

## ***General CCAA Frequently Asked Questions (“FAQs”)***

### **1. What is the CCAA?**

- The CCAA, or the Companies’ Creditors Arrangement Act, is a federal law in Canada that provides insolvent companies with debts in excess of \$5 million an orderly and supervised means to restructure their businesses.
- Once a company has been granted CCAA protection, the Court enters an Initial Order establishing what is known as a ‘Stay of Proceedings’, which prevents creditors from taking action against the company, its directors and officers, and its assets for an initial period of 10 days (which can be further extended as the court deems appropriate) allowing the company to continue to manage the day-to-day operations of the business while it addresses its restructuring objectives in an orderly and efficient manner. A subsequent appearance in court often occurs within the first 10 days (a ‘Comeback Hearing’).
- CCAA protection provides companies with the time and “breathing room” necessary to emerge as a successful, going concern business and to position the business as a stronger, more competitive company.

### **2. Is the Company bankrupt?**

- No. Under Canadian insolvency and restructuring laws, “bankruptcy” is a specific type of proceeding under which an insolvent company’s operations are terminated and its assets are sold or “liquidated.”
- The CCAA proceedings, amongst other things, prevents creditors from forcing the company into bankruptcy. For this reason, CCAA proceedings are sometimes referred to as “bankruptcy protection.”

### **3. Why did the Company file for CCAA?**

- The Company has been facing significant liquidity issues. The Company needed to commence proceedings under the CCAA to afford the Company protection from its creditors and give it the time and stability needed to restructure and to continue its ongoing strategic review process, which may include the exit of certain stores and business lines.
- As part of the CCAA process, the Company will have the opportunity to seek short-term debt financing, which will provide the Company with sufficient liquidity to fund the CCAA proceedings and other short-term working capital requirements while it completes a restructuring of its business.

### **4. What is going to happen in the CCAA proceedings? What does this mean for the Company’s operations?**

- The Company will continue its operations in the ordinary course, within the CCAA proceedings, and implement cost-savings and other restructuring plans. The Company

plans to continue to operate a large number of stores, generate significant employment and to service its customers across Canada.

- Subject to the oversight of the Court and its appointed Monitor, the Company will remain in control of its business and operations.

#### **5. How long will the CCAA proceedings take to complete?**

- The Company will work to complete its restructuring in a timely fashion, though there is no standard timeframe for the duration of CCAA proceedings. At this time, we do not know how long the proceedings will take to complete. We will provide further updates as appropriate.
- The Court has granted an initial stay of proceedings of 10 days, which is the maximum allowed by law on an initial application under the CCAA, and the Company is entitled to request extensions of such a timeframe.
- The Company intends to return to Court within the first 10 days following the Court's Initial Order and will seek an extension to the stay period to execute on its ongoing operations, cost-savings initiatives, and other restructuring plans.
- Information on the filing and upcoming milestones throughout the CCAA proceedings can be found on a website being maintained by the Monitor at: <http://cfcanada.fticonsulting.com/Tacora>

#### **6. Is CCAA the same as declaring bankruptcy in the US?**

- CCAA would be most similar to a Chapter 11 reorganization in the US.
- Under Canadian insolvency and restructuring laws, “bankruptcy” is a specific type of proceeding under which an insolvent company's operations are terminated and a trustee is appointed by the court to take control of, and sell the company's assets for the benefit of its creditors.
- The CCAA proceedings, among other things, prevents creditors from forcing a company into bankruptcy. For this reason, CCAA proceedings are sometimes referred to as “bankruptcy protection” in Canada.

#### **7. What is Chapter 15 of the U.S. Bankruptcy Code?**

- Chapter 15 of the US Bankruptcy Code provides an effective mechanism for dealing with insolvency cases where a company's assets, claimants and other stakeholders are located in more than one country. When a company initiates proceedings under Chapter 15 and those proceedings are recognized by the US Bankruptcy Court, it provides the company with the same protections provided by the Initial Order.
- Although Chapter 15 is part of the U.S. Bankruptcy Code, initiating proceedings under Chapter 15 does not mean that a company is in bankruptcy.

**8. Who is now in charge of the Company?**

- The Board of Directors and the executive management team remain in control of the Company and are responsible for overseeing its operations, subject to the specific requirements of the CCAA Initial Order.
- The Court has appointed FTI Consulting as its Monitor to oversee the activities of the Company and assist stakeholders with the CCAA process.

**9. What is a Monitor?**

- The Monitor is an officer of the Court whose responsibilities include assisting the Company with its restructuring, reporting to the Court from time to time on the progress of such proceedings and, ultimately, providing a recommendation on the Company's proposed restructuring plan. In this case, FTI Consulting has been appointed as Monitor.
- The Company will be giving its full co-operation to the Monitor.

**10. Is there a public filing or disclosure required as part of filing for protection under the CCAA?**

- Yes. Among other public documents filed with the Court, the Company files an affidavit that includes, but is not limited to, the following information: a brief history of the Company and an overview of its business; a description of the nature of its assets and liabilities; the reasons for its financial difficulties; and support for the relief being sought from the Court. Once the CCAA Initial Order is issued, the Monitor is required to notify known creditors and publish a public notice in local newspapers of the CCAA proceedings. The Monitor is also required to establish a website where materials relating to the CCAA proceedings will be posted: <http://cfcanada.fticonsulting.com/Tacora>
- In addition to the affidavit and the notice of application for a CCAA Initial Order, there will be motions filed with the Court throughout the CCAA proceedings, as well as reports submitted to Court by the Monitor that will provide the Court and stakeholders with updates as to the progress of the CCAA proceedings. These documents will be matters of public record and will be made available by the Monitor on its website: <http://cfcanada.fticonsulting.com/Tacora>

**11. Where can public Court documents and other information related to the CCAA proceedings be accessed?**

- Court materials, including reports prepared by the Monitor, will be available on the Monitor's website, <http://cfcanada.fticonsulting.com/Tacora>

**12. What do I do if I have other questions?**

- For questions regarding ordinary course business, you should continue to speak to your regular contact person at the Company.

- For questions relating to the CCAA proceedings, you can call the Monitor's hot-line at 416-649-8138 or toll free within North America at 1-833-420-9074 or by email at: [tacora@fticonsulting.com](mailto:tacora@fticonsulting.com). Additional information is also available on the Monitor's website at: <http://cfcanada.fticonsulting.com/Tacora>

**13. How long does the CCAA process take and what is the tentative timeline?**

- The Court has granted CCAA protection to the Company for an initial period of 10-days, which may be extended for a period that the Court deems appropriate. The Company will work to complete its restructuring in a timely fashion, though there is no standard timeframe for the duration of CCAA proceedings.
- At this time, the Company does not know how long the proceedings will take to complete. The Company will provide further updates as appropriate.