



STERLING SHOES LIMITED PARTNERSHIP

## **STERLING SHOES ANNOUNCES RESTRUCTURING OF STORE PORTFOLIO AND EXTENSION OF CCAA ORDER**

### **PRESS RELEASE STATEMENT**

VANCOUVER, B.C. December 9, 2011 – Sterling Shoes Inc. and Sterling Shoes GP Inc. (general partner of Sterling Shoes Limited Partnership) (collectively, the “Company”) announce today the proposed future closure of 53 store locations in British Columbia, Alberta and Ontario.

Stores were selected for closing after extensive analysis and based on parameters established as part of the Company’s business strategy. Liquidation activity in the closing stores commenced on December 9, 2011.

The Company is continuing with 5 Freedman stores, 28 Sterling stores and 72 Shoe Warehouse stores. These remaining stores will continue to operate on a normal basis. Upon completion of the store-closing process, the Company’s total store portfolio will consist of 105 stores.

The Company believes that the restructured store portfolio is an integral and positive step towards building the foundation for future growth and re-establishing the Company’s long-term viability.

The Company also announced today that it has obtained an order (the “Order”) from the Supreme Court of British Columbia under the *Companies’ Creditors Arrangement Act* (Canada) (the “CCAA”) providing a further extension to the stay of proceedings (the “Stay”) which was granted pursuant to an initial order obtained by the Company on October 21, 2011 and was first extended by a further order obtained on November 18, 2011. With today’s Order the Court has extended the Stay until April 2, 2012 with liberty to apply to further extend the Stay period. Under supervision of the Court, Sterling Shoes’ management has been developing a restructuring plan that management believes will facilitate returning the Company to a position of financial health.

#### **ABOUT STERLING SHOES**

Sterling Shoes is headquartered in Vancouver, B.C. and is a leading independent footwear retailer offering a broad selection of private label and brand name shoes and accessories. Founded in 1987, Sterling Shoes LP operates over 100 stores across Canada.

#### **FORWARD-LOOKING STATEMENTS**

Certain statements in this press release, including statements regarding the anticipated performance of the Company after restructuring, the timetable for liquidation and store closings and duration of the CCAA process, may constitute “forward-looking” statements that involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements, to be materially different from any results, performance or achievements expressed or implied by such forward-looking statements. The forward looking statements contained herein are based on certain assumptions including assumptions regarding the time required to complete the restructuring, liquidation and store closing process, the impact of those processes on the Company’s future performance, the ability of the Company to obtain an extension of the Stay and the continued operation of the remaining stores. When used in this press release, such statements often use, but are not limited to, such words as “may”, “will”, “expect”, “should”, “believe”, “intend”, “plan”, “anticipate”, “potential”, and other similar terminology. Although the forward-looking statements contained in this press release are based upon management’s reasonable assumptions, the Company cannot assure investors that

# Sterling

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actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this press release and the Company assumes no obligation to update or revise them to reflect new events or circumstances, except as required by law.

For further information, please visit us at [www.sterlingshoesinc.com](http://www.sterlingshoesinc.com), or contact:

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*Additional information about Sterling Shoes Inc. can be found in the disclosure documents filed by Sterling Shoes Inc. with the securities regulatory authorities, available at [www.sedar.com](http://www.sedar.com).*