



January 16, 2019

To: Shopko Vendors
Re: Important Information Regarding Shopko's Restructuring

Since 1962, we have provided quality name-brand merchandise, great values and services to small and mid-size cities and have consistently met the needs of smaller communities across the Central, Western and Pacific Northwest regions of the U.S.

Over the past several months, we have been taking action to drive improved performance and strengthen Shopko's financial position. Today, Shopko took an important step towards protecting our future and ensuring our ability to continue delivering the high-quality products and services that our customers are accustomed to receiving by filing voluntary petitions for a court-supervised restructuring under Chapter 11.

We have voluntarily and deliberately chosen a path for the company to fix our finances, restructure our balance sheet, and move forward as a stronger company. This path allows us to operate in the normal course of business while providing us the time needed to address our challenges.

In order to position Shopko for future success, we will be closing an additional 38 stores, relocating over 20 Optical centers to freestanding locations, and conducting an auction process for our 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 we continue to optimize our store footprint.

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

We are 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 filing wages, salaries, benefits, and pay vendors and suppliers in the ordinary course for authorized goods and services provided on or after the filing date.

However, Shopko cannot pay claims for goods and services delivered prior to our filing on January 16, 2019 without specific court approval.

Should you have any questions, additional information is available on our restructuring website at <http://info.shopko.com> or by clicking on the Restructuring link on www.Shopko.com. 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.) or via the internet at <https://cases.primeclerk.com/shopko>.

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. We are confident the outcome will be a stronger Shopko for our customers, vendors and suppliers, business partners and other stakeholders through the process.

We will be sure to communicate with you throughout our reorganization and give regular updates as important decisions and major developments take place.

Sincerely,

A handwritten signature in black ink, appearing to read "Russ Steinhorst". The signature is fluid and cursive, with the first name "Russ" written in a larger, more prominent script than the last name "Steinhorst".

Russ Steinhorst, SHOPKO CEO