

## Vendor FAQ

### **What did Payless announce?**

After careful deliberation, we have decided to voluntarily file for Chapter 11 protection in the U.S. Bankruptcy Court for the Eastern District of Missouri and commence similar proceedings in Canada pursuant to the *Companies' Creditors Arrangement Act* (the "CCAA") in the Ontario Superior Court of Justice (Commercial List). As part of the process, we are closing our stores in the U.S., Puerto Rico and Canada, and have wound down our e-commerce site.

### **Why did Payless file for Chapter 11 and CCAA protection?**

The environment in recent years for retailers has been difficult. While we have worked diligently with our suppliers and other partners to best position Payless for the future, we have been unable to operate our North American businesses in a way that is sustainable.

### **Does this mean that Payless is going out of business? Is Payless liquidating?**

We're facilitating an orderly wind-down of our stores in the U.S., Puerto Rico and Canada, and our e-commerce site. We anticipate that store closures will run through May for most of our stores. Our Latin America stores and international franchisees' stores remain open and will continue business as usual.

### **Do you have liquidity to meet business obligations as you wind down? Will vendors get paid?**

Payless has secured liquidity solutions to meet our business obligations as we wind down.

### **How long will this process take?**

At this time, we cannot predict how long the bankruptcy proceedings will take, and we are not going to speculate on timing.

### **Will suppliers/vendors be paid for invoices submitted prior to the Chapter 11 and CCAA filings? On what schedule?**

The payment process depends on the timing of the goods received or services rendered. Payless is not permitted under the Bankruptcy Code to pay for goods or services received/rendered *prior to* our Chapter 11 filing without specific court approval, and our Canadian subsidiaries are subject to similar restrictions under the CCAA. We sincerely regret any hardship this may cause.

### **When will vendors get paid for goods and services delivered after the Chapter 11 and CCAA filings?**

Vendors that supplied goods or rendered services to Payless *on or after* the applicable filing date will be paid in the ordinary course of business.

### **When will vendors get paid for goods and services delivered before the Chapter 11 or CCAA filing?**

Payless is not permitted under the Bankruptcy Code to pay for goods or services received/rendered *prior to* our Chapter 11 filing without specific court approval and our Canadian subsidiaries are subject to similar restrictions under the CCAA. Please visit the website maintained by our claims agent at <http://cases.primeclerk.com/pss> for information about how to file a Proof of Claim. Should you have any follow-up questions, you can reach out to our claims agent by phone at +1 917-877-5967 (toll) or +1 844-339-4268 (U.S. / Canada toll-free), or by email to [pssinfo@primeclerk.com](mailto:pssinfo@primeclerk.com).

The proposed Monitor will establish, once appointed, an information hotline related to enquiries regarding the CCAA process, at +1 855-718-5255. The proposed Monitor can be reached via email at: [paylesscanada@fticonsulting.com](mailto:paylesscanada@fticonsulting.com).

**What if I need to submit another invoice?**

Invoices should be submitted through regular channels. For further information regarding pre- and post-petition claims, please visit the website managed by our claims agent at <http://cases.primeclerk.com/pss>.

**Are vendors allowed to reclaim goods already delivered to the company?**

No. Taking back goods from a company that has filed for Chapter 11 is prohibited by the Bankruptcy Code, unless specifically authorized by the Court. Similar restrictions apply under the CCAA.

**Will Payless continue to order goods and/or services from its vendors?**

Orders for our U.S. and Canada stores will cease immediately, except for those that are necessary to keep our stores operational during the wind-down process. Latin America store and international franchisee stores will continue business as usual.

**What happens to my existing contract with the company?**

That will be determined through the court process.

**What is the difference between a pre-petition and post-petition claim?**

Pre-petition claims are those that accrue prior to the applicable filing date, and post-petition claims are those that accrue *on or after* that date. For further information regarding pre- and post-petition claims, please visit the website managed by our claims agent at <http://cases.primeclerk.com/pss>.

**What should I do if I have unpaid pre-petition invoices?**

Please file a Proof of Claim form with our claims agent, Prime Clerk, at <http://cases.primeclerk.com/pss>. You may also contact the Monitor at +1 855-718-5255 or [paylesscanada@fticonsulting.com](mailto:paylesscanada@fticonsulting.com) with questions specific to the Canadian subsidiaries.

**How will my pre-petition claim be addressed? When will that be paid? Will I receive full recovery?**

Such claims and payments will be addressed by our claims agent, Prime Clerk, throughout the course of the process, but we cannot speculate on payment timing or amount at this stage. Please reach out to our claims agent by phone at +1 917-877-5967 (toll) or +1 844-339-4268 (U.S. / Canada toll-free), or by email to [pssinfo@primeclerk.com](mailto:pssinfo@primeclerk.com). You may also contact the Monitor at +1 855-718-5255 or [paylesscanada@fticonsulting.com](mailto:paylesscanada@fticonsulting.com) with questions specific to the Canadian subsidiaries.

**How do I file my claim for money owed to me before your filing? When can I expect a check for my outstanding bills?**

Our claims agent, Prime Clerk, will be handling all claims, including providing the appropriate forms. All forms and other information pertaining to these claims can be found at <http://cases.primeclerk.com/pss>. We cannot speculate on payment timing or amount at this stage. You may also contact the Monitor at +1 855-718-5255 or [paylesscanada@fticonsulting.com](mailto:paylesscanada@fticonsulting.com) with questions specific to the Canadian subsidiaries.

**Do I need to file a Proof of Claim? How do I do that?**

Yes. All forms and other information pertaining to claims can be found at <http://cases.primeclerk.com/pss>. You may also contact the Monitor at +1 855-718-5255 or [paylesscanada@fticonsulting.com](mailto:paylesscanada@fticonsulting.com) with questions specific to the Canadian subsidiaries.

**Will there be a critical vendor motion? If so, how do I know if I am included?**

Yes, we plan to file a critical vendor motion with the U.S. Court and seek similar relief in Canada, as necessary.

**Who do I contact for more information?**

For more information, please visit our website at <http://cases.primeclerk.com/pss>. Vendors with questions regarding goods and/or services delivered/rendered prior to the filing date, or other questions regarding filing claims, can contact our claims agent at +1 917-877-5967 (toll) or +1 844-339-4268 (U.S. / Canada toll-free), or by sending an email to [psinfo@primeclerk.com](mailto:psinfo@primeclerk.com). You may also contact the Monitor at +1 855-718-5255 or [paylesscanada@fticonsulting.com](mailto:paylesscanada@fticonsulting.com) with questions specific to the Canadian subsidiaries.