

## **Payless Receives Court Approval of "First Day" Motions to Support Business Operations**

*Approvals Include Motions to Continue Employee Wages and Benefits and Procedures for Efficient Large-Scale U.S. Retail Liquidation Process*

*Stores Across U.S. Remain Open and Continue to Conduct Liquidation Sales*

*Latin American and Franchisee Stores Continue Business as Usual; Not Included in Chapter 11 Filing*

**TOPEKA, Kan., February 20, 2019** --Payless ShoeSource ("Payless" or the "Company") today announced that the U.S. Bankruptcy Court for the Eastern District of Missouri (the "U.S. Bankruptcy Court") has approved the Company's first day motions related to its voluntary filing for relief under Chapter 11 of the Bankruptcy Code ("Chapter 11"). The approvals at a February 19, 2019 hearing in St. Louis, Missouri will support the Company's efforts to wind-down its approximately 2,500 stores in the U.S., Puerto Rico and Canada, as well as its e-commerce operations.

The U.S. Bankruptcy Court's customary initial relief includes authorization to support Payless' operations during the process, continue payment of employee wages and maintain employee benefits and pay claims of critical vendors. The Court also approved procedures and policies for U.S. store closing sales, and certain other relief customary in these circumstances.

The Company has received authorization from the Court to continue to honor customer gift cards and store credit until March 11, 2019, and to continue to allow returns and exchanges of applicable non-final sale purchases made prior to February 17, 2019, until March 1, 2019.

Stephen Marotta, Chief Restructuring Officer of Payless, said, "We are pleased that the Court has approved our First Day motions, which are a crucial step in our execution of an efficient wind-down of our North American stores and e-commerce operations, and to maximize the value of the merchandise being sold. Our talented and diligent employees are playing an important role in our seamless wind-down process, and we thank them for their continued dedication and support."

Payless' retail operations outside of North America, including its company-owned stores in Latin America, are separate legal entities and are not included in the Chapter 11 or CCAA filings. Payless' 420 stores across 20 countries in Latin America, its stores in the U.S. Virgin Islands, Guam and Saipan, and its 370 international franchisee stores in 16 countries across the Middle East, India, Indonesia, Indochina, Philippines and Africa, will continue operating business as usual in every respect.

Additional information regarding Payless' Chapter 11 filing is available at [www.payless.com/restructure](http://www.payless.com/restructure). Court filings and information about the claims process are available at <http://cases.primeclerk.com/pss>. Questions should be directed to the Company's claims agent, Prime Clerk, at +1 917-877-5967 (toll) or +1 844-339-4268 (U.S. / Canada toll-free), or by sending an email to [pssinfo@primeclerk.com](mailto:pssinfo@primeclerk.com).

Akin Gump Strauss Hauer & Feld LLP and Armstrong Teasdale LLP are serving as the Company's legal counsel and Cassels Brock & Blackwell LLP is serving as Payless Canada's counsel. Ankura Consulting Group is serving as the Company's restructuring advisor. PJ SOLOMON is serving as financial advisor to the Company. A&G Realty Partners is serving as real estate consultant to the Company.

## About Payless

Founded in 1956, today Payless serves millions of customers through its extensive global network spanning 36 countries worldwide. Payless has 420 stores in Latin America, the U.S. Virgin Islands, Guam and Saipan, and 370 international franchisee stores across the Middle East, India, Indonesia, Indochina, Philippines and Africa.

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