

**IMPORTANT LEGAL NOTICE**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF NEBRASKA**

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In re:	)	
	)	Chapter 11
SPECIALTY RETAIL SHOPS HOLDING CORP., <i>et al.</i> ,	)	
	)	Case No. 19-80064-TLS
Debtors.	)	(Jointly Administered)
	)	

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**NOTICE OF SHOPKO CLASS-ACTION SETTLEMENT  
REGARDING EMPLOYEE SEVERANCE PAY**

**This is NOT a summons. You are NOT being sued.**

**YOU MAY BE ELIGIBLE TO RECEIVE SEVERANCE PAY IN A CLASS-ACTION  
SETTLEMENT INVOLVING SHOPKO AND ITS FORMER EMPLOYEES.**

This Notice is to inform you about a proposed “Settlement” between Specialty Retail Shops Holding Corp. and its affiliated debtor entities (referred to in this notice as “Shopko” or the “Debtors”), on the one hand, and former employees who may be entitled to severance pay, on the other. A group of former employees (“Class Representatives”) has asserted claims against Shopko, alleging that Shopko failed to make certain severance payments. The Class Representatives are pursuing such claims on behalf of all similarly situated former employees, including you. Shopko denies that it owes any severance pay. Nevertheless, Shopko has reached an agreement with the Class Representatives to settle the asserted claims for the entire class of similarly situated former employees. To obtain court approval of the settlement, the parties have filed a Joint Motion to Approve Class Settlement (the “Joint Motion”) with the U.S. Bankruptcy Court for the District of Nebraska (the “Court”). If the Court should approve the Joint Motion, you may be eligible to receive a *pro rata* share of the settlement amount, less certain attorneys’ fees, service payments and payroll taxes.

**YOUR LEGAL RIGHTS MAY BE AFFECTED BY THE SETTLEMENT.** To understand your rights, please read this Notice carefully along with enclosed Joint Motion.

**1. Why is there a Settlement?**

In May 2019, the Class Representatives, along with certain other former employees, filed an Objection to the Debtors’ Joint Plan of Reorganization (the “Plan”), alleging that (a) they were not paid severance compensation after the Debtors filed for bankruptcy and (b) they are entitled to administrative-expense claims for the amount of the severance pay. The Debtors’ disputed the former employees’ allegations. Since then, the Class Representatives, along with their attorneys (“Class Counsel”), investigated the unpaid severance claims and worked with the Debtors to resolve the dispute.

On July 31, 2020, the Class Representatives and Debtors entered into a “Settlement Agreement,” which sets forth the terms and conditions of the Settlement. The Settlement Agreement can be viewed on Debtors’ Bankruptcy Notification website: [www. https://cases.primeclerk.com/shopko/Home-DocketInfo](https://cases.primeclerk.com/shopko/Home-DocketInfo) or at [www.shopkosettlement.com](http://www.shopkosettlement.com). The Debtors and Class Representatives are now seeking Court approval of the Settlement Agreement.

**2. How do I know if I am part of the Settlement?**

You are a member of the “Class” that is subject to the Settlement if you meet the “Class Definition” provided in Section 2 of the Settlement Agreement. The names of all known Class Members are listed on Exhibit A or Exhibit B to the Settlement Agreement. If you do not see your name listed on Exhibit A or Exhibit B to the Settlement Agreement or have any questions, you may inquire of Class Counsel, whose contact information is provided in No. 13, below.

**3. If I am a member of the Class, what are my options?**

<b>Options:</b>	<b>Comments</b>	<b>Deadline</b>
<b>You May Object to the Settlement</b>	If you object to the proposed Settlement, you may write to the Court by the deadline listed in the next column, stating your objection. See No. 11 below for information about objecting to the Settlement.	Any objection must be received by the Court no later than <b>October 5, 2020</b> .
<b>You May Do Nothing</b>	If you have no objection to the Settlement, you may do nothing, in which case you will be sent a check for your share of the Settlement Amount (defined herein). See Nos. 9 and 10 below for information about the consequences of not objecting to the Settlement and about choosing not to participate in the Settlement.	<b>N/A</b>

**4. How much are Debtors paying to settle the dispute?**

Shopko is paying the total settlement amount of \$3,018,434.78 (“Settlement Amount”) which represents 100% of the Class’s severance claims.

**5. How much will I receive from the Settlement?**

You will receive a *pro rata* portion of the net of the Settlement Amount that remains after deducting attorneys’ fees for Class Counsel and service awards for the Class Representatives (the “Net Settlement Amount”). Class Counsel fees are described in No. 6 below, and service awards for Class Representatives are described in No. 7 below. Your *pro rata* portion of the Net Settlement Amount will be based on the amount of severance (i.e., two weeks’ or four weeks’ pay) listed on the Severance Memorandum you were provided in the spring of 2019. As with any wage payment, federal and state payroll taxes will be deducted from your settlement payment.

**6. Who is Class Counsel, and how much will Class Counsel be paid?**

Jack Raisner and René Roupinian of Raisner Roupinian LLP are serving as Class Counsel. The Settlement Agreement provides that Class Counsel will be paid the total amount of \$753,208.70, which represents twenty-five percent (25%) of the Settlement Amount, in addition to costs of \$600. These amounts will be deducted from the Settlement Amount prior to distributing payments to the Class.

If you want to be represented by your own lawyer, you may hire one at your own expense.

## **7. What do Class Representatives receive from the Settlement?**

Class Representatives Brooke Hutchison, Trudy Koch, Jenelle Yaunk, Susan Craft, and Daniel Fleeman will receive a service award of \$1,000 each (total \$5,000). These service awards recognize the willingness of the Class Representatives to challenge the Plan publicly on behalf of the Class and their efforts in investigating and bringing the severance claims to resolution. The service awards are subject to Court approval and will be deducted from the Settlement Amount prior to any distributions to the Class.

## **8. If the Settlement is approved, when will I receive my settlement check?**

If the Court should approve the Settlement, severance checks will be mailed to the members of the Class within 100 calendar days after the Court enters a final order approving the Settlement. Settlement checks that are not cashed within 180 days after issuance or otherwise returned will be void, and the funds represented by such checks will be disbursed to: (a) Brown County United Way; and (b) Feeding America Eastern Wisconsin.

## **9. Am I giving something up if I participate in the Settlement?**

Yes, you will be giving up your right to pursue any claims against Debtors arising from your employment with Debtors.

If your name was listed in the *Order Confirming the Third Amended Chapter 11 Plan of Specialty Retail Shops Holding Corp. and its Debtor Affiliates* (Doc. No. 1495), you are either a Class Representative or Represented Employee. These individuals are also named in Exhibits A and B of the Settlement Agreement. If you are a Class Representative or Represented Employee, then upon approval of the Settlement by the Court, any further claims you may have against the Debtors that arise from your employment will be released in this Settlement.

If you are a Class Member but not a Class Representative or Represented Employee (as described above), then any further claims you may have against the Debtors will be released in this Settlement, unless you choose not to participate in the Settlement, as described in Section 10 below.

## **10. What if I do not want to participate in the Settlement?**

If you are not a Class Representative or Represented Employee, and you do not want to participate in the Settlement, then you should **not** cash or negotiate your check. Instead, you should return your check to Shopko Employee Settlement c/o Atticus Administration, PO Box 64053, Saint Paul, MN 55164 or otherwise destroy it. If you choose not to participate in the Settlement, you will not receive a settlement payment, but you will preserve whatever right you have to sue the Debtors on your own.

If, however, you cash or negotiate your check, you will be deemed to be participating in the Settlement, and you will effectively release any claims you may have against the Debtors arising from your employment.

## **11. How do I object to the Settlement?**

If you do not approve of the Settlement or some part of it, you may tell the Court by submitting a written objection. To do so, you must mail a letter containing the following information: (1) the name and case number of this bankruptcy case (Specialty Retail Shops Holding Corp., et al., Case No. 19-80064 (TLS)); (2) your full name, mailing address, and email address or telephone number; (3) your reason for

objecting to the Settlement. Your objection must be received by the Court at the following address, no later than **October 5, 2020**: Office of the Clerk, United States Bankruptcy Court for the District of Nebraska, Roman L. Hruska Courthouse, 111 South 18<sup>th</sup> Plaza, Omaha, Nebraska 68102.

**12. When and where will the Court decide whether to approve the Settlement?**

The Court will hold a “Hearing” to decide whether to approve the Settlement. The Hearing is scheduled to take place on October 15, 2020, at 10:00 a.m. CST, at the United States Bankruptcy Court for the District of Nebraska, Roman L. Hruska Courthouse, 111 South 18<sup>th</sup> Plaza, Courtroom 8, Omaha, Nebraska 68102. You may participate by telephone or appear in person. The call-in instructions for the hearing are:

TOLL FREE CALL-IN NUMBER – 1-888-684-8852  
ACCESS CODE 5799715  
PARTICIPANT SECURITY CODE 0804

You do not need to attend the Hearing unless you file an objection, in which case you must attend in order for your objection to be heard by the Court. At the Hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate, and consistent with the Bankruptcy Code and will hear any objections to the Settlement.

**13. Where Can I Get More Information?**

This Notice contains only a summary of the Settlement. The terms of the Settlement are set forth more fully in the Joint Motion and the Settlement Agreement. More information is available at [www.shopkosetlement.com](http://www.shopkosetlement.com).

You may also contact Class Counsel at: René S. Roupinian of Raisner Roupinian LLP, 270 Madison Avenue, Suite 1801, New York, NY 10016; Telephone: (212) 221-1747; Email: [rsr@raisnerroupinian.com](mailto:rsr@raisnerroupinian.com)

The Debtors are represented by Lauren Goodman of McGrath North Mullin & Kratz LP LLO, 1601 Dodge Street, Suite 3700, Omaha Nebraska 68102 and Kevin Scott McClelland of Kirkland & Ellis LLP, 300 North LaSalle, Chicago, Illinois 60654.

**OTHER THAN FOR PURPOSES OF FILING AN OBJECTION TO THE SETTLEMENT, PLEASE DO NOT CALL OR WRITE TO THE COURT OR THE OFFICE OF THE CLERK OF COURT REGARDING THIS NOTICE.**

Dated: August 26, 2020