

COURT FILE NO CV-13-10009-00CL

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,  
R.S.C. 1985, C. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF THE JOHN  
FORSYTH SHIRT COMPANY LTD., FORSYTH HOLDINGS, INC.  
AND FORSYTH OF CANADA, INC.

SUPPLEMENTARY REPORT OF THE  
FOURTH REPORT DATED SEPTEMBER 24, 2013  
BDO CANADA LIMITED  
IN ITS CAPACITY AS MONITOR OF  
THE APPLICANTS UNDER THE *COMPANIES' CREDITORS ARRANGEMENT ACT*

DATED SEPTEMBER 25, 2013

1. **PURPOSE**

- 1.1 All defined terms herein are as presented in the Fourth Report of the Monitor dated September 24, 2013.
- 1.2 The purpose of this Supplementary Report dated September 25, 2013 is to provide this Honourable Court with information in respect of:
- (a) The extension and terms of the DIP Credit Agreement.

2. **DIP FINANCING**

- 2.1 The Initial Order approved DIP Financing provided by Wells Fargo (in such capacity, the "DIP Lender") to a maximum amount of \$10 million subject to the terms set out in the Forsyth DIP Commitment Letter dated February 20, 2013 (the "DIP Credit Agreement") previously filed with the Court. The DIP Credit Agreement created a new facility for the funding of expenses during the CCAA Proceedings and operates on terms substantially similar to those of the pre-filing credit facilities between the Applicants and their pre-filing senior secured lender, Wells Fargo.
- 2.2 The DIP Lender has agreed to a further extension of the DIP Credit Agreement to October 18, 2013. A copy of the amendment is attached as Appendix "A". Other than the date and an extension fee ranging from \$10,000 to \$25,000 depending on the date of the full repayment of the DIP Lender, there are no other changes to the DIP Credit Agreement.
- 2.3 The Monitor recommends that the Court approve the Applicants' entering into this amended DIP Credit Agreement. This would provide time to obtain alternative financing as described in the Fourth Report.

All of which is respectfully submitted this 25<sup>th</sup> day of September, 2013.

BDO CANADA LIMITED

Per:



Blair F. Davidson, CPA, CA●CIRP, CBV, CMC  
President

# **APPENDIX “A”**

**THIRD AMENDING AGREEMENT**

**THIS AGREEMENT** is made as of the 24<sup>th</sup> day of September, 2013.

**AMONG:**

**THE JOHN FORSYTH SHIRT COMPANY LTD.** (the  
"Canadian Borrower")

- and -

**FORSYTH OF CANADA, INC.** (the "US Borrower" and  
together with the Canadian Borrower, the "Borrowers")

- and -

**FORSYTH HOLDINGS, INC.** (collectively with the Borrowers,  
the "Loan Parties")

- and -

**WELLS FARGO CAPITAL FINANCE CORPORATION  
CANADA** ("Agent" and "Canadian DIP Lender")

- and -

**WELLS FARGO CAPITAL FINANCE, LLC** ("US DIP  
Lender", and together with the Canadian DIP Lender, the "DIP  
Lenders")

**WHEREAS** the Loan Parties have filed for protection under the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA Proceedings**") and the Ontario Superior Court of Justice (Commercial List) (the "**Court**") granted an initial order in the CCAA Proceedings on February 22, 2013;

**AND WHEREAS** in connection with the CCAA Proceedings, the Loan Parties and the DIP Lenders entered into a DIP Commitment Letter dated as of February 20, 2013 (as amended, modified, restated and/or supplemented from time to time, the "**DIP Commitment Letter**") in which the DIP Lenders agreed to provide for the short term liquidity needs of the Borrowers while under CCAA protection;

**AND WHEREAS** the DIP Commitment Letter was amended by the First Amending Agreement dated May 17, 2013 and by the Second Amending Agreement dated July 9, 2013;

**AND WHEREAS** the parties to the DIP Commitment Letter have agreed to further amend the DIP Commitment Letter in accordance with the terms of this Third Amending Agreement;

**NOW THEREFORE** in consideration of the respective covenants of the parties hereto herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged) the parties hereto agree as follows:

**ARTICLE 1  
INTERPRETATION**

**1.1 Defined Terms**

All capitalized terms used (including in the recitals) and not otherwise defined herein shall have the meanings specified in the DIP Commitment Letter.

**ARTICLE 2  
AMENDMENTS TO THE DIP COMMITMENT LETTER**

**2.1 Amendment to the Maturity Date**

The paragraph in the DIP Commitment Letter entitled "Repayment" is hereby amended by deleting the date "September 30, 2013" and replacing it with the date "October 18, 2013".

**2.2 Amendment to the DIP Lenders Fees**

The paragraph in the DIP Commitment Letter entitled "DIP Lenders Fees" is hereby amended by inserting the following at the end of this paragraph:

"In connection with the Third Amending Agreement, the Borrowers shall pay the DIP Lenders extension fees as follows:

- (a) a fee in the amount of Canadian \$10,000, which shall be fully earned and payable immediately upon the execution of the Third Amending Agreement;
- (b) An additional fee of Canadian \$15,000, which shall be fully earned and payable on Monday, October 7, 2013 in the event that the DIP Lenders have not been repaid in full on or before October 4, 2013; and
- (c) an additional fee of Canadian \$25,000, which shall be fully earned and payable on Tuesday, October 15, 2013 in the event that the DIP Lenders have not been repaid in full on or before October 11, 2013."

**ARTICLE 3  
GENERAL PROVISIONS**

**3.1 Court Approval**

The Borrowers and the DIP Lenders acknowledge and agree that Court approval of this Third Amending Agreement shall be sought and obtained before the amendments contained herein become effective.

### **3.2 Other Documents**

Any reference to the DIP Commitment Letter made in any documents delivered pursuant thereto or in connection therewith shall be deemed to refer to the DIP Commitment Letter as amended, extended, modified, renewed or supplemented from time to time, unless the context otherwise permits.

### **3.3 Ratification and Confirmation**

Except for the specific amendments to the DIP Commitment Letter contained herein, the DIP Commitment Letter and all related documents are in all other respects hereby ratified and confirmed and the DIP Commitment Letter as amended and extended hereby shall be read, taken and construed as one and the same instrument.

### **3.4 Headings**

The division of this Third Amending Agreement into articles, sections and clauses, and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Third Amending Agreement.

### **3.5 Governing Law**

This Third Amending Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

### **3.6 Attornment**

The parties hereto irrevocably submit and attorn to the non-exclusive jurisdiction of the Court for all matters arising out of or in connection with this Third Amending Agreement.

### **3.7 Binding Effect**

This Third Amending Agreement shall be binding upon and enure to the benefit of each of the parties hereto and their respective successors and permitted assigns.

### **3.8 Further Assurances**

The parties hereto shall execute and deliver such supplemental documents and take such supplemental action as may be necessary or desirable to give effect to the provisions and purposes of this Third Amending Agreement, all at the expense of the Borrowers.

### **3.9 Execution in Counterparts**

This Third Amending Agreement may be executed and delivered by facsimile or other electronic transmission and in any number of counterparts, each of which when so executed and delivered is an original but all of which taken together constitute one and the same instrument.

[Remainder of page intentionally left blank.]

IN WITNESS HEREOF, the parties hereby execute this Third Amending Agreement as at the date first above mentioned.

**The John Forsyth Shirt Company Ltd., as  
Canadian Borrower and Guarantor**

Per: \_\_\_\_\_

Name: ALAN HESTER  
Title: PRESIDENT

I have authority to bind the corporation.

**Forsyth of Canada, Inc., as US Borrower and  
Guarantor**

Per: \_\_\_\_\_

Name: ALAN HESTER  
Title: PRESIDENT

I have authority to bind the corporation.

**Forsyth Holdings, Inc., as Guarantor**

Per: \_\_\_\_\_

Name: ALAN HESTER  
Title: CHAIRMAN

I have authority to bind the corporation.

**Wells Fargo Capital Finance Corporation  
Canada as Agent and Canadian DIP Lender**

Per: \_\_\_\_\_

Name:  
Title:

I have authority to bind the corporation.

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**Wells Fargo Capital Finance LLC, as US DIP  
Lender**

Per: \_\_\_\_\_

Name:

Title:

I have authority to bind the corporation.

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IN WITNESS HEREOF, the parties hereby execute this Third Amending Agreement as at the date first above mentioned.

**The John Forsyth Shirt Company Ltd., as  
Canadian Borrower and Guarantor**

Per: \_\_\_\_\_  
Name:  
Title:  
I have authority to bind the corporation.

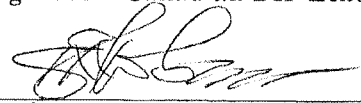
**Forsyth of Canada, Inc., as US Borrower and  
Guarantor**

Per: \_\_\_\_\_  
Name:  
Title:  
I have authority to bind the corporation.


**Forsyth Holdings, Inc., as Guarantor**

Per: \_\_\_\_\_  
Name:  
Title:  
I have authority to bind the corporation.

**Wells Fargo Capital Finance Corporation  
Canada as Agent and Canadian DIP Lender**

Per:  \_\_\_\_\_  
Name: RAYMOND EGHBAMIEN  
Title: VICE PRESIDENT  
I have authority to bind the corporation.

Wells Fargo Capital Finance LLC, as US DIP  
Lender

Per:   
Name: RAYMOND EGHEBABIEN  
Title: VICE PRESIDENT  
I have authority to bind the corporation.

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