

SHOPKO ANNOUNCES FINANCIAL RESTRUCTURING

Implements Path Forward to Enhance Profitability and Growth Profile

Shopko, Shopko Hometown and Shopko Optical centers to Continue Delivering Exceptional Shopping Experience for Customers

GREEN BAY, WI – January 16, 2019 – Shopko (“the Company”), a leading operator of general merchandise stores throughout the Central, Western and Pacific Northwest regions of the U.S., today announced that it, along with its subsidiaries, has filed voluntary petitions for a court-supervised financial restructuring under Chapter 11 of the United States Bankruptcy Code.

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.

Shopko has obtained up to \$480M debtor-in-possession (DIP) financing from certain of its prepetition secured lenders, led by 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 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.

“This decision is a difficult, but necessary one,” said Russ Steinhorst, Chief Executive Officer. “In a challenging retail environment, we have had to make some very tough choices, but we are confident that by operating a smaller and more focused store footprint, we will be able to build a stronger Shopko that will better serve our customers, vendors, employees and other stakeholders through this process.”

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. Parties interested in receiving additional information about the Company’s pharmacy auction process should send inquiries to shopko@hl.com.

Additionally, encouraged by the performance of the four freestanding Optical centers that were opened in 2018, Shopko plans to continue to grow its optical business by opening additional freestanding Optical locations during 2019.

Shopko 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.

Additional information is available on the Company’s restructuring website at <http://info.shopko.com> or by clicking on the Restructuring link on www.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.).

Kirkland & Ellis LLP is acting as the Company's legal counsel, BRG is serving as restructuring advisor and Houlihan Lokey is acting as financial advisor.

ABOUT SHOPKO

Founded in 1962 and headquartered in Green Bay, Wisconsin, Shopko Stores Operating Co., LLC is a \$3 billion retailer that operates more than 360 stores in 26 states throughout the Central, Western and Pacific Northwest regions. Retail formats include 126 Shopko stores, providing quality name-brand merchandise, great values, pharmacy and optical services in small to mid-sized cities; 5 Shopko Express Rx stores, a convenient neighborhood drugstore concept; 6 Shopko Pharmacy locations; 4 Shopko Optical locations and 234 Shopko Hometown stores, a smaller concept store developed to meet the needs of smaller communities. For more information, visit www.shopko.com.

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