

Vendor FAQ

1. What was announced?

- Shopko has filed voluntary petitions for a court-supervised financial restructuring under Chapter 11.
- The Company is seeking to facilitate the restructuring as a result of excess debt and ongoing competitive pressures. The petitions have been filed in the U.S. Bankruptcy Court for the District of Nebraska.
- During the restructuring process, Shopko will continue to operate and serve its customers, vendors, partners and employees.
- In order to position the Company for future success, Shopko has announced that it will be closing an additional 38 stores, relocating over 20 Optical centers to freestanding locations, and conducting an auction process for its pharmacy business.
- Throughout this process, all Shopko Optical centers and pharmacies remain open and continue to deliver the high-quality products and services to which its customers are accustomed. All other stores remain open as the Company continues to optimize its store footprint.
- Shopko has obtained up to \$480M debtor-in-possession (DIP) financing from certain prepetition secured lenders, including Wells Fargo, N.A. as administrative agent, to help fund and protect its operations during the Chapter 11 process.

2. Why did Shopko have to take these actions?

- Business trends for us, like many retailers, have been difficult over the past few years.
- The actions we are taking are intended to give us additional time and financial flexibility to evaluate options for our business, including a possible sale of the Company or certain of our assets, while we continue to engage in constructive discussions with potential investors and our debtholders on a financial restructuring plan.
- During this court-supervised process, we plan to continue operating in the normal course and executing on our key initiatives to drive improved performance. The Company's continuing stores as well as our e-commerce and mobile platforms are open and operating as usual.
- We expect to move through this process as expeditiously as possible.

3. Does this mean Shopko or its brands are going out of business?

- No. We expect to continue operating in the normal course.
- The court-supervised process will allow us to continue to pay our teammates and meet our obligations to operate without interruption consistent with Chapter 11 and applicable court orders.

4. Does Shopko have funding to continue operations?

- Shopko has obtained up to \$480M debtor-in-possession (DIP) financing from certain prepetition secured lenders, including Wells Fargo, N.A. as administrative agent, to help fund and protect its operations during the Chapter 11 process.
- This incremental liquidity will ensure that suppliers and other business partners/vendors will be paid in a timely manner for authorized goods and services provided during the Chapter 11 process, in accordance with customary terms.
- The Company is also filing customary first day motions that, once approved by the court, will allow the Company to smoothly transition its business into Chapter 11, including, among other things, granting authority to pay wages, salaries, benefits, and pay vendors/suppliers in the ordinary course for authorized goods and services provided on or after the filing date. Shopko will provide updates on that hearing, which is expected to occur in the next couple of days.

5. What stores are you closing?

- A complete list of store closings can be found on our microsite at <http://info.shopko.com>.

6. When is the Company expected to emerge from Chapter 11?

- It is our intent to move through this process with the support of our key financial stakeholders as expeditiously as possible.
- We will keep you informed of important milestones as we move forward.

7. Who will be my customer contact going forward? Changes?

- We don't expect any changes to your day-to-day contact.

8. Should vendors continue to work with Shopko through the restructuring?

- Yes. Reorganization under Chapter 11 does not mean Shopko is being liquidated or going out of business. Instead, under Chapter 11 protection Shopko will operate in the ordinary course of business with respect to customers, vendors, business partners and employees.
- Shopko has obtained up to \$480M debtor-in-possession (DIP) financing from certain prepetition secured lenders, including Wells Fargo, N.A. as administrative agent, to help fund and protect its operations during the Chapter 11 process.
- This incremental liquidity will ensure that suppliers and other business partners/vendors will be paid in a timely manner for authorized goods and services provided during the Chapter 11 process, in accordance with customary terms.
- The Company is also filing customary first day motions that, once approved by the court, will allow the Company to smoothly transition its business into Chapter 11, including, among other things, granting authority to pay wages, salaries, benefits, and pay vendors and suppliers in the ordinary course for authorized goods and services provided on or after the filing date.

9. Will vendors be paid for goods and services provided to Shopko in the future?

- Shopko expects to pay vendors in the normal course for all goods and services delivered on or after January 16, 2019.
- Shopko has obtained up to \$480M debtor-in-possession (DIP) financing from certain prepetition secured lenders, including Wells Fargo, N.A. as administrative agent, to help fund and protect its operations during the Chapter 11 process.
- Upon approval by the court, this new financing will be used to support the business through the financial restructuring process.

10. Will Shopko pay my pre-petition invoice for goods or services provided prior to January 16, 2019?

- As is customary, pre-petition amounts are addressed through the Chapter 11 case.
- Shopko cannot pay claims for goods and services delivered prior to our filing on January 16, 2019 without specific court approval.
- Vendors with questions regarding goods and services delivered prior to January 16, 2019 can contact the hotline maintained by our claims agent, Prime Clerk, at (844) 205-7495 (toll-free in the U.S.) or +1 (347) 576-1550 (for parties outside the U.S.).

11. What assurances can you provide that my company will be paid for goods and services provided to Shopko in the future?

- Shopko expects to pay vendors in the normal course for all goods and services delivered after January 16, 2019.
- Shopko has obtained up to \$480M debtor-in-possession (DIP) financing from certain prepetition secured lenders, including Wells Fargo, N.A. as administrative agent, to help fund and protect its operations during the Chapter 11 process.
- This incremental liquidity will ensure that suppliers and other business partners/vendors will be paid in a timely manner for authorized goods and services provided during the Chapter 11 process, in accordance with customary terms.

12. Has Shopko secured Debtor-in-Possession (DIP) financing?

- Shopko has obtained up to \$480M debtor-in-possession (DIP) financing from certain prepetition secured lenders, including Wells Fargo, N.A. as administrative agent, to help fund and protect its operations during the Chapter 11 process.
- This incremental liquidity will ensure that suppliers and other business partners/vendors will be paid in a timely manner for authorized goods and services provided during the Chapter 11 process, in accordance with customary terms.

13. Will there be a critical vendor motion?

- No, there will not be a critical vendor motion.
- Our relationship with your company is very important, and we will do everything we can to maintain that relationship with you just as we have always done.

14. Will there be a foreign vendor motion? How will I know if I am included in the motion?

- No, there will not be a foreign vendor motion.
- Our relationship with your company is very important, and we will do everything we can to maintain that relationship with you just as we have always done.

15. Will there be a freight motion?

- The Company has asked for authority to honor certain pre-petition claims of shippers and import claimants and expects to receive court approval for these requests.
- The Company will coordinate with such claimants via normal channels to discuss their eligibility.

16. I believe I have a 503(b)(9) claim. When will that claim be paid?

- Claims for goods (not services) delivered to the Company within the 20 days prior to the January 16, 2019 filing may be entitled to priority treatment.
- The Company has asked for authority to honor claims that fall into this specific category and expects to receive court approval for these requests.
- If you believe that goods you shipped fall into this category, please send us that information so our team can review. The Company will coordinate with vendors via normal channels to discuss eligibility for payment.

17. What determines whether an invoice is a pre-petition or post-petition claim? What's the difference?

- Goods and services delivered prior to Shopko's January 16, 2019 filing are considered pre-petition and will be addressed through the Chapter 11 process.
- Goods and services delivered after our filing date are considered post-petition and will be paid in the normal course.
- In making this distinction, the key factor is not the invoice date but when the goods or services were delivered, and Shopko became legally responsible for payment.

18. My company issued an invoice after the filing date for goods or services provided prior to the filing. Is it pre-petition or post-petition?

- The key factor is not the invoice date but rather when the goods or services were delivered, and Shopko became legally responsible for payment.
- If this date is prior to our filing date, the claim will be considered pre-petition, regardless of the date of the invoice.

19. Can my company reissue an invoice to expedite payment?

- The determination of whether a claim is paid in the normal course or addressed through the Chapter 11 process is based on the date the goods or services were delivered, not on the date of the invoice.
- Accordingly, your claim cannot be expedited by reissuing the invoice.

20. Can vendors apply payments made after the filing to pre-petition invoices?

- No. Vendors must maintain a distinction between receivables for goods and services provided to Shopko before the Chapter 11 filing and receivables for goods and services provided after the filing.

21. Are there any forms I need to complete or anything else I need to do now to file my claim?

- Shopko's claims agent, Prime Clerk, will be providing the appropriate forms once a deadline for filing claims has been set. Proof of claims forms and other information about the claims process will be available at the following website:
<https://cases.primeclerk.com/shopko>.
- In addition, vendors with questions regarding goods and services delivered prior to January 16, 2019, can contact the hotline maintained by our claims agent, Prime Clerk, at (844) 205-7495 (toll-free in the U.S.) or +1 (347) 576-1550 (for parties outside the U.S.).
- Any questions you have about your specific situation would be most appropriately addressed by your own legal counsel.

22. Will Shopko continue to order goods and services from its vendors?

- Yes. We expect to continue operations as normal throughout this process and intend to pay vendors in full for goods and services provided after the filing date.

23. We have a contract with Shopko. Are you going to be able to satisfy it?

- We intend to continue working with our vendors and intend to pay vendors in full for goods and services furnished after the filing date of January 16, 2019.
- The bankruptcy filing requires both parties to continue to honor their post-petition obligations in the ordinary course. Before you take any steps to terminate or not perform under the contract, you should contact a bankruptcy attorney, because such actions would violate bankruptcy law.

24. Can I renegotiate my contract terms with the Company?

- It is important to understand that we expect to continue operating the business and serving our customers in the normal course throughout this court-supervised financial restructuring process.
- Under the Bankruptcy Code, you are required to perform under your contracts with the Company.
- We remain committed to continuing our relationship with you and to doing everything we normally do to maintain our operations.
- The cooperation of all of our vendors is essential to a successful outcome of this process.

25. How do I file a proof of claim?

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- Shopko's claims agent, Prime Clerk, will be providing the appropriate forms once a deadline for filing claims has been set.
- Proof of claims forms and other information about the claims process will be available at the following website: <https://cases.primeclerk.com/shopko>

26. What is a Claims Agent? Who is your Claims Agent?

- Information is available on the Company's restructuring website at <http://info.shopko.com>.
- Court filings and other documents related to the court-supervised process are available at <https://cases.primeclerk.com/shopko> or by calling the Company's claims agent, Prime Clerk, at (844) 205-7495 (toll-free in the U.S.) or +1 (347) 576-1550 (for parties outside the U.S.).

27. How can I get a copy of the Chapter 11 petition?

- Court filings and other documents related to the court-supervised process are available at <https://cases.primeclerk.com/shopko> or by calling the Company's claims agent, Prime Clerk, at (844) 205-7495 (toll-free in the U.S.) or +1 (347) 576-1550 (for parties outside the U.S.).