BMO Bank of Montreal

November 12, 2008

Sterling Shoes Limited Partnership
2580 Viscount Way
Richmond, BC V6V 1N1

Attention: Daniel Gumprich, CFO

Dear Dan:

Re: Credit Amendments

Reference is made to the commitment letter dated August 12, 2008 ("Commitment Letter") from BMO Bank of Montreal ("Bank") to Sterling Shoes Limited Partnership ("Borrower").

At the request of the Borrower, and based on information, representations, and documents provided to the Bank, the Bank has agreed to the following amendments to the Commitment Letter as set out below:

1) Financial Covenants, section (i):
   a) The Bank has agreed to waive the Total Fixed Charge Coverage ratio for Q3 F2008.
   b) The Bank has agreed to amend the Total Fixed Charge Coverage ratio as follows: Maintain a Total Fixed Charge Coverage ratio of not less than 0.55x (calculated on a rolling 4 quarter basis) as at December 31, 2008, increasing to not less than 0.90x as at March 31, 2009, increasing to not less than 1.00x as at June 30, 2009 and thereafter.

   We are reducing our fee to [redacted] for this request (from that previously discussed).

2) Summary of Terms for the Extendible Revolving Term Credit Facility (Facility 2 - "Term Loan"):

   Amount: Up to C$10,000,000, subject to facility being temporarily limited to C$5,000,000. Limitation to be removed when Total Fixed Charge Coverage ratio returns to not less than 1.00x, and all other covenants are in compliance per the Commitment Letter.

3) Interest Rates & Fees: The table listed in the Commitment Letter is deleted in its entirety, and replaced with the following:

Senior Debt to EBITDA	Prime	US Base Rate	BAs/LCs and FROLs	Standby Fee[1]
<1.50x	[redacted] bps	[redacted]	[redacted]	[redacted] bps
1.50x≤2.00x	[redacted] bps	[redacted] bps	[redacted] bps	[redacted] bps
> 2.00x	[redacted] bps	[redacted] bps	[redacted] bps	[redacted] bps

Note: 1) With respect to the Term Loan - standby fee will only apply to the limited amount, should such a limitation exist.

D

Please be advised the Bank will not entertain Special Distributions until such time as the Total Fixed Charge Coverage ratio returns to not less than 1.00x, and all other covenants are in compliance per the Commitment Letter.

We trust this satisfies your requirements. Please have the appropriate signing authorities acknowledge and return an original to the Bank. If you have any questions please do not hesitate to contact the undersigned at your convenience.

Regards,

Signed November12/08
[redacted]
Senior Account Manager
Corporate Finance Group

Cc: [redacted] irector, BMO Corporate Finance

Acknowledged this 12th day of November, 2008 in the City of Richmond, BC.

STERLING SHOES LIMITED PARTNERSHIP:

[redacted]

Per: Sterling Shoes GP Inc.

____

Per: Sterling Shoes GP Inc.