

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**COMMERCIAL LIST**

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF SEARS CANADA INC., CORBEIL ÉLECTRIQUE INC., S.L.H. TRANSPORT INC., THE CUT INC., SEARS CONTACT SERVICES INC., INITIUM LOGISTICS SERVICES INC., INITIUM COMMERCE LABS INC., INITIUM TRADING AND SOURCING CORP., SEARS FLOOR COVERING CENTRES INC., 173470 CANADA INC., 2497089 ONTARIO INC., 6988741 CANADA INC., 10011711 CANADA INC., 1592580 ONTARIO LIMITED, 955041 ALBERTA LTD., 4201531 CANADA INC., 168886 CANADA INC., AND 3339611 CANADA INC.

(each, an “**Applicant**”, and collectively, the “**Applicants**”)

**TRANSACTION NOTICE**

NOTICE IS HEREBY GIVEN, pursuant to paragraph 4 of the Order of the Court dated December 8, 2017 (the “**Omnibus Approval and Vesting Order**”), by the Applicants and SearsConnect (collectively, the “**Sears Canada Entities**”), that the Sears Canada Entity listed below as “Seller” has executed definitive documents (the “**Transaction Documents**”) with the Purchaser listed below in respect of the sale of the assets listed below as “Purchased Assets” (the “**Transaction**”):

SELLER	Sears Canada Inc.
PURCHASER	Canadian Premier Life Insurance Company
PURCHASED ASSETS	Group Life Insurance Portfolio

The Transaction Documents with respect to this Transaction are attached as Schedule “A” to this Transaction Notice.

Upon the closing of this Transaction and in accordance with the Transaction Documents and the Omnibus Approval and Vesting Order, all of the Seller’s right, title and interest in and to the Purchased Assets shall vest absolutely in the Purchaser, free and clear of Claims and Encumbrances (as such terms are defined in the Omnibus Approval and Vesting Order), including those listed in Schedule “B” to this Transaction Notice, but excluding the Permitted Encumbrances listed in Schedule “C” to this Transaction Notice, and such Claims and Encumbrances shall be expunged and discharged as against the Purchased Assets.

Should any person wish to object to this Transaction, such person shall notify the Sears Canada Entities and FTI Consulting Canada Inc. (the “**Monitor**”) (by service upon counsel to Sears Canada Inc., the Monitor and counsel to the Monitor at the addresses shown on the Service List) of such objection, in writing (such notice being a “**Notice of Objection**”), such that the Notice of Objection is received within seven (7) days of this Transaction Notice being sent to such person. Any Notice of Objection must specify the reasons for such objection.

If no Notice of Objection is received by the applicable parties in accordance with the procedures and the timelines set out above or if all Notices of Objection are subsequently revoked or deemed by the Court to be revoked, the closing of this Transaction will become effective upon delivery by the Monitor of a Monitor’s certificate (the “**Monitor’s Certificate**”) to the Purchaser under the Transaction Documents and the Sears Canada Entities, certifying that, among other things, all conditions to closing have been satisfied or waived.

The Monitor’s Certificate filed in respect of the Transaction shall be made available on the Monitor’s website at: <http://cfcanada.fticonsulting.com/searscanada/>.

**Schedule "A" to the Transaction Notice**  
**TRANSACTION DOCUMENTS**

## TERMINATION AGREEMENT

This Agreement is made as of January 12, 2018 between Sears Canada Inc. ("Sears") and Canadian Premier Life Insurance Company ("Canadian Premier").

WHEREAS Canadian Premier or its affiliates and predecessors have marketed certain insurance products (the "Insurance Products") to the customers of Sears (the "Customers") pursuant to group master policies underwritten by Canadian Premier or its affiliates and predecessors, including, without limitation, those under Master Policy Numbers 25316, 25317, 25318, 25334, 25362, 25412 and 25415;

AND WHEREAS Sears and Canadian Premier are parties to minutes of settlement dated September 6, 2013 (the "Minutes of Settlement") which, among other things, specify that the business relationship between Sears and Canadian Premier with respect to the Insurance Products and the Customers shall continue unaltered until December 31, 2017;

AND WHEREAS Sears and Canadian Premier wish to terminate their business relationship with respect to the Insurance Products and the Customers in a manner that is mutually beneficial and which provides for the continuation of insurance coverage for the Customers;

NOW, THEREFORE, in consideration of the mutual agreements and covenants set forth below, Sears and Canadian Premier (each, a "Party" and, together, the "Parties") agree as follows:

### 1. CONVERSION TO INDIVIDUAL POLICIES

Subject to Section 6, effective at the expiry of the seven-day period set out in paragraph 5 of the Omnibus Approval and Vesting Order dated December 8, 2017 (the "Order") or, if a "Notice of Objection" (as defined in the Order) is received within that period, the date such Notice of Objection is revoked or deemed to be revoked, as contemplated in paragraph 6 of the Order (the "Effective Date"), and notwithstanding any provision contained in the Minutes of Settlement or any other agreement between the Parties and/or their affiliates or predecessors relating to the Insurance Products, including, without limitation, the Administration Agreement dated December 22, 1992 between J.C. Penney Life Insurance Company (now Stonebridge Life Insurance Company), Sears and Benoit & Borg Insurance Agencies Inc. (now AON Direct Group Inc.), as amended (the "Administration Agreement"), Canadian Premier will arrange for the group master policies to be automatically converted to individual coverage for each Customer insured under the Insurance Products based on the certificate of insurance such Customer holds as of the Effective Date, and such group master policies will cease to have any force or effect. Canadian Premier will be solely responsible for the conversion and for dealing with the Customers and any questions or claims they may have arising out of the Insurance Products. Canadian Premier confirms that the conversion to individual coverage will not negatively affect the scope or terms of the insurance coverage received by each Customer or the procedures required to access that coverage relative to the group master policies.

### 2. PAYMENTS TO SEARS

- (a) Canadian Premier will pay to Sears, on or about January 15, 2018, the commission payable to Sears attributable to the month of December 2017.
- (b) On the Effective Date, and in addition to the amount payable under paragraph (a), Canadian Premier will pay to Sears \$ - in full and final satisfaction of all other commissions and all other amounts that are or may become payable to Sears related to the Insurance Products on or after January 1, 2018.

- (c) Sears directs Canadian Premier to make each such payment to FTI Consulting Canada Inc., in its capacity as court-appointed monitor of Sears (the "Monitor"), to the following account, and confirmation by the Monitor of receipt of those payments will satisfy Canadian Premier's obligations under paragraphs (a) and (b):

Bank of Nova Scotia  
44 King Street West  
Toronto, Ontario M5H 1H1

Swift Code: NOSCCATT  
Canadian Routing Code: //CC 0002 47696  
Account Number:

For the account of FTI Consulting Canada Inc., 79 Wellington Street West,  
Toronto, Ontario M5K 1G8.

**3. COMMUNICATION TO INSURED**

Commencing on or after the Effective Date, Canadian Premier will send a letter, substantially in the form attached hereto as Exhibit "A" (the "Customer Communication"), to each primary insured Customer under any one of the Insurance Products.

For the avoidance of doubt, as of the Effective Date, Canadian Premier may communicate with the insured Customers at any time, without reference to Sears, and Sears will have no further interest in such communication, including the right to notice, review or approval thereof.

Sears will not take any action, before or after the Effective Date, directly or indirectly, to induce insured Customers to cancel or otherwise alter their insurance coverage with Canadian Premier and, after the Effective Date, will not communicate in any way with the insured Customers in relation to their insurance coverage.

**4. CUSTOMER SERVICE**

Until the Effective Date, Canadian Premier will continue to service all insured Customers in accordance with existing arrangements with Sears, including the collection of premiums and the servicing of claims. Following such date, Canadian Premier will service the insured Customers in accordance with its customer service standards for individual policyholders.

Sears will use reasonable efforts to direct any insured Customer inquiries to Canadian Premier's customer service centre (English: 1-800-661-6102; French: 1-800-663-9104).

**5. NO FURTHER OBLIGATIONS**

As of the Effective Date, except for obligations under this Agreement, the Parties will have no further obligations to each other with respect to the Insurance Products or the Customers, the Minutes of Settlement, the group master policies, the Administration Agreement or otherwise (collectively, the "Arrangements"), and each Party hereby fully and unconditionally:

- (a) releases the other Party and its directors, officers and employees (the "Releasees") from any claims, actions, obligations, proceedings, liabilities, damages, costs and expenses, contingent or otherwise (a "Claim"); and

(b) waives any Claim it may have (regardless of the basis of the Claim) against the Releasees or any of them, in each case, arising out of or related to the Arrangements or any of them,

in each case, other than a Claim that may arise from a breach of this Agreement.

Canadian Premier will indemnify and hold Sears harmless from and against any Claim by or on behalf of any Customer arising out of or in connection with the transactions contemplated by this Agreement.

**6. OMNIBUS APPROVAL AND VESTING ORDER**

Canadian Premier acknowledges that the transactions contemplated by this Agreement require, and are conditional upon, compliance by Sears with the Order and are subject to the terms of the Order. Accordingly, following signing of this Agreement, in consultation with Canadian Premier, Sears will take the steps prescribed by the Order.

If the transactions contemplated by this Agreement cannot be completed in accordance with the Order on or before February 28, 2018 solely due to the existence of an unresolved Notice of Objection (as defined in the Order), this Agreement shall be terminated and of no further force or effect without liability of any Party to any other Party.

**7. ENTIRE AGREEMENT**

This Agreement constitutes the entire agreement between the Parties pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, between the Parties.

**8. SUCCESSORS, ETC.**

This Agreement is binding on and enures to the benefit of the Parties and their respective legal representatives, successors and assigns.

**9. GOVERNING LAW**

This Agreement is governed by, and will be interpreted and enforced in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein. The Parties hereby irrevocably submit to the exclusive jurisdiction of the courts of the Province of Ontario with respect to any matter arising under this Agreement.

**10. COUNTERPARTS**

This Agreement may be executed by the Parties in counterparts and may be delivered by facsimile or electronic means, and all such counterparts will together constitute one and the same agreement.

[Signatures on following page]

IN WITNESS OF WHICH, the Parties have executed this Agreement.

Sears Canada Inc.

Canadian Premier Life Insurance Company

By: P. Molinar

By: Dana Eastman

Name: P. Molinar

Name: Dana Eastman

Title: SECRETARY

Title: Chief Legal Officer

EXHIBIT "A" - SAMPLE CUSTOMER COMMUNICATION

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Certificate #

Dear #####,

We are contacting you about your XXXXXX coverage. This coverage will no longer be available through Sears Canada Inc. under a group policy of insurance. To ensure that your coverage continues without interruption, it has been converted to an individual policy of insurance. Canadian Premier Life Insurance Company is pleased to issue this policy to you directly.

We have enclosed your new policy, which is effective immediately. There has been no change to your coverage or monthly premium, and you will continue to be billed using the existing billing information we have for you on file.

Please review the details of your coverage carefully, and note that your individual policy comes with a 60-day review period. You will notice a few provisions that were not included in your prior certificate of insurance and which are required for an individual policy. If for any reason you are not completely satisfied, you may cancel this policy, and any premiums paid during the 60-day review period will be refunded. You are free to cancel this policy at any time after 60 days without further obligation, but without any refund of monthly premium. If you have any questions, please call us (and not Sears Canada) toll-free at X-XXX-XXX-XXXX.

Sincerely,

Customer Service Department  
Canadian Premier Life Insurance Company

**Schedule "B" to the Transaction Notice**  
**ENCUMBRANCES TO BE VESTED**

None

**Schedule "C" to the Transaction Notice**  
**PERMITTED ENCUMBRANCES**

None

**Schedule "D" to the Transaction Notice**  
**PARTIES TO RECEIVE NOTICE OF TRANSACTION**

None