

Supplier FAQ

What did Payless announce?

After careful deliberation, Payless 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 Payless has 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?

Payless is 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 insolvency 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?

Unless otherwise agreed by the applicable vendor and Payless, vendors that supplied goods or rendered services to Payless *on or after* the filing date will be paid in the ordinary course of business or as determined by the court.

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

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What if I need to submit another invoice?

Invoices should be submitted through regular channels.

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 applicable court process.

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

Pre-filing claims are those that accrue prior to the applicable filing date, and post-filing claims are those that accrue *on or after* that date.

What should I do if I have unpaid pre-filing invoices?

A claims process in the CCAA proceeding has not been established at this time. To the extent there is a claims process, to receive information about filing a claim for any further amounts that you wish to assert are owed to you by the Canadian Payless entities, please contact the Monitor at paylesscanada@fticonsulting.com to provide your email address. In the US process, 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>. No bar date has been set in the US proceedings or the Canadian proceedings at this time.

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

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 with questions specific to the Canadian subsidiaries or visit <http://cfcanada.fticonsulting.com/paylesscanada>. No bar date has been set in the US proceedings or the Canadian proceedings at this time.

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

Yes, we have filed a critical vendor motion with the U.S. Court and obtained similar relief in Canada.

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 pssinfo@primeclerk.com. You may also contact the Monitor at +1 855-718-5255 or paylesscanada@fticonsulting.com with questions specific to the Canadian subsidiaries or visit <http://cfcanada.fticonsulting.com/paylesscanada>.