

Stearns Vendor FAQ

1. What was announced?

- Stearns Holdings announced that it has partnered with its majority equity holder, funds affiliated with Blackstone, on the terms of a comprehensive financial restructuring plan. This plan is expected to significantly reduce the Company's outstanding debt, continue Stearns' operations and preserve the jobs of its employees, and better position the Company for long-term success.
- To implement the restructuring, Stearns and certain of its subsidiaries filed voluntary petitions for reorganization under Chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the Southern District of New York.
- Stearns has also successfully reached an agreement with our largest bondholder, PIMCO, to ensure their support for the Company's restructuring plan, which will help to further expedite the court-supervised process.
- Stearns is operating as normal and its employees are focused on providing customers the high-quality service they expect from the Company.

2. What is Chapter 11?

- Chapter 11 is a section of the U.S. Bankruptcy Code that allows companies to implement financial restructurings through a court-supervised proceeding while continuing to operate their businesses.

3. Why is the Company taking this action? Why now?

- We have taken deliberate and proactive actions to reduce costs and refocus on our core businesses. We are now undertaking a comprehensive financial restructuring with the goal of moving forward in a stronger financial position.
- This action is the next step in our efforts to reposition Stearns for future growth opportunities and enhanced profitability.
- Through this restructuring, we will significantly reduce the Company's debt and better position Stearns for long-term success.
- Our current strategic priorities are paying off and we remain focused on future growth opportunities and enhanced profitability. Stearns' performance is currently better than it has been over the past three years and our identified growth markets show significant potential.

4. How will the court-supervised process affect vendors / suppliers / sub-servicers?

- Operations are continuing in the normal course at Stearns.
- We are paying vendors and suppliers in full under normal terms for goods and services provided on or after the filing date of July 9, 2019.
- Stearns has received a commitment from Blackstone of up to \$35 million in "debtor in possession" financing. This financing, combined with cash generated from the Company's ongoing operations, is available as needed to support the business during the court-supervised restructuring process.

5. Does Stearns have sufficient liquidity to meet its business obligations?

- Yes. Stearns has received a commitment from Blackstone of up to \$35 million in "debtor in possession" financing. This financing, combined with cash generated from the Company's ongoing operations, is available as needed to support the business during the court-supervised restructuring process.

6. Will vendors to the Company be paid for goods or services provided on or after the filing date?

- Yes. We are paying vendors and suppliers in full under normal terms for goods and services provided on or after the filing date of July 9, 2019.
- Stearns has received a commitment from Blackstone of up to \$35 million in "debtor in possession" financing. This financing, combined with cash generated from the Company's ongoing operations, is available as needed to support the business during the court-supervised restructuring process.

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7. Will vendors to the Company be paid for goods and services delivered prior to the filing date?

- Under U.S. bankruptcy law, unpaid debts for goods and services provided to the Company prior to the filing date, also known as “prepetition claims,” generally cannot be paid without specific Bankruptcy Court approval.
- Any claims for such goods and services will be addressed as part of the Chapter 11 process.
- We sincerely regret any inconvenience this may cause.

8. Will the Company continue to order goods and services from its vendors?

- Operations are continuing in the normal course at Stearns. We are relying on you to continue providing the products and services we need.

9. Do I need to file a proof of claim?

- You may wish to consult an attorney for assistance.
- For more information, please visit the website maintained by the company’s claims agent, Prime Clerk, at <https://cases.primeclerk.com/stearns>.

10. How do I file a proof of claim?

- The Company’s claims agent, Prime Clerk, will provide the appropriate forms once a deadline for filing claims has been set. Proof of claim forms and other information about the claims process are available at the following website: <https://cases.primeclerk.com/stearns>.

11. How can I obtain more information?

- Additional information is available on the restructuring page of our website, www.stearnsrestructuring.com. In addition, court filings and other documents related to the court proceedings are available on a separate website administered by our claims agent, Prime Clerk, at <https://cases.primeclerk.com/stearns>. Information is also available by calling toll-free at 844-234-1461 or 917-942-6399 for calls originating outside of the U.S. or emailing Stearnsinfo@primeclerk.com.