

SETTLEMENT AGREEMENT

SUPERIOR COURT (CLASS ACTION)

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTREAL

No.: 500-06-000608-121

JASON ANGELL

Petitioner

v.

SKECHERS U.S.A. INC.

And

SKECHERS U.S.A. INC. II

And

SKECHERS USA CANADA INC.

Respondents

Court File No. : 8562-12

ONTARIO SUPERIOR COURT OF JUSTICE

Between :

FRANK DEDATO

Plaintiff

-and-

SKECHERS U.S.A. INC., and
SKECHERS USA CANADA, INC.

Defendants

Court File No. 12-55546

ONTARIO SUPERIOR COURT OF JUSTICE

Between :

GEORGE NIRAS

Plaintiff

-and-

SKECHERS U.S.A. INC., SKECHERS U.S.A. INC. II, and
SKECHERS USA CANADA, INC.

Defendants

1. **WHEREAS** this settlement agreement (the “**Settlement Agreement**”) is entered into by and among (i) named petitioners Jason Angell, Frank Dedato and George

Niras on behalf of themselves and the Class defined below and (ii) Skechers U.S.A. Inc., Skechers U.S.A. Inc. II and Skechers USA Canada Inc. (collectively, “**Skechers**”).

2. **WHEREAS** the Settlement Agreement shall be submitted to the Superior Court of Quebec for approval for a national class.
3. **WHEREAS** Skechers recognizes the jurisdiction of the Superior Court of Quebec under Art. 3138 CCQ.

I. Specifications and definitions:

4. All amounts of money mentioned in the present Settlement Agreement are in Canadian dollars.
5. In this Settlement Agreement, in addition to the terms that are defined elsewhere herein, the following terms have the meanings specified below. The plural of any defined term includes the singular, and the singular of any defined term includes the plural, as the case may be.
 - (a) “**Account**” means an interest bearing trust account under the control of the Claims Administrator at a chartered Canadian bank. All interest accrued will be added to the fund used to compensate Class Members;
 - (b) “**Administration Expenses**” means all fees, disbursements, expenses, costs, taxes, and any other amounts incurred or payable by the Plaintiffs, Class Counsel, or otherwise for the approval, implementation, and operation of the Settlement Agreement, including the costs and expenses that are associated with disseminating the notices to the Class, the costs of fees associated with displaying ads on the Google Search and Display Networks, the costs or fees associated with language translations, the costs or fees associated with government notification or reporting, the costs and expenses associated with claims administration, and the fees and expenses of the Claims Administrator. All Administration Expenses shall be paid out of the Escrowed Funds (see section 20, below).
 - (c) “**Approval Hearing**” means the court hearing held to determine whether the Settlement Agreement should be approved, which shall be scheduled to take place no earlier than thirty (30) days after the Opt Out Deadline;
 - (d) “**Approval Notice**” means the notice that advises Class Members of the outcome of the Approval Hearing, which shall be published within 30 days of the Approval Order;
 - (e) “**Approval Order**” means the court order approving the Settlement Agreement;
 - (f) “**Claim**” means the claim of a Class Member or his or her representative submitted on a Claim Form as provided in this Settlement Agreement;
 - (g) “**Claimant**” means a Class Member who has submitted a Claim.

- (h) **"Claims Administrator"** means BMC Group, the entity chosen by Class Counsel and Defence Counsel, and appointed by the Court to administer the Settlement Agreement pursuant to the terms outlined in this Settlement Agreement and to implement the notice to the class as described in Section X of this Settlement Agreement
- (i) **"Claims Filing Deadline"** means the deadline for a Class Member to submit a Claim Form, namely 90 days after publication of the Approval Notice;
- (j) **"Claim Form"** means the document submitted by a Class Member in order to obtain Compensation, in substantially the same form as Schedule A;
- (k) **"Claim Web Site"** means the bilingual web site set up by the Claims Administrator to manage the settlement and inform Class Members. It will be set up immediately following the date of the Approval Order;
- (l) **"Class"** means the Class as set out more fully below;
- (m) **"Class Counsel"** means the law firms Consumer Law Group Inc./Consumer Law Group Professional Corporation and Siskinds LLP;
- (n) **"Class Counsel Fees"** means the legal fees, disbursements, and applicable taxes of Class Counsel;
- (o) **"Class Member"** means a Person who falls within the definition of the Class set out more fully below;
- (p) **"Compensation"** means an amount between \$40 and \$260 given to a Class Member pursuant to the terms of the Settlement Agreement for each Eligible Shoe purchased between August 1, 2008 and the date of the Approval Hearing;
- (q) **"Court"** means the Superior Court of Quebec;
- (r) **"Defence Counsel"** means McCarthy Tétrault LLP;
- (s) **"Effective Date"** means 30 days after the Approval Order has been signed and entered and no appeals have been taken therefrom, or if any appeals have been taken, the date upon which such appeals are finally resolved in such manner as to permit the consummation of the settlement in accordance with the terms and conditions of the Settlement Agreement;
- (t) **"Eligible Shoes"** means the following types of Skechers' footwear: (a) Shape-ups rocker bottom shoes ("Shape-ups"); (b) the Resistance Runner rocker bottom shoes ("Resistance Runner"); (c) Shape-ups Toners/Trainers, and Tone-ups with podded outsoles ("Podded Sole Shoes"); and (d) Tone-ups non-podded sandals, boots, clogs, and

trainers (“Tone-ups (Non-Podded Sole”). The complete list of Eligible Shoes is set forth as Schedule E;

- (u) “**Litigation**” means the Quebec Class Action and the Ontario Class Actions;
- (v) “**Ontario Class Actions**” means the class actions commenced against Skechers by Frank Dedato under docket number 8562-12 and by George Niras under docket number 12-55546;
- (w) “**Ontario Plaintiffs**” mean the plaintiffs named in the Ontario Class Actions, namely Frank Dedato and George Niras;
- (x) “**Opt Out Deadline**” means 60 days following the publication of the Pre-Approval Notice;
- (y) “**Opt Out Form**” means the form that enables a Class Member to exclude herself or himself from the Settlement Agreement (Schedule C);
- (z) “**Person**” means a physical person;
- (aa) “**Plaintiffs**” means Ontario Plaintiffs and the Representative Plaintiff;
- (bb) “**Pre-Approval Notice**” means the notice that advises Class Members of the upcoming Approval Hearing on the Settlement Agreement;
- (cc) “**Pre-Approval Order**” means the court order rendered with respect to the proposed Pre-Approval Notice;
- (dd) “**Quebec Class Action**” means the class action commenced against Skechers U.S.A. Inc., Skechers U.S.A. Inc. II and Skechers USA Canada Inc. by Jason Angell under docket number 500-06-000608-121;
- (ee) “**Released Persons**” means Skechers U.S.A. Inc., Skechers U.S.A. Inc. II and Skechers USA Canada Inc. and each of their present or past directors, officers, employees, agents, shareholders, attorneys, advisors, consultants, representatives, partners, insurers, affiliates, parents, subsidiaries, joint venturers, independent contractors, franchisees, wholesalers, resellers, distributors, third party retailers, related companies, and divisions, and each of their predecessors, successors, heirs and assigns;
- (ff) “**Releasing Persons**” means the Plaintiffs, on behalf of themselves, and the Class Members, as well as their respective heirs, executors, administrators, representatives, agents, partners, successors and assigns, excluding those Class Members who timely and validly request exclusion from the Class pursuant to the Pre-Approval Notice disseminated and published in accordance with the Pre-Approval Order;
- (gg) “**Representative Plaintiff**” means the petitioner named in the Québec Class Action, specifically, Jason Angell;

- (hh) “**Schedules**” means the schedules incorporated by reference into the Settlement Agreement;
- (ii) “**Settlement Agreement**” means the written settlement agreement set out herein, including its Schedules and any written executed amendments thereto;
- (jj) “**Settlement Amount**” means the amount paid by Skechers herein, plus any interest accrued.
- (kk) “**Settling Parties**” means the Plaintiffs in Quebec and Ontario, Skechers U.S.A. Inc., Skechers U.S.A. Inc. II and Skechers USA Canada Inc.;
- (ll) “**Skechers**” means Skechers U.S.A. Inc., Skechers U.S.A. Inc. II and Skechers USA Canada Inc.;
- (mm) “**Skechers U.S.A. Inc.**” means one of the respondents in the present files, having a place of business at 228 Manhattan Beach boulevard, City of Manhattan Beach, State of California, 90266, U.S.A.;
- (nn) “**Skechers U.S.A. Inc. II**” means one of the respondents in the present files, having a place of business at 228 Manhattan Beach boulevard, City of Manhattan Beach, State of California, 90266, U.S.A.;
- (oo) “**Skechers USA Canada Inc.**” means one of the respondents in the present files, having a place of business at 2425 Matheson boulevard East, suite 120, city of Mississauga, Ontario, L4W 5K4;

II. The Class:

6. The Class is composed of all Persons residing in Canada who have purchased Eligible Shoes between August 1, 2008 and the date of the Approval Hearing. Excluded from the Class are all Persons who timely and validly request exclusion from the Class pursuant to the Pre-Approval Notice disseminated and published in accordance with the Pre-Approval Order. Excluded from the Class are also persons or entities who purchased the Eligible Shoes primarily for the purpose of resale, such as retailers or re-sellers of Eligible Shoes.
7. The Representative Plaintiff shall file motions before the Court for orders authorizing the proceedings as class proceedings (for settlement purposes only) and approving this Settlement Agreement.
8. The Approval Order, once issued, shall bind all Class Members in Canada, except for those Class Members who have opted-out in accordance with the provisions of the present Settlement Agreement.
9. Once the Approval Order is issued, the Ontario Plaintiffs shall file notices of discontinuance without costs of the Ontario Class Actions.

III. History of the Litigation:

10. On or about April 12, 2012, Representative Plaintiff Jason Angell filed a *Motion to Authorize the Bringing of a Class Action and To Ascribe the Status of Representative* (the “*Motion to Authorize*”) with the Superior Court of Quebec. The *Motion to Authorize* alleges, *inter alia*, that Skechers marketed and sold Skechers Shape-ups shoes through the use of false or misleading advertisements and representations regarding their ability to provide significant health benefits by altering users’ gait, without any further changes in a consumer’s diet or exercise routine. Representative Plaintiff mentions that some of the representations made by Skechers through print advertisements as well as through online advertising are that walking in Skechers Shape-ups will improve posture, blood circulation, strengthen back muscles, tighten abdominal muscles, reduce cellulite and tone thighs, improve cardiovascular health, reduce stress on knee joints and ankles, promote weight loss and firm leg, calf and buttock muscles.
11. According to Representative Plaintiff, there is no evidence to support the claims that Skechers Shape-ups shoes provide any health benefits compared to regular athletic and walking shoes. Representative Plaintiff refers to studies which indicate that the clinical studies supporting the benefits of these shoes have all been non-peer reviewed and internally funded. One of the studies entitled “The physiologic and electromyographic responses to walking in regular athletic shoes versus fitness shoes” to which Representative Plaintiffs refers, states that the results of the study found no evidence that walking in fitness shoes had any positive effect on exercise heart rate, oxygen consumption, or caloric expenditure compared to walking in a regular running shoe.
12. Representative Plaintiff also relied on a study of the American Council on Exercise which states that “a growing number of doctors are warning that Toning Shoes don’t deliver on their marketing promises and could cause injuries by, among other things, changing a person’s gait, or way of walking”. Representative Plaintiff alleges that not only the shoes do not provide the benefits as claimed, they have significant drawbacks which Skechers has omitted from its advertising: that the shoes are designed to constantly challenge the user’s balance, so that they are unsuitable for users with flat feet, those who have pre-existing difficulties maintaining their balance or those who are more prone to injury in areas that are responsible for maintaining balance.
13. Representative Plaintiff alleges that Skechers induced consumers into purchasing Skechers Shape-ups shoes that do not live up to their promised results, and caused Class Members to suffer economic, physical and material injuries. Representative Plaintiff sought leave to bring an action in damages against Skechers pursuant to the *Civil Code of Quebec*, R.S.Q. 1991, c. 64, and the *Consumer Protection Act (Quebec)*, S.Q. c. P-40.1.
14. On or about September 21, 2012, George Niras commenced a class action in Ontario against Skechers U.S.A. Inc., Skechers U.S.A. Inc. II and Skechers USA Canada Inc. under docket number 12-55546, alleging false and misleading representation made by Skechers concerning the alleged health benefits associated with the Eligible Shoes.

15. On or about November 5, 2012, Frank Dedato also commenced a class action in Ontario against Skechers U.S.A., Inc. and Skechers USA Canada, Inc. under docket number 8562-12, also alleging false and misleading representations.

IV. Mediation before Justice Lacoursière:

16. This Settlement Agreement is the product of a mediation between Class Counsel and Defence Counsel before Justice Lacoursière of the Quebec Superior Court on February 28, 2013. The Settling Parties knew about, approved and were kept informed of this mediation. On February 28, 2013, the Settling Parties, through their respective counsel, arrived at an agreement in principle to settle the Litigation.
17. The Plaintiffs and Class Counsel believe that the claims asserted in the Litigation have merit and that the evidence developed to date supports those claims. They recognize and acknowledge the expense and length of the complex proceedings that will be required to prosecute the Litigation. The Plaintiffs and Class Counsel have also taken into account the uncertain outcome and risks involved in continuing with the Litigation, as well as the difficulties and delays inherent to class action proceedings. Moreover, the Plaintiffs and Class Counsel have concluded that the Settlement Agreement provides Class Members with benefits and is fair, reasonable, appropriate and in their best interests.
18. Skechers has denied vigorously, and continues to deny, each and every allegation of liability and wrongdoing, and asserts that it has substantial factual and legal defences to all the claims alleged and that such claims are without merit. Skechers contends that the fitness benefits of Eligible Shoes have been extensively studied and confirmed in numerous well-designed clinical studies, many of which have been published in peer-reviewed journals. This body of scientific literature and experts in the field of biomechanics confirm that competent and reliable scientific evidence supports the benefits advertised by Skechers for its shoes. Nevertheless, Skechers has concluded that further conduct of the Litigation would be protracted and expensive, and that it is desirable that the Litigation be fully and finally settled in the manner and upon the terms and conditions set out in the Settlement Agreement. Without admitting any wrongdoing or liability whatsoever, Skechers accepts the terms of the Settlement Agreement provided that all issues relating to the subject matter of the Litigation are hereby completely resolved.

VI. Compensation:

19. Settlement relief shall consist of two primary components: (1) payments to Class Members who submit valid Claims; and (2) conduct changes implemented by Skechers relating to its marketing and advertising of Eligible Shoes.

(a) *Relief Amount*

20. In conjunction with this Settlement Agreement, Skechers shall deposit, no later than ten (10) business days after the Court's issuance of the Pre-Approval Order, \$200,000 (the "First Payment") in escrow to be held in the Account by the Claims Administrator. No later than ten (10) business days after the Effective Date,

Skechers shall deposit \$2,300,000 (the "Second Payment") in escrow to be held in the Account by the Claims Administrator (the First Payment and the Second Payment shall constitute together the "Escrowed Funds"). The Claims Administrator shall act as the "Escrow Agent" for the First Payment, the Second Payment and the Escrowed Funds. Once Skechers deposits the First Payment and/or the Second Payment with the Escrow Agent, any risk of loss shall pass from Skechers to the Escrow Agent.

21. The Escrowed Funds may be used for the payment of: (a) the Administration Expenses; (b) Class Counsel Fees awarded by the Court; (c) Plaintiffs' Awards as detailed in section 28 below; (d) timely, valid, and approved Claims submitted by Class Members pursuant to the Claim Process; and (e) any payment of Surplus Funds authorized under section 25 below. Skechers shall not be liable for payment of any fees, costs, expenses, or Claims in connection with this settlement beyond its deposit of the Escrowed Funds.

(b) Direct Compensation

22. The relief to be provided to eligible Class Members shall be as follows for each Eligible Shoe purchased between August 1, 2008 and the date of the Approval Hearing:

Shoes	Initial Amount	Maximum Amount
Shape-ups	\$130,00	\$260,00
Podded Sole Shoes	\$60,00	\$120,00
Tone-ups (Non-Podded Sole)	\$40,00	\$80,00
Resistance Runner	\$90,00	\$180,00

23. If the total amount of eligible Claims, together with the Administration Expenses, Class Counsel Fees, Plaintiffs' Awards and any other deductions from the Account permitted by this Settlement Agreement, will exceed \$2,500,000, then the amounts payable to Claimants pursuant to section 22, shall be reduced by the Claims Administrator on a pro rata basis.
24. If the total amount of eligible Claims, together with the Administration Expenses, Class Counsel Fees, Plaintiffs' Awards and any other deductions from the Account permitted by this Settlement Agreement is less than \$2,500,000, each eligible Class Member's award shall be increased on a pro rata basis, with a maximum increase of up to, but not more than, double the initial amount as set forth in section 22 above.
25. Following issuance of the Approval Order and dissemination of the Approval Notice, if, within six (6) months of the payments being issued to Claimants from the Claims Administrator, a balance exists in the Account as a result of un-

cash distributions, interest earned on the Escrowed Funds, or any other surplus monies, any remaining funds (“Surplus Funds”) shall be paid as follows:

- (a) The *Fonds d'aide aux recours collectifs* will be entitled to claim the percentage provided for at s. 1 of the *Règlement sur le pourcentage prélevé par le Fonds d'aide aux recours collectifs*, R.R.Q., c. R-2.1, r. 2, on the Quebec portion of the remaining funds. Such Quebec portion will correspond to 23.6% of the remaining funds.
- (b) The balance will be donated to the Jewish General Hospital in Montréal, Québec.

26. If the Settlement Agreement is not approved by the Superior Court of Quebec in its entirety or if approval of any material portion or provision of the Settlement Agreement is reversed or altered on appeal, or in the event that Skechers exercises its right to terminate the Settlement Agreement under section 67 below, there shall be no Surplus Funds to be distributed pursuant to the preceding section (section 25), and any First Payment or Escrowed Funds in the Account shall be distributed according to the provisions of sections 53 and 54 below.

(c) Indirect compensation

27. In addition to the relief discussed above, as part of this Settlement Agreement, Skechers agrees to implement the following conduct changes within, at the latest, thirty (30) business days after the Effective Date:

- (a) Skechers, in connection with the labeling, advertising, promotion, offering for sale, sale, or distribution of any Eligible Shoe, agrees to be restrained and enjoined from making, or assisting others in making, directly or by implication, including through the use of a product name, endorsement, depiction, or illustration, any representation about the health or fitness benefits of any Eligible Shoe, including but not limited to, representations regarding the strengthening of muscles, weight loss, caloric expenditure, calorie burn, blood circulation, aerobic conditioning, muscle tone, and muscle activation, unless the representation is non-misleading and, at the time of making such representation, Skechers possesses and relies upon competent and reliable scientific evidence that is sufficient in quality and quantity based on standards generally accepted in the relevant scientific fields, when considered in light of the entire body of relevant and reliable scientific evidence, to substantiate that the representation is true. For purposes of this section, competent and reliable scientific evidence means tests, analyses, research, or studies that have been conducted and evaluated in an objective manner by qualified persons and are generally accepted in the profession to yield accurate and reliable results.

(d) Plaintiffs' Awards

28. Awards of \$1,500 will be distributed to each of the Plaintiffs, Jason Angell, Frank Dedato and George Niras, in consideration for the time and efforts they put into the Litigation and its preparation (the “Plaintiffs' Awards”). The Plaintiffs' Awards

shall be released to Class Counsel by the Claims Administrator twenty (20) business days after the Effective Date. Class Counsel shall then remit this award to the Plaintiffs.

VII. Claims Process and Administration:

29. To obtain Compensation:

a) Class Members must timely:

i) complete and submit by mail a Claim Form (Schedule A of the present Settlement Agreement) in which he/she solemnly declares that he/she has purchased Eligible Shoe(s) between August 1, 2008 and the date of the Approval Hearing OR

ii) on the Claim Web Site, complete the electronic Claim Form with an electronic signature and a solemn declaration where he/she solemnly declares that he/she has purchased Eligible Shoe(s) between August 1, 2008 and the date of the Approval Hearing.

30. The Claims Administrator may review timely submitted Claim Forms and approve or contest any of the Claims, including, but not limited to, requesting that the Class Member submit a receipt, invoice or a credit card statement showing the Eligible Shoe purchase, or a photo of the Eligible Shoe if the Claims Administrator identifies actual or possible fraud or abuse relating to the submission of a Claim, or where the amount sought by the Class Member exceeds \$200.00 . Failure to timely or fully respond to a deficiency letter from the Claims Administrator may result in a reduction or denial of the Class Member's Claim.

31. Class Members may submit only one Claim Form even if they purchased several Eligible Shoes between August 1, 2008 and the date of the Approval Hearing. If a Class Member wishes to obtain Compensation for several Eligible Shoes, then he/she must submit a single Claim Form containing the requested information for all such Eligible Shoes. Multiple Claim Forms will not be accepted from a single Class Member.

32. The Claims Administrator shall offer to Class Members the choice to communicate in French or in English.

33. Class members shall be eligible for the relief provided in this Settlement Agreement, provided Class Members complete and timely submit, either in paper form or electronically via a website maintained by the Claims Administrator, the Claim Form, substantially in the form attached hereto as Schedule "A", as agreed upon by Class Counsel and Defence Counsel and approved by the Court, to the Claims Administrator prior to the Claims Filing Deadline.

34. If the Claims Administrator determines that a Claim Form meets the requirements specified above, the Claims Administrator shall send the Class Member, by mail, the applicable Compensation within sixty (60) days of the Claims Filing Deadline, or within sixty (60) days of the Effective Date, whichever occurs later. The Claims

Administrator shall use its best efforts to complete the payment to Class Members who have submitted timely, valid, and approved Claims, within ninety (90) days of the Claims Filing Deadline, or within ninety (90) days of the Effective Date, whichever occurs later.

35. If the Class Member submits an incomplete Claim Form, the Claims Administrator shall give the Class Member written notice of the deficiencies and the Class Member shall have 30 days from the date of the written notice to cure the deficiencies. If, within the time provided, the Class Member cures these deficiencies and the Claims Administrator determines that the Claim Form complies with the requirements specified above, the Claims Administrator shall send the Class Member, by mail, the applicable Compensation within the timeframes specified in the preceding paragraph. Class Member shall have only one opportunity to cure.
36. The Claims Administrator shall have discretion to investigate any suspicious or fraudulent Claim and, in such case, request any additional supporting documentation or other evidence that the Claims Administrator deems appropriate;
37. The Claims Administrator shall provide periodic updates to Class Counsel and Defence Counsel regarding Claim Form submissions and details of the above claims process beginning not later than thirty (30) days after the first completed Claim Form is received by the Claims Administrator and continuing on a monthly basis thereafter.
38. The Defence Counsel will have the right to examine any information and supporting documentation or other evidence submitted by a Claimant to the Claims Administrator.
39. In no event shall Skechers have any responsibility, financial obligations, or liability whatsoever with respect to the investment, distribution, use or administration of monies in the Account including, but not limited to, the costs and expenses of such investment, distribution, use and administration and Administration Expenses except as otherwise expressly provided for in this Settlement Agreement.
40. The Claims Administrator shall provide periodic updates to Class Counsel and Defence Counsel regarding its fees and expenses as well as other Administration Expenses. Class Counsel and Defence Counsel will have the right to object to any excessive expense or fee.

VIII. Taxes and Interest:

41. All interest earned on the Settlement Amount shall become and remain part of the Account.
42. Class Counsel shall bear all risks related to the investment of the Settlement Amount in the Account.

43. All funds held by the Claims Administrator shall be deemed and considered to be in the custody of the Court, and shall remain subject to the jurisdiction of the Court until such time as such funds shall be distributed pursuant to the Settlement Agreement and/or further order of the Court.
44. Class Counsel, jointly and severally, hereby indemnifies, defends, and holds harmless Skechers from and against any harm or injury suffered by reason of the use, misuse, erroneous disbursement, or other action taken or failure to act by Class Counsel or by the Claims Administrator with respect to the Settlement Amount, or funds in the Account not strictly in accordance with the provisions of this Settlement Agreement or any orders of the Court.
45. All taxes payable on any interest which accrues on the Settlement Amount in the Account shall be the responsibility of the Class. The Claims Administrator in consultation with Class Counsel shall be solely responsible to fulfill all tax reporting and payment requirements arising from the Settlement Amount in the Account, including any obligation to report taxable income and make tax payments. All taxes (including interest and penalties) due with respect to the income earned by the Settlement Amount shall be paid from the Account.
46. Skechers shall have no responsibility to make any filings relating to the Account and shall have no responsibility to pay tax on any income earned by the Settlement Amount or pay any taxes on the monies in the Account.

VIII. Dispute Resolution:

47. Any dispute involving the right of a Class Member to participate in the Settlement Agreement or receive Compensation shall be dealt with first by the Claims Administrator, which will try to settle it. If there is still a dispute, Class Counsel and Defence Counsel shall meet, confer and attempt to reach a resolution, and, if unable to resolve the issue, shall submit for decision any issue on which they disagree to the judge of the Superior Court of Quebec who will be seized with the approval of the Settlement Agreement.

IX. Court approval of the Settlement Agreement:

(a) *Pre-Approval Notice*

48. Promptly following execution of the Settlement Agreement, Class Counsel shall file a motion with the Superior Court of Quebec for approval of the Pre-Approval Notice and shall seek to obtain the Pre-Approval Order.

(b) *Motions for Approval*

49. Following issuance of the Pre-Approval Order and after the Opt Out Deadline has passed, Class Counsel shall file a motion with the Superior Court of Quebec for approval of the Settlement Agreement and shall seek to obtain the Approval Order.

50. Subject to judicial approval and only for purposes of this Settlement Agreement, Skechers shall consent to the authorization of the Quebec Class Action pursuant to Articles 1002 and 1006 C.C.P.
51. Objections to the Settlement Agreement can be formulated by Class Members before the Court. Objections, including all briefs or other papers or evidence in support thereof, shall be postmarked, served, filed and received by Class Counsel and Defence Counsel no later than 15 days prior to the Approval Hearing. Any Class Member who wishes to appear before the Court at the Approval Hearing must postmark, serve and file notice of such intent to be heard no later than 15 days prior to the Approval Hearing. The Pre-Approval Notice will advise the Class of the deadline to submit objections and to submit a notice of intent to be heard at the Approval Hearing.
52. At the Approval Hearing, Class Counsel and Defence Counsel shall move for final approval of the Settlement Agreement and present their arguments in support thereof and confirm that they and the Settling Parties support all aspects of the present Settlement Agreement and the settlement contained herein, and that they believe the settlement to be fair, reasonable, and appropriate under the circumstances.

(c) Failure to Obtain Approval Order

53. If the Settlement Agreement is not approved by the Superior Court of Quebec in its entirety or if approval of any material portion or provision of the Settlement Agreement is reversed or altered on appeal, or in the event that Skechers exercises its right to terminate the Settlement Agreement under section 67 below, the Settlement Agreement shall become null and void and the Settling Parties shall be restored to their respective positions in the Litigation immediately prior to reaching the settlement. In that event, no documents or communications related to the settlement (including the parties' term sheet and this Settlement Agreement) shall have any effect or be admissible in evidence for any purpose in the Litigation or in any other proceeding.
54. In the event this Settlement Agreement does not become final for any of the reasons enumerated in the preceding section (section 53) or for any other reason, then within no later than three (3) business days of Skechers giving written notice to Class Counsel and the Claims Administrator, the Claims Administrator shall distribute to Skechers all of the First Payment or Escrowed Funds in the Account, as contemplated by paragraph 20 of the Settlement Agreement, less only (i) any fees and costs owed to the Claims Administrator as of the date that Skechers provides written notice pursuant to this section and (ii) any Administration Expenses incurred as of the date that Skechers provides written notice pursuant to this section.

X. Notice Requirements and Opting Out:

(a) Pre-Approval Notice

55. The Claims Administrator shall be responsible for, without limitation, consulting on and designing the notices to the Class via various forms of media as well as implementing and disseminating the notices.
56. In particular, the Claims Administrator shall be responsible for the notification to Class Members of the Settlement Agreement by way of a Pre-Approval Notice which states *inter alia*: (i) that the Settlement Agreement will be submitted to the Superior Court of Quebec for approval, specifying the date and place of such proceedings; (ii) the nature of the Settlement Agreement and the method of its execution; (iii) the procedure to be followed by the Class Members to prove their Claims; (iv) that the Class Members have the right to present their arguments to the Court as regards the Settlement Agreement; and (v) the procedure to be followed in order to file an Opt Out Form on or before the Opt Out Deadline. Attached as Schedule B is the proposed Pre-Approval Notice.
57. The Pre-Approval Notice shall be published once in the form of a 1/4 page advertisement in the Lifestyle (or equivalent) section of the weekday edition of the following newspapers:
 - (a) La Presse (National Edition);
 - (b) The Globe & Mail (National Edition);
 - (c) The National Post;
 - (d) Toronto Star;
 - (e) Vancouver Sun
 - (f) Edmonton Journal
 - (g) Calgary Herald
 - (h) Regina Leader-Post
 - (i) Winnipeg Free Press
 - (j) The Gazette
 - (k) New Brunswick Times & Transcript
 - (l) Halifax Chronicle-Herald
 - (m) Charlottetown Guardian
 - (n) The Newfoundland Telegram
 - (o) The Ottawa Citizen
 - (p) Star Phoenix (Saskatoon)

58. Prior to its dissemination, the Pre-Approval Notice shall be submitted to the Superior Court of Quebec for Pre-Approval Order, as indicated above.

(b) Approval Notice

59. Once the Approval Order has been issued, the Claims Administrator shall maintain a bilingual Claim Web Site which will, *inter alia*, describe the Class, summarize the essential elements of the Settlement Agreement, and provide for the electronic submission of the Claim Form.

60. Prior to its set-up, a copy of the relevant pages of the Claim Web Site will be submitted to the Superior Court of Quebec at the Approval Hearing.

61. The Claims Administrator shall be responsible for the notification to Class Members of the approval of the Settlement Agreement by way of an Approval Notice which states *inter alia*: (i) that the Court has approved the Settlement Agreement; (ii) the nature of the Settlement Agreement and the method of its execution; and (iii) the procedure to be followed by the Class Members to prove their Claims. Attached as Schedule D is the proposed Approval Notice.

62. The Approval Notice shall be published once in the form of a 1/3 page advertisement in the Lifestyle (or equivalent) section of the weekly edition of the following newspapers:

- (a) La Presse (National Edition);
- (b) The Globe & Mail (National Edition);
- (c) The National Post;
- (d) Toronto Star;
- (e) Vancouver Sun
- (f) Edmonton Journal
- (g) Calgary Herald
- (h) Regina Leader-Post
- (i) Winnipeg Free Press
- (j) The Gazette
- (k) New Brunswick Times & Transcript
- (l) Halifax Chronicle-Herald
- (m) Charlottetown Guardian
- (n) The Newfoundland Telegram

- (o) The Ottawa Citizen
- (p) Star Phoenix (Saskatoon)

An additional notice of identical size will be published once in the weekend edition Lifestyle (or equivalent) section of the following national newspapers:

- The Globe & Mail (National Edition)
- La Presse (French Language) (National Edition)

A 1/4 page magazine ad will be published on a one time basis in the following Canadian magazine publications:

- Flare
- Best Health

63. Prior to its dissemination, the Approval Notice shall be submitted to the Superior Court of Quebec for Approval Order, as indicated above.

(c) Ads displayed on Google

64. Ads will also be displayed on the Google Search and Display Networks using Google's Cost-per-click pricing model.

(a) Google Display Network

We propose to engage Google's services in respect of the Google Display Network for the duration of the 90 day claims period.

The key terms selected include: "Skechers", "Skechers Canada", "Skechers settlement", "Règlement Skechers", "Skechers class action", "Recours collectif Skechers", "Skechers Toning Shoe", "Skechers chaussure tonifiante", "Toning Shoe", "chaussure tonifiante", "Shape-ups", "Tone-ups", "Resistance Runner" and "Shape-ups Toners".

(b) Google Search Network

We likewise propose to engage Google's services in respect of the Google Search Network for the duration of the proposed 90 day claims period.

The key terms for the Search Network will mirror those outlined above.

(c) Other advertisements

The Approval Notice will also be made available on:

- CNW News Release in both English and French

- Website (the Claims Administrator will be responsible for both creation and maintenance)
- Class Counsels' website

(d) Opting Out of the Settlement Agreement

65. Class Members who do not wish to be bound by the Settlement Agreement may opt out of the Settlement Agreement. Class Members who want to opt out and who are residents of Quebec must do so by giving notice to the Clerk of the Court by the Opt Out Deadline and in the manner prescribed by the *Code of Civil Procedure*, as well as complete the Opt Out Form, attached as Schedule C, and file it with the Claims Administrator by the Opt Out Deadline. All other Class Members who want to opt out must complete the Opt Out Form, attached as Schedule C, and file it with the Claims Administrator by the Opt Out Deadline.
66. The Claims Administrator, within thirty (30) days following the Opt Out Deadline and in any event at least 10 days before the date of the Approval Hearing, must provide Class Counsel and Defence Counsel a list of all Persons who have filed Opt Out Forms.
67. If 250 or more Class Members have filed Opt Out Forms, then Skechers shall have the option of terminating this Settlement Agreement, in which case, the provisions of section IX.(c) above shall apply.

XI. Class Counsel Fees:

68. Class Counsel will receive as attorney fees and reimbursement of their expenditures a total amount of \$625,000 plus applicable taxes, or such other amount as approved by the Court.
69. Within the Motion requesting the issuance of the Approval Order, Class Counsel will be asking the Court to approve their global award of Class Counsel Fees.
70. Class Counsel Fees shall be released to Class Counsel by the Claims Administrator twenty (20) business days after the Effective Date.
71. The procedure for the grant or denial by the Superior Court of Quebec of Class Counsel Fees is to be considered separately from the judicial evaluation of the fairness, reasonableness and appropriateness of the Settlement Agreement. Any order or proceedings relating to the application for the Class Counsel Fees shall not operate to terminate or cancel the Settlement Agreement. Skechers will not take any position with respect to the amount of Class Counsel Fees requested by Class Counsel.

XII. Releases:

72. Upon the Effective Date, the Plaintiffs on behalf of themselves and the Class Members hereby fully, finally, and forever release, relinquish, and discharge the Released Persons from any and all liabilities, claims, cross-claims, causes of action, rights, actions, suits, debts, liens, contracts, agreements, damages,

restitution, disgorgement, costs, attorney fees, losses, expenses, obligations or demands, of any kind whatsoever that the Releasing Persons may have or may have had, whether in arbitration, administrative, or judicial proceedings, whether as individual claims or as claims asserted on a class basis or on behalf of the general public, whether known or unknown, suspected or unsuspected, threatened, asserted or unasserted, actual or contingent, liquidated or unliquidated, that in any way relate to the claims alleged in the Litigation including, without limitation, all damages for economic, physical and/or material injuries ("**Released Claims**").

73. Nothing in this Settlement Agreement shall constitute or shall be deemed to constitute a waiver by Skechers of any defence with respect to any Class Member who opts out of the Settlement Agreement, or in the event this Settlement Agreement is not approved by the Court, approval is reversed on appeal, or Skechers exercises its right to terminate the Settlement Agreement.
74. Any Compensation paid pursuant to the Settlement Agreement is made without admission of liability. The Releasing Parties agree that the Settlement Agreement, the Pre-Approval Order and the Approval Order rendered in respect of the Settlement Agreement shall not constitute an admission or be used as evidence against Skechers. Nothing in the Settlement Agreement shall be used for any purpose in any legal proceeding unless expressly authorized herein.

XII. Miscellaneous Provisions:

75. The Settlement Agreement and its Schedules supersede all prior settlement agreements between the Settling Parties, whether oral or in writing, pertaining to the subject matter of the Litigation and constitute the entire agreement among the Settling Parties. No representations, warranties, or inducements have been made to any Settling Party concerning the Settlement Agreement or its Schedules other than the representations, warranties, and covenants covered and memorialized herein.
76. The Settling Parties acknowledge that it is their intent to consummate the Settlement Agreement, and they agree to co-operate to the extent reasonably necessary to effect and implement all terms and conditions of the Settlement Agreement.
77. The Settling Parties intend the Settlement Agreement to be a final and complete resolution of all disputes between them with respect to the Litigation. The Settlement Agreement shall not be deemed an admission by any Settling Party as to the merits of any claim or defence. The Settling Parties agree that the consideration provided to the Class Members and the other terms of the Settlement Agreement were negotiated in good faith, and reflect a settlement that was reached voluntarily after consultation with competent legal counsel.
78. Neither the Settlement Agreement, nor any act performed or document executed pursuant to or in furtherance of the Settlement Agreement is or may be deemed to be or may be used as an admission of, or evidence of, the validity of any Released Claims, or of any wrongdoing or liability of Skechers, or is or may be deemed to be or may be used as an admission of, or evidence of, any fault,

omission, wrongdoing or liability of Skechers, in any civil, criminal, or administrative proceeding in any court, administrative agency or other tribunal. The Released Persons may file this Settlement Agreement and/or the Approval Order in any action that may be brought against it in order to support any defence or counterclaim, including without limitation those based on principles of *res judicata*, collateral estoppel, release, good faith settlement, judgment bar or reduction, or any other theory of claim preclusion or issue preclusion or similar defence or counterclaim.

79. Skechers has denied vigorously, and continues to deny, each and every allegation of liability and wrongdoing, and assert that it has substantial factual and legal defences to all the claims alleged and that such claims are without merit. Nevertheless, Skechers has concluded that further conduct of the Litigation would be protracted and expensive, and that it is desirable that the Litigation be fully and finally settled in the manner and upon the terms and conditions set out in the Settlement Agreement. Without admitting any wrongdoing or liability whatsoever, Skechers accepts the terms of the Settlement Agreement provided that all issues relating to the subject matter of the Litigation are hereby completely resolved.
80. Class Counsel and Defence Counsel shall not contact the media regarding any aspect of this Settlement Agreement or the settlement. The Parties agree that a press release may be issued by Class Counsel, such press release to be subject to the prior approval of Defence Counsel, which approval shall not be unreasonably withheld. If Class Counsel or Defence Counsel is contacted by the media regarding any aspect of the Settlement Agreement or the settlement, their comments will be limited to the content of the press release. No public statements shall be made by the Claims Administrator regarding these Proceedings or their settlement.
81. Class Counsel will be entitled, at its discretion and at its costs, to post copies of the Motion to Authorize, this Settlement Agreement, its Schedules, the Pre-Approval Notice, and the Approval Order on its firm website(s), together with a brief description of the Litigation.
82. All of the Schedules to this Settlement Agreement are material and integral parts hereof and are fully incorporated herein by this reference.
83. Unless otherwise ordered by the Court, the Settling Parties may jointly agree to reasonable extensions of time to carry out any of the provisions of this Settlement Agreement.
84. The captions contained in the Settlement Agreement are inserted only as a matter of convenience and in no way define, extend or describe the scope of the Settlement Agreement or the intent of any provision thereof.
85. Except as otherwise provided herein, the Settling Parties shall bear their own respective costs.
86. Class Counsel, on behalf of the Class Members, are expressly authorized by the Representative Plaintiff to take all appropriate action required or permitted to be

taken by the Class pursuant to the Settlement Agreement to effect its terms, and are expressly authorized to enter into any modifications or amendments to the Settlement Agreement on behalf of the Class Members which Class Counsel deems appropriate.

87. Each counsel or other Person executing the Settlement Agreement or any of its Schedules on behalf of any Settling Party hereby warrants that such Person has the full authority to do so.
88. The Settlement Agreement may be executed in one or more counterparts. All executed counterparts and each of them shall be deemed to be one and the same instrument.
89. The Settlement Agreement shall be binding upon, and inure to the benefit of, the successors and assigns of the Released Persons.
90. The Superior Court of Quebec shall retain jurisdiction with respect to implementation and enforcement of the terms of the Settlement Agreement and all parties hereto submit to the jurisdiction of this Court for purposes of implementing and enforcing the Settlement Agreement.
91. None of the Settling Parties, or their respective counsel, shall be deemed the drafter of this Settlement Agreement or its Schedules for purposes of construing the provisions thereof. The language in all parts of the Settlement Agreement and its Schedules shall be interpreted according to its fair meaning, and shall not be interpreted for or against any of the Settling Parties as the drafter thereof.
92. No Class Counsel, or anyone employed by Class Counsel, may, directly or indirectly, participate in or be involved in, or in any way assist with respect to any other action or proceeding related in any way to this Litigation. Moreover, no Class Counsel or anyone employed with Class Counsel may divulge any non public information obtained in the course of the Litigation to anyone for any purpose, except as permitted by this Settlement Agreement or as required by Law or ordered by a Court of Law.
93. This Settlement Agreement and the Schedules hereto shall be construed and enforced in accordance with, and governed by, the internal, substantive laws of Quebec.
94. The parties acknowledge that they have required and consented that the Settlement Agreement and all related documents be prepared in both French and English. Both versions are equally authoritative. *Les parties reconnaissent avoir exigé que la présente convention et tous les documents connexes soient rédigés en français et en anglais. Les deux versions ont la même valeur.*
95. The Settlement Agreement constitutes a transaction pursuant to Articles 2631 and following of the *Civil Code of Quebec* and the Settling Parties are hereby renouncing to any errors of fact, law and/or calculation.
96. Any and all notices, requests, directives or communications required by the Settlement Agreement shall be in writing and shall, unless otherwise expressly

provided herein, be given personally, by e-mail, by postage prepaid mail or by facsimile transmission followed by postage prepaid mail and shall be addressed as follows:

IF TO: JASON ANGELL

Care of:

Jeff Orenstein
Consumer Law Group Inc.
4150 Ste-Catherine St. West, Suite 330
Montreal, Quebec H3Z 2Y5
Phone 514-266-7863, extension 220
Fax 514-868-9690
jorenstein@clg.org

IF TO: GEORGE NIRAS

Care of:

Jeff Orenstein
Consumer Law Group Professional Corporation
340 Albert St., Suite 1300
Ottawa, Ontario, K1R 7Y6
Phone 613-627-4894, extension 220
Fax 613-627-4893
jorenstein@clg.org

IF TO: FRANK DEDATO

Care of:

Daniel E.H. Bach
Siskinds LLP
100 Lombard Street, Suite 302
Toronto, ON, M5C 1M3
Phone 416-362-8334
Fax 416-362-2610

**IF TO: SKECHERS U.S.A. INC., SKECHERS U.S.A. INC. II,
SKECHERS USA CANADA INC.**

Care of:

Donald Bisson
McCarthy Tétrault LLP
Suite 2500
1000 de la Gauchetière Street West
Montreal, Quebec H3B 0A2
Phone 514-397-4261
Fax : 514-875-6246
dbisson@mccarthy.ca

SIGNED in Montreal on December 11, 2013

(s) Donald Bisson
McCarthy Tétrault LLP
On behalf of Skechers U.S.A. Inc., Skechers U.S.A. Inc. II and
Skechers USA Canada Inc.

SIGNED in Montreal on _____, 2013

(s) Jeff Orenstein
Consumer Law Group Inc./Consumer Law Group Professional Corporation
On behalf of Jason Angell and of George Niras

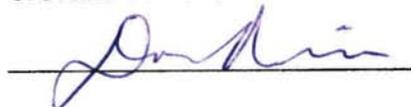
SIGNED in _____ on _____, 2013

(s) Daniel Bach
Siskinds LLP
On behalf of Frank Dedato

provided herein, be given personally, by e-mail, by postage prepaid mail or by facsimile transmission followed by postage prepaid mail and shall be addressed as follows:

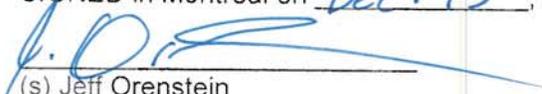
- IF TO: JASON ANGELL**
Care of:
Jeff Orenstein
Consumer Law Group Inc.
4150 Ste-Catherine St. West, Suite 330
Montreal, Quebec H3Z 2Y5
Phone 514-266-7863, extension 220
Fax 514-868-9690
jorenstein@clg.org
- IF TO: GEORGE NIRAS**
Care of:
Jeff Orenstein
Consumer Law Group Professional Corporation
340 Albert St., Suite 1300
Ottawa, Ontario, K1R 7Y6
Phone 613-627-4894, extension 220
Fax 613-627-4893
jorenstein@clg.org
- IF TO: FRANK DEDATO**
Care of:
Daniel E.H. Bach
Siskinds LLP
100 Lombard Street, Suite 302
Toronto, ON, M5C 1M3
Phone 416-362-8334
Fax 416-362-2610
- IF TO: SKECHERS U.S.A. INC., SKECHERS U.S.A. INC. II,
SKECHERS USA CANADA INC.**
Care of:
Donald Bisson
McCarthy Tétrault LLP
Suite 2500
1000 de la Gauchetière Street West
Montreal, Quebec H3B 0A2
Phone 514-397-4261
Fax : 514-875-6246
dbisson@mccarthy.ca

SIGNED in Montreal on December 11, 2013



(s) Donald Bisson
McCarthy Tétrault LLP
On behalf of Skechers U.S.A. Inc., Skechers U.S.A. Inc. II and
Skechers USA Canada Inc.

SIGNED in Montreal on Dec. 13, 2013



(s) Jeff Orenstein
Consumer Law Group Inc./Consumer Law Group Professional Corporation
On behalf of Jason Angell and of George Niras

SIGNED in _____ on _____, 2013

(s) Daniel Bach
Siskinds LLP
On behalf of Frank Dedato



(s) Donald Bisson
McCarthy Tétrault LLP
On behalf of Skechers U.S.A. Inc., Skechers U.S.A. Inc. II and
Skechers USA Canada Inc.

SIGNED in Montreal on Dec. 13, 2013



(s) Jeff Orenstein
Consumer Law Group Inc./Consumer Law Group Professional Corporation
On behalf of Jason Angell and of George Niras

SIGNED in Toronto on Dec 16, 2013



(s) Daniel Bach
Siskinds LLP
On behalf of Frank Dedato



SCHEDULE "A"

Claim Form

Skechers Toning Shoes Class Action Settlement Program in Canada

INSTRUCTIONS – TERMS AND CONDITIONS

PLEASE READ THESE TERMS AND CONDITIONS CAREFULLY TO DETERMINE IF YOU QUALIFY FOR COMPENSATION UNDER THIS PROGRAM.

I- WHO IS ELIGIBLE TO MAKE A CLAIM

A national class action has been commenced against Skechers U.S.A. Inc., Skechers U.S.A. Inc. II and Skechers USA Canada Inc. alleging that Class Members suffered economic, physical and material injuries as a result of the purchase of Eligible Shoes.

A proposed settlement has been reached with respect to the Litigation, on behalf of the Class defined as:

All Persons residing in Canada who have purchased Eligible Shoe(s) between August 1, 2008 and [the date of the Approval Hearing].

The following terms and conditions govern this Skechers Toning Shoes Class Action Settlement Program in Canada:

1. You must be a resident of Canada who purchased Eligible Shoe(s) between August 1, 2008 and the [date of the Approval Hearing].
2. Excluded from the Class are all Persons who timely and validly request exclusion from the Class. Excluded from the Class are also persons or entities who purchased the Eligible Shoes primarily for the purpose of resale, such as retailers or re-sellers of Eligible Shoes.
3. You may submit only one Claim Form even if you purchased several Eligible Shoes between August 1, 2008 and [the date of the Approval Hearing]. If you wish to obtain Compensation for several Shoes, then you must submit a single Claim Form containing the requested information / documentation for all such Eligible Shoes. Multiple Claim Forms will not be accepted .

II- THE SETTLEMENT

4. The relief to be provided to eligible Class Members shall be as follows for each Eligible Shoe purchased between August 1, 2008 and the date of the Approval Hearing:

Shoes	Initial Amount	Maximum Amount
Shape-ups	\$130,00	\$260,00
Podded Sole Shoes	\$60,00	\$120,00

Tone-ups (Non-Podded Sole)	\$40,00	\$80,00
Resistance Runner	\$90,00	\$180,00

Payment amounts to eligible Class Members will vary depending upon, among other factors, the product(s) purchased, the number and amounts claimed by all Class Members and other adjustments and deductions as specified in the Settlement Agreement.

III- HOW TO MAKE A CLAIM

5. To receive Compensation, you must make a Claim in the following way.
6. To make a Claim, you must complete and submit this Claim Form, along with any required documentation, in compliance with the instructions below, and under penalty of perjury.
7. To obtain Compensation:
 - a) you must timely:
 - i) print, complete and sign the Claim Form below in which you solemnly declare that you have purchased Eligible Shoe(s) between August 1, 2008 and the date of the Approval Hearing, and mail it to the address below. All requests must be postmarked on or before [DATE].
 - OR
 - ii) on the Claim Web Site [address], complete the electronic Claim Form with an electronic signature and a declaration where you solemnly declare that you have purchased Eligible Shoe(s) between August 1, 2008 and the date of the Approval Hearing.
8. No proof of purchase is necessary to submit a claim. However, the Claims Administrator may review timely submitted Claim Forms and approve or contest any of the Claims, including, but not limited to, requesting that the Class Member submit a receipt, invoice or a credit card statement showing the Eligible Shoe purchase, or a photo of the Eligible Shoe if the Claims Administrator identifies actual or possible fraud or abuse relating to the submission of a Claim, or where the amount sought by the Class Member exceeds \$200.00. Failure to timely or fully respond to a deficiency letter from the Claims Administrator may result in a reduction or denial of the Class Member's Claim.
9. The Claim Form must be postmarked, sent by e-mail or completed on the Claim Web Site no later than [DATE] (90 days after publication of the Approval Notice).
10. The Claim Forms sent by mail must be submitted to the Claims Administrator at the following address: [ADDRESS]

11. All Eligible Shoes for which you seek Compensation must be included on one Claim Form. Multiple Claim Forms will not be accepted.
12. Incomplete Claim Forms will also be rejected.
13. Keep copies for your records.
14. Lost, late, or misdirected mail is not the responsibility of Skechers or its agents.
15. Received Claim Forms will be checked for validity. The Claims Administrator shall send the Class Member, by mail, the applicable Compensation within 90 days of the Claims Filing Deadline, or within 90 days of the Effective Date, whichever occurs later. Compensation can only be mailed to you at an address within Canada.
16. Cheques will only begin to be mailed to eligible Class Members for Compensation hereunder no earlier than [DATE]. Should you move in the time between when you submit this Claim Form and when payment is made, it is your responsibility to inform the Class Action Settlement Administrator of your change of address;

PERSONAL INFORMATION

Please provide the following information, which will be treated as confidential. Any Compensation provided in response to your Claim will be issued to the name and street address you provide. Please print clearly.

Name:	
Address:	
City:	
Province:	
Postal Code:	
Phone number	
E-mail	
Indicate the quantity of shoes you are claiming. For each Eligible Shoe for which Compensation is sought, provide the following Information:	

(1) Type of Eligible Shoe (Shape-ups, Podded Sole Shoes, Tone-ups (Non-Podded Sole), Resistance Runner)	
(2) If known, Style number [which can be found on the interior of the shoe, typically on the bottom of the tongue]	
(3) If known, store where Eligible Shoe was purchased	
(4) If known, date of purchase (MM / DD / YYYY)	

Acknowledgement, Certification and Release:

I am a Canadian resident and I solemnly declare under penalty of perjury that I have purchased between August 1, 2008 and [the date of the Approval Hearing] Eligible Shoe(s): Shape-ups, Podded Sole Shoes, Tone-ups (Non-Podded Sole), Resistance Runner. I understand that my claim form may be subject to audit, verification and Court review.

By signing and dating this Claim Form below, I acknowledge that I have read the terms and conditions herein and am qualified to obtain Compensation under this settlement program. I also hereby fully, finally, and forever release the Released Persons¹ of any and all claims alleged in the Litigation, including those relating to any alleged misrepresentation of the health benefits of Eligible Shoe(s) purchased between August 1, 2008 and [the date of the Approval Hearing] as well as relating to any economic, physical or material injuries that I may have suffered as a result of the purchase and/or wearing of the Eligible Shoe(s).

¹ "Released Persons" means Skechers U.S.A. Inc., Skechers U.S.A. Inc. II and Skechers USA Canada Inc. and each of their present or past directors, officers, employees, agents, shareholders, attorneys, advisors, consultants, representatives, partners, insurers, affiliates, parents, subsidiaries, joint venturers, independent contractors, franchisees, wholesalers, resellers, distributors, third party retailers, related companies, and divisions, and each of their predecessors, successors, heirs and assigns.

I state under penalty of perjury that the information provided above is true. All information is complete and accurate.

Date

Signature

REMINDER

Please note the following deadline for postmarking/submitting your Claim Form and supporting documentation:

- **The deadline for submitting a Claim is [DATE].**
- **All Eligible Shoes for which you seek Compensation must be included on one Claim Form. Multiple Claim Forms will not be accepted.**
- **If you have any questions while completing the Claim Form please contact the Claims Administrator at [PHONE] or at [web address].**

SCHEDULE "B"

PRE-APPROVAL NOTICE

Skechers Toning Shoes Class Action Settlement Program in Canada

NOTICE OF UPCOMING COURT HEARING ON THE APPROVAL OF A CLASS ACTION SETTLEMENT AGREEMENT

PLEASE READ THIS NOTICE CAREFULLY AS IT MAY AFFECT YOUR LEGAL RIGHTS

THE CLASS:

A national class action has been commenced against Skechers U.S.A. Inc., Skechers U.S.A. Inc. II and Skechers USA Canada Inc. alleging that Class Members suffered economic, physical and material injuries as a result of the purchase of Eligible Shoes.

A proposed settlement has been reached with respect to the Litigation, on behalf of the Class defined as:

All Persons residing in Canada who have purchased Eligible Shoe(s) between August 1, 2008 and [the date of the Approval Hearing].

Excluded from the Class are all Persons who timely and validly request exclusion from the Class pursuant to the Pre-Approval Notice disseminated and published in accordance with the Pre-Approval Order.

Also excluded from the Class are persons or entities who purchased the Eligible Shoes primarily for the purpose of resale, such as retailers or re-sellers of Eligible Shoes.

SUMMARY:

Skechers has agreed to pay a lump sum to settle all of the claims of eligible Claimants, including, without limitation, all damages for economic, physical and/or material injuries.

(a) Direct Compensation

The relief to be provided to eligible Class Members shall be as follows for each Eligible Shoe purchased between August 1, 2008 and the date of the Approval Hearing:

Shoes	Initial Amount	Maximum Amount
Shape-ups	\$130,00	\$260,00
Podded Sole Shoes	\$60,00	\$120,00
Tone-ups (Non-Podded Sole)	\$40,00	\$80,00
Resistance Runner	\$90,00	\$180,00

(b) Indirect compensation

Starting at the latest 30 days after the Effective Date Skechers agreed to implement conduct changes relating to its marketing and advertising of Eligible Shoes, as described in the Settlement Agreement.

(c) Awards for Plaintiffs

Awards of \$1,500 will be requested for each of the Plaintiffs in consideration for the time and efforts they put into the Litigation.

CLASS COUNSEL FEES:

Legal fees and disbursements of Class Counsel are described in the Settlement Agreement. Class Counsel will seek Court approval of 25% of the total settlement benefits plus applicable taxes. Any Class Counsel Fees, Plaintiffs awards and other fees or disbursements will be paid out of the settlement amount.

IMPORTANT DATES – APPROVAL, OPT OUT AND OBJECTION:

A motion to approve the settlement will be heard by the Québec Superior Court, 1 Notre Dame Street East, Montréal, Québec on [DATE].

If the proposed settlement is approved, it will be binding on all Class Members except those who timely and properly opt out. The deadline for opting out of the settlement is ●.

If you wish to object to the proposed settlement, you must send a written notice of objection to Class Counsel and Defence Counsel by no later than **[DATE- 15 days prior to the Approval Hearing]**. Your written objection should include (a) your name, address, e-mail address and telephone number; (b) a brief statement of the reasons for your objection; and (c) whether you plan to attend at the hearing in person or through a lawyer, and if by lawyer, the name, address, e-mail address and telephone number of the lawyer. Class Members who do not oppose the proposed settlement need not appear at the settlement approval hearing or take any other action at this time.

IMPORTANT DATES – WHEN TO MAKE A CLAIM:

If the Settlement is approved, a Claim Form will be available on the Claim Web Site [address].

FURTHER INFORMATION:

A complete copy of the Settlement Agreement, and detailed information on how to obtain or file a Claim are available at Class Counsel's web site <http://www.clg.org/> and on the following Claims Web Site [address]. **To obtain a paper copy, please contact the BMC Group at ●.**

The Class Counsel, or law firm representing the Plaintiffs, is the following:

Jeff Orenstein

Consumer Law Group Inc.
4150, Sainte-Catherine St. West, Suite 330
Montreal, Quebec, H3Z 2Y5
Phone: 1-888-909-7863 Toll Free
514-266-7863 Montreal
416-479-4493 Toronto
613- 627-4894 Ottawa
Email: jorenstein@clg.org

If there is a conflict between the provisions of this Notice and the Settlement Agreement and any of its Schedules, the terms of the Settlement Agreement shall prevail.

This notice has been approved by the Québec Superior Court.

SCHEDULE “C”

OPT OUT FORM

Opting out from the Skechers Toning Shoes Settlement Program in Canada

Class Members are bound by the terms of the Settlement Agreement, unless they opt out of the class action.

If you opt out, you will not be entitled to make a Claim or to receive any Compensation. If you opt out, you should be aware that there are strictly enforced time limits within which you must take formal legal action to pursue your claim. By opting out, you will take full responsibility for taking all necessary legal steps to protect your claim.

If you wish to opt out, you must no later than [DATE – N.B. 60 days following the publication of the Pre-Approval Notice]:

- i) complete and submit by mail the present Opt Out Form with your signature to the following address: [address]; OR
- ii) send by e-mail [at the address:] the present Opt Out Form with your signature; OR
- ii) on the Claim Web Site [address], complete the electronic Opt Out Form and attach a signature.

Class Members who want to opt out and who are residents of Quebec must IN ADDITION give notice to the Clerk of the Superior Court of Quebec at:

Clerk of the Superior Court of Quebec
Palais de Justice
1, rue Notre-Dame Es
Montreal (Quebec) H2Y 1B6
Court file no. 500-06-000482-097

OPTING OUT FORM

Name:	
Address:	
City:	
Province:	
Postal Code:	

Phone number (optional):	
E-mail (if available - optional):	

I wish to opt out of the Skechers Toning Shoes Settlement Program in Canada. I understand that by opting out I will never be eligible to receive any Compensation pursuant to the Skechers Toning Shoes Class Action Settlement Agreement.

Date

Signature

SCHEDULE "D"

APPROVAL NOTICE

Skechers Toning Shoes Settlement Program in Canada

NOTICE OF SETTLEMENT APPROVAL

PLEASE READ THIS NOTICE CAREFULLY AS IT MAY AFFECT YOUR LEGAL RIGHTS

THE CLASS:

Please be advised that the Court has approved the Settlement Agreement reached in national class action commenced against Skechers U.S.A. Inc., Skechers U.S.A. Inc. II and Skechers USA Canada Inc. alleging that Class Members suffered economic, physical and material injuries as a result of the purchase of Eligible Shoes.

The Class is composed of all Persons residing in Canada who have purchased Eligible Shoe(s) between August 1, 2008 and [the date of the Approval Hearing].

Skechers denies Plaintiffs' allegations and denies any wrongdoing or liability. The Court has not taken any position as to the truth or merits of the claims or defences asserted by either side. The allegations made by Plaintiffs have not been proven in court.

SUMMARY:

Skechers, while not admitting liability, has agreed to pay a lump sum to settle all of the claims of eligible Claimants.

(a) *Direct Compensation*

The relief to be provided to eligible Class Members shall be as follows for each Eligible Shoe purchased between August 1, 2008 and the date of the Approval Hearing:

Shoes	Initial Amount	Maximum Amount
Shape-ups	\$130,00	\$260,00
Podded Sole Shoes	\$60,00	\$120,00
Tone-ups (Non-Podded Sole)	\$40,00	\$80,00
Resistance Runner	\$90,00	\$180,00

No proof of purchase is necessary to submit a claim. However, the Claims Administrator may review timely submitted Claim Forms and approve or contest any of the Claims, including, but not limited to, requesting that the Class Member submit a receipt, invoice or a credit card statement showing the Eligible Shoe purchase, or a photo of the Eligible

Shoe. Failure to timely or fully respond to a deficiency letter from the Claims Administrator may result in a reduction or denial of the Class Member's Claim.

(b) Indirect compensation

Starting at the latest 30 days after the Effective Date Skechers agreed to implement conduct changes relating to its marketing and advertising of Eligible Shoes, as described in the Settlement Agreement.

IMPORTANT DATES – WHEN TO MAKE A CLAIM:

The deadline for filing a Claim is ●.

A Claim Form must be completed on the Claim Web Site [address]. All Eligible Shoes for which you seek Compensation must be identified on one Claim Form. Multiple Claim Forms from a single Class Member will not be accepted. There will be no further notice in the newspapers of this Settlement Agreement.

FURTHER INFORMATION:

A complete copy of the Settlement Agreement, and detailed information on how to obtain or file a Claim are available at the following Claims Web Site [address]. To obtain a paper copy of the Settlement Agreement, a Claim Form, an Opt-Out Form, or other document, please call the Claims Administrator at [PHONE].

The Class Counsel, or law firm representing the Plaintiffs, is the following:

Jeff Orenstein
Consumer Law Group Inc.
4150, Sainte-Catherine St. West, Suite 330
Montreal, Quebec, H3Z 2Y5
Phone: 1-888-909-7863 Toll Free
514-266-7864 Montreal
416-479-4494 Toronto
613- 627-4894 Ottawa
Email: jorenstein@clg.org

If there is a conflict between the provisions of this Notice and the Settlement Agreement and any of its Schedules, the terms of the Settlement Agreement shall prevail.

This notice has been approved by the Québec Superior Court.

SCHEDULE "E"

STYLE NUMBERS OF ELIGIBLE SHOES

**Skechers Shape-ups, Tone-ups, Skechers Resistance Runner, and Shape-ups
Toners Settlement Program in Canada**

Shape-ups rocker bottom shoes

11800
11801
11802
11803
11805
11806
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76901
80561L
80562L
80563L
80564L
912295
911800
911801
912320
99999625

Resistance Runners

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**Shape-ups Toners, Shape-ups Trainers
and Tone-ups with podded outsoles**

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51541

Tone-ups non-podded sandals, boots, clogs and trainers

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11770
11775
11776
11777
11778
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11790
11795
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34851
34852
34853
34901
35000
37391
37556
37559
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951510
9938706

SCHEDULE "F" TO SETTLEMENT AGREEMENT OF DECEMBER 11, 2013**Alberta Class Action**

Court File No.: 1203 13251**ALBERTA
COURT OF QUEEN'S BENCH OF ALBERTA
Judicial Centre: Edmonton****Between:****KOURTNEY SMITH****Plaintiff****-and-****SKECHERS U.S.A. INC., SKECHERS U.S.A., Inc. II and
SKECHERS USA CANADA INC.****Defendants**

1. The terms used in the present schedule have the same meaning as defined in the Settlement Agreement of December 11, 2013.
2. On or about September 5, 2012, Plaintiff Kourtney Smith filed a Certification Application and Statement of Claim (under the *Class Proceedings Act* of Alberta) with the Court of Queen's Bench of Alberta, which were amended by amended proceedings filed on or about November 21, 2013 (the "**Alberta Class Action**").
3. The Alberta Class Action is seeking certification of a national class of Canadian residents against Skechers for the same Skechers footwear, alleging the same allegations and claims as in the Quebec Class Action.
4. Alberta Class Counsel is Merchant Law Group LLP.
5. Plaintiff Kourtney Smith and Alberta Class Counsel agree with all terms and conditions of the Settlement Agreement and, in light of the Settlement Agreement, Plaintiff Kourtney Smith agrees to discontinue the Alberta Class Action on the following conditions:
 - a. Alberta Class Counsel will receive a portion of the Class Counsel Fees;
 - b. Alberta Class Counsel will figure as one of the attorneys for the plaintiffs in the Pre-Approval Notices and Approval Notices that will be published in the following newspapers: The Globe & Mail (National Edition), The National Post, Vancouver Sun, Edmonton Journal, Calgary Herald, Regina Leader-Post, Winnipeg Free Press, Star Phoenix (Saskatoon) and, for the Approval Notice only, in the weekend edition Lifestyle (or equivalent) section of the The Globe & Mail (National Edition);
 - c. An award of \$1,500 will be distributed to Plaintiff Kourtney Smith, in consideration for the time and efforts she put into the Alberta Class Action. This award shall be

released to Alberta Class Counsel by the Claims Administrator twenty (20) business days after the Effective Date. Alberta Class Counsel shall then remit this award to Plaintiff Kourtney Smith.

6. The Settling Parties in Quebec and Ontario agree with paragraph #5 and will abide by it.
7. All releases in the Settlement Agreement apply to the parties in the Alberta Class Action.
8. The original version of this schedule is in English.

SIGNED in Montreal on _____, 2014

(s) Donald Bisson
McCarthy Tétrault LLP
On behalf of Skechers U.S.A. Inc., Skechers U.S.A. Inc. II and Skechers USA Canada Inc.

SIGNED in Montreal on _____, 2014

(s) Jeff Orenstein
Consumer Law Group Inc./Consumer Law Group Professional Corporation
On behalf of Jason Angell and of George Niras

SIGNED in _____ on _____, 2014

(s) Daniel Bach
Siskinds LLP
On behalf of Frank Dedato

SIGNED in _____ on _____, 2014

(s) E.F. Anthony Merchant, Q.C.
Merchant Law Group LLP
On behalf of Kourtney Smith

released to Alberta Class Counsel by the Claims Administrator twenty (20) business days after the Effective Date. Alberta Class Counsel shall then remit this award to Plaintiff Kourtney Smith.

6. The Settling Parties in Quebec and Ontario agree with paragraph #5 and will abide by it.
7. All releases in the Settlement Agreement apply to the parties in the Alberta Class Action.
8. The original version of this schedule is in English.

SIGNED in Montreal on February 28, 2014



(s) Donald Bisson
McCarthy Tétrault LLP
On behalf of Skechers U.S.A. Inc., Skechers U.S.A. Inc. II and Skechers USA Canada Inc.

SIGNED in Montreal on Feb 27, 2014



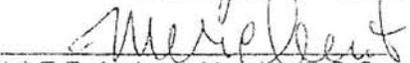
(s) Jeff Orenstein
Consumer Law Group Inc./Consumer Law Group Professional Corporation
On behalf of Jason Angell and of George Niras

SIGNED in Toronto on Feb 29, 2014



(s) Daniel Bach
Siskinds LLP
On behalf of Frank Dedato

SIGNED in Regina on Feb 27, 2014



(s) E.F. Anthony Merchant, Q.C.
Merchant Law Group LLP
On behalf of Kourtney Smith

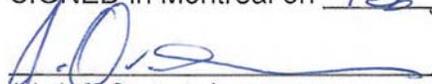
released to Alberta Class Counsel by the Claims Administrator twenty (20) business days after the Effective Date. Alberta Class Counsel shall then remit this award to Plaintiff Kourtney Smith.

- 6. The Settling Parties in Quebec and Ontario agree with paragraph #5 and will abide by it.
- 7. All releases in the Settlement Agreement apply to the parties in the Alberta Class Action.
- 8. The original version of this schedule is in English.

SIGNED in Montreal on _____, 2014

(s) Donald Bisson
McCarthy Tétraut LLP
On behalf of Skechers U.S.A. Inc., Skechers U.S.A. Inc. II and Skechers USA Canada Inc.

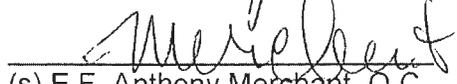
SIGNED in Montreal on Feb 27, 2014


(s) Jeff Orenstein
Consumer Law Group Inc./Consumer Law Group Professional Corporation
On behalf of Jason Angell and of George Niras

SIGNED in _____ on _____, 2014

(s) Daniel Bach
Siskinds LLP
On behalf of Frank Dedato

SIGNED in Requin on Feb 27, 2014


(s) E.F. Anthony Merchant, Q.C.
Merchant Law Group LLP
On behalf of Kourtney Smith

released to Alberta Class Counsel by the Claims Administrator twenty (20) business days after the Effective Date. Alberta Class Counsel shall then remit this award to Plaintiff Kourtney Smith.

6. The Settling Parties in Quebec and Ontario agree with paragraph #5 and will abide by it.
7. All releases in the Settlement Agreement apply to the parties in the Alberta Class Action.
8. The original version of this schedule is in English.

SIGNED in Montreal on _____, 2014

(s) Donald Bisson
McCarthy Tétrault LLP
On behalf of Skechers U.S.A. Inc., Skechers U.S.A. Inc. II and Skechers USA Canada Inc.

SIGNED in Montreal on Feb. 27, 2014



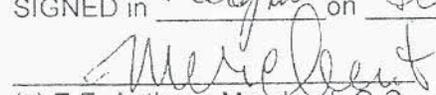
(s) Jeff Orenstein
Consumer Law Group Inc./Consumer Law Group Professional Corporation
On behalf of Jason Angell and of George Niras

SIGNED in Toronto on Feb 28, 2014



(s) Daniel Bach
Siskinds LLP
On behalf of Frank Dedato

SIGNED in Regina on Feb 27, 2014



(s) E.F. Anthony Merchant, Q.C.
Merchant Law Group LLP
On behalf of Kourtney Smith

released to Alberta Class Counsel by the Claims Administrator twenty (20) business days after the Effective Date. Alberta Class Counsel shall then remit this award to Plaintiff Kourtney Smith.

6. The Settling Parties in Quebec and Ontario agree with paragraph #5 and will abide by it.
7. All releases in the Settlement Agreement apply to the parties in the Alberta Class Action.
8. The original version of this schedule is in English.

SIGNED in Montreal on _____, 2014

(s) Donald Bisson
McCarthy Tétrault LLP
On behalf of Skechers U.S.A. Inc., Skechers U.S.A. Inc. II and Skechers USA Canada Inc.

SIGNED in Montreal on _____, 2014

(s) Jeff Orenstein
Consumer Law Group Inc./Consumer Law Group Professional Corporation
On behalf of Jason Angell and of George Niras

SIGNED in _____ on _____, 2014

(s) Daniel Bach
Siskinds LLP
On behalf of Frank Dedato

SIGNED in Regina on Feb 27, 2014

Merchant
(s) E.F. Anthony Merchant, Q.C.
Merchant Law Group LLP
On behalf of Kourtney Smith
