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
(Volume 1 of 3)
(Returnable July 20, 2018)

July 19, 2018

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(As at June 28, 2018)

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AND TO:	**PLACE VERTU HOLDINGS, INC.** 20 Queen Street West Toronto, ON M5H 3R4 **Attn: General Manager**
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Index

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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")

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INDEX

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 July 20, 2018)

ROCKPORT BLOCKER, LLC ("**Rockport Blocker**") will make a motion before Justice McEwen on July 20, 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 Third Kosturos Affidavit.

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 July 20, 2018;

(b) recognizing and enforcing 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**");

(c) recognizing and enforcing an 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**") 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**");

(d) recognizing and enforcing 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 in connection with the proposed Sale; and (iii) granting related relief (the "**Sale Order**");

(e) recognizing and enforcing 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**"); 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. on June 29, 2018 and July 5, 2018, the US Court entered the Final DIP Financing Order and the Houlihan Retention Order, respectively, in the US Proceedings ;

5. On July 18, 2018 the US Court entered the Sale Order in the US Proceedings;

6. On July 18, 2018 the US Court entered the Intercompany Payment Order in the US Proceedings;

7. Rockport Blocker seeks an order of this Court, among other things, recognizing the Houlihan Retention Order, the Final DIP Financing Order, the Sale Order and the Intercompany Payment Order to ensure consistency between the US Proceedings and these proceedings;

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

9. paragraph 5 of the Initial Recognition Order;

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 Paul Kosturos, sworn July 19, 2018 and the exhibits referred to therein (the "**Third Kosturos Affidavit**");

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

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

4. the Second Report of Richter dated July 19, 2018;

5. the Houlihan Retention Order, the Final DIP Financing Order, the Sale Order and the Intercompany Payment Order of the US Court made in the US Proceedings, copies of which are attached to the Third Kosturos Affidavit; and

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

July 19, 2018

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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 July 20, 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 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 A

THIS IS EXHIBIT "A" TO THE AFFIDAVIT

OF PAUL KOSTUROS SWORN BEFORE ME

ON THIS 19TH DAY OF JULY, 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

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.

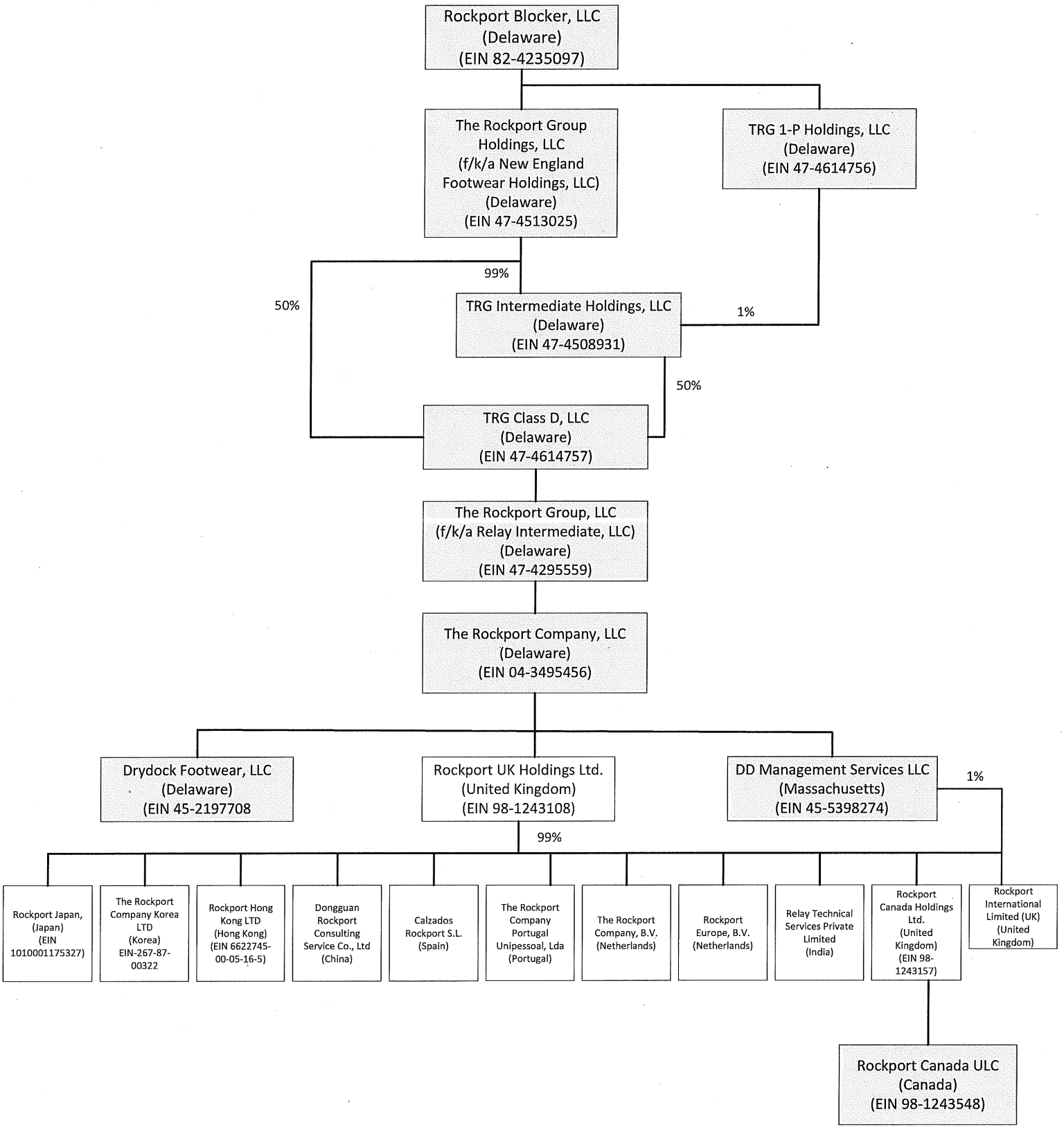
The Rockport Company, LLC, *et al.*
Debtors and Debtors in Possession

/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 PAUL KOSTUROS SWORN BEFORE ME

ON THIS 19TH DAY OF JULY, 2018

Lesley A. Morris

A Notary Public in and for the State of Delaware

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

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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22 Adelaide Street West
Toronto ON M5H 4E3
Tel: 416-367-6000
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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 PAUL KOSTUROS SWORN BEFORE ME

ON THIS 19TH DAY OF JULY, 2018

Lesley A Morris

A Notary Public in and for the 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
22 Adelaide Street West
Toronto ON M5H 4E3
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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.

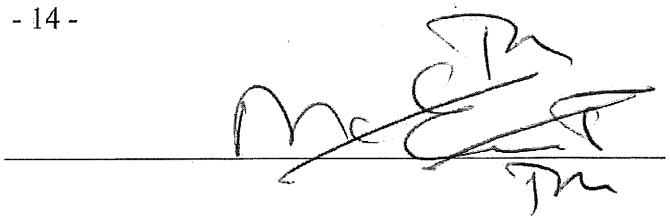
38. **THIS COURT ORDERS** that, notwithstanding paragraph 36, no Order shall be made varying, rescinding or otherwise affecting the provisions of this Order with respect to the DIP ABL Credit Agreement and the DIP Lenders' Charge unless notice of a motion for such Order is served in accordance with paragraph 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

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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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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 thereof.

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 regard to the 2nd order, I am satisfied that the foreign orders ought to be recognized and the additional provisions are sensible. The Applic should be granted

I remain seized

McEwan J.

TOR01: 7395961: v2

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 PAUL KOSTUROS SWORN BEFORE ME

ON THIS 19TH DAY OF JULY, 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

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 18th 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 PAUL KOSTUROS SWORN BEFORE ME

ON THIS 19TH DAY OF JULY, 2018

Lesley A. Morris

A Notary Public in and for the 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

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 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

TOR01: 7430356: v11

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, 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-36, AS AMENDED

14 June 18

order sought is unopposed. I have reviewed it & consider I am satisfied that the terms are reasonable and overall the order sought is in keeping w 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 PAUL KOSTUROS SWORN BEFORE ME

ON THIS 19TH 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.*,[1]	)	Case No. 18-11145 (LSS)
	)	
Debtors.	)	(Jointly Administered)
	)	
	)	**Related to Docket No. 105**
	)	

ORDER PURSUANT TO SECTIONS 327(A) AND 328(A) OF THE BANKRUPTCY CODE (A) AUTHORIZING THE EMPLOYMENT AND RETENTION OF HOULIHAN LOKEY CAPITAL, INC. AS FINANCIAL ADVISOR AND INVESTMENT BANKER TO THE DEBTORS, *NUNC PRO TUNC* TO THE PETITION DATE, (B) WAIVING CERTAIN TIME-KEEPING REQUIREMENTS PURSUANT TO LOCAL RULE 2016-2(H) AND (C) GRANTING RELATED RELIEF

Upon the application (the "**Application**")[2] of the above-captioned debtors and debtors in possession (collectively, the "**Debtors**"), pursuant to Bankruptcy Code sections 327(a) and 328(a), Bankruptcy Rule 2014, and Local Rules 2014-1 and 2016-2(h), seeking the entry of an order (a) authorizing the Debtors to employ and retain Houlihan Lokey as their financial advisor and investment banker, *nunc pro tunc* to the Petition Date, pursuant to the Houlihan Engagement Letter, (b) approving the terms of the Houlihan Engagement Letter, (c) waiving certain time-keeping requirements pursuant to Local Rule 2016-2(h), and (d) granting related relief, all as further described in the Application; and the Court having jurisdiction to consider the Application and relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334; and consideration of the Application and the relief requested therein being a core proceeding in

[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.

[2] Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Application.

accordance with 28 U.S.C. § 157(b)(2); and venue being proper in this District pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Application being adequate and appropriate under the particular circumstances; and a hearing having been held to consider the relief requested in the Application; and upon the Di Mauro Declaration, the record of the hearing and all proceedings had before the Court; and the Court finding that (a) Houlihan Lokey (i) does not hold an interest adverse to the interest of the estate with respect to the matters on which Houlihan Lokey will be employed; and (ii) is a "disinterested person" as that term is defined under Section 101(14) of the Bankruptcy Code; (b) the Application and the Di Mauro Declaration are in full compliance with all applicable provisions of the Bankruptcy Code, the Bankruptcy Rules and the Local Rules; and the Court having found and determined that the relief sought in the Application is in the best interests of the Debtors' estates, their creditors, and other parties in interest and that the legal and factual bases set forth in the Application establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor, it is hereby

ORDERED, ADJUDGED, AND DECREED THAT:

1. The Application is granted to the extent set forth herein.

2. The retention and employment of Houlihan Lokey as financial advisor and investment banker to the Debtors pursuant to Sections 327(a) and 328(a) of the Bankruptcy Code, Bankruptcy Rules 2014, and Local Rules 2014-1 and 2016-2(h), *nunc pro tunc* to the Petition Date, on the terms and conditions set forth in the Houlihan Engagement Letter (attached hereto as Exhibit 1) and the Application, is approved.

3. Houlihan Lokey's compensation shall be subject to the standard of review provided in Section 328(a) of the Bankruptcy Code and not subject to any other standard of review under Section 330 of the Bankruptcy Code.

4. Notwithstanding the preceding paragraph, the U.S. Trustee shall retain the right to object to the compensation and fees and expenses to be paid to Houlihan Lokey pursuant to the Application and the Houlihan Engagement Letter, including, without limitation, the Monthly Fee and the Transaction Fees, based on the reasonableness standard provided for in Section 330 of the Bankruptcy Code, and the Court shall consider any such objection by the United States Trustee under Section 330 of the Bankruptcy Code; provided, that reasonableness for this purpose shall include, among other things, an evaluation by comparing the fees payable in these Chapter 11 Cases to the fees paid to other investment banking firms for comparable services in other Chapter 11 Cases and outside of Chapter 11 Cases, and shall not be evaluated solely on the basis of time committed or the length of these Chapter 11 Cases.

5. The Debtors are authorized to employ and retain, and the Debtors are authorized to compensate and reimburse, Houlihan Lokey pursuant to the terms of the Houlihan Engagement Letter as modified by this Order.

6. In light of the services to be provided by Houlihan Lokey and the compensation structure in the Houlihan Engagement Letter, Houlihan Lokey and its professionals shall be excused from the following: (i) the requirement to maintain or provide detailed time records in accordance with Bankruptcy Rule 2016(a), Local Rule 2016-2(d), and the United States Trustee Fee Guidelines; and (ii) conforming with a schedule of hourly rates for its professionals. Instead, notwithstanding that Houlihan Lokey does not charge for its services on an hourly basis, Houlihan Lokey will maintain reasonably detailed time records in 0.5 hour increments

containing descriptions of those services rendered for the Debtors, and the individuals who provided those services, and will present such records together with its interim and final fee applications filed with the Court.

7. The indemnification provisions set forth in the Houlihan Engagement Letter are approved, subject during the pendency of these cases to the following:

(a) Subject to the provisions of subparagraphs (b) and (c) below, the Debtors are authorized to indemnify, and to provide contribution and reimbursements to, and shall indemnify, and provide contributions and reimbursement to, Houlihan Lokey for any claims arising from, related to, or in connection with the services to be provided by Houlihan Lokey as specified in the Application, but not for any claim arising from, related to, or in connection with Houlihan Lokey's post-petition performance of any other services other than those in connection with the engagement, unless such post-petition services and indemnification therefor are approved by this Court; and

(b) The Debtors shall have no obligation to indemnify Houlihan Lokey for any claim or expense that is either (i) judicially determined (the determination having become final and no longer subject to appeal) to have arisen from Houlihan Lokey's bad faith, gross negligence or willful misconduct, (ii) for a contractual dispute in which the Debtors allege the breach of Houlihan Lokey's contractual obligations, unless this Court determines that indemnification, contribution, or reimbursement would be permissible pursuant to *In re United Artists Theatre Company, et. al.*, 315 F.3d 217 (3d Cir. 2003), or (iii) settled prior to a judicial determination as to the exclusions set forth in clauses (i) and (ii) above, but determined by this Court, after notice and a hearing pursuant to subparagraph (c) *infra*, to be a claim or expense for which Houlihan Lokey is not entitled to receive indemnity, contribution or reimbursement under the terms of the Houlihan Engagement Letter;

(c) If, before the earlier of (i) the entry of an order confirming a Chapter 11 plan in this case (that order having become a final order no longer subject to appeal), and (ii) the entry of an order closing this Chapter 11 Case, Houlihan Lokey believes that it is entitled to the payment of any amounts by the Debtors on account of the Debtors' indemnification, contribution and/or reimbursement obligations under the Application, including, without limitation, the advancement of defense costs, Houlihan Lokey must file an application in this Court, and the Debtors may not pay any such amounts to Houlihan Lokey before the entry of an order by this Court approving the payment. This subparagraph (c) is intended only to specify the period of time under which the Court shall have jurisdiction over any request for fees and expenses by Houlihan Lokey for indemnification, contribution or reimbursement and not as a provision limiting the duration of the Debtors' obligation to indemnify Houlihan Lokey.

8. Notwithstanding any provision to the contrary in the Application or the Houlihan Engagement Letter, the contribution obligations of the Indemnified Parties (as such term is defined in the Houlihan Engagement Letter) shall not be limited to the aggregate amount of fees actually received by Houlihan Lokey from the Debtors pursuant to the Houlihan Engagement Letter, this Order, or subsequent orders of this Court.

9. To the extent requested in the Application, Houlihan Lokey is excused from complying with the information requirements contained in Local Rule 2016-2(d).

10. Notwithstanding any provision to the contrary in the Houlihan Engagement Letter, the Debtors shall have no obligation to reimburse Houlihan Lokey for its attorney fees or attorney expenses incurred in defending Houlihan Lokey's fee applications filed with the Bankruptcy Court.

11. Notwithstanding any provision to the contrary in the Houlihan Engagement Letter, the Houlihan Engagement Letter shall not be construed as requiring (i) any Chapter 7 trustee to employ Houlihan Lokey following any conversion of these Chapter 11 Cases to Chapter 7; or (ii) the treatment of any fees or expenses earned and payable to Houlihan Lokey during the Chapter 11 Cases as an administrative expense in a Chapter 7 proceeding. For the avoidance of doubt, all rights of any Chapter 7 trustee are reserved.

12. Houlihan Lokey shall be compensated in accordance with the procedures set forth in the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, this Order, and any other applicable orders of this Court.

13. This Court shall retain jurisdiction to construe and enforce the terms of this Order.

Dated: July 5, 2018
Wilmington, Delaware

THE HONORABLE LAURIE SELBER SILVERSTEIN
UNITED STATES BANKRUPTCY JUDGE

Tab G

THIS IS EXHIBIT "G" TO THE AFFIDAVIT

OF PAUL KOSTUROS SWORN BEFORE ME

ON THIS 19TH DAY OF JULY, 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

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 Nos. 14, 15 & 60**

FINAL ORDER (I) AUTHORIZING THE DEBTORS TO (A) 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

Upon the motion (the "Motion")[2] [Docket No. 15], dated May 14, 2018, of The Rockport Company, LLC and certain of its affiliates, as debtors and debtors in possession in the above-captioned cases (each, a "Debtor" and, collectively, the "Debtors") pursuant to sections 105, 361, 362, 363(c), 363(e), 364(c), 364(d), 364(e), and 507 of title 11 of the United States Code (the "Bankruptcy Code"), Rules 2002, 4001, 6004, and 9014 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), and Rule 4001-2 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware, seeking entry of interim and final orders granting the following relief:

1) authority for the Debtors to obtain senior secured revolving postpetition financing on a super-priority basis pursuant to the terms and conditions of that certain Senior Secured Super-Priority Debtor-in-Possession Revolving Credit Agreement by and

[1] The debtors 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.

[2] Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Motion.

among, The Rockport Group, LLC, The Rockport Company, LLC, TRG Class D, LLC, Rockport Canada ULC, Drydock Footwear, LLC and DD Management Services LLC, and Rockport Canada Holdings Ltd. (collectively, the "DIP ABL Borrowers"), and Citizens Business Capital, as administrative agent and collateral agent for the DIP ABL Lenders (as defined below) (in its capacity as administrative and collateral agent, and including any of its Affiliates (including any branches thereof) performing any of the functions of administrative agent or collateral agent hereunder or under any of the other Loan Documents, the "DIP ABL Agent" for Citizens Bank, N. A. and HSBC Bank USA, National Association (together with any other lenders party thereto and their respective affiliates, successors and assigns, the "DIP ABL Lenders", substantially in the form attached as Exhibit 1 to the Interim Order (as defined below) (as such agreement may be amended, restated, amended and restated, extended, modified, supplemented, or replaced from time to time in accordance with its terms, the "DIP ABL Credit Agreement" and the financing and financial accommodations made available pursuant to the DIP ABL Credit Agreement and the other DIP ABL Documents (as defined below), the "DIP ABL Facility");

2) authority for the Debtors to (a) execute, deliver, and perform under the DIP ABL Credit Agreement and all other related or ancillary documents and agreements (including the Budget (as defined below)) (collectively, the "DIP ABL Documents"), and (b) perform such other acts as may be necessary or desirable in connection with the DIP ABL Documents;

3) authority for the Debtors to obtain senior secured postpetition financing on a super-priority basis pursuant to the terms and conditions of that certain Debtor-In-

Possession Note Purchase and Security Agreement by and among The Rockport Group, LLC, 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, Drydock Footwear, LLC, and DD Management Services LLC, as borrowers (the "DIP Note Borrowers" and together with the DIP ABL Borrowers, the "Borrowers"), the purchasers party thereto from time to time (collectively, the "DIP Note Purchasers" and, together with the DIP ABL Lenders, the "DIP Lenders"), and Cortland Capital Market Services LLC, as collateral agent for the DIP Note Purchasers (the "DIP Notes Agent" and, together with the DIP ABL Agent, the "DIP Agents"), substantially in the form attached as Exhibit 2 to the Interim Order (as defined below) (as such agreement may be amended, restated, amended and restated, extended, modified, supplemented, or replaced from time to time in accordance with its terms, the "DIP Note Purchase Agreement" and together with the DIP ABL Loan Agreement, the "DIP Credit Agreements" and, together with the DIP ABL Documents and the DIP Note Documents (as defined below), the "DIP Documents") and the financing and financial accommodations made available pursuant to the DIP Note Purchase Agreement and the other DIP Note Documents, the "DIP Note Facility" and, together with the DIP ABL Facility, the "DIP Facilities");

4) authority for the Debtors to (a) execute, deliver, and perform under the DIP Note Purchase Agreement and all other related or ancillary documents and agreements (including the Budget (as defined below)) (collectively with the DIP Note Purchase Agreement, the "DIP Note Documents"), and (b) perform such other acts as may be necessary or desirable in connection with the DIP Note Documents;

5) authority for the Debtors to (a) use "cash collateral," as such term is defined in section 363 of the Bankruptcy Code and/or under the DIP Documents, as applicable (the "Cash Collateral"), subject to (x) the restrictions set forth in the DIP Documents and this Final Order, and (y) the grant of adequate protection to the Prepetition Secured Parties for any diminution in value of their interests in the Prepetition Collateral (each as defined herein), and (b) access and use the liquidity provided under the DIP Facilities on a final basis (the "Financing Period"), as follows ((a)-(c) below being collectively defined as the "Final DIP Financing"):

a) access and use of up to $60,000,000.00 of the postpetition revolving loans made available under the DIP ABL Facility during the Financing Period to (x) partially satisfy certain prior indebtedness, including certain prepetition borrowings under the ABL Facility (including the Final ABL Roll-Up (as defined below)), convert all letters of credit issued by any ABL Secured Party (as defined below) under the ABL Documents (as defined below) to letters of credit under the DIP ABL Documents, (y) fund the Debtors' chapter 11 cases and the continued operation of their businesses as Debtors, and (z) fund certain fees and expenses associated with the consummation of the transactions contemplated in the DIP Documents, each on the terms set forth herein and the DIP Documents, and in each case consistent with the Budget (collectively, the "DIP ABL Obligations");

b) purchase postpetition notes from time to time under the DIP Note Facility in the aggregate amount of up to $20,000,000.00 during the Financing

Period to (i) fund the Debtors' chapter 11 cases and the continued operation of their businesses as Debtors, and certain fees and expenses associated with the consummation of the transactions contemplated in the DIP Documents, each on the terms set forth herein and the DIP Documents, and in each case consistent with the Budget, and (ii) issue notes under the DIP Note Purchase Agreement, in exchange for Senior Secured Notes (as defined below) held by the DIP Note Purchasers, on the terms set forth herein and in the DIP Note Purchase Agreement (including the Final DIP Note Roll-Up (as defined below)) (collectively, the "DIP Note Obligations"); and

c) pay the fees and expenses arising in accordance with the terms of the DIP Documents; and

6) a grant of automatically perfected, valid, enforceable, and unavoidable security interests and liens, pursuant to sections 364(c)(2), 364(c)(3), and 364(d)(1) of the Bankruptcy Code, on all DIP Collateral (as defined herein) and assets of the Borrowers and the other Debtors providing credit support under the DIP Facilities (the "Credit Parties"), including with respect to Bankruptcy Recoveries (as defined below) and the products and proceeds thereof but solely to the extent provided in this Final Order, as more fully described herein;

7) a grant, with respect to the obligations of the Borrowers and the other Credit Parties hereunder and under the other DIP Documents (and subject only to the Carve-Out described in paragraph 34 hereof), of an allowed super-priority administrative expense claim in each of the Debtors' bankruptcy cases (and against each of the Debtors'

estates created pursuant to section 541 of the Bankruptcy Code) pursuant to section 364(c)(1) of the Bankruptcy Code having priority over all administrative expenses of the kind specified in or arising under any section of the Bankruptcy Code (including sections 105, 326, 328, 330, 331, 503(b), 507(a), 507(6), 546(c), or 726 thereof);

8) authority for the Debtors to pay the principal, interest, fees, expenses, and other amounts payable under the DIP Documents as such become due, including the reasonable and documented fees and disbursements of the DIP Agents and the DIP Lenders' attorneys, advisers, accountants, and other consultants, all to the extent provided in and in accordance with the terms of the DIP Documents and this Final Order;

9) a modification of the automatic stay imposed by section 362 of the Bankruptcy Code to the extent necessary to implement and effectuate the terms and provisions of the DIP Documents and this Final Order, as set forth herein;

10) approval of the Chapter 11 Case Milestones (as defined in the DIP ABL Loan Agreement) and the Milestones (as defined in the DIP Note Purchase Agreement and, together with the Chapter 11 Case Milestones, the "Milestones") in respect of the 363 sale process as described in the Kosturos Declaration (as defined below);

and the Court having considered the Motion, the *Declaration of Paul Kosturos in Support of Debtors' Chapter 11 Petitions and First Day Motions* (the "Kosturos Declaration") filed concurrently with the Motion, the DIP Documents, the evidence submitted or proffered at the interim hearing to consider the relief requested in the Motion held on May 15, 2018 (the "Interim Hearing"); and notice of the Interim Hearing having been given in accordance with Bankruptcy Rules 4001(b), (c), and (d), and 9014; and the Interim Hearing having been held and concluded; and all objections to the relief requested in the Motion having been withdrawn, resolved, or

addressed by the Court; and the Court having entered its "*Interim Order Authorizing 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) Scheduling a Final Hearing, and (V) Granting Related Relief*", dated May 15, 2018 [Docket No. 60] (the "Interim Order"; and together with this Final Order the "Financing Orders"); and notice of the Final Hearing (defined below) on the Motion having been given in accordance with Bankruptcy Rules 4001(b), (c), and (d), and 9014 and as provided in the Interim Order; and the Final Hearing having been held and concluded on June 13, 2018 (the "Final Hearing"); and it further appearing that the Debtors are unable to obtain unsecured credit for money borrowed allowable as an administrative expense under section 503(b)(1) of the Bankruptcy Code; and adequate protection being provided on account of the interests of certain holders of liens on the property of the estates on which liens are to be granted; and upon the Motion, the Kosturos Declaration, and the record of the Interim Hearing and the Final Hearing, and all objections, if any, to the entry of this Final Order having been withdrawn, resolved, or overruled by this Court; and after due deliberation and consideration, and for good and sufficient cause appearing therefor:

BASED UPON THE RECORD ESTABLISHED AT THE FINAL HEARING BY THE DEBTORS, THE COURT HEREBY MAKES THE FOLLOWING FINDINGS OF FACT AND CONCLUSIONS OF LAW:

A. *Petition Date*. On May 14, 2018 (the "Petition Date"), each of the Debtors filed a separate voluntary petition under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware (the "Court") commencing these chapter 11 cases (collectively, the "Chapter 11 Cases").

B. *Debtors-in-Possession*. The Debtors continue to operate their businesses and properties as debtors-in-possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in these Chapter 11 Cases.

C. *Jurisdiction and Venue*. This Court has jurisdiction over these proceedings and the persons and property affected hereby pursuant to 28 U.S.C. §§ 157(b) and 1334, and the *Amended Standing Order of Reference from the United States District Court for the District of Delaware*, dated as of February 29, 2012. Consideration of the Motion constitutes a core proceeding under 28 U.S.C. § 157(b)(2). The Court may enter a final order consistent with Article III of the United States Constitution. Venue for these Chapter 11 Cases and proceedings on the Motion is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409.

D. *Committee Formation*. On May 23, 2018 the Office of the United States Trustee ("U.S. Trustee") appointed a statutory committee of unsecured creditors (including, but not limited to, any subsequently appointed statutory committee, the "Committee"), in the Chapter 11 Cases.

E. *Debtors' Stipulations*. Subject only to the rights of parties in interest as set forth in paragraph 37 hereof, after consultation with their attorneys and financial advisors, the Debtors (on behalf of, and for themselves and their estates) admit, stipulate, acknowledge, and agree to the following:

(i) *ABL Facility*. The Rockport Group, LLC, as "Borrower Representative", the other "Borrowers", the financial institutions from time to time party thereto (collectively, the "ABL Lenders"), and Citizens Business Capital, as administrative agent and collateral agent for the ABL Lenders (in its capacity as administrative and collateral agent, and including any of its Affiliates (including any branches thereof) performing any

of the functions of administrative agent or collateral agent hereunder or under any of the other Loan Documents, the "ABL Agent" and, together with the ABL Lenders, the "ABL Secured Parties"), are parties to that certain Revolving Credit Agreement dated as of July 31, 2015 (as it may have been amended, restated, modified, supplemented, or replaced from time to time prior to the Petition Date, the "ABL Credit Agreement"). The ABL Credit Agreement provides the Debtors with an asset-based credit facility (the "ABL Facility") with $60,000,000 maximum aggregate availability to both the domestic and foreign borrowers thereunder, subject to a borrowing base (and as reduced by reserves), all set forth in the ABL Credit Agreement. As of the Petition Date, approximately $56,975,436.95 was outstanding under the ABL Facility, approximately $53,425,436.95 of which comprised "Revolving Loans" (as defined under the ABL Credit Agreement), plus letters of credit in the approximate stated amount of not less than approximately $3,550,000.00, plus interest accrued and accruing at the rates set forth in the ABL Credit Agreement (together with any other amounts outstanding under the ABL Facility as provided in the ABL Credit Agreement, including obligations in respect of the cash management system, cash collateral for letters of credit, purchase charge cards, purchase card services, fees, expenses, and indemnity, the "ABL Obligations"). The ABL Facility is secured by (1) first priority security interests and liens on certain of the Debtors' property, defined as the "Revolving Priority Collateral" in the Prepetition Intercreditor Agreement (as defined below) (collectively, and in any case as more fully described in the definition of Revolving Priority Collateral in the Prepetition Intercreditor Agreement, the "ABL Priority Collateral" and the "ABL Liens," as applicable), and (2) second priority security interests and liens on the Secured Notes Priority Collateral (as defined

below) (the collateral referred to in clauses (1) and (2) being collectively defined herein as the "ABL Collateral" pursuant to the "Collateral Documents" (as such term is defined and as set forth in the ABL Credit Agreement, the "ABL Collateral Documents" and, together with the ABL Credit Agreement, the "ABL Documents").

(ii) *Senior Secured Notes.* Pursuant to that certain Note Purchase Agreement dated as of July 31, 2015 (as it may have been amended, restated, modified, supplemented, or replaced from time to time prior to the Petition Date, the "Senior Secured Note Purchase Agreement"), among The Rockport Group, LLC and the Rockport Company, as borrowers, the other "Note Parties", the purchasers from time to time party thereto (collectively, the "Secured Noteholders"; together with the Secured Notes Agent (as defined below), the "Secured Notes Parties" and, together with the ABL Secured Parties, the "Prepetition Secured Parties"), and Cortland Capital Market Services LLC, as collateral agent (the "Secured Notes Agent" and, together with the ABL Agent, the "Prepetition Agents"), certain "Senior Notes" (together with all "Senior Notes" issued as payment in kind thereon, the "Initial Senior Secured Notes") were issued in an original principal amount of $130,000,000. Prior to the Petition Date, certain additional "Senior Notes" (together with all "Senior Notes" issued as payment in kind thereon, the "Additional Senior Secured Notes" and, together with the Initial Senior Secured Notes, the "Senior Secured Notes") were issued in an original principal amount of $40,753,966.05. As of the Petition Date, approximately $188,253,358.06, plus interest accrued and accruing at the rates set forth in the Senior Secured Note Purchase Agreement, was outstanding in respect of the Senior Secured Notes (together with any other amounts outstanding under the Secured Notes Documents (as defined below),

including obligations in respect of fees, expenses, and indemnity obligations the "Secured Notes Obligations" and, together with the ABL Obligations, the "Prepetition Obligations"). The Secured Notes Obligations are secured by (1) first priority security interests and liens on certain of the Debtors' (other than Rockport Canada ULC) property, defined as the "Note Priority Collateral" in the Prepetition Intercreditor Agreement (collectively, and in any case as more fully described in the definition of Note Priority Collateral in the Prepetition Intercreditor Agreement, the "Secured Notes Priority Collateral" and the "Secured Notes Liens," as applicable), and (2) second priority security interests and liens on the ABL Priority Collateral (the collateral referred to in clauses (1) and (2) being collectively defined herein as the "Secured Notes Collateral" (together with the ABL Collateral, the "Prepetition Collateral") pursuant to "Collateral Documents" (as such term is defined and as set forth in the Senior Secured Note Purchase Agreement, the "Secured Notes Collateral Documents"; together with the Senior Secured Note Purchase Agreement, the "Secured Notes Documents"; and the Secured Notes Documents, together with the ABL Documents and the Prepetition Intercreditor Agreement, the "Prepetition Financing Documents").

(iii) *Prepetition Intercreditor Agreement.* On July 31, 2015, the ABL Agent and the Secured Notes Agent entered into that certain Intercreditor Agreement that, among other things, assigned relative priorities to certain claims and liens arising under the ABL Documents and the Secured Notes Documents (the "Prepetition Intercreditor Agreement"). The Prepetition Intercreditor Agreement is a "subordination agreement" within the meaning of section 510(a) of the Bankruptcy Code in the Chapter 11 Cases. The Prepetition Agents and Prepetition Secured Parties have stipulated that their

respective interests in the Prepetition Collateral and, to the extent applicable, the DIP Collateral shall continue to be governed by the Prepetition Intercreditor Agreement (including, without limitation, (a) the ABL Agent's and the DIP ABL Agent's rights with respect to the ABL Priority Collateral and the DIP ABL Collateral (as defined below) and (b) the Secured Notes Agent's rights with respect to the Secured Notes Priority Collateral and the DIP Note Collateral (as defined below)), except as expressly provided by this Final Order. For the avoidance of doubt, (i) the DIP ABL Obligations constitute "Revolving Obligations", (ii) the DIP Note Obligations constitute "Note Obligations", (iii) the DIP ABL Collateral constitutes "Revolving Priority Collateral", and (iv) the DIP Note Collateral constitutes "Note Priority Collateral" (as each such term is defined in the Prepetition Intercreditor Agreement).

(iv) *Validity and Priority of Prepetition Indebtedness and Liens.* The Debtors acknowledge, agree and stipulate that (a) the liens on the ABL Collateral granted pursuant to the ABL Documents are valid, binding, enforceable, non-avoidable, and perfected liens, and are not subject to any challenge or defense, including avoidance, reduction, offset, attachment, disallowance, disgorgement, counterclaim, surcharge, recharacterization, or subordination, pursuant to the Bankruptcy Code or applicable non-bankruptcy law; (b) the liens granted pursuant to the ABL Documents are senior to all security interests and liens in the ABL Collateral, subject only to the senior liens of the Secured Notes Agent in the Secured Notes Priority Collateral in accordance with the Prepetition Intercreditor Agreement; (c) the ABL Documents are valid and enforceable by the ABL Agent and ABL Lenders against each of the Debtors party to such agreements; (d) the liens on the Secured Notes Collateral granted pursuant to the Secured

Notes Documents are valid, binding, enforceable, non-avoidable, and perfected liens, and are not subject to any challenge or defense, including avoidance, reduction, offset, attachment, disallowance, disgorgement, counterclaim, surcharge, recharacterization, or subordination, pursuant to the Bankruptcy Code or applicable non-bankruptcy law; (e) the liens granted pursuant to the Secured Notes Documents are senior to all security interests and liens in the Secured Notes Collateral, subject only to the senior liens of the ABL Agent in the ABL Priority Collateral in accordance with the Prepetition Intercreditor Agreement; (f) the Secured Notes Documents are valid and enforceable by the Secured Notes Agent and the Secured Noteholders against each of the Debtors party to such agreements; (g) the obligations under the ABL Facility and the obligations under the Senior Secured Notes constitute legal, valid, binding, and unavoidable obligations of the Debtors, enforceable in accordance with the terms and conditions of the ABL Documents and the Secured Notes Documents, respectively; (h) no offsets, challenges, defenses, claims, or counterclaims of any kind or any nature to any of the obligations under the ABL Facility or to any of the obligations under the Senior Secured Notes exist, and no portion of such obligations is subject to avoidance, recharacterization, disallowance, or subordination pursuant to the Bankruptcy Code or other applicable law; (i) the Debtors and their estates have no offsets, defenses, claims, objections, challenges, causes of action; and/or choses in action, including, without limitation, avoidance claims under chapter 5 of the Bankruptcy Code, against the ABL Agent, the Secured Notes Agent, the ABL Lenders, the Secured Noteholders, and/or any of such parties' respective affiliates, parents, subsidiaries, controlling persons, agents, attorneys, advisors, professionals, officers, directors, or employees whether arising under applicable state or

federal law (including, without limitation, any recharacterization, subordination, avoidance or other claims arising under or pursuant to sections 105, 510, or 542 through 553 of the Bankruptcy Code) or arising under or in connection with any of the ABL Documents or the Secured Notes Documents (or the transactions contemplated thereunder), the obligations under the ABL Facility and the Senior Secured Notes, or the security interests and liens in the ABL Collateral and the Secured Notes Collateral; (j) as of the Petition Date, the Prepetition Obligations constitute allowed, secured claims within the meaning of sections 506(a) and 502 of the Bankruptcy Code, together with accrued and unpaid interest, fees (including attorneys' fees and related expenses), costs, expenses, and other charges of whatever nature owing in respect thereof; (k) the Debtors hereby waive, discharge and release any right to challenge any of the obligations under the ABL Facility and the Senior Secured Notes, the priority of the Debtors' obligations thereunder, and the security for (and the priority of the liens securing) such obligations, and to assert any offsets, defenses, claims, objections, challenges, causes of action, and/or choses in action against the ABL Agent, ABL Lenders, Secured Notes Agent, and Secured Noteholders, and/or any of their respective officers, directors, or employees; and (l) any payments made on account of the obligations under the ABL Facility and the obligations in respect of the Senior Secured Notes (including, as applicable, the ABL Obligations and the Secured Notes Obligations) to or for the benefit of the ABL Agent, ABL Lenders, Secured Notes Agent, or Secured Noteholders prior to the Petition Date were payments out of the Prepetition Collateral in accordance with the Prepetition Intercreditor Agreement, as applicable, and such payments did not diminish any property otherwise available for distribution to unsecured creditors.

(v) *Cash Collateral.* The Debtors acknowledge and stipulate that substantially all of the Debtors' cash, including the cash in their deposit accounts, wherever located, whether as original collateral or proceeds of other Prepetition Collateral, constitutes "cash collateral" (as such term is defined in section 363(a) of the Bankruptcy Code) of the Prepetition Secured Parties, as and to the extent applicable.

(vi) *Default by the Debtors.* The Debtors acknowledge and stipulate that by filing petitions for relief under chapter 11 of the Bankruptcy Code and commencing these Chapter 11 Cases, all of their debts and obligations under the ABL Documents and the Secured Notes Documents (including, without limitation, any premiums payable thereunder) are immediately due and payable.

F. *Consent to Adequate Protection and Priming Liens.* The ABL Agent and the Secured Notes Agent each have provided consent to (i) the adequate protection provided in paragraph 13 of this Final Order and (ii) the priming of their respective liens on the Prepetition Collateral on the terms set forth in paragraph 7 of this Final Order.

G. *Findings Regarding the Postpetition Financing.*

(i) *Request for Postpetition Financing.* The Debtors seek authority on a final basis to: (a) use Cash Collateral on the terms described herein, and (b) access and use the liquidity provided under the DIP Facilities 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 Credit Agreements; 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. The Debtors seek authority to (i) use

the proceeds of the DIP ABL Facility for the "roll up" in satisfaction of the ABL Obligations under the ABL Documents and the conversion of all letters of credit issued by any ABL Secured Party under the ABL Documents to letters of credit under the DIP ABL Documents and (ii) issue notes under the DIP Note Purchase Agreement, in exchange for Senior Secured Notes held by the DIP Note Purchasers, on the terms set forth herein and in the DIP Note Purchase Agreement.

(ii) *Priming of Certain Prepetition Liens.* The priming of the liens of the Prepetition Secured Parties on the Prepetition Collateral, as contemplated by the DIP Facilities and as further described below, will enable the Debtors to obtain the DIP Facilities and to continue to operate their businesses for the benefit of their estates and creditors. However, the Prepetition Secured Parties are each entitled to receive adequate protection as set forth in this Final Order pursuant to sections 361, 363, and 364 of the Bankruptcy Code, for and to the extent of any postpetition diminution in the value of each of their respective interests in the Prepetition Collateral (including Cash Collateral) resulting from the Debtors' use, sale, or lease of such collateral, the imposition of the automatic stay, the priming of the prepetition liens granted on the Prepetition Collateral, and the subordination to the Carve-Out described in paragraph 34 hereof and the DIP Liens (as defined herein) and the Administration Charge (as defined herein) (collectively, the "Diminution in Value"). As adequate protection, the Prepetition Secured Parties will receive the adequate protection described in paragraph 13 of this Final Order.

(iii) *Need for Postpetition Financing and Use of Cash Collateral.* The Debtors' need to use Cash Collateral and to obtain credit pursuant to the DIP Facilities as provided for herein is necessary to enable the Debtors to continue operations and to

administer and preserve the value of their estates. The ability of the Debtors to finance their operations, to maintain business relationships with their vendors, suppliers, and customers, to pay their employees, and otherwise to finance their operations requires the availability of working capital from the DIP Facilities and the use of Cash Collateral. Without the ability to access the DIP Facilities or Cash Collateral, the Debtors, their estates, their creditors, and the possibility for a successful reorganization would suffer immediate and irreparable harm. The Debtors do not have sufficient available sources of working capital and financing to operate their businesses or maintain their properties in the ordinary course of business without the DIP Facilities and authorized use of Cash Collateral.

(iv) *No Credit Available on More Favorable Terms.* Given their current financial condition, financing arrangements, and capital structure, the Debtors are unable to obtain financing from sources other than the DIP Lenders on terms more favorable than the DIP Facilities. The Debtors have been unable to obtain unsecured credit allowable under section 503(b)(1) of the Bankruptcy Code as an administrative expense. The Debtors have also been unable to obtain credit (a) having priority over that of administrative expenses of the kind specified in sections 503(b), 507(a), and 507(b) of the Bankruptcy Code, (b) secured by a lien on property of the Debtors and their estates that is not otherwise subject to a lien, or (c) secured solely by a junior lien on property of the Debtors and their estates that is subject to a lien. Financing on a postpetition basis is not otherwise available without granting the DIP Agents, for the benefit of themselves and the DIP Lenders, (a) perfected security interests in and liens on all of the Debtors' existing and after-acquired assets, (b) superpriority claims and priming liens, and (c) the

other protections set forth in this Final Order, in each case with the priorities and on the other terms set forth herein.

(v) *Adequacy of the Budget.* As set forth in the DIP Documents, the Debtors have prepared and delivered to the DIP Agents and the DIP Lenders a budget, a copy of which is annexed hereto as Exhibit A (as it may be modified, amended, restated or supplemented with the consent of the DIP ABL Agent and the Required Purchasers (as defined in the DIP Note Purchase Agreement), in their respective sole discretion on the terms set forth in the DIP Documents and paragraph 16 hereof, the "Budget").[3] The Budget has been thoroughly reviewed by the Debtors, their management, and their advisors. The Debtors, their management, and their advisors believe the Budget and the estimate of administrative expenses due or accruing during the period covered by the Budget were developed using reasonable assumptions, and based on those assumptions the Debtors believe there should be sufficient available assets to pay all administrative expenses due or accruing during the period covered by the Budget.

(vi) *Banking Services.* The Debtors hereby acknowledge that any and all obligations arising in respect of Banking Services (as defined in the DIP ABL Credit Agreement), including but not limited to controlled disbursement services, treasury, depository, overdraft, and electronic funds transfer services, foreign exchange facilities, credit card processing services, purchase cards and credit or debit card products, whether incurred prepetition or postpetition, are part of and included in the DIP ABL Obligations, and further that they shall pay all such amounts in the ordinary course of business as and

[3] For the avoidance of doubt, the Budget is one of the DIP Documents.

when due in accordance with the terms of such other agreements as may be applicable thereto.

H. *Section 506(c)*. In exchange for (i) the DIP Agents' and the DIP Lenders' agreement to subordinate their liens and superpriority claims to the Carve-Out and the Administration Charge, and (ii) the Prepetition Secured Parties' agreement to subordinate their liens and claims to the Carve-Out, the DIP Liens and the Administration Charge, the DIP Agents, the DIP Lenders, and the Prepetition Secured Parties shall each receive a waiver of the provisions of section 506(c) of the Bankruptcy Code.

I. *Section 552*. In exchange for (i) the DIP Agents' and the DIP Lenders' agreement to subordinate their liens and superpriority claims to the Carve-Out and the Administration Charge, and (ii) the Prepetition Secured Parties' agreement to subordinate their liens and claims to the Carve-Out, the DIP Liens and the Administration Charge, the DIP Agents, the DIP Lenders, and the Prepetition Secured Parties are each entitled to all of the rights and benefits of section 552(b) of the Bankruptcy Code and the "equities of the case" exception shall not apply.

J. *Canadian Recognition Proceeding*. On May 16, 2018, Rockport Blocker, LLC, as the foreign representative of the Debtors, commenced recognition proceedings in Canada under Part IV of the Companies' Creditors Arrangement Act (Canada), R.S.C. 1985, c. C-36, as amended (the "Canadian Case") in the Ontario Superior Court of Justice (Commercial List) (the "Canadian Court"). On May 16, 2018, the Canadian Court issued and entered an Initial Recognition Order (Foreign Main Proceeding) and a Supplemental Order (Foreign Main Proceeding).

K. *Good Faith of the DIP Agents and the DIP Lenders*.

(i) *Willingness to Provide Financing*. The DIP Lenders have indicated a

willingness to provide financing to the Debtors subject to: (a) the entry by this Court of this Final Order and a related supplemental order by the Canadian Court, in a form satisfactory to the DIP Agents, commencing the Canadian Case and recognizing the Chapter 11 Cases as foreign main proceedings and providing for a super-priority charge over the property of the Canadian Loan Parties (as defined in the DIP ABL Credit Agreement) to secure all obligations under the DIP ABL Documents; (b) approval by this Court of the terms and conditions of the DIP Facilities; and (c) entry of findings by this Court that such financing is essential to the Debtors' estates, that the DIP Agents and DIP Lenders are extending credit to the Debtors pursuant to the DIP Documents in good faith, and that the DIP Agents' and DIP Lenders' claims, superpriority claims, security interests, and liens and other protections granted pursuant to this Final Order and the DIP Documents will have the protections provided in section 364(e) of the Bankruptcy Code and will not be affected by any subsequent reversal, modification, vacatur, amendment, reargument, or reconsideration of this Final Order, or any other order.

(ii) *Business Judgment and Good Faith Pursuant to Section 364(e).* The terms and conditions of this Final Order, the DIP Facilities, and the DIP Documents, 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. The DIP Facilities and the use of Cash Collateral were negotiated in good faith and at arms' length among the Debtors, the DIP Agents, the DIP Lenders, and certain of the Prepetition Secured Parties. The use of Cash Collateral and credit to be extended under the DIP Facilities shall be deemed to have been so

allowed, advanced, made, used, and extended in good faith, and for valid business purposes and uses, within the meaning of section 364(e) of the Bankruptcy Code, and the Prepetition Secured Parties, the DIP Agents, and the DIP Lenders are therefore entitled to the protection and benefits of section 364(e) of the Bankruptcy Code and this Final Order.

L. *Notice*. Notice of the Final Hearing and the final relief requested in the Motion has been provided by the Debtors, whether by facsimile, email, overnight courier, U.S. Mail, or hand delivery, to certain parties-in-interest, including: (i) the U.S. Trustee; (ii) counsel to the ABL Agent; (iii) counsel to the DIP ABL Agent; (iv) counsel to the Secured Noteholders; (v) counsel to the DIP Note Purchasers; (vi) counsel to the Secured Notes Agent; (vii) counsel to the DIP Notes Agent; (viii) the parties listed in the consolidated list of thirty (30) largest unsecured creditors filed by the Debtors in the Chapter 11 Cases; (ix) any such other party entitled to notice pursuant to Bankruptcy Rule 2002 (collectively, the "Notice Parties"), and such notice is good and sufficient to permit the relief set forth in this Final Order.

Based upon the foregoing findings and conclusions, the Motion, and the record before the Court with respect to the Motion, and good and sufficient cause appearing therefor,

IT IS HEREBY ORDERED that, as set forth herein on a final basis:

1. Final DIP Financing Approved. The Final DIP Financing is authorized and approved, and the use of Cash Collateral on a final basis is authorized, subject to the terms and conditions set forth in this Final Order and the DIP Documents (including the Budget). Except as otherwise set forth herein, the Interim Order is hereby ratified and affirmed in all respects as it was in effect from the date of its entry through and including the entry of this Final Order.

2. Objections Overruled. All objections to the Final DIP Financing and/or entry of this Final Order to the extent not withdrawn or resolved are hereby overruled.

DIP Facility Authorization

3. Authorization of the Final DIP Financing and Entry into the DIP Documents; Application of DIP Proceeds. The DIP Facilities are hereby approved for the Final DIP Financing. The Debtors are expressly and immediately authorized and empowered to execute and deliver the DIP Documents and to incur and to perform the DIP Obligations (as defined herein) in accordance with, and subject to, the terms of this Final Order and the DIP Documents, and to deliver all instruments and documents that may be necessary or required for the performance by the Debtors under the DIP Facilities and the creation and perfection of the DIP Liens provided for by this Final Order and the DIP Documents. The DIP Documents evidence valid and binding obligations of the Debtors, which shall be enforceable against the Debtors, their estates, and their creditors in accordance with the terms and conditions of the DIP Documents and this Final Order. The Debtors are hereby authorized to pay, in accordance with this Final Order, the principal, interest, fees, expenses, and other amounts described in the DIP Documents and all other documents comprising the DIP Facilities as such become due and without need to obtain further Court approval, all to the extent provided in the DIP Documents. The Debtors are hereby authorized to issue notes under the DIP Note Purchase Agreement in exchange for Senior Secured Notes held by the DIP Note Purchasers, on the terms set forth herein and in the DIP Note Purchase Agreement. All collections and proceeds, whether from ordinary course collections, asset sales, debt or equity issuances, insurance recoveries, condemnations, or otherwise, will be deposited and applied as required by this Final Order and the DIP Documents. All of the obligations described in the DIP Documents shall represent valid

and binding obligations of the Debtors, enforceable against each of the Debtors and their estates in accordance with the terms of the DIP Documents. The proceeds of the DIP Facilities (net of any amounts used to pay fees, costs and expenses under the DIP Credit Agreements) shall be used for: (a) the payment of fees, expenses and costs incurred in connection with the Chapter 11 Cases; (b) repayment of the ABL Obligations under the ABL Documents, as provided in this Final Order; (c) conversion of all letters of credit issued by any ABL Lender under the ABL Documents to letters of credit under the DIP ABL Facility; (d) exchange Senior Secured Notes held by the DIP Note Purchasers for notes issued under the DIP Note Purchase Agreement, on the terms set forth herein and in the DIP Note Purchase Agreement; (e) the payment of transaction expenses; (f) working capital, capital expenditures, and other general corporate purposes of the Debtors, in each case, subject to the Budget; and (g) the funding of the ABL Indemnity Account (as defined below).

4. Final Roll-Up.

(a) Upon entry of this Final Order, and subject to the rights of parties set forth in paragraph 37 below, the Debtors shall use the proceeds of the next advance under the DIP ABL Credit Agreement to satisfy all outstanding ABL Obligations in full in accordance with the terms of the ABL Credit Agreement (the "Final ABL Roll-Up").

(b) In addition to the issuance of $20,000,000.00 aggregate principal amount of Roll-Up Notes (as defined in the DIP Note Purchase Agreement) pursuant to, and approved by, the Interim Order (the "Initial Roll-Up Notes"), which issuance is approved on a final basis upon the entry of this Final 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 this Final 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, 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").

(c) The Final Roll-Up will be without prejudice to the rights of any third party, including, without limitation, any Committee, to seek an appropriate remedy from the Court upon a successful Challenge (as defined below) in accordance with paragraph 37 below.

5. Authorization to Access the Final DIP Financing. During the period that this Final Order is effective, and subject to the terms and conditions set forth in the DIP Documents, the DIP Facilities, and this Final Order, and to prevent immediate and irreparable harm to the Debtors' estates, the Debtors are hereby authorized to access the Final DIP Financing pursuant to and in accordance with the terms herein and the terms of the DIP Documents.

6. DIP Obligations. Upon entry of this Final Order, but subject to the rights of parties set forth in paragraph 37 below with respect to the Final Roll-Up, the DIP Documents and this Final Order shall constitute and evidence the validity and binding effect of the Debtors' obligations under the DIP Facilities, the other DIP Documents, and this Final Order (the "DIP Obligations"), which DIP Obligations shall be enforceable against the Debtors, their estates, and any successors thereto, including any trustee appointed in these cases, or any case under chapter 7 of the Bankruptcy Code upon the conversion of any of these Chapter 11 Cases, or in any other proceedings superseding or related to any of the foregoing (collectively, the "Successor Cases"). Upon entry of this Final Order, the DIP Obligations will include all loans, notes and any other indebtedness or obligations, contingent or absolute, which may now or from time to time be

owing by any of the Debtors to the DIP Agents or to any of the DIP Lenders, under the DIP Documents, or this Final Order, including all principal, accrued interest, costs, fees, expenses, and other amounts under the DIP Documents. The DIP Obligations shall be due and payable as provided for herein and in the DIP Documents.

7. DIP Liens and Collateral.

(a) As more fully set forth in the DIP ABL Documents and subject to the terms of the Prepetition Intercreditor Agreement, as security for the full and timely payment of the DIP ABL Obligations, the DIP ABL Agent on its behalf and on behalf of the DIP ABL Lenders is hereby granted:

i. pursuant to section 364(c)(2) of the Bankruptcy Code, a second priority lien and security interest in all unencumbered assets of the Debtors (now or hereafter acquired and all proceeds thereof) other than assets constituting (x) Secured Notes Priority Collateral or ABL Priority Collateral or (y) commercial tort claims, subordinate only to the DIP Note Liens (as defined below);

ii. pursuant to section 364(c)(3) of the Bankruptcy Code, junior liens on and security interests in the Secured Notes Priority Collateral (now or hereafter acquired and all proceeds thereof); provided, that such liens on the Secured Notes Priority Collateral shall be junior in priority and subordinate to the DIP Note Liens, and senior in priority to any other lien on the Secured Notes Priority Collateral (including, without limitation, the liens of the Secured Notes Agent and the ABL Agent) securing any other indebtedness of the Debtors; and

iii. pursuant to section 364(d) of the Bankruptcy Code, first priority priming liens on and security interests in the ABL Priority Collateral and Secured Notes

Priority Collateral (in each case, now or hereafter acquired and all proceeds thereof); provided, that such liens on (x) the ABL Priority Collateral shall be senior in priority to the DIP Note Liens and the Secured Notes Liens on the ABL Priority Collateral, and (y) the Secured Notes Priority Collateral shall be junior in priority and subordinate to the DIP Note Liens in and upon such Secured Notes Priority Collateral but senior in priority to the Secured Notes Liens on the Secured Notes Priority Collateral;

(b) The liens and security interests identified in paragraph 7(a) are referred to herein as the "DIP ABL Liens" and the collateral to which such DIP ABL Liens attach, the "DIP ABL Collateral", and in all instances shall be subject to the terms of the Prepetition Intercreditor Agreement; provided, that notwithstanding anything else in this Final Order or the Prepetition Intercreditor Agreement to the contrary, the DIP ABL Collateral shall exclude the segregated deposit account into which the DIP Note Purchasers shall deposit any proceeds from the purchase of the notes issued under, and pursuant to the terms and conditions of, the DIP Note Purchase Agreement (the "DIP Note Proceeds Deposit Account").

(c) As more fully set forth in the DIP Note Documents and subject to the terms of the Prepetition Intercreditor Agreement, as security for the full and timely payment of the DIP Note Obligations, the DIP Note Agent on its behalf and on behalf of the DIP Note Purchasers is hereby granted:

i. pursuant to section 364(c)(2) of the Bankruptcy Code, a first priority lien on and security interest in all unencumbered assets of the Debtors (now or hereafter acquired and all proceeds thereof), other than (x) assets constituting ABL Priority Collateral or Secured Notes Priority Collateral, (y) assets owned by Rockport Canada ULC, or (z) commercial tort claims; provided that the lien described in this

paragraph 7(c).i shall not extend to Additional Roll-Up Notes but shall, for the avoidance of doubt, extend to all other DIP Note Obligations (including the Initial Roll-Up Notes);

ii. pursuant to section 364(c)(3) of the Bankruptcy Code, junior liens on and security interests in the ABL Priority Collateral not owned by Rockport Canada ULC (now or hereafter acquired and all proceeds thereof); provided, that such liens on the ABL Priority Collateral shall be junior in priority and subordinate to the DIP ABL Liens, and senior in priority to any other lien on the ABL Priority Collateral (including, without limitation, the liens of the Secured Notes Agent and the ABL Agent) securing any other indebtedness of the Debtors; and

iii. pursuant to section 364(d) of the Bankruptcy Code, first priority priming liens on and security interests in (x) the ABL Priority Collateral and the Secured Notes Priority Collateral not owned by Rockport Canada ULC (now or hereafter acquired and all proceeds thereof); provided, that such liens on (A) the Secured Notes Priority Collateral shall be senior in priority to the liens of the Secured Notes Agent, the liens of the ABL Agent and the DIP ABL Liens on the Secured Notes Priority Collateral; and (B) the ABL Priority Collateral shall be junior in priority and subordinate to the DIP ABL Liens, but senior in priority to any other lien on the ABL Priority Collateral (including, without limitation, the liens of the Secured Notes Agent and the ABL Agent) securing any other indebtedness of the Debtors and (y) the DIP Note Proceeds Deposit Account.

(d) The liens and security interests identified in paragraph 7(c) are referred to herein as the "DIP Note Liens" together with the DIP ABL Liens, the "DIP Liens") and the collateral to which such DIP Note Liens attach, the "DIP Note Collateral" (together with the DIP ABL Collateral, the "DIP Collateral").

(e) For the avoidance of doubt, notwithstanding anything to the contrary otherwise in the DIP Documents, the DIP Collateral shall not include "Avoidance Actions" (as defined below) and shall only include the "Bankruptcy Recoveries" (as defined below) (A) to the extent arising under section 549 of the Bankruptcy Code and (B) with respect to Bankruptcy Recoveries arising under all other sections of chapter 5 of the Bankruptcy Code, only the amounts necessary to reimburse the DIP Lenders for the amount of the Carve-Out, if any, used to finance the pursuit of such recovery. As used herein, "Bankruptcy Recoveries" shall mean any recoveries of the Debtors, by settlement or otherwise, in respect of claims and causes of action to which the Debtors may be entitled to assert by reason of any avoidance or other power vested in or on behalf of the Debtors or the estates of the Debtors under chapter 5 of the Bankruptcy Code or their state law equivalents ("Avoidance Actions"). Further, the DIP Collateral shall include the proceeds of leases, but not the leases themselves, whether or not perfected prior to the Petition Date.

(f) In addition to the DIP Liens, the liens and security interests granted and created pursuant to the Prepetition Financing Documents shall remain in full force and effect and shall also secure the DIP ABL Obligations and the DIP Note Obligations, respectively.

8. DIP Lien Priority. The DIP Liens to be created and granted to the DIP Agents and the DIP Lenders, as provided herein, (a) are created pursuant to sections 364(c)(2), 364(c)(3) and 364(d) of the Bankruptcy Code; and (b) are first, valid, prior, perfected, unavoidable, and superior to any security, mortgage, or collateral interest or lien or claim to the DIP Collateral, and are subject only to: (w) the DIP Credit Agreements, (x) the Carve-Out, (y) a Lien in a maximum amount of Cdn$300,000.00 granted by the Canadian Court on DIP Collateral of the Canadian Loan Parties (as defined in the DIP ABL Credit Agreement) to secure professional fees

and expenses of Richter Advisory Group Inc., in its capacity as the proposed Canadian Court-appointed information officer (the "Information Officer"), and counsel to the Information Officer (the "Administration Charge") and (z) any existing liens that, under applicable law, are senior to, and have not been subordinated to, the liens of the Prepetition Secured Parties, but only to the extent that such existing liens are valid, perfected, enforceable, and unavoidable liens as of the Petition Date (the "Permitted Prior Liens"). The DIP Liens shall secure all DIP Obligations and the proceeds of the DIP Collateral shall be applied in the order and priority set forth in the DIP Credit Agreements and this Final Order. Except as otherwise provided herein, the DIP Liens shall not be made subject to or *pari passu* with any lien or security interest by any court order heretofore or hereafter entered in the Chapter 11 Cases and shall be valid and enforceable against any trustee appointed in the Chapter 11 Cases, upon any Successor Case(s), and/or upon the dismissal of any of the Chapter 11 Cases. The DIP Liens shall not be subject to sections 510, 549, 550 or 551 of the Bankruptcy Code, the "equities of the case" exception of section 552 of the Bankruptcy Code, or section 506(c) of the Bankruptcy Code.

9. DIP Superpriority Claims. In addition to the liens and security interests granted to the DIP ABL Agent on its behalf and on behalf of the DIP ABL Lenders and the DIP Note Agent on behalf of the DIP Note Purchasers pursuant to this Final Order, subject and subordinate to the Carve-Out and the Administration Charge and in accordance with sections 364(c)(1), 503 and 507 of the Bankruptcy Code, all of the DIP ABL Obligations and the DIP Note Obligations shall constitute allowed superpriority administrative expense claims (the "DIP Superpriority Claims") with priority over any and all administrative expenses of the Debtors, whether heretofore or hereafter incurred, of the kind specified in, or ordered pursuant to, sections 105, 326, 328, 330, 331, 364, 365, 503(b), 506(c), 507(a), 507(b), 726, or any other provisions of the Bankruptcy

Code. Notwithstanding the foregoing, the DIP Superpriority Claims shall not be payable out of Bankruptcy Recoveries except to the extent arising under Section 549 of the Bankruptcy Code.

10. Extension of Credit. The DIP Agents and the DIP Lenders shall have no obligation to make any loan or advance or purchase any note, as applicable, unless all of the conditions precedent to the making of such extension of credit under the DIP Documents and this Final Order have been satisfied in full or waived by the applicable DIP Agent(s) in such agent's sole discretion.

11. Use of DIP Facilities Proceeds. From and after the Petition Date, the Debtors shall use advances of credit under the DIP Facilities only pursuant to the terms herein and the terms of the DIP Documents, including as contemplated and limited by the Budget (including any variance therefrom as may be permitted under the DIP Documents).

Authorization to Use Cash Collateral and Adequate Protection

12. Authorization to Use Cash Collateral. Subject to this Final Order, the DIP Facilities, and the DIP Documents, the Debtors are authorized to use Cash Collateral. Except as expressly permitted in this Final Order, the DIP Facilities, and the DIP Documents, nothing in this Final Order shall authorize the disposition of any assets of the Debtors or their estates outside the ordinary course of business, or any of the Debtors' use of any Cash Collateral or other proceeds resulting therefrom. Upon the occurrence of an Event of Default (as defined herein and in the DIP Documents), the Debtors' consensual use of Cash Collateral shall automatically terminate.

13. Adequate Protection. As adequate protection for the interest of the Prepetition Secured Parties in the Prepetition Collateral (including Cash Collateral) on account of the

Diminution in Value, the Prepetition Secured Parties shall receive the following adequate protection:

(a) *ABL Secured Parties Replacement Liens.* Pursuant to sections 361, 363(e) and 364(d) of the Bankruptcy Code, solely to the extent of the Diminution in Value of the interest of the ABL Secured Parties in the ABL Collateral, the ABL Secured Parties shall have, subject to the terms and conditions set forth below, additional and replacement security interests and liens in the DIP Collateral (unless the pledge of 100% of the equity interests of foreign subsidiaries of the Debtors results in material adverse tax consequences which outweigh the benefit of such pledge (as determined by the Required Purchasers and the DIP ABL Agent in their respective sole discretion) in which case such pledge of the equity interests of foreign subsidiaries shall be limited to 65% of the voting stock of any foreign subsidiary and 100% of the economic value of any foreign subsidiary to the extent such value may be pledged without such material adverse tax consequences) (the "ABL Secured Parties Replacement Liens"), which shall be junior only to the DIP Liens, the DIP Superpriority Claims, the Carve-Out and the Administration Charge, and shall, in each case, be subject to the terms of the Prepetition Intercreditor Agreement.

(b) *ABL Secured Parties Superpriority Claim.* Solely to the extent of the Diminution in Value of the interests of the ABL Secured Parties in the ABL Collateral on account of the ABL Indemnity Obligations, and subject to the Prepetition Intercreditor Agreement, the ABL Secured Parties shall have an allowed superpriority administrative expense claim (the "ABL Secured Parties Superpriority Claims"), which shall have priority, except with respect to (i) the DIP Liens, (ii) the DIP Superpriority Claims, (iii) the Carve-Out and (iv) the Administration Charge, in all of the Chapter 11 Cases under sections 364(c)(1), 503(b) and

507(b) of the Bankruptcy Code and otherwise over all administrative expense claims and unsecured claims against the Debtors and their estates, now existing or hereafter arising, of any kind or nature whatsoever including, without limitation, administrative expenses of the kinds specified in or ordered pursuant to sections 105, 326, 328, 330, 331, 503(a), 503(b), 507(a), 507(b), 546(c), 546(d), 552, and 726 of the Bankruptcy Code, and section 506(c) of the Bankruptcy Code, whether or not such expenses or claims may become secured by a judgment lien or other non-consensual lien, levy or attachment; provided, however, that the ABL Secured Parties Superpriority Claims shall not be payable out of Bankruptcy Recoveries except to the extent arising under Section 549 of the Bankruptcy Code. Other than the DIP Liens, the DIP Superpriority Claims, the Carve-Out and the Administration Charge, (i) no costs or expenses of administration, including, without limitation, professional fees allowed and payable under sections 328, 330, and 331 of the Bankruptcy Code, or otherwise, that have been or may be incurred in these proceedings, or in any Successor Cases, and (ii) no priority claims are, or will be, senior to, prior to or on parity with the Prepetition Superpriority Claims.

(c) *Secured Notes Replacement Liens.* Pursuant to sections 361, 363(e) and 364(d) of the Bankruptcy Code, solely to the extent of the Diminution in Value of the interest of the Secured Notes Parties in the Secured Notes Collateral, the Secured Notes Parties shall have, subject to the terms and conditions set forth below, additional and replacement security interests and liens in the DIP Collateral not owned by Rockport Canada ULC (unless the pledge of 100% of the equity interests of foreign subsidiaries of the Debtors results in material adverse tax consequences which outweigh the benefit of such pledge (as determined by the Required Purchasers and the DIP ABL Agent in their respective sole discretion) in which case such pledge of the equity interests of foreign subsidiaries shall be limited to 65% of the voting stock of any

foreign subsidiary and 100% of the economic value of any foreign subsidiary to the extent such value may be pledged without such material adverse tax consequences) (the "Secured Notes Replacement Liens"; and together with the ABL Secured Parties Replacement Liens, the "Replacement Liens"), which shall be junior only to the DIP Liens, the DIP Superpriority Claims, the Carve-Out and the Administration Charge, and shall, in each case, be subject to the terms of the Prepetition Intercreditor Agreement.

(d) *Secured Notes Superpriority Claim.* Solely to the extent of the Diminution in Value of the interests of the Secured Notes Parties in the Secured Notes Collateral, and subject to the Prepetition Intercreditor Agreement, the Secured Notes Parties shall have an allowed superpriority administrative expense claim (the "Secured Notes Superpriority Claims"; and together with the ABL Secured Parties Superpriority Claims, the "Prepetition Superpriority Claims") which shall have priority, except with respect to (i) the DIP Liens, (ii) the DIP Superpriority Claims, (iii) the Carve-Out and (iv) the Administration Charge, in all of the Chapter 11 Cases under sections 364(c)(1), 503(b) and 507(b) of the Bankruptcy Code and otherwise over all administrative expense claims and unsecured claims against the Debtors and their estates, now existing or hereafter arising, of any kind or nature whatsoever including, without limitation, administrative expenses of the kinds specified in or ordered pursuant to sections 105, 326, 328, 330, 331, 503(a), 503(b), 507(a), 507(b), 546(c), 546(d), 552, and 726 of the Bankruptcy Code, and section 506(c) of the Bankruptcy Code, whether or not such expenses or claims may become secured by a judgment lien or other non-consensual lien, levy or attachment; provided, however, that the Prepetition Superpriority Claims of the Secured Notes Parties shall not be payable out of Bankruptcy Recoveries except to the extent arising under Section 549 of the Bankruptcy Code. Other than the DIP Liens, the DIP Superpriority Claims,

the Carve-Out and the Administration Charge, (i) no costs or expenses of administration, including, without limitation, professional fees allowed and payable under sections 328, 330, and 331 of the Bankruptcy Code, or otherwise, that have been or may be incurred in these proceedings, or in any Successor Cases, and (ii) no priority claims are, or will be, senior to, prior to or on a parity with the Secured Notes Superpriority Claims.

(e) *Adequate Protection Payments.* Until the repayment in full of the ABL Obligations under the ABL Credit Agreement (including pursuant to the Final ABL Roll-Up), on the last business day of each month, the ABL Agent shall receive, for the benefit of the ABL Lenders, payment of all accrued and ABL unpaid interest at the default rate set forth in the ABL Credit Agreement. Subject to the provisions of paragraph 29 hereof, each of the ABL Agent, for the benefit of the ABL Lenders, the Secured Noteholders and the Secured Notes Agent shall receive on a current basis reimbursement of any costs and expenses due to them under the ABL Credit Agreement and the Senior Secured Note Purchase Agreement, respectively, including reimbursement of reasonable documented fees and expenses of Riemer & Braunstein LLP, Ashby & Geddes, Osler, Hoskin & Harcourt LLP, Debevoise & Plimpton LLP, Pachulski Stang Ziehl & Jones LLP, Goodmans LLP and Holland & Knight LLP, as applicable.

(f) *Milestones; 363 Sale Process.* The Milestones are approved as adequate protection for the benefit of the Prepetition Secured Parties. Further, upon the disposition of the Debtors' assets pursuant to section 363 of the Bankruptcy Code assets as contemplated by the *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"), the Prepetition Liens and the Replacement Liens shall attach to the proceeds of any such sale in the same manner and priority as such liens attached to the Prepetition Collateral and the DIP Collateral, subject to the Prepetition Intercreditor Agreement, and all such 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.

(g) *Adequate Protection upon Sale of Prepetition Collateral.* Upon any other sale of any Prepetition Collateral pursuant to section 363 of the Bankruptcy Code, any such Prepetition Collateral shall be sold free and clear of the Prepetition Liens and the Replacement Liens; provided, however, that such Prepetition Liens and Replacement Liens shall attach to the proceeds of any such sale in the order and priority as set forth in this Final Order and the Prepetition Intercreditor Agreement.

(h) *ABL Indemnity Account.* Incidental to the payment in full in cash of the ABL Obligations in accordance with the terms of this Final Order and the DIP Documents, upon entry of this Final Order the Debtors shall establish an account in the "control" (as defined in the UCC (as defined in the DIP Credit Agreements)) of the ABL Agent (the "ABL Indemnity Account"), into which the sum of $250,000.00 shall be deposited as security for any reimbursement, indemnification, or similar continuing obligations of the Debtors in favor of the

ABL Secured Parties under the ABL Documents, including, without limitation, any obligations arising under Section 9.03 of the ABL Credit Agreement (the "ABL Indemnity Obligations"). The ABL Indemnity Account shall not be subject to the Carve-Out or the Administration Charge.

(i) Upon the expiration of the Challenge Period (as defined below) if, as of such date, no party has filed (x) an adversary proceeding, cause of action, objection, claim, defense, or other challenge as contemplated in paragraph 37 hereof, or (y) an adversary proceeding, cause of action, objection, claim, defense, or other challenge against any ABL Secured Party related to the ABL Facility, whether in the Chapter 11 Cases or independently in another forum, court, or venue (the last such date being the "ABL Indemnity Account Termination Date"), all amounts then remaining and being held in the ABL Indemnity Account (net of any unreimbursed obligations owing to the ABL Agent and/or ABL Lenders on such date) shall be released to the Debtors (other than Rockport Canada ULC) and shall be subject to the DIP Liens and the Replacement Liens.

(ii) The ABL Indemnity Obligations shall be secured by a first priority lien on the ABL Indemnity Account and all funds on deposit therein in favor of the ABL Secured Parties.

(iii) The ABL Secured Parties may apply amounts in the ABL Indemnity Account against the ABL Indemnity Obligations as and when they arise, without further notice to or consent from the Debtors, any Committee, or any other parties in interest and without further order of this Court, upon compliance with the provisions of paragraph 29 below.

(iv) Upon request by the ABL Agent, and subject to approval of the Court, the Debtors shall deposit additional funds in the ABL Indemnity Account as may be reasonably necessary to adequately cover anticipated ABL Indemnity Obligations. The Debtors shall remain liable for the ABL Indemnity Obligations, even if the amounts in the ABL Indemnity Account prove insufficient to fully pay the ABL Indemnity Obligations.

(v) Any such indemnification claim shall (i) be subject to the terms of the ABL Documents, (ii) the rights of parties-in-interest with requisite standing to object to any such indemnification claim, and such rights are hereby reserved, and (iii) the Court shall reserve jurisdiction to hear and determine any such disputed indemnification claim.

(i) In addition to the establishment and maintenance of the ABL Indemnity Account, until the ABL Indemnity Account Termination Date, the ABL Agent, for itself and on behalf of the ABL Lenders, shall retain and maintain the ABL Liens as security for the amount of any ABL Indemnity Obligations not capable of being satisfied from application of the funds on deposit in the ABL Indemnity Account, subject to the priorities set forth in paragraph 7 of this Final Order.

14. Section 507(b) Reservation. Subject only to the Carve-Out described in paragraph 34 hereof,the Administration Charge, nothing contained herein shall impair or modify the application of section 507(b) of the Bankruptcy Code in the event that the adequate protection provided in this Final Order is insufficient to compensate for any Diminution in Value of the respective interests of the Prepetition Secured Parties in the Prepetition Collateral during these Chapter 11 Cases or any Successor Cases; provided, however, that any additional adequate

protection shall not include liens on Avoidance Actions or recourse to Bankruptcy Recoveries (except to the extent arising under Section 549 of the Bankruptcy Code).

Provisions Common to DIP Financing and Use of Cash Collateral Authorizations

15. Amendment of the DIP Documents. The DIP Documents may, from time to time, be amended, amended and restated, modified, or supplemented by the parties thereto upon five (5) days prior written notice to the U.S. Trustee and counsel to any Committee, but without notice or a hearing (unless requested by the U.S. Trustee or any Committee), if the amendment, amendment and restatement, modification, or supplement is (a) in accordance with the DIP Documents and (b) not prejudicial in any material respect to the rights of third parties; provided, however, that notwithstanding the foregoing, except for actions expressly permitted to be taken by the DIP Agents or the DIP Lenders as provided in the DIP Documents, no amendment, modification, supplement, termination, or waiver of any provision of the DIP Documents, or any consent to any departure by any of the Borrowers or the Credit Parties therefrom, shall in any event be effective unless the consents required under the terms of the DIP Documents have first been obtained.

16. Budget Compliance. The Borrowers and the Credit Parties shall not, and shall not permit any subsidiary to, directly or indirectly, use any cash or the proceeds of the DIP Facilities in a manner or for a purpose other than those consistent with the DIP Documents and this Final Order. The Budget annexed hereto as Exhibit A is hereby approved, and any modification to, or amendment or update of, the Budget shall be in form and substance acceptable to and approved in writing by the DIP ABL Agent and the Required Purchasers in their respective sole discretion.

17. Modification of Automatic Stay. The automatic stay imposed by section 362(a) of the Bankruptcy Code is hereby modified to permit (a) the Debtors to grant the DIP Liens and

the DIP Superpriority Claims, and to perform such acts as the DIP Agents may request in their sole discretion to assure the perfection and priority of the DIP Liens, (b) the Debtors to take all appropriate action to grant the Replacement Liens, and to take all appropriate action to ensure that the Replacement Liens granted thereunder are perfected and maintain the priority set forth herein, (c) the Debtors to incur all liabilities and obligations to the DIP Agents as contemplated under the DIP Documents, (d) the Debtors to pay all amounts referred to, required under, in accordance with, and subject to this Final Order and the DIP Documents, and (e) the implementation of the terms of this Final Order.

18. Perfection of DIP Liens and Replacement Liens. This Final Order shall be sufficient and conclusive evidence of the validity, perfection, and priority of all liens granted herein including the DIP Liens and the Replacement Liens without the necessity of filing or recording any financing statement, mortgage, notice, or other instrument or document which may otherwise be required under the law or regulation of any jurisdiction or the taking of any other action (including, for the avoidance of doubt, entering into any deposit account control agreement) to validate or perfect (in accordance with applicable non-bankruptcy law) the DIP Liens, the Replacement Liens, or to entitle the DIP Agents, the DIP Lenders, and the Prepetition Secured Parties to the priorities granted herein.

(a) Notwithstanding the foregoing, the DIP Agents and the Prepetition Agents each are authorized to file, as it in its sole discretion deems necessary, such financing statements, mortgages, notices of lien, and other similar documents to perfect in accordance with applicable non-bankruptcy law or to otherwise evidence the DIP Liens, and the Replacement Liens, and all such financing statements, mortgages, notices and other documents shall be deemed to have been filed or recorded as of the Petition Date; provided, however, that no such filing or recordation

shall be necessary or required in order to create or perfect the DIP Liens and/or the Replacement Liens.

(b) The Debtors are authorized to execute and promptly deliver to the DIP Agents and the Prepetition Agents all such financing statements, mortgages, notices, and other documents as the DIP Agents and the Prepetition Agents may reasonably request. The DIP Agents and the Prepetition Agents, in their respective sole discretion, may file a photocopy of this Final Order as a financing statement with any filing or recording office or with any registry of deeds or similar office, in addition to or in lieu of such financing statements, notices of lien, or similar instruments.

(c) The DIP ABL Agent shall, in addition to the rights granted to it under the DIP ABL Documents, be deemed to be have co-equal rights with the ABL Agent and succeed to the rights of the ABL Agent with respect to all third party notifications in connection with the ABL Facility, all prepetition collateral access agreements, and all other agreements with third parties (including any agreement with a customs broker, freight forwarder, or credit card processor) relating to, or waiving claims against, any ABL Collateral, including without limitation, each collateral access agreement duly executed and delivered by any landlord of the Debtors and including, for the avoidance of doubt, all deposit account control agreements, securities account control agreements, and credit card agreements.

19. After-Acquired Property. Except as otherwise provided in this Final Order, pursuant to section 552(a) of the Bankruptcy Code, all property acquired by the Debtors after the Petition Date, including all DIP Collateral pledged or otherwise granted to the DIP Agents, on behalf of the DIP Lenders, pursuant to the DIP Documents and this Final Order is not and shall not be subject to any lien of any person or entity resulting from any security agreement entered

into by the Debtors prior to the Petition Date, except to the extent that such property constitutes proceeds of property of the Debtors that is subject to a valid, enforceable, perfected, and unavoidable lien as of the Petition Date that is not subject to subordination under section 510(c) of the Bankruptcy Code or other provision or principles of applicable law.

20. Proceeds of Subsequent Financing. If the Debtors, any trustee, any examiner with enlarged powers, or any responsible officer subsequently appointed in these Chapter 11 Cases or any Successor Cases, shall obtain credit or incur debt pursuant to section 364(b), (c), or (d) of the Bankruptcy Code in violation of the DIP Documents at any time prior to the indefeasible payment in full of all DIP Obligations, the cancellation, backing, or cash collateralization of the letters of credit provided for under the DIP Credit Agreement, the satisfaction of the DIP Superpriority Claims, and the termination of the DIP Agents' and DIP Lenders' obligations to extend credit under the DIP Facilities, then all of the cash proceeds derived from such credit or debt shall (a) immediately be turned over first to the applicable DIP Agent, subject to the Prepetition Intercreditor Agreement, to partially satisfy the DIP Obligations in accordance with the DIP Documents, and (b) thereafter, after the DIP Obligations have been satisfied in full and fully and indefeasibly paid, to the applicable Prepetition Agent, subject to the Prepetition Intercreditor Agreement, to satisfy the ABL Obligations and the Secured Notes Obligations, respectively, in accordance with the ABL Documents and the Secured Notes Documents.

21. Maintenance of DIP Collateral. Until the indefeasible payment in full of all DIP Obligations, all indebtedness outstanding in accordance with the Prepetition Financing Documents, and the termination of the DIP Agents' and the DIP Lenders' obligation to extend credit under the DIP Facilities, the Debtors shall (a) insure the DIP Collateral as required under the DIP Facilities and the Prepetition Financing Documents, as applicable, and (b) maintain the

cash management system in effect as of the Petition Date, as modified by any order that may be entered by the Court in accordance with the DIP Documents.

22. Insurance Policies. Upon entry of this Final Order, the DIP Agents and the DIP Lenders shall be, and shall be deemed to be, without any further action or notice, named as additional insureds and loss payees, as applicable, on each insurance policy maintained by any of the Debtors which in any way relates to the DIP Collateral. Notwithstanding the foregoing, the Debtors are authorized and directed to take all necessary actions to cause the DIP Agents and the DIP Lenders to be named as additional insureds and loss payees, as applicable, on each insurance policy maintained by the Debtors which in any way relates to the DIP Collateral.

23. Disposition of Collateral. Except as otherwise expressly provided for in this Final Order, including with respect to the Sale Motion, and in the DIP Documents and subject to the Prepetition Intercreditor Agreement, the Debtors shall not sell, transfer, lease, encumber, or otherwise dispose of any portion of the DIP Collateral or Prepetition Collateral (collectively, "Collateral") without the prior written consent of each of the DIP Agents and the Prepetition Agents (and no such consent shall be implied, from any other action, inaction or acquiescence by the DIP Agents or the Prepetition Agents or an order of this Court, except for sales, transfers, leases or uses of Debtors' inventory in the ordinary course of their businesses). Until such time as the DIP Obligations and the Prepetition Obligations have been paid in full in accordance with the terms of the applicable DIP Documents and Prepetition Financing Documents, the Debtors shall remit to the applicable DIP Agent and/or Prepetition Agent, or cause to be remitted to the applicable DIP Agent and/or Prepetition Agent, all proceeds of Collateral for application against the DIP ABL Obligations, the DIP Note Obligations and/or the Prepetition Obligations in

accordance with the terms of the applicable DIP Documents, Prepetition Financing Documents, the Prepetition Intercreditor Agreement, and this Final Order.

24. Inventory. The Debtors shall not, without the consent of each of the DIP Agents, (a) enter into any agreement to return any inventory to any of their creditors for application against any pre-petition indebtedness under any applicable provision of section 546 of the Bankruptcy Code, or (b) consent to any creditor taking any setoff against any of its prepetition indebtedness based upon any such return pursuant to section 553(b)(1) of the Bankruptcy Code or otherwise.

25. Events of Default. The term "Event of Default" shall have the same meaning under this Final Order as such term has under the DIP Documents and shall include, for the avoidance of doubt, the failure to meet any of the Milestones.

26. Rights and Remedies upon Event of Default. Unless otherwise ordered by the Court in accordance with the terms hereof, as of 12:00 midnight prevailing Eastern Time on the 5th calendar day after the date a DIP Agent files a notice of an Event of Default (a "Default Notice") on the docket of the Chapter 11 Cases (such period, the "Default Notice Period"), the automatic stay under section 362 of the Bankruptcy Code will be automatically lifted without further order of this Court to allow the applicable DIP Agent to take any and all actions permitted by law or under the DIP Documents, as if no case were pending under the Bankruptcy Code, subject to the terms and conditions of the Prepetition Intercreditor Agreement. The Debtors and other parties-in-interest may request an expedited hearing in connection with any such lifting of the automatic stay. In the event the automatic stay is lifted in accordance with this paragraph, the Debtors shall be prohibited from (a) using Cash Collateral, including accounts receivable, inventory, and the proceeds thereof, of the Debtors in which the DIP Agents or any of

the DIP Lenders has an interest, or (b) obtaining credit or incurring of indebtedness secured by a lien or security interest that is equal or senior to a lien or security interest held by the DIP Agents or which is entitled to priority administrative status which is equal or superior to that granted to the DIP Agents for the benefit of the DIP Lenders or the Prepetition Secured Parties, as the case may be, except in connection with repayment in full in cash of the DIP Obligations. Subject to any applicable grace periods, upon the occurrence of any Event of Default, the DIP Agents may, without notice or demand, immediately suspend or terminate all or any portion of the DIP Lenders' obligations to make additional loans or purchase additional notes under the DIP Facilities. Upon the occurrence of an Event of Default, all loans and notes under the DIP Facilities shall become due and payable in accordance with the DIP Documents. Nothing herein shall be construed to limit or otherwise restrict the availability of the rights and remedies provided for in the DIP Credit Agreements.

27. Termination of DIP Facilities and Use of Cash Collateral. The Debtors' right to use the DIP Facilities and Cash Collateral shall terminate immediately upon; (i) the expiration of the Default Notice Period and lifting of the automatic stay in accordance with paragraph 26 above; (ii) conversion of any of the Chapter 11 Cases to a case under chapter 7 of the Bankruptcy Code, (iii) the Termination Date (as defined in the DIP ABL Credit Agreement), or (iv) the Maturity Date (as defined in the DIP Note Purchase Agreement). Notwithstanding anything to the contrary herein or in the DIP Documents, Bankruptcy Recoveries (other than under Section 549) and the Wind-Down Reserve (as defined in the "Final DIP Order Supplement" appended hereto as Exhibit B) shall not be considered Cash Collateral at this time; provided, however, that the ABL Agent and the DIP Agent reserve the right to file a motion with the Court seeking an

order finding that the Bankruptcy Recoveries are their cash collateral (as such term is defined in section 363 of the Bankruptcy Code).

28. Good Faith Under Section 364(e) of the Bankruptcy Code: No Modification or Stay of this Order. Each of the DIP Agents, the DIP Lenders, and the Prepetition Secured Parties have acted in good faith in connection with this Final Order, and their reliance on this Final Order is in good faith. Based on the findings set forth in this Final Order and the record made during the Final Hearing, and in accordance with section 364(e) of the Bankruptcy Code, in the event any or all of the provisions of this Final Order are hereafter modified, amended, or vacated by a subsequent order of this Court or any other court, the DIP Agents, the DIP Lenders, and the Prepetition Secured Parties are entitled to the fullest extent to the protections provided in section 364(e) of the Bankruptcy Code.

29. DIP Fees and Other Expenses. All reasonable out-of-pocket costs and expenses of the DIP Agents and the DIP Lenders, including, without limitation, reasonable legal, accounting, collateral examination, monitoring and appraisal fees and disbursements, financial advisory fees, fees and expenses of other consultants, indemnification and reimbursement obligations with respect to fees and expenses, and other out of pocket expenses, whether or not contained in the Budget and without limitation with respect to the dollar estimates contained in the Budget (provided, however, that such overages shall not weigh against the Debtors in any testing related to compliance with the Budget), shall promptly be paid by the Debtors. Payment of such fees shall not be subject to allowance by this Court; provided, further, however, the U.S. Trustee or counsel for any Committee may seek a determination by this Court whether such fees and expenses are reasonable in the manner set forth below. Under no circumstances shall professionals for the DIP Agents and the DIP Lenders be required to comply with the U.S.

Trustee fee guidelines; provided, however, the Debtors shall provide to the U.S. Trustee and any Committee a copy of any invoices received from the DIP Agents and the DIP Lenders for professional fees and expenses during the pendency of the Chapter 11 Cases. Each such invoice shall be sufficiently detailed to enable a determination as to the reasonableness of such fees and expenses (without limiting the right of the various professionals to redact privileged, confidential, or sensitive information). If the U.S. Trustee or any Committee object to the reasonableness of the invoices submitted by the DIP Agents or the DIP Lenders, and the parties cannot resolve such objection within ten (10) days of receipt of such invoices, the U.S. Trustee or such Committee, as the case may be, shall file with the Court and serve on the applicable DIP Agent or DIP Lender an objection (a "Fee Objection") limited to the issue of reasonableness of such fees and expenses. The Debtors shall promptly pay, and/or the DIP Agents (as applicable) is hereby authorized to make an advance under the DIP Facility to timely pay, the submitted invoices after the expiration of the ten (10) day notice period if no Fee Objection is received in such ten (10) day period. If a Fee Objection is timely received, the Debtors shall promptly pay, and/or the DIP Agent (as applicable) is hereby authorized to make an advance under the DIP Facility to timely pay, the undisputed amount only of the invoice(s) that is the subject of such Fee Objection, and the Court shall have jurisdiction to determine the disputed portion of such invoice(s) if the parties are unable to resolve the Fee Objection.

30. Indemnification. The Debtors shall indemnify and hold harmless the DIP Agents, the DIP Lenders, the Secured Notes Agent, the Secured Noteholders, the ABL Lenders, and the ABL Agent, and each of their respective shareholders, partners, unitholders, members, controlling persons, directors, agents, officers, subsidiaries, affiliates, successors, assigns, directors, managers, principals, officers, employees, agents, investor funds, advisors, attorneys,

professionals, representatives, investment bankers, and consultants, each in their respective capacities as such, from and against any and all damages, losses, settlement payments, obligations, liabilities, claims, actions, or causes of action, whether groundless or otherwise, and costs and expenses incurred, suffered, sustained, or required to be paid by an indemnified party of every nature and character arising out of or related to the DIP Documents, the Prepetition Financing Documents, and/or the transactions contemplated thereby and by this Final Order, whether such indemnified party is party thereto, as provided in and pursuant to the terms of the DIP Documents and the Prepetition Financing Documents, and as further described therein and herein, except to the extent resulting from such indemnified party's gross negligence or willful misconduct as finally determined by a final non-appealable order of a court of competent jurisdiction. The indemnity includes indemnification for the DIP Agents', ABL Agent's, Secured Notes Agent's, and any of the DIP Lenders', ABL Lenders', and/or Secured Noteholders' exercise of discretionary rights granted under the DIP Documents and/or the Prepetition Financing Documents, as the context makes applicable. In all such litigation, or the preparation therefor, the DIP Agents and the DIP Lenders, the ABL Agent and the ABL Lenders, and the Secured Notes Agent and the Secured Noteholders, respectively, shall be entitled to select their own counsel and, in addition to the foregoing indemnity, the Debtors agree to promptly pay the reasonable fees and expenses of such counsel. Nothing in this paragraph shall be deemed to expand the indemnification obligations contained in the Prepetition Financing Documents.

31. Released Parties. Without limiting the rights of the parties in interest as set forth in paragraph 37 hereof, the Debtors hereby waive any and all actions related to, and hereby release, each of (a) the DIP ABL Agent and the DIP ABL Lenders, (b) the ABL Agent and the

ABL Lenders, (c) the DIP Notes Agent and the DIP Note Purchasers, (d) the Secured Notes Agent and the Secured Noteholders, and (e) each of their respective shareholders, partners, unitholders, members, controlling persons, directors, agents, officers, subsidiaries, affiliates, successors, assigns, directors, managers, principals, officers, employees, agents, investors, funds, advisors, attorneys, professionals, representatives, accountants, investment bankers, and consultants, each in their respective capacity as such (each such person or entity identified in sub-clauses (a) through (e) of this paragraph 31, a "Released Party" and, collectively, the "Released Parties") from any and all damages, losses, settlement payments, obligations, liabilities, claims, actions, causes of action, or any Challenge (defined below), whether groundless or otherwise, and reasonable costs and expenses incurred, suffered, sustained, or required to be paid by an indemnified party of every nature and character arising prior to the Petition Date and to the extent related to the Prepetition Financing Documents, the DIP Credit Agreements, or this Final Order, any documents related to the Prepetition Financing Documents, the DIP Credit Agreements, or this Final Order, any aspect of the prepetition relationship with the Released Parties, any Debtor, or any other acts or omissions by the Released Parties in connection with the Prepetition Financing Documents, the DIP Credit Agreements, or this Final Order, any documents related to the Prepetition Financing Documents, the DIP Credit Agreements, or this Final Order, or any aspect of their prepetition relationship with any Debtor.

32. Proofs of Claim. The DIP Agents, the DIP Lenders, and the Prepetition Secured Parties shall not be required to file proofs of claim in any of these Chapter 11 Cases or Successor Cases for any claim allowed herein. Any proof of claim filed by the DIP Agents and/or the Prepetition Agents shall be deemed to be in addition to and not in lieu of any other proof of claim that may be filed by any of the DIP Lenders, and/or Prepetition Secured Parties. Any

order entered by this Court in relation to the establishment of a bar date in any of these cases or Successor Cases shall not apply to the DIP Agents, the DIP Lenders, and the Prepetition Secured Parties.

33. [reserved].

34. Carve-Out. Upon a DIP Agent's issuance of a Carve-Out Trigger Notice (as defined below), all liens, claims, and other security interests held by the DIP Lenders and the Prepetition Secured Parties (except the ABL Indemnity Account) shall be subject to the payment of the Carve-Out. For purposes of this Final Order, "Carve-Out" means the sum of: (i) all fees required to be paid to the Clerk of the Court and to the U.S. Trustee under section 1930(a) of title 28 of the United States Code together with the statutory rate of interest; (ii) all reasonable fees and expenses up to $100,000 incurred by a trustee under section 726(b) of the Bankruptcy Code; (iii) to the extent allowed at any time, whether by interim order, procedural order, or otherwise, all unpaid fees (including success or transaction fees) and expenses accrued or incurred by persons or firms retained by the Debtors or any Committee pursuant to sections 327, 328, 363, and 1103 of the Bankruptcy Code (collectively, the "Estate Professional Fees") at any time before the first business day following delivery by a DIP Agent of a Carve-Out Trigger Notice, whether allowed by the Court prior to or after delivery of a Carve-Out Trigger Notice; and (iv) Estate Professional Fees in an aggregate amount not to exceed $350,000, incurred on or after the first business day following delivery by a DIP Agent of a Carve-Out Trigger Notice, to the extent allowed at any time, whether by interim order, procedural order, or otherwise (the amounts set forth in this clause (iv) being the "Carve-Out Trigger Cap"). For purposes of the foregoing, "Carve-Out Trigger Notice" shall mean a written notice delivered by email (or other electronic means) by a DIP Agent to the Debtors, their counsel and the U.S. Trustee, which notice may be

delivered following the occurrence of an Event of Default (as defined in either of the DIP Debt Agreements), (ii) termination of one or both of the DIP Facilities in accordance with the DIP Credit Agreements, as applicable, and (iii) acceleration of the DIP Obligations under one or both of the DIP Facilities (each, a "Termination Event"), stating that the Carve-Out Trigger Cap has been invoked. Notwithstanding the foregoing, so long as a Carve-Out Trigger Notice has not been issued, the Debtors shall be permitted to pay fees to estate professionals and reimburse expenses incurred by estate professionals to the extent set forth in the Budget and otherwise permitted under the DIP Documents and that are allowed by the Court and payable under sections 328, 330 331, and 1103 of the Bankruptcy Code and compensation procedures approved by the Court and in form and substance reasonably acceptable to the Debtors and the DIP Agents, as the same may be due and payable, and the same shall not reduce the Carve-Out Trigger Cap.

35. Payment of Compensation. Nothing herein shall be construed as consent to the allowance of any professional fees or expenses of any of the Debtors, the Committee, if any, or of any person, or shall affect the rights of the DIP Agents, the DIP Lenders, and the Prepetition Secured Parties to object to the allowance and payment of such fees and expenses or to permit the Debtors to pay any such amounts in excess of the amounts contained, or not set forth, in the Budget.

36. Proscribed Actions.

(a) No DIP Collateral, Cash Collateral, proceeds of the DIP Facilities, portion of the Carve-Out, or any other amounts may be used directly or indirectly by any of the Debtors, Borrowers, or any other Credit Party, any Committee, or any trustee or other estate representative appointed in these Chapter 11 Cases or any Successor Cases or any other person

(or to pay any professional fees, disbursements, costs or expenses incurred in connection therewith) for any of the following actions or activities (the "Proscribed Actions"):

(i) to seek authorization to obtain liens or security interests that are senior to, or on a parity with, the liens granted under the DIP Documents, this Final Order, or the Final Order (including the DIP Superpriority Claims), except in connection with repayment in full in cash of the DIP Obligations; or

(ii) to investigate (except as provided in subparagraph (b) below), including by way of examinations or discovery proceedings, prepare, assert, join, commence, support or prosecute any action for any claim, counter-claim, action, proceeding, application, motion, objection, defense or other contested matter seeking any order, judgment, determination or similar relief against, or adverse to the interests of, any of the DIP Agents, any of the DIP Lenders, any of the Secured Noteholders, any of the holders of the equity of Rockport Blocker, LLC, or any of the shareholders, partners, unitholders, members, controlling persons, directors, agents, officers, subsidiaries, affiliates, successors, assigns, directors, managers, principals, officers, employees, agents, investors, funds, advisors, attorneys, professionals, representatives, accountants, investment bankers, and consultants of any of the foregoing, with respect to any transaction, occurrence, omission, action or other matter (including formal discovery proceedings in anticipation thereof), including, without limitation, (A) any claims or causes of action arising under chapter 5 of the Bankruptcy Code, (B) any so-called "lender liability" claims and causes of action, (C) any action with respect to the validity, enforceability, priority and extent of, or asserting any defense, counterclaim, or

offset to, the DIP Obligations, the DIP Superpriority Claims, the DIP Liens granted under the DIP Documents, or the claims or liens granted under or contemplated by the ABL Documents or the Secured Notes Documents, (D) any action seeking to invalidate, modify, reduce, expunge, disallow, set aside, avoid or subordinate, in whole or in part, the DIP Obligations or the Prepetition Obligations; (E) any action seeking to modify any of the rights, remedies, priorities, privileges, protections and benefits granted to any of (1) the DIP Agents or the DIP Lenders under this Final Order or under any of the DIP Documents, (2) the ABL Secured Parties, or (3) the Secured Notes Parties (in each case, as applicable, including claims, proceedings or actions that might prevent, hinder or delay any of their respective assertions, enforcements, realizations or remedies on or against the DIP Collateral in accordance with the DIP Documents, and this Final Order); or (F) objecting to, consenting, or interfering with, in any way, the DIP Agents' and the DIP Lenders' enforcement or realization upon any of the DIP Collateral once an Event of Default has occurred (as set forth in the DIP Documents).

(b) Notwithstanding anything to the contrary herein, the foregoing shall not apply to the Committee for actions taken prior to entry of this Final Order and the Committee may use up to $100,000 in the aggregate amount of the Carve-Out, any Cash Collateral, or proceeds of the DIP Facilities to investigate, but not prosecute (or prepare for the prosecution of) any challenge to, the claims and liens of the Prepetition Secured Parties (the "Committee Investigation Budget"). Any and all claims incurred by the Committee related to or in connection with any Proscribed Activities other than up to the Committee Investigation Budget shall not be

satisfied by the Wind-Down Reserve (as defined in the Final DIP Order Supplement attached hereto), the Carve-Out, any Cash Collateral, or proceeds of the DIP Facilities.

37. Challenge Period.

(a) Subject only to the terms of this paragraph 37, the grant of adequate protection to the Prepetition Secured Parties, and the various stipulations and waivers contained in paragraph E hereof shall be without prejudice to the rights of any Committee or any other party in interest with appropriate standing to seek to disallow the Prepetition Secured Parties' claims in respect of the Prepetition Financing Documents, pursue any claims or seek appropriate remedies against Prepetition Secured Parties in connection with the Prepetition Financing Documents or avoid all or substantially all of the security interests or liens in the Prepetition Collateral or in any other asset or property of Debtors in which Prepetition Secured Parties claim an interest, including any claim, action, or proceeding brought against the Prepetition Secured Parties in accordance with this paragraph 37 that requires Prepetition Secured Parties to give up adequate protection liens and superpriority claims, to disgorge adequate protection interest payments received or accruals credited, or to disgorge as repaid pursuant to this Final Order as a result of any of the Prepetition Secured Parties' claims against Debtors or liens upon and security interests in the assets and properties of Debtors (including the Prepetition Collateral) being invalidated, avoided, subordinated, impaired, or compromised in any way, either by an order of this Court (or other court of competent jurisdiction) or by settlement. Any party (other than the Debtors, which have waived all such rights), including any Committee, must commence, as appropriate, a contested matter or adversary proceeding raising any objection, claim, defense, suit or other challenge (a "Challenge") with respect to any claim, security interest, or any other rights of the Prepetition Secured Parties under the ABL Documents or the Secured Notes

Documents, as applicable, including in the nature of a setoff, counterclaim, or defense on or before (i) with respect to any Committee, the earlier of (a) sixty (60) calendar days from the date the U.S. Trustee appoints such Committee or (b) seventy-five (75) calendar days following the entry of the Interim Order, or (ii) with respect to all other parties, seventy-five (75) calendar days following the entry of the Interim Order (the "Challenge Period"). The Challenge Period may only be extended (x) as to the ABL Agent and/or the ABL Lenders, in consultation with the DIP ABL Agent, (y) as to the Secured Notes Agent and the Secured Noteholders, in consultation with the DIP Notes Agent, or (z) as otherwise ordered by the Court prior to the conclusion of the Challenge Period for cause shown. For the avoidance of doubt, a motion for standing to commence a Challenge shall serve as a Challenge for purposes of the Challenge Period so long as the motion has a complaint attached and the motion is subsequently granted within thirty (30) calendar days of filing.

(b) Upon the expiration of the Challenge Period, to the extent not specifically included in a timely and properly filed pleading asserting a Challenge; (i) any other possible Challenge, whether such Challenge is separately filed or otherwise asserted through an amendment of any timely and properly filed pleading asserting a Challenge, shall be deemed to be forever waived and barred; (ii) all of the Debtors' agreements, acknowledgments, stipulations, waivers, releases, and affirmations as to the priority, extent, and validity of the Prepetition Secured Parties' claims, liens, and interests, of any nature, under the Prepetition Financing Documents, or otherwise incorporated or set forth in this Final Order, shall be of full force and effect and forever binding upon the Debtors, the Debtors' bankruptcy estates, and all creditors, interest holders, and other parties-in-interest in these Chapter 11 Cases and any Successor Cases without further action by any party or this Court, and any Committee and any other party in

interest, and any and all successors-in-interest as to any of the foregoing, shall thereafter be forever barred from bringing any Challenge with respect thereto; (iii) the liens and security interests granted pursuant to the Prepetition Financing Documents shall (to the extent not otherwise satisfied in full) be deemed to constitute valid, binding, enforceable, and perfected liens and security interests not subject to avoidance or disallowance pursuant to the Bankruptcy Code or applicable bankruptcy law; and (iv) without further order of the Court, the claims and obligations under the Prepetition Financing Documents shall (to the extent not otherwise satisfied in full) be finally allowed as fully secured claims within the meaning of section 506 of the Bankruptcy Code for all purposes in connection with these Chapter 11 Cases and any Successor Cases and shall not be subject to challenge by any party in interest as to validity, priority, amount, or otherwise.

(c) Nothing in this Final Order vests or confers on any person, including any Committee or any other statutory committee that may be appointed in these Chapter 11 Cases, standing or authority to pursue any cause of action, claim, defense, or other right belonging to the Debtors or their estates. For the avoidance of doubt, entry of this Final Order shall not grant standing or authority to any Committee to pursue any cause of action, claim, defense, or other right on behalf of the Debtors or their estates.

(d) Pending the expiration of the Challenge Period, and until such time as any Challenge is either dismissed, settled or the subject of a final, non-appealable order of the Court, the ABL Agent, for itself and on behalf of the ABL Lenders, shall retain and maintain the ABL Liens as security for any amount of any ABL Indemnity Obligations not capable of being satisfied from application of the funds on deposit in the ABL Indemnity Account, which Lien retention shall be in addition to the establishment and maintenance of the ABL Indemnity

Account. The ABL Lien retention herein shall in all respects remain junior and subordinate to the DIP Liens and the repayment in full of the DIP Obligations, and otherwise be subject to the terms of the Prepetition Intercreditor Agreement.

38. No Third Party Rights. Except as explicitly provided for herein, this Final Order does not create any rights for the benefit of any third party, creditor, equity holder, or any direct, indirect, or incidental beneficiary.

39. No Marshaling; Application of Proceeds. Subject to the immediately following sentence, the DIP Agents, the DIP Lenders, and the Prepetition Secured Parties shall not be subject to the equitable doctrine of "marshaling" or any other similar doctrine with respect to any of the DIP Collateral and/or the Prepetition Collateral, as the case may be, and all proceeds shall be received and applied in accordance with the DIP Documents, the Prepetition Financing Documents, and the Prepetition Intercreditor Agreement. 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 herein, the amount of proceeds realized from the sale or liquidation of the ABL Collateral (as determined immediately prior to the Petition Date) and/or the DIP ABL Collateral of Rockport Canada ULC, which shall be paid or deemed paid to the ABL Lenders and/or the DIP ABL Lenders in partial satisfaction of the outstanding ABL Obligations (as determined immediately prior to the Petition Date) and/or DIP ABL Obligations, shall be based on the portion of ABL Obligations reasonably allocable to Rockport Canada ULC, as determined by the Court in a final order (the "Agreed ABL Liability Allocation"). 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

DIP ABL Obligations and (ii) the payment of the ABL Obligations and/or DIP ABL Obligations prior to the Court's determination of the Agreed ABL Liability Allocation shall be without prejudice to the Secured Note Parties or the DIP Note Purchasers, and such prior payment of ABL Obligations and/or DIP Obligations shall be deemed to have been made in accordance with the Agreed ABL Liability Allocation.

40. Joint and Several Liability. Nothing in this Final Order shall be construed to constitute a substantive consolidation of any of the Debtors' estates, it being understood, however, that the Debtors shall be jointly and severally liable for the obligations hereunder and in accordance with the terms of the DIP Facilities and the DIP Documents.

41. Limitation of Liability. Subject to the entry of the Final Order, in determining to make extensions of credit under the DIP Facilities, permitting the use of Cash Collateral, or in exercising any rights or remedies as and when permitted pursuant to this Final Order (or any Final Order), the DIP Documents, or the Prepetition Financing Documents, as applicable, none of the DIP Agents, the DIP Lenders, the Prepetition Secured Parties, or any successor of any of the foregoing, shall be deemed to be in control of the operations of the Debtors or any affiliate (as defined in section 101(2) of the Bankruptcy Code) of the Debtors, or to be acting as a "responsible person" or "owner or operator" with respect to the operation or management of the Debtors or any affiliate of the Debtors (as such terms, or any similar terms, are used in the United States Comprehensive Environmental Response, Compensation and Liability, Act, 29 U.S.C. §§ 9601 et seq., as amended, or any similar federal or state statute). Furthermore, nothing in this Final Order, the DIP Documents or the Prepetition Financing Documents shall in any way be construed or interpreted to impose or allow the imposition upon the DIP Agents, the DIP Lenders, the Prepetition Secured Parties, or any successor of any of the foregoing, of any liability

for any claims arising from the prepetition or postpetition activities of the Debtors or any affiliate of the Debtors.

42. Credit Bidding.

(a) Upon entry of this Final Order, and subject to the terms of the Prepetition Intercreditor Agreement, the DIP ABL Agent shall have the unqualified right to credit bid up to the full amount of the DIP ABL Obligations in any sale of the DIP ABL Collateral (or any part thereof) without the need for further Court order authorizing the same, and whether such sale is effectuated through section 363 or 1129 of the Bankruptcy Code, by a chapter 7 trustee under section 725 of the Bankruptcy Code, or otherwise, except that in no event shall the DIP ABL Agent be permitted to credit bid for the Purchased Assets as all or part of any competing bid for the Purchased Assets at any Auction at which the Stalking Horse Bidder is bidding pursuant to the terms of the Stalking Horse Agreement (as such terms are defined in the Sale Motion); and

(b) Upon entry of this Final Order, and subject to the terms of the Prepetition Intercreditor Agreement, the DIP Note Agent shall have the unqualified right to credit bid up to the full amount of the DIP Note Obligations in any sale of the DIP Note Collateral (or any part thereof) without the need for further Court order authorizing the same, and whether such sale is effectuated through section 363 or 1129 of the Bankruptcy Code, by a chapter 7 trustee under section 725 of the Bankruptcy Code, or otherwise, except that in no event shall the DIP Note Agent be permitted to credit bid for the Purchased Assets as all or part of any competing bid for the Purchased Assets at any Auction at which the Stalking Horse Bidder is bidding pursuant to the terms of the Stalking Horse Agreement (as such terms are defined in the Sale Motion).

43. Discharge Waiver. The DIP Obligations shall not be discharged by the entry of an order confirming any plan of reorganization in these cases, notwithstanding the provisions of

section 1141(d) of the Bankruptcy Code, unless the DIP Obligations have been indefeasibly paid in full in cash (or, with respect to any letters of credit, such letters of credit have been treated in a manner satisfactory to the DIP ABL Agent) on or before the effective date of such confirmed plan of reorganization. None of the Debtors shall propose or support any plan of reorganization or sale of all or substantially all of the Debtors' assets or entry of any confirmation order or sale order that is not conditioned upon the indefeasible payment in full in cash (or, with respect to any letters of credit, such letters of credit have been treated in a manner satisfactory to the DIP ABL Agent) on or prior to the earlier to occur of the effective date of such plan of reorganization or sale.

44. Rights Preserved. The entry of this Final Order is without prejudice to, and does not constitute a waiver of, expressly or implicitly: (a) the DIP Agents', the DIP Lenders', and/or the Prepetition Secured Parties' rights to seek any other or supplemental relief in respect of the Debtors; (b) any of the rights of any of the DIP Agents, the DIP Lenders, and/or the Prepetition Secured Parties under the Bankruptcy Code or under applicable non-bankruptcy law, including the right to (i) request modification of the automatic stay of section 362 of the Bankruptcy Code or (ii) propose, subject to the provisions of section 1121 of the Bankruptcy Code, a chapter 11 plan or plans of reorganization; or (c) any other rights, claims, or privileges (whether legal, equitable or otherwise) of any of the DIP Agents, DIP Lenders, and/or the Prepetition Secured Parties. The DIP Agents, DIP Lenders, the Prepetition Secured Parties, and the Debtors hereby agree that the Prepetition Intercreditor Agreement remains in full force and effect, subject to the terms and conditions of this Final Order, and each of them consents to the exclusive jurisdiction of this Court to address and resolve any and all issues arising under, and resolve any and all

disputes between them arising out of, the Prepetition Intercreditor Agreement to the extent related to this Final Order.

45. No Waiver by Failure to Seek Relief. The failure of the DIP Agents, the DIP Lenders, the ABL Secured Parties, and/or the Secured Notes Parties to seek relief or otherwise exercise their rights and remedies under this Final Order, the DIP Documents, the Prepetition Financing Documents, or applicable law, as the case may be, shall not constitute a waiver of any of the rights hereunder, thereunder, or otherwise of the DIP Agents, the DIP Lenders, the ABL Secured Parties, and/or the Secured Notes Parties.

46. Binding Effect of Final Order. Immediately upon entry by the Court, the terms and provisions of this Final Order shall become valid and binding upon and inure to the benefit of the Debtors, the DIP Agents, the DIP Lenders, the ABL Secured Parties, the Secured Notes Parties, all other creditors of the Debtors, any Committee, any other statutory committee that may be appointed in these Chapter 11 Cases, and all other parties-in-interest and their respective successors and assigns, including any trustee or other fiduciary hereafter appointed in any of these cases, any Successor Cases, or upon dismissal of any of these Chapter 11 Cases or Successor Cases.

47. Leases. Notwithstanding anything to the contrary in this Final Order or the DIP Documents, upon an Event of Default, the rights of the Prepetition Secured Parties, the DIP Agents, or the DIP Lenders to enter onto the Debtors' leased premises shall be limited to (i) any such rights agreed to in writing by the applicable landlord prior to entry onto the leased premises, (ii) any rights that the Prepetition Secured Parties, the DIP Agents, or the DIP Lenders have under applicable non-bankruptcy law, if any, and (iii) such rights as may be granted by the Court

on a separate motion with notice to the applicable landlords of the leased premises and an opportunity for such landlords to respond and be heard.

48. No Right to Seek Modification. Unless requested by the DIP Agents, the Debtors irrevocably waive any right to seek any modification or extension of this Final Order (in whole or in part) without the prior consent of each of the DIP Agents, and no such consent shall be implied by any other action, inaction, or acquiescence of the DIP Agents.

49. Survival.

(a) The provisions of this Final Order and any actions taken pursuant hereto shall survive entry of any order which may be entered (i) confirming any plan of reorganization in any of these Chapter 11 Cases, (ii) converting any of these Chapter 11 Cases to a case under chapter 7 of the Bankruptcy Code, (iii) dismissing any of these Chapter 11 Cases or any Successor Cases, or (iv) pursuant to which this Court abstains from hearing any of these Chapter 11 Cases or Successor Cases.

(b) The terms and provisions of this Final Order, including the claims, liens, security interests, and other protections (as applicable) granted to the DIP Agents, the DIP Lenders, and the Prepetition Secured Parties, pursuant to this Final Order and/or the DIP Documents, notwithstanding the entry of any such order described above, shall continue in these cases, in any Successor Cases, or following dismissal of these cases or any Successor Cases, and shall maintain their priority as provided by this Final Order until, (i) in respect of the DIP Facilities, all the DIP Obligations, pursuant to the DIP Documents and this Final Order, have been indefeasibly paid in full and all commitments to extend credit under the DIP Facilities have been terminated, (ii) in respect of the ABL Facility, all of the ABL Obligations have been indefeasibly paid in full, and (iii) in respect of the Senior Secured Notes, all of the Secured Notes

Obligations have been indefeasibly paid in full. Subject to paragraph 30 above, the terms and provisions concerning the indemnification of the DIP Agents and the DIP Lenders shall continue in these Chapter 11 Cases, in any Successor Cases, following dismissal of these Chapter 11 Cases or any Successor Cases, termination of the DIP Documents, and/or the indefeasible repayment of the DIP Obligations.

50. Final Order Controls; Priority of Terms. To the extent of any conflict between or among the Motion, the DIP Documents, the Prepetition Intercreditor Agreement, the Interim Order, and this Final Order, the terms and provisions of this Final Order shall govern.

51. Supplement. The supplement attached hereto as Exhibit B resolving the Committee's objection to the Motion is hereby incorporated herein and approved (the "Final DIP Order Supplement"). For greater certainty the Final DIP Order Supplement is not applicable to any assets/collateral which are unencumbered by the Secured Notes Liens or the DIP Note Liens.

52. 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 the 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.

53. Waiver of Applicable Stay. Any applicable stay (including, without limitation, under Bankruptcy Rule 6004(h)) is hereby waived and shall not apply to this Final Order.

54. Retention of Jurisdiction. The Court has retained and will retain jurisdiction to interpret, implement, and enforce this Final Order according to its terms.

Dated: June 29, 2018
Wilmington, Delaware

THE HONORABLE LAURIE SELBER SILVERSTEIN
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT A

Final Budget

Rockport Group, LLC
DIP BUDGET - US
($ in 000 USD)

	Post Petition Week	-1	1	2	3	4	5	6	7	8	9	Sale	WD
		FILING DATE->	<-FILING DATE									"SALE CLOSE"	
	Week Ending	05/12/18	05/19/18	05/26/18	06/02/18	06/09/18	06/16/18	06/23/18	06/30/18	07/07/18	07/14/18	Sale FF	Wind Down
	Forecast/Actual	Act	Act	Act	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	I. CASH FLOW												
	Cash Receipts												
1)	Retail Store	364	322	375	434	423	423	423	423	513	608	-	-
2)	e-Commerce	258	138	110	329	329	329	329	329	334	384	-	-
3)	Wholesale	3,638	2,153	2,280	1,827	1,870	1,909	1,944	2,579	2,891	2,890	-	-
4)	Distributor	391	315	343	333	323	314	352	428	559	540	-	-
5)	Other Receipts	-	-	-	-	-	-	-	-	-	-	-	-
6)	Total Cash Receipts	4,651	2,928	3,108	2,922	2,945	2,975	3,048	3,760	4,348	4,421	150,550	3,343
	Cash Disbursements												
	Operating												
7)	Merchandise Disbursements	(2,310)	5	(41)	(1,000)	(2,000)	(2,000)	(2,000)	(500)	(500)	(3,492)	-	-
8)	Rent and Occupancy	(185)	-	(64)	(755)	(80)	-	-	(755)	-	-	-	-
9)	Utilities	-	-	-	(16)	(3)	(14)	(22)	(16)	-	(14)	-	-
10)	Payroll, Payroll Taxes, and Benefits	(110)	(1,114)	(191)	(1,083)	75	(1,395)	(523)	(1,333)	(206)	(1,381)	-	-
11)	Inbound - Freight & Duty	(2)	-	(18)	-	-	(155)	(91)	(356)	(188)	(136)	-	-
12)	Outbound - Warehouse & Distribution	(6)	-	-	-	-	(178)	(136)	(176)	(1,385)	(128)	-	-
13)	Sales Tax / Other Tax	-	(175)	(1)	-	-	(3)	(174)	-	-	(2)	-	-
14)	Marketing	-	-	-	-	(120)	(120)	(120)	(120)	(120)	(120)	-	-
15)	IT (Opex and Capex)	(66)	-	-	-	(279)	(279)	(287)	(289)	(756)	(293)	-	-
16)	Insurance	-	-	-	-	(41)	-	-	-	-	(41)	-	-
17)	Professional Fees	(260)	-	-	(183)	(87)	(100)	(240)	(90)	(90)	(90)	-	-
18)	Other Disbursements	(17)	(29)	(1)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	-	-
19)	Other Critical Disbursements	(28)	-	-	(15)	(15)	(15)	(15)	(15)	(25)	(25)	-	-
20)	Total Operating Cash Disbursements	(2,985)	(1,313)	(287)	(3,102)	(2,599)	(4,307)	(3,657)	(3,699)	(3,320)	(5,781)	-	-
	Non Operating												
21)	Professional Fees	(369)	-	-	(86)	-	(25)	-	(86)	-	(25)	-	-
22)	Revolver Interest and Fees	-	-	-	(221)	-	-	-	(47)	-	-	-	-
23)	Other Interest and Fees	-	(4)	-	-	-	-	-	(20)	-	-	(6)	-
24)	Capital Expenditures (N. America Retail / eComm)	-	-	-	(20)	(20)	(20)	(20)	(20)	(20)	(20)	-	-
25)	Capital Expenditures (Global Tooling)	-	-	-	(10)	(10)	(10)	(10)	(10)	(10)	(10)	-	-
26)	Payments (to) international Entities	(417)	(1)	(5)	(65)	(324)	(7)	(1)	-	(379)	(7)	-	-
27)	Total Non Operating Disbursements	(786)	(4)	(5)	(402)	(344)	(62)	(31)	(182)	(409)	(62)	(6)	-
28)	Total Cash Disbursements	(3,771)	(1,317)	(291)	(3,504)	(2,943)	(4,369)	(3,688)	(3,881)	(3,729)	(5,843)	(6)	-
29)	Payments from International Entities	-	405	3,724	-	771	508	542	1,336	-	1,153	-	-
30)	Draw / (Paydown) of Non-ABL Debt	-	9,500	-	-	-	3,000	-	3,000	-	-	(16,000)	-
31)	Net Cash Flow Before Chapter 11 Costs	880	11,516	6,540	(582)	773	2,115	(99)	4,215	619	(268)	134,544	3,343
	Chapter 11 Costs												
32)	Professional Fees		(491)	-	(240)	(306)	(190)	(50)	(1,758)	(50)	(50)	(5,601)	(1,100)
33)	UST Fees		-	-	-	-	-	-	-	-	-	-	(600)
34)	Pre-Petition Vendor Payments		(20)	(2,558)	(6,946)	(5,857)	(3,452)	(1,847)	(2,604)	(1,278)	(112)	-	-
35)	Utility Deposit		-	-	-	(50)	-	-	-	-	-	-	-
36)	KEIP		-	-	-	-	-	-	-	-	-	-	(3,259)
37)	503(b)9		-	-	-	-	-	-	-	-	-	-	(2,000)
38)	Cure Costs		-	-	-	-	-	-	-	-	-	(2,000)	-
39)	DIP Financing Interest & Fees		(450)	-	(99)	-	-	-	(417)	-	-	(723)	-
40)	Wind Down Cost Reserve		-	-	-	-	-	-	-	-	-	-	(2,000)
41)	Total Chapter 11 Costs	-	(961)	(2,558)	(7,285)	(6,213)	(3,582)	(1,897)	(4,778)	(1,328)	(162)	(8,324)	(8,959)
42)	Net Cash Flow	880	10,555	3,942	(7,866)	(5,441)	(1,468)	(1,996)	(564)	(709)	(431)	126,220	(5,616)
	Cash & Liquidity												
43)	Beginning Cash Bank Balance	2,477	4,800	13,293	14,371	9,213	3,772	4,983	2,986	3,423	2,714	2,283	71,510
44)	Net Cash Flow Before Borrowings	880	10,555	3,942	(7,866)	(5,441)	(1,468)	(1,996)	(564)	(709)	(431)	126,220	(5,616)
45)	Revolver Principal Borrowings / (Paydowns)	1,450	(2,059)	(2,864)	2,708	-	2,678	-	1,000	-	-	(56,993)	-
46)	Change in Check Float	(6)	(3)	-	-	-	-	-	-	-	-	-	-
47)	Ending Cash Bank Balance	4,800	13,293	14,371	9,213	3,772	4,983	2,986	3,423	2,714	2,283	71,510	65,894
48)	Less: Outstanding Checks	3	-	-	-	-	-	-	-	-	-	-	-
49)	Ending Cash Book Balance	4,797	13,293	14,371	9,213	3,772	4,983	2,986	3,423	2,714	2,283	71,510	65,894
	II. FINANCING												
50)	Beginning Revolver Balance	51,537	52,987	48,000	42,028	41,814	38,869	-	-	-	-	-	
51)	Borrowings / (Paydowns)	1,450	(4,987)	(5,972)	(214)	(2,945)	(38,869)					-	
52)	Ending Revolver Balance	52,987	48,000	42,028	41,814	38,869	-	-	-	-	-	-	
53)	LC Balance	3,550	-	-	-	-	-	-	-	-	-	-	
54)	Revolver Block	3,000	-	-	-	-	-	-	-	-	-	-	
55)	Ending Revolver Balance inc. LC's	59,537	48,000	42,028	41,814	38,869	-	-	-	-	-	-	
56)	Beginning Rollup DIP Loan Balance		-	2,928	6,036	11,502	14,446	55,993	55,993	56,993	56,993	56,993	
57)	Borrowings / (Paydowns)		2,928	3,108	5,466	2,945	41,547	-	1,000	-	-	(56,993)	
58)	Ending Rollup DIP Loan Balance		2,928	6,036	11,502	14,446	55,993	55,993	56,993	56,993	56,993	-	
59)	LC Balance		1,550	1,007	1,007	1,007	1,007	1,007	1,007	1,007	1,007		
60)	Ending Rollup DIP Loan Balance inc. LC's		4,478	7,042	12,508	15,453	57,000	57,000	58,000	58,000	58,000	-	
61)	*Borrowing Base Availability*	60,000	56,714	56,714	54,322	54,322	57,000	57,000	58,000	58,000	58,000		
62)	Net ABL / Rollup DIP Balance inc LC's	59,537	54,478	49,071	54,322	54,322	57,000	57,000	58,000	58,000	58,000	-	
63)	Beginning Additional DIP Balance		-	10,000	10,000	10,000	10,000	13,000	13,000	16,000	16,000	16,000	
64)	Borrowings / (Paydowns)		10,000	-	-	-	3,000	-	3,000	-	-	(16,000)	
65)	Ending Additional DIP Balance		10,000	10,000	10,000	10,000	13,000	13,000	16,000	16,000	16,000	-	
	III. TOTAL LIQUIDITY												
66)	*Gross Availability*		56,714	56,714	54,322	54,322	57,000	57,000	58,000	58,000	58,000		
67)	Net Availability		2,236	7,643	-	-	-	-	-	-	-		
68)	Ending Cash Bank Balance		13,293	14,371	9,213	3,772	4,983	2,986	3,423	2,714	2,283		
69)	Total Available Liquidity (Bank)		15,529	22,015	9,213	3,772	4,983	2,986	3,423	2,714	2,283		

EXHIBIT B

Final DIP Order Supplement

THE ROCKPORT COMPANY, LLC, *et al.*

FINAL DIP ORDER SUPPLEMENT

THIS SUPPLEMENT (THIS "FINAL DIP ORDER SUPPLEMENT") TO THE FINAL ORDER (I) AUTHORIZING THE DEBTORS TO (A) 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 (THE "FINAL DIP ORDER")[1] SETS FORTH CERTAIN OF THE MATERIAL TERMS OF THE AGREEMENT AMONG THE DEBTORS, THE SECURED NOTEHOLDERS, THE DIP NOTE PURCHASERS AND THE COMMITTEE PURSUANT TO WHICH (A) THE DEBTORS, SECURED NOTEHOLDERS, AND THE DIP NOTE PURCHASERS AGREED TO CERTAIN CHANGES TO THE RELIEF REQUESTED IN THE MOTION REFLECTED HEREIN AND IN THE FINAL DIP ORDER AND (B) THE COMMITTEE AGREED TO WITHDRAW ITS OBJECTION TO THE MOTION.

Wind-Down Reserve: 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, proceeds of the Sale to the Stalking Horse Bidder or the Successful Bidder (each, as defined in the Sale Motion) in the amount of $2,500,000 (the "Wind-Down Reserve Amount"), plus funds sufficient to cover budgeted expenses incurred but not paid prior to closing (the "Pre-Closing Expenses Reserve Amount"), shall be used to fund a wind-down reserve (the "Wind-Down Reserve") that shall be used to pay, inter alia, (1) 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 Chapter 11 Cases consistent with this Final DIP Order Supplement (the "Plan") and have the Plan recognized in the ancillary proceeding for Rockport Canada ULC (or some other resolution of the Rockport Canada ULC 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 the closing and are not assumed by the Stalking Horse Bidder or the Successful Bidder, *provided* that the Wind-Down Reserve Amount shall be increased or decreased in accordance with the following formula:

(i) the Wind-Down Reserve Amount shall be increased for any administrative or priority claim that would have been assumed by the Stalking Horse Bidder under the Stalking Horse Agreement (as defined in the Sale Motion) but is not assumed by the Successful Bidder; and

(ii) the Wind-Down Reserve Amount shall be decreased for any administrative or priority claim that would not have been

[1] Capitalized terms used but not defined herein have the meanings ascribed to them in the Final DIP Order.

assumed by the Stalking Horse Bidder under the Stalking Horse Agreement (as defined in the Sale Motion) but is assumed by the Successful Bidder, provided that in no event shall the Wind-Down Reserve Amount available to pay the fees and costs identified in clause (1) above shall be less than it would have been in the event of a Sale to the Stalking Horse Bidder under the Stalking Horse Agreement (as defined in the Sale Motion).

If the Debtors receive cash from the Sale to the Successful Bidder in excess of $10,000,000 over the net proceeds that the Debtors would have received from the Stalking Horse Bidder under the Stalking Horse Agreement, (a) 2.5% of any excess cash between $10,000,000 and $20,000,000 and (b) 5.0% of any excess cash above $20,000,000 shall be added to the Wind-Down Reserve; provided, however, that, for purposes of this sentence, (i) to the extent that any non-cash consideration is paid in the form of a financial instrument or otherwise (such as, by way of example only and not by way of limitation, stock and warrants), such non-cash consideration shall be valued by the Secured Noteholders and the Committee (and, if the reasonable valuation by each of them is within 10% of the other, the average value shall be used) and added to the amount of cash received by the Debtors, (ii) cash shall not include the assumption of unsecured obligations by a Successful Bidder that would not have been assumed under the Stalking Horse Agreement, and (iii) cash shall include any assumption of Secured Notes by a Successful Bidder.

It is anticipated that, upon confirmation of a plan of liquidation creating 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.

For the avoidance of doubt, Cure Costs (as defined in the Sale Motion) payable in connection with the assumption of executory contracts or unexpired leases by the Stalking Horse Bidder or other Successful Bidder are not administrative or priority claims for purposes of this supplement, and to the extent any Cure Costs are paid by the Debtors, they shall not be paid out of the Wind-Down Reserve Amount.

Committee Professional Fees: The budget for the Committee's professional fees prior to the closing of the Sale shall be increased to $750,000.

Any unused amount of such budgeted fees shall be funded upon the closing of the Sale and added to the Wind-Down Reserve (but shall not be part of the Pre-Closing Expenses Reserve Amount).

Liquidating Trust: Upon the effective date of a plan, it is anticipated that the Liquidating Trust shall be vested with the following assets:

- All commercial tort claims of the Debtors or any other causes of action not purchased by the Stalking Horse Bidder or the Successful Bidder;

- All Avoidance Actions and Bankruptcy Recoveries (except claims arising under section 549 of the Bankruptcy Code) that are not purchased by the Stalking Horse Bidder or the Successful Bidder;
- In respect of assets/collateral over which the Secured Noteholders and the DIP Note Purchasers held security, subject to the agreement of the Secured Noteholders and the DIP Note Purchasers in their sole and absolute discretion, any other assets not purchased by the Stalking Horse Bidder or the Successful Bidder; and
- Any unused amount of the Wind-Down Reserve, excluding any unused portion of the Pre-Closing Expense Reserve Amount.

The Secured Noteholders shall only receive distributions under the Liquidating Trust on account of any unsecured deficiency claim (the "Deficiency Claim") after aggregate distributions by the Liquidating Trust to general unsecured creditors exceed $2,000,000 (the "Threshold Distribution Amount"), *provided* that, with respect to any proceeds from causes of action other than Avoidance Actions and commercial tort claims, the Deficiency Claim shall share pro rata shall with all other general unsecured claim from the first dollar of such proceeds. Subject to the proviso in the immediately preceding sentence, for each dollar that is distributed by the Liquidating Trust to general unsecured creditors above the Threshold Distribution Amount, the Deficiency Claim shall share pro rata with all other general unsecured claims.

ABL Liability Allocation: The Committee agrees to support the allocation of 18.4% of the Prepetition ABL Obligations to Rockport Canada ULC.

Plan: The Committee agrees to support the Plan, which shall provide, inter alia, for broad releases in favor of the Secured Noteholders and related parties in any capacity.

The Plan and other documents relating to the Plan shall be in form and substance consistent with this Final DIP Order Supplement and otherwise in form and substance reasonably satisfactory to the Committee, the Secured Noteholders, and the DIP Note Purchasers, and shall contain such other terms and conditions consistent with this Final DIP Order Supplement as are customary for agreements of this type.

The Secured Noteholders, the DIP Note Purchasers, and the Committee agree to support an expedited combined plan and disclosure statement process.

Other Terms and Conditions: The Committee agrees to withdraw any objection to the Houlihan Lokey retention application.

The material terms of the agreement of the Secured Noteholders and the DIP Note Purchasers with respect to the Wind-Down Reserve, the Committee's professional fees and the Liquidation Trust as reflected in this Final DIP Order Supplement are expressly conditioned on the Committee not asserting or prosecuting (and not causing to be asserted or prosecuted) any claim or cause of action against any Secured

Noteholder, the Secured Note Agent, any DIP Note Purchaser, or the DIP Note Agent.

This Final DIP Order Supplement is expressly conditioned on the closing of the Sale to the Stalking Horse Bidder or the Successful Bidder. If such closing does not occur, then the Secured Noteholders, the DIP Note Purchasers and the Committee agree (a) that the Final DIP Order shall remain in full force and effect and (b) to engage in good faith discussions with the Debtors on an appropriate exit strategy under the circumstances.

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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SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDINGS COMMENCED AT TORONTO

MOTION RECORD

(Volume 1 of 3)

(Returnable July 20, 2018)

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