

**National Stores, Inc. Initiates Lender and Supplier Supported Restructuring  
Company Operations Continue Uninterrupted  
Store Footprint Reduced**

**Gardena, CA—August 6, 2018**—National Stores, Inc. (“National Stores” or the “Company”) announced today that it has initiated a court-supervised restructuring with the support of its lenders and suppliers integral to the business. The Company filed voluntary petitions for Chapter 11 relief in the United States Bankruptcy Court for the District of Delaware to facilitate its reorganization. As part of the restructuring, the Company will be closing 74 of its 344 stores. National Stores is working with its vendors, lenders and other creditors on a consensual plan of reorganization.

“National Stores, historically a profitable company, is committed to improving its financial health and returning to profitability. Our goal is to emerge a reorganized Company poised to compete in an evolving industry so that we can continue to serve the communities where we are rooted,” said Michael Fallas, National Stores Chief Executive Officer.

Like many retail concerns, National Stores has suffered financial setbacks from certain underperforming stores. This has been exacerbated by severe weather in various regions, such as Hurricane Maria, resulting in the prolonged, temporary closure of damaged stores and loss of revenue. The Company suffered further financial losses resulting from the acquisition of Conway Stores. The strain on liquidity was worsened by the aftermath of the Company’s data breach as access to operating funds diminished.

“National Stores has been a fixture of the retail community for over 56 years and through this process we intend to secure our future for our valued employees, customers and suppliers,” added Fallas. “Our employees can be assured that they will continue to receive their salaries and benefits, customers can continue to purchase the items they want at the exceptional prices they rely on, all of our stores will continue to honor gift cards, and we will maintain gift card sales at our remaining stores.”

The Company has ample liquidity to fund operations and has received a commitment for up to approximately \$108 million in debtor-in-possession financing from its existing lenders.

“The support of our lenders and suppliers underscore their confidence in the future of the Company,” said Fallas.

Store closing sales will begin on August 9, 2018.

Court filings as well as other information related to the restructuring are available at <https://cases.primeclerk.com/nationalstores> or by calling (844) 384-4470 (toll free from the US or Canada) or +1 (347) 859-8088 (international).

Pachulski, Stang, Ziehl & Jones, LLP and Katten Muchin Rosenman LLP are serving as legal counsel, SierraConstellation Partners, LLC is serving as the Chief Restructuring Officer and support staff, and Imperial Capital is serving as investment banker to the Company.

**About National Stores:**

National Stores is a 344 store chain in twenty-two states and Puerto Rico. National Stores currently does business as Fallas, Fallas Paredes, Fallas Discount Stores, Factory 2-U, Anna's Linen's by Fallas, and Falas (spelled with single "l" in Puerto Rico). The brands of National Stores are located in retail plazas, specialty centers, and downtown areas to serve the communities its customers and staff members call home.

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