commerce Protection Regulations, Reg. 81000-2-175 (SOR/DORS).

30. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the "**Protocol**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL '<http://www.richter.ca/Folder/Insolvency-Cases/R/Rockport-Canada>'.

31. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Debtors, the Foreign Representative and the Information Officer are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Debtors' creditors or other interested parties at their respective addresses as last shown on the records of the applicable Debtor and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

32. **THIS COURT ORDERS** that the Information Officer may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

33. **THIS COURT ORDERS** that nothing in this Order shall prevent the Information Officer from acting as an interim receiver, a receiver, a receiver and manager, a monitor, a proposal trustee, or a trustee in bankruptcy of any Debtor, the Business or the Property.

34. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States of America, to give effect to this Order and to assist the Debtors, the Foreign Representative, the

Information Officer, and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Debtors, the Foreign Representative, and the Information Officer, the latter as an officer of this Court, as may be necessary or desirable to give effect to this Order, or to assist the Debtors, the Foreign Representative, and the Information Officer and their respective agents in carrying out the terms of this Order.

35. **THIS COURT ORDERS** that each of the Debtors, the Foreign Representative and the Information Officer be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

36. **THIS COURT ORDERS** that the Guidelines for Court-to-Court Communications in Cross-Border Cases developed by the American Law Institute and attached as Schedule "A" hereto is adopted by this Court for the purposes of these recognition proceedings.

37. **THIS COURT ORDERS** that any interested party may apply to this Court to vary or amend this Order or seek other relief on not less than seven (7) days notice to the Debtors, the Foreign Representative, the Information Officer, the DIP ABL Agent and the Senior Secured Noteholders and their respective counsel, and to any other party or parties likely to be affected by the order sought, or upon such other notice, if any, as this Court may order.

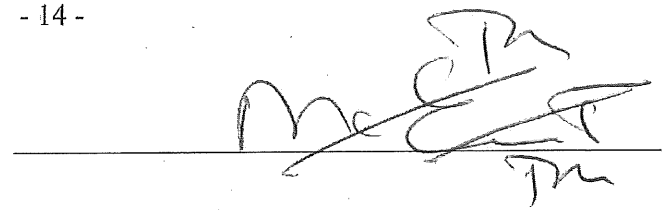
38. **THIS COURT ORDERS** that, notwithstanding paragraph 36, no Order shall be made varying, rescinding or otherwise affecting the provisions of this Order with respect to the DIP ABL Credit Agreement and the DIP Lenders' Charge unless notice of a motion for such Order is served in accordance with paragraph 36 above and is returnable no later than the date of the hearing for the Final Order (as defined in the Interim DIP Financing Order), or the Debtors, the Foreign Representative and the DIP ABL Lenders consent to such Order.

39. **THIS COURT ORDERS** that this Order shall be effective as of 12:01 am on the date of this Order.

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

MAY 16 2018

PER / PAR:



Schedule "A"

Guidelines for Court-to-Court Communications in Cross-Border Cases developed by the American Law Institute

THE AMERICAN LAW INSTITUTE

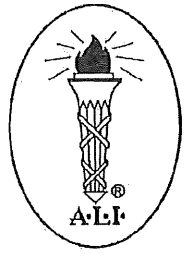
TRANSNATIONAL INSOLVENCY:
COOPERATION AMONG
THE NAFTA COUNTRIES

PRINCIPLES OF COOPERATION AMONG THE NAFTA COUNTRIES

Guidelines Applicable to Court-to-Court Communications in Cross-Border Cases

As Adopted and Promulgated
BY
THE AMERICAN LAW INSTITUTE
AT WASHINGTON, D.C.

May 16, 2000



The Executive Office
The American Law Institute
4025 Chestnut Street
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Telephone: (215) 243-1600 • Telecopier: (215) 243-1636
E-mail: ali@ali.org • Website: http://www.ali.org

Guidelines
Applicable to Court-to-Court Communications
in Cross-Border Cases

Introduction:

One of the most essential elements of cooperation in cross-border cases is communication among the administrating authorities of the countries involved. Because of the importance of the courts in insolvency and reorganization proceedings, it is even more essential that the supervising courts be able to coordinate their activities to assure the maximum available benefit for the stakeholders of financially troubled enterprises.

These Guidelines are intended to enhance coordination and harmonization of insolvency proceedings that involve more than one country through communications among the jurisdictions involved. Communications by judges directly with judges or administrators in a foreign country, however, raise issues of credibility and proper procedures. The context alone is likely to create concern in litigants unless the process is transparent and clearly fair. Thus, communication among courts in cross-border cases is both more important and more sensitive than in domestic cases. These Guidelines encourage such communications while channeling them through transparent procedures. The Guidelines are meant to permit rapid cooperation in a developing insolvency case while ensuring due process to all concerned.

The Guidelines at this time contemplate application only between Canada and the United States because of the very different rules governing communications with and among courts in Mexico. Nonetheless, a Mexican Court might choose to adopt some or all of these Guidelines for communications by a sindico with foreign administrators or courts.

A Court intending to employ the Guidelines — in whole or part, with or without modifications — should adopt them formally before applying them. A Court may wish to make its adoption of the Guidelines contingent upon, or temporary until, their adoption by other courts concerned in the matter. The adopting Court may want to make adoption or continuance conditional upon adoption of the Guidelines by the other Court in a substantially similar form, to ensure that judges, counsel, and parties are not subject to different standards of conduct.

The Guidelines should be adopted following such notice to the parties and counsel as would be given under local procedures with regard to any important procedural decision under similar circumstances. If communication with other courts is urgently needed, the local procedures, including notice requirements, that are used in urgent or emergency situations should be employed, including, if appropriate, an initial period of effectiveness, followed by further consideration of the Guidelines at a later time. Questions about the parties entitled to such notice (for example, all parties or representative parties or representative counsel) and the nature of the court's

consideration of any objections (for example, with or without a hearing) are governed by the Rules of Procedure in each jurisdiction and are not addressed in the Guidelines.

The Guidelines are not meant to be static, but are meant to be adapted and modified to fit the circumstances of individual cases and to change and evolve as the international insolvency community gains experience from working with them. They are to apply only in a manner that is consistent with local procedures and local ethical requirements. They do not address the details of notice and procedure that depend upon the law and practice in each jurisdiction. However, the Guidelines represent approaches that are likely to be highly useful in achieving efficient and just resolutions of cross-border insolvency issues. Their use, with such modifications and under such circumstances as may be appropriate in a particular case, is therefore recommended.

Guideline 1

Except in circumstances of urgency, prior to a communication with another Court, the Court should be satisfied that such a communication is consistent with all applicable Rules of Procedure in its country. Where a Court intends to apply these Guidelines (in whole or in part and with or without modifications), the Guidelines to be employed should, wherever possible, be formally adopted before they are applied. Coordination of Guidelines between courts is desirable and officials of both courts may communicate in accordance with Guideline 8(d) with regard to the application and implementation of the Guidelines.

Guideline 2

A Court may communicate with another Court in connection with matters relating to proceedings before it for the purposes of coordinating and harmonizing proceedings before it with those in the other jurisdiction.

Guideline 3

A Court may communicate with an Insolvency Administrator in another jurisdiction or an authorized Representative of the Court in that jurisdiction in connection with the coordination and harmonization of the proceedings before it with the proceedings in the other jurisdiction.

Guideline 4

A Court may permit a duly authorized Insolvency Administrator to communicate with a foreign Court directly, subject to the approval of the foreign Court, or through an Insolvency Administrator in the other jurisdiction or through an authorized Representative of the foreign Court on such terms as the Court considers appropriate.

Guideline 5

A Court may receive communications from a foreign Court or from an authorized Representative of the foreign Court or from a foreign Insolvency Administrator and

should respond directly if the communication is from a foreign Court (subject to Guideline 7 in the case of two-way communications) and may respond directly or through an authorized Representative of the Court or through a duly authorized Insolvency Administrator if the communication is from a foreign Insolvency Administrator, subject to local rules concerning ex parte communications.

Guideline 6

Communications from a Court to another Court may take place by or through the Court:

(a) Sending or transmitting copies of formal orders, judgments, opinions, reasons for decision, endorsements, transcripts of proceedings, or other documents directly to the other Court and providing advance notice to counsel for affected parties in such manner as the Court considers appropriate;

(b) Directing counsel or a foreign or domestic Insolvency Administrator to transmit or deliver copies of documents, pleadings, affidavits, factums, briefs, or other documents that are filed or to be filed with the Court to the other Court in such fashion as may be appropriate and providing advance notice to counsel for affected parties in such manner as the Court considers appropriate;

(c) Participating in two-way communications with the other Court by telephone or video conference call or other electronic means, in which case Guideline 7 should apply.

Guideline 7

In the event of communications between the Courts in accordance with Guidelines 2 and 5 by means of telephone or video conference call or other electronic means, unless otherwise directed by either of the two Courts:

(a) Counsel for all affected parties should be entitled to participate in person during the communication and advance notice of the communication should be given to all parties in accordance with the Rules of Procedure applicable in each Court;

(b) The communication between the Courts should be recorded and may be transcribed. A written transcript may be prepared from a recording of the communication which, with the approval of both Courts, should be treated as an official transcript of the communication;

(c) Copies of any recording of the communication, of any transcript of the communication prepared pursuant to any Direction of either Court, and of any official transcript prepared from a recording should be filed as part of the record in the proceedings and made available to counsel for all parties

in both Courts subject to such Directions as to confidentiality as the Courts may consider appropriate; and

(d) The time and place for communications between the Courts should be to the satisfaction of both Courts. Personnel other than Judges in each Court may communicate fully with each other to establish appropriate arrangements for the communication without the necessity for participation by counsel unless otherwise ordered by either of the Courts.

Guideline 8

In the event of communications between the Court and an authorized Representative of the foreign Court or a foreign Insolvency Administrator in accordance with Guidelines 3 and 5 by means of telephone or video conference call or other electronic means, unless otherwise directed by the Court:

(a) Counsel for all affected parties should be entitled to participate in person during the communication and advance notice of the communication should be given to all parties in accordance with the Rules of Procedure applicable in each Court;

(b) The communication should be recorded and may be transcribed. A written transcript may be prepared from a recording of the communication which, with the approval of the Court, can be treated as an official transcript of the communication;

(c) Copies of any recording of the communication, of any transcript of the communication prepared pursuant to any Direction of the Court, and of any official transcript prepared from a recording should be filed as part of the record in the proceedings and made available to the other Court and to counsel for all parties in both Courts subject to such Directions as to confidentiality as the Court may consider appropriate; and

(d) The time and place for the communication should be to the satisfaction of the Court. Personnel of the Court other than Judges may communicate fully with the authorized Representative of the foreign Court or the foreign Insolvency Administrator to establish appropriate arrangements for the communication without the necessity for participation by counsel unless otherwise ordered by the Court.

Guideline 9

A Court may conduct a joint hearing with another Court. In connection with any such joint hearing, the following should apply, unless otherwise ordered or unless otherwise provided in any previously approved Protocol applicable to such joint hearing:

(a) Each Court should be able to simultaneously hear the proceedings in the other Court.

(b) Evidentiary or written materials filed or to be filed in one Court should, in accordance with the Directions of that Court, be transmitted to the other Court or made available electronically in a publicly accessible system in advance of the hearing. Transmittal of such material to the other Court or its public availability in an electronic system should not subject the party filing the material in one Court to the jurisdiction of the other Court.

(c) Submissions or applications by the representative of any party should be made only to the Court in which the representative making the submissions is appearing unless the representative is specifically given permission by the other Court to make submissions to it.

(d) Subject to Guideline 7(b), the Court should be entitled to communicate with the other Court in advance of a joint hearing, with or without counsel being present, to establish Guidelines for the orderly making of submissions and rendering of decisions by the Courts, and to coordinate and resolve any procedural, administrative, or preliminary matters relating to the joint hearing.

(e) Subject to Guideline 7(b), the Court, subsequent to the joint hearing, should be entitled to communicate with the other Court, with or without counsel present, for the purpose of determining whether coordinated orders could be made by both Courts and to coordinate and resolve any procedural or nonsubstantive matters relating to the joint hearing.

Guideline 10

The Court should, except upon proper objection on valid grounds and then only to the extent of such objection, recognize and accept as authentic the provisions of statutes, statutory or administrative regulations, and rules of court of general application applicable to the proceedings in the other jurisdiction without the need for further proof or exemplification thereof.

Guideline 11

The Court should, except upon proper objection on valid grounds and then only to the extent of such objection, accept that Orders made in the proceedings in the other jurisdiction were duly and properly made or entered on or about their respective dates and accept that such Orders require no further proof or exemplification for purposes of the proceedings before it, subject to all such proper reservations as in the opinion of the Court are appropriate regarding proceedings by way of appeal or review that are actually pending in respect of any such Orders.

Guideline 12

The Court may coordinate proceedings before it with proceedings in another jurisdiction by establishing a Service List that may include parties that are entitled to receive notice of proceedings before the Court in the other jurisdiction ("Non-Resident

Parties"). All notices, applications, motions, and other materials served for purposes of the proceedings before the Court may be ordered to also be provided to or served on the Non-Resident Parties by making such materials available electronically in a publicly accessible system or by facsimile transmission, certified or registered mail or delivery by courier, or in such other manner as may be directed by the Court in accordance with the procedures applicable in the Court.

Guideline 13

The Court may issue an Order or issue Directions permitting the foreign Insolvency Administrator or a representative of creditors in the proceedings in the other jurisdiction or an authorized Representative of the Court in the other jurisdiction to appear and be heard by the Court without thereby becoming subject to the jurisdiction of the Court.

Guideline 14

The Court may direct that any stay of proceedings affecting the parties before it shall, subject to further order of the Court, not apply to applications or motions brought by such parties before the other Court or that relief be granted to permit such parties to bring such applications or motions before the other Court on such terms and conditions as it considers appropriate. Court-to-Court communications in accordance with Guidelines 6 and 7 hereof may take place if an application or motion brought before the Court affects or might affect issues or proceedings in the Court in the other jurisdiction.

Guideline 15

A Court may communicate with a Court in another jurisdiction or with an authorized Representative of such Court in the manner prescribed by these Guidelines for purposes of coordinating and harmonizing proceedings before it with proceedings in the other jurisdiction regardless of the form of the proceedings before it or before the other Court wherever there is commonality among the issues and/or the parties in the proceedings. The Court should, absent compelling reasons to the contrary, so communicate with the Court in the other jurisdiction where the interests of justice so require.

Guideline 16

Directions issued by the Court under these Guidelines are subject to such amendments, modifications, and extensions as may be considered appropriate by the Court for the purposes described above and to reflect the changes and developments from time to time in the proceedings before it and before the other Court. Any Directions may be supplemented, modified, and restated from time to time and such modifications, amendments, and restatements should become effective upon being accepted by both Courts. If either Court intends to supplement, change, or abrogate Directions issued under these Guidelines in the absence of joint approval by both Courts, the Court should give the other Courts involved reasonable notice of its intention to do so.

Guideline 17

Arrangements contemplated under these Guidelines do not constitute a compromise or waiver by the Court of any powers, responsibilities, or authority and do not constitute a substantive determination of any matter in controversy before the Court or before the other Court nor a waiver by any of the parties of any of their substantive rights and claims or a diminution of the effect of any of the Orders made by the Court or the other Court.

CV-18-597987-00CL

Court File No.:

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

AND IN THE MATTER OF ROCKPORT BLOCKER, LLC, THE ROCKPORT GROUP HOLDINGS, LLC, TRG 1-P HOLDINGS, LLC, TRG INTERMEDIATE HOLDINGS, LLC, TRG CLASS D, LLC, THE ROCKPORT GROUP, LLC, THE ROCKPORT COMPANY, LLC, DRYDOCK FOOTWEAR, LLC, DD MANAGEMENT SERVICES LLC AND ROCKPORT CANADA ULC (THE "DEBTORS")

APPLICATION OF ROCKPORT BLOCKER, 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)

PROCEEDINGS COMMENCED AT TORONTO

SUPPLEMENTAL ORDER
(Foreign Main Proceeding - May 16, 2018)

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Court File No.:

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

AND IN THE MATTER OF ROCKPORT BLOCKER, LLC, THE ROCKPORT GROUP HOLDINGS, LLC, TRG 1-P HOLDINGS, LLC, TRG INTERMEDIATE HOLDINGS, LLC, TRG CLASS D, LLC, THE ROCKPORT GROUP, LLC, THE ROCKPORT COMPANY, LLC, DRYDOCK FOOTWEAR, LLC, DD MANAGEMENT SERVICES LLC AND ROCKPORT CANADA ULC (THE "DEBTORS")

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

16 May 18

The Initial Recognition Order and Supplemental Order shall go on an unopposed basis, as per the draft filed signed.

With respect to the first order I am satisfied that I have jurisdiction + that the COMI is in the U.S. I am also satisfied that the applic relates to a foreign main proceeding and the Applicant is a foreign rep.

With respect to the 2nd order, I am satisfied that the foreign orders ought to be recognized and the additional provisions are sensible. The Applc shall [illegible]

I remain seized

McEwen

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDINGS COMMENCED AT TORONTO

APPLICATION RECORD
(Volume 1 of 3)
(Returnable May 16, 2018)

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Tab D

THIS IS EXHIBIT "D" TO THE AFFIDAVIT

OF JONATHAN LEVI SWORN BEFORE ME

ON THIS 30TH DAY OF JULY, 2018

Ann Jerominski

A Notary Public in and for the State of Delaware

Court File No: CV-18-597987-00CL

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 ROCKPORT BLOCKER, LLC, THE ROCKPORT GROUP HOLDINGS, LLC, TRG 1-P HOLDINGS, LLC, TRG INTERMEDIATE HOLDINGS, LLC, TRG CLASS D, LLC, THE ROCKPORT GROUP, LLC, THE ROCKPORT COMPANY, LLC, DRYDOCK FOOTWEAR, LLC, DD MANAGEMENT SERVICES LLC AND ROCKPORT CANADA ULC (THE "DEBTORS")

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

AFFIDAVIT OF PAUL KOSTUROS

(Sworn June 13, 2018)

I, **PAUL KOSTUROS**, of the City of San Francisco in the State of California, **MAKE OATH AND SAY as follows:**

1. I am the Interim Chief Financial Officer of The Rockport Company, LLC ("**Rockport**"), a Delaware limited liability company and its affiliated companies, the debtor companies in these proceedings, and as such have personal knowledge of the matters deposed to in this Affidavit, or where I do not possess such personal knowledge, I have stated the source of my information, and in all such cases I believe that both the information and the resulting statement to be true.

2. I am also a Senior Director of Alvarez & Marsal Private Equity Services Operations Group, LLC ("**A&M**"). I have more than 20 years' experience in finance and accounting and have advised companies across a diverse range of industries in respect of their restructuring and insolvency proceedings (both in and out of court). I also have experience designing financing packages and acting as a financial advisor in the purchase or sale of numerous businesses.

3. I have been the interim Chief Financial Officer of Rockport and its affiliated companies since August 1, 2017.

4. Rockport, Rockport Blocker, LLC, The Rockport Group Holdings, LLC, TRG 1-P Holdings, LLC, TRG Intermediate Holdings, LLC, TRG Class D, LLC, The Rockport Group, LLC, Drydock Footwear, LLC, DD Management Services LLC (collectively, the "**US Debtors**") and Rockport Canada ULC ("**Rockport Canada**", and together with the US Debtors, the "**Rockport Group**" or the "**Debtors**") initially retained A&M in March 2017 to provide technology consulting services.

5. The Rockport Group then expanded A&M's management to include interim management services, including my appointment as interim Chief Financial Officer.

6. As a result of my role over the past 10 months, I am generally familiar with the Rockport Group's business, day-to-day operations, finances and records.

Introduction

7. On May 14, 2018 (the "**Filing Date**"), each entity in the Rockport Group filed voluntary petitions for relief pursuant to Chapter 11 of Title 11 ("**Chapter 11**") of the United States Bankruptcy Code (the "**US Code**") (collectively, the "**Petitions**" and each a "**Petition**") with the United States Bankruptcy Court for the District of Delaware (the "**US Court**"). The Rockport Group has requested that the Petitions be jointly administered for procedural purposes only.

8. As of the date of this Affidavit, I am not aware of any other insolvency proceedings involving the Rockport Group other than the proceedings before the US Court commenced by the Petitions (the "**US Proceedings**") and these proceedings.

9. On May 15, 2018, the US Court made various orders (the "**First Day Orders**"), including orders appointing Rockport Blocker as foreign representative of the Rockport Group and authorizing the Rockport Group to obtain debtor-in-possession financing on an interim basis.

10. In support of the Petitions, I caused to be filed with the US Court a declaration (the "**First Day Declaration**"). The First Day Declaration sets out in greater detail, among other things, the history of the Rockport Group and the present challenges leading to the US Proceedings.

Attached hereto and marked as **Exhibit "A"** is a true copy of the First Day Declaration.

11. On May 15, 2018, I swore an Affidavit in these proceedings in support of the application for the Recognition Orders (the "**First Kosturos Affidavit**"). The First Kosturos Affidavit sets out in greater detail the background to this matter and the First Day Orders. Attached hereto and marked as **Exhibit "B"** is a true copy of the First Kosturos Affidavit (without exhibits).

12. On May 16, 2018, this Court made orders, among other things, recognizing the First Day Orders within Canada (the "**Recognition Orders**"). Attached hereto and marked as **Exhibit "C"** is a copy of the Initial Recognition Order, the Supplemental Order and the Endorsement made by Mr. Justice McEwen on May 16, 2018.

13. As detailed in the First Kosturos Affidavit, the Rockport Group entered into an asset purchase agreement dated as of May 13, 2018 (the "**Stalking Horse Agreement**") to sell substantially all of the Rockport Group's assets to CB Marathon Opco, LLC ("**Marathon**"), an affiliate of Charlesbank Equity Fund IX, Limited Partnership ("**Charlesbank**"), or another higher or otherwise better bidder, pursuant to Section 363 of the US Code. The Rockport Group has determined that value for creditors will be maximized by commencing the US Proceedings and continuing an orderly sale process.

14. This Affidavit is made in support of a motion by Rockport Blocker, in its capacity as Foreign Representative of the Rockport Group pursuant to the Debtors' proceedings under Part IV of the *Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36, as amended (the "**CCAA**"), for an order granting certain relief, including, *inter alia*:

(a) abridging the time for service of the materials such that this motion is properly returnable on June 14, 2018; and

(b) recognizing and enforcing in Canada certain orders (as set out below) of the US Court made in the US Proceedings.

The Second Day and Other US Orders

15. The US Court heard several motions on June 5, 2018 and June 13, 2018, as applicable, and granted orders in connection therewith, as well as entered certain uncontested orders on June

12, 2018, (collectively, the "**Second Day and Other US Orders**") which include, *inter alia:*

(a) an order, *inter alia*, (i) approving the proposed bidding procedures, attached as Exhibit 1 to the Bidding Procedures Order (the "**Bidding Procedures**"), pursuant to which the Debtors will solicit and select the highest or otherwise best offer for the sale (the "**Sale**") of all or substantially all of the Debtors' assets (collectively, the "**Assets**"), (ii) approving the Stalking Horse Protections (as defined in the Bidding Procedures Order) provided by the Debtors to Marathon, an affiliate of Charlesbank (the "**Stalking Horse Bidder**"), (iii) scheduling an auction (the "**Auction**"), if necessary, (iv) authorizing and approving the Sale Notice (as defined below) and the Potential Assumption and Assignment Notice (as defined below), (v) approving the amendments to Sections 4.4(i) and 4.6(a) of the Stalking Horse Agreement (as defined in the Second Kosturos Affidavit), substantially in the form attached to the Bidding Procedures Order as Exhibit 4 thereto, to address the unsecured creditors' committee's objection to the Stalking Horse Protections (as defined in the Bidding Procedures Order), (vi) authorizing and approving procedures for the assumption and assignment of the Contracts and Leases (as defined below) and the determination of Cure Costs (as defined below) with respect thereto (collectively, the "**Assumption and Assignment Procedures**"), (vii) scheduling a hearing to approve the Sale (the "**Sale Hearing**"), and (viii) granting related relief (the "**Bidding Procedures Order**"). Attached hereto and marked as **Exhibit "D"** is a true copy of the Bidding Procedures Order;

(b) an order, *inter alia*, (i) authorizing, but not directing, the Debtors to (a) conduct store closing sales (the "**Store Closing Sales**") at the Debtors' retail stores in the United States and Canada (collectively, the "**Closing Stores**") in accordance with the terms of the store closing sale guidelines attached as Exhibit 1 to the Store Closing Sales Order (the "**Store Closing Sale Guidelines**"), and (b) pay retention and shrink bonuses (the "**Store Closing Bonuses**") to non-insider retail employees at the Closing Stores who remain employed for the duration of the Store Closing Sales, and (ii) granting certain related relief (the "**Store Closing**

Sales Order"). Attached hereto and marked as **Exhibit "E"** is a true copy of the Store Closing Sales Order;

(c) an order, among other things, authorizing, but not directing, the Debtors to retain and pay professionals utilized in the ordinary course of business (each, an "**Ordinary Course Professional**" and, collectively, the "**Ordinary Course Professionals**"), including, but not limited to those set forth on Exhibit 1, attached to the Ordinary Course Professionals Order, as of the Filing Date or the applicable date of engagement, in accordance with the procedures proposed therein (the "**Ordinary Course Professionals Order**"). Attached hereto and marked as **Exhibit "F"** is a true copy of the Ordinary Course Professionals Order;

(d) an order, among other things, authorizing the Debtors to employ and retain Prime Clerk LLC ("**Prime Clerk**") as administrative advisor in the US Proceedings, *nunc pro tunc,* to the Filing Date (the "**Administrative Advisor Order**"). Attached hereto and marked as **Exhibit "G"** as a true copy of the Administrative Advisor Order;

(e) an order, among other things, (i) authorizing the Debtors to retain Alvarez & Marsal North America, LLC together with employees of its professional service provider affiliates (all of which are wholly-owned by its parent company and employees) and its wholly-owned subsidiaries (collectively, "**A&M and Affiliates**") pursuant to the terms of that certain letter agreement between A&M and Affiliates and the Debtors, dated March 1, 2018 (replacing the prior engagement letter dated as of October 10, 2017, the "**A&M Engagement Letter**") to provide the Debtors with an interim chief financial officer ("**Interim CFO**"), interim chief operating officer (the "**Interim COO**") and additional employees of A&M and Affiliates (the "**Additional Personnel**", and together with the Interim CFO and Interim COO, the "**Engagement Personnel**"), as needed to assist the Interim CFO and Interim COO, (ii) designating Paul Kosturos as Interim CFO and Josh Jacobs as Interim COO to the Debtors effective, *nunc pro tunc,* as of the Filing Date, and (iii) granting certain related relief (the "**A&M**

Retention Order"). Attached hereto and marked as **Exhibit "H"** is a true copy of the A&M Retention Order;

(f) an order, among other things, (i) authorizing the retention and employment of HYPERAMS, LLC as the Debtors' liquidation consultant (the "**Consultant**"), *nunc pro tunc,* to May 25, 2018 (the "**Effective Date**"), and (ii) modifying certain reporting requirements under the Local Rules (the "**Consultant Retention Order**"). Attached hereto and marked as **Exhibit "I"** is a true copy of the Consultant Retention Order;

(g) a final order (i) authorizing, but not directing, Rockport Group, in their sole discretion, to pay (a) all or a portion of the shipping and warehousing claims and (b) certain import charges; and (ii) authorizing applicable banks and other financial institutions to receive, process, honour and pay any and all cheques drawn on the Debtors' general disbursement account and other transfers, to the extent such cheques and transfers relate to any of the foregoing (the "**Final Shippers and Warehousemen Order**"). Attached hereto and marked as **Exhibit "J"** is a true copy of the Final Shippers and Warehousemen Order;

(h) a final order (i) authorizing, but not directing, the Rockport Group to pay prepetition obligations of certain (a) critical vendors, up to US$2,000,000; and (b) foreign vendors up to US$20 million; and (ii) authorizing applicable banks and financial institutions to receive, process, honor and pay any and all cheques drawn on the Rockport Group's general disbursement account and other transfers, to the extent these cheques and transfers relate to any of the foregoing (the "**Final Critical and Foreign Vendors Order**"). Attached hereto and marked as **Exhibit "K"** is a true copy of the Final Critical and Foreign Vendors Order;

(i) a final order (i) authorizing, but not directing, the Rockport Group, in their sole discretion, to pay Covered Taxes and Fees (as defined in the First Day Declaration), whether asserted prior to, on or after the commencement of the Chapter 11 cases; and (ii) authorizing and directing applicable banks and financial institutions to receive, process, honor and pay any and all cheques drawn on the

Rockport Group's general disbursement account and other transfers to the extent these cheques and transfers relate to any of the foregoing (the "**Final Taxes Order**"). Attached hereto and marked as **Exhibit "L"** is a true copy of the Final Taxes Order;

(j) a final order (i) authorizing the Rockport Group to continue and renew their (a) Insurance Programs (as defined in the First Day Declaration), including Premium Financing (as defined in the First Day Declaration), and (b) Surety Bond Program (as defined in the First Day Declaration) and honor all obligations under the Insurance and Surety Bond Programs; (ii) modifying the automatic stay imposed by Section 362 of the Bankruptcy Code to the extent necessary to permit the Rockport Group's employees to proceed with any claims they may have under the Workers' Compensation Program (as defined in the First Day Declaration); and (iii) authorizing financial institutions to honor and process related cheques and transfers (the "**Final Insurance Order**"). Attached hereto and marked as **Exhibit "M"** is a true copy of the Final Insurance Order;

(k) a final order authorizing the Rockport Group to pay pre-Petition wages, compensation, employee benefits and claims of independent contractors (the "**Final Wages Order**"). Attached hereto and marked as **Exhibit "N"** is a true copy of the Final Wages Order;

(l) a final order, with respect to utilities providers, (i) prohibiting the Rockport Group's utility service providers from altering or discontinuing service; (ii) approving an adequate assurance deposit as adequate assurance of post-Petition payment to the utilities; and (iii) establishing procedures for resolving any subsequent requests by the utilities for additional adequate assurance of payment (the "**Final Utilities Order**"). Attached hereto and marked as **Exhibit "O"** is a true copy of the Final Utilities Order; and

(m) a final order authorizing, but not directing, the Rockport Group to maintain their existing bank accounts, cash management system and authorizing the continuation of (and administrative expense priority status of) intercompany transactions,

subject to certain limitations set out therein (the "**Final Cash Management Order**"). Attached hereto and marked as **Exhibit "P"** is a true copy of the Final Cash Management Order.

The Bidding Procedures Order

16. On June 5, 2018, the US Court made the Bidding Procedures Order, which contemplated, *inter alia*, the following relief:

(a) approving the Bidding Procedures, pursuant to which the Debtors will solicit and select the highest or otherwise best offer for the Sale of all or substantially all of the Debtors' Assets, including the bid deadline of 5:00 p.m. (prevailing Eastern Time) on June 29, 2018 (the "**Bid Deadline**") and the deadline by which the Debtors shall notify Potential Bidders (as defined in the Bidding Procedures) of their status as Qualified Bidders (as defined in the Bidding Procedures);

(b) approving the Stalking Horse Protections (as defined in the Bidding Procedures Order), namely the Break-Up Fee and Expense Reimbursement (as such terms are defined in the Stalking Horse Agreement) provided by the Debtors to the Stalking Horse Bidder;

(c) scheduling the Auction, in the event the Debtors receive, on or before the Bid Deadline, one or more Qualified Bids (as defined in the Bidding Procedures) in addition to the bid of the Stalking Horse Bidder, which Auction will be conducted at the office of Richards, Layton & Finger, P.A., One Rodney Square, 920 North King Street, Wilmington, Delaware 19801 at 10:00 a.m. (prevailing Eastern Time) on July 10, 2018 or such other date, time or location as the Debtors shall notify all Qualified Bidders (including the Stalking Horse Bidder);

(d) authorizing and approving the (i) notice of the Sale, the Bid Deadline, the Auction and the Sale Hearing, substantially in the form attached to the Bidding Procedures Order as Exhibit 2 thereto (the "**Sale Notice**"), and (ii) notice to each relevant non-Debtor counterparty to an executory contract or unexpired lease related to the Assets of the potential assumption and assignment of their executory contract or

unexpired lease (the "**Contracts and Leases**") and the calculation of the amount necessary to cure any monetary defaults thereunder (the "**Cure Costs**"), substantially in the form attached to the Bidding Procedures Order as Exhibit 3 thereto (the "**Potential Assumption and Assignment Notice**");

(e) approving the amendments to the Stalking Horse Agreement;

(f) authorizing and approving the Assumption and Assignment Procedures;

(g) scheduling the Sale Hearing; and

(h) granting related relief.

17. In making the Bidding Procedures Order, the US Court found and determined, *inter alia*, the following:

(a) the Bidding Procedures in the form attached to the Bidding Procedures Order as Exhibit 1 thereto are fair, reasonable and appropriate and are designed to maximize creditor recoveries from a sale of the Assets;

(b) the Bidding Procedures and the Stalking Horse Agreement were each negotiated in good faith and at arm's-length among the Debtors and the Stalking Horse Bidder;

(c) the Stalking Horse Agreement represents the highest or otherwise best offer that the Debtors have received to date for the Assets;

(d) the process for selecting the Stalking Horse Bidder was fair and appropriate under the circumstances and in the best interests of the Debtors' estates;

(e) the Debtors have demonstrated a compelling and sound business justification for the US Court to enter the Bidding Procedures Order; and

(f) the Stalking Horse Protections, as approved by the Bidding Procedures Order, are fair and reasonable and provide a benefit to the Debtors' estates and stakeholders.

The Store Closing Sales Order

18. On June 13, 2018, the US Court made the Store Closing Sales Order, which contemplated, *inter alia*, the following relief:

(a) authorizing, but not directing, the Debtors to (i) conduct the Store Closing Sales at the Debtors' Closing Stores in accordance with the terms of the Store Closing Sale Guidelines, and (ii) pay the Store Closing Bonuses to non-insider retail employees at the Closing Stores who remain employed for the duration of the Store Closing Sales; and

(b) granting certain related relief.

19. Paragraph 3 of the Store Closing Sales Order provides as follows:

> ... The Debtors are authorized, in their discretion and business judgment, to enter into an agreement with any landlord modifying the Store Closing Sale Guidelines with respect to a specific Closing Store (a "**Landlord Agreement**"); *provided* that (i) any Landlord Agreement shall not have a material adverse effect on the Debtors or their estates and (ii) no Landlord Agreement shall modify paragraph 7 of the Store Closing Sale Guidelines...

20. Rockport Canada has negotiated an agreement with three (3) sets of counsel to Canadian landlords representing in excess of twenty (20) Canadian stores, as contemplated by paragraph 3 of the Store Closing Sales Order, which modifies the Store Closing Sale Guidelines to address the concerns of the Canadian landlords represented by such counsel (the "**Canadian Landlord Agreement**"). In order to be fair and even-handed, Rockport Canada has entered into such agreement and has extended the terms of such agreement to the benefit of all Canadian landlords, which landlords are set out on Schedule "A" thereto (the "**Canadian Landlords**"). Attached hereto and marked as **Exhibit "Q"** is a true copy of the Canadian Landlord Agreement.

21. The US Court granted the Store Closing Sales Order having been satisfied with the following representations by the Debtors in their motion materials:

(a) the Debtors have demonstrated sound business justifications for the Store Closing Sales;

(b) notice of the Store Closing Sales is reasonable and appropriate;

(c) the Store Closing Sales will produce fair and reasonable prices for the Debtors' North American retail assets comprising a total of 27 stores in the United States and 33 stores in Canada, including related inventory (collectively, the "**North American Retail Assets**");

(d) the Debtors' efforts to sell the North American Retail Assets have been in good faith to maximize value to the estates; and

(e) payment of the Store Closing Bonuses is warranted and in the sound business judgment of the Debtors.

The Ordinary Course Professionals Order

22. On June 12, 2018, the US Court entered the Ordinary Course Professionals Order on an uncontested basis, which contemplated, *inter alia*, authorizing, but not directing, the Debtors to retain and pay the Ordinary Course Professionals as of the Filing Date or the applicable date of engagement in accordance with the procedures proposed therein. An initial list of the Debtors' current Ordinary Course Professionals expected to incur an average of US$35,000.00 or less of fees and expenses per month is attached to the Ordinary Course Professionals Order as Exhibit 1 thereto. The Debtors reserve the right to supplement this exhibit in the future.

23. The Debtors desire to continue to employ and retain the services of the Ordinary Course Professionals, while operating as debtors in possession under the US Code, will enable them to continue the normal business activities that are essential to the achievement of their Chapter 11 objectives. The Ordinary Course Professionals provide services to the Debtors in a variety of matters unrelated to the US Proceedings, including, but not limited to, legal, regulatory, employment, tax and accounting services. Moreover, the work of the Ordinary Course Professionals, albeit ordinary course, is directly related to the preservation of the value of the Debtors, their non-debtor affiliates, and the Debtors' estates, even though the amount of fees and expenses incurred by the Ordinary Course Professionals represents only a fraction of that value. Although the automatic stay and other issues in these cases may decrease the Debtors' need for the services of certain Ordinary Course Professionals, the Debtors cannot now quantify or

qualify their needs.

24. In light of the significant costs associated with the preparation of employment applications for professionals who will receive relatively modest fees, the preparation and submission of individual applications and proposed retention orders for each Ordinary Course Professional would be impractical, inefficient and extremely costly for the Debtors.

25. It is anticipated that the Debtors will employ the Ordinary Course Professionals to perform ongoing services during the pendency of the US Proceedings. Except as may be set forth in the Procedures (as defined in the Ordinary Course Professionals Order), during the pendency of the cases, no single Ordinary Course Professional listed on Exhibit 1 to the Ordinary Course Professionals Order will be paid more than the monthly caps set for therein (the "**Cap Amounts**") on an average over a rolling three (3) month period during the pendency of the US Proceedings. To the extent any contingency fees are earned by any Ordinary Course Professional on account of recoveries realized on behalf of the Debtors, such contingency fees will be subject to approval by the US Court based upon a separate application for allowance of fees and expenses under Sections 330 and 331 of the US Code. The Debtors may increase the monthly Cap Amount, if necessary under the circumstances, upon notice and opportunity to object.

26. The US Court determined that the relief requested in the Ordinary Course Professionals Order is in the best interests of the Debtors, their estates, their creditors, and other parties in interest.

27. The recognition of the Ordinary Course Professionals Order in Canada is appropriate given that Crupi Law is Canadian real estate counsel to the Rockport Group and McCarthy Tetrault LLP is Canadian counsel to the Rockport Group in corporate matters and as registration agent. Accordingly, in an effort to recognize the coordination of these proceedings in the US and Canada, it is appropriate and necessary to recognize the Ordinary Course Professionals Order.

The Administrative Advisor Order

28. On June 12, 2018, the US Court entered the Administrative Advisor Order on an uncontested basis, which authorizes (i) the Debtors to employ and retain Prime Clerk as Administrative Advisor in the US Proceedings, *nunc pro tunc,* to the Filing Date under the terms

of the Engagement Agreement (as defined in the Administrative Advisor Order and attached as Exhibit C thereto) and (ii) Prime Clerk to perform certain bankruptcy administration services.

29. Prime Clerk's rates are competitive and comparable to the rates its competitors charge for similar services. Indeed, the Debtors conducted a review and competitive comparison of other firms and reviewed the rates of other firms prior to selecting Prime Clerk as Administrative Advisor. Prime Clerk will seek reimbursement from the Debtors for reasonable expenses in accordance with the terms of the Engagement Agreement.

30. Additionally, under the terms of the Engagement Agreement, the Debtors have agreed to indemnify, defend and hold harmless Prime Clerk and its members, officers, employees, representatives and agents under certain circumstances specified in the Engagement Agreement, except in circumstances arising solely from Prime Clerk's gross negligence or willful misconduct or as otherwise provided in the Engagement Agreement. I believe that such an indemnification obligations is customary, reasonable and necessary to retain the services of an Administrative Advisor in the US Proceedings.

31. The US Court found that the granting the Administrative Advisor Order is in the best interests of the Debtors, their estates, creditors and all parties in interest and that the legal and factual bases set forth in the related application established just cause for the relief granted in the Administrative Advisor Order.

32. Pursuant to their role, Prime Clerk will interact with Canadian creditors through solicitation, balloting and tabulation of votes of a plan of arrangement (a "**Plan**"), if any, and will submit declarations in support of voting on any Plan, and so on. As such, the recognition of the Administrative Advisor Order in Canada is appropriate.

The A&M Retention Order

33. On June 13, 2018, the US Court made the A&M Retention Order, which provides for, among other things, the following relief:

(a) authorizing the Debtors to retain A&M and Affiliates pursuant to the terms of the A&M Engagement Letter to provide the Debtors with an Interim CFO, Interim

COO and Additional Personnel, as needed to assist the Interim CFO and Interim COO;

(b) designating Paul Kosturos as Interim CFO and Josh Jacobs as Interim COO to the Debtors effective, *nunc pro tunc,* as of the Filing Date, and

(c) granting certain related relief.

34. In consideration of the size and complexity of the Debtors' businesses, as well as the exigencies of the circumstances, all as more fully described in the First Day Declaration, the Debtors have determined that the services of an experienced restructuring manager will substantially enhance their attempts to maximize the value of their estates. A&M and Affiliates possess extensive knowledge and expertise in the areas of bankruptcy and financial matters relevant to the US Proceedings, and are well qualified to serve as the Debtors' interim management service providers.

35. The Engagement Personnel specialize in interim management, turnaround consulting, operational due diligence, creditor advisory services, and financial and operational restructuring. A&M and Affiliates' debtor advisory services have included a wide range of activities targeted at stabilizing and improving a company's financial position, including (i) developing or validating forecasts and business plans and related assessments of a business's strategic position, (ii) monitoring and managing cash, cash flow and supplier relationships, (iii) assessing and recommending cost reduction strategies, and (iv) designing and negotiating financial restructuring packages.

36. The US Court determined that the granting of the A&M Retention Order is in the best interests of the Debtors, their estates, creditors and all parties in interest and that the legal and factual bases set forth in the related application established just cause for the relief granted in the A&M Retention Order.

37. The recognition of the A&M Retention Order in Canada is appropriate for the same reasons set out in paragraph 35 as A&M and Affiliates have been working with Houlihan in its sale, restructuring and realization efforts and have been providing services to all Debtors in connection with their role.

The Consultant Retention Order

38. On June 13, 2018, the US Court granted the Consultant Retention Order, which provided for, among other things, the following relief:

(a) authorizing the retention and employment of HYPERAMS, LLC as the Debtors' Consultant, *nunc pro tunc,* to the Effective Date; and

(b) modifying certain reporting requirements under the Local Rules.

39. In connection with the Store Closing Sales, as set out in the Store Closing Sales Order, the Debtors seek the assistance of the Consultant to efficiently manage the Store Closing Sales in accordance with the Store Closing Sale Guidelines and maximize the value returned from the North American Retail Assets. At the time the Debtors filed the store closing motion, the Debtors had not engaged a liquidation consultant or agent, as the Debtors have considerable in-house experience in operating these types of sales. However, the Debtors have determined that it is in the best interests of their estates to retain a professional liquidation consultant to advise and assist the Debtors in the management and direction of the Store Closing Sales. The Debtors' search for a liquidation consultant focused on retaining a consultant that, in the Debtors' business judgment, will provide added value to the Store Closing Sales, without adding unnecessary expenses in connection therewith. Consistent with this approach, the Debtors' discussions culminated in entering into the consulting agreement dated as of May 25, 2018, between the Consultant and Rockport (the "**Consulting Agreement**"), a copy of which is attached as Exhibit 1 to the Consultant Retention Order, to provide liquidation consulting services for the Store Closing Sales.

40. The US Court found that the relief sought by the Consultant Retention Order is in the best interests of the Debtors, their estates and the creditors, and all parties in interest.

The Final Shippers and Warehousemen Order

41. On June 13, 2018, the US Court made the Final Shippers and Warehousemen Order, which authorizes (but does not direct) the Rockport Group to, in their sole discretion, pay all or a portion of certain accrued pre-Petition shipping and warehousing claims and certain pre-Petition

import charges. The Rockport Group sought this order to ensure its supply of inventory and other goods would not be interrupted. The Final Shippers and Warehousemen Order grants on a final basis, substantially the same relief granted on an interim basis in the Shippers and Warehousemen Order (as defined in the First Kosturos Affidavit), with the modifications outlined in the supplement filed by the Debtors on June 7, 2018 (the "**Supplement to the Shippers and Warehousemen Motion**"). The Supplement to the Shippers and Warehousemen Motion was filed to:

(a) inform all parties in interest of the inadvertent payment by the U.S. Customs and Border Protection ("**USCBP**") in excess of the import charges cap provided for in the Interim Shippers and Warehousemen Order in the amount of US$300,000.00 (the "**Import Charges Cap**") in order to satisfy the accrued import charges in an amount of approximately US$435,000.00 (the "**Import Charges Payment**");

(b) modify the final relief requested in this motion with respect to the import charges to increase the Import Charges Cap to include the Import Charges Payment; and

(c) modify the final relief requested in this motion to seek authority to pay the prepetition amounts due to USCBP for the year 2017 in connection with the annual reconciliation by the debtors of any import charges due to USCBP and payment as a result of any underpayment with interest in the amount of US$275,000.00.

42. In making the Final Shippers and Warehousemen Order, the US Court was satisfied that it is necessary for the Rockport Group to be allowed to pay certain shippers and warehousemen for charges incurred in connection with the transport of goods, so that such shippers or warehousemen do not assert possessory liens against any of the Rockport Group's merchandise or otherwise refuse to release such merchandise pending receipt of payment, which would disrupt the Rockport Group's operations and potentially cause substantial delays, great expense and irreparable harm to the Rockport Group's estates.

43. The US Court was further satisfied in making the Final Shippers and Warehousemen Order that it is necessary for the Rockport Group to be allowed to pay certain import charges

(including, but not limited to, customs duties, detention and demurrage fees, tariffs, excise taxes and other similar obligations) on merchandise delivered from foreign countries as non-payment could cause substantial delays, great expense and irreparable harm to the Rockport Group's estates. In exchange for the payments pursuant to this Order, the recipients are to provide service in the ordinary course.

44. Rockport Blocker seeks recognition of the Final Shippers and Warehousemen Order from the Canadian Court and submits that such recognition is necessary to ensure consistency in the treatment of these payments between these proceedings and the US Proceedings.

The Final Critical and Foreign Vendors Order

45. Pursuant to the Final Critical and Foreign Vendors Order entered by the US Court on June 12, 2018 on an uncontested basis, the US Court authorized the Rockport Group to pay pre-Petition obligations to (i) certain critical vendors up to the Critical Vendor Claims Cap (as defined in the First Day Declaration) and (ii) certain foreign vendors up to the Foreign Vendor Claims Cap (as defined in the First Day Declaration). The Rockport Group sought this order to ensure its critical and foreign vendors would continue to supply necessary merchandise to the group. In particular, the Rockport Group was concerned that foreign vendors may not consider themselves bound by the US Proceedings without a specific order. The Final Critical and Foreign Vendors Order grants on a final basis substantially the same relief granted on an interim basis in the Critical and Foreign Vendors Order (as defined in the First Kosturos Affidavit).

46. In making the Final Critical and Foreign Vendors Order, the US Court was satisfied that the Final Critical and Foreign Vendors Order was necessary to ensure that certain critical and foreign vendors integral to sourcing and manufacturing all of the Rockport Group's merchandise do not disregard the automatic stay and engage in conduct disruptive to the Rockport Group's operations, potentially jeopardizing its continued efforts to facilitate an asset purchase. In exchange for the payments pursuant to this Order, the recipients are to provide service in the ordinary course.

47. Rockport Blocker seeks recognition of the Final Critical and Foreign Vendors Order from the Canadian Court and submits that such recognition is necessary to ensure there is no disruption to the Rockport Group's global sourcing and manufacturing network.

The Final Taxes Order

48. Pursuant to the Final Taxes Order entered by the US Court on June 12, 2018 on an uncontested basis, the US Court authorized the Rockport Group, in its discretion, to pay certain taxes and fees (defined as in the Taxes Order as Covered Taxes and Fees). The Covered Taxes and Fees include income taxes, sales and use taxes, employment taxes, business taxes and property taxes. I believe that many of the Covered Taxes and Fees were collected before the Petitions and must be paid over to the relevant taxing authority and that a failure to do so would result in priority liens. The Final Taxes Order applies to Canadian taxation authorities, including with respect to sales taxes. The Final Taxes Order grants on a final basis substantially the same relief granted on an interim basis in the Taxes Order (as defined in the First Kosturos Affidavit), with the cap on foreign vendors increasing from US$12 million to US$20 million.

49. In making the Final Taxes Order, the US Court determined that it was appropriate and necessary for the Rockport Group to have discretion to pay pre-Petition and post-Petition taxes and fees to facilitate its continued operations and avoid potential disruptions to the Rockport Group's operations, including interruptions to necessary permits and distracting the efforts of critical employees.

50. Rockport Blocker seeks recognition of the Final Taxes Order from the Canadian Court, and submits that such recognition is necessary to ensure the efficient and consistent administration of the Rockport Group's operations. Rockport Blocker also seeks recognition of the Taxes Order from the Canadian Court to ensure that Canadian taxation authorities are treated consistently with those in the US.

The Final Insurance Order

51. The US Court entered, on an uncontested basis, the Final Insurance Order on June 12, 2018, which authorizes the Rockport Group to continue and renew certain insurance programs, including premium financing and surety bond programs. The Final Insurance Order also modified the automatic stay under Section 362 of the US Code, to allow the Rockport Group's employees to proceed with any claims they may have under workers' compensation insurance coverage (the "**Workers' Compensation Program**") maintained by the Rockport Group. The Final Insurance Order grants on a final basis substantially the same relief granted on an interim basis in the Insurance Order (as defined in the First Kosturos Affidavit).

52. In making the Final Insurance Order, the US Court was satisfied that all of the insurance programs covered by the Final Insurance Order are essential to the ongoing operation of the Rockport Group's businesses and the preservation of the value of the Rockport Group's estates.

53. Rockport Blocker seeks recognition of the Final Insurance Order from the Canadian Court and submits that such recognition is necessary to ensure consistency of the insurance coverage between the US Debtors and Rockport Canada.

The Final Wages Order

54. The US Court entered the Final Wages Order on June 12, 2018 on an uncontested basis, authorizing the Rockport Group to, *inter alia*, pay pre-Petition wages and other amounts owed to its employees and claims of independent contractors, to continue all employee benefit programs and to pay all withholding obligations, as such obligations are due. The Final Wages Order grants on a final basis substantially the same relief granted on an interim basis in the Wages Order (as defined in the First Kosturos Affidavit).

55. In granting the Final Wages Order, the US Court was satisfied that the failure to make payments for these obligations to the Rockport Group employees (and for withholdings related to those employees) and claims of independent contractors would threaten the Rockport Group's ability to operate and its efforts to facilitate the entry into an asset purchase agreement. The US Court was further satisfied that authorizing the payment of these amounts was a sound exercise of the Rockport Group's business judgment.

56. Rockport Blocker seeks recognition of the Final Wages Order from the Canadian Court to ensure that all Rockport Group employees, independent contractors and government entities receiving withholdings are treated consistently.

The Final Utilities Order

57. Pursuant to the Final Utilities Order entered by the US Court on June 12, 2018 on an uncontested basis, the US Court approved adequate assurance of payment for certain utility providers, establishing procedures for resolving claims by utility providers and prohibited the utility providers from terminating service solely on the basis of the commencement of the US Proceedings. The utilities providers include those supplying gas, electricity, phone and internet services. The Final Utilities Order includes 17 Canadian utilities providers. The Final Utilities Order grants on a final basis substantially the same relief granted on an interim basis in the Utilities Order (as defined in the First Kosturos Affidavit).

58. In making the Final Utilities Order, the US Court was satisfied that continued service was reasonable, appropriate and necessary to maintain the Rockport Group's operations while it continues its efforts to enter into an asset purchase agreement.

59. Rockport Blocker seeks the recognition of the Final Utilities Order from this Court and submits that such recognition is necessary to ensure consistency between these proceedings and the US Proceedings. Rockport Blocker also seeks recognition of the Final Utilities Order from this Court to ensure Canadian utilities providers are treated consistently with the US utilities providers.

The Final Cash Management Order

60. The US Court entered the Final Cash Management Order on June 12, 2018 on an uncontested basis, which authorizes the Rockport Group to continue to operate its existing cash management system (including its existing bank accounts), to maintain its existing business forms (such as cheques), and to continue to perform intercompany transactions consistent with past practice, subject to the Permitted Rockport Canada Intercompany Transactions (as defined below). The intercompany transactions include payments between Rockport and Rockport Canada and payments between Rockport and other foreign affiliates. The Final Cash

Management Order grants on a final basis substantially the same relief granted on an interim basis in the Cash Management Order (as defined in the First Kosturos Affidavit).

61. Intercompany transactions regularly occur between Rockport and Rockport Canada when funds are transferred between those entities as necessary, including, but not limited to, transfers as a result of the Rockport's sale of merchandise to Rockport Canada. Following the Petition Date, Rockport Canada continued to transfer funds to Rockport on account of (i) merchandise purchased postpetition from Rockport, as necessary for Rockport Canada's ongoing operations and (ii) postpetition back-office services provided by Rockport (the "**Permitted Rockport Canada Intercompany Transactions**"). Other than the Permitted Rockport Canada Intercompany Transactions, following the Petition Date, Rockport Canada has not transferred funds to Rockport on account of any prepetition intercompany transactions, unless otherwise ordered by the US Court.

62. In granting the Final Cash Management Order, the US Court was satisfied that the existing system, subject to the Permitted Rockport Canada Intercompany Transactions, was essential to the Rockport Group's ongoing operations in order to maximize value in its sale efforts and that there would be no prejudice to the Rockport Group continuing to use pre-printed business forms without modification to identify the members of the Rockport Group as debtors in possession.

63. The US Court was also satisfied that the intercompany transactions, subject to the Permitted Rockport Canada Intercompany Transactions, should continue because the system enables the Rockport Group to efficiently monitor and control their cash position and maintain control over Intercompany Transactions (as defined in the First Day Declaration). The continued use of the cash management system in such manner during the pendency of the US Proceedings is essential to the Rockport Group's business operations and their goal of maximizing value for the benefit of all parties in interest. In making the Final Cash Management Order, the US Court was further satisfied that the Cash Management Order was necessary to avoid irreparable harm and is in the best interests of the Rockport Group's estates and their creditors and all other parties in interest.

64. Rockport Blocker seeks recognition of the Final Cash Management Order from the

Canadian Court to ensure that the Rockport Group finances, which are highly integrated, can continue in the ordinary course, subject to the Permitted Rockport Canada Intercompany Transactions, and to ensure the efficient administration of the Rockport Group, as it works to facilitate the entry into an asset purchase agreement.

65. This Affidavit is sworn in support of a motion brought by the Foreign Representative for the relief set out in paragraph 14 of this Affidavit and for no other or improper purpose.

SWORN BEFORE ME at the City of Wilmington, in the State of Delaware, this 13th day of June, 2018

Lesley A. Morris

A Notary Public in and for the State of Delaware

LESLEY A. MORRIS
MY COMMISSION EXPIRES JANUARY 5, 2019
NOTARY PUBLIC STATE OF DELAWARE

Paul Kosturos

PAUL KOSTUROS

Court File No.: CV-18-597987-00CL

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

AND IN THE MATTER OF ROCKPORT BLOCKER, LLC, THE ROCKPORT GROUP HOLDINGS, LLC, TRG 1-P HOLDINGS, LLC, TRG INTERMEDIATE HOLDINGS, LLC, TRG CLASS D, LLC, THE ROCKPORT GROUP, LLC, THE ROCKPORT COMPANY, LLC, DRYDOCK FOOTWEAR, LLC, DD MANAGEMENT SERVICES LLC AND ROCKPORT CANADA ULC (THE "DEBTORS")

APPLICATION OF ROCKPORT BLOCKER, 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)

PROCEEDINGS COMMENCED AT TORONTO

AFFIDAVIT OF PAUL KOSTUROS
(Sworn June 13, 2018)

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Tab E

THIS IS EXHIBIT "E" TO THE AFFIDAVIT

OF JONATHAN LEVI SWORN BEFORE ME

ON THIS 30TH DAY OF JULY, 2018

A Notary Public in and for the State of Delaware

ANN JEROMINSKI
MY COMMISSION
EXPIRES
OCTOBER 24, 2019
NOTARY PUBLIC
STATE OF DELAWARE

Court File No. CV-18-597987-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE	)	THURSDAY THE 14TH
	)	
JUSTICE MCEWEN	)	DAY OF JUNE, 2018

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

AND IN THE MATTER OF ROCKPORT BLOCKER, LLC, THE ROCKPORT GROUP HOLDINGS, LLC, TRG 1-P HOLDINGS, LLC, TRG INTERMEDIATE HOLDINGS, LLC, TRG CLASS D, LLC, THE ROCKPORT GROUP, LLC, THE ROCKPORT COMPANY, LLC, DRYDOCK FOOTWEAR, LLC, DD MANAGEMENT SERVICES LLC AND ROCKPORT CANADA ULC (THE "DEBTORS")

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

O R D E R

THIS MOTION, made by Rockport Blocker, LLC ("**Rockport Blocker**"), in its capacity as the foreign representative (the "**Foreign Representative**") of the Debtors, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") for an Order substantially in the form enclosed in the Motion Record was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Paul Kosturos sworn June 13, 2018 and the exhibits thereto (the "**Second Kosturos Affidavit**"), the first report of Richter Advisory Group Inc. ("**Richter**") in its capacity as the Court-appointed information officer (the "**Information Officer**") dated June 14, 2018 (the "**First Report**"), and on hearing the submissions of counsel

for the Debtors, counsel for the Information Officer, counsel for Citizens Business Capital, in its capacity as Administrative Agent and Collateral Agent for the lenders under the Senior Secured Super-Priority Debtor-in-Possession Revolving Credit Agreement, counsel for the Senior Secured Noteholders and DIP Note Lenders, counsel for The Cadillac Fairview Corporation Limited, counsel for Cushman & Wakefield Asset Services Inc., Ivanhoe Cambridge Inc., RioCan Real Estate Investment Trust, and upon no one appearing for any other parties although duly served as appears from the Affidavit of Service of Evita Ferreira sworn June 13, 2018, filed,

SERVICE

1. **THIS COURT ORDERS** that the time for service and filing of the Notice of Motion and the Motion Record is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

RECOGNITION OF FOREIGN ORDERS

2. **THIS COURT ORDERS** that any capitalized terms not otherwise defined herein shall have the meanings given to such terms in the Second Kosturos Affidavit.

3. **THIS COURT ORDERS** that the following orders of the United States Bankruptcy Court for the District of Delaware (the "**US Court**") made in the insolvency proceedings of the Debtors under Chapter 11 of Title 11 of the United States Bankruptcy Code are hereby recognized and given full force and effect in all provinces and territories of Canada pursuant to Section 49 of the CCAA:

a. an order, *inter alia*, (i) approving the bidding procedures, attached as Exhibit 1 to the Bidding Procedures Order, pursuant to which the Debtors will solicit and select the

highest or otherwise best offer for the sale (the "**Sale**") of all or substantially all of the Debtors' assets, (ii) approving the Stalking Horse Protections (as defined in the Bidding Procedures Order) provided by the Debtors to CB Marathon Opco, LLC, an affiliate of Charlesbank Equity Fund IX, Limited Partnership, (iii) scheduling an auction, if necessary, (iv) authorizing and approving the Sale Notice, substantially in the form attached to the Bidding Procedures Order as Exhibit 2 thereto, and the Potential Assumption and Assignment Notice, substantially in the form attached to the Bidding Procedures Order as Exhibit 3 thereto, (v) approving the amendments to Sections 4.4(i) and 4.6(a) of the Stalking Horse Agreement, substantially in the form attached to the Bidding Procedures Order as Exhibit 4 thereto, to address the unsecured creditors' committee's objection to the Stalking Horse Protections (as defined in the Bidding Procedures Order), (vi) authorizing and approving procedures for the assumption and assignment of the Contracts and Leases and the determination of Cure Costs with respect thereto, (vii) scheduling a hearing to approve the Sale, and (viii) granting related relief (the "**Bidding Procedures Order**");

b. an order, *inter alia*, (i) authorizing, but not directing, the Debtors to (a) conduct store closing sales (the "**Store Closing Sales**") at the Debtors' retail stores in the United States and Canada (collectively, the "**Closing Stores**") in accordance with the terms of the store closing sale guidelines attached as Exhibit 1 to the Store Closing Sales Order, and (b) pay retention and shrink bonuses to non-insider retail employees at the Closing Stores who remain employed for the duration of the Store Closing Sales, and (ii) granting certain related relief (the "**Store Closing Sales Order**");

c. an order, among other things, authorizing, but not directing, the Debtors to retain and pay professionals utilized in the ordinary course of business, including, but not limited to those set forth on Exhibit 1, attached to the Ordinary Course Professionals Order, as of the Filing Date or the applicable date of engagement, in accordance with the procedures proposed therein (the "**Ordinary Course Professionals Order**");

d. an order, among other things, authorizing the Debtors to employ and retain Prime Clerk LLC as administrative advisor in the US Proceedings, *nunc pro tunc,* to the Filing Date (the "**Administrative Advisor Order**");

e. an order, among other things, (i) authorizing the Debtors to retain Alvarez & Marsal North America, LLC together with employees of its professional service provider affiliates (all of which are wholly-owned by its parent company and employees) and its wholly-owned subsidiaries (collectively, "**A&M and Affiliates**") pursuant to the terms of that certain letter agreement between A&M and Affiliates and the Debtors, dated March 1, 2018 (replacing the prior engagement letter dated as of October 10, 2017) to provide the Debtors with an interim chief financial officer ("**Interim CFO**"), interim chief operating officer (the "**Interim COO**") and additional employees of A&M and Affiliates (the "**Additional Personnel**", and together with the Interim CFO and Interim COO, the "**Engagement Personnel**"), as needed to assist the Interim CFO and Interim COO, (ii) designating Paul Kosturos as Interim CFO and Josh Jacobs as Interim COO to the Debtors effective *nunc pro tunc* as of the Filing Date, and (iii) granting certain related relief (the "**A&M Retention Order**");

f. an order, among other things, (i) authorizing the retention and employment of HYPERAMS, LLC as the Debtors' liquidation consultant *nunc pro tunc* to May 25, 2018, and (ii) modifying certain reporting requirements under the Local Rules (the "**Consultant Retention Order**");

g. a final order (i) authorizing, but not directing, the Rockport Group, in their sole discretion, to pay (a) all or a portion of the shipping and warehousing claims and (b) certain import charges; and (ii) authorizing applicable banks and other financial institutions to receive, process, honour and pay any and all cheques drawn on the Debtors' general disbursement account and other transfers, to the extent such cheques and transfers relate to any of the foregoing (the "**Final Shippers and Warehousemen Order**");

h. a final order (i) authorizing, but not directing, the Rockport Group to pay prepetition obligations of certain (a) critical vendors, up to US$2,000,000; and (b) foreign vendors up to US$20 million; and (ii) authorizing applicable banks and financial institutions to receive, process, honor and pay any and all cheques drawn on the Rockport Group's general disbursement account and other transfers, to the extent these cheques and transfers relate to any of the foregoing (the "**Final Critical and Foreign Vendors Order**");

i. a final order (i) authorizing, but not directing, the Rockport Group, in their sole discretion, to pay Covered Taxes and Fees (as defined in the First Day Declaration), whether asserted prior to, on or after the commencement of the Chapter 11 cases; and (ii) authorizing and directing applicable banks and financial institutions to receive,

process, honor and pay any and all cheques drawn on the Rockport Group's general disbursement account and other transfers to the extent these cheques and transfers relate to any of the foregoing (the "**Final Taxes Order**");

j. a final order (i) authorizing the Rockport Group to continue and renew their (a) Insurance Programs (as defined in the First Day Declaration), including Premium Financing (as defined in the First Day Declaration), and (b) Surety Bond Program (as defined in the First Day Declaration) and honor all obligations under the Insurance and Surety Bond Programs; (ii) modifying the automatic stay imposed by Section 362 of the Bankruptcy Code to the extent necessary to permit the Rockport Group's employees to proceed with any claims they may have under the Workers' Compensation Program (as defined in the First Day Declaration); and (iii) authorizing financial institutions to honor and process related cheques and transfers (the "**Final Insurance Order**");

k. a final order authorizing the Rockport Group to pay pre-Petition wages, compensation, employee benefits and claims of independent contractors (the "**Final Wages Order**");

l. a final order, with respect to utilities providers, (i) prohibiting the Rockport Group's utility service providers from altering or discontinuing service; (ii) approving an adequate assurance deposit as adequate assurance of post-Petition payment to the utilities; and (iii) establishing procedures for resolving any subsequent requests by the utilities for additional adequate assurance of payment (the "**Final Utilities Order**"); and

m. a final order authorizing, but not directing, the Rockport Group to maintain their existing bank accounts, cash management system and authorizing the continuation of (and administrative expense priority status of) intercompany transactions, subject to certain limitations set out therein (the "**Final Cash Management Order**", together with the aforementioned orders, the "**Second Day and Other US Orders**");

provided, however, that in the event of any conflict between the terms of the Second Day and Other US Orders and the Orders of this Court made in these proceedings, the Orders of this Court shall govern with respect to the Property (as defined in the Supplemental Order (Foreign Main Proceeding) of this Court made in these proceedings on May 16, 2018) in Canada. Copies of the Second Day and Other US Orders are attached as Exhibits D to P of the Second Kosturos Affidavit.

GENERAL

4. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Foreign Representative, the Debtors, the Information Officer and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Foreign Representative, the Debtors, the Information Officer, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Foreign Representative, the Debtors, the Information Officer and their respective agents in carrying out the terms of this Order.

5. **THIS COURT ORDERS** that each of the Foreign Representative, the Debtors and the Information Officer be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

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

JUN 14 2018

PER / PAR:

Court File No.: CV-18-597987-00CL

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED AND IN THE MATTER OF ROCKPORT BLOCKER, LLC, THE ROCKPORT GROUP HOLDINGS, LLC, TRG 1-P HOLDINGS, LLC, TRG INTERMEDIATE HOLDINGS, LLC, TRG CLASS D, LLC, THE ROCKPORT GROUP, LLC, THE ROCKPORT COMPANY, LLC, DRYDOCK FOOTWEAR, LLC, DD MANAGEMENT SERVICES LLC AND ROCKPORT CANADA ULC (THE "DEBTORS")

APPLICATION OF ROCKPORT BLOCKER, 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)

PROCEEDINGS COMMENCED AT TORONTO

ORDER
(June 14, 2018)

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Court File No.: CV-18-597987

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

AND IN THE MATTER OF ROCKPORT BLOCKER, LLC, THE ROCKPORT GROUP HOLDINGS, LLC, TRG 1-P HOLDINGS, LLC, INTERMEDIATE HOLDINGS, LLC, TRG CLASS D, LLC, THE ROCKPORT GROUP, LLC, THE ROCKPORT COMPANY, LLC, DRY FOOTWEAR, LLC, DD MANAGEMENT SERVICES LLC AND ROCKPORT CANADA ULC (THE "DEBTORS")

APPLICATION OF ROCKPORT BLOCKER, LLC, UNDER SECTION 46 OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1 C-36, AS AMENDED

14 June 18

order sought is unopposed.
I have reviewed it of course.
I am satisfied that the terms
are reasonable and overall the
order sought is in keeping with the
jurisprudence set out in the
Mass Elephant Castle Group Inc
case.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDINGS COMMENCED AT TORONTO

MOTION RECORD
(Returnable June 14, 2018)

SUPERIOR COURT OF JUSTICE / COUR SUPÉRIEURE DE JUSTICE
FILED / PRODUIT
JUN 14 2018
AT / À 9:05
LOCAL REGISTRAR / GREFFIER LOCAL
TORONTO

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Tab F

THIS IS EXHIBIT "F" TO THE AFFIDAVIT

OF JONATHAN LEVI SWORN BEFORE ME

ON THIS 30TH DAY OF JULY, 2018

A Notary Public in and for the State of Delaware

ANN JEROMINSKI
MY COMMISSION
EXPIRES
OCTOBER 24, 2019
NOTARY PUBLIC
STATE OF DELAWARE

Court File No: CV-18-597987-00CL

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 ROCKPORT BLOCKER, LLC, THE ROCKPORT GROUP HOLDINGS, LLC, TRG 1-P HOLDINGS, LLC, TRG INTERMEDIATE HOLDINGS, LLC, TRG CLASS D, LLC, THE ROCKPORT GROUP, LLC, THE ROCKPORT COMPANY, LLC, DRYDOCK FOOTWEAR, LLC, DD MANAGEMENT SERVICES LLC AND ROCKPORT CANADA ULC (THE "DEBTORS")

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

AFFIDAVIT OF PAUL KOSTUROS

(Sworn July 19, 2018)

I, **PAUL KOSTUROS**, of the City of San Francisco in the State of California, **MAKE OATH AND SAY as follows:**

1. I am the interim Chief Financial Officer of The Rockport Company, LLC ("**Rockport**"), a Delaware limited liability company and its affiliated companies, the debtor companies in these proceedings, and as such have personal knowledge of the matters deposed to in this Affidavit, or where I do not possess such personal knowledge, I have stated the source of my information, and in all such cases I believe that both the information and the resulting statement to be true.

2. I am also a Senior Director of Alvarez & Marsal Private Equity Services Operations Group, LLC ("**A&M**"). I have more than 20 years' experience in finance and accounting and have advised companies across a diverse range of industries in respect of their restructuring and insolvency proceedings (both in and out of court). I also have experience designing financing packages and acting as a financial advisor in the purchase or sale of numerous businesses.

3. I have been the interim Chief Financial Officer of Rockport and its affiliated companies since August 1, 2017.

4. Rockport, Rockport Blocker, LLC ("**Rockport Blocker**"), The Rockport Group Holdings, LLC, TRG 1-P Holdings, LLC, TRG Intermediate Holdings, LLC, TRG Class D, LLC, The Rockport Group, LLC, Drydock Footwear, LLC, DD Management Services LLC (collectively, the "**US Debtors**") and Rockport Canada ULC ("**Rockport Canada**", and together with the US Debtors, the "**Rockport Group**" or the "**Debtors**") initially retained A&M in March 2017 to provide technology consulting services.

5. The Rockport Group then expanded A&M's management to include interim management services, including my appointment as interim Chief Financial Officer.

6. As a result of my role as the interim Chief Financial Officer of Rockport and its affiliated companies since my appointment on August 1, 2017, I am generally familiar with the Rockport Group's business, day-to-day operations, finances and records.

Introduction

7. On May 14, 2018 (the "**Filing Date**"), each entity in the Rockport Group filed voluntary petitions for relief pursuant to Chapter 11 of Title 11 ("**Chapter 11**") of the United States Bankruptcy Code (the "**US Code**") (collectively, the "**Petitions**" and each a "**Petition**") with the United States Bankruptcy Court for the District of Delaware (the "**US Court**"). The Rockport Group has requested that the Petitions be jointly administered for procedural purposes only.

8. On May 15, 2018, the US Court made various orders (the "**First Day Orders**"), including orders appointing Rockport Blocker as foreign representative of the Rockport Group (the "**Foreign Representative**") and authorizing the Rockport Group to obtain debtor-in-possession financing on an interim basis in the United States insolvency proceedings (the "**US Proceedings**").

9. In support of the Petitions, I caused to be filed with the US Court a declaration (the "**First Day Declaration**"). The First Day Declaration sets out in greater detail, among other things, the history of the Rockport Group and the present challenges leading to the US Proceedings.

Attached hereto and marked as **Exhibit "A"** is a true copy of the First Day Declaration.

10. On May 15, 2018, I swore an Affidavit in these proceedings in support of the application for the Recognition Orders (the "**First Kosturos Affidavit**"). The First Kosturos Affidavit sets out in greater detail the background to this matter and the First Day Orders. Attached hereto and marked as **Exhibit "B"** is a true copy of the First Kosturos Affidavit (without exhibits).

11. On May 16, 2018, this Court made orders, among other things, recognizing the First Day Orders within Canada (the "**Recognition Orders**"). Attached hereto and marked as **Exhibit "C"** is a true copy of the Initial Recognition Order, the Supplemental Order and the Endorsement made by Mr. Justice McEwen on May 16, 2018.

12. As detailed in the First Kosturos Affidavit, the Rockport Group entered into an asset purchase agreement dated as of May 13, 2018 (the "**Stalking Horse Agreement**") to sell substantially all of the Rockport Group's assets to CB Marathon Opco, LLC ("**Marathon**"), an affiliate of Charlesbank Equity Fund IX, Limited Partnership ("**Charlesbank**"), or another higher or otherwise better bidder, pursuant to Section 363 of the US Code. The Rockport Group previously determined that value for creditors will be maximized by commencing the US Proceedings and continuing an orderly sale process.

13. On June 5, 2018 and June 13, 2018, the US Court granted certain orders and on June 12, 2018 entered certain US orders on an unopposed basis (collectively, the "**Second Day and Other US Orders**"), as more particularly described in the Second Kosturos Affidavit.

14. On June 13, 2018, I swore an Affidavit in these proceedings in support of the motion to recognize the Second Day and Other US Orders in Canada (the "**Second Kosturos Affidavit**"). Attached hereto and marked as **Exhibit "D"** is a true copy of the Second Kosturos Affidavit (without exhibits).

15. On June 14, 2018, this Court made an order, among other things, recognizing the Second Day and Other US Orders (the "**Second Day Recognition Order**"). Attached hereto and marked as **Exhibit "E"** is a true copy of the Second Day Recognition Order made by Mr. Justice McEwen on June 14, 2018.

16. After hearings in the US Proceedings on June 13 and June 18, 2018, the US Court entered the Final DIP Financing Order (as defined below), on June 29, 2018.

17. On July 5, 2018 the US Court entered the Houlihan Retention Order (as defined below). After a hearing on July 16, 2018, the US Court entered the Sale Order (as defined below) and the Intercompany Payment Order (as defined below), on July 18, 2018.

18. This Affidavit is made in support of a motion by Rockport Blocker, in its capacity as Foreign Representative of the Rockport Group pursuant to the Debtors' proceedings under Part IV of the *Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36, as amended (the "**CCAA**"), for an order granting certain relief, including, *inter alia*, recognizing and enforcing in Canada certain orders (as set out below) of the US Court made in the US Proceedings.

The Houlihan Retention, Final DIP Financing, Sale and Intercompany Payment Orders

19. The US Court heard motions on June 13, 2018, June 18, 2018 and July 16, 2018, as applicable, and entered orders in connection therewith, including the Final DIP Financing Order (as defined below) on June 29, 2018, the Houlihan Retention Order (as defined below) on July 5, 2018, the Sale Order (as defined below) on July 18, 2018 and the Intercompany Payment Order (as defined below), on July 18, 2018 (collectively, the "**Houlihan Retention, Final DIP Financing, Sale and Intercompany Payment Orders**"). The Houlihan Retention, Final DIP Financing, Sale and Intercompany Payment Orders made by the US Court, include, *inter alia:*

(a) an order, *inter alia*, (i) authorizing the Debtors to employ and retain Houlihan Lokey Capital, Inc. ("**Houlihan Lokey**") as their financial advisor and investment banker, *nunc pro tunc,* to the Filing Date, pursuant to that certain engagement letter dated December 11, 2017, a copy of which is attached to the Houlihan Retention Order as Exhibit 1 (the "**Houlihan Engagement Letter**"), by and between Houlihan Lokey and Rockport; (ii) approving the terms of the Houlihan Engagement Letter; (iii) waiving certain time-keeping requirements pursuant to Rule 2016-2(h) of the Local Rules of Bankruptcy Practice and Procedure of the US Court (the "**Local Rules**"); and (iv) granting related relief (the "**Houlihan Retention Order**"). Attached hereto and marked as **Exhibit "F"** is a true copy of

the Houlihan Retention Order;

(b) a final order, *inter alia*, (i) approving post-Petition financing; (ii) granting liens and super-priority administrative expense claim status to Citizens Business Capital, as Administrative Agent and Collateral Agent for the lenders under the Senior Secured Super-Priority Debtor-in-Possession Revolving Credit Agreement (the "**DIP ABL Agent**") for the DIP ABL Lenders (as defined in the First Day Declaration); and (iii) modifying the automatic stay (the "**Final DIP Financing Order**"). Attached hereto and marked as **Exhibit "G"** is a true copy of the Final DIP Financing Order;

(c) an order, *inter alia*, (i) authorizing and approving the sale (the "**Sale**") of the Purchased Assets (as defined in the asset purchase agreement dated as of May 13, 2018 (the "**Stalking Horse Agreement**") between the Debtors and CB Marathon Opco, LLC ("**Marathon**"), an affiliate of Charlesbank Equity Fund IX, Limited Partnership, to Marathon of such assets as determined in accordance with the Bidding Procedures, free and clear of all liens, claims, interests and encumbrances, except certain permitted encumbrances as determined by the Debtors and Marathon; (ii) authorizing the assumption and assignment of certain executory contracts and unexpired leases ("**Contracts and Leases**") in connection with the proposed Sale; and (iii) granting related relief (the "**Sale Order**"). Attached hereto and marked as **Exhibit "H"** is a true copy of the Sale Order; and

(d) an order approving stipulation modifying final cash management order to permit intercompany transfers between Rockport Canada ULC and The Rockport Company, LLC (the "**Intercompany Payment Order**"). Attached hereto and marked as **Exhibit "I"** is a true copy of the Intercompany Payment Order.

The Houlihan Retention Order

20. As referred to in paragraph 129 of the First Kosturos Affidavit, attached hereto as Exhibit "B", the Rockport Group retained Houlihan Lokey, an investment bank, to explore a potential

sale of the Rockport Group's assets, whose efforts have culminated in the Sale, contemplated by the Sale Order, of assets located in both the United States and Canada. (which Sale is described in further detail below).

21. On July 5, 2018, the US Court entered the Houlihan Retention Order, which contemplated, *inter alia*, the following relief:

(a) authorizing the Debtors to employ and retain Houlihan Lokey as their financial advisor and investment banker, *nunc pro tunc,* to the Filing Date, pursuant to the Houlihan Engagement Letter; and

(b) approving the terms of the Houlihan Engagement Letter.

22. In granting the Houlihan Retention Order, the US Court found, among other things, that Houlihan Lokey (i) does not hold an interest adverse to the interests of the estate with respect to those matters on which Houlihan Lokey will be employed, and (ii) is a "disinterested person" as such that term is defined under Section 101(14) of the US Code.

23. The US Court determined that the granting of the Houlihan Retention Order is in the best interests of the Debtors, their estates, creditors and all parties in interest and that the legal and factual bases set forth in the related application establish just cause for the relief granted in the Houlihan Retention Order.

24. The recognition of the Houlihan Retention Order in Canada is appropriate given that Houlihan Lokey has been working on the sale and restructuring efforts and have provided services to all Debtors in connection with their role.

The Final DIP Financing Order

25. The hearing in respect of the Final DIP Financing Order was heard on June 13, 2018. Richter Advisory Group Inc., it is capacity as information officer (the "**Information Officer**") filed an objection (the "**IO Objection**") to the Final DIP Financing Order on account of its concerns regarding the proposed allocation of a portion of the secured debt owing under the Revolving Credit Agreement dated July 4, 2015 with certain lenders and Citizens Business Capital ("**Citizens**"), as administrative agent and collateral agent for the ABL Lenders (the

"**ABL Secured Parties**"). Attached hereto and marked as **Exhibit "J"** is a copy of the IO Objection. Attached hereto and marked as **Exhibit "K"** is a copy of the Debtors' response to the IO Objection.

26. After a lengthy hearing on June 13, 2018, the Honourable Judge Silverstein reserved judgment in respect of the Final DIP Financing Order sought. On June 18, 2018, Judge Silverstein provided reasons for declining to resolve the allocation issue at that time, but made it clear that she was prepared to approve the Final DIP Financing Order, with the Committee Compromise (as defined below) in place (the "**June 18 Reasons**"). Attached hereto and marked as **Exhibit "L"** is a true copy of the June 18 Reasons.

27. There was also an objection filed by the Unsecured Creditors' Committee in respect of the Final DIP Financing Order. The Unsecured Creditors' Committee objection to the Final DIP Financing Order was resolved by way of a compromise (the "**Committee Compromise**"), as set out in the supplement to the Final DIP Financing Order ("**Final DIP Order Supplement**"), which provided that, among other things:

- after payment in full in cash of (i) all DIP ABL Obligations owed under the DIP ABL Facility and (ii) all ABL Obligations owed under the ABL Facility, the proceeds of the Sale to the Stalking Horse Bidder (being Marathon) in the amount of US$2,500,000, plus funds sufficient to cover budgeted expenses incurred but not paid prior to closing, shall be used to fund a wind-down reserve that shall be used to pay, *inter alia*, professional fees and other administrative costs incurred by the Debtors after the closing of the Sale to confirm a plan of liquidation for the Debtors in the US Proceedings consistent with the Final DIP Order Supplement (the "**Plan**") and have the Plan recognized in the Canadian ancillary proceeding for Rockport Canada (or some other resolution of the Rockport Canada proceedings that is reasonably acceptable to the Secured Noteholders) and (2) unbudgeted administrative and priority claims against the Debtors that have not been paid prior to closing and are not assumed by the Stalking Horse Bidder (being Marathon), *provided* that the Wind-Down Reserve Amount shall be increased or decreased in accordance with a formula set out in the Final DIP Order Supplement;

- upon confirmation of a Plan that creates a trust for the benefit of general unsecured

creditors (the "**Liquidating Trust**"), any unused amount of the Wind-Down Reserve shall be vested in the Liquidating Trust; and

- upon the effective date of a Plan, it is anticipated that the Liquidating Trust shall be vested with assets, including but not limited to, commercial tort claims of the Debtors and avoidance actions and certain bankruptcy recoveries.

28. The Final DIP Financing Order entered by the US Court on June 29, 2018 contained a reservation of rights at paragraph 52 negotiated by and with the Information Officer as follows:

> Reservation of Rights: Notwithstanding anything to the contrary in this Final Order, the Final DIP Order Supplement, or the DIP Documents, the approval of this Final DIP Order and the Final DIP Order supplement shall be without prejudice to, and the Information Officer on behalf of the Canadian creditors reserves its rights with respect to the Agreed ABL Liability Allocation, the allocation of proceeds of any sale of the Debtors' assets among the Debtors, the allocation of the costs of the Debtors' Chapter 11 Proceedings among the Debtors, and the treatment of claims against Rockport Canada ULC.

29. The Final DIP Financing Order provided for, *inter alia*, the following relief:

(a) the Rockport Group is authorized to borrow up to US$60 million of post-Petition revolving loans under the DIP ABL Facility (as defined in the First Day Declaration), with a Canadian sublimit of zero (the "**DIP ABL Financing**"); and

(b) the US Debtors are authorized to borrow up to US$20 million of post-Petition financing under the DIP Note Facility (as defined in the First Day Declaration) (the "**DIP Note Financing**" and together with the DIP ABL Financing, the "**DIP Financing**")

on such terms and conditions set out in the applicable post-petition credit agreement, or note purchase agreement and related documents.

30. Consistent with the Prepetition Revolving Credit Agreement (as defined in the First Day Declaration), Rockport Canada is a borrower under the DIP ABL Financing pursuant to the post-

Petition Senior Secured Super-Priority Debtor-in-Possession Revolving Credit Agreement (the "**DIP ABL Credit Agreement**") and related documents (together with the DIP ABL Credit Agreement, the "**DIP Financing Documents**").

31. Consistent with the pre-Petition Note Purchase Agreement dated as of July 31, 2015 (as amended or supplemented to the date hereof), Rockport Canada is not a party to the DIP Note Financing. The DIP Note Financing is on the terms and conditions of a Debtor-In-Possession Note Purchase and Security Agreement (the "**DIP Note Purchase Agreement**") by and among the US Debtors, as borrowers, the purchasers party thereto from time to time, and Cortland Capital Market Services LLC, as collateral agent for the note purchasers thereunder (the "**DIP Note Purchasers**").

32. The DIP Note Purchase Agreement provides for the purchase of post-Petition notes from time to time thereunder in the amount of up to US$20,000,000 to (i) fund the Debtors' Chapter 11 cases and the continued operation of their businesses as US Debtors, and certain fees and expenses associated with the consummation of the transactions and (ii) issue notes under the DIP Note Purchase Agreement, in exchange for Senior Secured Notes (as defined in the First Day Orders) held by the DIP Note Purchasers.

33. The DIP ABL Financing is being provided by a syndicate of lenders (the "**DIP ABL Lenders**"). The DIP ABL Lenders consist of the syndicate of lenders that provided the Rockport Group with its Prepetition ABL Facility (as defined in the First Day Declaration) and the DIP ABL Agent is the same administrative and collateral agent under the Prepetition ABL Facility (the "**Prepetition ABL Agent**"). Although Rockport Canada currently has no borrowings under that facility, it is a co-borrower and a guarantor of the US Debtors' borrowings under that facility and has granted a security interest over its assets, property and undertakings in favour of the Prepetition ABL Agent in respect of those obligations.

34. Pursuant to the DIP ABL Financing Documents, and consistent with the pre-Petition financing terms, Rockport Canada is a co-borrower, the Canadian sublimit under the DIP ABL Financing is zero, and Rockport Canada guarantees all of the obligations of the US Debtors under the DIP ABL Financing Documents. The assets of the US Debtors provide security for the borrowings under the DIP ABL Financing and the assets of Rockport Canada provide security,

as co-borrower and guarantor of the borrowings under the DIP ABL Financing.

35. The DIP Financing will provide the working capital necessary for the Rockport Group to (i) finance ongoing debtor-in-possession working capital purposes, as provided for in the budget, and other general corporate purposes, (ii) finance transaction fees, costs and expenses related to the DIP ABL Credit Agreement, and (iii) make intercompany loans to, and other investments in, certain Debtor and non-Debtor affiliates, in each case, solely to the extent permitted under the DIP Documents and as provided for in the budget, all with a view to maintaining value for the benefit of all creditors and stakeholders.

36. The US Court ordered that the DIP Financing be secured by security interests and liens in accordance with the US Code and that the amounts owed under the DIP Financing would constitute super-priority claims in priority to all other obligations and liabilities of the Rockport Group, subject only to: (a) the DIP Credit Agreements (as defined in the Final DIP Financing Order), (b) the Carve-Out (as defined in the Final DIP Financing Order), (c) a charge in a maximum amount of CDN$300,000 to secure the professional fees and expenses of the Information Officer and its counsel, and (d) any existing liens that, under applicable law, are senior to, and have not been subordinated to, the liens of the Prepetition Secured Parties (as defined in the Final DIP Financing Order), but only to the extent that such existing liens are valid, perfected, enforceable and unavoidable liens as of the Petition Date.

37. Upon entry of the Final DIP Financing Order, the Debtors shall use the proceeds of the next advance under the DIP ABL Credit Agreement to satisfy all outstanding ABL Obligations (as defined in the Final DIP Financing Order) in full in accordance with the terms of the ABL Credit Agreement (as defined in the Final DIP Financing Order) (the "**Final ABL Roll-Up**").

38. The Final DIP Financing Order also authorizes the Rockport Group to use its cash collateral in accordance with the terms of that order.

39. The DIP ABL Financing is made on substantially similar terms as the Prepetition ABL Facility.

40. In addition to the issuance of $20,000,000 aggregate principal amount of Roll-Up Notes (as defined in the DIP Note Purchase Agreement) pursuant to, and approved by, the Interim DIP

Financing Order, which issuance was approved by the US Court on a final basis upon the entry of the Final DIP Financing Order, immediately upon the issuance of any New Money Notes (as defined in the DIP Note Purchase Agreement) from time to time after the entry of the Final DIP Financing Order ("**Additional New Money Notes**"), each DIP Note Purchaser shall be deemed to have exchanged an additional portion of its claims arising under the Senior Secured Notes (as defined in the Final DIP Financing Order), in an amount equal to the aggregate principal amount of such Additional New Money Notes by such DIP Note Purchaser for Roll Up Notes (as defined in the DIP Note Purchase Agreement) ("**Additional Roll-Up Notes**") on a dollar-for-dollar basis (the "**Final DIP Note Roll-Up**" and, together with the Final ABL Roll-Up, the "**Final Roll-Up**").

41. The costs and fees of the DIP Financing are market for similar levels of financing in similar circumstances. The US Court was satisfied that the terms and conditions of DIP Financing, and the fees paid and to be paid thereunder are fair, reasonable and the best available to the Debtors under the circumstances, reflect the Debtors' exercise of prudent and sound business judgment consistent with their fiduciary duties and are supported by reasonably equivalent value and consideration.

42. The US Court was satisfied that the Final DIP Financing Order was necessary for the orderly continuation and operation of the Rockport Group, to maintain business relationships and to satisfy its business and operational needs (including payroll and other expenses incurred in the ordinary course of business) and to fund the administration of the US Proceedings.

43. The US Court was satisfied that the Rockport Group did not have sufficient available sources of capital and financing to operate its business or maintain its properties in the ordinary course of business without the DIP Financing and the use of cash collateral.

44. The US Court was also satisfied that the Rockport Group would not be able to obtain financing on more favourable terms and would not be able to obtain adequate unsecured credit under the US Code.

45. The US Court was further satisfied that the DIP Financing was a sound exercise of the Rockport Group's business judgment.

46. Rockport Blocker seeks recognition of the Final DIP Financing Order from the Canadian Court, with a corresponding charge for the DIP ABL Financing, to ensure the financing remains available and that the Rockport Group can meet its obligations and continue its efforts to facilitate the restructuring.

47. The obligations that Rockport Canada has undertaken under the DIP ABL Financing correspond to its pre-Petition obligations. That is, Rockport Canada is a co-borrower and a guarantor of the obligations under the DIP ABL Facility and security has been granted over Rockport Canada's assets for its obligations under that facility.

48. The Final DIP Financing Order provides at paragraph 39 that as a condition precedent to the issuance of any Additional New Money Notes (unless otherwise agreed in writing by the DIP Note Purchasers in their sole discretion), and notwithstanding anything to the contrary in the Final DIP Financing Order, the amount of proceeds realized from the sale or liquidation of the ABL Collateral (as defined in the Final DIP Financing Order, and as determined immediately prior to the Filing Date) and/or the DIP ABL Collateral (as defined in the Final DIP Financing Order) of Rockport Canada, which shall be paid or deemed paid to the ABL Lenders (as defined in the Final DIP Financing Order) and/or the DIP ABL Lenders in partial satisfaction of the outstanding ABL Obligations (as defined in the Final DIP Financing Order, and as determined immediately prior to the Filing Date) and/or the DIP ABL Obligations (as defined in the Final DIP Financing Order), shall be based on a portion of the ABL Obligations (as defined in the Final DIP Financing Order) reasonably allocable to Rockport Canada, as determined by the US Court in a final order (the "**Agreed ABL Liability Allocation**").

49. The Final DIP Financing Order also provides at paragraph 39 that, for the avoidance of doubt, (i) the Court's determination of the Agreed ABL Liability Allocation shall not be a condition to the repayment in full at or prior to closing of any sale as contemplated by the sale motion in cash of the ABL Obligations and/or the DIP ABL Obligations (as each of such terms are defined in the Final DIP Financing Order) and (ii) the payment of the ABL Obligations and/or the DIP ABL Obligations (as each of such terms are defined in the Final DIP Financing Order) prior to the Court's determination of the Agreed ABL Liability Allocation shall be without prejudice to the Secured Note Parties (as defined in the Final DIP Financing Order) or

the DIP Note Purchasers, and such prior payment of ABL Obligations and/or DIP Obligations (as each of such terms are defined in the Final DIP Financing Order) shall be deemed to have been made in accordance with the Agreed ABL Liability Allocation.

The Sale Order

50. On July 18, 2018, the US Court entered the Sale Order, which contemplated, *inter alia*, the following relief:

(a) authorizing and approving the Sale of the Debtors' Assets to the Successful Bidder, free and clear of all liens, claims, interests and encumbrances, except certain permitted encumbrances as determined by the Debtors and the Successful Bidder; and

(b) authorizing the assumption and assignment of the Contracts and Leases in connection with the proposed Sale.

51. In granting the Sale Order, the US Court found, among other things, that it had jurisdiction to hear and determine the motion, the legal and factual bases set forth in the motion and at the Sale hearing established just cause for the relief granted therein, including but not limited to the following:

(a) Marathon is purchasing the Purchased Assets (as defined in the Stalking Horse Agreement) in good faith and is a good faith buyer within the meaning of Section 363(m) of the Bankruptcy Code;

(b) the Stalking Horse Agreement constitutes the highest or best offer for the Purchased Assets (as defined in the Stalking Horse Agreement), and will provide a greater recovery for the Debtors' estates than would be provided by any other available alternative, and the Debtors' determination, in consultation with the Consultation Parties (as defined in the bidding procedures, attached as Exhibit 1 to the Bidding Procedures Order dated June 5, 2018), that the Stalking Horse (as defined in the Stalking Horse Agreement) constitutes the highest or best offer for the Purchased Assets and constitutes a valid and sound exercise of the Debtors'

business judgment; and

(c) the Debtors have demonstrated compelling circumstances and a good, sufficient and sound business purpose and justification for the Sale prior to, and outside of a plan of reorganization.

52. The details with regard to the robust marketing efforts undertaken by the Debtors, with the assistance of Houlihan Lokey for a sale of its assets, are set out at paragraphs 129 to 135 of the First Kosturos Affidavit.

53. There were no other offers submitted by the bid deadline of June 29, 2018 at 5:00 pm EST (the "**Bid Deadline**"). Accordingly, there was no requirement for an auction to be held, given the result at the Bid Deadline.

54. The recognition of the Sale Order by this Honourable Court is a condition set out in the Stalking Horse Agreement. The transaction contemplated by the Stalking House Agreement includes the purchase of the inventory located at a warehouse and distribution facility in Brampton, Ontario.

55. As I stated at paragraph 10 of the First Kosturos Affidavit, the Debtors determined that value for creditors would be maximized by commencing the Chapter 11 Proceedings and continuing an orderly sale process to determine if an otherwise higher or better offer might emerge. That process has now been completed, pursuant to Bidding Procedure Order made by the US Court, which was recognized by this Court.

56. In addition to approving the proposed transaction, the Sale Order also provides for certain distributions to be made upon closing. In connection therewith, paragraphs 28 and 29 of the Sale Order provides as follows:

> **Application of Sale Proceeds**
>
> 28. All sale proceeds shall be promptly paid at closing on any such sale to (x) in the case of proceeds of ABL Priority Collateral, to the DIP ABL Agent for application to the DIP ABL Obligations and (y) in the case of proceeds of Secured Notes Priority Collateral, the DIP Note Purchasers for application in accordance with the DIP Note Purchase Agreement;

> provided, however, that the sale proceeds shall first be used to pay the Break-Up Fee and Expense Reimbursement to the extent that such amounts have been triggered and are required to be paid pursuant to the terms of the Bidding Procedures Order. Notwithstanding anything to the contrary herein, the payment or distribution of the sale proceeds to the DIP ABL Agent for application to the DIP ABL Obligations shall be deemed to have been made in accordance with the Agreed ABL Liability Allocation, as contemplated under Paragraphs 39 and 52 of the Final Order (I) Authorizing the Debtors (A) to Obtain Postpetition Financing on a Super-Priority, Senior Secured Basis and (B) Use Cash Collateral, (II) Granting (A) Liens and Super-Priority Claims and (B) Adequate Protection to Certain Prepetition Lenders, (III) Modifying the Automatic Stay, and (IV) Granting Related Relief [Docket No. 320] (the "**Final DIP Order**"), and shall be without prejudice to the rights of the Secured Note Parties, the DIP Note Parties, the Information Officer and the Committee under the Final DIP Order. For greater certainty, the balance of the sales proceeds shall be held pending further order of this Court, including in respect of the final allocation of proceeds and costs in respect of Rockport Canada ULC ("**Rockport Canada**").
>
> 29. For greater certainty, any initial payments or distributions paid from the sales proceeds shall remain subject to final reconciliation based on entry of a final order by this Court or agreement by the parties with respect to the allocation of debt, proceeds, and costs with respect to Rockport Canada; provided, however, that any further reconciliation with regards to payments or distributions made to the DIP ABL Agent for application to the DIP ABL Obligations shall be limited to a determination of an appropriate allocation of debt, proceeds and costs as between Rockport and Rockport Canada and shall not in any way affect or unwind the payment of sale proceeds to the DIP ABL Agent. Notwithstanding anything to the contrary herein, the reservation of rights found in Paragraph 52 of the Final DIP Order, entered on June 29, 2018, remains in full force and effect. For greater certainty, the balance of the sales proceeds shall be held pending further order of this Court, including in respect of the final allocation of proceeds and costs with respect of Rockport Canada.

57. Accordingly, the proposed distributions have been reflected in the draft Order filed with this Court in connection with the within Motion.

58. The recognition of the Sale Order will help to implement a key aspect of this restructuring proceeding. Accordingly, in an effort to recognize the coordination of these proceedings in the US and Canada, it is appropriate and necessary to recognize the Sale Order.

The Intercompany Payment Order

59. During the week of July 9, 2018, it became apparent that the Debtors were going to experience a liquidity issue in the coming days. This was as a result of additional reserves being taken by the ABL Secured Parties and the shrinking of the borrowing base, in connection with the credit facilities extended by the ABL Secured Parties (as a result of the liquidation of the inventory). In addition, the ABL Secured Parties were not prepared to recognize the cash that had accumulated in Canada for the purposes of calculating its reserves and borrowing base.

60. What further complicated matters was the ringfencing provisions of the Cash Management Order (as defined in the First Kosturos Affidavit), which prevented intercompany transfers. The result was that Rockport Canada had accumulated over CDN$8,000,000 in cash, but that same could not be released to the US Debtors, to assist with ongoing liquidity needs, including payroll obligations, as a result of the provisions of the Cash Management Order (as defined in the First Kosturos Affidavit).

61. As a result, the Debtors and its advisors commenced discussions with the Information Officer, with a view to implementing a process that would unlock some of the cash that had accumulated in Canada, in order to fund ongoing liquidity needs. The Information Officer and its counsel worked steadfastly with the Debtors and its advisors to find a solution to the liquidity issues that had arisen.

62. At the sale hearing before Judge Silverstein on July 16, 2018, Judge Silverstein was advised of the liquidity issues that had developed and that the Debtors were working on a solution that would address this issue and that it was anticipated that same would be the subject of a Stipulation modifying the Cash Management Order (as defined in the First Kosturos Affidavit) (the "**Intercompany Transfer Stipulation**"), that would be submitted to the US Court.

63. The discussions with respect to the liquidity issues that commenced in the days prior to the hearing on July 16, 2018 and have continued after the said hearing, culminated in the Intercompany Transfer Stipulation, that provides for the transfer of US$4,500,000 from Rockport Canada to the US Debtors, to assist with the liquidity needs.

64. The key terms of the Intercompany Transfer Stipulation, which is an Exhibit to the

Intercompany Payment Order, provide for the following:

1. Rockport Canada shall be entitled and directed to immediately transfer $4.5 million (USD) to Rockport for the purpose of repaying the DIP ABL Obligations (the "**Initial Rockport Canada Intercompany Transfer**").

2. To the extent Rockport Canada holds excess cash following the Initial Rockport Canada Intercompany Transfer, the Parties shall negotiate in good faith as to the amount of such cash that may be transferred from Rockport Canada to repay DIP ABL Obligations, with any dispute being resolved by the Court.

3. The Initial Rockport Canada Intercompany Transfer, and any subsequent transfers agreed to by the Parties in accordance with paragraph 2 above (together with the Initial Rockport Canada Intercompany Transfer, collectively the "**Rockport Canada Intercompany Transfers**"), shall not constitute an Intercompany Transaction prohibited by the Final Cash Management Order and shall be otherwise permitted. Except as otherwise set forth herein, nothing in this Stipulation shall modify the terms of the Final Cash Management Order.

4. Any Rockport Canada Intercompany Transfer shall be accorded superpriority administrative expense priority (a "**Intercompany Superpriority Claim**") under Section 507(b) of the Bankruptcy Code; provided, however, that such Intercompany Superpriority Claims shall not be satisfied from the Wind-Down Reserve (as defined in the Final DIP Order). For the avoidance of doubt, any such Intercompany Superiority Claim shall be junior to the superpriority claim granted to the DIP Agents pursuant to the Final DIP Order.

5. To the extent Rockport Canada experiences a shortfall in funding required to meet its operational and Chapter 11 expenses as a result of such Rockport Canada Intercompany Transfers, Rockport shall refund such portion of the Rockport Canada Intercompany Transfers as required for Rockport Canada to satisfy its operational and Chapter 11 expenses.

6. Effective upon the Initial Rockport Canada Intercompany Transfer, the DIP Note Purchasers agree to waive the condition precedent, as further described in paragraph 39 of the Final DIP Order, that the Agreed ABL Liability Allocation be determined by a final order of the Court prior to the issuance of any Additional New Money Notes. Notwithstanding anything herein to the contrary, the Parties agree that the reservation of rights language in paragraph 52 of the Final DIP Order, remains in full force and effect.

7. For the avoidance of doubt, the Parties agree that no Rockport

Intercompany Transfer shall have any effect on, or in any way prejudice, the final reconciliation based on entry of a final order by the Court or agreement by the Parties with respect to the allocation of debt, sale proceeds, and costs among the Debtors with respect to Rockport Canada.

65. As a result of implementing these arrangements, much needed liquidity will be made available to the US Debtors, in order to facilitate the ongoing liquidation of the retail stores in North America and work towards a closing of the transaction contemplated by the Sale Order. Accordingly, in an effort to recognize the coordination of these proceedings in the US and Canada, it is appropriate and necessary to recognize the Intercompany Payment Order.

66. This Affidavit is sworn in support of a motion brought by the Foreign Representative for an order granting certain relief, including, *inter alia*, recognizing and enforcing in Canada the Houlihan Retention, Final DIP Financing, Sale and Intercompany Payment Orders made by the US Court in the US Proceedings and for no other or improper purpose.

SWORN BEFORE ME at the City of Wilmington, in the State of Delaware this 19th day of July, 2018)

A Notary Public in and for the State of Delaware)

LESLEY A. MORRIS
MY COMMISSION EXPIRES JANUARY 5, 2019
NOTARY PUBLIC STATE OF DELAWARE

PAUL KOSTUROS

Court File No.: CV-18-597987-00CL

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

AND IN THE MATTER OF ROCKPORT BLOCKER, LLC, THE ROCKPORT GROUP HOLDINGS, LLC, TRG 1-P HOLDINGS, LLC, TRG INTERMEDIATE HOLDINGS, LLC, TRG CLASS D, LLC, THE ROCKPORT GROUP, LLC, THE ROCKPORT COMPANY, LLC, DRYDOCK FOOTWEAR, LLC, DD MANAGEMENT SERVICES LLC AND ROCKPORT CANADA ULC (THE "DEBTORS")

APPLICATION OF ROCKPORT BLOCKER, 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)

PROCEEDINGS COMMENCED AT TORONTO

AFFIDAVIT OF PAUL KOSTUROS
(Sworn July 19, 2018)

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Tab G

THIS IS EXHIBIT "G" TO THE AFFIDAVIT

OF JONATHAN LEVI SWORN BEFORE ME

ON THIS 30TH DAY OF JULY, 2018

A Notary Public in and for the State of Delaware

ANN JEROMINSKI
MY COMMISSION
EXPIRES
OCTOBER 24, 2019
NOTARY PUBLIC
STATE OF DELAWARE

Court File No. CV-18-597987-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE	)	FRIDAY THE 20TH
	)	
JUSTICE MCEWEN	)	DAY OF JULY, 2018

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

AND IN THE MATTER OF ROCKPORT BLOCKER, LLC, THE ROCKPORT GROUP HOLDINGS, LLC, TRG 1-P HOLDINGS, LLC, TRG INTERMEDIATE HOLDINGS, LLC, TRG CLASS D, LLC, THE ROCKPORT GROUP, LLC, THE ROCKPORT COMPANY, LLC, DRYDOCK FOOTWEAR, LLC, DD MANAGEMENT SERVICES LLC AND ROCKPORT CANADA ULC (THE "DEBTORS")

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

ORDER

(Sale/Final DIP/Retention/Intercompany Transfer Order)

THIS MOTION, made by Rockport Blocker, LLC ("**Rockport Blocker**"), in its capacity as the foreign representative (the "**Foreign Representative**") of the Debtors, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") for an Order substantially in the form enclosed in the Motion Record was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Paul Kosturos sworn July 19, 2018 and the exhibits thereto (the "**Third Kosturos Affidavit**"), the second report of Richter Advisory Group Inc. ("**Richter**") in its capacity as the Court-appointed information officer (the "**Information Officer**") dated July 19, 2018 (the "**Second Report**"), and on hearing the submissions of counsel

for the Debtors, counsel for the Information Officer, counsel for Citizens Business Capital, in its capacity as Administrative Agent and Collateral Agent for the lenders under the Senior Secured Super-Priority Debtor-in-Possession Revolving Credit Agreement (the "**DIP ABL Agent**"), counsel for the Senior Secured Noteholders and DIP Note Lenders, counsel for The Cadillac Fairview Corporation Limited, counsel for Cushman & Wakefield Asset Services Inc., Ivanhoe Cambridge Inc., RioCan Real Estate Investment Trust, counsel for Montez Hillcrest Inc., Hillcrest Holdings Inc., Scarborough Town Centre Holdings Inc., Oxford Properties Retail Holdings Inc., Oxford Properties Retail Holdings II Inc. and Yorkdale Shopping Centre Holdings Inc., and upon no one appearing for any other parties although duly served as appears from the Affidavit of Service of Mariela Adriana Gasparini sworn July 19, 2018, filed,

SERVICE

1. **THIS COURT ORDERS** that the time for service and filing of the Notice of Motion and the Motion Record is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

2. **THIS COURT ORDERS** that any capitalized terms not otherwise defined herein shall have the meanings given to such terms in the Third Kosturos Affidavit.

RECOGNITION OF FOREIGN ORDERS

3. **THIS COURT ORDERS** that the following orders of the United States Bankruptcy Court for the District of Delaware (the "**US Court**") made in the insolvency proceedings of the Debtors under Chapter 11 of Title 11 of the United States Bankruptcy Code are hereby recognized and

given full force and effect in all provinces and territories of Canada pursuant to Section 49 of the CCAA:

a. an order, *inter alia*, (i) authorizing the Debtors to employ and retain Houlihan Lokey Capital, Inc. ("**Houlihan Lokey**") as their financial advisor and investment banker, *nunc pro tunc,* to the Filing Date, pursuant to that certain engagement letter dated December 11, 2017, a copy of which is attached to the Houlihan Retention Order as Exhibit 1 (the "**Houlihan Engagement Letter**"), by and between Houlihan Lokey and Rockport; (ii) approving the terms of the Houlihan Engagement Letter; (iii) waiving certain time-keeping requirements pursuant to Rule 2016-2(h) of the Local Rules of Bankruptcy Practice and Procedure of the US Court; and (iv) granting related relief (the "**Houlihan Retention Order**");

b. a final order, *inter alia*, (i) approving post-Petition financing; (ii) granting liens and super-priority administrative expense claim status to the DIP ABL Agent on its own behalf and on behalf of the DIP ABL Lenders (as defined in the First Day Declaration); and (iii) modifying the automatic stay (the "**Final DIP Financing Order**");

c. an order, *inter alia*, (i) authorizing and approving the sale (the "**Sale**") of the Purchased Assets (as defined in the asset purchase agreement dated as of May 13, 2018 (the "**Stalking Horse Agreement**") between the Debtors and Rockport Canada Holdings Ltd. (collectively, the "**Sellers**") and CB Marathon Opco, LLC ("**Marathon**"), an affiliate of Charlesbank Equity Fund IX, Limited Partnership, to Marathon of such assets as determined in accordance with the Bidding Procedures,

free and clear of all liens, claims, interests and encumbrances, except certain permitted encumbrances as determined by the Sellers and Marathon; (ii) authorizing the assumption and assignment of certain executory contracts and unexpired leases in connection with the proposed Sale and (iii) granting related relief (the "**Sale Order**"); and

d. an order approving stipulation modifying final cash management order to permit intercompany transfers between Rockport Canada ULC and The Rockport Company, LLC (the "**Intercompany Payment Order**");

provided, however, that in the event of any conflict between the terms of the Houlihan Retention Order, the Final DIP Financing Order, the Sale Order, the Intercompany Payment Order and the Orders of this Court made in these proceedings, the Orders of this Court shall govern with respect to the Property (as defined in the Supplemental Order (Foreign Main Proceeding) of this Court made in these proceedings on May 16, 2018) in Canada. Copies of the Houlihan Retention Order, the Final DIP Financing Order, the Sale Order and the Intercompany Payment Order are attached as Exhibits "**F**" to "**I**" to the Third Kosturos Affidavit.

VESTING OF PURCHASED ASSETS AND APPLICATION OF SALE PROCEEDS

4. **THIS COURT ORDERS AND DECLARES** that, upon the delivery of a Foreign Representative certificate to the Purchaser, substantially in the form attached as Schedule A hereto (the "**Foreign Representative Certificate**"), all of the Sellers right, title and interest in and to the Purchased Assets (as defined in the Stalking Horse Agreement), shall vest absolutely in Marathon or a designated affiliate of Marathon, as provided for by the Stalking Horse Agreement (the "**Purchaser**"), free and clear of and from any and all security interests (whether

contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Supplemental Order (Foreign Main Proceeding) dated May 16, 2018; and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system (all of which are collectively referred to as the "**Encumbrances**"), and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

5. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets (as defined in the Stalking Horse Agreement) shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Foreign Representative Certificate, all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets (as defined in the Stalking Horse Agreement) had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale and this Court further orders that the proceeds of the sale shall be applied as set forth in paragraph 28 and paragraph 29 of the Sale Order.

6. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Sellers are authorized and permitted

to disclose and transfer to the Purchaser all human resources and payroll information in the Sellers records pertaining to the Sellers past and current employees. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Sellers.

7. **THIS COURT ORDERS** that, notwithstanding:

(a) the pendency of these proceedings;

(b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of Rockport Canada ULC ("**Rockport Canada**") and any bankruptcy order issued pursuant to any such applications; and

(c) any assignment in bankruptcy made in respect of Rockport Canada;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of Rockport Canada and shall not be void or voidable by creditors of the Sellers, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

GENERAL

8. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Foreign Representative, the Sellers, the Information Officer and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Foreign Representative, the Sellers, the Information Officer, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Foreign Representative, the Sellers, the Information Officer and their respective agents in carrying out the terms of this Order.

9. **THIS COURT ORDERS** that each of the Foreign Representative, the Debtors and the Information Officer be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

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

JUL 20 2018

PER / PAR:

Schedule A – Form of Foreign Representative Certificate

Court File No. _____

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 ROCKPORT BLOCKER, LLC, THE ROCKPORT GROUP HOLDINGS, LLC, TRG 1-P HOLDINGS, LLC, TRG INTERMEDIATE HOLDINGS, LLC, TRG CLASS D, LLC, THE ROCKPORT GROUP, LLC, THE ROCKPORT COMPANY, LLC, DRYDOCK FOOTWEAR, LLC, DD MANAGEMENT SERVICES LLC AND ROCKPORT CANADA ULC (THE "DEBTORS")

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

FOREIGN REPRESENTATIVE CERTIFICATE

RECITALS

A. All capitalized terms used and not otherwise defined herein shall have the meanings ascribed thereto in the asset purchase agreement dated as of May 13, 2018 between the Debtors and Rockport Canada Holdings Ltd. (collectively, the "**Sellers**") and CB Marathon Opco, LLC, an affiliate of Charlesbank Equity Fund IX, Limited Partnership (the "**Stalking Horse Agreement**").

B. Pursuant to the Initial Recognition Order (Foreign Main Proceeding) and Supplemental Order (Foreign Main Proceeding) of the Honourable Justice McEwen of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") each dated May 16, 2018, Rockport Blocker, LLC was appointed as the foreign representative (the "**Foreign Representative**") of the undertaking, property and assets of The Rockport Company, LLC, Rockport Blocker, LLC, The Rockport Group Holdings, LLC, TRG 1-P Holdings, LLC, TRG Intermediate Holdings, LLC, TRG Class D, LLC, The Rockport Group, LLC, Drydock Footwear, LLC, DD Management Services LLC and Rockport Canada ULC (the "**Debtors**").

C. Pursuant to an Order of the Court dated July 20, 2018, the Court approved the Stalking Horse Agreement between the Sellers and the Purchaser and provided for the vesting in the Purchaser of the Seller's right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Foreign Representative to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in Article X of the Stalking Horse Agreement have been satisfied or waived by the Sellers and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Foreign Representative.

D. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Stalking Horse Agreement.

THE FOREIGN REPRESENTATIVE CERTIFIES the following:

1. The Purchaser has paid the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Staking Horse Agreement;

2. The conditions to Closing as set out in Article X of the Stalking Horse Agreement have been satisfied or waived by the Sellers and the Purchaser; and

3. The Transaction has been completed to the satisfaction of the Foreign Representative.

4. This Certificate was delivered by the Foreign Representative at _____ [TIME] on _____ [DATE].

ROCKPORT BLOCKER, LLC, in its capacity as Foreign Representative of the Debtors, and not in its personal capacity

Per: _____

Name:

Title:

Court File No.: CV-18-597987-00CL

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF ROCKPORT BLOCKER, LLC, THE ROCKPORT GROUP HOLDINGS, LLC, TRG 1-P HOLDINGS, LLC, TRG INTERMEDIATE HOLDINGS, LLC, TRG CLASS D, LLC, THE ROCKPORT GROUP, LLC, THE ROCKPORT COMPANY, LLC, DRYDOCK FOOTWEAR, LLC, DD MANAGEMENT SERVICES LLC AND ROCKPORT CANADA ULC (THE "DEBTORS")

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

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ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDINGS COMMENCED AT TORONTO

ORDER
(Sale/Final DIP/Retention/Intercompany Transfer Order)

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Lawyers for Rockport Blocker, LLC, The Rockport Group Holdings, LLC, TRG 1-P Holdings, LLC, TRG Intermediate Holdings, LLC, TRG Class D, LLC, The Rockport Group, LLC, The Rockport Company, LLC, Drydock Footwear, LLC, DD Management Services LLC and Rockport Canada ULC

Tab H

THIS IS EXHIBIT "H" TO THE AFFIDAVIT

OF JONATHAN LEVI SWORN BEFORE ME

ON THIS 30TH DAY OF JULY, 2018

A Notary Public in and for the State of Delaware

ANN JEROMINSKI
MY COMMISSION
EXPIRES
OCTOBER 24, 2019
NOTARY PUBLIC
STATE OF DELAWARE

Court File No: CV-18-597987-00CL

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 ROCKPORT BLOCKER, LLC, THE ROCKPORT GROUP HOLDINGS, LLC, TRG 1-P HOLDINGS, LLC, TRG INTERMEDIATE HOLDINGS, LLC, TRG CLASS D, LLC, THE ROCKPORT GROUP, LLC, THE ROCKPORT COMPANY, LLC, DRYDOCK FOOTWEAR, LLC, DD MANAGEMENT SERVICES LLC AND ROCKPORT CANADA ULC (THE "DEBTORS")

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

AFFIDAVIT OF PAUL KOSTUROS
(Sworn July 26, 2018)

I, **PAUL KOSTUROS**, of the City of San Francisco in the State of California, **MAKE OATH AND SAY as follows:**

1. I am the interim Chief Financial Officer of The Rockport Company, LLC ("**Rockport**"), a Delaware limited liability company, together with its affiliated companies, who are the debtor companies in these proceedings. As such I have personal knowledge of the matters deposed to in this Affidavit, or where I do not possess such personal knowledge, I have stated the source of my information, and in all such cases I believe that both the information and the resulting statement to be true.

2. I am also a Senior Director of Alvarez & Marsal Private Equity Services Operations Group, LLC ("**A&M**"). I have more than 20 years' experience in finance and accounting and have advised companies across a diverse range of industries in respect of their restructuring and insolvency proceedings (both in and out of court). I also have experience designing financing packages and acting as a financial advisor in the purchase or sale of numerous businesses.

3. I have been the interim Chief Financial Officer of Rockport and its affiliated companies since August 1, 2017.

4. Rockport, Rockport Blocker, LLC ("**Rockport Blocker**"), The Rockport Group Holdings, LLC, TRG 1-P Holdings, LLC, TRG Intermediate Holdings, LLC, TRG Class D, LLC, The Rockport Group, LLC, Drydock Footwear, LLC, DD Management Services LLC (collectively, the "**US Debtors**") and Rockport Canada ULC ("**Rockport Canada**", and together with the US Debtors, the "**Rockport Group**" or the "**Debtors**") initially retained A&M in March 2017 to provide technology consulting services.

5. The Rockport Group then expanded A&M's management to include interim management services, including my appointment as interim Chief Financial Officer.

6. As a result of my role as the interim Chief Financial Officer of Rockport and its affiliated companies since my appointment on August 1, 2017, I am generally familiar with the Rockport Group's business, day-to-day operations, finances and records.

Introduction

7. On May 14, 2018 (the "**Filing Date**"), each entity in the Rockport Group filed voluntary petitions for relief pursuant to Chapter 11 of Title 11 ("**Chapter 11**") of the United States Bankruptcy Code (the "**US Code**") (collectively, the "**Petitions**" and each a "**Petition**") with the United States Bankruptcy Court for the District of Delaware (the "**US Court**"). The Rockport Group has requested that the Petitions be jointly administered for procedural purposes only.

8. On May 15, 2018, the US Court made various orders (the "**First Day Orders**"), including orders appointing Rockport Blocker as foreign representative of the Rockport Group (the "**Foreign Representative**") and authorizing the Rockport Group to obtain debtor-in-possession financing on an interim basis in the United States insolvency proceedings (the "**US Proceedings**").

9. In support of the Petitions, I caused to be filed with the US Court a declaration (the "**First Day Declaration**"). The First Day Declaration sets out in greater detail, among other things, the history of the Rockport Group and the present challenges leading to the US Proceedings.

Attached hereto and marked as **Exhibit "A"** is a true copy of the First Day Declaration.

10. On May 15, 2018, I swore an Affidavit in these proceedings in support of the application for the Recognition Orders (the "**First Kosturos Affidavit**"). The First Kosturos Affidavit sets out in greater detail the background to this matter and the First Day Orders. Attached hereto and marked as **Exhibit "B"** is a true copy of the First Kosturos Affidavit (without exhibits).

11. On May 16, 2018, this Court made orders, among other things, recognizing the First Day Orders within Canada (the "**Recognition Orders**"). Attached hereto and marked as **Exhibit "C"** is a true copy of the Initial Recognition Order, the Supplemental Order and the Endorsement made by Mr. Justice McEwen on May 16, 2018.

12. As detailed in the First Kosturos Affidavit, the Rockport Group entered into an asset purchase agreement dated as of May 13, 2018 (the "**Stalking Horse Agreement**") to sell substantially all of the Rockport Group's assets to CB Marathon Opco, LLC ("**Marathon**"), an affiliate of Charlesbank Equity Fund IX, Limited Partnership ("**Charlesbank**"), or another higher or otherwise better bidder, pursuant to Section 363 of the US Code. The Rockport Group has determined that value for creditors will be maximized by commencing the US Proceedings and continuing an orderly sale process.

13. On June 5, 2018 and June 13, 2018, the US Court granted certain orders and on June 12, 2018 entered certain US orders on an unopposed basis (collectively, the "**Second Day and Other US Orders**"), as more particularly described in the Second Kosturos Affidavit.

14. On June 13, 2018, I swore an Affidavit in these proceedings in support of the motion to recognize the Second Day and Other US Orders in Canada (the "**Second Kosturos Affidavit**"). Attached hereto and marked as **Exhibit "D"** is a true copy of the Second Kosturos Affidavit (without exhibits).

15. On June 14, 2018, this Court made an order, among other things, recognizing the Second Day and Other US Orders (the "**Second Day Recognition Order**"). Attached hereto and marked as **Exhibit "E"** is a true copy of the Second Day Recognition Order made by Mr. Justice McEwen on June 14, 2018.

16. In the period from June 29, 2018 through to July 18, 2018, the US Court entered several Orders, including, the Final DIP Financing Order, the Houlihan Retention Order, the Sale Order and the Intercompany Payment Order (each as defined in the affidavit of Paul Kosturos sworn July 19, 2018 (the "**Third Kosturos Affidavit**")), as more particularly described in the Third Kosturos Affidavit.

17. The Third Kosturos Affidavit was sworn in support of a motion in the within proceedings to recognize the Final DIP Financing Order, the Houlihan Retention Order, the Sale Order and the Intercompany Payment Order. Attached hereto and marked as **Exhibit "F"** is a true copy of the Third Kosturos Affidavit (without exhibits).

18. On July 20, 2018, this Court made an Order, among other things, recognizing the Final DIP Financing Order, the Houlihan Retention Order, the Sale Order and the Intercompany Payment Order (the "**Retention, DIP, Sale and Intercompany Payment Order**"). Attached hereto and marked as **Exhibit "G"** is a true copy of the Retention, DIP, Sale and Intercompany Payment Order.

19. On July 24, 2018, the US Court entered the Stipulation, Omnibus Lease Rejection and Bar Date Orders (as defined below).

20. This Affidavit is made in support of a motion by Rockport Blocker, in its capacity as Foreign Representative of the Rockport Group pursuant to the Debtors' proceedings under Part IV of the *Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36, as amended (the "**CCAA**"), for an order granting certain relief, including, *inter alia*, recognizing and enforcing in Canada certain orders (as set out below) of the US Court made in the US Proceedings.

The Stipulation, Omnibus Lease Rejection and Bar Date Orders

21. The US Court entered various Orders on July 24, 2018 (the "**Stipulation, Omnibus Lease Rejection and Bar Date Orders**"). The Stipulation, Omnibus Lease Rejection and Bar Date Orders made by the US Court, include, *inter alia:*

(a) an order, *inter alia*, (i) approving the Ivanhoé Stipulation; (ii) approving the DAMA Stipulation; and (iii) authorizing the Debtors to enter into, perform,

execute and deliver all documents and take all actions necessary to immediately effectuate the settlement as between the Debtors and 90287939 Quebec Inc. cob as DAMA Construction and the settlement as between the Debtors and IC SPG POC at Edmonton LP ("**Ivanhoé**") (the "**Stipulation Order**"). Attached hereto and marked as **Exhibit "H"** is a true copy of the Stipulation Order;

(b) an order, *inter alia*, (i) authorizing the Debtors to reject certain identified nonresidential unexpired leases or subleases of real property relating to their North America retail locations listed on Schedule 1 to the Omnibus Lease Rejection Order (the "**Leases**") as of the later of (a) July 31, 2018 and (b) the date that the Debtors unequivocally surrender possession of the leased premises via the delivery of the keys, key codes, and alarm codes, as applicable, to the applicable lease counterparty (the "**Rejection Date**"); (ii) authorizing the abandonment of certain surplus or burdensome assets (collectively, the "**De Minimis Assets**") remaining at the premises upon conclusion of the store closing sales; and (iii) granting related relief (the "**Omnibus Lease Rejection Order**"). Attached hereto and marked as **Exhibit "I"** is a true copy of the Omnibus Lease Rejection Order; and

(c) an order, *inter alia*, (i) establishing deadlines by which creditors must file proofs of claim (the "**Proofs of Claim**") in the Chapter 11 cases; and (ii) approving the form and manner of noticing thereof (the "**Bar Date Order**"). Attached hereto and marked as **Exhibit "J"** is a true copy of the Bar Date Order.

The Edmonton Lease and Stipulation Order

22. On July 24, 2018, the US Court granted the Stipulation Order, which, among other things:

(a) approved the Ivanhoé Stipulation;

(b) approved the DAMA Stipulation;

(c) authorized the Debtors to enter into, perform, execute and deliver all documents and take all actions necessary to effectuate the settlement between the Debtors

and DAMA; and

(d) authorized the Debtors to enter into, perform, execute and deliver all documents and take all actions necessary to effectuate the termination of the Lease between Rockport Canada and Ivanhoé.

23. The Stipulation Order relates to the Edmonton Lease, entered into by Rockport Canada and Ivanhoé on May 16, 2017. Rockport Canada took possession of the Leased Premises on March 1, 2018 to commence certain leasehold improvements. However, due to the anticipated filing of the US Proceedings, Rockport Canada did not complete the leasehold improvements nor did it open the store for business.

24. Rockport Canada entered into discussions with Ivanhoé as landlord not only of the Leased Premises in Edmonton, Alberta, but of other premises leased by the Debtors in various locations across Canada. The agreement with Ivanhoé with respect to the Leased Premises in Edmonton was to permit Ivanhoé to terminate the Edmonton Lease, effective prior to the Filing Date, so as to eliminate any claims against Rockport Canada for occupation rent on a post filing basis.

25. I am advised by Rockport Canada's legal counsel, Robyn Gurofsky at Borden Ladner Gervais LLP and do verily believe that during the course of the negotiations with Ivanhoé regarding the termination of the Edmonton Lease, it was discovered that a builder's lien (the "**DAMA Lien**") had been registered against title to the Leased Premises by 90287939 Quebec Inc., cob as DAMA Construction ("**DAMA**") in the amount of CDN$139,892.27 (the "**DAMA Lien Amount**") pursuant to the *Builder's Lien Act* (Alberta). The DAMA Lien claimed for amounts in respect of the discontinued leasehold improvements which DAMA claims it performed at the Leased Premises.

26. I am further advised by Ms. Gurofsky and do verily believe that a second builder's lien (the "**Sunco Lien**") was also subsequently registered against title to the Leased Premises by Sunco Drywall Ltd. ("**Sunco**"). The Sunco Lien claimed for CDN$29,563.47 (the "**Sunco Lien Amount**") and alleged that Sunco contracted with DAMA for the provision of services or materials at the Leased Premises, effectively making Sunco a subcontractor of DAMA.

27. I am advised by Ms. Gurofsky and do verily believe that after discovering the registration

of the DAMA Lien and later, the Sunco Lien (sometimes together referred to as the "**Liens**"), Ivanhoé advised Rockport Canada that it was prepared to enter into an agreement with Rockport Canada to terminate the Edmonton Lease, however, indicated that a discharge of the DAMA Lien was required before any such agreement could become effective. The agreement negotiated as between Ivanhoé and Rockport Canada is as set out in the Ivanhoé Stipulation, which has been approved pursuant to the Stipulation Order. The Ivanhoé Stipulation Order is Exhibit "1" to the Stipulation Order.

28. The Ivanhoé Stipulation provides, among other things, that upon obtaining Court approval in the US Proceedings, Ivanhoé will be deemed to have terminated the Edmonton Lease, but will not be in a position to advance any claims for rent under the Edmonton Lease arising on or after the Filing Date, and will not be in a position to advance any administrative claims for costs, expenses or charges arising from the termination of the Lease in the US Proceedings, or in the within ancillary proceedings. The complete terms governing the termination of the Edmonton Lease are set out in the Ivanhoé Stipulation.

29. As a result of the registration of the Liens, Rockport Canada, through its legal counsel at Borden Ladner Gervais LLP, entered into negotiations with counsel for DAMA and later, counsel for Sunco. I am advised by Ms. Gurofsky and do verily believe that during the course of these negotiations, it was confirmed by counsel for DAMA that as a result of the contractual relationship between DAMA and Sunco, the amounts claimed under the Sunco Lien were subsumed in the amounts claimed under the DAMA Lien. In other words, the total amount claimed in respect of the Liens was the DAMA Lien Amount only. The negotiations as between Rockport Canada, DAMA and Sunco resulted in the creation of the DAMA Stipulation, which has been approved pursuant to the Stipulation Order. The DAMA Stipulation is Exhibit "2" to the Stipulation Order.

30. The DAMA Stipulation provides that upon payment of the DAMA Lien Amount to the Information Officer in trust, the DAMA Lien will be discharged, thus allowing Rockport Canada to implement the agreement with Ivanhoé to terminate the Edmonton Lease. Pursuant to the DAMA Stipulation:

(a) The amounts paid to the Information Officer will stand in the place and stead of the Lien, with the same priority as if the Lien had not been discharged; and

(b) The Information Officer will hold the DAMA Lien Amount in trust pending an assessment of the validity and enforceability of the DAMA Lien and no distributions by the Information Officer are permitted without an agreement as between Rockport Canada and DAMA, or an order of the Court.

31. The complete terms governing the payment of the DAMA Lien Amount to the Information Officer, the discharge of the DAMA Lien, and the resolution of the DAMA Lien are set out in the DAMA Stipulation.

32. I am advised by Ms. Gurofsky and do verily believe that Sunco agreed to discharge the Sunco Lien on substantively the same terms as the DAMA Lien. A separate Sunco Stipulation was determined to be unnecessary given that no additional funds are required to be paid to the Information Officer to trigger the discharge of the Sunco Lien. In fact, the Sunco Lien has now been discharged from title to the Leased Premises as a result of the payment by DAMA of the Sunco Lien Amount to Sunco's legal counsel. Thus, the only lien remaining on title to the Leased Premises in Edmonton is the DAMA Lien.

33. I believe that the DAMA Stipulation is fair and reasonable in the circumstances as it allows for the discharge of the DAMA Lien immediately upon Court approval and payment of the DAMA Lien Amount into trust, while at the same time protecting the interests of the lien claimants, whose claims (to the extent they are valid construction lien or trust claims) attach to the DAMA Lien Amount paid to the Information Officer in trust. I believe that facilitating the immediate discharge of the Liens and avoiding protracted litigation, will allow Rockport Canada to implement its agreement with respect to the termination of the Edmonton Lease, thereby eliminating the risk of incurring post-petition administrative or similar expenses in connection with the Edmonton Lease. This, in turn, will benefit the stakeholders of the Rockport Canada estate.

34. In granting the Stipulation Order, the US Court was satisfied that the settlement with respect to the Lien and the Edmonton Lease was in the best interest of the Debtors and their respective estates, creditors, interest holders and all other parties in interest.

35. The Ivanhoé Stipulation contemplates that Ivanhoé, as landlord, will terminate the Edmonton Lease. However, the stay of proceedings currently imposed pursuant to the Recognition Orders prevents the termination from being effective. As a result, it is necessary to lift the stay of proceedings for the limited purpose of permitting Ivanhoé to fulfill its obligations to terminate the Edmonton Lease pursuant to the Ivanhoé Stipulation. Rockport Canada not only consents to the stay being lifted for this limited purpose, but is asking the Court to do so in order to assist with the implementation of the Ivanhoé Stipulation.

The Omnibus Lease Rejection Order

36. On July 24, 2018, the US Court entered the Omnibus Lease Rejection Order, which contemplated, among other things, the following relief:

(a) authorizing the Debtors to reject certain Leases as of the Rejection Date;

(b) authorizing the abandonment of certain De Minimis Assets remaining at the premises upon conclusion of the store closing sales; and

(c) granting related relief.

37. As set forth in more detail in the First Day Declaration, the Debtors' North American retail assets consisted of a total of 27 stores in the United States and 33 stores in Canada, including related inventory (collectively, the "**North American Retail Assets**"). Of those stores, the Debtors operated both full-price and outlet stores, which were serviced by the Debtors' warehousing and distribution centers in California and Ontario, Canada.

38. Prior to the Petition Date, the Debtors, with the assistance of their advisors, conducted a robust marketing process for a potential sale of all or substantially all of the Debtors' assets. This process culminated in the execution of that certain Asset Purchase Agreement, dated as of May 13, 2018 (the "**Stalking Horse Agreement**"), between the Debtors and CB Marathon Opco, LLC (the "**Stalking Horse Bidder**"), an affiliate of Charlesbank Equity Fund IX, Limited

Partnership, relating to the sale of substantially all of the Debtors' assets. While the North American Retail Assets were identified as "Excluded Assets" under the terms of the Stalking Horse Agreement, it provided for a twenty-five (25) day period following the Petition Date (the "**No Liquidation Period**") during which the Debtors were not permitted to sell or otherwise dispose of any Inventory (as defined in the Stalking Horse Agreement), other than in the ordinary course of business. The No Liquidation Period was intended to provide the Stalking Horse Bidder with additional time to consider the potential acquisition of the North American Retail Assets, while preserving ordinary inventory levels at the retail locations.

39. Notwithstanding the No Liquidation Period, I understand that it became readily apparent during the marketing process that neither the Stalking Horse Bidder nor any other bidder was likely to acquire any of the North American Retail Assets. Accordingly, on May 15, 2018, the Debtors filed a motion (the "**Store Closing Sales Motion**") seeking authority to conduct store closing sales (the "**Store Closing Sales**") at each of the Debtors' North American retail locations (the "**Stores**"), with the goal of liquidating the inventory at the Stores in an expedient and efficient manner. On June 13, 2018, the US Court entered an order granting the relief requested in the Store Closing Sales Motion (the "**Store Closing Sales Order**") and authorizing the implementation of the Store Closing Sales. The Store Closing Sales Order was recognized by this Court on June 14, 2018.

40. Significantly, the Store Closing Sales Order preserved the Debtors' ability to terminate the Store Closing Sales at any time in the event that a bidder (including the Stalking Horse Bidder) expressed an interest in pursuing the North American Retail Assets. The Store Closing Sales commenced on or about June 15, 2018.

41. I understand that the Debtors anticipate concluding the Stores Closing Sales at all of their U.S. and Canadian retail locations on or before July 31, 2018, with all retail inventory being sold or removed from the Stores prior to that date. Consistent with the completion of the Store Closing Sales, in requesting that the US Court grant the Omnibus Lease Rejection Order, the Debtors sought authority to reject the Leases for each of the Store locations effective as of the Rejection Date, so as to avoid the incurrence of any additional administrative rent.

42. I believe that it is in the best interests of the Debtors' estates to reject the Leases following completion of the Store Closing Sales. The Debtors have recently concluded a comprehensive pre-Petition and post-Petition marketing process for their assets, which has yielded no significant interest in the North American Retail Assets. Indeed, the Stalking Horse Agreement was the only "qualified bid" received by the Debtors, and the Stalking Horse Bidder has not expressed an interest in acquiring any of the Debtors' U.S. or Canadian retail locations. Moreover, given the current retail environment, the Debtors believe that any benefit to be derived from a separate marketing of the Leases would be outweighed by the administrative rent obligations that would be incurred by carrying the Leases during the course of such process.

43. In granting the Omnibus Lease Rejection Order, the US Court was satisfied that rejection of the Leases is an exercise of the Debtors' sound business judgment.

44. The Debtors have determined that rejection of the Leases is appropriate and will avoid any further risks or costs that may be associated with the Leases.

45. Given that there are 33 stores (both retail and outlet) in Canada, which will be closed, as is the case with all of the retail locations in the US, recognition of the Omnibus Lease Rejection Order is necessary to ensure consistency in the treatment of landlords both in Canada and the US.

The Bar Date Order

46. On July 24, 2018, the US Court entered the Bar Date Order, which contemplated, among other things, the following relief:

(a) establishing deadlines by which creditors must file Proofs of Claim in the Chapter 11 cases; and

(b) approving the form and manner of noticing thereof.

47. The Debtors requested that the US Court establish a general bar date to be designated by the Debtors, which shall be no earlier than the first business day that is at least thirty (30) days after the Service Date of the notice of Bar Dates (the "**Bar Date Notice**") at 5:00 p.m. (prevailing Eastern Time) (the "**General Bar Date**"), upon all known entities holding potential

claims subject to the Bar Dates. Attached hereto and marked as **Exhibit "K"** is a copy of the Bar Date Notice that was issued, which sets the General Bar Date as August 30, 2018 at 5:00 p.m. (prevailing Eastern Time). The form of Bar Date Notice was approved by the US Court.

48. The General Bar Date is to be the date by which all creditors holding prepetition claims must file Proofs of Claim unless they fall within one of the exceptions set forth in the bar date motion. Subject to these exceptions, the General Bar Date would apply to all creditors holding claims against the Debtors that arose, or are deemed to have arisen, prior to the Petition Date, including, without limitation, secured claims, unsecured priority claims (including, without limitation, claims entitled to priority) and unsecured non-priority claims (the holder of any such claims, the "**Claimant**").

49. In addition, the Bar Date Order provides that governmental units shall have 180 days after the petition date, or such later time as the US Federal Rules of Bankruptcy Procedures may provide, to file proofs of claim or interest. Accordingly, because the proposed General Bar Date is earlier than 180 days after the Petition Date, the Debtors requested that the US Court establish November 12, 2018 at 5:00 p.m. (prevailing Eastern Time) as the deadline for all governmental units to file Proofs of Claim in the Chapter 11 cases (the "**Governmental Bar Date**").

50. The Debtors further proposed that any person or entity that holds a claim that arises from the rejection of an executory contract or unexpired lease must file a Proof of Claim based on such rejection by the later of (a) the General Bar Date or (b) 5:00 p.m. (prevailing Eastern Time) on the date that is thirty (30) days from the date of entry of any order authorizing the rejection of such executory contract or unexpired lease (unless the order authorizing such rejection provides otherwise) (the "**Rejection Bar Date**").

51. The Debtors further propose that, if the Debtors file an amendment (an "**Amendment**") to any of their schedules after the Service Date, and such Amendment (a) reduces the undisputed, noncontingent, and unliquidated amount of a claimant's claim, (b) changes the nature or characterization of a claimant's claim, or (c) adds a new claim with respect to a claimant to the schedules, such claimant must file a Proof of Claim with respect to such amended claim by the later of (i) the General Bar Date or (ii) 5:00 p.m. (prevailing Eastern Time) on the date that is thirty (30) days after service of a notice on such affected claimant of the Amendment (the

"**Amended Schedules Bar Date**" and together with the General Bar Date, the Governmental Bar Date, and the Rejection Bar Date, collectively the "**Bar Dates**").

52. In addition, the Bar Date Order further provides that the Debtors shall cause a notice to be published once in each of the National Editions of The Globe and Mail and USA Today (the "**Publication Notice**"), as soon as practicable after entry of the Bar Date Order. The form of Publication Notice that was approved by the US Court is attached hereto and marked as **Exhibit "L"**

53. The US Court granted the Bar Date Order having been satisfied with the following representations by the Debtors in their motion materials:

(a) the notice procedures are reasonable and appropriate; and

(b) such notice procedures satisfy the requirements of due process.

54. The recognition of the Bar Date Order in Canada is appropriate in order to give effect to a uniform claims process and bar date for the coordination of the within ancillary proceedings with the US Proceedings for the identification and quantification of the claims of creditors against the Debtors.

55. This Affidavit is sworn in support of a motion brought by the Foreign Representative for the recognition of various Orders made by the US Court and for no other or improper purpose.

SWORN BEFORE ME at the City of Boston, in the State of Massachusetts, this 26th day of July, 2018

Christina M. Nicoli

A Notary Public in and for the State of Massachusetts

Paul Kosturos

PAUL KOSTUROS

CHRISTINA M. NICOLI
Notary Public
COMMONWEALTH OF MASSACHUSETTS
My Commission Expires
June 20, 2019

Court File No.: CV-18-597987-00CL

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

AND IN THE MATTER OF ROCKPORT BLOCKER, LLC, THE ROCKPORT GROUP HOLDINGS, LLC, TRG 1-P HOLDINGS, LLC, TRG INTERMEDIATE HOLDINGS, LLC, TRG CLASS D, LLC, THE ROCKPORT GROUP, LLC, THE ROCKPORT COMPANY, LLC, DRYDOCK FOOTWEAR, LLC, DD MANAGEMENT SERVICES LLC AND ROCKPORT CANADA ULC (THE "DEBTORS")

APPLICATION OF ROCKPORT BLOCKER, 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)

PROCEEDINGS COMMENCED AT TORONTO

AFFIDAVIT OF PAUL KOSTUROS
(Sworn July 26, 2018)

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Tab I

THIS IS EXHIBIT "I" TO THE AFFIDAVIT

OF JONATHAN LEVI SWORN BEFORE ME

ON THIS 30TH DAY OF JULY, 2018

A Notary Public in and for the State of Delaware

ANN JEROMINSKI
MY COMMISSION
EXPIRES
OCTOBER 24, 2019
NOTARY PUBLIC
STATE OF DELAWARE

Court File No. CV-18-597987-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE	)	**MONDAY THE 30TH**
	)	
MR. JUSTICE DUNPHY	)	**DAY OF JULY, 2018**

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

AND IN THE MATTER OF ROCKPORT BLOCKER, LLC, THE ROCKPORT GROUP HOLDINGS, LLC, TRG 1-P HOLDINGS, LLC, TRG INTERMEDIATE HOLDINGS, LLC, TRG CLASS D, LLC, THE ROCKPORT GROUP, LLC, THE ROCKPORT COMPANY, LLC, DRYDOCK FOOTWEAR, LLC, DD MANAGEMENT SERVICES LLC AND ROCKPORT CANADA ULC (THE "DEBTORS")

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

ORDER

(Stipulation/Omnibus Lease Rejection/Bar Date Order)

THIS MOTION, made by Rockport Blocker, LLC ("**Rockport Blocker**"), in its capacity as the foreign representative (the "**Foreign Representative**") of the Debtors, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") for an Order substantially in the form enclosed in the Motion Record was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Paul Kosturos sworn July 26, 2018 and the exhibits thereto (the "**Fourth Kosturos Affidavit**"), the third report of Richter Advisory Group Inc. ("**Richter**") in its capacity as the Court-appointed information officer (the "**Information Officer**") dated July 27, 2018 (the "**Third Report**"), and on hearing the submissions of counsel

for the Debtors, counsel for the Information Officer, counsel for Citizens Business Capital, in its capacity as Administrative Agent and Collateral Agent for the lenders under the Senior Secured Super-Priority Debtor-in-Possession Revolving Credit Agreement (the "**DIP ABL Agent**"), counsel for the Senior Secured Noteholders and DIP Note Lenders, counsel for The Cadillac Fairview Corporation Limited, counsel for Cushman & Wakefield Asset Services Inc., Ivanhoe Cambridge Inc., RioCan Real Estate Investment Trust, counsel for Montez Hillcrest Inc., Hillcrest Holdings Inc., Scarborough Town Centre Holdings Inc., Oxford Properties Retail Holdings Inc., Oxford Properties Retail Holdings II Inc. and Yorkdale Shopping Centre Holdings Inc., and upon no one appearing for any other parties although duly served as appears from the Affidavit of Service of Mariela Adriana Gasparini sworn July 26, 2018, filed,

SERVICE

1. **THIS COURT ORDERS** that the time for service and filing of the Notice of Motion and the Motion Record is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

2. **THIS COURT ORDERS** that any capitalized terms not otherwise defined herein shall have the meanings given to such terms in the Fourth Kosturos Affidavit.

RECOGNITION OF FOREIGN ORDERS

3. **THIS COURT ORDERS** that the following orders of the United States Bankruptcy Court for the District of Delaware (the "**US Court**") made in the insolvency proceedings of the Debtors under Chapter 11 of Title 11 of the United States Bankruptcy Code are hereby recognized and

given full force and effect in all provinces and territories of Canada pursuant to Section 49 of the CCAA:

a. an order, *inter alia*, (i) approving the Ivanhoé Stipulation; (ii) approving the DAMA Stipulation; and (iii) authorizing the Debtors to enter into, perform, execute and deliver all documents and take all actions necessary to immediately effectuate the settlement as between the Debtors and 90287939 Quebec Inc. cob as DAMA Construction, and the settlement as between the Debtors and IC SPG POC at Edmonton LP ("**Ivanhoé**") (the "**Stipulation Order**");

b. an order, *inter alia*, (i) authorizing the Debtors to reject certain identified nonresidential unexpired leases or subleases of real property relating to their North America retail locations listed on Schedule 1 to the Omnibus Lease Rejection Order as of the later of (a) July 31, 2018 and (b) the date that the Debtors unequivocally surrender possession of the leased premises via the delivery of the keys, key codes, and alarm codes, as applicable, to the applicable lease counterparty; (ii) authorizing the abandonment of certain surplus or burdensome assets remaining at the premises upon conclusion of the store closing sales; and (iii) granting related relief (the "**Omnibus Lease Rejection Order**");

c. an order, *inter alia*, (i) establishing deadlines by which creditors must file proofs of claim in the Chapter 11 cases; and (ii) approving the form and manner of noticing thereof (the "**Bar Date Order**", together with the Stipulation Order and the Omnibus Lease Rejection Order, the "**Stipulation, Omnibus Lease Rejection and Bar Date Orders**");

provided, however, that in the event of any conflict between the terms of the Stipulation, Omnibus Lease Rejection and Bar Date Orders, and the Orders of this Court made in these proceedings, the Orders of this Court shall govern with respect to the Property (as defined in the Supplemental Order (Foreign Main Proceeding) of this Court made in these proceedings on May 16, 2018) in Canada. Copies of the Stipulation, Omnibus Lease Rejection and Bar Date Orders are attached as Exhibits "H", "I" and "J" respectively, to the Fourth Kosturos Affidavit.

EDMONTON LEASE

4. **THIS COURT ORDERS** that the stay of proceedings imposed pursuant: to (i) the Initial Recognition Order (Foreign Main Proceeding) dated May 16, 2018; and (ii) the Supplemental Order (Foreign Main Proceeding) dated May 16, 2018, in the within proceedings, is hereby lifted for the limited purpose of allowing Ivanhoé to terminate the lease dated May 16, 2017, as between Ivanhoé as landlord and Rockport Canada as tenant, with respect to premises located at the Edmonton International Airport in Edmonton, Alberta, in accordance with the terms of the Ivanhoé Stipulation.

GENERAL

5. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Foreign Representative, the Information Officer and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Foreign Representative, the Information Officer, as an officer of this Court, as

may be necessary or desirable to give effect to this Order or to assist the Foreign Representative, the Information Officer and their respective agents in carrying out the terms of this Order.

6. **THIS COURT ORDERS** that each of the Foreign Representative, the Debtors and the Information Officer be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

S.F. DUNPHY

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

JUL 30 2018

PER / PAR:

Court File No.: CV-18-597987-00CL

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED AND IN THE MATTER OF ROCKPORT BLOCKER, LLC, THE ROCKPORT GROUP HOLDINGS, LLC, TRG 1-P HOLDINGS, LLC, TRG INTERMEDIATE HOLDINGS, LLC, TRG CLASS D, LLC, THE ROCKPORT GROUP, LLC, THE ROCKPORT COMPANY, LLC, DRYDOCK FOOTWEAR, LLC, DD MANAGEMENT SERVICES LLC AND ROCKPORT CANADA ULC (THE "DEBTORS")

APPLICATION OF ROCKPORT BLOCKER, 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)

PROCEEDINGS COMMENCED AT TORONTO

ORDER
(STIPULATION | OMNIBUS LEASE REJECTION BAR DATE ORDER)

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Lawyers for Rockport Blocker, LLC, The Rockport Group Holdings, LLC, TRG 1-P Holdings, LLC, TRG Intermediate Holdings, LLC, TRG Class D, LLC, The Rockport Group, LLC, The Rockport Company, LLC, Drydock Footwear, LLC, DD Management Services LLC and Rockport Canada ULC

Tab J

THIS IS EXHIBIT "J" TO THE AFFIDAVIT

OF JONATHAN LEVI SWORN BEFORE ME

ON THIS 30TH DAY OF JULY, 2018

Ann Jerominski

A Notary Public in and for the State of Delaware

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re: THE ROCKPORT COMPANY, LLC, *et al.*, Debtors. [1]	Chapter 11 Case No. 18-11145 (LSS) (Jointly Administered)
THE ROCKPORT GROUP, LLC, *et. al*, *Plaintiffs*, v. ADIDAS AG and REEBOK INTERNATIONAL LTD., *Defendants.*	
ADIDAS AG; ADIDAS (UK) LTD.; ADIDAS BENELUX BV; ADIDAS ESPANA S.A.U.; ADIDAS PORTUGAL, ARTIGOS DE DESPORTO, S.A.; ADIDAS SVERIGE AB; ADIDAS KOREA LLC; ADIDAS JAPAN, K.K., and ADIDAS INTERNATIONAL TRADING, B.V., *Plaintiffs-in-Counterclaim*, v. ROCKPORT CANADA HOLDINGS, LTD.; THE ROCKPORT COMPANY JAPAN K.K.; THE ROCKPORT COMPANY KOREA LTD; CALZADOS ROCKPORT S.L. (ES); THE ROCKPORT COMPANY, PORTUGAL UNIPESSOAL, LDA.; THE ROCKPORT COMPANY, B.V.; and ROCKPORT INTERNATIONAL LIMITED (UK), *Defendants-in-Counterclaim.*	Adversary Proceeding No. 18-50636 (LSS) **Proposed Hearing Date:** **July 30, 2018 at TBD** **Proposed Objection Deadline: TBD**

[1] The debtors and debtors in possession in these cases and the last four digits of their respective Employer Identification Numbers are: Rockport Blocker, LLC (5097), The Rockport Group Holdings, LLC (3025), TRG 1-P Holdings, LLC (4756), TRG Intermediate Holdings, LLC (8931), TRG Class D, LLC (4757), The Rockport Group, LLC (5559), The Rockport Company, LLC (5456), Drydock Footwear, LLC (7708), DD Management Services LLC (8274), and Rockport Canada ULC (3548). The debtors' mailing address is 1220 Washington Street, West Newton, Massachusetts 02465.

Docket No. 402
Adv. Docket No. 27
Filed: 7/24/18

NOTICE OF MOTIONS AND HEARING

PLEASE TAKE NOTICE that, on July 24, 2018, The Rockport Company, LLC and certain of its affiliates that are debtors and debtors in possession (collectively, the "**Debtors**"), filed the *Motion of Debtors for Entry of an Order Authorizing and Approving the Settlement Agreement By and Between the Rockport Parties, the Adidas Parties and the Noteholder Parties* (the "**Motion**") with the United States Bankruptcy Court for the District of Delaware (the "**Court**").

PLEASE TAKE FURTHER NOTICE that, contemporaneously with the filing of the Motion, the Debtors also filed a motion to shorten the notice and objection periods with respect to the Motion (the "**Motion to Shorten**").

PLEASE TAKE FURTHER NOTICE that, if the Court grants the relief requested in the Motion to Shorten: (i) a hearing to consider the Motion will be held before The Honorable Laurie Selber Silverstein, United States Bankruptcy Judge for the District of Delaware, at the Bankruptcy Court, 824 North Market Street, 6th Floor, Courtroom 2, Wilmington, Delaware 19801 on **July 30, 2018** at a time to be determined by the Court, and (ii) the objection period with respect to the Motion (the "**Objection Deadline**") will be shortened.

PLEASE TAKE FURTHER NOTICE that, once the Court rules on Motion to Shorten, the parties-in-interest will receive separate notice of the Objection Deadline and hearing time for the Motion.

Dated: July 24, 2018
Wilmington, Delaware

/s/ Amanda R. Steele

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Robert J. Stearn, Jr. (No. 2915)
Michael J. Merchant (No. 3854)
Amanda R. Steele (No. 5530)
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Counsel to the Debtors

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re: THE ROCKPORT COMPANY, LLC, *et al.*, Debtors. [1]	Chapter 11 Case No. 18-11145 (LSS) (Jointly Administered)
THE ROCKPORT GROUP, LLC, *et. al*, *Plaintiffs*, v. ADIDAS AG and REEBOK INTERNATIONAL LTD., *Defendants.*	
ADIDAS AG; ADIDAS (UK) LTD.; ADIDAS BENELUX BV; ADIDAS ESPANA S.A.U.; ADIDAS PORTUGAL, ARTIGOS DE DESPORTO, S.A.; ADIDAS SVERIGE AB; ADIDAS KOREA LLC; ADIDAS JAPAN, K.K., and ADIDAS INTERNATIONAL TRADING, B.V., *Plaintiffs-in-Counterclaim*, v. ROCKPORT CANADA HOLDINGS, LTD.; THE ROCKPORT COMPANY JAPAN K.K.; THE ROCKPORT COMPANY KOREA LTD; CALZADOS ROCKPORT S.L. (ES); THE ROCKPORT COMPANY, PORTUGAL UNIPESSOAL, LDA.; THE ROCKPORT COMPANY, B.V.; and ROCKPORT INTERNATIONAL LIMITED (UK), *Defendants-in-Counterclaim.*	Adversary Proceeding No. 18-50636 (LSS) **Proposed Hearing Date:** **July 30, 2018 at TBD** **Proposed Objection Deadline: TBD**

[1] The debtors and debtors in possession in these cases and the last four digits of their respective Employer Identification Numbers are: Rockport Blocker, LLC (5097), The Rockport Group Holdings, LLC (3025), TRG 1-P Holdings, LLC (4756), TRG Intermediate Holdings, LLC (8931), TRG Class D, LLC (4757), The Rockport Group, LLC (5559), The Rockport Company, LLC (5456), Drydock Footwear, LLC (7708), DD Management Services LLC (8274), and Rockport Canada ULC (3548). The debtors' mailing address is 1220 Washington Street, West Newton, Massachusetts 02465.

MOTION OF DEBTORS FOR ENTRY OF AN ORDER AUTHORIZING AND APPROVING THE SETTLEMENT AGREEMENT BY AND BETWEEN THE ROCKPORT PARTIES, THE ADIDAS PARTIES AND THE NOTEHOLDER PARTIES

The Rockport Company, LLC and certain of its affiliates that are debtors and debtors in possession (collectively, the "**Debtors**") in the above-captioned Chapter 11 cases (the "**Chapter 11 Cases**") hereby file this motion (this "**Motion**"), pursuant to Section 105(a) of Title 11 of the United States Code, 11 U.S.C. §§ 101-1532, *et seq.* (the "**Bankruptcy Code**") and Rule 9019 of the Federal Rules of Bankruptcy Procedure (the "**Bankruptcy Rules**"), for entry of an order authorizing and approving the *Settlement Agreement and Releases* (the "**Settlement Agreement**") among (a) the Debtors and certain of their non-Debtor affiliates (the "**Rockport Parties**"),[2] (b) adidas AG ("**Adidas**"), Reebok International Ltd. ("**Reebok**") and certain of their affiliated entities (the "**Adidas Parties**")[3] and (c) the noteholders, DIP note purchasers and existing or former equity holders, as applicable (the "**Noteholder Parties,**"[4] and collectively with the Rockport Parties and the Adidas Parties, the "**Parties**"). In support of this Motion, the Debtors respectfully state as follows:

[2] The "**Rockport Parties**" include: The Rockport Group, LLC, The Rockport Group Holdings, LLC, TRG 1-P Holdings, LLC, TRG Intermediate Holdings, LLC, TRG Class D, LLC, The Rockport Company, LLC, Drydock Footwear, LLC, DD Management Services LLC, Rockport Canada ULC, Rockport Canada Holdings, Ltd., Rockport Japan K.K., The Rockport Company Korea, Ltd, Rockport Hong Kong Limited, Dongguan Rockport Consulting Service Co;, Ltd., Calzados Rockport S.L., The Rockport Company, Portugal, Unipessoal LDA, The Rockport Company B.V., Rockport (Europe) B.V., Relay Technical Services Private Limited, Rockport International Limited, Rockport UK Holdings Ltd., Rockport Canada Holdings, Ltd., and The Rockport Company Japan K.K.

[3] The "**Adidas Parties**" include: adidas AG, Reebok International Ltd., adidas (UK) Ltd., adidas Benelux BV, adidas Espana S.A.U., adidas Portugal, Artigos de Desporto, S.A., adidas Sverige AB, adidas Korea LLC, adidas Japan, K.K., and adidas International Trading, B.V.

[4] The "**Noteholder Parties**" include: Crescent Mezzanine Partners VI, L.P., Crescent Mezzanine Partners VIC, L.P., Crescent Mezzanine Partners VIB (Cayman), L.P., CM6B Rockport Equity, Inc., CM6C Rockport Equity, Inc., Corporate Capital Trust, Inc., Oregon Public Employees Retirement Fund, NYLCAP Mezzanine Partners III, LP, NYLCAP Mezzanine Partners III Parallel Fund, LP, NYLCAP mezzanine Partners III 2012 Co-Invest, LP, and NYLCAP Mezzanine Partners II 2012 Co-Invest ECI Blocker F, LP.

JURISDICTION AND VENUE

1. The Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference from the United States District Court for the District of Delaware*, dated February 29, 2012. Venue of the Chapter 11 Cases and related proceedings is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409.

2. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2). Pursuant to Rule 9013-1(f) the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the "**Local Rules**"), the Debtors consent to the entry of a final order by the Court in connection with this Motion to the extent that it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments consistent with Article III of the United States Constitution.

BACKGROUND

A. General Background

3. On May 14, 2018 (the "**Petition Date**"), the Debtors filed voluntary petitions in this Court commencing the Chapter 11 Cases for relief under the Bankruptcy Code. The Debtors have continued in possession of their property and have continued to operate and manage their businesses as debtors in possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code.

4. No request has been made for the appointment of a trustee or examiner in the Chapter 11 Cases. On May 23, 2018, the Office of the United States Trustee for the District of Delaware appointed an official committee of unsecured creditors in these Chapter 11 Cases (the "**Committee**").

B. The 2015 Transaction

5. Adidas and Reebok are the former owners of the Debtors' business. In 2015, Reebok, a subsidiary of Adidas, engaged in a sale transaction (the "**2015 Transaction**") with affiliates of Berkshire Partners LLC ("**Berkshire**") and New Balance Holdings, Inc. ("**New Balance**"). Pursuant to the 2015 Transaction, Reebok sold its Rockport division to Relay Intermediate, LLC (now Debtor The Rockport Group, LLC ("**Rockport**")), an entity formed by Berkshire and New Balance, for approximately $220 million in cash and up to $60 million in notes and other consideration.

6. The 2015 Transaction closed in two stages. At the initial closing (the "**Initial Closing**"), which closed on July 31, 2015, Reebok sold its equity ownership of Rockport, Rockport's worldwide business operations, and Rockport's assets, other than Rockport assets belonging to Adidas' foreign affiliates (the "**Group 2 Assets**"). The Group 2 Assets were to be transferred to Rockport in subsequent closings (the "**Subsequent Closings**") that would occur after the Initial Closing when certain conditions in each relevant foreign market were fulfilled by Rockport and Reebok. Following the Initial Closing until the Subsequent Closings, Adidas or its affiliates continued to operate and manage the Group 2 Assets for Rockport's benefit pursuant to a Management Agreement, dated as of July 31, 2015 (the "**Management Agreement**"), entered into by Rockport and Adidas.

7. Most of the Subsequent Closings occurred by October 2017. To effectuate a Subsequent Closing, Rockport formed entities in certain foreign markets (the "**Foreign Subsidiaries**") to receive possession of the relevant Group 2 Assets. After certain conditions were satisfied, the Adidas/Reebok-owned foreign entity in that foreign jurisdiction would transfer its assets to the applicable newly-formed Foreign Subsidiary. Upon a Subsequent

Closing, the Management Agreement obligated Rockport to reimburse Adidas for certain closing adjustments and reconciliations (the "**Post-Closing Adjustments**"). Rockport did not reimburse Adidas for the Post-Closing Adjustments due in large part to its financial condition, and ultimately filed for protection under Chapter 11 of the Bankruptcy Code along with its Debtor affiliates in May 2018.

C. The Asset Purchase Agreement and Sale Process

8. On May 13, 2018, the Debtors entered into a stalking horse asset purchase agreement (the "**Asset Purchase Agreement**") to sell substantially all of the Debtors' assets (the "**Sale**") to CB Marathon Opco, LLC (the "**Purchaser**"), subject to receiving higher or better offers for the assets pursuant to a Court supervised sale process. The Asset Purchase Agreement provides that Rockport will sell substantially all of its assets, as well as its equity ownership in certain Acquired Companies,[5] to the Purchaser. In the Asset Purchase Agreement, the Sellers (as defined therein) represented that the Acquired Companies had no liability to Adidas (with the exception of certain specific liabilities of Rockport Japan K.K ("**Rockport Japan**") and The Rockport Company Korea LTD ("**Rockport Korea**")).

9. With respect to the alleged liabilities Adidas asserted against Rockport Japan and Rockport Korea (the "**Adidas Liabilities**"), Section 8.15(a) of the Asset Purchase Agreement required the Sellers to use commercially reasonable efforts to resolve such liabilities, which resolution shall include "a full, express and unconditional release of the Rockport Parties, the Purchaser and its affiliates by Adidas" (the "**Purchaser Adidas Release**"). *See* Asset Purchase

[5] Pursuant to the Asset Purchase Agreement, the "**Acquired Companies**" include Rockport Japan K.K., The Rockport Company Korea, LTD, Rockport Hong Kong Limited, Dongguan Rockport Consulting Service Co, Ltd, Calzados Rockport S.L., The Rockport Company, Portugal, Unipessoal Lda, The Rockport Company B.V., Rockport (Europe) B.V., Relay Technical Services Private Limited, Rockport International Limited , Rockport UK Holdings Ltd.

Agreement § 8.15(a). Further, the Asset Purchase Agreement provides that "any resolution that included the Purchaser Adidas Release and also does not require the Purchaser or any of its Affiliates (including, after the Closing, any Acquired Company) to pay any monies or otherwise agree to any obligations or restrictions other than a release of Adidas with respect to matters relating to the alleged Adidas Liabilities" is a "**Qualified Resolution**."

10. The Asset Purchase Agreement further required a reserve of $7,008,000 of sale proceeds (the "**Adidas Liability Escrow Account**") to be established for sixty (60) days following the closing of the Sale pending resolution of Adidas Liabilities. *See id.* If the Debtors were able to resolve the Adidas Liabilities pursuant to a Qualified Resolution, then the full amount of the Adidas Liability Escrow Account was to be released to the Sellers. If the Debtors were unable to resolve the Adidas Liabilities or determined not to commence a proceeding against Adidas to resolve the Adidas Liabilities in the sixty (60) days following the closing date, then $5,174,000 of the Adidas Liability Escrow Account was to be released to the Purchaser and $1,834,000 was to be released to the Sellers. *See id.*

11. On May 17, 2018, Rockport Korea and adidas Korea, LLC ("**Adidas Korea**") entered into a letter agreement pursuant to which Rockport Korea agreed to pay Adidas Korea KRW561,975,959 in full and final settlement and release of any and all claims that Adidas Korea may have had against Rockport Korea or Rockport pursuant to the agreements entered into with respect to the Subsequent Closing, including a VAT refund payable by Rockport Korea. Rockport Korea paid this amount to Adidas Korea.

12. Following the Petition Date, in accordance with the Court approved bidding procedures, the Debtors extensively marketed their assets. The Debtors, however, received no other competing "Qualified Bids" for the assets. As a result, on July 6, 2018, the Debtors

designated the Purchaser as the successful bidder and cancelled the auction. *See* Docket No. 348.

D. Adidas Sale Objection and Adversary Proceeding

13. On June 28, 2018, Adidas and Reebok filed an objection to the Sale [Docket No. 310] (the "**Sale Objection**"), asserting various objections relating to the potential assumption and assignment of the Management Agreement and other related agreements. As part of the Sale Objection, Adidas and Reebok also asserted their view that pursuant to the Management Agreement all of the Rockport Parties (including the Acquired Companies) were jointly and severally liable for the Post-Closing Adjustments (in an amount not less than approximately $54 million). Under the terms of the Asset Purchase Agreement, the Purchaser is directly or indirectly acquiring the stock of each of the Acquired Companies—meaning that the Acquired Companies would remain subject to any such liabilities (if valid) post-closing.

14. On June 29, 2018, the Purchaser issued a prospective notice of breach (the "**Notice of Breach**") of the Asset Purchase Agreement based on the allegation in the Sale Objection concerning the purported liability of the Acquired Companies for the Post-Closing Adjustments. Specifically, the Purchaser asserted in the Notice of Breach that such assertion would constitute a breach of the representations made in the Asset Purchase Agreement, including, without limitation the representations in Section 5.5(c) of the Asset Purchase Agreement (which if not cured could constitute an unsatisfied closing condition under Section 10.1(a)(ii) of the Asset Purchase Agreement).

15. The Debtors dispute that the Acquired Companies have any liability for the Post-Closing Adjustments. Nevertheless, the assertions contained in the Sale Objection put the Debtors in the unenviable task of having to prove a negative (the absence of liability) in order to

close the Sale. Accordingly, on July 10, 2018, the Rockport Plaintiffs[6] initiated an adversary proceeding against Adidas and Reebok (the "**Adversary Proceeding**") seeking declaratory relief that the Management Agreement imposed liability only on Rockport, and not on its subsidiaries or affiliates. *See Emergency Complaint for Declaratory Judgment Against Adidas AG and Reebok International Ltd.*, Adv. Pro. No. 18-50636 (LSS), [Docket No. 1] (the "**Complaint**"). Contemporaneously with the filing of the Complaint, the Rockport Plaintiffs sought expedited adjudication of the Adversary Proceeding in an effort to address the issue prior to August 13, 2018 (the contemplated outside closing date under the Asset Purchase Agreement).

16. On July 16, 2018, the Adidas Parties answered the Complaint and filed counterclaims against Rockport Canada Holdings, Ltd, The Rockport Company Japan KK, the Rockport Company Korea Ltd., Calzados Rockport S.L. (ES), The Rockport Company, Portugal Unipessoal, Lda., The Rockport Company, B.V., and Rockport International Limited (UK) (collectively, the "**Rockport Foreign Subsidiaries**") (i) seeking a declaratory judgment that the Rockport Foreign Subsidiaries are jointly and severally liable with Rockport for the Post-Closing Adjustments, (ii) alleging that the Rockport Foreign Subsidiaries breached their obligations under the Management Agreement and certain related transfer agreements, and (iii) alleging that the Rockport Foreign Subsidiaries were unjustly enriched by failing to perform under the terms of the operative agreements. *See Defendants' Answer and Counterclaims* [Adv. Pro. Docket No. 18] (the "**Answer and Counterclaim**").

[6] The "**Rockport Plaintiffs**" include The Rockport Group, LLC, The Rockport Group Holdings, LLC, TRG 1-P Holdings, LLC, TRG Intermediate Holdings, LLC, TRG Class D, LLC, The Rockport Company, LLC, Drydock Footwear, LLC, DD Management Services LLC, Rockport Canada ULC, Rockport Japan K.K., The Rockport Company Korea, Ltd, Rockport Hong Kong Limited, Dongguan Rockport Consulting Service Co;, Ltd., Calzados Rockport S.L., The Rockport Company, Portugal, Unipessoal LDA, The Rockport Company B.V., Rockport (Europe) B.V., Relay Technical Services Private Limited, Rockport International Limited, Rockport UK Holdings Ltd.

17. On July 11 and July 16, 2018, the Court held hearings to consider the Rockport Plaintiffs' request to expedite the Adversary Proceeding. At the July 16, 2018 hearing (the "**July 16 Hearing**"), counsel for the Debtors informed the Court that the Debtors may request appointment of a judicial mediator to facilitate resolution of the claims in the Adversary Proceeding. Following the July 16 Hearing and upon agreement of the Debtors, Adidas and Reebok, the Court entered an order expediting the Adversary Proceeding [Adv. Pro. Docket No. 26] and scheduled a trial for August 8 and 9, 2018.

18. On July 16, 2018, the Court also approved the Sale to the Purchaser, and on July 18, 2018, entered the related sale order [Docket No. 387] (the "**Sale Order**"). The Sale Order specifically reserved all parties' rights with respect to the claims subject to the Adversary Proceeding.

19. On July 17, 2018, the Parties agreed to participate in a judicial mediation (the "**Mediation**") before the Honorable Kevin Gross, United States Bankruptcy Judge on July 19, 2018. The Parties reached a compromise and settlement in connection with the mediation and entered into a term sheet (the "**Term Sheet**") to memorialize their agreement, with the understanding that such terms would be incorporated into the Settlement Agreement.

The Settlement Agreement

20. The Settlement Agreement paves the way for the Debtors to expeditiously close the Sale to the Purchaser for the benefit of all of the Debtors' stakeholders. The material terms of the Settlement Agreement are as follows:[7]

- **Settlement Payment**. At the closing of the Sale (the "**Closing**"), the Debtors will pay or cause to be paid a sum of $8,000,000 to Adidas (the "**Settlement**

[7] This summary is qualified in its entirety by reference to the provisions of the Settlement Agreement. Capitalized terms used herein and not otherwise defined have the meanings ascribed to them in the Settlement Agreement.

Payment") from the proceeds of the Sale, in full and final satisfaction of all claims of the Adidas Parties against any one or more of the Rockport Parties arising out of or related to the Master Purchase Agreement and the Management Agreement or the Ancillary Agreements, including, without limitation, all claims relating to the Post-Closing Adjustments.

- **Releases**.

  (a) Effective at the Release Effective Time, each of the Adidas Parties, for themselves and on behalf of their respective present, former, and future officers, directors, members, managers, partners, direct and indirect equityholders, employees, affiliates, agents, representatives, predecessors, successors and assigns (collectively, the "**Adidas Releasing Parties**"), hereby release (i) subject to Section 4 of the Settlement Agreement each of the Rockport Parties (including, without limitation, the Acquired Companies), the Noteholder Parties, the Purchaser, CB Marathon Holdings, LLC (the indirect parent of the Purchaser), the direct and indirect subsidiaries of CB Marathon Holdings, LLC and each of their respective present, former, and future officers, directors, members, managers, partners, direct and indirect equityholders, employees, affiliates, agents (including, in the case of the Noteholder Parties, Cortland Capital Market Services LLC, as prepetition and postpetition collateral agent), representatives, predecessors, successors and assigns, in each case, from any and all claims, causes of actions, suits, damages, fees, demands and liabilities that any of the Adidas Releasing Parties had, has or may have arising out of or related to the Master Purchase Agreement, the Management Agreement, or the Ancillary Agreements, including, without limitation, any and all claims that were asserted or that could have been asserted in the Complaint and the Answer and Counterclaim relating to the Rockport Parties and (ii) subject to Section 4(e) of the Settlement Agreement, each of the Acquired Companies and each of their respective predecessors, successors and assigns from any and all claims, causes of action, suits, damages, fees, demands and liabilities that any of the Adidas Releasing Parties had, has or may have

against the Acquired Companies or any of their respective predecessors, successors and assigns.

(b) Effective at the Release Effective Time and subject to Section 4 of the Settlement Agreement, each of the Rockport Parties and the Noteholder Parties, for themselves and on behalf of their present, former, and future officers, directors, members, managers, partners, direct and indirect equityholders, employees, affiliates, agents, representatives, predecessors, successors and assigns (collectively, the "**Rockport/Noteholder Releasing Parties**"), hereby release the Adidas Parties, and each of their respective present, former, and future officers, directors, members, managers, partners, direct and indirect equityholders, employees, affiliates, agents, representatives, predecessors, successors and assigns, in each case, from any and all claims, causes of action, suits, damages, fees, demands and liabilities that any of the Rockport/Noteholder Releasing Parties had, has or may have arising out of or related to the Master Purchase Agreement, the Management Agreement, or the Ancillary Agreements, including, without limitation, any and all such claims that were asserted or that could have been asserted in the Complaint and the Answer and Counterclaim relating to the Adidas Parties.

(c) Effective at the Release Effective Time, and subject to Section 4(e) of the Settlement Agreement, each of the Acquired Companies, for themselves and on behalf of their respective present, former, and future officers, directors, members, managers, partners, direct and indirect equityholders, employees, affiliates, agents, representatives, predecessors, successors and assigns **(collectively, the "Acquired Companies Releasing Parties"**), hereby release each of the Adidas Parties and each of their respective predecessors, successors and assigns from any and all claims, causes of actions, suits, damages, fees, demands and liabilities that any of the Acquired Companies Releasing Parties had, has or may have against the Adidas Parties or any of their respective predecessors, successors and assigns.

(d) The Parties, on behalf of themselves and their respective present, former, and future officers, directors, members, managers, partners, direct and indirect equityholders, employees, affiliates, agents, representatives, predecessors, successors, and assigns , (i) expressly waive all rights afforded by any statute that limits the effect of a release with respect to unknown claims, (ii) understand the significance of this release of unknown claims and waiver of statutory protection against a release of unknown claims, and (iii) acknowledge and agree that this waiver is an essential and material term of the Settlement Agreement.

(e) The Parties represent that they own and have not assigned or transferred to any other person or entity any of their rights or claims that are being released or otherwise affected by the Settlement Agreement.

(f) The releases in Section 3 of the Settlement Agreement will become effective upon (i) the payment to Adidas of the Settlement Payment under Section 2, and (ii) the execution and delivery to Adidas of the Release in the form attached as Exhibit E to the Settlement Agreement, both of which the Parties intend to occur prior to or in connection with the Closing.

- **Unaffected Claims**. Notwithstanding anything to the contrary therein, the releases in Section 3 of the Settlement Agreement does not release or affect the following:

(a) Any (i) unsecured claim asserted by Reebok against any of the Debtors related to any lease of non-residential real property, whether such claims arise upon lease rejection or otherwise, including by subrogation, contribution, reimbursement or other theory of liability, (ii) prepetition subordinated note claims asserted by Reebok against The Rockport Group, LLC, or (iii) other prepetition, unsecured claims of Adidas or Reebok or their respective Affiliates against any of the Debtors for trade payables that are unrelated to the Master Purchase Agreement, the Management Agreement or the Ancillary Agreements;

(b) Any of the Noteholder Parties' prepetition or postpetition claims against or liens on assets of, or equity interests in, the Rockport Parties;

(c) The Parties' obligations under the Settlement Agreement;

(d) The obligations and agreements of each of the persons or entities party to the Asset Purchase Agreement or any of the transaction documents contemplated thereby pursuant to or otherwise arising under the Asset Purchase Agreement or any of such other agreements (including, without limitation, the releases to be delivered at the Closing pursuant to Sections 4.2(i) and 4.2(j) of the Asset Purchase Agreement); or

(e) Any obligations and agreements arising under the adiprene License Agreements from and after the consummation of the assumption and assignment of the adiprene License Agreements contemplated in Section 7 of the Settlement Agreement.

- **Plan Support**. If the Debtors propose a bankruptcy plan and the Noteholders have provided written notice to the Adidas Parties that the Noteholders support such plan at least 10 business days before the voting deadline for such plan, subject to receipt by the Adidas Parties of a disclosure statement and solicitation materials for such plan, in each case approved by the Bankruptcy Court as containing "adequate information" as such term is defined in section 1125 of the Bankruptcy Code, then the Adidas Parties will vote any unsecured claims that they hold in favor of that plan.

- **Adidas Liability Escrow Account**. The Bankruptcy Court's order approving the Settlement Agreement will provide that the Settlement Agreement constitutes a "Qualified Resolution" under Section 8.15(a) of the Asset Purchase Agreement, and that therefore there is no requirement to establish, and there shall not be established, the "Adidas Liability Escrow Account" (as defined in the Asset Purchase Agreement) upon closing of the Sale.

- **adiprene License Assignment**. Notwithstanding anything to the contrary in the adiprene License

Agreements or any other agreement, adidas AG hereby consents, effective at the Release Effective Time, to the assignment by The Rockport Company, LLC to the Purchaser, and the assumption by the Purchaser from The Rockport Company, LLC, of the adiprene License Agreements. The Parties acknowledge and agree that (a) the adiprene License Agreements shall constitute Purchased Contracts pursuant to the Asset Purchase Agreement, and (b), other than the adiprene License Agreements, neither Purchaser nor any of its affiliates or subsidiaries is assuming from any of the Debtors, and none of the Debtors are assigning to the Purchaser or any of its affiliates or subsidiaries, the Master Purchase Agreement, the Management Agreement or any other Ancillary Agreement. The Adidas Parties acknowledge and agree that (x) the Sell-Off Period (as defined in the adiprene License Agreement) has been extended to December 31, 2019, (y) the Cure Costs for the adiprene License Agreements is zero dollars ($0), and (z) none of the Rockport Parties, the Purchaser or any of its affiliates or subsidiaries will owe any amounts to the Adidas Parties in connection with the assignment and assumption of the adiprene License Agreements to the Purchaser. For purposes of the Settlement Agreement, "**adiprene License Agreements**" means, collectively, the license attached as Exhibit F thereto and the letter agreement attached as Exhibit G thereto. The Bankruptcy Court's order approving the Settlement Agreement will provide for the assumption, assignment, agreements and acknowledgements contained in Section 7 of the Settlement Agreement.

- **Expedited Approval**. The Parties agree to seek expedited approval of the Settlement Agreement by the Bankruptcy Court and to use commercially reasonable efforts to seek the entry of an Order by the Bankruptcy Court approving the Settlement Agreement..

RELIEF REQUESTED

21. By this Motion, and pursuant to Section 105(a) of the Bankruptcy Code and Rule 9019 of the Bankruptcy Rules, the Debtors seek entry an order (the "**Proposed Order**"), a copy of which is attached hereto as Exhibit A, authorizing and approving the

Settlement Agreement by and among the Rockport Parties, the Adidas Parties, and the Noteholder Parties. A copy of the Settlement Agreement is attached as Exhibit 1 to the Proposed Order.[8]

BASIS FOR RELIEF REQUESTED

22. The Court has authority to approve the Settlement Agreement pursuant to Section 105(a) of the Bankruptcy Code and Bankruptcy Rule 9019. Section 105(a) of the Bankruptcy Code provides that, "[t]he court may issue an order, process or judgment that is necessary or appropriate to carry out the provisions of this title." 11 U.S.C. § 105(a). Bankruptcy Rule 9019 provides that "[o]n motion by the trustee and after notice and a hearing, the court may approve a compromise or settlement." Fed. R. Bankr. P. 9019(a).

23. Settlements are generally favored and encouraged in bankruptcy proceedings. *See Myers v. Martin (In re Martin)*, 91 F.3d 389, 393 (3d Cir. 1996); *see also Will v. Northwestern Univ. (In re Nutraquest, Inc.)*, 434 F.3d 639, 644 (3d Cir. 2006) ("Settlements are favored, but the unique nature of the bankruptcy process means that judges must carefully examine settlements before approving them."); *In re Penn Cent. Transp. Co.*, 596 F.2d 1102, 1113 (3d Cir. 1979) ("[i]n administering reorganization proceedings in an economical and practical manner it will often be wise to arrange the settlement of claims as to which there are substantial and reasonable doubts.") (alteration in original) (quoting *Protective Comm. for Indep. Stockholders of TMT Trailer Ferry, Inc. v. Anderson*, 390 U.S. 414, 424 (1968)).

24. The decision of whether to approve a particular settlement lies within the sound discretion of the bankruptcy court. *In re World Health Alternatives, Inc.*, 344 B.R. 291, 296 (Bankr. D. Del. 2006). In evaluating the settlement, the Court should consider "whether the

[8] The parties intend to execute the Settlement Agreement that is attached to the proposed order on July 25, 2018.

compromise is fair, reasonable, and in the best interest of the estate." *In re Louise's Inc.*, 211 B.R. 798, 801 (Bankr. D. Del. 1997). Importantly, the bankruptcy court's discretion should be exercised "in light of the general public policy favoring settlements." *In re Capmark Fin. Grp. Inc.*, 438 B.R. 471, 515 (Bankr. D. Del.2010) (quoting *In re Hibbard Brown & Co.*, 217 B.R. 41, 46 (Bankr. S.D.N.Y. 1998)). In considering the merits of the settlement, a bankruptcy court does not need to be convinced that the settlement is the best possible outcome for the parties, rather the court need only "canvass the issues and see whether the settlement falls below the lowest point in the range of reasonableness." *In re W.R. Grace & Co.*, 475 B.R. 34, 78 (D. Del. 2012) (citing *Aetna Cas. & Sur. Co. v. Jasmine, Ltd. (In re Jasmine, Ltd.)*, 258 B.R. 119, 123 (D. N.J. 2000)); *In re Key3Media Grp., Inc.*, 336 B.R. 87, 93 (Bankr. D. Del. 2005), *aff'd*, No. 03-10323 (MFW), 2006 WL 2842462 (D. Del. Oct. 2, 2006); *see also In re Coram Healthcare Corp.*, 315 B.R. 321, 330 (Bankr. D. Del. 2004).

25. In determining whether a proposed settlement is fair, reasonable, and in the best interests of the estate, courts in this circuit consider the following four (4) factors: "(1) the probability of success in litigation; (2) the likely difficulties in collection; (3) the complexity of the litigation involved, and the expense, inconvenience and delay necessarily attending it; and (4) the paramount interest of the creditors." *Martin*, 91 F.3d at 393; *see also Fry's Metals, Inc. v. Gibbons (In re RFE Indus., Inc.)*, 283 F.3d 159, 165 (3d Cir. 2002); *In re eToys, Inc.*, 331 B.R. 176, 198 (Bankr. D. Del. 2005). "The court must also consider 'all other factors relevant to a full and fair assessment of the wisdom of the proposed compromise.'" *In re Marvel Entm't Group, Inc.*, 222 B.R. 243, 249 (D. Del. 1998) (quoting *Anderson*, 390 U.S. at 424). Accordingly, at its core, "the ultimate inquiry [is] whether 'the compromise is fair, reasonable, and in the interest of the estate.'" *Id.* (quoting *In re Louise's, Inc.*, 211 B.R. 798, 801

(D. Del. 1997)); *see also In re Washington Mut. Inc.*, 442 B.R. 314, 327 (Bankr. D. Del. 2011) ("In making its evaluation [whether to approve a settlement], the court must determine whether 'the compromise is fair, reasonable, and in the best interest of the estate.'") (internal citation omitted).

26. The proposed Settlement Agreement represents a fair and equitable compromise, falls well within the range of reasonableness, and satisfies each of the *Martin* factors, as described further below. By entry into the Settlement Agreement, the Parties have reached a compromise that allows the Sale to close without impediment, thereby benefiting all of the Debtors' stakeholders. Further, the Settlement Agreement resolves the millions of dollars of potential liabilities of the Rockport Parties without the need for litigation.

27. The Probability of Success in the Litigation. The Debtors submit that there exists a bona fide dispute as to the merits and validity of claims raised in the Complaint and the Answer and Counterclaim. Although the Debtors firmly deny that the Rockport Parties are jointly and severally liable for the Post-Closing Adjustments and believe that the legal and factual arguments set forth in the Complaint are valid, the Debtors acknowledge that the outcome of any litigation is inherently uncertain.

28. The Difficulties Associated With Collection. The difficulties associated with collection are not implicated here. However, the inapplicability of this factor does not detract from the reasonableness of the Settlement Agreement under the other factors of the *Martin* test.

29. The Complexity of the Litigation and the Attendant Expense, Inconvenience, and Delay. Entry into the Settlement Agreement avoids expedited, complicated and expensive litigation. The expedited schedule necessary to complete the litigation prior to the

outside date to close the Sale would require significant time, effort, and resources of the Debtors. In fact, counsel for the Debtors would essentially be working around the clock for the next few weeks to prepare for trial.

30. The complexity of the issues involved in the Complaint and the Answer and Counterclaim and the expense, inconvenience, and delay that would result, strongly militate in favor of approving the Settlement Agreement, which expeditiously resolves these disputes. Most importantly, the resolution of the allegations regarding the Foreign Subsidiaries' joint and several liability for the Post-Closing Adjustments removes a significant obstacle to the Debtors' ability to close the Sale. Without a settlement, the Debtors believe that the Sale may be in jeopardy as the Purchaser indicated that if the allegations made by Adidas Parties are true, then the Debtors breached the representation set forth in Section 5.5(c) of the Asset Purchase Agreement (regarding the absence of liability to Adidas). Absent a resolution, it is unclear whether the Purchaser would close the Sale or would even be obligated to do so. With the Settlement Agreement in hand, the Debtors can focus their efforts on closing the Sale and winding down their estates to distribute the Sale proceeds to their creditors. Indeed, the Purchaser and the Debtors are working towards a closing date of August 1, 2018. Accordingly, the Settlement Agreement will allow the Debtors to conserve their limited financial resources, rather than engaging in litigation, which may cause delay of the closing of the Sale and, as a result, harm the Debtors' stakeholders.

31. The Paramount Interest of Creditors. The Settlement Agreement satisfies approximately Fifty-Four Million Dollars ($54,000,000) in asserted claims against the Rockport Parties and allows the Sale to close. Absent resolution of the allegations asserted by the Adidas Parties, the Debtors risks losing the Sale—the highest and best offer that they have received for

their assets—which could be disastrous to the Debtors' estates. The offer from the Purchaser is the only transaction on the table. If the Sale falls apart, then the Debtors would be faced with an uncertain future, and the Debtors' estates and parties in interest may be irreparably harmed. The Settlement Agreement eliminates this risk, allows the Sale to proceed toward closing and, ultimately, the proceeds of the Sale to be distributed to the Debtors' creditors.

32. Accordingly, the Debtors respectfully submit that entry into the Settlement Agreement is appropriate and should be approved pursuant to Section 105(a) of the Bankruptcy Code and Bankruptcy Rule 9019.

NOTICE

33. Notice of this Motion will be given to: (i) the U.S. Trustee; (ii) counsel to the Committee; (iii) counsel to the Prepetition Noteholders and DIP Note Purchasers; (v) counsel to the ABL Administrative Agent and DIP ABL Agent; (vi) counsel to the Purchaser; (vii) counsel to the Adidas Parties; (viii) the Information Officer; and (vix) all parties entitled to notice pursuant to Bankruptcy Rule 2002. A copy of this Motion and any order approving it will also be made available on the Debtors' case information website located at *http://www.cases.primeclerk.com/rockport*. The Debtors submit that, under the circumstances, no other or further notice is required.

NO PRIOR MOTION

34. The Debtors have not previously sought the relief requested herein from the Court or any other court.

WHEREFORE the Debtors respectfully request entry of the Proposed Order granting the relief requested herein and such other and further relief as the Court may deem just and appropriate.

Dated: July 24, 2018
Wilmington, Delaware

/s/ Amanda R. Steele

Mark D. Collins (No. 2981)
Robert J. Stearn, Jr. (No. 2915)
Michael J. Merchant (No. 3854)
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Counsel to the Debtors

Exhibit A

Proposed Order

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re: THE ROCKPORT COMPANY, LLC, *et al.*, Debtors. [1]	Chapter 11 Case No. 18-11145 (LSS) (Jointly Administered)
THE ROCKPORT GROUP, LLC, *et. al*, *Plaintiffs*, v. ADIDAS AG and REEBOK INTERNATIONAL LTD., *Defendants.*	
ADIDAS AG; ADIDAS (UK) LTD.; ADIDAS BENELUX BV; ADIDAS ESPANA S.A.U.; ADIDAS PORTUGAL, ARTIGOS DE DESPORTO, S.A.; ADIDAS SVERIGE AB; ADIDAS KOREA LLC; ADIDAS JAPAN, K.K., and ADIDAS INTERNATIONAL TRADING, B.V., *Plaintiffs-in-Counterclaim*, v. ROCKPORT CANADA HOLDINGS, LTD.; THE ROCKPORT COMPANY JAPAN K.K.; THE ROCKPORT COMPANY KOREA LTD; CALZADOS ROCKPORT S.L. (ES); THE ROCKPORT COMPANY, PORTUGAL UNIPESSOAL, LDA.; THE ROCKPORT COMPANY, B.V.; and ROCKPORT INTERNATIONAL LIMITED (UK), *Defendants-in-Counterclaim.*	Adversary Proceeding No. 18-50636 (LSS)

[1] The debtors and debtors in possession in these cases and the last four digits of their respective Employer Identification Numbers are: Rockport Blocker, LLC (5097), The Rockport Group Holdings, LLC (3025), TRG 1-P Holdings, LLC (4756), TRG Intermediate Holdings, LLC (8931), TRG Class D, LLC (4757), The Rockport Group, LLC (5559), The Rockport Company, LLC (5456), Drydock Footwear, LLC (7708), DD Management Services LLC (8274), and Rockport Canada ULC (3548). The debtors' mailing address is 1220 Washington Street, West Newton, Massachusetts 02465.

ORDER AUTHORIZING AND APPROVING THE SETTLEMENT AGREEMENT BY AND BETWEEN THE ROCKPORT PARTIES, THE ADIDAS PARTIES AND THE NOTEHOLDER PARTIES

Upon the motion (the "**Motion**")[2] of The Rockport Company, LLC and certain of its affiliates that are debtors and debtors in possession (collectively, the "**Debtors**") in the above-captioned Chapter 11 cases (the "**Chapter 11 Cases**") for entry an order pursuant to Section 105(a) of the Bankruptcy Code and Bankruptcy Rule 9019, authorizing and approving the Settlement Agreement by and between the Rockport Parties, the Adidas Parties and the Noteholder Parties; and the Court having jurisdiction to consider the matters raised in the Motion pursuant to 28 U.S.C. § 1334 and the *Amended Standing Order of Reference from the United States District Court for the District of Delaware*, dated February 29, 2012; and the Court having authority to hear the matters raised in the Motion pursuant to 28 U.S.C. § 157; and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and consideration of the Motion and the requested relief being a core proceeding that the Court can determine pursuant to 28 U.S.C. § 157(b)(2); and due and proper notice of the Motion and opportunity for a hearing on the Motion having been given to the parties listed therein, and it appearing that no other or further notice need be provided; and the Court having reviewed and considered the Motion; and the Court having found that the relief requested in the Motion is in the best interests of the Debtors, their creditors, their estates and all other parties in interest; and the Court having found that the Settlement Agreement is fair, reasonable and equitable, and satisfies the *Martin* factors; and upon all of the proceedings had before the Court; and after due deliberation and sufficient cause appearing therefor,

[2] Capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Motion.

IT IS HEREBY ORDERED THAT:

1. The Motion is granted.

2. Pursuant to Section 105(a) of the Bankruptcy Code and Bankruptcy Rule 9019, the Settlement Agreement is approved, and the Debtors are authorized to enter into the Settlement Agreement and perform their obligations thereunder.

3. The Settlement Agreement constitutes a Qualified Resolution under Section 8.15(a) of the Asset Purchase Agreement. There shall be no requirement to establish the Adidas Liability Escrow Account upon closing of the Sale.

4. The releases set forth in the Settlement Agreement are approved as the releases are (i) consensual and (ii) an integral element of the Settlement Agreement.

5. The Debtors are authorized to assume and assign the adiprene License Agreements to the Purchaser. The Cure Costs for the assumption and assignment of the adiprene License Agreement shall be zero dollars ($0). None of the Rockport Parties, the Purchaser or any of its affiliates or subsidiaries will owe any amounts to the Adidas Parties in connection with the assumption and assignment of the adiprene License Agreements.

6. The Debtors are authorized to take all steps necessary or appropriate to carry out this Order.

7. This Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, or enforcement of this Order.

Dated: _____, 2018
Wilmington, Delaware

HONORABLE LAURIE SELBER SILVERSTEIN
UNITED STATES BANKRUPTCY JUDGE

Exhibit 1

Settlement Agreement

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re: THE ROCKPORT COMPANY, LLC, *et al.*, Debtors.[1]	Chapter 11 Case No. 18-11145 (LSS) (Jointly Administered)
THE ROCKPORT GROUP, LLC, *et. al*, *Plaintiffs*, v. ADIDAS AG and REEBOK INTERNATIONAL LTD., *Defendants.*	
ADIDAS AG; ADIDAS (UK) LTD.; ADIDAS BENELUX BV; ADIDAS ESPANA S.A.U.; ADIDAS PORTUGAL, ARTIGOS DE DESPORTO, S.A.; ADIDAS SVERIGE AB; ADIDAS KOREA LLC; ADIDAS JAPAN, K.K., and ADIDAS INTERNATIONAL TRADING, B.V., *Plaintiffs-in-Counterclaim*, v. ROCKPORT CANADA HOLDINGS, LTD.; THE ROCKPORT COMPANY JAPAN K.K.; THE ROCKPORT COMPANY KOREA LTD; CALZADOS ROCKPORT S.L. (ES); THE ROCKPORT COMPANY, PORTUGAL UNIPESSOAL, LDA.; THE ROCKPORT COMPANY, B.V.; and ROCKPORT INTERNATIONAL LIMITED (UK), *Defendants-in-Counterclaim.*	Adversary Proceeding No. 18-50636 (LSS)

SETTLEMENT AGREEMENT AND RELEASES

[1] The debtors and debtors in possession in these cases and the last four digits of their respective Employer Identification Numbers are: Rockport Blocker, LLC (5097), The Rockport Group Holdings, LLC (3025), TRG 1-P Holdings, LLC (4756), TRG Intermediate Holdings, LLC (8931), TRG Class D, LLC (4757), The Rockport Group, LLC (5559), The Rockport Company, LLC (5456), Drydock Footwear, LLC (7708), DD Management Services LLC (8274), and Rockport Canada ULC (3548). The debtors' mailing address is 1220 Washington Street, West Newton, Massachusetts 02465.

This Settlement Agreement and Releases (this "**Agreement**") is made and entered into as of July 25, 2018 by, between and among (1) The Rockport Group, LLC and its affiliated entities that are plaintiffs and counterclaim defendants in the above-captioned adversary proceeding (the "**Adversary Proceeding**"), as listed on Exhibit A hereto (the "**Rockport Parties**"), (2) adidas AG, Reebok International Ltd., and their affiliated entities that are defendants and counterclaim plaintiffs in the Adversary Proceeding, as listed on Exhibit B hereto (the "**Adidas Parties**"), and (3) the parties listed on Exhibit C hereto, each in its capacity as noteholder, DIP note purchaser and existing or former equity holder, as applicable (the "**Noteholder Parties,**" and collectively with the Rockport Parties and the Adidas Parties, the "**Parties**").

THIS AGREEMENT IS NOT AN OFFER WITH RESPECT TO ANY SECURITIES OR A SOLICITATION OF ACCEPTANCES OF A CHAPTER 11 PLAN WITHIN THE MEANING OF SECTION 1125 OF THE BANKRUPTCY CODE. ANY SUCH OFFER OR SOLICITATION WILL COMPLY WITH ALL APPLICABLE SECURITIES LAWS AND/OR PROVISIONS OF THE BANKRUPTCY CODE.

Recitals

WHEREAS, on May 14, 2018, the above-captioned debtors (the "**Debtors**") commenced cases under chapter 11 of the United States Bankruptcy Code (the "**Bankruptcy Cases**") in the United States Bankruptcy Court for the District of Delaware (the "**Bankruptcy Court**");

WHEREAS, the Debtors filed a motion seeking approval of the sale of substantially all of their assets (the "**Sale**") to CB Marathon Opco, LLC and/or its assignees (the "**Purchaser**") pursuant to an asset purchase agreement (the "**Asset Purchase Agreement**") [Main Case D.I. 24];

WHEREAS, the Asset Purchase Agreement defines certain of the Rockport Parties as the "**Acquired Companies**," as set forth in Exhibit A.

WHEREAS, section 3.1(d)(ii) of the Asset Purchase Agreement provides for the creation of an "Adidas Liability Escrow Account";

WHEREAS, section 8.15(a) of the Asset Purchase Agreement sets forth the terms of a Qualified Resolution[2] of all alleged Adidas Liability, including the provision of a Purchaser Adidas Release by Adidas and its Affiliates;

WHEREAS, on June 28, 2018, adidas AG ("**Adidas**") and Reebok International, Ltd. ("**Reebok**") objected to the Sale, in part on the basis that the Rockport Parties were jointly and severally liable for certain liabilities arising under that certain Master Purchase Agreement dated January 23, 2015 (as amended, the "**Master Purchase Agreement**"), that certain Management Agreement dated July 31, 2015 (as amended, the "**Management Agreement**"), and certain related agreements defined in the Master Purchase Agreement as "Ancillary Agreements" as well as all other agreements contemplated, entered into, or otherwise related to the transactions

[2] All capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Asset Purchase Agreement.

contemplated by the Master Purchase Agreement, the Management Agreement or the agreements defined in the Master Purchase Agreement as "Ancillary Agreements", including, without limitation, the Absorption-Type Demerger Agreement entered into between Adidas Japan K.K. and Rockport Japan K.K. (collectively, as amended, the "**Ancillary Agreements**") (these liabilities are referenced herein as the "**Post-Closing Adjustments**") [Main Case D.I. 310];

WHEREAS, on July 10, 2018, the Rockport Parties filed an emergency complaint for declaratory relief [Adv. D.I. 1] (the "**Complaint**") against Adidas and Reebok, thereby commencing the Adversary Proceeding;

WHEREAS, on July 16, 2018, the Adidas Parties answered the Complaint and filed counterclaims in the Adversary Proceeding [Adv. D.I. 19] (the "**Answer and Counterclaim**");

WHEREAS, on July 18, 2018, the Bankruptcy Court entered an order approving the Sale [Main Case D.I. 387];

WHEREAS, on July 19, 2018, the Parties mediated their dispute before the Honorable Kevin Gross, and have agreed to settle the Adversary Proceeding on the terms set forth in this Agreement; and

WHEREAS, in order to avoid the expense and uncertainty of litigation, the Parties desire to resolve and settle all issues relating to the Adversary Proceeding as set forth in this Agreement.

Agreement

NOW, THEREFORE, subject to approval of the Bankruptcy Court, for good cause and valuable consideration, the receipt of which is hereby acknowledged, the Parties agree as follows:

1. **Recitals**. The recitals set forth above are incorporated by reference.

2. **Settlement Payment**. At the closing of the Sale (the "**Closing**"), the Debtors will pay or cause to be paid a sum of $8,000,000 to Adidas (the "**Settlement Payment**") from the proceeds of the Sale, in full and final satisfaction of all claims of the Adidas Parties against any one or more of the Rockport Parties arising out of or related to the Master Purchase Agreement, the Management Agreement or the Ancillary Agreements, including, without limitation, all claims relating to the Post-Closing Adjustments. The Settlement Payment will be paid by wire transfer to the account set forth on Exhibit D hereto (the "**Adidas Account**"). The Debtors hereby (a) authorize and direct the Purchaser to pay the Settlement Payment directly to the Adidas Account at the Closing, and (b) acknowledge and agree that (i) the amount that Purchaser shall be obligated to pay, or cause to be paid, to the Debtors pursuant to Section 3.1(d)(i) of the Asset Purchase Agreement shall be reduced by the Settlement Payment, and (ii) notwithstanding the Purchaser paying, or causing to be paid, the Settlement Payment to the Adidas Account at the Closing, the Settlement Payment shall be deemed to have been paid to the Debtors for all purposes under the Asset Purchase Agreement. If, for any reason, the Purchaser fails to make the Settlement Payment as described above, the Debtors shall make the Settlement Payment to the Adidas Account as promptly as possible from the proceeds of the Sale.

3. **Releases**.

a. Effective at the Release Effective Time, each of the Adidas Parties, for themselves and on behalf of their respective present, former, and future officers, directors, members, managers, partners, direct and indirect equityholders, employees, affiliates, agents, representatives, predecessors, successors and assigns (collectively, the "**Adidas Releasing Parties**"), hereby release (i) subject to Section 4 below, each of the Rockport Parties (including, without limitation, the Acquired Companies), the Noteholder Parties, the Purchaser, CB Marathon Holdings, LLC (the indirect parent of the Purchaser), the direct and indirect subsidiaries of CB Marathon Holdings, LLC, and each of their respective present, former, and future officers, directors, members, managers, partners, direct and indirect equityholders, employees, affiliates, agents (including, in the case of the Noteholder Parties, Cortland Capital Market Services LLC, as prepetition and postpetition collateral agent), representatives, predecessors, successors and assigns, in each case, from any and all claims, causes of actions, suits, damages, fees, demands and liabilities that any of the Adidas Releasing Parties had, has or may have arising out of or related to the Master Purchase Agreement, the Management Agreement or the Ancillary Agreements, including, without limitation, any and all such claims that were asserted or that could have been asserted in the Complaint and the Answer and Counterclaim relating to the Rockport Parties, and (ii) subject to Section 4(e) below, each of the Acquired Companies and each of their respective predecessors, successors and assigns from any and all claims, causes of actions, suits, damages, fees, demands and liabilities that any of the Adidas Releasing Parties had, has or may have against the Acquired Companies or any of their respective predecessors, successors and assigns.

b. Effective at the Release Effective Time, and subject to Section 4 below, each of the Rockport Parties and the Noteholder Parties, for themselves and on behalf of their present, former, and future officers, directors, members, managers, partners, direct and indirect equityholders, employees, affiliates, agents, representatives, predecessors, successors and assigns (collectively, the "**Rockport/Noteholder Releasing Parties**"), hereby release the Adidas Parties, and each of their respective present, former, and future officers, directors, members, managers, partners, direct and indirect equityholders, employees, affiliates, agents, representatives, predecessors, successors and assigns, in each case, from any and all claims, causes of action, suits, damages, fees, demands and liabilities that any of the Rockport/Noteholder Releasing Parties had, has or may have arising out of or related to the Master Purchase Agreement, the Management Agreement or the Ancillary Agreements, including, without limitation, any and all such claims that were asserted or that could have been asserted in the Complaint and the Answer and Counterclaim relating to the Adidas Parties.

c. Effective at the Release Effective Time, and subject to Section 4(e) below, each of the Acquired Companies, for themselves and on behalf of their respective present, former, and future officers, directors, members, managers, partners, direct and indirect equityholders, employees, affiliates, agents, representatives, predecessors, successors and assigns (collectively, the "**Acquired Companies Releasing Parties**"), hereby release each of the Adidas Parties and each of their respective predecessors, successors and assigns from any and all claims, causes of actions, suits, damages, fees, demands and liabilities that any of the Acquired Companies Releasing Parties had, has or may have against the Adidas Parties or any of their respective predecessors, successors and assigns.

d. **The Parties, on behalf of themselves and their respective present, former, and future officers, directors, members, managers, partners, direct and indirect equityholders, employees, affiliates, agents, representatives, predecessors, successors and assigns, (i) expressly waive all rights afforded by any statute that limits the effect of a release with respect to unknown claims, (ii) understand the significance of this release of unknown claims and waiver of statutory protection against a release of unknown claims, and (iii) acknowledge and agree that this waiver is an essential and material term of this Agreement.**

e. The Parties represent that they own and have not assigned or transferred to any other person or entity any of their rights or claims that are being released or otherwise affected by this Agreement.

f. The releases in this Section 3 will become effective upon (i) the payment to Adidas of the Settlement Payment under Section 2, and (ii) the execution and delivery to Adidas of the Release in the form attached hereto as Exhibit E, both of which the Parties intend to occur prior to or in connection with the Closing. For purposes of this Agreement, the first time when the actions in clauses (i) and (ii) of the preceding sentence have both occurred shall be referred to as the "**Release Effective Time**."

4. **Unaffected Claims and Continuing Obligations**. Notwithstanding anything to the contrary herein, the releases in Section 3 of this Agreement do not release or affect the following:

a. Any (i) unsecured claim asserted by Reebok against any of the Debtors related to any lease of non-residential real property, whether such claims arise upon lease rejection or otherwise, including by subrogation, contribution, reimbursement or other theory of liability, (ii) prepetition subordinated note claims asserted by Reebok against The Rockport Group, LLC, or (iii) other prepetition, unsecured claims of Adidas or Reebok or their respective Affiliates against any of the Debtors for trade payables that are unrelated to the Master Purchase Agreement, the Management Agreement or the Ancillary Agreements;

b. Any of the Noteholder Parties' prepetition or postpetition claims against or liens on assets of, or equity interests in, the Rockport Parties;

c. The Parties' obligations under this Agreement;

d. The obligations and agreements of each of the persons or entities party to the Asset Purchase Agreement or any of the transaction documents contemplated thereby pursuant to or otherwise arising under the Asset Purchase Agreement or any of such other agreements (including, without limitation, the releases to be delivered at the Closing pursuant to Sections 4.2(i) and 4.2(j) of the Asset Purchase Agreement); or

e. Any obligations and agreements arising under the adiprene License Agreements from and after the consummation of the assumption and assignment of the adiprene License Agreements contemplated in Section 7 of this Agreement.

For the avoidance of doubt, the Parties acknowledge that this Section 4 does not in any way limit the release of claims against the Acquired Companies pursuant to Section 3 of this Agreement. For the further avoidance of doubt, the Debtors are not waiving and reserve their rights to object or raise defenses with respect any claims in this Section 4 asserted against their bankruptcy estates.

5. **Plan Support**. If the Debtors propose a bankruptcy plan and the Noteholders have provided written notice to the Adidas Parties that the Noteholders support such plan at least 10 business days before the voting deadline for such plan, subject to receipt by the Adidas Parties of a disclosure statement and solicitation materials for such plan, in each case approved by the Bankruptcy Court as containing "adequate information" as such term is defined in section 1125 of the Bankruptcy Code, then the Adidas Parties will vote any unsecured claims that they hold in favor of that plan.

6. **Adidas Liability Escrow Account**. The Bankruptcy Court's order approving this Agreement will provide that this Agreement constitutes a "Qualified Resolution" under Section 8.15(a) of the Asset Purchase Agreement, and that therefore there is no requirement to establish, and there shall not be established, the "Adidas Liability Escrow Account" (as defined in the Asset Purchase Agreement) upon closing of the Sale.

7. **adiprene License Assignment**. Notwithstanding anything to the contrary in the adiprene License Agreements or any other agreement, adidas AG hereby consents, effective at the Release Effective Time, to the assignment by The Rockport Company, LLC to the Purchaser, and the assumption by the Purchaser from The Rockport Company, LLC, of the adiprene License Agreements. The Parties acknowledge and agree that (a) the adiprene License Agreements shall constitute Purchased Contracts pursuant to the Asset Purchase Agreement, and (b), other than the adiprene License Agreements, neither Purchaser nor any of its affiliates or subsidiaries is assuming from any of the Debtors, and none of the Debtors are assigning to the Purchaser or any of its affiliates or subsidiaries, the Master Purchase Agreement, the Management Agreement or any other Ancillary Agreement. The Adidas Parties acknowledge and agree that (x) the Sell-Off Period (as defined in the adiprene License Agreements) has been extended to December 31, 2019, (y) the Cure Costs for the adiprene License Agreements is zero dollars ($0), and (z) none of the Rockport Parties, the Purchaser or any of its affiliates or subsidiaries will owe any amounts to the Adidas Parties in connection with the assignment and assumption of the adiprene License Agreements to the Purchaser. For purposes of this Agreement, "adiprene License Agreements" means, collectively, the license attached as Exhibit F hereto and the letter agreement attached as Exhibit G hereto. The Bankruptcy Court's order approving this Agreement will provide for the assumption, assignment, agreements and acknowledgements contained in this Section 7.

8. **Expedited Approval**. The Parties agree to seek expedited approval of this Agreement by the Bankruptcy Court and to use commercially reasonable efforts to seek the entry of an Order by the Bankruptcy Court approving this Agreement.

9. **Dismissal of Adversary Proceeding**. As soon as reasonably practicable after payment of the Settlement Payment, the Rockport Parties and the Adidas Parties will execute a

stipulation dismissing their claims and counterclaims in the Adversary Proceeding with prejudice. For the avoidance of doubt, none of the other provisions in this Agreement are conditional on the dismissal of the claims and counterclaims in the Adversary Proceeding.

10. **Binding Agreement**. This Agreement is binding upon and inures to the benefit of the Parties hereto and each of their successors and assigns. Each Party executing this Agreement represents to the others that such Party has the full authority and legal power to do so.

11. **Advice of Counsel**. Each Party understands that this Agreement is a legally binding contract that may affect such Party's rights. Each Party represents to the others that it has received legal advice from counsel of its choice regarding the meaning and legal significance of this Agreement and is satisfied with its legal counsel and the advice received from it.

12. **Entire Agreement**. This Agreement constitutes the entire agreement of the Parties regarding the subject matter of this Agreement. All prior or contemporaneous understandings, oral representations or agreements made among the Parties concerning the subject matter herein are merged and contained in this Agreement. There are no other agreements, express or implied, between the Parties regarding the subject matter of this Agreement. This Agreement may be modified only by a writing signed by all Parties that is consented to in advance in writing by the Purchaser, such consent not to be unreasonably withheld or delayed. This Agreement may be executed by any electronic means in any number of counterparts, each of which will be deemed to be an original as against any Party whose signature appears thereon, and all of which will together constitute one and the same instrument. A copy of a signature shall have the same force and effect as an original signature.

13. **Compromise**. The Parties agree and acknowledge that this Agreement is the result of a compromise and a decision to enter into the Agreement. The language of all parts of this Agreement will in all cases be construed as a whole, according to its fair meaning and not strictly for or against any of the Parties. The execution of this Agreement is not, and will never be, construed as an admission by the Parties of any liability, wrongdoing, or responsibility.

14. **Third Party Beneficiaries**. This Agreement is solely for the benefit of the Parties hereto; provided, that each person or entity released under Section 3 of this Agreement, including the Purchaser and its affiliates, is an intended third-party beneficiary of this Agreement and shall be entitled to directly enforce the releases granted in Section 3 of this Agreement, the carveouts contained in Section 4 of this Agreement, the representations contained in Section 10 of this Agreement, this Section 14 of this Agreement and to collect the costs of any such enforcement pursuant to Section 15 of this Agreement as a Released Person, and Section 16 of this Agreement; provided, further, that Purchaser is an intended third-party beneficiary of this Agreement and shall be entitled to directly enforce the provisions of Sections 2, 7, 8, 9, 10, 12 and 16 of this Agreement, and to collect the costs of any such enforcement pursuant to Section 15 of this Agreement as if the Purchaser was an Enforcing Party.

15. **Costs**. If it is fully and finally determined (including any appeals process) by a court of competent jurisdiction that a Party defaulted on its obligations under, or otherwise breaches the terms of, this Agreement (a "**Defaulting Party**"), then any other Party who brings suit to enforce compliance with this Agreement (the "**Enforcing Party**") is entitled to recover

from the Defaulting Party all costs and fees, including legal fees and expenses, reasonably incurred by the Enforcing Party in enforcing the Agreement. If any person or entity (a "**Releasing Person**") asserts against any person or entity (a "**Released Person**") a claim that has been released by such Releasing Person under this Agreement, then the Released Person is entitled to recover from the Releasing Person all costs and fees, including legal fees and expenses, reasonably incurred in defending against such claim and in enforcing its rights under this Agreement.

16. **Governing Law and Retention of Jurisdiction**. This Agreement is governed by the law of the State of Delaware, exclusive of its choice-of-law provisions. Each of the Parties irrevocably consents to the jurisdiction of the Bankruptcy Court with respect to any action to enforce the terms and provisions of this Agreement and expressly waives any right to commence any such action in any other forum; provided that, if any action to enforce the terms and provisions of this Agreement is brought after the closing of the Bankruptcy Cases, such action may be brought in any state or federal court in Delaware.

[*Signature pages follow*]

IN WITNESS WHEREOF, the Parties or their authorized representatives execute this Agreement as of the date first set forth above.

THE ROCKPORT PARTIES LISTED ON EXHIBIT A	**THE ADIDAS PARTIES LISTED ON EXHIBIT B**
By: /s/ Mark D. Collins (No. 2981) Robert J. Stearn, Jr. (No. 2915) Cory D. Kandestin (No. 5025) Robert C. Maddox (No. 5356) RICHARDS, LAYTON & FINGER, P.A. One Rodney Square 920 North King Street Wilmington, Delaware 19801 Telephone: (302) 651-7700 Fax: (302) 651-7701	By: /s/ Stephen Moeller-Sally Marc B. Roitman Kimberly J. Kodis ROPES & GRAY LLP 1211 Avenue of the Americas New York, NY 10036-8704 Telephone: (212) 596-9000 Fax: (212) 596-9090 -and- Norman L. Pernick (No. 2291) Patrick J. Reilley (No. 4451) COLE SCHOTZ P.C. 500 Delaware Avenue Suite 1410 Wilmington, Delaware 19801 Telephone: (302) 651-2000 Fax: (302) 574-2100
THE NOTEHOLDER PARTIES LISTED ON EXHIBIT C By: /s/ My Chi To Daniel E. Stroik DEBEVOISE & PLIMPTON LLP 919 Third Avenue New York, NY 10022 Telephone: (212) 909-6000 Fax: (212) 909-6836 -and-	

Bradford J. Sandler (No. 4142) James E. O'Neill (No. 4042) Colin R. Robinson (No. 5524) PACHULSKI STANG ZIEHL & JONES LLP 919 N. Market St., 17th Floor P.O. Box 8705 Wilmington, Delaware 19801 Telephone: (302) 652-4100 Fax: (302) 652-4400	

EXHIBIT A

The Rockport Parties

The Rockport Group, LLC

The Rockport Group Holdings, LLC

TRG 1-P Holdings, LLC

TRG Intermediate Holdings, LLC

TRG Class D, LLC

The Rockport Company, LLC

Drydock Footwear, LLC

DD Management Services LLC

Rockport Canada ULC

Rockport Canada Holdings, Ltd.

The below Rockport Parties are referred to in this Agreement as the "Acquired Companies":

Rockport Japan K.K.

The Rockport Company Korea, Ltd

Rockport Hong Kong Limited

Dongguan Rockport Consulting Service Co., Ltd.

Calzados Rockport S.L.

The Rockport Company, Portugal, Unipessoal LDA

The Rockport Company B.V.

Rockport (Europe) B.V.

Relay Technical Services Private Limited

Rockport International Limited

Rockport UK Holdings Ltd.

EXHIBIT B

The Adidas Parties

adidas AG

Reebok International Ltd.

adidas (UK) Ltd.

adidas Benelux BV

adidas Espana S.A.U.

adidas Portugal, Artigos de Desporto, S.A.

adidas Sverige AB

adidas Korea LLC

adidas Japan, K.K.

adidas International Trading, B.V.

EXHIBIT C

The Noteholders

Crescent Mezzanine Partners VI, L.P.

Crescent Mezzanine Partners VIC, L.P.

Crescent Mezzanine Partners VIB (Cayman), L.P.

CM6B Rockport Equity, Inc.

CM6C Rockport Equity, Inc.

Corporate Capital Trust, Inc.

Oregon Public Employees Retirement Fund

NYLCAP Mezzanine Partners III, LP

NYLCAP Mezzanine Partners III Parallel Fund, LP

NYLCAP mezzanine Partners III 2012 Co-Invest, LP

NYLCAP Mezzanine Partners III 2012 Co-Invest ECI Blocker F, LP

EXHIBIT D

Adidas Account

EXHIBIT E

[Form of Release]

RELEASE

This release ("**Release**"), dated as of [__], 2018, is made and given by CB Marathon Holdings, LLC on behalf of itself and its current and future Affiliates, including, without limitation, the Acquired Companies (collectively, the "**Releasing Parties**" and each a "**Releasing Party**") pursuant to Section 3 of the Settlement Agreement dated as of July [__], 2018 by, between and among the Rockport Parties, the Adidas Parties and the Noteholders (each as defined therein) (the "**Settlement Agreement**"). Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Asset Purchase Agreement; provided that the terms "Adversary Proceeding," "Ancillary Agreements," "Management Agreement," "Master Purchase Agreement," "Post-Closing Adjustments," "Settlement Payment," "adiprene License Agreements," and "Release Effective Time" shall have the meanings ascribed to such terms in the Settlement Agreement.

Effective upon the Release Effective Time, and for good and valuable consideration, including, without limitation, the releases granted under Section 3 of the Settlement Agreement, the Releasing Parties hereby release adidas AG, a corporation organized under the laws of the Federal Republic of Germany, and any and all of its Affiliates from any and all claims or liabilities arising out of or related to the Master Purchase Agreement, the Management Agreement or the Ancillary Agreements, including, without limitation, any and all claims that were asserted or that could have been asserted in the Complaint and the Answer and Counterclaim relating to the Post-Closing Adjustments that are or could have been asserted in the Adversary Proceeding. Notwithstanding anything to the contrary herein, nothing herein constitutes a release with respect to any rights or obligations of the Releasing Parties pursuant to the Settlement Agreement or, from and after the consummation of the assignment and assumption of the adiprene License Agreements contemplated by Section 7 of the Settlement Agreement, the adiprene License Agreements.

The Releasing Parties hereby agree that each person or entity released hereunder (a "**Released Party**") is an intended third-party beneficiary of this Release and shall be entitled to directly enforce this Release. If any Releasing Party asserts against any Released Party a claim that has been released under this Release, then the Released Party is entitled to recover from such Releasing Party all costs and fees, including legal fees, reasonably incurred in defending against such claim and in enforcing its rights under this Release.

This Release is governed by, and shall be construed and enforced in accordance with, the laws of the State of Delaware, without giving effect to any choice or conflict of law provision or rule that would cause the application of the laws of any other jurisdiction.

The execution and delivery of this Release by electronic transmission shall have the same effect as the delivery of an original hereof.

[signatures on following page]

IN WITNESS WHEREOF, the Releasing Parties or their authorized representatives execute this Release as of the date first set forth above.

CB MARATHON HOLDINGS, LLC

By: _____
Name:
Title:

EXHIBIT F

adiprene License

Execution Version

LICENSE AGREEMENT

between

adidas AG

and

The Rockport Company, LLC

Dated as of July 31, 2015

TABLE OF EXHIBITS

LICENSE AGREEMENT

THIS AGREEMENT (the "Agreement"), dated as of July 31, 2015 (the "Effective Date"), is between adidas AG, having its principal offices at Adi-Dassler-Strasse 1, 91074 Herzogenaurach, Germany ("Licensor"), and The Rockport Company, LLC, having its principal offices at 1895 J.W. Foster Boulevard, Canton, MA 02021 ("Licensee").

WHEREAS, pursuant to that certain Master Purchase Agreement dated as of January 23, 2015 (as amended or otherwise modified, the "Purchase Agreement") by and among Relay Intermediate, LLC ("Buyer"), Reebok International Ltd. ("Seller") and Licensor, Buyer purchased from Seller the Business (as defined in the Purchase Agreement) of Licensee;

WHEREAS, prior to the execution of this Agreement, Licensee used and licensed the Licensed IP (as defined below) from certain Affiliates of Licensee and Seller, including without limitation from adidas International Marketing BV, a Dutch company, pursuant to that certain License Agreement dated September 14, 2006 and amended January 30, 2007 (the "Existing adidas Agreement");

WHEREAS, Licensor, an Affiliate of Seller, owns or has the right to license the Licensed Trademarks (as defined below) and the patents listed on Exhibit A (the "Licensed Patents" and together with the Licensed Trademarks, the "Licensed IP");

WHEREAS, pursuant to the Purchase Agreement, Licensor agrees to grant, and Licensee desires to obtain, a limited license to use the Licensed IP on and in connection with certain footwear models during a period of transition; and

WHEREAS, the execution and delivery of this Agreement is a condition to Closing (as defined in the Purchase Agreement) under the Purchase Agreement;

NOW THEREFORE, in consideration of the above premises and the mutual covenants and undertakings of the parties hereunder, Licensor and Licensee agree as follows:

GENERAL

1. Term.

a. Agreement Term. The term of this Agreement shall commence upon the Effective Date and shall expire on December 31, 2017, or on such earlier date as any party may terminate this Agreement in accordance with its terms (the "Term").

b. Patent License Term. The "Patent License Term" shall commence upon the Effective Date and shall continue (i) until the last Licensed Patent expires or otherwise ceases to be valid and enforceable, or (ii) until the fifteen month anniversary of the Effective Date, whichever is the sooner of clause (i) and (ii).

c. Trademark License Term. The "Trademark License Term" shall commence upon the Effective Date and shall continue until the fifteen month anniversary of the Effective Date.

2. Definitions.

a. "Affiliate" shall have the meaning set forth in the Purchase Agreement.

b. "Collateral Materials" shall mean all containers, packaging, hang-tags, labels, catalogues, brochures, promotional items, print and media advertising, marketing, point of sale and other materials of any and all types prepared or used in connection with the Licensed Products.

c. Intentionally omitted.

d. "Intellectual Property" shall mean all Trademarks, copyrights, patents, design rights, trade secrets and other intellectual property, whether registered or unregistered and whether arising out of rights in the United States or elsewhere.

e. "Licensed Products" shall mean all footwear models produced or in production or development as of the Effective Date, for introduction at retail no later than fifteen months from the Effective Date that (i) are designed, manufactured for, distributed, marketed, advertised or sold by Licensee under the ROCKPORT house brand and (ii) incorporate technology practicing the Licensed Patents. For clarity, Licensed Products includes carry-over models manufactured at any time during the applicable Patent License Term or Trademark License Term, but expressly excludes any models designed or developed for introduction after the fifteen month anniversary of the Effective Date.

f. "Licensed Trademarks" shall mean ADIPRENE, ADIPRENE+, ADIPRENE BY ADIDAS and GEOFIT, including all stylized versions used by Licensee immediately prior to the Effective Date or otherwise approved in writing by Licensor. For clarity, Licensee has no right to use the ADIDAS trademark for any purpose, including to market and sell Licensed Products, apart from the ADIPRENE BY ADIDAS trademark as allowed pursuant to the terms herein.

g. Intentionally omitted.

h. "Subsidiary" means, with respect to a party, any subsidiary of such party in which such party directly or indirectly owns more than fifty percent (50%) of the voting stock.

i. "Territory" shall mean worldwide.

j. "Trademark" shall mean any trademark, trade name, trade dress, service mark, logo, domain name, social media account, or other similar identifying mark.

LICENSE

3. Patent License. Subject to the terms and conditions of this Agreement, Licensor hereby grants to Licensee and its Subsidiary Rockport (Europe) BV (a) a limited, non-exclusive, royalty-free license under the Licensed Patents to make, use, sell, offer to sell and import Licensed Products during the Patent License Term for use and sale in the Territory and (b) a limited, non-exclusive, royalty-free license under the Licensed Patents to sell and offer to sell Remaining Inventory in the Territory in accordance with Section 15 below. Licensee shall not use the Licensed Patents except as expressly stated in this Agreement. All rights in and to the Licensed Patents not specifically granted to Licensee by this Agreement are reserved to Licensor for Licensor's own use and benefit.

4. Trademark License. Subject to the terms and conditions of this Agreement, Licensor hereby grants to Licensee and its Subsidiary Rockport (Europe) BV (a) a limited, non-exclusive, royalty-free license to use the Licensed Trademarks in connection with the design, manufacture, marketing, sale, and offer for sale of Licensed Products during the Trademark License Term for use and sale in the Territory and (b) a limited, non-exclusive, royalty-free license to use the Licensed Trademarks to sell and offer to sell Remaining Inventory in the Territory in accordance with Section 15 below. Unless Licensee obtains Licensor's advance, written approval to the contrary, Licensee shall always use the ADIPRENE, ADIPRENE+ and ADIPRENE BY ADIDAS trademarks in connection with the particular adiPRENE technology to which that Licensed Trademark corresponds as of the Effective Date. All rights in and to the Licensed Trademarks not specifically granted to Licensee by this Agreement are reserved to Licensor for Licensor's own use and benefit.

5. Sublicenses. Except for the Warson Sublicense addressed below, Licensee and its Subsidiary Rockport (Europe) BV shall not have the right to sublicense any of the Licensed IP or any of its or their rights hereunder except to subcontractors for the manufacture of Licensed Products under the following conditions:

a. Such subcontractors are under contract with Licensee;

b. With respect to such subcontractors not engaged by Licensee prior to the Effective Date, Licensee provides Licensor with such information regarding such subcontractors as Licensor may reasonably request from time to time;

c. Such subcontractors have agreed to comply with the adidas Group SOE policy attached as Exhibit C;

d. With respect to such subcontractors, Licensee will enforce the adidas Group SOE policy attached as Exhibit C;

e. Licensee will use commercially reasonable efforts to ensure that the subcontractor shall use the Licensed IP, only for the express purpose of fulfilling orders placed by Licensee for the Licensed Products;

f. Licensee remains responsible for the fulfillment by its subcontractors of all obligations defined in this Agreement as if the subcontractor were a party to this Agreement; and

g. Any and all acts and/or omissions of subcontractors are treated for the purposes of this Agreement as acts and/or omissions of Licensee. Accordingly, any acts and/or omissions by subcontractors in breach of this Agreement shall be deemed a breach of this Agreement by Licensee.

6. Warson Sublicense. Licensor hereby grants Licensee a license under the Licensed IP to all rights necessary to continue the sublicense of the Licensed Patents and the ADIPRENE, ADIPRENE+ and ADIPRENE BY ADIDAS trademarks to The Warson Group, Inc. ("Warson") as set forth in the letter agreement between Licensee and Warson dated as of January 15, 2015, which amends that certain License Agreement between Licensee and Warson dated July 22, 2013, each of which is attached hereto as Exhibit B (the "Warson Sublicense"), (a) through December 31, 2017 and (b) solely to allow Warson to sell off any inventory of Licensed Products (as defined in the Warson Sublicense) practicing the Licensed Patents or bearing the ADIPRENE, ADIPRENE+ or ADIPRENE BY ADIDAS trademarks, in each case remaining upon the expiration or termination of the adidas License Term (as defined in the Warson Sublicense), through June 30, 2018. Licensee shall enforce the Warson Sublicense.

7. No Limitations on Licensor. Nothing contained in this Agreement shall in any way restrict, impair, limit or affect Licensor's rights to use, or to permit third parties to use, the Licensed IP.

8. Prohibited Use of Licensed Trademarks. During the Term, Licensee shall not use any of the Licensed Trademarks: (a) as primary branding for any Licensed Products (for clarity, the primary branding during the Trademark License Term will always be the ROCKPORT house mark); (b) as part of a composite mark or "lock up" with any other Trademarks (i.e. the Licensed Trademarks must always appear clearly as separate trademarks); (c) as all or part of a corporate name, trade name or any other designation used by Licensee to identify its products, services or business; or (d) for any purpose other than as trademarks used in connection with the Licensed Products and Collateral Materials. During the Term, Licensee shall not attempt to register or otherwise secure any Trademark that includes or is confusingly similar to any of the Licensed Trademarks.

9. Ownership Rights.

a. Licensee acknowledges that as between the parties, Licensor has sole and exclusive ownership of all rights, title and interests in and to the Licensed IP (including all registrations and applications therefor). Licensee further acknowledges that it shall not acquire (whether by operation of law, by this Agreement or otherwise), any right, title, interest or ownership in or to the Licensed IP or any part thereof (collectively, "Ownership Rights"). Should any such Ownership Rights become vested in Licensee, Licensee agrees to assign, and hereby assigns, all such Ownership Rights to Licensor free of additional consideration.

b. Licensee recognizes the value of the goodwill associated with the Licensed Trademarks and further acknowledges that the Licensed Trademarks have acquired secondary meaning in the mind of the public. All use of the Licensed Trademarks and all goodwill and benefit arising from such use shall inure to the sole and exclusive benefit of Licensor.

c. Licensee shall not, during the Term, do anything which is reasonably likely to damage, injure or impair the validity and subsistence of the Licensed IP. Licensee shall not attack, dispute or challenge Licensor's Ownership Rights or the validity of this Agreement, nor shall Licensee assist others in so doing.

d. Licensee shall not modify, improve, or otherwise create derivatives, variations, or adaptations of the Licensed IP.

10. Registrations and Licensing Formalities. Licensee shall not have the right to file and shall not file applications to register any of the Licensed IP or to oppose or otherwise challenge Trademark or patent applications or registrations of third parties on the basis that such third party applications or registrations conflict with, infringe or are otherwise detrimental to the Licensed IP. Licensee shall cooperate with Licensor, at Licensor's reasonable request and expense, in the execution, filing and prosecution of any applications to register the Licensed IP that Licensor may desire to file. For such purpose, Licensee shall supply to Licensor, from time to time and without charge, such samples, packaging, containers, labels, tags and other Collateral Materials as Licensor may reasonably require consistent with prior practice. The licenses granted herein shall be confirmed by a separate agreement for any country within the Territory which requires same (including, without limitation, registered user agreements) or where such separate agreement is otherwise deemed appropriate by Licensor. The expiration or termination of this Agreement for any reason shall terminate, or act to terminate, all registered user and other license recordal documents filed or recorded pursuant hereto. In the event of a conflict between the terms of this Agreement and the provisions of any registered user agreement or other license recordal document, the terms of this Agreement shall prevail. The parties expressly agree that all documents or forms filed or recorded with any trademark office or other authority relating to the licenses granted herein may be canceled by Licensor alone. Licensee hereby agrees and consents to such cancellation.

11. Further Assurances.

a. Upon Licensor's request, and its cost and expense, Licensee shall execute and deliver to Licensor, without further consideration, (i) at any time during the Term, all documents and forms as Licensor deems necessary to (1) prosecute, maintain, and renew applications and registrations for the Licensed IP or (2) confirm the licenses granted herein or record Licensee as a registered user in any country in the Territory; and (ii) at any time during or after the Term, all documents and forms as necessary to confirm Licensor's or its Affiliates' ownership of any assigned Licensed IP under Section 9(a).

b. Upon Licensee's request, Licensor will promptly provide to Licensee any information regarding the technology that is the subject matter of the Licensed Patents that is required to exercise the license rights under Section 3.

12. Infringements. Licensee shall inform Licensor promptly if Licensee learns of any goods or activities which infringe (or may infringe) the Licensed IP. Licensee shall provide, at Licensor's cost and expense, complete information, cooperation, and assistance to Licensor concerning each such infringement (including cooperation and assistance in any further investigation or legal action). Upon learning of such infringement, Licensor shall have the sole right, but not the obligation, at its cost and expense, to take such action as Licensor considers necessary or appropriate to enforce Licensor's or its Affiliates' rights, including, without limitation, legal action to suppress or eliminate such infringement or to settle any such dispute or action. Licensor shall also be entitled to seek and recover all costs, expenses, and damages resulting from such infringement.

QUALITY CONTROL

13. Quality Control of Licensed Products Bearing the Licensed Trademarks. The following provisions apply to any Licensed Products bearing the Licensed Trademarks:

a. Quality Control. Licensee shall assure at all times that the quality of the Licensed Products and the Collateral Materials (i) are of a standard consistent with the prestige and reputation which the Licensed Trademarks have developed heretofore in the Territory; (ii) are of a quality corresponding to Licensor's high standards including but not limited to quality of material, workmanship and design; (iii) conform to Licensor's standard written policies relating to the image and marketing of the ADIDAS brand in general and the Licensed Trademarks in particular; (iv) comply with any quality control or safety standards or procedures required by Licensor generally of its footwear and apparel licensees, as may be communicated to Licensee in writing; and (v) comply with the brand guidelines of Licensor imposed generally on its footwear and apparel licensees as may be communicated to Licensee in writing. Licensee shall place and display the Licensed Trademarks on and in connection with the Licensed Products and Collateral Materials only in such form and manner as are (x) used by Licensee immediately prior to the Effective Date or (y) approved in writing in advance by Licensor.

b. Product Quality Issues. If any time during the Term, Licensee is notified of, or otherwise becomes aware of, any material quality or safety issue, complaint, incident or injury with any commercial production run of a Licensed Product (including, without limitation, through its own quality control procedures, a consumer complaint or notice from a government or regulatory agency), Licensee shall immediately notify Licensor of the issue, and provide Licensor with such information relating thereto as Licensor may request.

c. Compliance with Law and Policies. Licensee shall comply with all laws, rules, regulations and requirements of any governmental body applicable to the manufacture, procurement, marketing, advertising, distribution, sale or promotion of the Licensed Products in the Territory. Licensee shall secure from the appropriate authorities in the Territory, at its own cost and expense, any permits, concessions or other documents required by law in connection

with the manufacture, procurement, distribution, sale or promotion of the Licensed Products in the Territory.

d. Product Testing. Before Licensed Products are placed in the stream of commerce, Licensee shall follow reasonable and proper procedures for testing the Licensed Products for compliance with applicable laws, regulations, standards and procedures and shall permit authorized representatives of Licensor to reasonably inspect Licensee's or Licensee's subcontractors' plants, equipment, manufacturing, assembling facilities, storage facilities and testing techniques, which relate to the Licensed Products (including books, records and documents pertaining thereto) and to test or sample Licensed Products to ensure compliance with the terms and conditions of this Agreement. Upon Licensor's request, Licensee shall also furnish Licensor with copies of such testing.

e. Approval of Samples. Upon Licensor's request at any time during the Term, Licensee shall submit then-current production samples of each model and style of the Licensed Products, so that Licensor may assure itself of the maintenance of the quality standards provided herein. Such samples may be retained by Licensor free of charge. If at any time during the Term, any model or style of the Licensed Products does not meet the quality or safety standards required hereunder, then Licensor may require Licensee to suspend shipments of such model/style of the Licensed Products (and/or stop using the manufacturer/factory producing the model/style) until such quality or safety issue has been fully resolved.

f. Distribution of Licensed Products. Licensee shall distribute and sell the Licensed Products to retailers who deal in products similar in quality and prestige to the Licensed Products, and whose quality of operations, including (without limitation) delivery of retail services, know how of the products and presentation and promotion of products, are consistent with the quality and prestige of the Licensed Products. Notwithstanding anything in this Agreement to the contrary, Licensee may distribute and sell Licensed Products through any distribution channel (including any retail outlet) used by Licensee during the twenty-four (24) month period prior to the Effective Date. Licensee shall take such necessary steps which would be taken by a reasonably prudent licensee and distributor in similar circumstances to prevent the advertisement, promotion or sale of the Licensed Products by any retailer which in manner or method is in conflict with the marketing policies and guidelines of Licensor as may be communicated to Licensee from time to time.

14. Required Markings. Licensee shall cause to appear on the Licensed Products and on all Collateral Materials such legends, markings and notices as may be required by any law or regulation in the Territory, or as Licensor may reasonably request generally of its footwear and apparel licensees, including without limitation, in the case of Collateral Materials first produced after the Effective Date, a trademark notice in the name of Licensor as follows:

" adidas is a registered trademark of the adidas Group, used under license."

"ADIPRENE, ADIPRENE+ and/or GEOFIT are trademarks of the adidas Group, used under license."

15. Disposal of Surplus, Outmoded, Defective or Deficient Licensed Products and Sell-Off.

a. Licensor shall have the right to approve, in advance, the manner by which and the time period within which Licensee disposes of any Licensed Products, or any other materials which relate to the Licensed Products or contain the Licensed Trademarks, which are surplus, outmoded or defective, or which fall below the quality standards and specifications required by this Agreement. Licensee is required to obtain such approval by Licensor before proceeding with any such disposition of Licensed Products.

b. With respect to any inventory of Licensed Products (i) practicing the Licensed Patents or (ii) bearing any of the Licensed Trademarks, and in each case remaining upon the expiration or termination of this Agreement (collectively, the "Remaining Inventory"), Licensee shall have the right to sell-off such Remaining Inventory to third parties in accordance with the terms of this Section 15. The period for such sell-off (the "Sell-Off Period") shall be the period through December 31, 2018; provided, however, that the Sell-Off Period will be extended until December 31, 2019 if Licensee has provided Licensor with notice and evidence that Licensee has ceased production of Licensed Products practicing the Licensed Patents and/or bearing any of the Licensed Trademarks prior to December 31, 2016. If the Sell-Off Period is so extended, then during the twelve-month period beginning on January 1, 2018 and ending December 31, 2019 Licensee shall be permitted to include the Licensed Trademarks in any promotional items, print and media advertising, marketing, point of sale or other similar materials. Licensee's proposed sell-off arrangements shall be consistent with the reputation, prestige and goodwill of the Licensed Trademarks and shall maintain Licensor's image and reputation. Any such sell off right shall only apply to finished inventory of Licensed Products.

c. Any such sell-off shall be subject to all other provisions of this Agreement, including, without limitation, Section 13 and shall be subject to the following conditions: (i) Licensee shall furnish to Licensor, within forty (40) days after such expiration or termination date, a written accounting (i.e., number and description) of such Licensed Products in inventory as of such date; and (ii) Licensee shall not advertise such sell-off of Licensed Products.

d. Any Remaining Inventory which is not sold to third parties pursuant to this Section 15, and any Collateral Materials that incorporate any Licensed Trademarks or relate to the Licensed Products shall, after expiration of the Sell-Off Period, be destroyed at Licensee's cost. Any destruction of Licensed Products or other materials required under this Section 15 shall be certified in writing by an officer of Licensee.

WARRANTIES, DISCLAIMER AND INDEMNITY

16. Warranties, Disclaimer. Licensor represents and warrants that as of the Effective Date, all existing Licensee footwear models incorporating the Licensed Patents bear the ADIPRENE, ADIPRENE+, and/or ADIPRENE BY ADIDAS trademarks on such products. Except as may be expressly provided in this Agreement and the Purchase Agreement, Licensor disclaims all express or implied warranties with respect to the Licensed IP, and nothing in this

Agreement shall be deemed to be a representation or warranty by Licensor with respect to the Licensed IP, including without limitation representations of non-infringement.

17. Indemnity.

a. Indemnification by Licensee. Licensee shall indemnify, defend and hold Licensor and each of its directors, officers, employees, and Affiliates (collectively, an "Indemnified Licensor Party") harmless from and against any and all losses, damages and expenses (including reasonable attorneys', consultants' and experts' fees) arising out of any claims, actions, suits or proceedings (collectively, "Claims") brought against an Indemnified Licensor Party by a third party: (i) that are (A) product liability claims, (B) claims made under any guarantees made or warranties given by Licensee or its Affiliates (in each case, whether express or implied) with respect to Licensed Products, (C) claims of false or misleading advertising or consumer fraud with respect to Collateral Materials, (D) claims of Intellectual Property infringement other than patent infringement, and (E) claims of infringement of patents of which Licensee had knowledge, *provided that* the claims described in the foregoing clauses (A) through (E) result from changes made after the Effective Date by Licensee to the design, development, sourcing, manufacturing, marketing, advertising, promotion, distribution, sale or use of any Licensed Products; and (ii) as a result of any use of the Licensed IP by Licensee other than as expressly provided herein; *provided, that* the foregoing obligations under clauses (i) and (ii) shall not apply to any Claims (1) arising solely out of Licensee's use of the Licensed IP as provided herein or (2) for which Licensee is indemnified under the Purchase Agreement. For clarity, nothing in this Agreement will prevent or restrict Licensor and its Affiliates from fully exercising and enforcing any of their indemnification rights provided under the Purchase Agreement.

b. Indemnification Procedures. In the event that any Claim is made as a result of which an Indemnified Party may become entitled to indemnification by Licensee pursuant to this Section 17, Licensee shall, at its expense, assume the defense of such Claim with counsel reasonably satisfactory to the Indemnified Party and the Indemnified Party shall give Licensee the right to control and direct the investigation, preparation, defense and settlement of such Claim (subject to the provisions of this Section 17(b)) and reasonable assistance and full cooperation, at Licensee's expense, for the defense of same. Promptly upon becoming aware of such Claim, the Indemnified Party shall give Licensee notice thereof; provided, however, that the omission so to notify Licensee shall not relieve Licensee from any liability which it may have to the Indemnified Party, except to the extent that Licensee is actually prejudiced by such omission. Any settlement of any Claim shall require the mutual consent of Licensee and the Indemnified Party, provided that the consent of the Indemnified Party will not be unreasonably withheld if such settlement includes as an unconditional term thereof the giving by the claimant or plaintiff to the Indemnified Party of a release from all liability with respect to such Claim. Notwithstanding the obligation of Licensee to assume the defense of any Claim, the Indemnified Party shall have the right to employ, at its own cost and expense, separate counsel and to participate in the defense of such action. Licensee shall bear the reasonable fees, costs and expenses of such separate counsel, if: (i) the use of the counsel chosen by Licensee would present such counsel with a conflict of interest; (ii) the defendants in, or targets of, such Claim include both the Indemnified Party and Licensee and the Indemnified Party has reasonably

concluded that there may be legal defenses available to it which are different from or additional to those available to Licensee; (iii) in the exercise of the Indemnified Party's reasonable judgment, Licensee has not employed satisfactory counsel within a reasonable time after notice of the institution of such Claim; or (iv) Licensee has not assumed the defense of such Claim.

CONFIDENTIAL INFORMATION

18. Confidential Information.

a. "Confidential Information" means, subject to the exceptions set forth in the following sentence, any information or data, regardless of whether it is in tangible form, disclosed by either party (the "Disclosing Party") that the Disclosing Party has either marked as confidential or proprietary, or has identified in writing as confidential or proprietary within thirty (30) days of disclosure to the other party (the "Receiving Party") or which would be apparent to a reasonable person, familiar with Disclosing Party's business and the industry in which it operates, to be of a confidential or proprietary nature the maintenance of which is important to the Disclosing Party. Information and data will not be deemed Confidential Information hereunder if such information: (i) is known to the Receiving Party prior to receipt from the Disclosing Party directly or indirectly from a source other than one having an obligation of confidentiality to the Disclosing Party; (ii) becomes known (independently of disclosure by the Disclosing Party) to the Receiving Party directly or indirectly from a source other than one having an obligation of confidentiality to the Disclosing Party; (iii) becomes publicly known or otherwise ceases to be secret or confidential, except through a breach of this Agreement by the Receiving Party; or (iv) is independently developed by the Receiving Party without reference to the Disclosing Party's Confidential Information.

b. The Receiving Party acknowledges that it will have access to the Disclosing Party's Confidential Information. The Receiving Party will not (i) use any such Confidential Information in any way, for its own account or the account of any third party, except for the exercise of its rights and performance of its obligations under this Agreement, or (ii) disclose any such Confidential Information to any party, other than furnishing such Confidential Information to (A) its employees and contractors who are required to have access to the Confidential Information in connection with the exercise of Receiving Party's rights or performance of its obligations under this Agreement and (B) professional advisers (e.g., lawyers and accountants); provided, however, that any and all such employees, contractors, and advisers are bound by written agreements or, in the case of professional advisers, ethical duties, to treat, hold and maintain such Confidential Information in accordance with the terms and conditions of this Section 18. The Receiving Party will not allow any unauthorized person access to Disclosing Party's Confidential Information, and Receiving Party will take all action reasonably necessary to protect the confidentiality of such Confidential Information, including implementing and enforcing procedures to minimize the possibility of unauthorized use or copying of such Confidential Information. In the event that the Receiving Party is required by law to make any disclosure of any of Disclosing Party's Confidential Information, by subpoena, judicial or administrative order or otherwise, the Receiving Party shall first give written notice of such requirement to the Disclosing Party, and shall permit the Disclosing Party to intervene in

any relevant proceedings to protect its interests in the Confidential Information, and provide full cooperation and assistance to the Disclosing Party in seeking to obtain such protection.

TERMINATION

19. Termination for Breach. If either party materially breaches any of its obligations under this Agreement, the other party shall have the right, without prejudice to any other rights it may have, at any time thereafter to terminate this Agreement upon at least thirty (30) days' notice thereto, provided that for any such curable breach, such breach has not been cured and is continuing at the end of the relevant notice period. Such termination shall automatically become effective unless the breaching party completely remedies such breach within such notice period.

20. Termination Due to Insolvency. If Licensee: (a) commences or becomes the subject of any case or proceeding under the bankruptcy, insolvency or equivalent laws of any country in the Territory; (b) has appointed for it or for any substantial part of its property a court-appointed receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official; (c) makes an assignment for the benefit of its creditors; (d) defaults on any obligation which is secured, in whole or in part, by a security interest in the Licensed Products; (e) fails generally to pay its debts as they become due; or (f) takes corporate action in furtherance of any of the foregoing (collectively, herein referred to as "Events of Insolvency"), then, in each case, Licensee shall immediately give notice of such event to Licensor. Whether or not such notice is given, Licensor shall have the right, to the fullest extent permitted under applicable law, following the occurrence of any Event of Insolvency and without prejudice to any other rights Licensor may have, at any time thereafter to terminate this Agreement, effective immediately upon giving notice to Licensee. No assignee for the benefit of creditors, receiver, liquidator, sequestrator, trustee in bankruptcy or any other officer of the court or official charged with taking over custody of Licensee's assets or business shall have any right to continue the performance of this Agreement.

21. Termination upon Change of Business. If Licensee (either in a single transaction or in a series of related transactions, and either directly or indirectly) assigns or transfers any of its rights or delegates any of its obligations under this Agreement, without the prior written consent of Licensor in violation of Section 31; then Licensor shall have the right, without prejudice to any other rights Licensor may have, at any time thereafter to terminate this Agreement, effective immediately upon giving notice to Licensee.

22. No Rights after Term. Licensor and Licensee each understands and acknowledges that, with the exception of its surviving rights as provided in Section 25, no rights under this Agreement whatsoever shall extend to Licensor or Licensee beyond the expiration or termination of this Agreement. Licensor and Licensee shall each not be entitled to any compensatory payment in connection with the expiration or termination of this Agreement for any reason.

ADDITIONAL MISCELLANEOUS TERMS

23. Approvals, etc. All approvals required or given pursuant to this Agreement shall be in writing, provided that if Licensor does not notify Licensee of approval or rejection within fifteen (15) business days following delivery of a request for approval, such request will be deemed approved. Licensor's approval of Licensed Product samples, Collateral Materials and other items required to be submitted for approval hereunder shall not be construed to mean that Licensor has determined that such items conform to the laws or regulations of any jurisdiction (including without limitation, that such items do not infringe any third party Intellectual Property rights) or, in the case of Licensed Product samples, that such samples are safe or fit for their intended purpose. Licensor may revoke its approval of a Licensed Product sample at any time, if the Licensed Product subsequently is determined by Licensor to be ineffective for its intended purpose, unsafe or deficient in quality by delivering written notice to Licensee. Additionally, if, following approval of any item for which approval is required under this Agreement, any significantly unfavorable publicity or claim should arise or be made in relation to such item, Licensor shall have the right to revoke its approval of such item by delivering written notice to Licensee. In the event of any revocation of Licensor's approval hereunder, Licensee shall promptly discontinue its manufacture, distribution, sale, use and publication of such item. After Licensor has approved any item for which approval is required under this Agreement, Licensee shall not make any material change in or to such approved item without again obtaining Licensor's prior written approval.

24. Independence of the Parties. Neither party hereto shall be construed to be the agent of the other in any respect. The parties have entered into this Agreement as independent contractors only, and nothing herein shall be construed to place the parties in the relationship of partners, joint venturers, agency or legal representation. Neither party shall have the authority to obligate or bind the other in any manner as to any third party. Without limiting the generality of the foregoing, Licensee shall not give warranties whatsoever with respect to the Licensed Products which are, or purport to be, binding upon Licensor, to any retailer, wholesaler, customer or consumer, and will take no action and make no representation that could give rise to such warranty.

25. Survivorship. The provisions of Sections 2, 3(b), 4(b), 5, 6, 9, 11(a), 15, 17, 18 and 24 to 35 will survive the expiration or termination of this Agreement and shall continue until fully performed.

26. Entire Agreement. This Agreement and the Purchase Agreement constitute the entire agreement between the parties with respect to its subject matter and supersedes all prior agreements, understandings, commitments, negotiations and discussions with respect thereto, whether oral or written. Without limiting the foregoing, the Existing adidas Agreement is terminated as of the date hereof.

27. Construction. As used in this Agreement, "will" means "shall" and vice versa; and "include (or including)" means "includes (or including) without limitation."

28. Headings. Headings and subheadings in this Agreement are included solely for convenience of reference and shall not affect the interpretation of, or be considered a part of, this Agreement.

29. Amendment. This Agreement may not be amended or modified in any respect, except in writing signed by all parties.

30. Waiver. The failure of any party to insist upon strict adherence to any provision of this Agreement on any occasion shall not be considered a waiver of such party's right to insist upon strict adherence to such provision thereafter or to any other provision of this Agreement in any instance. Any waiver shall be in writing signed by the party against whom such waiver is sought to be enforced.

31. Assignability; Successors and Assigns. This Agreement and the licenses granted hereunder are personal to Licensee. Neither party shall assign or transfer any of its rights or delegate any of its obligations under this Agreement, without the prior written consent of the other party; provided that Licensor may delegate its approval rights hereunder to an Affiliate of Licensor. Any attempted assignment, transfer or delegation in violation of this Section 31 shall be null and void and of no effect. This Agreement shall be binding upon, and shall inure to the benefit of, the parties' respective successors and permitted assigns.

32. Reformation; Severability. The provisions of this Agreement shall be severable. If a court of competent jurisdiction shall declare any provision of this Agreement invalid or unenforceable, the other provisions hereof shall remain in full force and effect, and such court shall be empowered to modify, if possible, such invalid or unenforceable provision to the extent necessary to make it valid and enforceable to the maximum extent possible.

33. Equitable Relief. Licensee acknowledges and agrees that: (a) because of the special, unique and extraordinary character of the Licensed IP and the reputation and goodwill associated therewith, it may be difficult to assess monetary damages which Licensor would sustain as a result of their unauthorized use; (b) Licensee's failure to perform its obligations under this Agreement and its breach of any provision hereof, in any instance, may result in immediate and irreparable damage to Licensor; (c) no adequate remedy at law may exist for such damage; and (d) in the event of such failure or breach, Licensor shall be entitled to seek equitable relief by way of temporary, preliminary and permanent injunctions, and such other and further relief as any court of competent jurisdiction may deem just and proper, in addition to, and without prejudice to, any other relief to which Licensor may be entitled.

34. Governing Law and Jurisdiction. This Agreement shall be governed by and construed in accordance with the internal substantive laws of The State of Delaware applicable to agreements made and to be performed entirely therein. All Actions (as defined in the Purchase Agreement) will be addressed in accordance with Sections 12.10 and 12.12 of the Purchase Agreement.

35. Delivery of Materials; Notices, etc. Materials required to be delivered to any party hereunder shall be delivered to the address given below for such party. Unless otherwise expressly stated in this Agreement, any notice, consent, approval or other communication under this Agreement shall be in writing and shall be considered given: (a) upon personal delivery or delivery by telecopier (with confirmation of receipt by receiver), (b) two (2) business days after

being deposited with an "overnight" courier or "express mail" service, or (c) seven (7) business days after being mailed by registered or certified first class mail, return receipt requested, in each case addressed to the notified party at its address set forth below (or at such other address as such party may specify by notice to the others delivered in accordance with this Section 35):

If to Licensor:

adidas AG
c/o adidas America
5055 N Greeley Ave
Portland, OR 97217
USA
Attn: Paul Ehrlich, General Counsel

Email: paul.ehrlich@adidas.com

If to Licensee:

The Rockport Company, LLC
1895 J.W. Foster Boulevard
Canton, MA 02021
Attention: Robert Infantino
Fax No.: (781) 401-4422

36. Intentionally omitted.

37. Authorization and Ability to Execute. Each party represents that its undersigned officer is duly authorized to sign this Agreement on its behalf.

IN WITNESS THEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers as of the date first set forth above.

LICENSEE

THE ROCKPORT COMPANY, LLC,
a Delaware limited liability company

By: _____
Signature

Robert Infantino
Typed or Printed Name

President
Title

IN WITNESS THEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers as of the date first set forth above.

LICENSOR

ADIDAS AG

By: _____
Name: Frank Dassler
Title: General Counsel

EXHIBIT A

LICENSED PATENTS

Patent Family 1:

Priority Date: 3rd of April 1998
Title: Shoe sole with improved dual energy management system

DE 199 144 72 C2
EP 0 947 145 B1 (nationalized in Germany, France and the UK)
US 6,528,140 B1

Patent Family 2:

Priority Date: 2nd of March 2000
Title: Polymer Composition

DE 100 101 82 B4
EP 1 268 663 B1 (nationalized in Germany, France and the UK)

EXHIBIT B

THE WARSON SUBLICENSE

EXHIBIT C

ADIDAS GROUP SOE POLICY

General Principle
Business partners must comply fully with all legal requirements relevant to the conduct of their businesses.

Employment Standards

Forced Labour

Business partners must not use forced labour, whether in the form of prison labour, indentured labour, bonded labour or otherwise. No employee may be compelled to work through force or intimidation of any form, or as a means of political coercion or as punishment for holding or expressing political views.

Child Labour

Business partners must not employ children who are less than 15 years old, or less than the age for completing compulsory education in the country of manufacture where such age is higher than 15.

Discrimination

Business partners must not discriminate in recruitment and employment practices. Decisions about hiring, salary, benefits, training opportunities, work assignments, advancement, discipline and termination must be based solely on ability to perform the job, rather than on the basis of personal characteristics or beliefs, such as race, national origin, gender, religion, age, disability, marital status, parental status, association membership, sexual orientation or political opinion. Additionally, business partners must implement effective measures to protect migrant employees against any form of discrimination and to provide appropriate support services that reflect their special status.

Wages & Benefits

Wages must equal or exceed the minimum wage required by law or the prevailing industry wage, whichever is higher, and legally mandated benefits must be provided. In addition to compensation for regular working hours, employees must be compensated for overtime hours at the rate legally required in the country of manufacture or, in those countries where such laws do not exist, at a rate exceeding the regular hourly compensation rate.

Wages are essential for meeting the basic needs of employees and reasonable savings and expenditure. We seek business partners who progressively raise employee living standards through improved wage systems, benefits, welfare programmes and other services, which enhance quality of life.

Working Hours

Employees must not be required, except in extraordinary circumstances, to work more than 60 hours per week including overtime or the local legal requirement, whichever is less. Employees

must be allowed at least 24 consecutive hours rest within every seven-day period, and must receive paid annual leave.

Freedom of Association & Collective Bargaining

Business partners must recognize and respect the right of employees to join and organize associations of their own choosing and to bargain collectively. Business partners must develop and fully implement mechanisms for resolving industrial disputes, including employee grievances, and ensure effective communication with employees and their representatives.

Disciplinary Practices

Employees must be treated with respect and dignity. No employee may be subjected to any physical, sexual, psychological or verbal harassment or abuse, or to fines or penalties as a disciplinary measure.

Business partners must publicize and enforce a non-retaliation policy that permits factory employees to express their concerns about workplace conditions directly to factory management or to us without fear of retribution or losing their jobs.

Health & Safety

A safe and hygienic working environment must be provided, and occupational health and safety practices which prevent accidents and injury must be promoted. This includes protection from fire, accidents and toxic substances. Lighting, heating and ventilation systems must be adequate. Employees must have access at all times to sanitary facilities which should be adequate and clean. Business partners must have health and safety policies which are clearly communicated to employees. Where residential facilities are provided to employees, the same standards apply.

Environmental Requirements

Business partners must make progressive improvement in environmental performance in their own operations and require the same of their partners, suppliers and subcontractors. This includes: integrating principles of sustainability into business decisions; responsible use of natural resources; adoption of cleaner production and pollution prevention measures; and designing and developing products, materials and technologies according to the principles of sustainability.

EXHIBIT G

Letter Agreement regarding adiprene License

Letter Agreement

December 29, 2016

Reference is made to the License Agreement dated July 31, 2015 (the "**License Agreement**"), by and between The Rockport Company, LLC, a Delaware limited liability company ("**Licensee**"), and adidas AG, a corporation organized under the laws of the Federal Republic of Germany ("**Licensor**"). Capitalized terms used but not defined herein shall have the meanings given to those terms in the License Agreement.

1. Licensee Exercise of Option to Extend Sell-Off Period. Pursuant to Section 15.b. of the License Agreement, Licensee is hereby providing notice to Licensor that Licensee wishes to extend the Sell-Off Period to December 31, 2019.

2. No Further Production of Licensed Products. As required by Section 15.b. of the License Agreement, Licensee is hereby confirming to Licensor that as of September 15, 2016, Licensee ceased production of Licensed Products practicing the Licensed Patents and/or bearing any of the Licensed Trademarks.

3. Successors and Assigns. This Letter Agreement will be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns, each of which such successors and permitted assigns will be deemed to be a party hereto for all purposes hereof.

4. Amendment. No amendment or waiver of any provision of this Letter Agreement will be valid and binding unless it is in writing and signed, in the case of an amendment, by the parties, or in the case of a waiver, by the party against whom the waiver is to be effective.

5. Construction. The parties have participated jointly in the negotiation and drafting of this Letter Agreement. In the event an ambiguity or question of intent or interpretation arises, this Letter Agreement will be construed as if drafted jointly by the parties and no presumption or burden of proof will arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Letter Agreement.

6. Governing Law. This Letter Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, without regard to the conflicts of law rules thereof.

7. Counterparts. This Letter Agreement may be executed by facsimile or other digital means, simultaneously in separate counterparts, each of which shall be deemed an original, but all of which shall be taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, each of the parties has caused this Letter Agreement to be executed as of the date first written above.

THE ROCKPORT COMPANY, LLC

Name: Roberto Grasso
Title: SVP Sourcing and Manufacturing

ADIDAS AG

By:_____
Name: Gabriele Dirian
Title: General Counsel Group Corporate

By:_____
Name: Dr. Markus A. Kürten
Title: Senior Director Legal & Compliance

Tab K

THIS IS EXHIBIT "K" TO THE AFFIDAVIT

OF JONATHAN LEVI SWORN BEFORE ME

ON THIS 30TH DAY OF JULY, 2018

Ann Jerominski

A Notary Public in and for the State of Delaware

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re: THE ROCKPORT COMPANY, LLC, *et al.*, Debtors. [1]	Chapter 11 Case No. 18-11145 (LSS) (Jointly Administered) **Re: Docket No. 402**
THE ROCKPORT GROUP, LLC, *et. al*, *Plaintiffs*, v. ADIDAS AG and REEBOK INTERNATIONAL LTD., *Defendants.*	
ADIDAS AG; ADIDAS (UK) LTD.; ADIDAS BENELUX BV; ADIDAS ESPANA S.A.U.; ADIDAS PORTUGAL, ARTIGOS DE DESPORTO, S.A.; ADIDAS SVERIGE AB; ADIDAS KOREA LLC; ADIDAS JAPAN, K.K., and ADIDAS INTERNATIONAL TRADING, B.V., *Plaintiffs-in-Counterclaim*, v. ROCKPORT CANADA HOLDINGS, LTD.; THE ROCKPORT COMPANY JAPAN K.K.; THE ROCKPORT COMPANY KOREA LTD; CALZADOS ROCKPORT S.L. (ES); THE ROCKPORT COMPANY, PORTUGAL UNIPESSOAL, LDA.; THE ROCKPORT COMPANY, B.V.; and ROCKPORT INTERNATIONAL LIMITED (UK), *Defendants-in-Counterclaim.*	Adversary Proceeding No. 18-50636 (LSS) **Re: Adv. Docket No. 27**

DECLARATION OF JONATHAN LEVI IN SUPPORT OF

[1] The debtors and debtors in possession in these cases and the last four digits of their respective Employer Identification Numbers are: Rockport Blocker, LLC (5097), The Rockport Group Holdings, LLC (3025), TRG 1-P Holdings, LLC (4756), TRG Intermediate Holdings, LLC (8931), TRG Class D, LLC (4757), The Rockport Group, LLC (5559), The Rockport Company, LLC (5456), Drydock Footwear, LLC (7708), DD Management Services LLC (8274), and Rockport Canada ULC (3548). The debtors' mailing address is 1220 Washington Street, West Newton, Massachusetts 02465.

Docket No. 420/Adv. 33
Date Filed: 7/27/18

MOTION OF DEBTORS FOR ENTRY OF AN ORDER AUTHORIZING AND APPROVING THE SETTLEMENT AGREEMENT BY AND BETWEEN THE ROCKPORT PARTIES, THE ADIDAS PARTIES AND THE NOTEHOLDER PARTIES

Under 28 U.S.C. § 1764, I, Jonathan Levi, declare as follows under the penalty of perjury:

1. I submit this declaration (the "**Declaration**") in support of the relief requested in the *Motion of Debtors for Entry of an Order Authorizing and Approving the Settlement Agreement By and Between the Rockport Parties, the Adidas Parties and the Noteholder Parties* (the "**Motion**"),[2] [Docket No. 402, Adv. Docket No. 27] and the Debtors' entry into the *Settlement Agreement and Releases* (the "**Settlement Agreement**") among (a) the Debtors and certain of their non-Debtor affiliates (the "**Rockport Parties**"),[3] (b) adidas AG ("**Adidas**"), Reebok International Ltd. ("**Reebok**") and certain of their affiliated entities (the "**Adidas Parties**")[4] and (c) the noteholders, DIP note purchasers and existing or former equity holders, as applicable (the "**Noteholder Parties,**"[5] and collectively with the Rockport Parties and the Adidas Parties, the "**Parties**").

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[2] Capitalized terms used but not defined herein have the meaning ascribed to them in the Emergency Motion, as applicable.

[3] The "**Rockport Parties**" include: The Rockport Group, LLC, The Rockport Group Holdings, LLC, TRG 1-P Holdings, LLC, TRG Intermediate Holdings, LLC, TRG Class D, LLC, The Rockport Company, LLC, Drydock Footwear, LLC, DD Management Services LLC, Rockport Canada ULC, Rockport Canada Holdings, Ltd., Rockport Japan K.K., The Rockport Company Korea, Ltd, Rockport Hong Kong Limited, Dongguan Rockport Consulting Service Co;, Ltd., Calzados Rockport S.L., The Rockport Company, Portugal, Unipessoal LDA, The Rockport Company B.V., Rockport (Europe) B.V., Relay Technical Services Private Limited, Rockport International Limited, Rockport UK Holdings Ltd., Rockport Canada Holdings, Ltd., and The Rockport Company Japan K.K.

[4] The "**Adidas Parties**" include: adidas AG, Reebok International Ltd., adidas (UK) Ltd., adidas Benelux BV, adidas Espana S.A.U., adidas Portugal, Artigos de Desporto, S.A., adidas Sverige AB, adidas Korea LLC, adidas Japan, K.K., and adidas International Trading, B.V.

[5] The "**Noteholder Parties**" include: Crescent Mezzanine Partners VI, L.P., Crescent Mezzanine Partners VIC, L.P., Crescent Mezzanine Partners VIB (Cayman), L.P., CM6B Rockport Equity, Inc., CM6C Rockport Equity, Inc., Corporate Capital Trust, Inc., Oregon Public Employees Retirement Fund, NYLCAP Mezzanine Partners III, LP, NYLCAP Mezzanine Partners III Parallel Fund, LP, NYLCAP mezzanine Partners III 2012 Co-Invest, LP, and NYLCAP Mezzanine Partners II 2012 Co-Invest ECI Blocker F, LP.

2. I am the Associate General Counsel of The Rockport Company, LLC. I have been employed by the Debtors since July 2016. I am generally familiar with the Debtors' business and day-to-day operations. All facts set forth in this Declaration are based upon my personal knowledge of the Debtors' business gathered from my review of their books and records, relevant documents, and information supplied to me by members of the Debtors' management team and advisors. I am authorized to submit this Declaration. If called to testify, I could and would testify competently to the facts set forth in this Declaration.

The Sale

3. On May 13, 2018, the Debtors entered into a stalking horse asset purchase agreement (the "**Asset Purchase Agreement**") to sell substantially all of the Debtors' assets (the "**Sale**") to CB Marathon Opco, LLC (the "**Purchaser**"), subject to receiving higher or better offers for the assets pursuant to a Court supervised sale process. The Asset Purchase Agreement provides that the Debtors will sell substantially all of their assets, as well as their equity ownership in certain Acquired Companies,[6] to the Purchaser. In the Asset Purchase Agreement, the Sellers (as defined therein) represented that the Acquired Companies had no liability to Adidas (with the exception of certain specific liabilities of Rockport Japan K.K and The Rockport Company Korea LTD).

4. Following the Petition Date, in accordance with the Court approved bidding procedures, the Debtors extensively marketed their assets. The Debtors, however, received no other competing "Qualified Bids" for the assets. As a result, on July 6, 2018, the Debtors

[6] Pursuant to the Asset Purchase Agreement, the "**Acquired Companies**" include Rockport Japan K.K., The Rockport Company Korea, LTD, Rockport Hong Kong Limited, Dongguan Rockport Consulting Service Co, Ltd, Calzados Rockport S.L., The Rockport Company, Portugal, Unipessoal Lda, The Rockport Company B.V., Rockport (Europe) B.V., Relay Technical Services Private Limited, Rockport International Limited, Rockport UK Holdings Ltd.

designated the Purchaser as the successful bidder and cancelled the auction. *See* Docket No. 348.

5. On July 16, 2018, the Court approved the Sale to the Purchaser, and on July 18, 2018, entered the related sale order [Docket No. 387] (the "**Sale Order**"). The Sale Order specifically reserved all parties' rights with respect to the claims subject to the Adversary Proceeding (as defined below).

The Dispute with Adidas and Reebok

6. Prior to the Court's entry of the Sale Order, on June 28, 2018, Adidas and Reebok filed an objection to the Sale [Docket No. 310] (the "**Sale Objection**"), asserting various objections relating to the potential assumption and assignment of that certain Management Agreement, dated as of July 31, 2015 (the "**Management Agreement**") entered into by The Rockport Group, LLC ("**Rockport**") and Adidas and other related agreements. As part of the Sale Objection, Adidas and Reebok also asserted their view that pursuant to the Management Agreement all of the Rockport Parties (including the Acquired Companies) were jointly and severally liable for certain closing adjustments and reconciliations (the "**Post-Closing Adjustments**") (in an amount not less than approximately $54 million). Under the terms of the Asset Purchase Agreement, the Purchaser is directly or indirectly acquiring the stock of each of the Acquired Companies—meaning that the Acquired Companies would remain subject to any such liabilities (if valid) post-closing.

7. On June 29, 2018, the Purchaser issued a prospective notice of breach (the "**Notice of Breach**") of the Asset Purchase Agreement based on the allegation in the Sale Objection concerning the purported liability of the Acquired Companies for the Post-Closing Adjustments. Specifically, the Purchaser asserted in the Notice of Breach that such assertion would constitute a breach of the representations made in the Asset Purchase Agreement,

including, without limitation the representations in Section 5.5(c) of the Asset Purchase Agreement (which if not cured could constitute an unsatisfied closing condition under Section 10.1(a)(ii) of the Asset Purchase Agreement).

8. The Debtors dispute that the Acquired Companies have any liability for the Post-Closing Adjustments. Nevertheless, the assertions contained in the Sale Objection put the Debtors in the unenviable task of having to prove a negative (the absence of liability) in order to close the Sale. Accordingly, on July 10, 2018, the Rockport Plaintiffs[7] initiated an adversary proceeding against Adidas and Reebok (the "**Adversary Proceeding**") seeking declaratory relief that the Management Agreement imposed liability only on Rockport, and not on its subsidiaries or affiliates. *See Emergency Complaint for Declaratory Judgment Against Adidas AG and Reebok International Ltd.*, Adv. Pro. No. 18-50636 (LSS), [Docket No. 1] (the "**Complaint**"). Contemporaneously with the filing of the Complaint, the Rockport Plaintiffs sought expedited adjudication of the Adversary Proceeding in an effort to address the issue prior to August 13, 2018 (the contemplated outside closing date under the Asset Purchase Agreement).

9. On July 16, 2018, the Adidas Parties answered the Complaint and filed counterclaims against Rockport Canada Holdings, Ltd, The Rockport Company Japan KK, the Rockport Company Korea Ltd., Calzados Rockport S.L. (ES), The Rockport Company, Portugal Unipessoal, Lda., The Rockport Company, B.V., and Rockport International Limited (UK) (collectively, the "**Rockport Foreign Subsidiaries**") (i) seeking a declaratory judgment that the Rockport Foreign Subsidiaries are jointly and severally liable with Rockport for the Post-Closing

[7] The "**Rockport Plaintiffs**" include The Rockport Group, LLC, The Rockport Group Holdings, LLC, TRG 1-P Holdings, LLC, TRG Intermediate Holdings, LLC, TRG Class D, LLC, The Rockport Company, LLC, Drydock Footwear, LLC, DD Management Services LLC, Rockport Canada ULC, Rockport Japan K.K., The Rockport Company Korea, Ltd, Rockport Hong Kong Limited, Dongguan Rockport Consulting Service Co;, Ltd., Calzados Rockport S.L., The Rockport Company, Portugal, Unipessoal LDA, The Rockport Company B.V., Rockport (Europe) B.V., Relay Technical Services Private Limited, Rockport International Limited, Rockport UK Holdings Ltd.

Adjustments, (ii) alleging that the Rockport Foreign Subsidiaries breached their obligations under the Management Agreement and certain related transfer agreements, and (iii) alleging that the Rockport Foreign Subsidiaries were unjustly enriched by failing to perform under the terms of the operative agreements. *See Defendants' Answer and Counterclaims* [Adv. Pro. Docket No. 18] (the "**Answer and Counterclaim**").

10. On July 19, 2018, the Parties participated in a judicial mediation (the "**Mediation**") before the Honorable Kevin Gross, United States Bankruptcy Judge with respect to the claims asserted in the Adversary Proceeding and the Answer and Counterclaim. The Parties reached a compromise and settlement in connection with Mediation and entered into a term sheet to memorialize their agreement, with the understanding that such terms would be incorporated into the Settlement Agreement.

The Settlement Agreement

11. I believe that the Settlement Agreement paves the way for the Debtors to expeditiously close the Sale to the Purchaser for the benefit of all of the Debtors' stakeholders. The Settlement Agreement provides, among other things, that at closing of the Sale, the Debtors will pay or cause to be paid a sum of $8,000,000 to Adidas from the proceeds of the Sale, in full and final satisfaction of all claims of all claims of the Adidas Parties against any one or more of the Rockport Parties arising out of or related to the Master Purchase Agreement, the Management Agreement or the Ancillary Agreements, including without limitation, all claims relating to the Post-Closing Adjustments.

12. In my business judgment, the terms of the Settlement Agreement are fair and reasonable and were negotiated in arm's-length and good faith. Although, I believe that the legal and factual arguments set forth in the Complaint are valid, I understand that the outcome of any

litigation is inherently uncertain. In addition, I believe that entry into the Settlement Agreement avoids expedited, complicated and expensive litigation.

13. Importantly, I believe that the resolution of the allegations regarding the Rockport Foreign Subsidiaries' joint and several liability for the Post-Closing Adjustments removes a significant obstacle to the Debtors' ability to close the Sale. In my opinion, absent such resolution, it is unclear whether the Purchaser would close the Sale or would even be obligated to do so. I believe that if the Sale fails to close, then the Debtors would be faced with an uncertain future and the Debtors' estates could be irreparably harmed. I believe that the Settlement Agreement eliminates this risk and allows the Sale to proceed toward closing.

14. The Purchaser and the Debtors are working toward a closing date of August 1, 2018. I believe that approval of the Settlement Agreement will allow the Debtors to focus their efforts on closing the Sale and winding down their estates to distribute the Sale proceeds to their creditors. Accordingly, it is my belief that the approval of the Settlement Agreement is in the best interest of the Debtors, their estates, and their stakeholders.

I declare under penalty of perjury that the foregoing is true and correct.

Dated: July 27, 2018.

The Rockport Company, LLC, *et al.*
Debtors and Debtors in Possession

/s/ Jonathan Levi
Jonathan Levi
Associate General Counsel

Tab L

THIS IS EXHIBIT "L" TO THE AFFIDAVIT

OF JONATHAN LEVI SWORN BEFORE ME

ON THIS 30TH DAY OF JULY, 2018

A Notary Public in and for the State of Delaware

ORIGINAL

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re: THE ROCKPORT COMPANY, LLC, *et al.*, Debtors. [1]	Chapter 11 Case No. 18-11145 (LSS) (Jointly Administered) **Re: Docket No. 402, 407 & 420**
THE ROCKPORT GROUP, LLC, *et. al*, *Plaintiffs*, v. ADIDAS AG and REEBOK INTERNATIONAL LTD., *Defendants.*	
ADIDAS AG; ADIDAS (UK) LTD.; ADIDAS BENELUX BV; ADIDAS ESPANA S.A.U.; ADIDAS PORTUGAL, ARTIGOS DE DESPORTO, S.A.; ADIDAS SVERIGE AB; ADIDAS KOREA LLC; ADIDAS JAPAN, K.K., and ADIDAS INTERNATIONAL TRADING, B.V., *Plaintiffs-in-Counterclaim*, v. ROCKPORT CANADA HOLDINGS, LTD.; THE ROCKPORT COMPANY JAPAN K.K.; THE ROCKPORT COMPANY KOREA LTD; CALZADOS ROCKPORT S.L. (ES); THE ROCKPORT COMPANY, PORTUGAL UNIPESSOAL, LDA.; THE ROCKPORT COMPANY, B.V.; and ROCKPORT INTERNATIONAL LIMITED (UK), *Defendants-in-Counterclaim.*	Adversary Proceeding No. 18-50636 (LSS) **Re: Docket No. 27, 30 & 33**

[1] The debtors and debtors in possession in these cases and the last four digits of their respective Employer Identification Numbers are: Rockport Blocker, LLC (5097), The Rockport Group Holdings, LLC (3025), TRG 1-P Holdings, LLC (4756), TRG Intermediate Holdings, LLC (8931), TRG Class D, LLC (4757), The Rockport Group, LLC (5559), The Rockport Company, LLC (5456), Drydock Footwear, LLC (7708), DD Management Services LLC (8274), and Rockport Canada ULC (3548). The debtors' mailing address is 1220 Washington Street, West Newton, Massachusetts 02465.

ORDER AUTHORIZING AND APPROVING THE SETTLEMENT AGREEMENT BY AND BETWEEN THE ROCKPORT PARTIES, THE ADIDAS PARTIES AND THE NOTEHOLDER PARTIES

Upon the motion (the "**Motion**")[2] of The Rockport Company, LLC and certain of its affiliates that are debtors and debtors in possession (collectively, the "**Debtors**") in the above-captioned Chapter 11 cases (the "**Chapter 11 Cases**") for entry an order pursuant to Section 105(a) of the Bankruptcy Code and Bankruptcy Rule 9019, authorizing and approving the Settlement Agreement by and between the Rockport Parties, the Adidas Parties and the Noteholder Parties; and the Court having jurisdiction to consider the matters raised in the Motion pursuant to 28 U.S.C. § 1334 and the *Amended Standing Order of Reference from the United States District Court for the District of Delaware*, dated February 29, 2012; and the Court having authority to hear the matters raised in the Motion pursuant to 28 U.S.C. § 157; and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and consideration of the Motion and the requested relief being a core proceeding that the Court can determine pursuant to 28 U.S.C. § 157(b)(2); and due and proper notice of the Motion and opportunity for a hearing on the Motion having been given to the parties listed therein, and it appearing that no other or further notice need be provided; and the Court having reviewed and considered the Motion; and the Court having found that the relief requested in the Motion is in the best interests of the Debtors, their creditors, their estates and all other parties in interest; and the Court having found that the Settlement Agreement is fair, reasonable and equitable, and satisfies the *Martin* factors; and upon all of the proceedings had before the Court; and after due deliberation and sufficient cause appearing therefor,

[2] Capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Motion.

IT IS HEREBY ORDERED THAT:

1. The Motion is granted.

2. Pursuant to Section 105(a) of the Bankruptcy Code and Bankruptcy Rule 9019, the Settlement Agreement is approved, and the Debtors are authorized to enter into the Settlement Agreement and perform their obligations thereunder.

3. The Settlement Agreement constitutes a Qualified Resolution under Section 8.15(a) of the Asset Purchase Agreement. There shall be no requirement to establish the Adidas Liability Escrow Account upon closing of the Sale.

4. The releases set forth in the Settlement Agreement are approved as the releases are (i) consensual and (ii) an integral element of the Settlement Agreement.

5. Upon Closing, the Debtors are authorized to assume and assign the adiprene License Agreements to the Purchaser. The Cure Costs for the assumption and assignment of the adiprene License Agreement shall be zero dollars ($0). None of the Rockport Parties, the Purchaser or any of its affiliates or subsidiaries will owe any amounts to the Adidas Parties in connection with the assumption and assignment of the adiprene License Agreements.

6. The Debtors are authorized to take all steps necessary or appropriate to carry out this Order.

7. This Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, or enforcement of this Order.

Dated: July 30, 2018
Wilmington, Delaware

HONORABLE LAURIE SELBER SILVERSTEIN
UNITED STATES BANKRUPTCY JUDGE

Exhibit 1

Settlement Agreement

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re: THE ROCKPORT COMPANY, LLC, *et al.*, Debtors.[1]	Chapter 11 Case No. 18-11145 (LSS) (Jointly Administered)
THE ROCKPORT GROUP, LLC, *et. al*, *Plaintiffs*, v. ADIDAS AG and REEBOK INTERNATIONAL LTD., *Defendants.*	
ADIDAS AG; ADIDAS (UK) LTD.; ADIDAS BENELUX BV; ADIDAS ESPANA S.A.U.; ADIDAS PORTUGAL, ARTIGOS DE DESPORTO, S.A.; ADIDAS SVERIGE AB; ADIDAS KOREA LLC; ADIDAS JAPAN, K.K., and ADIDAS INTERNATIONAL TRADING, B.V., *Plaintiffs-in-Counterclaim*, v. ROCKPORT CANADA HOLDINGS, LTD.; THE ROCKPORT COMPANY JAPAN K.K.; THE ROCKPORT COMPANY KOREA LTD; CALZADOS ROCKPORT S.L. (ES); THE ROCKPORT COMPANY, PORTUGAL UNIPESSOAL, LDA.; THE ROCKPORT COMPANY, B.V.; and ROCKPORT INTERNATIONAL LIMITED (UK), *Defendants-in-Counterclaim.*	Adversary Proceeding No. 18-50636 (LSS)

SETTLEMENT AGREEMENT AND RELEASES

[1] The debtors and debtors in possession in these cases and the last four digits of their respective Employer Identification Numbers are: Rockport Blocker, LLC (5097), The Rockport Group Holdings, LLC (3025), TRG 1-P Holdings, LLC (4756), TRG Intermediate Holdings, LLC (8931), TRG Class D, LLC (4757), The Rockport Group, LLC (5559), The Rockport Company, LLC (5456), Drydock Footwear, LLC (7708), DD Management Services LLC (8274), and Rockport Canada ULC (3548). The debtors' mailing address is 1220 Washington Street, West Newton, Massachusetts 02465.

This Settlement Agreement and Releases (this "**Agreement**") is made and entered into as of July 25, 2018 by, between and among (1) The Rockport Group, LLC and its affiliated entities that are plaintiffs and counterclaim defendants in the above-captioned adversary proceeding (the "**Adversary Proceeding**"), as listed on Exhibit A hereto (the "**Rockport Parties**"), (2) adidas AG, Reebok International Ltd., and their affiliated entities that are defendants and counterclaim plaintiffs in the Adversary Proceeding, as listed on Exhibit B hereto (the "**Adidas Parties**"), and (3) the parties listed on Exhibit C hereto, each in its capacity as noteholder, DIP note purchaser and existing or former equity holder, as applicable (the "**Noteholder Parties,**" and collectively with the Rockport Parties and the Adidas Parties, the "**Parties**").

THIS AGREEMENT IS NOT AN OFFER WITH RESPECT TO ANY SECURITIES OR A SOLICITATION OF ACCEPTANCES OF A CHAPTER 11 PLAN WITHIN THE MEANING OF SECTION 1125 OF THE BANKRUPTCY CODE. ANY SUCH OFFER OR SOLICITATION WILL COMPLY WITH ALL APPLICABLE SECURITIES LAWS AND/OR PROVISIONS OF THE BANKRUPTCY CODE.

Recitals

WHEREAS, on May 14, 2018, the above-captioned debtors (the "**Debtors**") commenced cases under chapter 11 of the United States Bankruptcy Code (the "**Bankruptcy Cases**") in the United States Bankruptcy Court for the District of Delaware (the "**Bankruptcy Court**");

WHEREAS, the Debtors filed a motion seeking approval of the sale of substantially all of their assets (the "**Sale**") to CB Marathon Opco, LLC and/or its assignees (the "**Purchaser**") pursuant to an asset purchase agreement (the "**Asset Purchase Agreement**") [Main Case D.I. 24];

WHEREAS, the Asset Purchase Agreement defines certain of the Rockport Parties as the "**Acquired Companies,**" as set forth in Exhibit A.

WHEREAS, section 3.1(d)(ii) of the Asset Purchase Agreement provides for the creation of an "Adidas Liability Escrow Account";

WHEREAS, section 8.15(a) of the Asset Purchase Agreement sets forth the terms of a Qualified Resolution[2] of all alleged Adidas Liability, including the provision of a Purchaser Adidas Release by Adidas and its Affiliates;

WHEREAS, on June 28, 2018, adidas AG ("**Adidas**") and Reebok International, Ltd. ("**Reebok**") objected to the Sale, in part on the basis that the Rockport Parties were jointly and severally liable for certain liabilities arising under that certain Master Purchase Agreement dated January 23, 2015 (as amended, the "**Master Purchase Agreement**"), that certain Management Agreement dated July 31, 2015 (as amended, the "**Management Agreement**"), and certain related agreements defined in the Master Purchase Agreement as "Ancillary Agreements" as well as all other agreements contemplated, entered into, or otherwise related to the transactions

[2] All capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Asset Purchase Agreement.

contemplated by the Master Purchase Agreement, the Management Agreement or the agreements defined in the Master Purchase Agreement as "Ancillary Agreements", including, without limitation, the Absorption-Type Demerger Agreement entered into between Adidas Japan K.K. and Rockport Japan K.K. (collectively, as amended, the "**Ancillary Agreements**") (these liabilities are referenced herein as the "**Post-Closing Adjustments**") [Main Case D.I. 310];

WHEREAS, on July 10, 2018, the Rockport Parties filed an emergency complaint for declaratory relief [Adv. D.I. 1] (the "**Complaint**") against Adidas and Reebok, thereby commencing the Adversary Proceeding;

WHEREAS, on July 16, 2018, the Adidas Parties answered the Complaint and filed counterclaims in the Adversary Proceeding [Adv. D.I. 19] (the "**Answer and Counterclaim**");

WHEREAS, on July 18, 2018, the Bankruptcy Court entered an order approving the Sale [Main Case D.I. 387];

WHEREAS, on July 19, 2018, the Parties mediated their dispute before the Honorable Kevin Gross, and have agreed to settle the Adversary Proceeding on the terms set forth in this Agreement; and

WHEREAS, in order to avoid the expense and uncertainty of litigation, the Parties desire to resolve and settle all issues relating to the Adversary Proceeding as set forth in this Agreement.

Agreement

NOW, THEREFORE, subject to approval of the Bankruptcy Court, for good cause and valuable consideration, the receipt of which is hereby acknowledged, the Parties agree as follows:

1. **Recitals**. The recitals set forth above are incorporated by reference.

2. **Settlement Payment**. At the closing of the Sale (the "**Closing**"), the Debtors will pay or cause to be paid a sum of $8,000,000 to Adidas (the "**Settlement Payment**") from the proceeds of the Sale, in full and final satisfaction of all claims of the Adidas Parties against any one or more of the Rockport Parties arising out of or related to the Master Purchase Agreement, the Management Agreement or the Ancillary Agreements, including, without limitation, all claims relating to the Post-Closing Adjustments. The Settlement Payment will be paid by wire transfer to the account set forth on Exhibit D hereto (the "**Adidas Account**"). The Debtors hereby (a) authorize and direct the Purchaser to pay the Settlement Payment directly to the Adidas Account at the Closing, and (b) acknowledge and agree that (i) the amount that Purchaser shall be obligated to pay, or cause to be paid, to the Debtors pursuant to Section 3.1(d)(i) of the Asset Purchase Agreement shall be reduced by the Settlement Payment, and (ii) notwithstanding the Purchaser paying, or causing to be paid, the Settlement Payment to the Adidas Account at the Closing, the Settlement Payment shall be deemed to have been paid to the Debtors for all purposes under the Asset Purchase Agreement. If, for any reason, the Purchaser fails to make the Settlement Payment as described above, the Debtors shall make the Settlement Payment to the Adidas Account as promptly as possible from the proceeds of the Sale.

3. **Releases**.

a. Effective at the Release Effective Time, each of the Adidas Parties, for themselves and on behalf of their respective present, former, and future officers, directors, members, managers, partners, direct and indirect equityholders, employees, affiliates, agents, representatives, predecessors, successors and assigns (collectively, the "**Adidas Releasing Parties**"), hereby release (i) subject to Section 4 below, each of the Rockport Parties (including, without limitation, the Acquired Companies), the Noteholder Parties, the Purchaser, CB Marathon Holdings, LLC (the indirect parent of the Purchaser), the direct and indirect subsidiaries of CB Marathon Holdings, LLC, and each of their respective present, former, and future officers, directors, members, managers, partners, direct and indirect equityholders, employees, affiliates, agents (including, in the case of the Noteholder Parties, Cortland Capital Market Services LLC, as prepetition and postpetition collateral agent), representatives, predecessors, successors and assigns, in each case, from any and all claims, causes of actions, suits, damages, fees, demands and liabilities that any of the Adidas Releasing Parties had, has or may have arising out of or related to the Master Purchase Agreement, the Management Agreement or the Ancillary Agreements, including, without limitation, any and all such claims that were asserted or that could have been asserted in the Complaint and the Answer and Counterclaim relating to the Rockport Parties, and (ii) subject to Section 4(e) below, each of the Acquired Companies and each of their respective predecessors, successors and assigns from any and all claims, causes of actions, suits, damages, fees, demands and liabilities that any of the Adidas Releasing Parties had, has or may have against the Acquired Companies or any of their respective predecessors, successors and assigns.

b. Effective at the Release Effective Time, and subject to Section 4 below, each of the Rockport Parties and the Noteholder Parties, for themselves and on behalf of their present, former, and future officers, directors, members, managers, partners, direct and indirect equityholders, employees, affiliates, agents, representatives, predecessors, successors and assigns (collectively, the "**Rockport/Noteholder Releasing Parties**"), hereby release the Adidas Parties, and each of their respective present, former, and future officers, directors, members, managers, partners, direct and indirect equityholders, employees, affiliates, agents, representatives, predecessors, successors and assigns, in each case, from any and all claims, causes of action, suits, damages, fees, demands and liabilities that any of the Rockport/Noteholder Releasing Parties had, has or may have arising out of or related to the Master Purchase Agreement, the Management Agreement or the Ancillary Agreements, including, without limitation, any and all such claims that were asserted or that could have been asserted in the Complaint and the Answer and Counterclaim relating to the Adidas Parties.

c. Effective at the Release Effective Time, and subject to Section 4(e) below, each of the Acquired Companies, for themselves and on behalf of their respective present, former, and future officers, directors, members, managers, partners, direct and indirect equityholders, employees, affiliates, agents, representatives, predecessors, successors and assigns (collectively, the "**Acquired Companies Releasing Parties**"), hereby release each of the Adidas Parties and each of their respective predecessors, successors and assigns from any and all claims, causes of actions, suits, damages, fees, demands and liabilities that any of the Acquired Companies Releasing Parties had, has or may have against the Adidas Parties or any of their respective predecessors, successors and assigns.

d. **The Parties, on behalf of themselves and their respective present, former, and future officers, directors, members, managers, partners, direct and indirect equityholders, employees, affiliates, agents, representatives, predecessors, successors and assigns, (i) expressly waive all rights afforded by any statute that limits the effect of a release with respect to unknown claims, (ii) understand the significance of this release of unknown claims and waiver of statutory protection against a release of unknown claims, and (iii) acknowledge and agree that this waiver is an essential and material term of this Agreement.**

e. The Parties represent that they own and have not assigned or transferred to any other person or entity any of their rights or claims that are being released or otherwise affected by this Agreement.

f. The releases in this Section 3 will become effective upon (i) the payment to Adidas of the Settlement Payment under Section 2, and (ii) the execution and delivery to Adidas of the Release in the form attached hereto as Exhibit E, both of which the Parties intend to occur prior to or in connection with the Closing. For purposes of this Agreement, the first time when the actions in clauses (i) and (ii) of the preceding sentence have both occurred shall be referred to as the "**Release Effective Time.**"

4. **Unaffected Claims and Continuing Obligations**. Notwithstanding anything to the contrary herein, the releases in Section 3 of this Agreement do not release or affect the following:

a. Any (i) unsecured claim asserted by Reebok against any of the Debtors related to any lease of non-residential real property, whether such claims arise upon lease rejection or otherwise, including by subrogation, contribution, reimbursement or other theory of liability, (ii) prepetition subordinated note claims asserted by Reebok against The Rockport Group, LLC, or (iii) other prepetition, unsecured claims of Adidas or Reebok or their respective Affiliates against any of the Debtors for trade payables that are unrelated to the Master Purchase Agreement, the Management Agreement or the Ancillary Agreements;

b. Any of the Noteholder Parties' prepetition or postpetition claims against or liens on assets of, or equity interests in, the Rockport Parties;

c. The Parties' obligations under this Agreement;

d. The obligations and agreements of each of the persons or entities party to the Asset Purchase Agreement or any of the transaction documents contemplated thereby pursuant to or otherwise arising under the Asset Purchase Agreement or any of such other agreements (including, without limitation, the releases to be delivered at the Closing pursuant to Sections 4.2(i) and 4.2(j) of the Asset Purchase Agreement); or

e. Any obligations and agreements arising under the adiprene License Agreements from and after the consummation of the assumption and assignment of the adiprene License Agreements contemplated in Section 7 of this Agreement.

For the avoidance of doubt, the Parties acknowledge that this Section 4 does not in any way limit the release of claims against the Acquired Companies pursuant to Section 3 of this Agreement. For the further avoidance of doubt, the Debtors are not waiving and reserve their rights to object or raise defenses with respect any claims in this Section 4 asserted against their bankruptcy estates.

5. **Plan Support**. If the Debtors propose a bankruptcy plan and the Noteholders have provided written notice to the Adidas Parties that the Noteholders support such plan at least 10 business days before the voting deadline for such plan, subject to receipt by the Adidas Parties of a disclosure statement and solicitation materials for such plan, in each case approved by the Bankruptcy Court as containing "adequate information" as such term is defined in section 1125 of the Bankruptcy Code, then the Adidas Parties will vote any unsecured claims that they hold in favor of that plan.

6. **Adidas Liability Escrow Account**. The Bankruptcy Court's order approving this Agreement will provide that this Agreement constitutes a "Qualified Resolution" under Section 8.15(a) of the Asset Purchase Agreement, and that therefore there is no requirement to establish, and there shall not be established, the "Adidas Liability Escrow Account" (as defined in the Asset Purchase Agreement) upon closing of the Sale.

7. **adiprene License Assignment**. Notwithstanding anything to the contrary in the adiprene License Agreements or any other agreement, adidas AG hereby consents, effective at the Release Effective Time, to the assignment by The Rockport Company, LLC to the Purchaser, and the assumption by the Purchaser from The Rockport Company, LLC, of the adiprene License Agreements. The Parties acknowledge and agree that (a) the adiprene License Agreements shall constitute Purchased Contracts pursuant to the Asset Purchase Agreement, and (b), other than the adiprene License Agreements, neither Purchaser nor any of its affiliates or subsidiaries is assuming from any of the Debtors, and none of the Debtors are assigning to the Purchaser or any of its affiliates or subsidiaries, the Master Purchase Agreement, the Management Agreement or any other Ancillary Agreement. The Adidas Parties acknowledge and agree that (x) the Sell-Off Period (as defined in the adiprene License Agreements) has been extended to December 31, 2019, (y) the Cure Costs for the adiprene License Agreements is zero dollars ($0), and (z) none of the Rockport Parties, the Purchaser or any of its affiliates or subsidiaries will owe any amounts to the Adidas Parties in connection with the assignment and assumption of the adiprene License Agreements to the Purchaser. For purposes of this Agreement, "adiprene License Agreements" means, collectively, the license attached as Exhibit F hereto and the letter agreement attached as Exhibit G hereto. The Bankruptcy Court's order approving this Agreement will provide for the assumption, assignment, agreements and acknowledgements contained in this Section 7.

8. **Expedited Approval**. The Parties agree to seek expedited approval of this Agreement by the Bankruptcy Court and to use commercially reasonable efforts to seek the entry of an Order by the Bankruptcy Court approving this Agreement.

9. **Dismissal of Adversary Proceeding**. As soon as reasonably practicable after payment of the Settlement Payment, the Rockport Parties and the Adidas Parties will execute a

stipulation dismissing their claims and counterclaims in the Adversary Proceeding with prejudice. For the avoidance of doubt, none of the other provisions in this Agreement are conditional on the dismissal of the claims and counterclaims in the Adversary Proceeding.

10. **Binding Agreement**. This Agreement is binding upon and inures to the benefit of the Parties hereto and each of their successors and assigns. Each Party executing this Agreement represents to the others that such Party has the full authority and legal power to do so.

11. **Advice of Counsel**. Each Party understands that this Agreement is a legally binding contract that may affect such Party's rights. Each Party represents to the others that it has received legal advice from counsel of its choice regarding the meaning and legal significance of this Agreement and is satisfied with its legal counsel and the advice received from it.

12. **Entire Agreement**. This Agreement constitutes the entire agreement of the Parties regarding the subject matter of this Agreement. All prior or contemporaneous understandings, oral representations or agreements made among the Parties concerning the subject matter herein are merged and contained in this Agreement. There are no other agreements, express or implied, between the Parties regarding the subject matter of this Agreement. This Agreement may be modified only by a writing signed by all Parties that is consented to in advance in writing by the Purchaser, such consent not to be unreasonably withheld or delayed. This Agreement may be executed by any electronic means in any number of counterparts, each of which will be deemed to be an original as against any Party whose signature appears thereon, and all of which will together constitute one and the same instrument. A copy of a signature shall have the same force and effect as an original signature.

13. **Compromise**. The Parties agree and acknowledge that this Agreement is the result of a compromise and a decision to enter into the Agreement. The language of all parts of this Agreement will in all cases be construed as a whole, according to its fair meaning and not strictly for or against any of the Parties. The execution of this Agreement is not, and will never be, construed as an admission by the Parties of any liability, wrongdoing, or responsibility.

14. **Third Party Beneficiaries**. This Agreement is solely for the benefit of the Parties hereto; provided, that each person or entity released under Section 3 of this Agreement, including the Purchaser and its affiliates, is an intended third-party beneficiary of this Agreement and shall be entitled to directly enforce the releases granted in Section 3 of this Agreement, the carveouts contained in Section 4 of this Agreement, the representations contained in Section 10 of this Agreement, this Section 14 of this Agreement and to collect the costs of any such enforcement pursuant to Section 15 of this Agreement as a Released Person, and Section 16 of this Agreement; provided, further, that Purchaser is an intended third-party beneficiary of this Agreement and shall be entitled to directly enforce the provisions of Sections 2, 7, 8, 9, 10, 12 and 16 of this Agreement, and to collect the costs of any such enforcement pursuant to Section 15 of this Agreement as if the Purchaser was an Enforcing Party.

15. **Costs**. If it is fully and finally determined (including any appeals process) by a court of competent jurisdiction that a Party defaulted on its obligations under, or otherwise breaches the terms of, this Agreement (a "**Defaulting Party**"), then any other Party who brings suit to enforce compliance with this Agreement (the "**Enforcing Party**") is entitled to recover

from the Defaulting Party all costs and fees, including legal fees and expenses, reasonably incurred by the Enforcing Party in enforcing the Agreement. If any person or entity (a "**Releasing Person**") asserts against any person or entity (a "**Released Person**") a claim that has been released by such Releasing Person under this Agreement, then the Released Person is entitled to recover from the Releasing Person all costs and fees, including legal fees and expenses, reasonably incurred in defending against such claim and in enforcing its rights under this Agreement.

16. **Governing Law and Retention of Jurisdiction**. This Agreement is governed by the law of the State of Delaware, exclusive of its choice-of-law provisions. Each of the Parties irrevocably consents to the jurisdiction of the Bankruptcy Court with respect to any action to enforce the terms and provisions of this Agreement and expressly waives any right to commence any such action in any other forum; provided that, if any action to enforce the terms and provisions of this Agreement is brought after the closing of the Bankruptcy Cases, such action may be brought in any state or federal court in Delaware.

[*Signature pages follow*]

IN WITNESS WHEREOF, the Parties or their authorized representatives execute this Agreement as of the date first set forth above.

THE ROCKPORT PARTIES LISTED ON EXHIBIT A	**THE ADIDAS PARTIES LISTED ON EXHIBIT B**
By: */s/ Mark D. Collins* Mark D. Collins (No. 2981) Robert J. Stearn, Jr. (No. 2915) Cory D. Kandestin (No. 5025) Robert C. Maddox (No. 5356) RICHARDS, LAYTON & FINGER, P.A. One Rodney Square 920 North King Street Wilmington, Delaware 19801 Telephone: (302) 651-7700 Fax: (302) 651-7701	By: */s/ Stephen Moeller-Sally* Stephen Moeller-Sally Marc B. Roitman Kimberly J. Kodis ROPES & GRAY LLP 1211 Avenue of the Americas New York, NY 10036-8704 Telephone: (212) 596-9000 Fax: (212) 596-9090 -and- Norman L. Pernick (No. 2291) Patrick J. Reilley (No. 4451) COLE SCHOTZ P.C. 500 Delaware Avenue Suite 1410 Wilmington, Delaware 19801 Telephone: (302) 651-2000 Fax: (302) 574-2100
THE NOTEHOLDER PARTIES LISTED ON EXHIBIT C By: */s/ Daniel E. Stroik* My Chi To Daniel E. Stroik DEBEVOISE & PLIMPTON LLP 919 Third Avenue New York, NY 10022 Telephone: (212) 909-6000 Fax: (212) 909-6836 -and-	

Bradford J. Sandler (No. 4142) James E. O'Neill (No. 4042) Colin R. Robinson (No. 5524) PACHULSKI STANG ZIEHL & JONES LLP 919 N. Market St., 17th Floor P.O. Box 8705 Wilmington, Delaware 19801 Telephone: (302) 652-4100 Fax: (302) 652-4400	

EXHIBIT A

The Rockport Parties

The Rockport Group, LLC

The Rockport Group Holdings, LLC

TRG 1-P Holdings, LLC

TRG Intermediate Holdings, LLC

TRG Class D, LLC

The Rockport Company, LLC

Drydock Footwear, LLC

DD Management Services LLC

Rockport Canada ULC

Rockport Canada Holdings, Ltd.

The below Rockport Parties are referred to in this Agreement as the "Acquired Companies":

Rockport Japan K.K.

The Rockport Company Korea, Ltd

Rockport Hong Kong Limited

Dongguan Rockport Consulting Service Co., Ltd.

Calzados Rockport S.L.

The Rockport Company, Portugal, Unipessoal LDA

The Rockport Company B.V.

Rockport (Europe) B.V.

Relay Technical Services Private Limited

Rockport International Limited

Rockport UK Holdings Ltd.

EXHIBIT B

The Adidas Parties

adidas AG

Reebok International Ltd.

adidas (UK) Ltd.

adidas Benelux BV

adidas Espana S.A.U.

adidas Portugal, Artigos de Desporto, S.A.

adidas Sverige AB

adidas Korea LLC

adidas Japan, K.K.

adidas International Trading, B.V.

EXHIBIT C

The Noteholders

Crescent Mezzanine Partners VI, L.P.

Crescent Mezzanine Partners VIC, L.P.

Crescent Mezzanine Partners VIB (Cayman), L.P.

CM6B Rockport Equity, Inc.

CM6C Rockport Equity, Inc.

Corporate Capital Trust, Inc.

Oregon Public Employees Retirement Fund

NYLCAP Mezzanine Partners III, LP

NYLCAP Mezzanine Partners III Parallel Fund, LP

NYLCAP mezzanine Partners III 2012 Co-Invest, LP

NYLCAP Mezzanine Partners III 2012 Co-Invest ECI Blocker F, LP

EXHIBIT D

Adidas Account

EXHIBIT E

[Form of Release]

RELEASE

This release ("**Release**"), dated as of [__], 2018, is made and given by CB Marathon Holdings, LLC on behalf of itself and its current and future Affiliates, including, without limitation, the Acquired Companies (collectively, the "**Releasing Parties**" and each a "**Releasing Party**") pursuant to Section 3 of the Settlement Agreement dated as of July [__], 2018 by, between and among the Rockport Parties, the Adidas Parties and the Noteholders (each as defined therein) (the "**Settlement Agreement**"). Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Asset Purchase Agreement; provided that the terms "Adversary Proceeding," "Ancillary Agreements," "Management Agreement," "Master Purchase Agreement," "Post-Closing Adjustments," "Settlement Payment," "adiprene License Agreements," and "Release Effective Time" shall have the meanings ascribed to such terms in the Settlement Agreement.

Effective upon the Release Effective Time, and for good and valuable consideration, including, without limitation, the releases granted under Section 3 of the Settlement Agreement, the Releasing Parties hereby release adidas AG, a corporation organized under the laws of the Federal Republic of Germany, and any and all of its Affiliates from any and all claims or liabilities arising out of or related to the Master Purchase Agreement, the Management Agreement or the Ancillary Agreements, including, without limitation, any and all claims that were asserted or that could have been asserted in the Complaint and the Answer and Counterclaim relating to the Post-Closing Adjustments that are or could have been asserted in the Adversary Proceeding. Notwithstanding anything to the contrary herein, nothing herein constitutes a release with respect to any rights or obligations of the Releasing Parties pursuant to the Settlement Agreement or, from and after the consummation of the assignment and assumption of the adiprene License Agreements contemplated by Section 7 of the Settlement Agreement, the adiprene License Agreements.

The Releasing Parties hereby agree that each person or entity released hereunder (a "**Released Party**") is an intended third-party beneficiary of this Release and shall be entitled to directly enforce this Release. If any Releasing Party asserts against any Released Party a claim that has been released under this Release, then the Released Party is entitled to recover from such Releasing Party all costs and fees, including legal fees, reasonably incurred in defending against such claim and in enforcing its rights under this Release.

This Release is governed by, and shall be construed and enforced in accordance with, the laws of the State of Delaware, without giving effect to any choice or conflict of law provision or rule that would cause the application of the laws of any other jurisdiction.

The execution and delivery of this Release by electronic transmission shall have the same effect as the delivery of an original hereof.

[signatures on following page]

IN WITNESS WHEREOF, the Releasing Parties or their authorized representatives execute this Release as of the date first set forth above.

CB MARATHON HOLDINGS, LLC

By: _____
Name:
Title:

EXHIBIT F

adiprene License

Execution Version

LICENSE AGREEMENT

between

adidas AG

and

The Rockport Company, LLC

Dated as of July 31, 2015

TABLE OF EXHIBITS

LICENSE AGREEMENT

THIS AGREEMENT (the "Agreement"), dated as of July 31, 2015 (the "Effective Date"), is between adidas AG, having its principal offices at Adi-Dassler-Strasse 1, 91074 Herzogenaurach, Germany ("Licensor"), and The Rockport Company, LLC, having its principal offices at 1895 J.W. Foster Boulevard, Canton, MA 02021 ("Licensee").

WHEREAS, pursuant to that certain Master Purchase Agreement dated as of January 23, 2015 (as amended or otherwise modified, the "Purchase Agreement") by and among Relay Intermediate, LLC ("Buyer"), Reebok International Ltd. ("Seller") and Licensor, Buyer purchased from Seller the Business (as defined in the Purchase Agreement) of Licensee;

WHEREAS, prior to the execution of this Agreement, Licensee used and licensed the Licensed IP (as defined below) from certain Affiliates of Licensee and Seller, including without limitation from adidas International Marketing BV, a Dutch company, pursuant to that certain License Agreement dated September 14, 2006 and amended January 30, 2007 (the "Existing adidas Agreement");

WHEREAS, Licensor, an Affiliate of Seller, owns or has the right to license the Licensed Trademarks (as defined below) and the patents listed on Exhibit A (the "Licensed Patents" and together with the Licensed Trademarks, the "Licensed IP");

WHEREAS, pursuant to the Purchase Agreement, Licensor agrees to grant, and Licensee desires to obtain, a limited license to use the Licensed IP on and in connection with certain footwear models during a period of transition; and

WHEREAS, the execution and delivery of this Agreement is a condition to Closing (as defined in the Purchase Agreement) under the Purchase Agreement;

NOW THEREFORE, in consideration of the above premises and the mutual covenants and undertakings of the parties hereunder, Licensor and Licensee agree as follows:

GENERAL

1. Term.

a. Agreement Term. The term of this Agreement shall commence upon the Effective Date and shall expire on December 31, 2017, or on such earlier date as any party may terminate this Agreement in accordance with its terms (the "Term").

b. Patent License Term. The "Patent License Term" shall commence upon the Effective Date and shall continue (i) until the last Licensed Patent expires or otherwise ceases to be valid and enforceable, or (ii) until the fifteen month anniversary of the Effective Date, whichever is the sooner of clause (i) and (ii).

c. Trademark License Term. The "Trademark License Term" shall commence upon the Effective Date and shall continue until the fifteen month anniversary of the Effective Date.

2. Definitions.

a. "Affiliate" shall have the meaning set forth in the Purchase Agreement.

b. "Collateral Materials" shall mean all containers, packaging, hang-tags, labels, catalogues, brochures, promotional items, print and media advertising, marketing, point of sale and other materials of any and all types prepared or used in connection with the Licensed Products.

c. Intentionally omitted.

d. "Intellectual Property" shall mean all Trademarks, copyrights, patents, design rights, trade secrets and other intellectual property, whether registered or unregistered and whether arising out of rights in the United States or elsewhere.

e. "Licensed Products" shall mean all footwear models produced or in production or development as of the Effective Date, for introduction at retail no later than fifteen months from the Effective Date that (i) are designed, manufactured for, distributed, marketed, advertised or sold by Licensee under the ROCKPORT house brand and (ii) incorporate technology practicing the Licensed Patents. For clarity, Licensed Products includes carry-over models manufactured at any time during the applicable Patent License Term or Trademark License Term, but expressly excludes any models designed or developed for introduction after the fifteen month anniversary of the Effective Date.

f. "Licensed Trademarks" shall mean ADIPRENE, ADIPRENE+, ADIPRENE BY ADIDAS and GEOFIT, including all stylized versions used by Licensee immediately prior to the Effective Date or otherwise approved in writing by Licensor. For clarity, Licensee has no right to use the ADIDAS trademark for any purpose, including to market and sell Licensed Products, apart from the ADIPRENE BY ADIDAS trademark as allowed pursuant to the terms herein.

g. Intentionally omitted.

h. "Subsidiary" means, with respect to a party, any subsidiary of such party in which such party directly or indirectly owns more than fifty percent (50%) of the voting stock.

i. "Territory" shall mean worldwide.

j. "Trademark" shall mean any trademark, trade name, trade dress, service mark, logo, domain name, social media account, or other similar identifying mark.

LICENSE

3. Patent License. Subject to the terms and conditions of this Agreement, Licensor hereby grants to Licensee and its Subsidiary Rockport (Europe) BV (a) a limited, non-exclusive, royalty-free license under the Licensed Patents to make, use, sell, offer to sell and import Licensed Products during the Patent License Term for use and sale in the Territory and (b) a limited, non-exclusive, royalty-free license under the Licensed Patents to sell and offer to sell Remaining Inventory in the Territory in accordance with Section 15 below. Licensee shall not use the Licensed Patents except as expressly stated in this Agreement. All rights in and to the Licensed Patents not specifically granted to Licensee by this Agreement are reserved to Licensor for Licensor's own use and benefit.

4. Trademark License. Subject to the terms and conditions of this Agreement, Licensor hereby grants to Licensee and its Subsidiary Rockport (Europe) BV (a) a limited, non-exclusive, royalty-free license to use the Licensed Trademarks in connection with the design, manufacture, marketing, sale, and offer for sale of Licensed Products during the Trademark License Term for use and sale in the Territory and (b) a limited, non-exclusive, royalty-free license to use the Licensed Trademarks to sell and offer to sell Remaining Inventory in the Territory in accordance with Section 15 below. Unless Licensee obtains Licensor's advance, written approval to the contrary, Licensee shall always use the ADIPRENE, ADIPRENE+ and ADIPRENE BY ADIDAS trademarks in connection with the particular adiPRENE technology to which that Licensed Trademark corresponds as of the Effective Date. All rights in and to the Licensed Trademarks not specifically granted to Licensee by this Agreement are reserved to Licensor for Licensor's own use and benefit.

5. Sublicenses. Except for the Warson Sublicense addressed below, Licensee and its Subsidiary Rockport (Europe) BV shall not have the right to sublicense any of the Licensed IP or any of its or their rights hereunder except to subcontractors for the manufacture of Licensed Products under the following conditions:

a. Such subcontractors are under contract with Licensee;

b. With respect to such subcontractors not engaged by Licensee prior to the Effective Date, Licensee provides Licensor with such information regarding such subcontractors as Licensor may reasonably request from time to time;

c. Such subcontractors have agreed to comply with the adidas Group SOE policy attached as Exhibit C;

d. With respect to such subcontractors, Licensee will enforce the adidas Group SOE policy attached as Exhibit C;

e. Licensee will use commercially reasonable efforts to ensure that the subcontractor shall use the Licensed IP, only for the express purpose of fulfilling orders placed by Licensee for the Licensed Products;

f. Licensee remains responsible for the fulfillment by its subcontractors of all obligations defined in this Agreement as if the subcontractor were a party to this Agreement; and

g. Any and all acts and/or omissions of subcontractors are treated for the purposes of this Agreement as acts and/or omissions of Licensee. Accordingly, any acts and/or omissions by subcontractors in breach of this Agreement shall be deemed a breach of this Agreement by Licensee.

6. Warson Sublicense. Licensor hereby grants Licensee a license under the Licensed IP to all rights necessary to continue the sublicense of the Licensed Patents and the ADIPRENE, ADIPRENE+ and ADIPRENE BY ADIDAS trademarks to The Warson Group, Inc. ("Warson") as set forth in the letter agreement between Licensee and Warson dated as of January 15, 2015, which amends that certain License Agreement between Licensee and Warson dated July 22, 2013, each of which is attached hereto as Exhibit B (the "Warson Sublicense"), (a) through December 31, 2017 and (b) solely to allow Warson to sell off any inventory of Licensed Products (as defined in the Warson Sublicense) practicing the Licensed Patents or bearing the ADIPRENE, ADIPRENE+ or ADIPRENE BY ADIDAS trademarks, in each case remaining upon the expiration or termination of the adidas License Term (as defined in the Warson Sublicense), through June 30, 2018. Licensee shall enforce the Warson Sublicense.

7. No Limitations on Licensor. Nothing contained in this Agreement shall in any way restrict, impair, limit or affect Licensor's rights to use, or to permit third parties to use, the Licensed IP.

8. Prohibited Use of Licensed Trademarks. During the Term, Licensee shall not use any of the Licensed Trademarks: (a) as primary branding for any Licensed Products (for clarity, the primary branding during the Trademark License Term will always be the ROCKPORT house mark); (b) as part of a composite mark or "lock up" with any other Trademarks (i.e. the Licensed Trademarks must always appear clearly as separate trademarks); (c) as all or part of a corporate name, trade name or any other designation used by Licensee to identify its products, services or business; or (d) for any purpose other than as trademarks used in connection with the Licensed Products and Collateral Materials. During the Term, Licensee shall not attempt to register or otherwise secure any Trademark that includes or is confusingly similar to any of the Licensed Trademarks.

9. Ownership Rights.

a. Licensee acknowledges that as between the parties, Licensor has sole and exclusive ownership of all rights, title and interests in and to the Licensed IP (including all registrations and applications therefor). Licensee further acknowledges that it shall not acquire (whether by operation of law, by this Agreement or otherwise), any right, title, interest or ownership in or to the Licensed IP or any part thereof (collectively, "Ownership Rights"). Should any such Ownership Rights become vested in Licensee, Licensee agrees to assign, and hereby assigns, all such Ownership Rights to Licensor free of additional consideration.

b. Licensee recognizes the value of the goodwill associated with the Licensed Trademarks and further acknowledges that the Licensed Trademarks have acquired secondary meaning in the mind of the public. All use of the Licensed Trademarks and all goodwill and benefit arising from such use shall inure to the sole and exclusive benefit of Licensor.

c. Licensee shall not, during the Term, do anything which is reasonably likely to damage, injure or impair the validity and subsistence of the Licensed IP. Licensee shall not attack, dispute or challenge Licensor's Ownership Rights or the validity of this Agreement, nor shall Licensee assist others in so doing.

d. Licensee shall not modify, improve, or otherwise create derivatives, variations, or adaptations of the Licensed IP.

10. Registrations and Licensing Formalities. Licensee shall not have the right to file and shall not file applications to register any of the Licensed IP or to oppose or otherwise challenge Trademark or patent applications or registrations of third parties on the basis that such third party applications or registrations conflict with, infringe or are otherwise detrimental to the Licensed IP. Licensee shall cooperate with Licensor, at Licensor's reasonable request and expense, in the execution, filing and prosecution of any applications to register the Licensed IP that Licensor may desire to file. For such purpose, Licensee shall supply to Licensor, from time to time and without charge, such samples, packaging, containers, labels, tags and other Collateral Materials as Licensor may reasonably require consistent with prior practice. The licenses granted herein shall be confirmed by a separate agreement for any country within the Territory which requires same (including, without limitation, registered user agreements) or where such separate agreement is otherwise deemed appropriate by Licensor. The expiration or termination of this Agreement for any reason shall terminate, or act to terminate, all registered user and other license recordal documents filed or recorded pursuant hereto. In the event of a conflict between the terms of this Agreement and the provisions of any registered user agreement or other license recordal document, the terms of this Agreement shall prevail. The parties expressly agree that all documents or forms filed or recorded with any trademark office or other authority relating to the licenses granted herein may be canceled by Licensor alone. Licensee hereby agrees and consents to such cancellation.

11. Further Assurances.

a. Upon Licensor's request, and its cost and expense, Licensee shall execute and deliver to Licensor, without further consideration, (i) at any time during the Term, all documents and forms as Licensor deems necessary to (1) prosecute, maintain, and renew applications and registrations for the Licensed IP or (2) confirm the licenses granted herein or record Licensee as a registered user in any country in the Territory; and (ii) at any time during or after the Term, all documents and forms as necessary to confirm Licensor's or its Affiliates' ownership of any assigned Licensed IP under Section 9(a).

b. Upon Licensee's request, Licensor will promptly provide to Licensee any information regarding the technology that is the subject matter of the Licensed Patents that is required to exercise the license rights under Section 3.

12. Infringements. Licensee shall inform Licensor promptly if Licensee learns of any goods or activities which infringe (or may infringe) the Licensed IP. Licensee shall provide, at Licensor's cost and expense, complete information, cooperation, and assistance to Licensor concerning each such infringement (including cooperation and assistance in any further investigation or legal action). Upon learning of such infringement, Licensor shall have the sole right, but not the obligation, at its cost and expense, to take such action as Licensor considers necessary or appropriate to enforce Licensor's or its Affiliates' rights, including, without limitation, legal action to suppress or eliminate such infringement or to settle any such dispute or action. Licensor shall also be entitled to seek and recover all costs, expenses, and damages resulting from such infringement.

QUALITY CONTROL

13. Quality Control of Licensed Products Bearing the Licensed Trademarks. The following provisions apply to any Licensed Products bearing the Licensed Trademarks:

a. Quality Control. Licensee shall assure at all times that the quality of the Licensed Products and the Collateral Materials (i) are of a standard consistent with the prestige and reputation which the Licensed Trademarks have developed heretofore in the Territory; (ii) are of a quality corresponding to Licensor's high standards including but not limited to quality of material, workmanship and design; (iii) conform to Licensor's standard written policies relating to the image and marketing of the ADIDAS brand in general and the Licensed Trademarks in particular; (iv) comply with any quality control or safety standards or procedures required by Licensor generally of its footwear and apparel licensees, as may be communicated to Licensee in writing; and (v) comply with the brand guidelines of Licensor imposed generally on its footwear and apparel licensees as may be communicated to Licensee in writing. Licensee shall place and display the Licensed Trademarks on and in connection with the Licensed Products and Collateral Materials only in such form and manner as are (x) used by Licensee immediately prior to the Effective Date or (y) approved in writing in advance by Licensor.

b. Product Quality Issues. If any time during the Term, Licensee is notified of, or otherwise becomes aware of, any material quality or safety issue, complaint, incident or injury with any commercial production run of a Licensed Product (including, without limitation, through its own quality control procedures, a consumer complaint or notice from a government or regulatory agency), Licensee shall immediately notify Licensor of the issue, and provide Licensor with such information relating thereto as Licensor may request.

c. Compliance with Law and Policies. Licensee shall comply with all laws, rules, regulations and requirements of any governmental body applicable to the manufacture, procurement, marketing, advertising, distribution, sale or promotion of the Licensed Products in the Territory. Licensee shall secure from the appropriate authorities in the Territory, at its own cost and expense, any permits, concessions or other documents required by law in connection

with the manufacture, procurement, distribution, sale or promotion of the Licensed Products in the Territory.

d. Product Testing. Before Licensed Products are placed in the stream of commerce, Licensee shall follow reasonable and proper procedures for testing the Licensed Products for compliance with applicable laws, regulations, standards and procedures and shall permit authorized representatives of Licensor to reasonably inspect Licensee's or Licensee's subcontractors' plants, equipment, manufacturing, assembling facilities, storage facilities and testing techniques, which relate to the Licensed Products (including books, records and documents pertaining thereto) and to test or sample Licensed Products to ensure compliance with the terms and conditions of this Agreement. Upon Licensor's request, Licensee shall also furnish Licensor with copies of such testing.

e. Approval of Samples. Upon Licensor's request at any time during the Term, Licensee shall submit then-current production samples of each model and style of the Licensed Products, so that Licensor may assure itself of the maintenance of the quality standards provided herein. Such samples may be retained by Licensor free of charge. If at any time during the Term, any model or style of the Licensed Products does not meet the quality or safety standards required hereunder, then Licensor may require Licensee to suspend shipments of such model/style of the Licensed Products (and/or stop using the manufacturer/factory producing the model/style) until such quality or safety issue has been fully resolved.

f. Distribution of Licensed Products. Licensee shall distribute and sell the Licensed Products to retailers who deal in products similar in quality and prestige to the Licensed Products, and whose quality of operations, including (without limitation) delivery of retail services, know how of the products and presentation and promotion of products, are consistent with the quality and prestige of the Licensed Products. Notwithstanding anything in this Agreement to the contrary, Licensee may distribute and sell Licensed Products through any distribution channel (including any retail outlet) used by Licensee during the twenty-four (24) month period prior to the Effective Date. Licensee shall take such necessary steps which would be taken by a reasonably prudent licensee and distributor in similar circumstances to prevent the advertisement, promotion or sale of the Licensed Products by any retailer which in manner or method is in conflict with the marketing policies and guidelines of Licensor as may be communicated to Licensee from time to time.

14. Required Markings. Licensee shall cause to appear on the Licensed Products and on all Collateral Materials such legends, markings and notices as may be required by any law or regulation in the Territory, or as Licensor may reasonably request generally of its footwear and apparel licensees, including without limitation, in the case of Collateral Materials first produced after the Effective Date, a trademark notice in the name of Licensor as follows:

" adidas is a registered trademark of the adidas Group, used under license."

"ADIPRENE, ADIPRENE+ and/or GEOFIT are trademarks of the adidas Group, used under license."

15. Disposal of Surplus, Outmoded, Defective or Deficient Licensed Products and Sell-Off.

a. Licensor shall have the right to approve, in advance, the manner by which and the time period within which Licensee disposes of any Licensed Products, or any other materials which relate to the Licensed Products or contain the Licensed Trademarks, which are surplus, outmoded or defective, or which fall below the quality standards and specifications required by this Agreement. Licensee is required to obtain such approval by Licensor before proceeding with any such disposition of Licensed Products.

b. With respect to any inventory of Licensed Products (i) practicing the Licensed Patents or (ii) bearing any of the Licensed Trademarks, and in each case remaining upon the expiration or termination of this Agreement (collectively, the "Remaining Inventory"), Licensee shall have the right to sell-off such Remaining Inventory to third parties in accordance with the terms of this Section 15. The period for such sell-off (the "Sell-Off Period") shall be the period through December 31, 2018; provided, however, that the Sell-Off Period will be extended until December 31, 2019 if Licensee has provided Licensor with notice and evidence that Licensee has ceased production of Licensed Products practicing the Licensed Patents and/or bearing any of the Licensed Trademarks prior to December 31, 2016. If the Sell-Off Period is so extended, then during the twelve-month period beginning on January 1, 2018 and ending December 31, 2019 Licensee shall be permitted to include the Licensed Trademarks in any promotional items, print and media advertising, marketing, point of sale or other similar materials. Licensee's proposed sell-off arrangements shall be consistent with the reputation, prestige and goodwill of the Licensed Trademarks and shall maintain Licensor's image and reputation. Any such sell off right shall only apply to finished inventory of Licensed Products.

c. Any such sell-off shall be subject to all other provisions of this Agreement, including, without limitation, Section 13 and shall be subject to the following conditions: (i) Licensee shall furnish to Licensor, within forty (40) days after such expiration or termination date, a written accounting (i.e., number and description) of such Licensed Products in inventory as of such date; and (ii) Licensee shall not advertise such sell-off of Licensed Products.

d. Any Remaining Inventory which is not sold to third parties pursuant to this Section 15, and any Collateral Materials that incorporate any Licensed Trademarks or relate to the Licensed Products shall, after expiration of the Sell-Off Period, be destroyed at Licensee's cost. Any destruction of Licensed Products or other materials required under this Section 15 shall be certified in writing by an officer of Licensee.

WARRANTIES, DISCLAIMER AND INDEMNITY

16. Warranties, Disclaimer. Licensor represents and warrants that as of the Effective Date, all existing Licensee footwear models incorporating the Licensed Patents bear the ADIPRENE, ADIPRENE+, and/or ADIPRENE BY ADIDAS trademarks on such products. Except as may be expressly provided in this Agreement and the Purchase Agreement, Licensor disclaims all express or implied warranties with respect to the Licensed IP, and nothing in this

Agreement shall be deemed to be a representation or warranty by Licensor with respect to the Licensed IP, including without limitation representations of non-infringement.

17. Indemnity.

a. Indemnification by Licensee. Licensee shall indemnify, defend and hold Licensor and each of its directors, officers, employees, and Affiliates (collectively, an "Indemnified Licensor Party") harmless from and against any and all losses, damages and expenses (including reasonable attorneys', consultants' and experts' fees) arising out of any claims, actions, suits or proceedings (collectively, "Claims") brought against an Indemnified Licensor Party by a third party: (i) that are (A) product liability claims, (B) claims made under any guarantees made or warranties given by Licensee or its Affiliates (in each case, whether express or implied) with respect to Licensed Products, (C) claims of false or misleading advertising or consumer fraud with respect to Collateral Materials, (D) claims of Intellectual Property infringement other than patent infringement, and (E) claims of infringement of patents of which Licensee had knowledge, *provided that* the claims described in the foregoing clauses (A) through (E) result from changes made after the Effective Date by Licensee to the design, development, sourcing, manufacturing, marketing, advertising, promotion, distribution, sale or use of any Licensed Products; and (ii) as a result of any use of the Licensed IP by Licensee other than as expressly provided herein; *provided, that* the foregoing obligations under clauses (i) and (ii) shall not apply to any Claims (1) arising solely out of Licensee's use of the Licensed IP as provided herein or (2) for which Licensee is indemnified under the Purchase Agreement. For clarity, nothing in this Agreement will prevent or restrict Licensor and its Affiliates from fully exercising and enforcing any of their indemnification rights provided under the Purchase Agreement.

b. Indemnification Procedures. In the event that any Claim is made as a result of which an Indemnified Party may become entitled to indemnification by Licensee pursuant to this Section 17, Licensee shall, at its expense, assume the defense of such Claim with counsel reasonably satisfactory to the Indemnified Party and the Indemnified Party shall give Licensee the right to control and direct the investigation, preparation, defense and settlement of such Claim (subject to the provisions of this Section 17(b)) and reasonable assistance and full cooperation, at Licensee's expense, for the defense of same. Promptly upon becoming aware of such Claim, the Indemnified Party shall give Licensee notice thereof; provided, however, that the omission so to notify Licensee shall not relieve Licensee from any liability which it may have to the Indemnified Party, except to the extent that Licensee is actually prejudiced by such omission. Any settlement of any Claim shall require the mutual consent of Licensee and the Indemnified Party, provided that the consent of the Indemnified Party will not be unreasonably withheld if such settlement includes as an unconditional term thereof the giving by the claimant or plaintiff to the Indemnified Party of a release from all liability with respect to such Claim. Notwithstanding the obligation of Licensee to assume the defense of any Claim, the Indemnified Party shall have the right to employ, at its own cost and expense, separate counsel and to participate in the defense of such action. Licensee shall bear the reasonable fees, costs and expenses of such separate counsel, if: (i) the use of the counsel chosen by Licensee would present such counsel with a conflict of interest; (ii) the defendants in, or targets of, such Claim include both the Indemnified Party and Licensee and the Indemnified Party has reasonably

concluded that there may be legal defenses available to it which are different from or additional to those available to Licensee; (iii) in the exercise of the Indemnified Party's reasonable judgment, Licensee has not employed satisfactory counsel within a reasonable time after notice of the institution of such Claim; or (iv) Licensee has not assumed the defense of such Claim.

CONFIDENTIAL INFORMATION

18. Confidential Information.

a. "Confidential Information" means, subject to the exceptions set forth in the following sentence, any information or data, regardless of whether it is in tangible form, disclosed by either party (the "Disclosing Party") that the Disclosing Party has either marked as confidential or proprietary, or has identified in writing as confidential or proprietary within thirty (30) days of disclosure to the other party (the "Receiving Party") or which would be apparent to a reasonable person, familiar with Disclosing Party's business and the industry in which it operates, to be of a confidential or proprietary nature the maintenance of which is important to the Disclosing Party. Information and data will not be deemed Confidential Information hereunder if such information: (i) is known to the Receiving Party prior to receipt from the Disclosing Party directly or indirectly from a source other than one having an obligation of confidentiality to the Disclosing Party; (ii) becomes known (independently of disclosure by the Disclosing Party) to the Receiving Party directly or indirectly from a source other than one having an obligation of confidentiality to the Disclosing Party; (iii) becomes publicly known or otherwise ceases to be secret or confidential, except through a breach of this Agreement by the Receiving Party; or (iv) is independently developed by the Receiving Party without reference to the Disclosing Party's Confidential Information.

b. The Receiving Party acknowledges that it will have access to the Disclosing Party's Confidential Information. The Receiving Party will not (i) use any such Confidential Information in any way, for its own account or the account of any third party, except for the exercise of its rights and performance of its obligations under this Agreement, or (ii) disclose any such Confidential Information to any party, other than furnishing such Confidential Information to (A) its employees and contractors who are required to have access to the Confidential Information in connection with the exercise of Receiving Party's rights or performance of its obligations under this Agreement and (B) professional advisers (e.g., lawyers and accountants); provided, however, that any and all such employees, contractors, and advisers are bound by written agreements or, in the case of professional advisers, ethical duties, to treat, hold and maintain such Confidential Information in accordance with the terms and conditions of this Section 18. The Receiving Party will not allow any unauthorized person access to Disclosing Party's Confidential Information, and Receiving Party will take all action reasonably necessary to protect the confidentiality of such Confidential Information, including implementing and enforcing procedures to minimize the possibility of unauthorized use or copying of such Confidential Information. In the event that the Receiving Party is required by law to make any disclosure of any of Disclosing Party's Confidential Information, by subpoena, judicial or administrative order or otherwise, the Receiving Party shall first give written notice of such requirement to the Disclosing Party, and shall permit the Disclosing Party to intervene in

any relevant proceedings to protect its interests in the Confidential Information, and provide full cooperation and assistance to the Disclosing Party in seeking to obtain such protection.

TERMINATION

19. Termination for Breach. If either party materially breaches any of its obligations under this Agreement, the other party shall have the right, without prejudice to any other rights it may have, at any time thereafter to terminate this Agreement upon at least thirty (30) days' notice thereto, provided that for any such curable breach, such breach has not been cured and is continuing at the end of the relevant notice period. Such termination shall automatically become effective unless the breaching party completely remedies such breach within such notice period.

20. Termination Due to Insolvency. If Licensee: (a) commences or becomes the subject of any case or proceeding under the bankruptcy, insolvency or equivalent laws of any country in the Territory; (b) has appointed for it or for any substantial part of its property a court-appointed receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official; (c) makes an assignment for the benefit of its creditors; (d) defaults on any obligation which is secured, in whole or in part, by a security interest in the Licensed Products; (e) fails generally to pay its debts as they become due; or (f) takes corporate action in furtherance of any of the foregoing (collectively, herein referred to as "Events of Insolvency"), then, in each case, Licensee shall immediately give notice of such event to Licensor. Whether or not such notice is given, Licensor shall have the right, to the fullest extent permitted under applicable law, following the occurrence of any Event of Insolvency and without prejudice to any other rights Licensor may have, at any time thereafter to terminate this Agreement, effective immediately upon giving notice to Licensee. No assignee for the benefit of creditors, receiver, liquidator, sequestrator, trustee in bankruptcy or any other officer of the court or official charged with taking over custody of Licensee's assets or business shall have any right to continue the performance of this Agreement.

21. Termination upon Change of Business. If Licensee (either in a single transaction or in a series of related transactions, and either directly or indirectly) assigns or transfers any of its rights or delegates any of its obligations under this Agreement, without the prior written consent of Licensor in violation of Section 31; then Licensor shall have the right, without prejudice to any other rights Licensor may have, at any time thereafter to terminate this Agreement, effective immediately upon giving notice to Licensee.

22. No Rights after Term. Licensor and Licensee each understands and acknowledges that, with the exception of its surviving rights as provided in Section 25, no rights under this Agreement whatsoever shall extend to Licensor or Licensee beyond the expiration or termination of this Agreement. Licensor and Licensee shall each not be entitled to any compensatory payment in connection with the expiration or termination of this Agreement for any reason.

ADDITIONAL MISCELLANEOUS TERMS

23. Approvals, etc. All approvals required or given pursuant to this Agreement shall be in writing, provided that if Licensor does not notify Licensee of approval or rejection within fifteen (15) business days following delivery of a request for approval, such request will be deemed approved. Licensor's approval of Licensed Product samples, Collateral Materials and other items required to be submitted for approval hereunder shall not be construed to mean that Licensor has determined that such items conform to the laws or regulations of any jurisdiction (including without limitation, that such items do not infringe any third party Intellectual Property rights) or, in the case of Licensed Product samples, that such samples are safe or fit for their intended purpose. Licensor may revoke its approval of a Licensed Product sample at any time, if the Licensed Product subsequently is determined by Licensor to be ineffective for its intended purpose, unsafe or deficient in quality by delivering written notice to Licensee. Additionally, if, following approval of any item for which approval is required under this Agreement, any significantly unfavorable publicity or claim should arise or be made in relation to such item, Licensor shall have the right to revoke its approval of such item by delivering written notice to Licensee. In the event of any revocation of Licensor's approval hereunder, Licensee shall promptly discontinue its manufacture, distribution, sale, use and publication of such item. After Licensor has approved any item for which approval is required under this Agreement, Licensee shall not make any material change in or to such approved item without again obtaining Licensor's prior written approval.

24. Independence of the Parties. Neither party hereto shall be construed to be the agent of the other in any respect. The parties have entered into this Agreement as independent contractors only, and nothing herein shall be construed to place the parties in the relationship of partners, joint venturers, agency or legal representation. Neither party shall have the authority to obligate or bind the other in any manner as to any third party. Without limiting the generality of the foregoing, Licensee shall not give warranties whatsoever with respect to the Licensed Products which are, or purport to be, binding upon Licensor, to any retailer, wholesaler, customer or consumer, and will take no action and make no representation that could give rise to such warranty.

25. Survivorship. The provisions of Sections 2, 3(b), 4(b), 5, 6, 9, 11(a), 15, 17, 18 and 24 to 35 will survive the expiration or termination of this Agreement and shall continue until fully performed.

26. Entire Agreement. This Agreement and the Purchase Agreement constitute the entire agreement between the parties with respect to its subject matter and supersedes all prior agreements, understandings, commitments, negotiations and discussions with respect thereto, whether oral or written. Without limiting the foregoing, the Existing adidas Agreement is terminated as of the date hereof.

27. Construction. As used in this Agreement, "will" means "shall" and vice versa; and "include (or including)" means "includes (or including) without limitation."

28. Headings. Headings and subheadings in this Agreement are included solely for convenience of reference and shall not affect the interpretation of, or be considered a part of, this Agreement.

29. Amendment. This Agreement may not be amended or modified in any respect, except in writing signed by all parties.

30. Waiver. The failure of any party to insist upon strict adherence to any provision of this Agreement on any occasion shall not be considered a waiver of such party's right to insist upon strict adherence to such provision thereafter or to any other provision of this Agreement in any instance. Any waiver shall be in writing signed by the party against whom such waiver is sought to be enforced.

31. Assignability; Successors and Assigns. This Agreement and the licenses granted hereunder are personal to Licensee. Neither party shall assign or transfer any of its rights or delegate any of its obligations under this Agreement, without the prior written consent of the other party; provided that Licensor may delegate its approval rights hereunder to an Affiliate of Licensor. Any attempted assignment, transfer or delegation in violation of this Section 31 shall be null and void and of no effect. This Agreement shall be binding upon, and shall inure to the benefit of, the parties' respective successors and permitted assigns.

32. Reformation; Severability. The provisions of this Agreement shall be severable. If a court of competent jurisdiction shall declare any provision of this Agreement invalid or unenforceable, the other provisions hereof shall remain in full force and effect, and such court shall be empowered to modify, if possible, such invalid or unenforceable provision to the extent necessary to make it valid and enforceable to the maximum extent possible.

33. Equitable Relief. Licensee acknowledges and agrees that: (a) because of the special, unique and extraordinary character of the Licensed IP and the reputation and goodwill associated therewith, it may be difficult to assess monetary damages which Licensor would sustain as a result of their unauthorized use; (b) Licensee's failure to perform its obligations under this Agreement and its breach of any provision hereof, in any instance, may result in immediate and irreparable damage to Licensor; (c) no adequate remedy at law may exist for such damage; and (d) in the event of such failure or breach, Licensor shall be entitled to seek equitable relief by way of temporary, preliminary and permanent injunctions, and such other and further relief as any court of competent jurisdiction may deem just and proper, in addition to, and without prejudice to, any other relief to which Licensor may be entitled.

34. Governing Law and Jurisdiction. This Agreement shall be governed by and construed in accordance with the internal substantive laws of The State of Delaware applicable to agreements made and to be performed entirely therein. All Actions (as defined in the Purchase Agreement) will be addressed in accordance with Sections 12.10 and 12.12 of the Purchase Agreement.

35. Delivery of Materials; Notices, etc. Materials required to be delivered to any party hereunder shall be delivered to the address given below for such party. Unless otherwise expressly stated in this Agreement, any notice, consent, approval or other communication under this Agreement shall be in writing and shall be considered given: (a) upon personal delivery or delivery by telecopier (with confirmation of receipt by receiver), (b) two (2) business days after

being deposited with an "overnight" courier or "express mail" service, or (c) seven (7) business days after being mailed by registered or certified first class mail, return receipt requested, in each case addressed to the notified party at its address set forth below (or at such other address as such party may specify by notice to the others delivered in accordance with this Section 35):

If to Licensor:

adidas AG
c/o adidas America
5055 N Greeley Ave
Portland, OR 97217
USA
Attn: Paul Ehrlich, General Counsel

Email: paul.ehrlich@adidas.com

If to Licensee:

The Rockport Company, LLC
1895 J.W. Foster Boulevard
Canton, MA 02021
Attention: Robert Infantino
Fax No.: (781) 401-4422

36. Intentionally omitted.

37. Authorization and Ability to Execute. Each party represents that its undersigned officer is duly authorized to sign this Agreement on its behalf.

IN WITNESS THEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers as of the date first set forth above.

LICENSEE

THE ROCKPORT COMPANY, LLC,
a Delaware limited liability company

By: _____
Signature

Robert Infantino
Typed or Printed Name

President
Title

IN WITNESS THEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers as of the date first set forth above.

LICENSOR

ADIDAS AG

By: _____
Name: Frank Dassler
Title: General Counsel

EXHIBIT A

LICENSED PATENTS

Patent Family 1:

Priority Date: 3rd of April 1998
Title: Shoe sole with improved dual energy management system

DE 199 144 72 C2
EP 0 947 145 B1 (nationalized in Germany, France and the UK)
US 6,528,140 B1

Patent Family 2:

Priority Date: 2nd of March 2000
Title: Polymer Composition

DE 100 101 82 B4
EP 1 268 663 B1 (nationalized in Germany, France and the UK)

EXHIBIT B

THE WARSON SUBLICENSE

EXHIBIT C

ADIDAS GROUP SOE POLICY

General Principle
Business partners must comply fully with all legal requirements relevant to the conduct of their businesses.

Employment Standards

Forced Labour

Business partners must not use forced labour, whether in the form of prison labour, indentured labour, bonded labour or otherwise. No employee may be compelled to work through force or intimidation of any form, or as a means of political coercion or as punishment for holding or expressing political views.

Child Labour

Business partners must not employ children who are less than 15 years old, or less than the age for completing compulsory education in the country of manufacture where such age is higher than 15.

Discrimination

Business partners must not discriminate in recruitment and employment practices. Decisions about hiring, salary, benefits, training opportunities, work assignments, advancement, discipline and termination must be based solely on ability to perform the job, rather than on the basis of personal characteristics or beliefs, such as race, national origin, gender, religion, age, disability, marital status, parental status, association membership, sexual orientation or political opinion. Additionally, business partners must implement effective measures to protect migrant employees against any form of discrimination and to provide appropriate support services that reflect their special status.

Wages & Benefits

Wages must equal or exceed the minimum wage required by law or the prevailing industry wage, whichever is higher, and legally mandated benefits must be provided. In addition to compensation for regular working hours, employees must be compensated for overtime hours at the rate legally required in the country of manufacture or, in those countries where such laws do not exist, at a rate exceeding the regular hourly compensation rate.

Wages are essential for meeting the basic needs of employees and reasonable savings and expenditure. We seek business partners who progressively raise employee living standards through improved wage systems, benefits, welfare programmes and other services, which enhance quality of life.

Working Hours

Employees must not be required, except in extraordinary circumstances, to work more than 60 hours per week including overtime or the local legal requirement, whichever is less. Employees

must be allowed at least 24 consecutive hours rest within every seven-day period, and must receive paid annual leave.

Freedom of Association & Collective Bargaining

Business partners must recognize and respect the right of employees to join and organize associations of their own choosing and to bargain collectively. Business partners must develop and fully implement mechanisms for resolving industrial disputes, including employee grievances, and ensure effective communication with employees and their representatives.

Disciplinary Practices

Employees must be treated with respect and dignity. No employee may be subjected to any physical, sexual, psychological or verbal harassment or abuse, or to fines or penalties as a disciplinary measure.

Business partners must publicize and enforce a non-retaliation policy that permits factory employees to express their concerns about workplace conditions directly to factory management or to us without fear of retribution or losing their jobs.

Health & Safety

A safe and hygienic working environment must be provided, and occupational health and safety practices which prevent accidents and injury must be promoted. This includes protection from fire, accidents and toxic substances. Lighting, heating and ventilation systems must be adequate. Employees must have access at all times to sanitary facilities which should be adequate and clean. Business partners must have health and safety policies which are clearly communicated to employees. Where residential facilities are provided to employees, the same standards apply.

Environmental Requirements

Business partners must make progressive improvement in environmental performance in their own operations and require the same of their partners, suppliers and subcontractors. This includes: integrating principles of sustainability into business decisions; responsible use of natural resources; adoption of cleaner production and pollution prevention measures; and designing and developing products, materials and technologies according to the principles of sustainability.

EXHIBIT G

Letter Agreement regarding adiprene License

Letter Agreement

December 29, 2016

Reference is made to the License Agreement dated July 31, 2015 (the "**License Agreement**"), by and between The Rockport Company, LLC, a Delaware limited liability company ("**Licensee**"), and adidas AG, a corporation organized under the laws of the Federal Republic of Germany ("**Licensor**"). Capitalized terms used but not defined herein shall have the meanings given to those terms in the License Agreement.

1. Licensee Exercise of Option to Extend Sell-Off Period. Pursuant to Section 15.b. of the License Agreement, Licensee is hereby providing notice to Licensor that Licensee wishes to extend the Sell-Off Period to December 31, 2019.

2. No Further Production of Licensed Products. As required by Section 15.b. of the License Agreement, Licensee is hereby confirming to Licensor that as of September 15, 2016, Licensee ceased production of Licensed Products practicing the Licensed Patents and/or bearing any of the Licensed Trademarks.

3. Successors and Assigns. This Letter Agreement will be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns, each of which such successors and permitted assigns will be deemed to be a party hereto for all purposes hereof.

4. Amendment. No amendment or waiver of any provision of this Letter Agreement will be valid and binding unless it is in writing and signed, in the case of an amendment, by the parties, or in the case of a waiver, by the party against whom the waiver is to be effective.

5. Construction. The parties have participated jointly in the negotiation and drafting of this Letter Agreement. In the event an ambiguity or question of intent or interpretation arises, this Letter Agreement will be construed as if drafted jointly by the parties and no presumption or burden of proof will arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Letter Agreement.

6. Governing Law. This Letter Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, without regard to the conflicts of law rules thereof.

7. Counterparts. This Letter Agreement may be executed by facsimile or other digital means, simultaneously in separate counterparts, each of which shall be deemed an original, but all of which shall be taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, each of the parties has caused this Letter Agreement to be executed as of the date first written above.

THE ROCKPORT COMPANY, LLC

Roberto S. Grasso

Name: Roberto Grasso
Title: SVP Sourcing and Manufacturing

ADIDAS AG

By: S. Dirian
Name: Gabriele Dirian
Title: General Counsel Group Corporate

By: M. Kürten
Name: Dr. Markus A. Kürten
Title: Senior Director Legal & Compliance

Tab 3

Court File No. CV-18-597987-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE	)	**WEDNESDAY THE 1st**
	)	
JUSTICE DUNPHY	)	**DAY OF AUGUST, 2018**

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

AND IN THE MATTER OF ROCKPORT BLOCKER, LLC, THE ROCKPORT GROUP HOLDINGS, LLC, TRG 1-P HOLDINGS, LLC, TRG INTERMEDIATE HOLDINGS, LLC, TRG CLASS D, LLC, THE ROCKPORT GROUP, LLC, THE ROCKPORT COMPANY, LLC, DRYDOCK FOOTWEAR, LLC, DD MANAGEMENT SERVICES LLC AND ROCKPORT CANADA ULC (THE "DEBTORS")

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

ORDER
(Adidas Settlement Order)

THIS MOTION, made by Rockport Blocker, LLC ("**Rockport Blocker**"), in its capacity as the foreign representative (the "**Foreign Representative**") of the Debtors, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") for an Order substantially in the form enclosed in the Motion Record was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Jonathan Levi sworn July 30, 2018 and the exhibits thereto (the "**First Levi Affidavit**"), the fourth report of Richter Advisory Group Inc. ("**Richter**") in its capacity as the Court-appointed information officer (the "**Information Officer**") dated July 31, 2018 (the "**Fourth Report**"), and on hearing the submissions of counsel

for the Debtors, counsel for the Information Officer, counsel for Citizens Business Capital, in its capacity as Administrative Agent and Collateral Agent for the lenders under the Senior Secured Super-Priority Debtor-in-Possession Revolving Credit Agreement (the "**DIP ABL Agent**"), counsel for the Senior Secured Noteholders and DIP Note Lenders, counsel for The Cadillac Fairview Corporation Limited, counsel for Cushman & Wakefield Asset Services Inc., Ivanhoe Cambridge Inc., RioCan Real Estate Investment Trust, counsel for Montez Hillcrest Inc., Hillcrest Holdings Inc., Scarborough Town Centre Holdings Inc., Oxford Properties Retail Holdings Inc., Oxford Properties Retail Holdings II Inc. and Yorkdale Shopping Centre Holdings Inc., and upon no one appearing for any other parties although duly served as appears from the Affidavit of Service of Mariela Adriana Gasparini sworn July 30, 2018, filed,

SERVICE

1. **THIS COURT ORDERS** that the time for service and filing of the Notice of Motion and the Motion Record is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

2. **THIS COURT ORDERS** that any capitalized terms not otherwise defined herein shall have the meanings given to such terms in the First Levi Affidavit or the Motion of the Debtors for Entry of an Order Authorizing and Approving the Settlement Agreement by and Between the Rockport Parties, the Adidas Parties and the Noteholder Parties, as applicable.

RECOGNITION OF ADIDAS SETTLEMENT ORDER

3. **THIS COURT ORDERS** that the order of the United States Bankruptcy Court for the District of Delaware (the "**US Court**") made in the insolvency proceedings of the Debtors under

Chapter 11 of Title 11 of the United States Bankruptcy Code, *inter alia*, authorizing and approving the Settlement Agreement by and between the Debtors and certain of their non-Debtor affiliates (the "**Rockport Parties**"), and adidas AG, Reebok International Ltd. and certain of their affiliated entities (the "**Adidas Parties**"), and the noteholders, the DIP note purchasers and existing or former equity holders, as applicable (the "**Noteholder Parties**" and collectively with the Rockport Parties and the Adidas Parties, the "**Parties**") (the "**Adidas Settlement Order**") is hereby recognized and given full force and effect in all provinces and territories of Canada pursuant to Section 49 of the CCAA, provided, however, that in the event of any conflict between the terms of the Adidas Settlement Order and the Orders of this Court made in these proceedings, the Orders of this Court shall govern with respect to the Property (as defined in the Supplemental Order (Foreign Main Proceeding) of this Court made in these proceedings on May 16, 2018) in Canada. A copy of the Adidas Settlement Order is attached as **Exhibit "L"** to the First Levi Affidavit.

GENERAL

4. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Foreign Representative, the Information Officer and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Foreign Representative, the Information Officer, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Foreign Representative, the Information Officer and their respective agents in carrying out the terms of this Order.

5. **THIS COURT ORDERS** that each of the Foreign Representative, the Debtors and the Information Officer be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

_____

Court File No.: CV-18-597987-00CL

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED AND IN THE MATTER OF ROCKPORT BLOCKER, LLC, THE ROCKPORT GROUP HOLDINGS, LLC, TRG 1-P HOLDINGS, LLC, TRG INTERMEDIATE HOLDINGS, LLC, TRG CLASS D, LLC, THE ROCKPORT GROUP, LLC, THE ROCKPORT COMPANY, LLC, DRYDOCK FOOTWEAR, LLC, DD MANAGEMENT SERVICES LLC AND ROCKPORT CANADA ULC (THE "DEBTORS")

APPLICATION OF ROCKPORT BLOCKER, 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)

PROCEEDINGS COMMENCED AT TORONTO

ORDER
(ADIDAS SETTLEMENT ORDER)

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Lawyers for Rockport Blocker, LLC, The Rockport Group Holdings, LLC, TRG 1-P Holdings, LLC, TRG Intermediate Holdings, LLC, TRG Class D, LLC, The Rockport Group, LLC, The Rockport Company, LLC, Drydock Footwear, LLC, DD Management Services LLC and Rockport Canada ULC

Court File No.: CV-18-597987-00CL

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

AND IN THE MATTER OF ROCKPORT BLOCKER, LLC, THE ROCKPORT GROUP HOLDINGS, LLC, TRG 1-P HOLDINGS, LLC, TRG INTERMEDIATE HOLDINGS, LLC, TRG CLASS D, LLC, THE ROCKPORT GROUP, LLC, THE ROCKPORT COMPANY, LLC, DRYDOCK FOOTWEAR, LLC, DD MANAGEMENT SERVICES LLC AND ROCKPORT CANADA ULC (THE "DEBTORS")

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

TOR01: 7526753: v4

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
PROCEEDINGS COMMENCED AT TORONTO

MOTION RECORD
(Returnable August 1, 2018)

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Lawyers for Rockport Blocker, LLC, The Rockport Group Holdings, LLC, TRG 1-P Holdings, LLC, TRG Intermediate Holdings, LLC, TRG Class D, LLC, The Rockport Group, LLC, The Rockport Company, LLC, Drydock Footwear, LLC, DD Management Services LLC and Rockport Canada ULC