



November 30, 2009

Ms. Jane Velez
President
Palladia
2006 Madison Avenue
New York, NY 10035

Dear Ms. Velez,

On behalf of Payless ShoeSource, it is our pleasure to inform you that Palladia has been selected as a partner in the *Payless Shoes 4 Kids* program – a grass roots effort to deliver \$1.2 million of free shoes to children of families in need this holiday season. Enclosed are 200 \$15 shoe gift coupons to deliver to your clients and constituents. The coupons are redeemable for, or toward, a pair of children's shoes at any Payless ShoeSource store in your community.

The interest among the nonprofit community to participate in the *Payless Gives Shoes 4 Kids* program was truly overwhelming and inspiring. With more than 2,900 nonprofits applying, it was a challenge to select our chosen partners to ensure we blanket the nation with the free gift of shoes. You were among 700 nonprofits selected, and we are thrilled to have you as our partner in this significant effort as we work together to meet the immediate and basic needs for children's shoes among families across the United States and Canada.

We know that a great pair of shoes can lift spirits, bolster self confidence and bring a huge smile to a child's face, especially when they get to pick the shoes out themselves, which makes the gift even more powerful. And together we know what an amazing holiday gift this will be to so many families and children.

As you are aware, we are trying to reach children in need before/during the holidays. Thus, per our agreement in the attached Term Sheet, please ensure that the gift coupons are distributed to families with children in need served by your organization before December 24, 2009. Please see the attached sheet for all the details on the coupon distribution process.

You can also help your constituents locate the closest Payless stores by using the Store Locator function on Payless.com and entering the postal code. As well, to ensure that your clients have a great shopping experience, if you plan to transport a number of people to a store for a group shopping trip, please locate your intended store and call ahead to ensure our inventory levels are strong to support your group and that our store teams have a heads up that a group is coming. This step is highly recommended, especially for groups of 12 or more.

The Payless team thanks you for your partnership in the program. We are heartened to know of the good work of your organization, and we look forward to hearing back from you regarding touching stories you have so that we can share these with our associates and the greater community on www.paylessgives.com.

Thank you for all that you do for local families in need.

Sincerely,

A handwritten signature in black ink, appearing to read "LuAnn".

LuAnn Via
President & CEO, Payless ShoeSource

A handwritten signature in black ink, appearing to read "Matthew".

Matthew E. Rubel
Chairman, CEO and President, Collective Brands