

**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  
LOYALTYONE, CO.**

**SUPPLEMENTAL SUBMISSIONS  
BREAD FINANCIAL HOLDINGS, INC.**

**Case Conference Schedule for December 3, 2025**

December 2, 2025

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**TO: THE SERVICE LIST**

1. Bread relies on its Aide Memoire dated November 21, 2025, delivered in advance of the hearing of the stay extension, and maintains its position that the Entitlement Issue should proceed to adjudication without delay. Bread delivers these supplemental submissions in response to the three reasons raised by the Term Loan B Lenders for staying adjudication of the Entitlement Issue pending a decision in the Texas Litigation in their Aide Memoire delivered on December 1, 2025.

2. ***Response to Reason #1 – The Matter is before the Texas Court:*** The issues related to the TMA and the entitlement to the tax refunds have been before both the Ontario and Texas courts since February 2024. As set out in Bread’s Aide Memoire, Bread raised concerns about abuse of process when the Texas Litigation was commenced, which concerns were rebuffed by LoyaltyOne and the Monitor. LoyaltyOne’s position that the Canadian Court could proceed on the TMA Motions (which included the Entitlement Issue) while the Texas Litigation was also proceeding would have been reached in good faith consultation with the Term Loan B Lenders per the terms of their Transaction Support Agreement.<sup>1</sup> The Term Loan B Lenders themselves had the opportunity to raise the issue — notably in their written and oral submissions to this Court in June 2024 — and elected not to. They should be estopped from doing so now.

3. The Lenders’ attempt to distinguish between the June 2024 TMA Motions and the Entitlement Issue ignores the fact that the Entitlement Issue was something the Lenders, the Monitor and LoyaltyOne all asked this Court to resolve in their favour in 2024 — and that nothing has changed jurisdictionally since then. The pleadings and the relief sought in the Texas Litigation remain unchanged since the Texas Litigation was commenced and was not affected by the motion to dismiss in any way. Moreover, the Entitlement Issue is a question of Canadian insolvency law,

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<sup>1</sup> Tab 1 – Excerpt of Transaction Support Agreement, dated as of March 10, 2023 between the Company Parties, the Credit Agreement Lenders and the Credit Facility Agent, ss. 3(a)(ix) and 3(b)(vii).

i.e., what are the consequences of a company under CCAA protection failing to disclaim an agreement?

4. The Term Loan B Lenders raise the possibility of the Texas Court granting the relief of “avoidance of the Tax Litigation Proceeds Transfer Obligation”. Bread submits that the Texas Court could not affect the Canadian Court’s finding — made back in July 2024 — that the TMA is binding on and enforceable against LoyaltyOne (a Canadian CCAA debtor). To the extent that was a concern, it was one that should have been addressed before the Lenders pressed this Court to make the determination (not after suffering a substantive loss and in a transparent effort to have a second kick at the can).

5. ***Response to Reason #2 – Prejudice to LoyaltyOne and Its Creditors:*** Given that the adjudication of the Entitlement Claim will not affect the Texas Litigation, there is no prejudice to the Lenders in proceeding in Ontario. The argument that efforts to enforce an award against Bread in the Texas Litigation would be difficult or “not practical” is also without merit — Bread is a public company based in the US.

6. In contrast, there is clear prejudice to Bread from splitting out and litigating the Threshold Issues separately. The Lenders’ submissions that litigating the Threshold Issue separately will only add a couple of weeks to the overall determination of the Entitlement Issue is disingenuous and ignores the fact that, if the Lenders lose on their Threshold Issue, they will be entitled to seek leave to appeal which can add many months to the ultimate determination timing. For instance, when LoyaltyOne and the Monitor lost before this Court in respect of the TMA motions in July 2024 and sought leave to appeal, the Court of Appeal only released its decision dismissing the leave to appeal in March 2025 — eight months after the decision was released. Therefore, if the Lenders are able to bifurcate the issues on the Entitlement Issue as they are requesting, Bread may not be able to bring the substance of the Entitlement Issue before this Court until late in 2026.

7. This Court has already found LoyaltyOne is contractually obligated to remit the funds to Bread and it is neither fair nor reasonable to allow the Lenders to delay the payment to Bread by another year for purely strategic reasons.

8. ***Response to Reason #3 – Expending of Limited Resources:*** The Term Loan B Lenders are advocating for a separate hearing of a motion on the Threshold Issue supposedly to save costs. It is in fact the Lenders who appear to have no regard for limiting the expending of resources by insolvent companies or this Court. If they are truly motivated by a desire to be cost-effective, they can make their submissions at the Entitlement Issue hearing and remove the need for unnecessary additional briefing, hearing and leave to appeal motion.

9. Moreover, adjudication of the Entitlement Issue will not be a substantial cost for LoyaltyOne. The schedule proposed by LoyaltyOne and the Monitor back in February 2025 proposed hearing the Entitlement Issue without any further evidence, and Bread agrees with this approach and has reflected this in its proposed timetable.<sup>2</sup> As all the parties know, the Entitlement Issue was already briefed and argued in June 2024 as part of the TMA Motions. That is, the record that LoyaltyOne will need to produce for the purposes of the hearing of the Entitlement Issue is already substantially complete and the issues substantially briefed.

10. For the reasons set out above and in Bread's initial Aide Memoire, there is no material prejudice to LoyaltyOne or its creditors in proceeding to an adjudication of the Entitlement Issue without delay. Bread asks this Court to schedule a hearing of the Entitlement Issue per the timetable proposed at **Schedule "A"** of its initial Aide Memoire, which has been agreed to by LoyaltyOne and the Monitor in the alternative.

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<sup>2</sup> Tab 2 – Tax Proceeds Process Proposal of LoyaltyOne and the Monitor sent to Bread on February 28, 2025.

**ALL OF WHICH IS RESPECTFULLY SUBMITTED** this 2<sup>nd</sup> day of December, 2025.



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Lawyers for Bread Financial Holdings, Inc.

# Tab 1

### **3. Agreements of the Company Parties.**

(a) Affirmative Covenants. Subject to Section 22 hereof, the Company Parties, jointly and severally, agree that, for the duration of the Transaction Support Period, unless otherwise consented to in writing by the Requisite Consenting Lenders, the Company Parties shall:

(i) support, and take all reasonable actions necessary to facilitate the implementation and consummation of the Transactions (including (A) the Bankruptcy Court's approval of the applicable Definitive Documents and confirmation and consummation of the Combined DS and Plan, (B) the Ontario Court's entry of the CCAA Initial Order, the CCAA ARO and the SISP Approval Order, (C) the implementation and consummation of the SISP, (D) the Ontario Court's entry of the CCAA Transaction Order, (E) the implementation of the AIR MILES Sale Transaction (if selected as the successful bid) or other CCAA Transaction and (F) the implementation and consummation of the BrandLoyalty Sale Transactions);

(ii) subject in all respects to the Milestones (as may be extended or waived by the Company Parties and the Requisite Consenting Lenders), to the extent any legal or structural impediment arises that would prevent, hinder or delay the consummation of the Transactions contemplated herein, take all steps reasonably necessary to address any such impediment, including to negotiate in good faith appropriate additional or alternative provisions (consistent with the terms of this Agreement) to address any such impediment;

(iii) satisfy the Milestones (as may be extended or waived by the Requisite Consenting Lenders);

(iv) support the release and exculpation provisions in the Combined DS and Plan, as described in the Transaction Documents and in the CCAA Transaction Order;

(v) use commercially reasonable efforts to obtain any required government, regulatory and/or third party approvals for the Transactions;

(vi) oppose any objections and any appeals by parties in interest relating to the Transactions, including the First Day Pleadings, the Combined DS and Plan, the Confirmation Order and the CCAA Transaction Order.

(vii) negotiate in good faith and use commercially reasonable efforts to execute and deliver the Definitive Documents and any other required agreements to effectuate and consummate the Transactions as contemplated by this Agreement;

(viii) provide those Consenting Lenders then subject to a Confidentiality Agreement with the Company Parties with reasonable access to information regarding the Company Parties' operations and financial condition reasonably promptly following any request therefore;

(ix) provide draft copies of all material (A) motions, (B) documents and (C) other pleadings to be filed in the Chapter 11 Cases (excluding any retention applications) or the CCAA Proceeding to the Consenting Revolver/Term A Loan Lenders' Advisors and the Consenting Term B Loan Lenders' Advisors as soon as reasonably practicable, but in no event less

than two (2) business days prior to the date when the applicable Company Parties file such documents, and, without limiting any approval rights set forth herein, consult in good faith with the Consenting Revolver/Term A Loan Lenders' Advisors and the Consenting Term B Loan Lenders' Advisors regarding the form and substance of any such proposed filing; *provided*, that in the event not less than two (2) business days' notice is impossible or impracticable under the circumstances, the Company Parties shall provide draft copies of any motions, documents or other pleadings (excluding any retention applications) to the Consenting Revolver/Term A Loan Lenders' Advisors and the Consenting Term B Loan Lenders' Advisors as soon as practicable before the date when the applicable Company Parties file any such motion, document or other pleading;

(x) timely file a formal objection to any motion filed with the Bankruptcy Court by a third party seeking the entry of an order: (A) directing the appointment of a trustee or examiner (with expanded powers beyond those set forth in Bankruptcy Code sections 1106(a)(3) and (4) of the Bankruptcy Code); (B) converting the Chapter 11 Cases to cases under chapter 7 of the Bankruptcy Code; (C) dismissing the Chapter 11 Cases or (D) modifying or terminating the Company Parties' exclusive right to file and/or solicit acceptances of a plan of reorganization;

(xi) following the consummation of the CCAA Transaction, cooperate with the Consenting Lenders to expeditiously satisfy in full and/or discharge, as applicable, all of the Charges (as defined in the CCAA ARIIO) and thereafter take those steps necessary to promptly ensure that the directors of LoyaltyOne have resigned without liability; provided that in all cases any court order necessary to effect the foregoing shall be in form and substance acceptable to the Consenting Lenders and LoyaltyOne, each acting reasonably, and LoyaltyOne and its advisors shall not be required to incur any unreimbursed fees, out of pocket expenses, or other monetary obligations in connection therewith;

(xii) provide to the Consenting Stakeholders copies of the CCAA DIP Cash Flow Projection Materials as and when provided to the CCAA DIP Lender and the CCAA Monitor; and

(xiii) provide to the Consenting Stakeholders any notices of any default or breach of the CCAA DIP Facility as and when provided by the CCAA DIP Lender.

(b) Negative Covenants. Unless otherwise consented to in writing by the Requisite Consenting Lenders and subject to Section 22 hereof, the Company Parties shall not:

(i) modify the Combined DS and Plan, in whole or in part, in a manner that is inconsistent with any material aspect of this Agreement;

(ii) directly or indirectly propose, file, support, or consent to any Alternative Transaction, or encourage any other person or entity to take any such action, subject to the Company Parties' rights in Section 22 hereof;

(iii) except in accordance with the Transactions and subject to the terms of the CCAA ARIIO, directly or indirectly redeem or make or declare any dividends, distributions, or other payments on account of its Equity Interests, or otherwise make any transfers or payments on account of its Equity Interests, except as otherwise approved in an order of the Bankruptcy Court or Ontario Court, or as otherwise necessary to consummate the Transactions;



(iv) file any other Definitive Document that is inconsistent with the terms of this Agreement;

(v) file or otherwise support any motion or pleading challenging the amount, validity, enforceability, priority, or perfection, or seeking avoidance, subordination, recharacterization or other similar relief with respect to the Revolving Loan Claims, Term A Loan Claims, and Term B Loan Claims, as applicable, or the liens and security interests securing the Revolving Loan Claims, Term A Loan Claims, and Term B Loan Claims, as applicable, and timely object to any motion seeking standing to bring such challenges, in each case, except in accordance with the Transactions contemplated by the CCAA DIP Facility or the Chapter 11 DIP Facility;

(vi) except in accordance with the Transactions, the CCAA KERP or the Chapter 11 KERP, directly or indirectly enter into or amend, grant, establish, adopt, restate, supplement, increase, or otherwise modify or accelerate any indemnification, compensation, incentive, success, retention, bonus, benefit plan or agreement, or any other compensatory or benefit arrangements, policies, programs, plans, or agreements, including, without limitation, offer letters, employment agreements, consulting agreements, severance arrangements, retention arrangements, or change in control arrangements with or for the benefit of any employee or consultant, except as required by applicable law;

(vii) settle, compromise, release, transfer or dispose of, directly or indirectly, (i) any claims or causes of action that the Company Parties have or may have against Bread Financial Holdings, Inc., any of its direct or indirect affiliates, or any of their present or former officers or directors, and all proceeds of such claims and causes of action, including any insurance proceeds, or (ii) any of the Company Parties' tax attributes, including any amounts payable or that may become payable to the Company Parties, or any of their direct or indirect affiliates, from the Canada Revenue Agency, by refund or otherwise, in each case, without the consent of the Requisite Consenting Lenders;

(viii) fund any proceeds of the Chapter 11 DIP Facility or CCAA DIP Facility into the RSA Trust, except as expressly contemplated by the CCAA DIP Term Sheet or the CCAA DIP Cash Flow Projection Materials;

(ix) seek approval from the Bankruptcy Court or the Ontario Court of the Chapter 11 DIP Facility, CCAA DIP Facility, or any other financing, in each case, prior to the Comeback Hearing;

(x) modify, or permit any modification of, the funding rate of the RSA Trust as compared to the currently operative historical rate (which, for the avoidance of doubt, is the applicable rate as of the date hereof), including in respect of the Required Reserve Amount or any Reserve Deficiency (each as defined in the RSA Trust documentation); or

(xi) take any action or file any motion, pleading or other Definitive Document in the Ontario Court or the Bankruptcy Court (including any modifications or amendments thereof) that is materially inconsistent with this Agreement or the Combined DS and Plan.

# Tab 2

### **Tax Proceeds Process Proposal**

1. The Monitor will seek directions from the Court about how to deal with the tax refund amount currently anticipated to be received from CRA. The Monitor will not authorize the payment of these funds from LoyaltyOne absent a Court Order addressing the unresolved issues as set out in the TMA motions.
2. The evidentiary record in this regard is confined to the evidence already filed with respect to the TMA motions in addition to a report from the Monitor about the tax refund amount expected from CRA. The relief sought in the notices of motion from those motions shall continue to apply, to the extent not already determined by the Court.
3. The Monitor shall deliver a Monitor's report by March 27, 2025
4. The Applicant and Monitor, jointly, shall deliver a factum (up to 15 pages) and compendium by March 27, 2025.
5. Any party in interest supporting the position of the Applicant and Monitor shall deliver a factum (up to 5 pages) and compendium by March 31.
6. Bread shall deliver a factum (up to 15 pages) and compendium by April 10, 2025.
7. The Applicant and Monitor, jointly, shall deliver a reply factum (up to 5 pages) and compendium by April 22, 2025 (takes into account Passover and Easter).
8. All factums to be double spaced.
9. On a date between April 23, 2025 and the hearing date, the parties shall mediate with a mediator agreed by the Monitor/Applicant and Bread, or appointed by the Court.
10. There shall be a half-day hearing on a date fixed by the Court.

Eliot, among other reasons such as the still-pending motion for leave to appeal, we proposed mediation because regardless of the outcome of the TMA motions, there are some issues that the parties need to resolve or ask the court to resolve if the relief in Bread's motion was granted, including the appropriate amount of the refunds ultimately received from CRA that are payable.

In our view, the parties should try to negotiate a resolution on these matters (in addition to the relief sought by the parties) rather than consume more judicial resources. We propose to slot in a mediation with a mediator who is available, rather than delay the court hearing.

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AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF LOYALTYONE, CO.

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

Proceeding commenced at Toronto

**SUPPLEMENTAL SUBMISSIONS  
BREAD FINANCIAL HOLDINGS LTD.  
(December 3<sup>rd</sup> Case Conference)**

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