

AMENDMENT NUMBER TWO
TO THE PAYLESS SHOESOURCE, INC. SEVERANCE PLAN
(Amended and Restated Effective as of February 27, 2017)

WHEREAS, Payless Inc., on behalf of itself and certain of its affiliates, including Payless ShoeSource, Inc. and Collective Licensing International LLC (the “Company”) maintains the Payless ShoeSource, Inc. Severance Plan (the “Plan”), under its Plan Document and Summary Plan Description (“Plan Document”) which was last amended and restated effective as of February 27, 2017;

WHEREAS, under the General Provisions of the Plan Document the Company reserves the right to amend or terminate the Plan, in whole or in part, at any time in its sole discretion; and

WHEREAS, the Company previously amended the Plan effective November 1, 2017 to revise severance benefits payable in any reduction in force that results from a plant closing or mass layoff covered by the Worker Adjustment and Retraining Notification Act (“WARN Act”); and

WHEREAS, the Company now desires to amend the Plan effective January 1, 2019 to further revise the severance benefits payable in the event of any qualifying termination under the Plan; and

WHEREAS, the Company intends that such amendments will be effective January 1, 2019 for the qualifying termination of any covered position where the employee is notified of a qualifying termination after on or after January 1, 2019.

NOW, THEREFORE, the Employer hereby amends the Plan, effective as of January 1, 2019, as follows:

SEVERANCE BENEFITS

Eligibility. You may be eligible to receive a severance benefit if you are classified by the Company as a regular employee in a covered position and your employment with the Company or any commonly owned affiliate employer of the Company authorized to participate in the Plan, is involuntarily terminated due to a qualifying termination. This Plan does not apply to temporary associates, associates covered by a collective bargaining agreement, independent contractors, leased employees or Rebadged Employees as later defined. For purposes of determining eligibility, a qualifying termination is a reduction in force designated by the Company or a store closing. The covered positions for each type of qualifying termination are listed in the tables below. You will not be eligible for severance benefits if your employment is terminated, whether voluntarily or involuntarily, for any reason other than a qualifying termination, unless otherwise determined by the Company in its sole discretion.

Payless ShoeSource, Inc. Reduction in Force or Store Closing (Effective January 1, 2019 this table replaces Table 1 and Table 2 for any covered position where the employee is notified of a qualifying termination on or after January 1, 2019)			
Covered Position	Job Level	Minimum Severance Benefit	Maximum Severance Benefit
DSVP & SVP (all locations)	E14 and above	1 week unless otherwise specified in an employment agreement or other written arrangement.	1 week per completed years of service with a maximum of 12 weeks unless otherwise specified in the employment agreement or other written arrangement
VP (all locations)	E11 - E13	1 week unless otherwise specified in an employment agreement or other written arrangement.	1 week per completed years of service with a maximum of 12 weeks unless otherwise specified in the employment agreement or other written arrangement
All other associates (all locations)	E10 and below	1 week	1 week per completed years of service with a maximum of 12 weeks

Amount of Severance Benefits. In the event of your qualifying termination, a severance benefit may be made available by the Company, in its sole discretion. As a guideline, during any qualifying termination, you may be eligible to receive a severance benefit of continuation of your weekly base pay for a number of weeks as reflected in the Table above, or in the case of any employee of Collective Licensing International LLC, by paying the lump sum equivalent for such number of weeks as reflected in Table 3. If the qualifying termination results from a plant closing or mass layoff covered by the Worker Adjustment and Retraining Notification Act (“WARN Act”), any severance benefits that may be offered by the Company may be reduced by the value of any wages paid during the required notice period under the WARN Act for any period of time when you were told not to report to work while remaining employed, *provided*,

however, that a minimum severance benefit will be offered of at least one week of your weekly base pay. The Company may alter, reduce or eliminate severance benefits for any covered position or qualifying termination at any time, either in an individual case or more generally, based on any factors that the Company, in its sole discretion, considers appropriate. For this purpose:

(1) Your “weekly base pay” is your base salary or wages in effect upon your qualifying termination, determined on a weekly basis, but does not include overtime, incentive compensation, bonuses or any other payments.

(2) A “year of service” is a period of 12 months of continuous employment beginning on your date of hire with the Company and each anniversary of that date. For purposes of this Plan, in the event of a rehire following the payment of severance benefit under this Plan, prior years of service will not count towards the benefit minimums in a subsequent qualifying termination where benefits have been paid out based on that prior service.

Except as expressly modified by this Amendment, all other terms, conditions and provisions of the Payless ShoeSource, Inc. Severance Plan shall remain in full force and effect.