Spectra Premium Industries Inc. Restructuring

Frequently asked questions re: Customers

General Questions Regarding Restructuring

Q. Why is Spectra Premium Industries Inc. ("Spectra") restructuring?

A. We are taking action today to ensure the continued success of our business. We believe that this decision, difficult as it may be, remains the best option to move the organization forward with the greatest prospect of future success.

We sought CCAA protection because challenging conditions in our Aftermarket division, particularly with new tariffs imposed on Chinese products by the United States and with difficulties encountered in the start-up for our new factory in Trollhättan, Sweden, have severely impacted our liquidity. Spectra had already taken aggressive steps to curtail costs and enhance productivity. But even with these efficiencies, current situation necessitated the filing.

This restructuring process will strengthen Spectra and help us move forward with the greatest prospect of future success, by giving us time to develop a plan designed to weather this market cycle and reinvest in our business. Spectra still have profitable lines of business, the challenging conditions have dried-up our liquidity.

Q. What is the CCAA?

A. The Companies' Creditors Arrangement Act, or "CCAA" is a federal statute that enables companies to restructure their financial affairs under the supervision of the Court.

As part of the CCAA proceedings, the Court grants a "stay of proceedings" in favour of the Company which prevents creditors, such as suppliers, from taking action against the Company, giving it the time and stability to enable it to restructure while continuing its day-to-day operations.

Q. What is Chapter 15?

A. Chapter 15 is a corresponding legal filing in the United States to recognize and give effect to the Canadian CCAA process. This is necessary because many of our creditors are based in the United States.

Q. Is the Company bankrupt?

A. No. Under Canadian insolvency and restructuring laws, "bankruptcy" is a specific type of proceeding under which an insolvent company's operations are often terminated and its assets sold or "liquidated." In CCAA, Spectra continues to manage its own business under Court protection while it develops its restructuring and refinancing plan.

Q. How long will this process last?

A. It is premature to speculate on an exact timeline. The Court has granted a 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 the stay of proceedings. The amount of time under CCAA protection is different for every company and based on individual circumstances.

Q. Is Spectra or any of its operations going out of business? Will there be liquidation?

A. This is an in-court restructuring, not a liquidation. Spectra has been granted protection from creditor action and is restructuring its operations and debt obligations under the protection of the court. We remain in business.

Q. Are you planning to close selected facilities within your network of factories?

A. We are conducting business as usual. All orders will continue to be shipped as agreed. We expect that Spectra Premium will emerge stronger and better able to compete as an advanced manufacturer.

Q. Are layoffs expected?

A. We are conducting business as usual. We expect that Spectra Premium will emerge stronger and better able to compete as an advanced manufacturer.

Q. Who is now in charge of the Company?

A. The Board of Directors and the executive management team remain in control of the Company and its operations, subject to the specific requirements of the CCAA Order.

The court has appointed Ernst & Young Inc. ("**EY**") as the Court-appointed Monitor under CCAA, whose role is to monitor the Company's activities, provide advice to the Company and provide assistance to the Company's stakeholders with respect to the CCAA process. EY is an international professional services firm and a leading restructuring firm in Canada.

Q. Where can I get more information about the proceedings?

A. The Court-appointed Monitor has established a website at www.ey.com/ca/spectra where further information on Spectra's restructuring will be posted. Stakeholders can contact the Monitor by email at monitor.spectra@ca.ey.com

Customer Questions Regarding Restructuring

Q. What does the filing mean for the Company's operations?

A. It means business as usual for now. We intend to continue our focus on maximizing production so that we maintain our market position and continue efforts to improve overall performance.

Q. Does the Company have sufficient financing to continue operations?

A. Yes. Spectra Premium will use its available credit facilities to provide adequate liquidity to operate while it restructures its debt.

Q. How will this impact Spectra's customers?

A. The restructuring of the business will help ensure security of supply to our customers. We are making appropriate operational adjustments and we continue to conduct business in the ordinary course, and we remain committed to meeting your expectations.

Q. What impact will the CCAA filing have on the products that I receive from you?

A. It will be business as usual. There is no change to the products that we manufacture or to the manner in which they are delivered.

Q. Will there be any disruption in production or shipping that will impact me?

A. We do not anticipate any disruption to customer shipments. We continue to flex production to meet customer demand.

Q: Certain inventories may be in short supply given the recent Coronavirus in China. Is Spectra Premium Industries Inc. at risk that its suppliers will not continue to provide the necessary goods and services?

A: We will continue to supply and service our customers, and we will pay for all goods and services supplied after the date of the Initial Order. The Company has a strong supplier base, and we expect that our suppliers will work with us as we address this set of challenges.

Q. We paid you a deposit for an order that has not yet been shipped. Will we still receive this shipment?

A. Our orders will continue to be shipped as agreed.

Q. Is it safe to continue purchasing from a company that has commenced an in-court restructuring?

A. Vendors and customers should be more comfortable working with us now that we have commenced an in-court restructuring. Now that we are addressing our balance sheet, we can devote more of our resources to serving our customers and improving our ship on time performance.

Q. I am concerned about surety of supply. Can I cancel my contract?

A. We are conducting business as usual and will be honouring our commitment to you. Any requested changes to our relationship will be addressed based on the terms of the signed contract.

Q. How will I be kept informed of developments during the proceedings?

A. We will provide appropriate updates throughout the restructuring process. Additionally, updates will be provided through the Court-appointed Monitor under CCAA website at www.ey.com/ca/spectra.

Q. What do I do if I have other questions?

A. You should continue to speak to your normal Company contact person.

Employee Questions Regarding Restructuring

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We sought CCAA protection because challenging conditions in our Aftermarket division, particularly with new tariffs imposed on Chinese products by the United States and with difficulties encountered in the start-up for our new factory in Trollhättan, Sweden, have severely impacted our liquidity. This move will strengthen Spectra by giving us time to develop a plan that will enable us to weather this market cycle and reinvest in our business.

Spectra had already taken aggressive steps to curtail costs and enhance productivity. But even with these efficiencies, current situation necessitated the filing. Spectra still has profitable lines of business, the challenging conditions have dried-up our liquidity.

Q. What is the CCAA?

A. The Companies' Creditors Arrangement Act, or "CCAA" is a federal statute that enables companies to restructure their financial affairs under the supervision of the Court.

As part of the CCAA proceedings, the Court grants a "stay of proceedings" in favour of the Company which prevents creditors, such as lenders and suppliers, from taking action against the Company, giving it the time and stability to enable it to restructure while continuing its day-to-day operations.

Q. What is Chapter 15?

A. Chapter 15 is a corresponding legal filing in the United States to recognize and give effect to the Canadian CCAA process. This is necessary because many of our creditors are based in the United States.

Q. Is the Company bankrupt?

A. No. Under Canadian insolvency and restructuring laws, "bankruptcy" is a specific type of proceeding under which an insolvent company's operations are often terminated and its assets sold or "liquidated." In CCAA, Spectra continues to manage its own business under Court protection while it develops its restructuring and refinancing plan.

Q. What does the filing mean for day-to-day operations?

A. It means business as usual for now. We intend to continue our focus on maximizing production so that we maintain our market position and continue efforts to improve overall performance.

Q. Can we expect layoffs in the short-term?

A. It is business as usual for now.

Q. Can layoffs be expected in the long term?

A. We intend to continue our focus on maximizing production so that we maintain our market position and continue efforts to improve overall performance while remaining as competitive as possible.

Q. How about the Boucherville, Laval, Quebec City, distributions centers across Canada and US plants (Indianapolis and California)? Any threat on local employment?

A. We intend to continue our focus on maximizing production so that we maintain our market position and continue efforts to improve overall performance in all operation sites.

Q. We heard that the Trollhättan plant is closing. Is this true?

A. Our subsidiary Spectra Premium AB, based in Trollhättan, Sweden, had to seek protection under the Reorganisation Act in that country one month ago.

Many of you have been involved in one way or another with activities in Sweden over the past year. Your efforts and contributions are now enabling the Trollhättan plant to achieve a level of productivity that is close to the goals we set at the outset. This is a very encouraging sign for the future.

Q. Will the filing have any impact on wages, social benefits, vacation and retirement plan?

A. It is business as usual for now. Employees will be entitled to their salary and benefits earned after the date of the initial order. The HR department can provide all details should you have more specific questions on the matter.

Q. Does the Company have sufficient financing to continue operations?

A. Spectra Premium will use its available credit facilities to provide adequate liquidity to support our operational and restructuring needs.

Q. Is Spectra or any of its operations going out of business? Will there be liquidation?

A. This is an in-court restructuring, not a liquidation. Spectra has been granted protection from creditor action and is restructuring its operations and debt obligations under the protection of the court. We remain in business.

Q. Who is now in charge of the Company?

A. The Board of Directors and the executive management team remain in control of the Company and its operations, subject to the specific requirements of the CCAA Order.

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Q. How long will this process last?

A. It is premature to speculate on an exact timeline. The Court has granted a stay of proceedings of 30 days, which is the maximum allowed by law on an initial application under the CCAA, and the Company is entitled to request extensions of the stay of proceedings. The amount of time under CCAA protection is different for every company and based on individual circumstances.

Q. Will there be any disruption in production or shipping that will impact customers?

A. We do not anticipate any disruption to customer shipments. We continue to flex production and get shipment done to meet customer demand.