



IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

IN RE SEARS HOMETOWN AND
OUTLET STORES, INC.
STOCKHOLDERS LITIGATION

CONSOLIDATED
C.A. No. 2019-0798-JTL

[PROPOSED] ORDER AND PARTIAL FINAL JUDGMENT

WHEREAS, a stockholder class action is pending in this Court, entitled *In re Sears Hometown and Outlet Stores, Inc. Stockholders Litigation*, Consol. C.A. No. 2019-0798-JTL (the “Action”);

WHEREAS, Whitebark Value Partners LP and Keith Edquist (“Primary Subclass Representatives”), on behalf of themselves and the Primary Subclass (as defined below), and defendants Edward S. Lampert, ESL Investments, Inc., ESL Partners, LP, RBS Partners, LP, Transform Holdco LLC, and Hometown Midco LLC (the “Defendants,” and collectively with Primary Subclass Representatives, the “Settling Parties”), have entered into an Amended Stipulation and Agreement of Compromise, Settlement, and Release dated as of September 12, 2025 (the “Stipulation”) that provides, subject to the approval of the Court, for the complete dismissal with prejudice of the claims of the Primary Subclass against the Defendants upon the terms and conditions set forth in the Stipulation (the “Settlement”);

WHEREAS, by Order dated _____, 2025 (the “Scheduling Order”), the Court (i) noted its prior certification of the Class and Subclasses;

(ii) ordered that notice of the proposed Settlement be provided to Class Members; (iii) provided Primary Subclass Members with the opportunity to object to the proposed Settlement, the proposed Plan of Allocation, and/or Primary Subclass Counsel's application for an award of attorneys' fees, costs and expenses; and (iv) scheduled a hearing regarding final approval of the Settlement;

WHEREAS, the Court conducted a hearing on _____, 202_ (the "Settlement Hearing") to consider, among other things: (i) whether the terms and conditions of the Settlement are fair, reasonable, and adequate to the Primary Subclass, and should therefore be approved; (ii) whether a Judgment should be entered dismissing the claims of the Primary Subclass against the Defendants with prejudice, releasing the Released Claims against the respective Released Persons, and barring and enjoining prosecution of the Released Claims against the Released Persons; (iii) whether the proposed Plan of Allocation of the Net Settlement Fund is fair and reasonable, and should therefore be approved; (iv) whether and in what amount any Fee and Expense Award should be paid to Primary Subclass Counsel out of the Settlement Fund; (v) whether and in what amount Primary Subclass Counsel should be authorized to pay an incentive fee to Primary Subclass Representatives out of any Fee and Expense Award; and (vi) any objections to the Settlement, the proposed Plan of Allocation of the Net Settlement Fund, the application by Primary Subclass Counsel for an award of attorneys' fees, costs and

expenses, or any application by the Primary Subclass Representatives for an Incentive Fee Award; and

WHEREAS, it appearing that due notice of the hearing has been given in accordance with the Scheduling Order; the Settling Parties having appeared by their respective attorneys of record; the Court having heard and considered evidence in support of the proposed Settlement, Plan of Allocation, and application by Primary Subclass Counsel for an award of attorneys' fees, costs and expenses; the attorneys for the respective Settling Parties having been heard; an opportunity to be heard having been given to all other Persons requesting to be heard in accordance with the Scheduling Order; the Court having determined that notice to members of the Class was adequate and sufficient; and the entire matter of the proposed Settlement having been heard and considered by the Court.

NOW, THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:

1. Except for terms defined herein, the Court adopts and incorporates the definitions in the Stipulation for purposes of this Order and Partial Final Judgment.
2. The Court has jurisdiction over the subject matter of the Action, and all matters relating to the Settlement of the claims of the Primary Subclass against Defendants, as well as personal jurisdiction over all of the Settling Parties and each of the Primary Subclass Members (as defined below), and it is further determined

that the Primary Subclass Representatives, the Defendants, and the Primary Subclass, as well as their transferees, heirs, executors, successors, transferees, and assigns, are bound by this Order and Partial Final Judgment.

3. Notice has been given to Class Members pursuant to and in the manner prescribed in the Scheduling Order, proof of mailing and other dissemination of the Notice was filed with the Court, and the Court finds that the form and means of Notice was the best notice practicable under the circumstances and in full compliance with Delaware Court of Chancery Rule 23, the requirements of due process, and all other applicable law and rules.

4. The Settlement as provided for in the Stipulation is approved as fair, reasonable, and adequate, and in the best interests of the Primary Subclass Representatives and the Primary Subclass.

5. Pursuant to Court of Chancery Rule 23, the Court fully and finally approves the Settlement in all respects, and the Settling Parties are hereby authorized and directed to consummate the Settlement in accordance with the terms, conditions, and provisions of the Stipulation, and the Register of Chancery is directed to enter and docket this Order and Partial Final Judgment.

6. The Stipulation shall be binding upon and inure to the benefit of the Settling Parties, the Released Primary Subclass Persons, and the Released Defendant Persons.

7. Upon the Effective Date, the Primary Subclass Representatives, on behalf of themselves and the Released Primary Subclass Persons, shall have fully, finally, and forever released, settled, and discharged the Released Defendant Persons from and with respect to every one of the Released Primary Subclass Claims, and shall thereupon be forever barred and enjoined from commencing, instituting, prosecuting, or continuing to prosecute any Released Primary Subclass Claims against any of the Released Defendant Persons.

8. Upon the Effective Date, the Defendants shall have fully, finally, and forever released, settled, and discharged the Released Primary Subclass Persons from and with respect to every one of the Released Defendant Claims, and shall thereupon be forever barred and enjoined from commencing, instituting, prosecuting, or continuing to prosecute any Released Defendant Claims against any of the Released Primary Subclass Persons.

9. Quadre is neither releasing any claims relating to the 1,000 shares for which it exercised its statutory appraisal rights, nor is it being released from any claims or defenses relating to those shares.

10. The following definitions apply to the releases above.

a. “Effective Date” means the first date by which all of the following events have been met or have been waived in writing: (i) the payment of the full Settlement Amount into the Escrow Account in accordance with

Paragraph 4.1 of the Stipulation; (ii) the Court has entered this Order and Partial Final Judgment, which is substantially in the form attached to the Stipulation as Exhibit C, including without limitation, approval of the non-opt-out definitions of the Class and Subclasses as set forth in the Stipulation, and the complete dismissal with prejudice of the claims of the Primary Subclass against the Defendants, without the award of any damages, fees, costs, or expenses, except as provided for in the Stipulation; and (iii) this Order and Partial Final Judgment has become Final.

b. “Final” means the expiration of all time to appeal or seek other review of this Judgment, or if any appeal or other review of this Judgment is filed and not dismissed, after this Judgment is upheld on appeal in all material respects and is no longer subject to further review or reargument to the Delaware Supreme Court. However, any appeal or other review pertaining solely to the Fee and Expense Award, the Incentive Fee Award, or any Plan of Allocation shall not in any way delay or preclude this Judgment from becoming Final.

c. “Primary Subclass” means all members of the Class whose shares were converted in connection with the October 23, 2019 Merger into the right to receive the \$3.21 per share Merger Consideration.

d. “Primary Subclass Member” means a member of the Primary Subclass. For purposes of the Settlement, Quadre Investments, LP (“Quadre”) is a Primary Subclass Member solely with respect to the 5,000 shares for which it did

not seek appraisal, and solely in its capacity as holder of those shares. Any references in the Stipulation, the Scheduling Order, the Notice or herein to the Primary Subclass or Primary Subclass Members include Quadre solely with respect to the 5,000 shares for which it did not seek appraisal, and solely in its capacity as holder of those shares. Nothing in the Settlement is intended to affect Quadre's rights or claims as a member of the Intervenor Subclass, or Defendants' defenses or arguments related thereto, with respect to the 1,000 shares for which it exercised its statutory appraisal rights. Cannon Square is not a Primary Subclass Member and shall not receive any benefit, or provide any release, in connection with the Settlement.

e. "Released Primary Subclass Claims" means all claims and causes of action, including Unknown Claims, that (a) were alleged, asserted, set forth, or claimed in the Complaint against the Released Defendant Persons or (b) could have been alleged, asserted, set forth, or claimed in the Complaint or in any other court, tribunal, forum, or proceeding, in each case, by the Primary Subclass Representatives or any Primary Subclass Members individually, directly, derivatively, or in any other capacity as SHOS stockholders, against the Released Defendant Persons, whether based on state, local, foreign, federal, statutory, regulatory, common, or other law or rule, arising out of or relating to the allegations, transactions, facts, matters, representations, or omissions involved, set

forth, or referred to in the Complaint, including all such claims relating to (i) the Controller Intervention; (ii) the Merger or any element, term, condition, or circumstance of the Merger or the sale process leading up to the Merger; (iii) any actions, deliberations, negotiations, discussions, offers, inquiries, solicitations of interest, indications of interest, bids, due diligence, or any act or omission in connection with the review of strategic alternatives available, including the process of deliberation or negotiation concerning the Merger; (iv) the consideration received by the Primary Subclass Representatives and the Primary Subclass Members in connection with the Merger; and (v) any fiduciary obligations of the Released Defendant Persons relating to the Controller Intervention, the Merger, the process of deliberation or negotiation leading to the Merger, or the disclosures respecting the Merger. Notwithstanding the foregoing, the Released Primary Subclass Claims shall not include claims solely to enforce the terms of the Settlement (the “Excluded Primary Subclass Claims”).

f. “Released Primary Subclass Persons” means the Primary Subclass Representatives, all other Primary Subclass Members, and their respective trustees, officers, directors, employees, agents, advisors, experts, and attorneys (including Labaton Keller Sucharow LLP, Prickett Jones & Elliott, P.A., Andrews & Springer LLC, Levi & Korsinsky, LLP, and Wolf Popper LLP), in

their capacities as such with respect to the Primary Subclass Representatives or the Primary Subclass Members.

g. “Released Defendant Claims” means all claims and causes of action, including Unknown Claims, arising out of or relating to the claims of the Primary Subclass other than claims relating to the enforcement of the Settlement, including all actions taken by the Primary Subclass Representatives in connection with the initiation, prosecution, and settlement of the claims of the Primary Subclass. Notwithstanding the foregoing, the Released Defendant Claims do not include any: (x) claims based on conduct after the Effective Date; (y) claims to enforce the terms of the Settlement; or (z) any claim or defense relating in any way to (i) the Appraisal Action, (ii) the claims of the Intervenor Subclass in this Action, including, without limitation, the contention that the members of the Intervenor Subclass are entitled to damages in this Action greater than amounts received by other Class Members, or (iii) any other claims or defenses relating to Cannon Square and/or Quadre with respect to the shares for which they sought appraisal (collectively, the “Excluded Defendant Claims”).

h. “Released Defendant Persons” means the Defendants, Defendants’ affiliates, and each of their respective predecessors, successors, Immediate Family members, partners, insurers, representatives, attorneys

(including Defendants' Counsel), experts, advisors, auditors, and accountants, in their capacities as such.

i. "Unknown Claims" means (i) any Released Primary Subclass Claims that any of the Primary Subclass Representative or any other Primary Subclass Member does not know or suspect to exist in his, her, or its favor at the time of the release of the Released Defendant Persons, or (ii) any Released Defendant Claims that any Defendant does not know or suspect to exist in his or her favor at the time of the release of the Released Primary Subclass Persons, which, if known by him, her, or it, might have affected his, her, or its decision(s) with respect to the Settlement. With respect to any Released Claims, the Settling Parties stipulate and agree that they shall expressly waive, and each of the other Primary Subclass Members by operation of law shall be deemed to have waived, any provisions, rights, and benefits conferred by any law of any state or territory of the United States or other jurisdiction, or principle of common law or foreign law, which is similar, comparable, or equivalent to Cal. Civ. Code § 1542, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

The Settling Parties acknowledge, and each of the other Primary Subclass Members by operation of law are deemed to acknowledge, that they may discover facts in addition to or different from those now known or believed to be true with respect to the Released Claims, but that it is the intention of the Settling Parties, and by operation of law the other Primary Subclass Members, to fully, finally, and forever extinguish all Released Claims, known or unknown, suspected or unsuspected, which now exist, or heretofore existed, or may hereafter exist, and without regard to the subsequent discovery of additional or different facts. The Settling Parties also acknowledge, and each other Primary Subclass Member by operation of law is deemed to acknowledge, that the inclusion of “Unknown Claims” in the definition of Released Claims is separately bargained for and is a material element of the Settlement and was relied upon by each of the Settling Parties in entering into this Stipulation.

11. The Settling Parties represent and agree that the terms of the Settlement were negotiated at arm’s length and in good faith and reflect a settlement that was reached voluntarily based upon adequate information and sufficient discovery and after consultation with experienced legal counsel.

12. Primary Subclass Counsel are awarded attorneys’ fees, costs and expenses in the sum of \$ _____ (the “Fee and Expense Award”), which sum the Court finds to be fair and reasonable. Primary Subclass Counsel are

authorized to pay the Primary Subclass Representatives Whitebark Value Partners LP and Keith Edquist, solely from the Fee and Expense Award, an incentive fee of up to \$_____ each (the “Incentive Fee Award”), which amount the Court finds to be fair and reasonable in light of the benefits conferred by the Action and the Settlement. The Fee and Expense Award, including any amount awarded therefrom as an Incentive Fee Award, shall be paid solely out of the Settlement Fund in accordance with the terms of the Stipulation. Neither the Primary Subclass Representatives, nor the Primary Subclass Counsel, nor any Primary Subclass Member shall make, or assist any other counsel in making, any application for an award of fees, costs or expenses or any incentive fee award in connection with this Action or the Settlement in any other jurisdiction from the Released Defendant Persons.

13. The Court hereby finds and concludes that the formula for the calculation of payments to Primary Subclass Members as set forth in the Plan of Allocation stated in the Notice provides a fair and reasonable basis upon which to allocate the proceeds of the Net Settlement Fund among Primary Subclass Members with due consideration having been given to administrative convenience and necessity.

14. The Court may direct that residual Net Settlement Funds, if any, be redistributed to identified Primary Subclass Members with respect to their Eligible

Shares, as defined in the Stipulation. But if redistribution is uneconomic, the Court may approve a transfer of the funds to the Combined Campaign for Justice.

15. The binding effect of this Order and Partial Final Judgment and the obligations of the Primary Subclass Representatives, Primary Subclass Members, and the Defendants under the Settlement shall not be conditioned upon or subject to the resolution of any appeal from this Order and Partial Final Judgment that relates solely to the issue of attorneys' fees, costs and expenses or to any Plan of Allocation. No proceedings or Court order with respect to the Fee and Expense award or the Incentive Fee Award shall in any way disturb or affect this Judgment (including precluding the Judgment from becoming Final or otherwise being entitled to preclusive effect), and any such proceeding or Court order shall be considered separate from this Judgment.

16. The Settling Parties and all Primary Subclass Members shall be and are deemed bound by the Stipulation and this Order and Partial Final Judgment. This Order and Partial Final Judgment, including the release of all Released Primary Subclass Claims against all Released Defendant Persons, shall have *res judicata*, collateral estoppel, and all other preclusive effects in all pending and future lawsuits, arbitrations, or other proceedings involving any of the Released Persons, except for the Appraisal Action and with respect to the claims of the Intervenor Subclass against Defendants in this Action. All of Defendants' rights,

claims, arguments, or defenses brought, or that can be brought, by the Defendants in respect to the claims of the Intervenor Subclass (including in connection with any final judgment relating to the claims of the Intervenor Subclass or on appeal with respect to the claims of the Intervenor Subclass), without limitation, are hereby preserved.

17. The Settlement and this Judgment shall have no effect whatsoever on the claims of the Intervenor Subclass or Defendants' defenses and arguments related thereto. Nothing in the Settlement or Judgment shall impair in any respect Defendants' defenses and arguments against the claims of the Intervenor Subclass in this Action, including on appeal.

18. In the event the Settlement (or any amendment thereof by the Settling Parties) is terminated or rendered null and void for any reason: (i) any judgment related to the Settlement entered in the Action related to the claims of the Primary Subclass against Defendants and any related orders entered by the Court shall in all events be treated as vacated, *nunc pro tunc*; (ii) all proceedings in the Action relating to the claims of the Primary Subclass against Defendants shall revert to their statuses as of immediately prior to the execution of the Term Sheet on August 2, 2024; (iii) the Settling Parties shall jointly petition the Court for a revised schedule to address open issues and a form of final order and judgment; and (iv) the Settling Parties shall proceed in all respects as if the Settlement and the

Stipulation (other than the paragraphs of the Stipulation identified in Paragraph 12.2 of the Stipulation) had not been entered into by the Settling Parties.

19. None of this Judgment, the Settlement, the Stipulation, any document or exhibit referred to in or attached to the Stipulation, or any act or omission in connection with the Stipulation or the Settlement is intended or shall be deemed or argued to be evidence of or to constitute an admission or concession by: (a) the Defendants as to (i) the truth of any fact alleged by Lead Plaintiffs for the Full Class, Primary Subclass Representatives, any Primary Subclass Member, Intervenor Subclass Representative, or any member of the Intervenor Subclass in this Action or any other action; (ii) the validity of any claims or other issues raised, or which might be or might have been raised, in the Action (including (x) in any appeal and (y) in any further proceedings in this Action, whether involving the Primary Subclass, the Intervenor Subclass, or both) or in any other litigation or proceeding (including the Appraisal Action); (iii) the deficiency of any defense or argument that has been or could have been asserted in the Action (including (x) in any appeal and (y) in any further proceedings in this Action, whether involving the Primary Subclass, the Intervenor Subclass, or both) or in any other litigation or proceeding (including the Appraisal Action); (iv) the validity of any arguments that may be asserted or could have been asserted in the briefing on open issues in connection with the final judgment or on appeal in this Action (including any

further proceedings or appeal involving the claims of the Intervenor Subclass); or (v) any wrongdoing, fault, liability, or damages of any kind by any of them, which each of them expressly denies; or (b) Lead Plaintiffs for the Full Class and/or Primary Subclass Representatives that any of their claims are without merit, that any of the Defendants had meritorious defenses, or that damages recoverable from the Defendants would not have exceeded the Settlement Amount.

20. None of this Judgment, the Settlement, the Stipulation, any document or exhibit referred to in or attached to the Stipulation, or any act or omission in connection with the Stipulation or the Settlement shall be admissible, referred to, interpreted, construed, deemed, invoked, offered, or received in evidence or otherwise used by any Person in the Action (including in any appeal or in further proceedings or appeal involving the claims of the Intervenor Subclass), or in any other suit, action or proceeding whatsoever, whether civil, criminal, or administrative (including the Appraisal Action); *provided, however*, that the Defendants and the Released Defendant Persons may file the Stipulation and/or the Judgment in any action that has been or may be brought against them in order to support a claim or defense based on principles of *res judicata*, collateral estoppel, release, good faith settlement, judgment bar or reduction, or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim or in connection with any insurance litigation.

21. Without further order of the Court, the Settling Parties may agree in writing to reasonable extensions of time to carry out any of the provisions of the Stipulation.

22. Without further order of the Court, the Settling Parties may agree to and adopt such amendments, modifications, and expansions of the Stipulation and/or any of the Exhibits attached thereto to effectuate the Settlement that are not materially inconsistent with this Order and Partial Final Judgment.

23. The claims of the Primary Subclass against the Defendants are hereby dismissed with prejudice, pursuant to Court of Chancery Rule 54(b), and without fees, costs or expenses (except as provided in Paragraph 12, *supra*).

24. Without affecting the finality of this Order and Partial Final Judgment in any way, the Court reserves jurisdiction over all matters relating to the administration and consummation of the Settlement.

25. There is no just reason to delay the entry of this Order and Partial Final Judgment as a final judgment with respect to the claims of the Primary Subclass against the Defendants. Accordingly, the Register in Chancery is expressly directed to immediately enter this Order and Partial Final Judgment as a final order pursuant to Court of Chancery Rule 54(b).

Vice Chancellor J. Travis Laster