

## Vendor/Supplier CCAA FAQs

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### **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 business.

As part of Sears Canada's CCAA proceedings, the Court granted a "Stay of Proceedings," which prevents creditors, such as lenders and suppliers, from taking action against the Company, its directors and officers, and its assets for an initial period of 30 days (which can be further extended as the court deems appropriate), allowing the Company to continue to manage the day-to-day operations of its business while addressing its restructuring objectives in an orderly and efficient manner.

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. Why did the Company file for CCAA protection?**

The Company faces ongoing liquidity pressures that, despite recent efforts to improve profitability, prevent it from continuing its restructuring efforts outside of a CCAA proceeding. Generally, CCAA protection provides companies with the time and "breathing room" necessary to restructure and emerge significantly stronger than they were and better positioned to thrive in the future.

### **3. Will vendor/supplier contracts and agreements be honoured?**

The Stay of Proceedings, established by Court order, prohibits any contractual parties from ceasing to perform their contracts on account of the CCAA filing or any outstanding amounts due as of the filing. However, the Company will pay for post-filing goods and services in the normal course.

The parties to any contract that the Company seeks to terminate (or "disclaim"), will receive formal notice from the Company. Any remaining outstanding obligations under disclaimed contracts will be addressed through a Court-approved Claims Process, if one is conducted.

### **4. I am a vendor with outstanding invoices that haven't been paid yet. Who do I speak to about getting those paid?**

Unfortunately, the CCAA process prohibits the payment for any goods or services provided before the filing date. Claims on account of such outstanding invoices will be identified and quantified through a Court-approved Claims Process, if one is conducted. For certain "critical" vendors whose services are crucial to the continued operation of the business, the Company will obtain approval from the Court to pay their pre-filing claims and such vendors will be contacted in this regard.

### **5. How can I receive information related to the Claims Process?**

Should a Claims Process be formalized and approved by the Court, all creditors of record will receive notice from the Monitor regarding next steps. The Claims Process Order, if one is sought and obtained from the Court, would also be posted on the Monitor's website at <http://cfcanada.fticonsulting.com/searscanada>. In the meantime, it's important that any invoices yet to be submitted to the Company are submitted through your normal channels.

**6. Should I continue shipping products or providing services? Will I be paid for goods and services provided moving forward?**

The Company will be closely monitoring all goods and services that it procures during the balance of the restructuring process. The Company will be proactively reaching out to certain vendors whose contracts the Company intends to terminate or disclaim. For all remaining vendors, the Company will continue to pay for goods or services provided by such vendors post-filing in the ordinary course.

**7. What will happen to equipment that my Company is currently leasing to you?**

To the extent that the Company wishes to continue utilizing any leased equipment during the restructuring process, it will continue to make regularly scheduled payments under any applicable lease agreements. As equipment is deemed unnecessary, the Company will contact the respective lessor(s) to arrange for a pick-up / return of the equipment.

**8. Does the Company have the funding available to continue supporting operations during the restructuring process?**

The Company's initial application included a report containing the prescribed representations of Sears Canada regarding the preparation of a cash flow forecast that covers the 13-week period following the filing date. The cash flow forecast shows that the Sears Canada Group can continue operations during the proposed initial stay period.

**9. As a vendor I understand that I can recover goods delivered within the 30 days leading up to the start of the CCAA proceedings. Can I come and take back my product that hasn't been paid for?**

No. Absent a Court order, those rights exist in a bankruptcy proceeding under the BIA and not under CCAA proceedings. Under a CCAA Stay of Proceedings, vendors and other creditors are prohibited from repossessing goods previously delivered to the Company.

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FTI Contact Information (for information regarding the CCAA proceedings)

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