

Court File No. CV-17-11846-00CL

**SEARS CANADA INC.,
AND RELATED APPLICANTS**

TWENTY-FIFTH REPORT OF FTI CONSULTING CANADA INC., AS MONITOR

SEPTEMBER 13, 2018

Contents

Section	Page
A. INTRODUCTION.....	2
B. PURPOSE	4
C. TERMS OF REFERENCE.....	5
D. OVERVIEW	5
E. CLAIMS PROCEDURE ORDER.....	6
F. EXTENSIONS OF 'NOD' DEADLINE.....	8
I. MONITOR'S RECOMMENDATION	14

**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., 9370-2751 QUÉBEC INC., 191020 CANADA 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.

APPLICANTS

**TWENTY-FIFTH REPORT TO THE COURT
SUBMITTED BY FTI CONSULTING CANADA INC.,
IN ITS CAPACITY AS MONITOR**

A. INTRODUCTION

1. On June 22, 2017, Sears Canada Inc. ("**Sears Canada**") and a number of its operating subsidiaries (collectively, with Sears Canada, the "**Applicants**") sought and obtained an initial order (as amended and restated on July 13, 2017, the "**Initial Order**"), under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"). The relief granted pursuant to the Initial Order was also extended to Sears Connect, a partnership forming part of the operations of the Applicants (and together with the Applicants, the "**Sears Canada Entities**"). The proceedings commenced under the CCAA by the Applicants are referred to herein as the "**CCAA Proceedings**".
2. The Initial Order, among other things:

- (a) appointed FTI Consulting Canada Inc. as monitor of the Sears Canada Entities (the “**Monitor**”) in the CCAA Proceedings;
 - (b) granted an initial stay of proceedings against the Sears Canada Entities until July 22, 2017; and
 - (c) scheduled a comeback motion for July 13, 2017 (the “**Comeback Motion**”).
3. Following the Comeback Motion, the Court extended the Stay Period. Among other things, an order approving a sale and investor solicitation process (the “**SISP**”) to solicit interest in potential transactions, including investment and liquidation proposals, involving the business, property, assets and/or leases of the Applicants was also issued.
 4. On July 18, 2017, the Court issued an order approving an agreement and a process for the liquidation of inventory and FF&E at certain initial closing Sears Canada locations, which liquidation process is now completed.
 5. On October 13, 2017, the Court issued, among other orders, an order (a) approving an agreement and a process (the “**Second Liquidation Process**”) for the liquidation of the inventory and FF&E at all remaining Sears Canada retail locations, which liquidation commenced shortly thereafter and is now completed.
 6. On December 8, 2017, the Court issued an Order (the “**Claims Procedure Order**”) approving a claims process for the identification, determination and adjudication of claims of creditors against the Sears Canada Entities and their Officers and Directors.
 7. On May 9, 2018, the Court issued an Order approving a process for a mediation among stakeholders with the goal of achieving a potential resolution of significant claim and distribution matters (the “**Mediation**”) as a preliminary step toward a global resolution of material estate matters, potentially through a plan of compromise or arrangement. The Mediation commenced on June 13-14, 2018 with Regional Senior Justice Morawetz as mediator.
 8. By Notice of Motion dated July 23, 2018, Morneau Shepell Ltd. commenced a motion to determine whether (i) Sears Canada is deemed to hold all assets and proceeds therefrom

up to the amount due by it in respect of the wind-up of the Sears Canada Registered Retirement Pension Plan (the “**Pension Plan**”) as determined in the actuarial wind up report, in trust for the beneficiaries of the Pension Plan; and (ii) Morneau Shepell has a lien and charge attached to the Proceeds as security for the amounts due to the Pension Plan by Sears Canada (the “**Deemed Trust Motion**”).

9. The Deemed Trust Motion, as varied and expanded by Amended Notice of Motion dated August 24, 2018, has been scheduled for November 1 and 2, 2018.
10. The liquidation of assets at Sears Canada’s retail locations is now completed, all retail locations are closed, and leases in respect of such locations have been disclaimed or surrendered back to the landlord. The major assets of the Sears Canada Entities that remain to be realized upon are the Applicants’ remaining owned real estate assets.
11. In connection with the CCAA Proceedings, the Monitor has provided twenty-four reports and fifteen supplemental reports (collectively, the “**Prior Reports**”), and prior to its appointment as Monitor, FTI also provided to this Court a pre-filing report of the proposed Monitor dated June 22, 2017 (the “**Pre-Filing Report**”). The Pre-Filing Report, the Prior Reports and other Court-filed documents and notices in these CCAA Proceedings are available on the Monitor’s website at cfcanada.fticonsulting.com/searscanada/ (the “**Monitor's Website**”).

B. PURPOSE

12. The purpose of this twenty-fifth report of the Monitor (the “**Twenty-Fifth Report**”) is to provide the Court with information regarding a motion (the “**Moving Landlords’ Motion**”) by Bentall Kennedy (Canada) LP, QuadReal Property Group, Primaris Management Inc., Westcliff Management Ltd., Tanurb (Festival Marketplace) Inc., and Cogir Real Estate (collectively the “**Moving Landlords**”) for orders, among other things:
 - (a) varying the Claims Procedure Order of the Honourable Justice Haaney, dated December 8, 2017, by suspending the deadlines for the litigation of the disputed claims of the Moving Landlords until such time as the Deemed Trust Motion (as discussed below) is resolved or subject to a final order;

- (b) security for costs in favour of the Moving Landlords to secure the costs to be incurred in the claims process dispute, in priority to all other charges on the estate of Sears Canada and pari passu with the Administration Charge granted in these proceedings to the Monitor; and
- (c) costs of this motion, including costs incurred, if any, related to the case conference scheduled by the Monitor before the Honourable James Farley (the “**Claims Officer**”), to be paid personally by the Monitor or its counsel.

C. TERMS OF REFERENCE

- 13. In preparing this Twenty-Fifth Report, the Monitor has relied upon discussions and correspondence with, among others, the senior management (“**Management**”) of, and advisors to, the Sears Canada Entities (collectively, the “**Information**”).
- 14. The Monitor has prepared this Twenty-Fifth Report in connection with the Moving Landlords’ Motion. The Twenty-Fifth Report should not be relied on for any other purpose.
- 15. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.
- 16. Capitalized terms not otherwise defined herein have the meanings ascribed to them in the Prior Reports filed as part of the CCAA Proceedings and the Claims Procedure Order.

D. OVERVIEW

- 17. The Moving Landlords are represented jointly by Blaney McMurtry LLP, who act with respect to 26 properties formerly occupied by Sears Canada, or otherwise affected by the Sears Canada CCAA proceedings.
- 18. Those landlords have filed 26 proofs of claims (each a “**Proof of Claims**”) for which the Monitor has issued notices of revision and disallowance (“**NORDs**”), and the landlords have in turn filed notices of dispute (“**NODs**”). In addition, those landlords have also filed 26 D&O proofs of claims.

19. Beginning on May 11, 2018, the Moving Landlords, together with other landlords, have requested multiple extensions of time for the filing of NODs, both before and after their original due date. The Monitor agreed to several of the requested extensions for the express purpose of negotiating a settlement of landlord claims.
20. As a result of these negotiations, settlement with a significant proportion of the Landlord Claimants (as defined in the Claims Procedure Order) was achieved. In particular, settlement has been achieved with Landlord Claimants representing approximately 77% of the value of the claims asserted by the Landlord Claimants.¹ Of the remaining 23% of unresolved landlord claims, 17% are represented by the Moving Landlords.
21. The Monitor has consistently advised the Moving Landlords that the extension of time was only being granted to allow time to negotiate a settlement of their claims. Settlement discussions with the Moving Landlords have been unsuccessful. Accordingly, the Monitor is of the view that the process contemplated by the Claims Procedure Order should resume with respect to the claims of the Moving Landlords, and that no further extensions should be granted.
22. In response, the Moving Landlords have taken the position that the resolution of their claims should be stayed indefinitely pending determination of a priority dispute in the CCAA Proceedings with respect to the Deemed Trust claim.
23. The Monitor opposes this position and the other relief sought by the Moving Landlords in their motion returnable September 20, 2018.

E. CLAIMS PROCEDURE ORDER

24. The Claims Procedure Order was granted following a motion, made on notice, and heard on December 8, 2017. A copy of the Claims Procedure Order and the related Endorsement of Justice Hainey are attached as **Appendix “A”**.
25. Notably, at that time, Representative Counsel to the employees and retirees with respect to pensions and post-retirement benefits of the Applicants (**“Pension Representative**

¹ Applying the agreed upon valuation formula to all landlord claims.

Counsel”), among others, had already repeatedly indicated their intention to bring a motion for the determination of the deemed trust issue and had raised the deemed trust issue in prior motions before the Court. By way of example, by Notice of Motion dated August 11, 2017, Pension Representative Counsel brought a motion for the wind-up of the Sears Canada pension plan making specific reference to a wind-up deficiency of \$266.8 million and alleged a “deemed trust priority in favour of the pension plan beneficiaries over certain assets of an employer for the amount owing and not paid by an employer to the pension plan on its wind up.” A copy of this Notice of Motion is attached as **Appendix “B”**.

26. Nevertheless, the Moving Landlords did not object at the time to the Claims Procedure Order or otherwise propose a procedure under which claims would only be determined after resolution of the deemed trust issue.
27. The Claims Procedure Order specifically addressed “Landlord Claimants” (at Sections 45-46) and provided that “any Landlord Claimant that intends to assert a Landlord Claim shall file a Proof of Claim or D&O Proof of Claim, as applicable, with the Monitor on or before the Landlord Claims Bar Date” being “the later of (i) 5:00 p.m. on the date that is 45 days after the date on which the Monitor sends a General Creditor Claims Package with respect to a Landlord Claim and (ii) 5:00 p.m. on April 2, 2018”.
28. On or before the applicable Landlord Claims Bar Date, the Landlord Claimants, including the Moving Landlords, submitted their Proofs of Claims to the Monitor.
29. In turn, and in accordance with the Claims Procedure Order, the Monitor was required to provide NORs in respect of revised or disallowed claims by no later than July 31, 2018. Accordingly, where applicable, the Monitor provided NORs to the Landlord Claimants on an ongoing basis beginning on May 10, 2018 and continuing until on or around July 31, 2018.
30. In accordance with the Claims Procedure Order, the Landlord Claimants who intended to dispute a NOR were required to “deliver a completed Notice of Dispute of Revision or Disallowance, along with the reasons for the dispute” to the Monitor by no later than

thirty (30) days after deemed receipt of the NORD or at such other time as may be agreed upon by the Monitor.

31. The relevant Proofs of Claims, NORDs, and NODs of the Moving Landlords are included within the two volume “CLAIMS OFFICER ADJUDICATION RECORD (Blaney McMurtry LLP Claims)” dated August 17, 2018, which accompanies this Twenty-Fifth Report (the “**Claims Officer Record**”).

F. EXTENSIONS OF ‘NOD’ DEADLINE

32. On or around May 11, 2018, a group of Landlord Claimants by and through their counsel, including counsel to the Moving Landlords, requested an extension of time to file NODs. The context for this request was the upcoming Mediation scheduled for June 13-14, 2018. It was the Monitor’s understanding that the Landlord Claimants requested the extension of time to defer filing of NODs until after the exploration of potential settlements at and directly following the Mediation.
33. Accordingly, by e-mail of May 17, 2018, the Monitor advised that for any Landlord Claimant who receives a NORD on or before May 30, 2018, the deadline for filing an NOD would be extended until July 3, 2018.
34. In response, by e-mail dated May 28, 2018, the Landlord Claimants requested from the Monitor “complete tolling for a period of 30 days after the termination of the mediation for the filing of Dispute Notices to any NOD’s for landlords.” D.J. Miller, purportedly on “behalf of all landlord counsel copied”, including John Wolf and David Ullmann of Blaney McMurtry LLP, counsel to the Moving Landlords, stated:

We are all either focusing on the preparation of detailed Dispute Notices and going down that path, or we are focusing on a potential consensual resolution through mediation - not both. Landlords are not prepared to lose 2 weeks of the 30 day time period that we would otherwise have to focus on the Dispute Notices, or incur additional costs by “twin tracking”. In that case, our clients may simply choose to allocate their resources by focusing on responses to the step taken by the Monitor in issuing the NODs [sic], rather than the mediation that we were invited to participate in.

35. At no time did counsel to the Moving Landlords advise that they took the position that Ms. Miller was not speaking on “behalf of all landlord counsel copied” or that they disagreed with the assertions made in her e-mail regarding the position of the Landlord Claimants, including the Moving Landlords, that the extension was being requested in order to focus on a “potential consensual resolution”.
36. In response, the Monitor agreed as follows: “The Monitor is agreeable to the request to extend the deadline to file NODs in respect of NORs that have been issued, or will be issued prior to May 30, to July 14, 2018.”
37. The mediation was held on June 13 and 14, 2018. Subsequently, on June 19, 2018, Mr. Ullmann, counsel to the Moving Landlords, wrote to the Monitor requesting a further extension of the deadline to file NODs. Mr. Ullmann asserted:

Assuming a further day of mediation is being considered, we would expect that the 30 day tolling discussed in DJ’s email below would continue until at least a decision is made as to whether or not the mediation is to continue, and we each have had the opportunity to seek instructions as to whether or not we will attend further mediation.

Can you please confirm that the July 14th date in your email below is further extended on this basis (i.e. extended to run for 30 days from a date to be fixed once it is decided if there is or is not to be a continuation of the mediation)?

Finally, we confirm that we are reserving our rights to ask for further extensions, beyond the 30 day toll contemplated above, to accommodate the delivery of any necessary and further evidence that may be required as part of the filing of any notices of dispute. Once the 30 day time period has actually begun, we will raise with you further issues in that regard if necessary.

38. Initially, the Monitor refused to grant the requested extension, citing a concern about “further delay in dealing with the claims in the estate”. However, on July 6, 2018 the Monitor advised that in “light of continuing discussions amongst certain landlord counsel and the Monitor, the Monitor will extend the deadline for your clients to file notices of dispute ... to July 31, 2018”. However, in so doing, the Monitor stressed that it “is

strongly of the view that issues need to be resolved without further delay. We are extending this courtesy to you but note our strong view that further delay is prejudicial.”

39. As a result of this process and these negotiations, settlement was initially reached with 4 of the 5 main landlords representing approximately 57%² of landlord claims as filed. Subsequently, settlement has been achieved with Landlord Claimants representing approximately 77%³ of the value of the claims asserted by the Landlord Claims. The Moving Landlords have not agreed to settle their claims in accordance with the terms of the settlement. Of the remaining 23% of unresolved landlord claims, 17% are represented by the Objecting Landlords (as defined in the Fifth Supplement to the Nineteenth Report dated August 31, 2018).
40. In or around one week before the already extended deadline for submissions of NODs, being July 31, 2018, counsel to the Moving Landlords advised that they would bring a motion to address further extensions and variations to the deadlines provided for by the Claims Procedure Order.
41. On July 24, 2018, the Monitor, the Applicants and numerous stakeholders, including counsel to various landlords, attended a case conference at which the Moving Landlords raised the issue of the Claims Procedure Order, the deadline for filing of NODs, and their desire to alter the deadlines provided for by the Claims Procedure Order.
42. At that case conference, the Monitor reiterated its position that multiple extensions had already been granted, that claims should be resolved in an expeditious manner, and that any further delay would be prejudicial to the CCAA process generally. The Monitor also communicated its view that moving ahead with the claims process would help focus and expedite any possible settlement - if such settlement is achievable. The Monitor believes that this is a more accurate characterization of the case conference than set out in the affidavit of Ms. Wuthmann, who was not in attendance at the case conference. The Monitor remains of the view that the Moving Landlords’ claims should not be held in

² Applying the agreed upon valuation formula to all landlord claims.

³ Applying the agreed upon valuation formula to all landlord claims.

abeyance, and that if they cannot be resolved through settlement, they must proceed through adjudication.

43. By correspondence dated July 24, 2018, following the case conference before Justice Hainey in respect of the timing for delivery of NODs, counsel to the Moving Landlords asserted:

In the interim, as we advised the Court, we will not be filing any materials in accordance with the most recent notice of objection claims bar date suggested by the Monitor. We continue to take the position that it is inappropriate for our clients to do so in the face of the mounting uncertainty related to the deemed trust issue and that it is also practically impossible to do so on an expedited basis.

44. In response, also on July 24, 2018, the Monitor advised, “Our position on the deadline remains unchanged. If you ignore it, you do so at your client’s risk. Our letters have been clear as is the Court’s claims process order.”
45. The Monitor reiterated this stance on July 27, 2018 after the Moving Landlords took steps to schedule a motion to vary the Claims Procedure Order.
46. This correspondence is attached as **Appendix “C”**.

G. MOVING LANDLORDS’ PROOFS OF CLAIMS AND ‘NODS’

47. The Proofs of Claims submitted by the Moving Landlords lack particulars, evidence and an adequate breakdown or details of the aggregate claims amount, which are set out in large round numbers. A number of Proofs of Claims did include spreadsheets showing numerical calculations of portions of the claims asserted therein (*i.e.* a line item and the alleged damages amount), but without any supporting evidence or substantiation for the amounts claimed (see, for example, the Proof of Claim at Tab C1 of Volume 1 of the Claims Officer Record).
48. The Monitor provided NORDS with respect to the Proofs of Claims asserting claims against the Applicants. The vast majority of the claims by the Moving Landlords were rejected for their lack of particulars and evidence. Where some portion of the claims were, in the view of the Monitor, supported and verifiable, that portion of the claim was

allowed (see for example the NORD at Tab C3 of Volume 1 of the Claims Officer Record).

49. In response to these NORDs, the Moving Landlords filed their NODs on or around July 31, 2018. The NODs were purportedly filed “without prejudice”. As with the Proofs of Claims, the NODs lacked particularization or evidence of their claims.
50. By way of example, the NOD of BCIMC Realty Corp. in respect of claims 7352, 7390 and 8297 is included at Tab A4 of Volume 1 of the Adjudication Record.
51. The NOD states, among other things:
 - (a) “This Landlord rejects the Notice of Revision or Disallowance in full and continues to rely on the proof of claim, as filed, in its entirety”;
 - (b) “The claim amount in respect of the Premises is still being determined but this Landlord continues to submit that the claim shall be no less than \$50,000,000 plus applicable taxes plus additional co-tenancy amounts to be determined”;
 - (c) “As described in the Proof of Claim for this Claim, the Claim is composed of lost rent, CAM, realty taxes, outstanding receivables, co-tenancy costs, and redemising costs”;
 - (d) “Further, in accordance with section 57(b) of the Claims Procedure Order, the Landlord reserves the right to provide further evidence of support of the claims made herein ...”; and
 - (e) “The Landlord will file further material, if required, in accordance with a schedule to be set by the claims officer, on the understanding that any hearing of any substance before the claims officer would be after the Deemed Trust motion, which we understand is to be in late October.”
52. The Proof of Claim, incorporated by reference to the NOD, is included at Tab A1 of Volume 1 of the Adjudication Record. It is similarly lacking in particulars and evidence.

53. The contents of the NOD at Tab A4 of Volume 1 of the Claims Officer Record are characteristic of the NODs filed by all of the Moving Landlords. Indeed, subject to minor variations as to the quantum of the claim, the NODs filed by all of the Moving Landlords appear to be substantially identical.

H. CASE CONFERENCE OF SEPTEMBER 7, 2018

54. On August 20, 2018, the Monitor requested dates from Justice Farley to address the procedure for the hearing and determination of the claims asserted by the Moving Landlords.

55. The Moving Landlords objected to the case conference altogether, but advised they were available on September 7, 2018.

56. In connection with this case conference, counsel to the Moving Landlords advised that he had instructions to seek costs personally against the Monitor and its counsel for proceeding with the case conference. E-mail correspondence setting out the positions of the Monitor and the Moving Landlords is attached as **Appendix “D”**.

57. The Monitor nevertheless proceeded with the case conference on that date. The Monitor’s purpose in so doing was:

- (a) To be in position to proceed expeditiously with the Moving Landlords’ Claims in the event the Court refused the relief being requested on this motion; and
- (b) To provide to this Court information as to the process by which the Moving Landlords’ Claims could be adjudicated should the Court determine it was appropriate to deny the relief being requested on this motion.

Consistent with that purpose, the Monitor asked the Claims Officer to establish a schedule commencing from the release of the reasons on this motion and then leading to a timely determination of the Moving Landlords’ claims.

58. At the case conference, Justice Farley ordered that:

- (a) Moving Landlords to deliver materials (the “**Moving Landlord Materials**”) in support of the Moving Landlord Claims no later than three (3) weeks following the issuance of the decision of The Honourable Justice Hainey in respect of the September 20 Motion.
- (b) Monitor to deliver responding materials (the “**Monitor Materials**”) no later than three (3) weeks following delivery of the Moving Landlord Materials.
- (c) Case conference to be held one (1) week following delivery of the Monitor Materials.
- (d) Hearing to take place four (4) weeks following delivery of the Monitor Materials unless otherwise varied at the case conference referenced in the immediately preceding paragraph.
- (e) Counsel to Moving Landlords may advise the Monitor and Claims Officer at any time prior to the delivery of the Moving Landlord Materials that he will proceed with claims that are representative (“**Representative Claims**”) of the Moving Landlord Claims rather than proceeding with all Moving Landlord Claims, in which case the above schedule will apply *mutatis mutandis* to Representative Claims, upon agreement of the Monitor or direction by the Claims Officer.

59. A copy of a draft order to this effect was provided to the Moving Landlords on September 7, 2018, but as of the date of this Twenty-Fifth Report, has not been responded to.

I. MONITOR’S RECOMMENDATION

60. The Monitor recommends that the Court grant none of the relief requested in the Moving Landlords’ Notice of Motion.

Variation to the Claims Procedure Order

61. Absent a consensual resolution, the Deemed Trust Motion will be heard on November 1 and 2, 2018. It will not, however, be finally resolved on that date. A final determination

of the issues raised in the Deemed Trust Motion will await a determination of this Court, as well as, potentially, the hearing and determination of motions for leave to appeal, the appeals themselves, and any further motions for leave to appeal or appeals. Accordingly, the final resolution of the Deemed Trust motion may not occur for several years.

62. The Moving Landlords seek to effectively stay the Claims Procedure as it relates to their claims during the time for resolution of the Deemed Trust Motion. If this position is accepted, it is possible that other claimants would insist on similar treatment and seek the same relief. This would mean that the entirety of the Claims Process could be held in abeyance until after final resolution of the Deemed Trust motion.
63. The outstanding claims, including those of the Moving Landlords, represent a significant impediment to the administration of the estate. If the Deemed Trust Motion is ever settled, any distribution will be severely impaired by the need to resolve claims first. Until resolution of these claims, the CCAA Applicants will not be in a position to determine and make distributions to creditors, and the winding-up of the estate will be further delayed to the prejudice of all creditors.
64. Alternatively, in circumstances where the Deemed Trust Motion consumes years, institutional memory will disappear, and the estate will be materially prejudiced in the prosecution of the claims process. Not only are the Applicants required to retain staff to assist in addressing these claims, such that delay in the resolution of claims leads directly to additional costs, but also there is a significant risk that lengthy delay will result in the loss of the staff, prejudicing the ability of the Monitor, with the assistance of the Applicants, to evaluate and respond to claims. Indeed, such staffing losses have already begun to occur: the Sears Canada employee who was taking the lead in advising the Monitor of Sears Canada's views on leasing matters departed on August 31, 2018.
65. Finally, the Monitor notes that no other Claim for which a NORD has been issued has been put in abeyance, and the Monitor, in consultation with the Applicants, continues working with other claimants to resolve or progress outstanding disputes.

66. The Monitor therefore recommends proceeding with the Moving Landlords' Claims pursuant to the schedule set by the Claims Officer.

Security for costs

67. The Moving Landlords' position that it should be granted security for costs to secure the costs to be incurred in the claims process dispute, in priority to all other charges on the estate of the Applicants and *pari passu* with the Administration Charge, would result in unequal treatment among the creditors of the Applicants.
68. The Monitor recommends against an order that would benefit one group of creditors to the detriment of all others, and is not aware of any basis in law for the granting of such a charge for the benefit of an unsecured creditor.

Costs to be paid personally by the Monitor or its counsel

69. The Monitor has at all times acted in accordance with the Claims Procedure Order. The Moving Landlords' nevertheless seek to penalize the Monitor for doing so by seeking costs against the Monitor and its counsel personally.
70. The fact that the Moving Landlords have expressed a desire to vary the terms of this Order does not put the Monitor under any obligation to act as if *de facto* their request for such a variance had been granted and to desist in any steps, however minor, to proceed with the resolution of these Claims in the *interim*.
71. Similarly, the Monitor was under no obligation to vary the process and grant further extensions set out in the Claims Procedure Order, particularly in light of the previous extensions that had been granted.
72. Contrary to the allegations of the Moving Landlords, the refusal to grant such an extension was not an abuse of process or done for a collateral purpose. From the outset, the Monitor was clear that an extension was only being granted for the limited purpose of negotiating and concluding a settlement in light of the Mediation.

73. The extension sought by the Moving Landlords is wholly unrelated to that purpose, but instead seeks deferral of the Claims Procedure for an unspecified period of time, to the prejudice of all other creditors, and for the sole benefit of the Moving Landlords by allowing them to defer their claims until they have complete or near complete information relating to their potential recoveries.

The Monitor respectfully submits to the Court this, its Twenty-Fifth Report.

Dated this 13th day of September, 2018.

FTI Consulting Canada Inc.
in its capacity as Monitor of
the Sears Canada Entities

A handwritten signature in blue ink that reads "Paul Bishop". The signature is written in a cursive style and is placed on a light yellow rectangular background.

Paul Bishop
Senior Managing Director

A handwritten signature in blue ink that reads "Greg Watson". The signature is written in a cursive style and is placed on a light yellow rectangular background.

Greg Watson
Senior Managing Director

APPENDIX "A"

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**



THE HONOURABLE MR.
JUSTICE HAINEY

)
)
)

FRIDAY, THE 8th
DAY OF DECEMBER, 2017

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**")

CLAIMS PROCEDURE ORDER

THIS MOTION, made by the Applicants, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. c-36, as amended (the "CCAA") for an order establishing a claims procedure for the identification and quantification of certain claims against (i) the Applicants and SearsConnect (collectively, the "**Sears Canada Entities**") and (ii) the current and former directors and officers of the Sears Canada Entities, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion of the Applicants, the Affidavit of Billy Wong sworn on December 1, 2017 including the exhibits thereto, the Eighth Report of FTI Consulting Canada

Inc., in its capacity as monitor (the “**Monitor**”), filed, and on hearing the submissions of respective counsel for the Applicants, the Monitor, Pension Representative Counsel (as defined below), Employee Representative Counsel (as defined below), the Pension Plan Administrator (as defined below), the Superintendent (as defined below), and such other counsel as were present, no one else appearing although duly served as appears from the Affidavits of Service of Justine Erickson sworn December 4, 2017,

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Motion and the Motion Record herein is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

DEFINITIONS AND INTERPRETATION

2. THIS COURT ORDERS that any capitalized term used and not defined herein shall have the meaning ascribed thereto in the Amended and Restated Initial Order in these proceedings dated June 22, 2017 as amended, restated, supplemented and/or modified from time to time (the “**Initial Order**”).

3. THIS COURT ORDERS that for the purposes of this Order the following terms shall have the following meanings:

- (a) “**Advisors**” means, collectively, any actuarial, financial, legal and other advisors and assistants;
- (b) “**Agent**” means the contractual joint venture comprised of Gordon Brothers Canada ULC, Merchant Retail Solutions ULC, Tiger Capital Group, LLC and GA Retail Canada ULC;

- (c) “**Agency Agreements**” means: (i) the Amended and Restated Agency Agreement between Sears Canada Inc. and the Agent dated July 12, 2017 and amended and restated on July 14, 2017, and (ii) the Amended and Restated Agency Agreement between Sears Canada Inc. and the Agent dated October 10, 2017;
- (d) “**Assessments**” means Claims of Her Majesty the Queen in Right of Canada or of any Province or Territory or Municipality or any other taxation authority in any Canadian or foreign jurisdiction, including, without limitation, amounts which may arise or have arisen under any notice of assessment, notice of objection, notice of reassessment, notice of appeal, audit, investigation, demand or similar request from any taxation authority;
- (e) “**Business Day**” means a day, other than a Saturday, Sunday or statutory holiday, on which banks are generally open for business in Toronto, Ontario;
- (f) “**CCAA Proceedings**” means the CCAA proceedings commenced by the Applicants in the Court under Court File No. CV-17-11846-00CL;
- (g) “**Claim**” means:
 - (i) any right or claim of any Person against any of the Sears Canada Entities, whether or not asserted, including in connection with any indebtedness, liability or obligation of any kind whatsoever of any such Sears Canada Entity to such Person, in existence on the Filing Date, whether or not such right or claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known, or

unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including rights or claims with respect to any Assessment, Construction Claim, Warranty, any claim brought by any representative plaintiff on behalf of a class in a class action, or contract, or by reason of any equity interest; right of ownership of or title to property or assets or right to a trust or deemed trust (statutory, express, implied, resulting, constructive or otherwise), and any right or ability of any Person to advance a claim for contribution or indemnity or otherwise against any of the Sears Canada Entities with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, which right or claim, including in connection with indebtedness, liability or obligation, is based in whole or in part on facts that existed prior to the Filing Date, including for greater certainty any claim against any of the Sears Canada Entities for indemnification by any Director or Officer in respect of a D&O Claim (each, a “**Pre-Filing Claim**”, and collectively, the “**Pre-Filing Claims**”);

- (ii) any right or claim of any Sears Supplier against any of the Sears Canada Entities in connection with any non-payment by any such Sears Canada Entity to such Sears Supplier for goods or services supplied to such Sears Canada Entity on or after the Filing Date (each, a “**Post-Filing Claim**”, and collectively, the “**Post-Filing Claims**”);
- (iii) any right or claim of any Person against any of the Sears Canada Entities, including in connection with any indebtedness, liability or obligation of any

kind whatsoever of any such Sears Canada Entity to such Person, arising on or after the Filing Date, including without limitation rights or claims arising with respect to the restructuring, disclaimer, resiliation, termination or breach by such Sears Canada Entity on or after the Filing Date of any contract, lease or other agreement whether written or oral, but excluding any Post-Filing Claims (each, a “**Restructuring Period Claim**”, and collectively, the “**Restructuring Period Claims**”); and

- (iv) any right or claim of any Person against one or more of the Directors and/or Officers howsoever arising, whether or not such right or claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known, or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including any Assessments and any right or ability of any Person to advance a claim for contribution, indemnity or otherwise against any of the Directors and/or Officers with respect to any matter, action, cause or chose in action, however arising, for which any Director or Officer is alleged to be, by statute or otherwise by law or equity, liable to pay in his or her capacity as a Director or Officer (each a “**D&O Claim**”, and collectively, the “**D&O Claims**”),

including any Claim arising through subrogation against any Sears Canada Entity or Director or Officer, provided however that in any case “**Claim**” shall not include an Excluded Claim;

- (h) “**Claimant**” means any Person asserting a Claim, including without limitation any Construction Claimant, General Creditor Claimant, Landlord Claimant or Intercompany Claimant;
- (i) “**Claims Officer**” means the individuals designated by the Court pursuant to paragraph 62 of this Order;
- (j) “**Claims Process**” means the procedures outlined in this Order in connection with the solicitation and assertion of Claims against the Sears Canada Entities and/or the Directors and Officers;
- (k) “**Construction Claim**” means: (i) a Claim, including a D&O Claim, asserted under the trust provisions of applicable Provincial Lien Legislation or a Claim asserted against the holdback under applicable Provincial Lien Legislation; or (ii) a Claim secured in whole or in part by the registration of a builders’ or construction lien under applicable Provincial Lien Legislation against any real property that has been or is owned or leased by any of the Sears Canada Entities, or a Claim secured in whole or in part by any security held in connection with a Vacated or Discharged Lien;
- (l) “**Construction Claimant**” means a Person asserting a Construction Claim;
- (m) “**Construction Claims Bar Date**” means 5:00 p.m. on February 15, 2018;
- (n) “**Construction Claims Package**” means the document package consisting of a Notice of Construction Claim, a blank Notice of Dispute of Construction Claim, a Construction Contractor Instruction Letter, a Construction Sub-Contractor

Instruction Letter and such other materials as the Monitor, in consultation with the Sears Canada Entities, may consider appropriate or desirable;

- (o) “**Construction Contractor**” means a Construction Claimant contracting directly with the Sears Canada Entities or an agent of the Sears Canada Entities in connection with the improvement of any real property that has been or is owned or leased by any of the Sears Canada Entities;
- (p) “**Construction Contractor Instruction Letter**” means the instruction letter to Construction Contractors, substantially in the form attached as Schedule “M” hereto, regarding the Notice of Construction Claim, completion of a Notice of Dispute of Construction Claim by a Construction Contractor, and the Claims Process described herein, and directing such Construction Contractors to send a copy of the Notice of Construction Claim and the Construction Sub-Contractor Instruction Letter to all Construction Sub-Contractors with which such Construction Contractor has a direct contractual agreement or engagement in connection with the relevant improvement to any real property that has been or is owned or leased by any of the Sears Canada Entities;
- (q) “**Construction Sub-Contractor**” means a Construction Claimant not contracting directly with or employed directly by the Sears Canada Entities or an agent of the Sears Canada Entities but who supplied services, materials or work to an improvement to any real property that has been or is owned or leased by any of the Sears Canada Entities under an agreement (written or oral) or engagement with a Construction Contractor or under an agreement or engagement with another subcontractor of any level;

- (r) **“Construction Sub-Contractor Instruction Letter”** means the instruction letter to be sent by each Construction Contractor and Construction Sub-Contractor to all Construction Sub-Contractors with which each such Construction Contractor or Construction Sub-Contractor has a direct contractual agreement or engagement in connection with the relevant improvement, substantially in the form attached as Schedule “N” hereto, notifying such Construction Sub-Contractors that all Construction Claims in respect of their services as Construction Sub-Contractors shall be included in the Claim of the relevant Construction Contractor for the purposes of this Claims Process and directing such Construction Sub-Contractors to: (i) send a copy of the Notice of Construction Claim and the Construction Sub-Contractor Instruction Letter to all Construction Sub-Contractors with which such Construction Sub-Contractor has a direct contractual agreement or engagement in connection with the relevant improvement, and (ii) contact their Construction Contractor directly to determine and negotiate with their Construction Contractor any rights they may have with respect to any such Construction Contractor’s Construction Claim;
- (s) **“Court”** means the Ontario Superior Court of Justice (Commercial List);
- (t) **“D&O Claim Instruction Letter”** means the letter containing instructions for completing the D&O Proof of Claim form, substantially in the form attached as Schedule “D” hereto;
- (u) **“D&O Proof of Claim”** means the proof of claim to be filed by Claimants in connection with any D&O Claim, substantially in the form attached as Schedule “E” hereto, which shall include all supporting documentation in respect of such

D&O Claim; and for greater certainty, a “D&O Proof of Claim” shall include a D&O Proof of Claim filed online through the Monitor’s website;

- (v) “**Director**” means anyone who is or was or may be deemed to be or have been, whether by statute, operation of law or otherwise, a director or *de facto* director of any of the Sears Canada Entities, in such capacity;
- (w) “**Employee**” means any (i) active or inactive union or non-union employee of any one of the Sears Canada Entities on or after the Filing Date, including an employee of any one of the Sears Canada Entities who received notice of termination of employment dated on or after the Filing Date; and (ii) former employee of any one of the Sears Canada Entities who was terminated for cause at any time or who received notice of cessation of termination or severance payments dated on or after the Filing Date;
- (x) “**Employee Claim**” means a Claim, including a D&O Claim, that may be asserted by or on behalf of an Employee, and shall include any Employee Claim arising through subrogation;
- (y) “**Employee Claims Process**” means a claims process to be approved pursuant to a further Order of this Court that shall, among other things, set forth the procedure for the solicitation and assertion of Employee Claims against the Sears Canada Entities and/or the Directors and Officers;
- (z) “**Employee Letter**” means the letter from Employee Representative Counsel to be disseminated by the Monitor, in consultation with the Sears Canada Entities and Employee Representative Counsel, to all Employees represented by Employee

Representative Counsel advising, among other things, that their Employee Claims will be dealt with through a separate Employee Claims Process, which letter shall be substantially in the form attached hereto as Schedule "I";

- (aa) **"Employee Representative Counsel"** means Ursel Phillips Fellows Hopkinson LLP;
- (bb) **"Employee Representative Counsel's Website"** means <http://www.upfhlaw.ca/areas-of-practice/sears-canada-employees-and-former-employees/>;
- (cc) **"Employee Representatives"** means Paul Webber, Nancy Demeter, Sheena Wrigglesworth, Barb Wilser and Darrin Whitney, or such other representatives as may be duly appointed by Employee Representative Counsel;
- (dd) **"Excluded Claim"** means any:
 - (i) Claim that may be asserted by any beneficiary of the Administration Charge, the FA Charge, the KERP Priority Charge, the Directors' Priority Charge, the KERP Subordinated Charge and the Directors' Subordinated Charge and any other charges granted by the Court in the CCAA Proceedings, with respect to such charges;
 - (ii) Claim by the Agent under the Agency Agreements;
 - (iii) Employee Claim;
 - (iv) Sears Pension Claim;

- (v) Other Pensioner Claim;
- (vi) Monitor Claim; and
- (vii) Claim that may be asserted by any of the Sears Canada Entities against any Directors and/or Officers;

and for greater certainty, shall include any Excluded Claim arising through subrogation;

- (ee) “**Filing Date**” means June 22, 2017;
- (ff) “**General Creditor Claim**” means a Claim, other than a Construction Claim or Intercompany Claim;
- (gg) “**General Creditor Claimant**” means a Person asserting a General Creditor Claim;
- (hh) “**General Creditor Claims Bar Date**” means 5:00 p.m. on March 2, 2018;
- (ii) “**General Creditor Claims Package**” means the document package which shall be disseminated by the Monitor to any potential General Creditor Claimant in accordance with the terms of this Order (including, if practicable, by way of email, where electronic addresses are known), consisting of the Notice to General Creditor Claimants, a blank Proof of Claim, a Proof of Claim Instruction Letter, a blank D&O Proof of Claim, and a D&O Claim Instruction Letter, and such other materials as the Monitor, in consultation with the Sears Canada Entities, may consider appropriate or desirable;

- (jj) “**General Creditor Post-Filing Claims Bar Date**” means 5:00 p.m. on April 2, 2018;
- (kk) “**General Creditor Restructuring Period Claims Bar Date**” means, in respect of a Restructuring Period Claim, the later of (i) 5:00 p.m. on the date that is 45 days after the date on which the Monitor sends a General Creditor Claims Package with respect to a Restructuring Period Claim and (ii) the General Creditor Claims Bar Date;
- (ll) “**Intercompany Claim**” means any Claim that may be asserted against any of the Sears Canada Entities by or on behalf of any of the Sears Canada Entities or any of their affiliated companies, partnerships, or other corporate entities (and for greater certainty, excluding any Claim that may be asserted against any of the Sears Canada Entities by or on behalf of Sears Holdings Corporation or any of its affiliated companies, partnerships or other corporate entities that are not Sears Canada Entities) and excluding any Monitor Claim;
- (mm) “**Intercompany Claimant**” means a Person asserting an Intercompany Claim;
- (nn) “**Landlord**” means a landlord under any real property lease or occupancy agreement for any of the Applicants’ leased premises;
- (oo) “**Landlord Claim**” means any Claim, including any D&O Claim, of a Landlord;
- (pp) “**Landlord Claimant**” means a Landlord asserting a Landlord Claim;
- (qq) “**Landlord Claims Bar Date**” means, in respect of a Landlord Claim, the later of (i) 5:00 p.m. on the date that is 45 days after the date on which the Monitor sends a

General Creditor Claims Package with respect to a Landlord Claim and (ii) 5:00 p.m. on April 2, 2018;

- (rr) “**Meeting**” means any meeting of the creditors of the Sears Canada Entities called for the purpose of considering and voting in respect of a Plan;
- (ss) “**Monitor Claim**” means a Claim, including a D&O Claim and any claim pursued in accordance with section 36.1 of the CCAA, that may be asserted by the Monitor;
- (tt) “**Monitor’s Website**” means <http://cfcanada.fticonsulting.com/searscanada/>;
- (uu) “**Monitor’s Intercompany Claims Report**” shall have the meaning set out in paragraph 60 herein;
- (vv) “**Notice of Construction Claim**” means the notice, substantially in the form attached as Schedule “K” hereto, advising each Construction Contractor of its Construction Claim (which shall, for greater certainty, be deemed to include the Construction Claims of all Construction Sub-Contractors who provided materials and/or services under an agreement with the Construction Contractor or another Construction Sub-Contractor of any level in connection with the improvement) as valued by the Sears Canada Entities with the assistance of the Monitor based on the books and records of the Sears Canada Entities;
- (ww) “**Notice of Dispute of Construction Claim**” means the notice, substantially in the form attached as Schedule “L” hereto, which may be delivered to the Monitor by a Construction Contractor or, where appropriate, by a Construction Sub-Contractor disputing a Notice of Construction Claim, with reasons for its dispute;

- (xx) “**Notice to General Creditor Claimants**” means the notice for publication by the Monitor, substantially in the form attached as Schedule “A” hereto, which shall include, without limitation: (i) a notice to all Claimants (that are not Sears Suppliers) with potential General Creditor Claims below \$1,000 that such Claimants will not be provided with a General Creditor Claims Package and should obtain a copy from the Monitor’s website or request a copy from the Monitor; (ii) a notice to holders of Warranties stating that no Proofs of Claim are required to be filed in connection with any potential Warranty Claim because all Proofs of Claim with respect to potential Warranty Claims will be deemed to be properly submitted by the Sears Canada Entities, based on the Sears Canada Entities’ books and records, on behalf of each Warranty holder, and (iii) a notice informing holders of gift cards and Sears Loyalty Points that all gift cards and Sears Loyalty Points will no longer be accepted by the Sears Canada Entities after January 21, 2018;
- (yy) “**Notice of Dispute of Revision or Disallowance**” means the form substantially in the form attached as Schedule “F” hereto;
- (zz) “**Notice of Revision or Disallowance**” means the form substantially in the form attached as Schedule “G” hereto;
- (aaa) “**Officer**” means anyone who is or was or may be deemed to be or have been, whether by statute, operation of law or otherwise, an officer or *de facto* officer of any of the Sears Canada Entities, in such capacity;
- (bbb) “**Order**” means this Claims Procedure Order;

- (ccc) “**Other Employee Letter**” means the letter from the Monitor to be disseminated by the Monitor, in consultation with the Sears Canada Entities, to Employees not represented by Employee Representative Counsel (provided that where such Employees are subject to union representation, the Monitor shall only be required to send such letter to the unions representing the unionized Employees) advising, among other things, that their Employee Claims will be dealt with through a separate Employee Claims Process, which letter shall be substantially in the form attached hereto as Schedule “H”;
- (ddd) “**Other Pensioner**” means any retiree and any current or former employee of the Sears Canada Entities with (i) entitlements under the Supplemental Plan, and any other pension or retirement plan of the Sears Canada Entities (not including the Sears Pension Plan), and/or (ii) other post-employment benefits entitlements;
- (eee) “**Other Pensioner Claim**” means a Claim, including a D&O Claim, that may be asserted by or on behalf of an Other Pensioner, and shall include any Other Pensioner Claim arising through subrogation;
- (fff) “**Pensioner**” means any Sears Pensioner or Other Pensioner;
- (ggg) “**Pensioner Claim**” means any Sears Pension Claim or Other Pensioner Claim;
- (hhh) “**Pensioner Claims Process**” means a claims process to be approved pursuant to a further Order of this Court that shall, among other things, set forth the procedure for the solicitation and assertion of Pensioner Claims against the Sears Canada Entities and/or the Directors and Officers;

With such other changes as may be agreed to by Pension Representative Counsel, the Pension Plan Administrator, the Sears Canada Entities and the Monitor - 16 -

(iii) **"Pensioner Letter"** means the letter from Pension Representative Counsel to be disseminated by Pension Representative Counsel, in consultation with the Sears Canada Entities, the Pension Plan Administrator (in respect of the Sears Pension Plan) and the Monitor, to all Pensioners advising, among other things, that their Pensioner Claims will be dealt with through a separate Pensioner Claims Process, which letter shall be substantially in the form attached hereto as Schedule "J"; ***

(jjj) **"Pension Plan Administrator"** means Morneau Shepell Ltd. in its capacity as administrator of the Sears Pension Plan;

(kkk) **"Pension Plan Administrator Website"** means https://www.pensionwindups.morneaushepell.com/_private/select_plan.asp?DURL=/en/plan_info/srrp/plan_info.asp;

(lll) **"Pension Representative Counsel"** means Koskie Minsky LLP;

(mmm) **"Pension Representative Counsel's Website"** means <https://kmlaw.ca/cases/sears-canada/>;

(nnn) **"Pensioner Representatives"** means Bill Turner, Ken Eady and Larry Moore;

(ooo) **"Person"** means any individual, firm, corporation, limited or unlimited liability company, general or limited partnership, association, trust (including a real estate investment trust), unincorporated organization, joint venture, government or any agency or instrumentality thereof or any other entity;

(ppp) **"Plan"** means, as further defined in the Initial Order, any proposed plan of compromise or arrangement that may be filed in respect of any or all of the Sears

Canada Entities pursuant to the CCAA as the same may be amended, supplemented or restated from time to time in accordance the terms thereof;

- (qqq) **“Pre-Filing Period”** means the period prior to the Filing Date;
- (rrr) **“Proof of Claim”** means the proof of claim to be filed by General Creditor Claimants in respect of Pre-Filing Claims, Post-Filing Claims and Restructuring Period Claims, substantially in the form attached as Schedule “C” hereto; and for greater certainty, a “Proof of Claim” shall include a Proof of Claim filed online through the Monitor’s website;
- (sss) **“Proof of Claim Instruction Letter”** means the letter containing instructions for completing the Proof of Claim form, substantially in the form attached as Schedule “B” hereto;
- (ttt) **“Provincial Lien Legislation”** means the *Construction Lien Act*, R.S.O., 1990, c. C.30, the *Builders’ Lien Act*, R.S.A. 2000, c. B-7, the *Builders’ Lien Act*, R.S.N.S. 1989, c. 277, the *Mechanics’ Lien Act*, R.S.N.B. 1973, c. M-6, *The Builders’ Liens Act*, C.C.S.M. c. B91, the *Builders Lien Act*, S.B.C. 1997, c. 45, and any other similar provincial mechanics, builders or construction lien legislation in Canada;
- (uuu) **“Restructuring Period”** means the period on or after the Filing Date;
- (vvv) **“Sears Loyalty Points”** means any points issued and outstanding under the Sears Club Reward Program;

- (www) “**Sears Pension Claim**” means a Claim, including a D&O Claim, that may be asserted by or on behalf of a Sears Pensioner, Pension Representative Counsel, the Superintendent or the Pension Plan Administrator, and shall include any Sears Pension Claim arising through subrogation;
- (xxx) “**Sears Pension Plan**” means the Sears Canada Inc. Registered Retirement Plan (Reg. #0360065), a pension plan registered under the Ontario *Pension Benefits Act*, R.S.O. 1990, c. P.8 and *Income Tax Act*, R.S.C. 1985, c. 1 (5th Supp.) with a defined benefit component and a defined contribution component;
- (yyy) “**Sears Pensioner**” means any retiree and any current or former employee of the Sears Canada Entities with entitlements under the Sears Pension Plan;
- (zzz) “**Sears Supplier**” means any Person who has supplied goods or services to any Sears Canada Entity;
- (aaaa) “**Superintendent**” means the Ontario Superintendent of Financial Services as administrator of the Pension Benefits Guarantee Fund;
- (bbbb) “**Supplemental Plan**” means the Sears Canada Inc. Supplementary Retirement Plan, a non-registered supplemental pension plan maintained to provide benefits to eligible participants in the defined benefit component of the Sears Pension Plan;
- (cccc) “**Vacated or Discharged Liens**” means the builders’ or construction liens previously registered against title to any real property that has been or is owned or leased by any of the Sears Canada Entities under applicable Provincial Lien Legislation and that have been vacated pursuant to previous court orders or discharged pursuant to agreements with applicable Construction Claimants, in each

case in accordance with the requirements under applicable Provincial Lien Legislation; and

(dddd) “**Warranty**” means a customer warranty provided by any one of the Sears Canada Entities, including any Sears Protection Agreement but excluding any manufacturer’s warranty.

4. THIS COURT ORDERS that all references as to time herein shall mean local time in Toronto, Ontario, Canada, and any reference to an event occurring on a Business Day shall mean prior to 5:00 p.m. on such Business Day unless otherwise indicated herein, and any reference to an event occurring on a day that is not a Business Day shall mean the next following day that is a Business Day.

5. THIS COURT ORDERS that all references to the word “including” shall mean “including without limitation”, all references to the singular herein include the plural, the plural include the singular, and any gender includes all genders.

GENERAL PROVISIONS

6. THIS COURT ORDERS that any Claim denominated in a foreign currency shall be converted to Canadian dollars at the Bank of Canada exchange rate in effect at the Filing Date. For reference, the exchange rate that will be applied to Claims denominated in U.S. dollars is 1.3241 CAD/USD.

7. THIS COURT ORDERS that notwithstanding any other provisions of this Order, the solicitation by the Monitor of Proofs of Claim and D&O Proofs of Claim, the delivery by the Monitor of Notices of Construction Claim, and the filing or deemed submission by any Claimant of any Proof of Claim or D&O Proof of Claim shall not, for that reason only, grant any Person any

rights, including without limitation, in respect of the nature, quantum and priority of its Claims or its standing in the CCAA Proceedings, except as specifically set out in this Order.

8. THIS COURT ORDERS that the Monitor, in consultation with the Sears Canada Entities and the applicable Directors and Officers in respect of any D&O Claim, is hereby authorized to use reasonable discretion as to the adequacy of compliance with respect to the manner in which any forms delivered hereunder are completed and executed and the time in which they are submitted, and may, where the Monitor, in consultation with the Sears Canada Entities and the applicable Directors and Officers in respect of any D&O Claim, is satisfied that a Claim has been adequately proven, waive strict compliance with the requirements of this Order, including in respect of the completion, execution and time of delivery of such forms; provided that it is recognized and understood that certain Claims will be contingent in nature and therefore will not contain particulars of such Claims that are not yet known as at the time they are filed.

9. THIS COURT ORDERS that amounts claimed in Assessments shall be subject to this Order and there shall be no presumption of validity or deeming of the amount due in respect of the Claim set out in any Assessment.

10. THIS COURT ORDERS that the Applicants shall return to Court to seek approval of an Employee Claims Process and a Pensioner Claims Process, which shall be developed in consultation with Employee Representative Counsel, Pension Representative Counsel, the Pension Plan Administrator, the Superintendent, and the Monitor, as appropriate.

MONITOR'S ROLE

11. THIS COURT ORDERS that, in addition to its prescribed rights, duties, responsibilities and obligations under the CCAA, the Initial Order and any other orders of the Court in the CCAA Proceedings, the Monitor is hereby directed and empowered to implement the Claims Process set

out herein and to take such other actions and fulfill such other roles as are authorized by this Order or incidental thereto.

12. THIS COURT ORDERS that the Monitor (i) shall have all of the protections given to it by the CCAA, the Initial Order, any other orders of the Court in the CCAA Proceedings, and this Order, or as an officer of the Court, including the stay of proceedings in its favour; (ii) shall incur no liability or obligation as a result of the carrying out of the provisions of this Order, including in respect of its exercise of discretion as to the completion, execution or time of delivery of any documents to be delivered hereunder, other than in respect of its gross negligence or wilful misconduct; (iii) shall be entitled to rely on the books and records of the Sears Canada Entities and any information provided by the Sears Canada Entities, all without independent investigation, provided that Intercompany Claims are subject to independent investigation by the Monitor as provided in paragraph 60 herein; and (iv) shall not be liable for any claims or damages resulting from any errors or omissions in such books, records or information.

13. THIS COURT ORDERS that: (a) the Sears Canada Entities, Officers, Directors, Employees, agents and representatives shall fully cooperate with the Monitor in the exercise of its powers and discharge of its duties and obligations under this Order, and (b) any credit insurers and factors that have: (i) offered services to vendors of the Sears Canada Entities; (ii) have acquired payables of the Sears Canada Entities to such vendors, and/or (iii) have drawn on letters of credit issued by any of the Sears Canada Entities in their favour to satisfy vendor claims as a result of any non-payment by any of the Sears Canada Entities, shall fully cooperate with the Monitor and the Sears Canada Entities by providing information to assist in the assessment of the quantum and validity of Claims.

EMPLOYEE REPRESENTATIVE COUNSEL'S ROLE

14. THIS COURT ORDERS that all Employees hired by the Applicants during the Restructuring Period shall be represented by Employee Representative Counsel pursuant to the Employee Representative Counsel Order dated July 13, 2017 *nunc pro tunc*, unless such Employees specifically notify Employee Representative Counsel that such Employees wish to opt-out of representation by the Employee Representatives and Employee Representative Counsel.

15. THIS COURT ORDERS that Darrin Whitney shall replace Sara Sawyer as an Employee Representative in these CCAA Proceedings, and that Employee Representative Counsel shall hereby be authorized to appoint any additional Employee Representatives as it deems necessary or desirable from time to time.

16. THIS COURT ORDERS that, in addition to the rights, duties, responsibilities and obligations granted to it under the Employee Representative Counsel Order dated July 13, 2017 and any other orders of the Court in the CCAA Proceedings, Employee Representative Counsel is hereby directed and empowered to assist in the establishment and implementation of an Employee Claims Process and the determination of the quantum and validity of Employee Claims for Employees represented by Employee Representative Counsel, in conjunction with the Sears Canada Entities and the Monitor, and to take such other actions and fulfill such other roles as are authorized by this Order or incidental thereto.

17. THIS COURT ORDERS that Employee Representative Counsel, the Employee Representatives and any Advisors retained by Employee Representative Counsel (i) shall have no personal liability or obligations as a result of the performance of its duties in carrying out the provisions of this Order, save and except for liability arising out of gross negligence or wilful misconduct; (ii) shall be entitled to rely on the books and records of the Sears Canada Entities and

any information provided by the Sears Canada Entities, all without independent investigation; and (iii) shall not be liable for any claims or damages resulting from any errors or omissions in such books, records or information.

18. THIS COURT ORDERS that the Sears Canada Entities and the Monitor shall cooperate with Employee Representative Counsel in the exercise of its powers and discharge of its duties and obligations under this Order.

PENSION REPRESENTATIVE COUNSEL'S ROLE

19. THIS COURT ORDERS that, in addition to the rights, duties, responsibilities and obligations granted to it under the Pension Representative Counsel Order dated July 13, 2017 and any other orders of the Court in the CCAA Proceedings, Pension Representative Counsel is hereby directed and empowered to assist in the establishment and implementation of a Pensioner Claims Process and the determination of the quantum and validity of Pensioner Claims in conjunction with the Sears Canada Entities, the Monitor, the Pension Plan Administrator and the Superintendent, and to take such other actions and fulfill such other roles as are authorized by this Order or incidental thereto.

20. THIS COURT ORDERS that Pension Representative Counsel, the Pensioner Representatives and any Advisors retained by Pension Representative Counsel (i) shall have no personal liability or obligations as a result of the performance of its duties in carrying out the provisions of this Order, save and except for liability arising out of gross negligence or wilful misconduct; (ii) shall be entitled to rely on the books and records of the Sears Canada Entities and any information provided by the Sears Canada Entities, all without independent investigation; and (iii) shall not be liable for any claims or damages resulting from any errors or omissions in such books, records or information.

21. THIS COURT ORDERS that the Sears Canada Entities and the Monitor shall cooperate with Pension Representative Counsel in the exercise of its powers and discharge of its duties and obligations under this Order and with the Pension Plan Administrator and Superintendent in carrying out its duties and obligations.

NOTICE OF CLAIMS AND CLAIMS PROCESS

22. THIS COURT ORDERS that as soon as practicable, but no later than 5:00 p.m. on December 20, 2017, the Monitor shall cause a Construction Claims Package to be sent to all known Construction Claimants who are Construction Contractors, as evidenced by the books and records of the Sears Canada Entities and at the respective last known addresses as recorded in the Sears Canada Entities' books and records or in the construction lien documentation registered on title to any real property that has been or is owned or leased by any of the Sears Canada Entities, as deemed appropriate by the Monitor with the assistance of the Sears Canada Entities. The Monitor and the Sears Canada Entities shall specify in the Notice of Construction Claim included in the Construction Claims Package the Construction Contractor's Construction Claim as valued by the Sears Canada Entities, in consultation with the Monitor, based on the books and records of the Sears Canada Entities.

23. THIS COURT ORDERS that the Notice of Construction Claim provided to each Construction Contractor shall be deemed to include the Construction Claims of all Construction Sub-Contractors under an agreement (written or oral) with the Construction Contractor or another Construction Sub-Contractor of any level in connection with the improvement to any real property that has been or is owned or leased by any of the Sears Canada Entities. Each Construction Contractor and Construction Sub-Contractor is hereby directed to forward forthwith a copy of the appropriate Notice of Construction Claim and the Construction Sub-Contractor Instruction Letter

to each Construction Sub-Contractor with which it has a direct contractual agreement or engagement in connection with the relevant improvement. Any dispute regarding a Construction Claim of a Construction Sub-Contractor is to be submitted through the Construction Contractor's Notice of Dispute of Construction Claim. For greater certainty, no Construction Sub-Contractor shall be required to submit a separate Notice of Dispute of Construction Claim in respect of its Construction Claim to the extent that such Construction Sub-Contractor's Construction Claim is captured by its Construction Contractor's Notice of Construction Claim or Notice of Dispute of Construction Claim. The Construction Sub-Contractor Instruction Letter shall direct all Construction Sub-Contractors to contact their Construction Contractor directly to review and submit any disputes with respect to their Construction Claims.

24. THIS COURT ORDERS that as soon as practicable, but no later than 5:00 p.m. on December 20, 2017, the Monitor shall cause a General Creditor Claims Package to be sent to:

- (a) each party that appears on the Service List or has requested a General Creditor Claims Package; and
- (b) any Person known to the Sears Canada Entities as potentially asserting a General Creditor Claim against any of the Sears Canada Entities (excluding any potential General Creditor Claimant with a potential General Creditor Claim below \$1,000 and that is not a Sears Supplier), as evidenced by and to the respective last known address recorded in the books and records of the Sears Canada Entities.

25. THIS COURT ORDERS that the Monitor shall cause the Notice to General Creditor Claimants to be published at least three (3) times in The Globe and Mail (National Edition) and La Presse, and in such other international publications and with such frequency as is determined by the Monitor in consultation with the Sears Canada Entities.

26. THIS COURT ORDERS that the Monitor shall cause the Notice to General Creditor Claimants, the Employee Letter, the Other Employee Letter, the Pensioner Letter and the General Creditor Claims Package to be posted to the Monitor's Website by no later than 5:00 p.m. on December 13, 2017.

27. THIS COURT ORDERS that the Monitor shall: (i) cause the Employee Letter to be sent to all Employees represented by Employee Representative Counsel, and (ii) cause the Other Employee Letter to be sent to Employees not represented by Employee Representative Counsel (provided that where such Employees are subject to union representation, the Monitor shall only send such letter to the unions representing the unionized Employees), as soon as practicable but no later than 5:00 p.m. on December 20, 2017.

28. THIS COURT ORDERS that the Applicants shall cause the Employee Letter, the Other Employee Letter and the Pensioner Letter to be posted to the my.sears.ca portal, as soon as practicable but no later than 5:00 p.m. on December 20, 2017.

29. THIS COURT ORDERS that Employee Representative Counsel shall cause the Employee Letter to be posted to Employee Representative Counsel's Website, as soon as practicable but no later than 5:00 p.m. on December 20, 2017.

30. THIS COURT ORDERS that Pension Representative Counsel shall (i) cause the Pensioner Letter to be sent to all Pensioners, and (ii) cause the Pensioner Letter to be posted to Pension Representative Counsel's Website, as soon as practicable but no later than 5:00 p.m. on December 20, 2017.

31. THIS COURT ORDERS that the Pension Plan Administrator shall cause the Pensioner Letter to be posted to the Pension Plan Administrator Website, as soon as practicable but no later than 5:00 p.m. on December 20, 2017.

32. THIS COURT ORDERS that to the extent any Claimant requests documents or information relating to the Claims Process prior to the General Creditor Claims Bar Date, the General Creditor Post-Filing Claims Bar Date, the General Creditor Restructuring Period Claims Bar Date, or the Landlord Claims Bar Date, as applicable, the Monitor shall forthwith send such Claimant a General Creditor Claims Package, and shall direct such Claimant to the documents posted on the Monitor's Website or otherwise respond to the request for documents or information as the Monitor, in consultation with the Sears Canada Entities, may consider appropriate in the circumstances. If the Sears Canada Entities or the Monitor become aware of any further General Creditor Claims after the mailing contemplated in paragraph 24, the Monitor shall forthwith send such potential General Creditor Claimant a General Creditor Claims Package or may direct such potential Claimant to the documents posted on the Monitor's Website.

33. THIS COURT ORDERS that to the extent any Construction Claimant requests documents or information relating to the Claims Process prior to the Construction Claims Bar Date, or if the Sears Canada Entities or the Monitor become aware of any further Construction Claims, the Monitor shall respond to the request for documents or information as the Monitor, in consultation with the Sears Canada Entities, may consider appropriate in the circumstances, and/or, if appropriate, shall send such Claimant a Construction Claims Package.

34. THIS COURT ORDERS that any notices of disclaimer or resiliation delivered after the date of this Order to potential General Creditor Claimants in connection with any action taken by the Sears Canada Entities to restructure, disclaim, resiliate, terminate or breach any contract, lease

or other agreement, whether written or oral, pursuant to the terms of the Initial Order, shall be accompanied by a General Creditor Claims Package.

35. THIS COURT ORDERS that the Claims Process and the forms of Notice to General Creditor Claimants, Proof of Claim Instruction Letter, D&O Claim Instruction Letter, Employee Letter, Other Employee Letter, Pensioner Letter, Proof of Claim, D&O Proof of Claim, Notice of Revision or Disallowance, Notice of Dispute of Revision or Disallowance, Notice of Construction Claim, Notice of Dispute of Construction Claim, Construction Contractor Instruction Letter, and Construction Sub-Contractor Instruction Letter are hereby approved, subject to any minor non-substantive changes to the forms as the Monitor and the Sears Canada Entities may consider necessary or desirable to be made from time to time.

36. THIS COURT ORDERS that the sending of the Construction Claims Package, the Construction Sub-Contractor Instruction Letter, the Employee Letter, the Other Employee Letter, the Pensioner Letter, and the General Creditor Claims Package to the applicable Persons as described above, and the publication of the Notice to General Creditor Claimants, in accordance with this Order, shall constitute good and sufficient service and delivery of notice of this Order, the Construction Claims Bar Date, the General Creditor Claims Bar Date, the General Creditor Post-Filing Claims Bar Date, the General Creditor Restructuring Period Claims Bar Date and the Landlord Claims Bar Date on all Persons who may be entitled to receive notice and who may wish to assert a Claim, and no other notice or service need be given or made and no other document or material need be sent to or served upon any Person in respect of this Order.

FILING OF PROOFS OF CLAIM

(A) Pre-Filing Claims

37. THIS COURT ORDERS that any General Creditor Claimant, excluding any Landlord Claimant, that intends to assert a Pre-Filing Claim or D&O Claim relating to the Pre-Filing Period shall file a Proof of Claim or D&O Proof of Claim, as applicable, with the Monitor on or before the General Creditor Claims Bar Date. Any General Creditor Claimant may file a Proof of Claim or D&O Proof of Claim through the online portal on the Monitor's website, and such Proof of Claim or D&O Proof of Claim shall be deemed to have been received by the Monitor as of the time it is submitted on the Monitor's website. For the avoidance of doubt, a Proof of Claim or D&O Proof of Claim, as applicable, must be filed by every such General Creditor Claimant in respect of every such Pre-Filing Claim or D&O Claim relating to the Pre-Filing Period, regardless of whether or not a legal proceeding in respect of such Pre-Filing Claim or D&O Claim has been previously commenced.

38. THIS COURT ORDERS that any General Creditor Claimant, excluding any Landlord Claimant, that does not file a Proof of Claim or D&O Proof of Claim, as applicable, so that such Proof of Claim or D&O Proof of Claim is received by the Monitor on or before the General Creditor Claims Bar Date, or such later date as the Monitor may agree in writing or the Court may otherwise direct:

- (a) be and is hereby forever barred, estopped and enjoined from asserting or enforcing any such Pre-Filing Claim or any such D&O Claim relating to the Pre-Filing Period and all such Pre-Filing Claims or D&O Claims shall be forever extinguished;
- (b) will not be permitted to vote at any Meeting on account of such Pre-Filing Claim(s) or D&O Claim(s) relating to the Pre-Filing Period;

- (c) will not be entitled to receive further notice with respect to the Claims Process or these proceedings unless the Monitor and/or the Sears Canada Entities become aware that such General Creditor Claimant has any other Claim; and
- (d) will not be permitted to participate in any distribution under any Plan on account of such Pre-Filing Claim(s) or D&O Claim(s).

(B) Post-Filing Claims

39. THIS COURT ORDERS that after the date of this Order, upon becoming aware of a potential Post-Filing Claim, the Monitor shall send a General Creditor Claims Package to the General Creditor Claimant in respect of such Post-Filing Claim in the manner provided for herein or may direct such potential Claimant to the documents posted on the Monitor's website.

40. THIS COURT ORDERS that any General Creditor Claimant, excluding any Landlord Claimant, that intends to assert a Post-Filing Claim shall file a Proof of Claim with the Monitor on or before the General Creditor Post-Filing Claims Bar Date. Any General Creditor Claimant, excluding any Landlord Claimant, may file a Proof of Claim through the online portal on the Monitor's website, and such Proof of Claim shall be deemed to have been received by the Monitor as of the time it is submitted on the Monitor's website.

41. THIS COURT ORDERS that any General Creditor Claimant, excluding any Landlord Claimant, that does not file a Proof of Claim in respect of a Post-Filing Claim so that such Proof of Claim is received by the Monitor on or before the General Creditor Post-Filing Claims Bar Date, or such later date as the Monitor may agree in writing or the Court may otherwise direct:

- (a) be and is hereby forever barred, estopped and enjoined from asserting or enforcing any such Post-Filing Claim and all such Post-Filing Claims shall be forever extinguished;
- (b) will not be permitted to vote at any Meeting on account of such Post-Filing Claim(s);
- (c) will not be entitled to receive further notice with respect to the Claims Process or these proceedings unless the Monitor and/or the Sears Canada Entities become aware that such General Creditor Claimant has any other Claim; and
- (d) will not be permitted to participate in any distribution under any Plan on account of such Post-Filing Claim(s).

(C) Restructuring Period Claims

42. THIS COURT ORDERS that after the date of this Order, upon becoming aware of a circumstance giving rise to a potential Restructuring Period Claim, the Monitor shall send a General Creditor Claims Package to the General Creditor Claimant in respect of such Restructuring Period Claim in the manner provided for herein or may direct such potential Claimant to the documents posted on the Monitor's Website.

43. THIS COURT ORDERS that any General Creditor Claimant, excluding any Landlord Claimant, that intends to assert a Restructuring Period Claim or D&O Claim relating to the Restructuring Period shall file a Proof of Claim or D&O Proof of Claim, as applicable, with the Monitor on or before the General Creditor Restructuring Period Claims Bar Date. Any General Creditor Claimant, excluding any Landlord Claimant, may file a Proof of Claim or D&O Proof of Claim through the online portal on the Monitor's website, and such Proof of Claim or D&O Proof

of Claim shall be deemed to have been received by the Monitor as of the time it is submitted on the Monitor's website. For the avoidance of doubt, a Proof of Claim or D&O Proof of Claim must be filed by every such General Creditor Claimant in respect of every such Restructuring Period Claim or D&O Claim relating to the Restructuring Period, regardless of whether or not a legal proceeding in respect of such Restructuring Period Claim or D&O Claim has been previously commenced.

44. THIS COURT ORDERS that any General Creditor Claimant, excluding any Landlord Claimant, that does not file a Proof of Claim or D&O Proof of Claim, as applicable, so that such Proof of Claim or D&O Proof of Claim is received by the Monitor on or before the General Creditor Restructuring Period Claims Bar Date, or such later date as the Monitor may agree in writing or the Court may otherwise direct:

- (a) be and is hereby forever barred, estopped and enjoined from asserting or enforcing any such Restructuring Period Claim or any such D&O Claim relating to the Restructuring Period and all such Restructuring Period Claims or D&O Claims shall be forever extinguished;
- (b) will not be permitted to vote at any Meeting on account of such Restructuring Period Claim(s) or D&O Claim(s);
- (c) will not be entitled to receive further notice with respect to the Claims Process or these proceedings unless the Monitor and/or the Sears Canada Entities become aware that such General Creditor Claimant has any other Claim; and
- (d) will not be permitted to participate in any distribution under any Plan on account of such Restructuring Period Claim(s) or D&O Claim(s).

(D) Landlord Claims

45. THIS COURT ORDERS that any Landlord Claimant that intends to assert a Landlord Claim shall file a Proof of Claim or D&O Proof of Claim, as applicable, with the Monitor on or before the Landlord Claims Bar Date. Any Landlord Claimant may file a Proof of Claim or D&O Proof of Claim through the online portal on the Monitor's website, and such Proof of Claim or D&O Proof of Claim shall be deemed to have been received by the Monitor as of the time it is submitted on the Monitor's website. For the avoidance of doubt, a Proof of Claim or D&O Proof of Claim, as applicable, must be filed by every Landlord Claimant in respect of every Landlord Claim, regardless of whether or not a legal proceeding in respect of such Claim has been previously commenced.

46. THIS COURT ORDERS that any Landlord Claimant that does not file a Proof of Claim or D&O Proof of Claim, as applicable, so that such Proof of Claim or D&O Proof of Claim is received by the Monitor on or before the Landlord Claims Bar Date, or such later date as the Monitor may agree in writing or the Court may otherwise direct:

- (a) be and is hereby forever barred, estopped and enjoined from asserting or enforcing any such Landlord Claim and all such Landlord Claims shall be forever extinguished;
- (b) will not be permitted to vote at any Meeting on account of such Landlord Claim(s);
- (c) will not be entitled to receive further notice with respect to the Claims Process or these proceedings unless the Monitor and/or the Sears Canada Entities become aware that such Landlord Claimant has any other Claim; and

- (d) will not be permitted to participate in any distribution under any Plan on account of such Landlord Claim(s).

47. THIS COURT ORDERS that the provisions of paragraphs 37, 38, 40, 41, and 43 to 46 herein shall not apply to Intercompany Claims or any Claims with respect to Warranties. Proofs of Claim for all Claims with respect to Warranties shall be deemed to have been properly submitted as Pre-Filing Claims or Restructuring Period Claims, as applicable, in accordance with the applicable requirements of this Order.

ADJUDICATION OF CLAIMS OTHER THAN INTERCOMPANY CLAIMS

48. THIS COURT ORDERS that, for greater certainty, the procedures outlined in paragraphs 49 to 59 herein shall not apply to the adjudication of Intercompany Claims.

Construction Claims

49. THIS COURT ORDERS that if a Construction Claimant disputes the amount of the Claim, including any D&O Claim, as set out in the Notice of Construction Claim, such Construction Claimant shall ensure that the Construction Contractor who received such Notice of Construction Claim shall deliver to the Monitor a Notice of Dispute of Construction Claim. All Notices of Dispute of Construction Claim must be received by the Monitor by no later than the Construction Claims Bar Date.

50. THIS COURT ORDERS that, in the event that a dispute raised in a Notice of Dispute of Construction Claim is not settled within a time period or in a manner satisfactory to the Monitor, in consultation with the Sears Canada Entities and the applicable Directors and Officers in respect of any D&O Claim included in a Notice of Dispute of Construction Claim, the Monitor shall refer the dispute raised in the Notice of Dispute of Construction Claim to a Claims Officer or the Court for adjudication at its election. For greater certainty, any party may file additional evidence,

documentation, reports or information on any hearing to resolve the issues raised in a Notice of Dispute of Construction Claim and no party will object to the filing of such additional evidence on the basis that such evidence, documentation, report or information was not included in the initial Notice of Construction Claim or Notice of Dispute of Construction Claim.

51. THIS COURT ORDERS that if a Construction Contractor does not deliver to the Monitor a completed Notice of Dispute of Construction Claim, and no other Notices of Dispute of Construction Claim have been received by the Monitor from any Construction Sub-Contractors in respect of such Claim, by the Construction Claims Bar Date disputing the Construction Claim as set out in a Notice of Construction Claim, then all Construction Claimants associated with such Notice of Construction Claim shall be deemed to have accepted the Construction Contractor's Construction Claim and no such Construction Claimant shall have any further right to dispute same.

52. THIS COURT ORDERS that the Monitor shall make reasonable efforts to promptly deliver a copy of any Notice of Dispute of Construction Claim that asserts a Construction Claim against any of the Directors and Officers to such named Directors and Officers.

General Creditor Proofs of Claim

53. THIS COURT ORDERS that the Monitor, in consultation with the Sears Canada Entities, shall review each Proof of Claim submitted in accordance with this Order and received on or before the General Creditor Claims Bar Date, the General Creditor Post-Filing Claims Bar Date, the General Creditor Restructuring Period Claims Bar Date, or the Landlord Claims Bar Date, as applicable, and shall accept, revise or reject each Claim set forth in each such Proof of Claim.

54. THIS COURT ORDERS that the Monitor shall make reasonable efforts to promptly deliver a copy of any D&O Proofs of Claim, Notices of Revision or Disallowance with respect to any

D&O Claim, and Notices of Dispute of Revision or Disallowance with respect to any D&O Claim, to the applicable Directors and Officers named therein.

55. THIS COURT ORDERS that the Monitor, in consultation with the Sears Canada Entities and the applicable Directors and Officers named in any D&O Proof of Claim, and any counsel for such Directors and Officers, shall review each D&O Proof of Claim submitted in accordance with this Order and received on or before the General Creditor Claims Bar Date, the General Creditor Restructuring Period Claims Bar Date or the Landlord Claims Bar Date, as applicable. The Monitor shall accept, revise or reject each Claim set forth in each such D&O Proof of Claim, provided that the Monitor shall not accept or revise any portion of a D&O Claim absent consent of the applicable Directors and Officers or further Order of the Court.

56. THIS COURT ORDERS that the Monitor shall notify the General Creditor Claimant who has delivered such Proof of Claim or D&O Proof of Claim, as applicable, that such Claim has been revised or rejected and the reasons therefor, by sending a Notice of Revision or Disallowance by no later than July 31, 2018 or such later date as ordered by the Court on application by the Monitor.

57. THIS COURT ORDERS that any General Creditor Claimant who intends to dispute a Notice of Revision or Disallowance hereof shall:

- (a) deliver a completed Notice of Dispute of Revision or Disallowance, along with the reasons for the dispute, to the Monitor by no later than thirty (30) days after the date on which the General Creditor Claimant is deemed to receive the Notice of Revision or Disallowance, or such other date as may be agreed to by the Monitor in writing (provided that any General Creditor Claimant may file such Notice of Dispute of Revision or Disallowance through the online portal on the Monitor's website, and such Notice of Dispute of Revision or Disallowance shall be deemed

to have been received by the Monitor as of the time it is submitted on the Monitor's website); and

- (b) in the event that a dispute raised in a Notice of Dispute of Revision or Disallowance is not settled within a time period or in a manner satisfactory to the Monitor, in consultation with the Sears Canada Entities and the applicable Directors and Officers in respect of any D&O Claim, the Monitor shall refer the dispute raised in the Notice of Dispute of Revision or Disallowance to a Claims Officer or the Court for adjudication at its election. For greater certainty, any party may file additional evidence, documentation, reports or information on any hearing to resolve the issues raised in a Notice of Dispute of Revision or Disallowance and no party will object to the filing of such additional evidence on the basis that such evidence, documentation, report or information was not included in the initial Proof of Claim, D&O Proof of Claim or Notice of Revision or Disallowance.

58. THIS COURT ORDERS that where a General Creditor Claimant that receives a Notice of Revision or Disallowance does not file a completed Notice of Dispute of Revision or Disallowance by the time set out in paragraph 57(a), such General Creditor Claimant's Claim or D&O Claim relating to such Claim shall be deemed to be as set out in the Notice of Revision or Disallowance and such General Creditor Claimant shall have no further right to dispute same.

59. THIS COURT ORDERS that the Monitor, in consultation with the Sears Canada Entities and the applicable Directors and Officers in respect of any D&O Claim, may refer any Claim to a Claims Officer or the Court for adjudication at its election by sending written notice to the applicable parties at any time.

INTERCOMPANY CLAIMS

60. THIS COURT ORDERS that the Monitor shall prepare a report to be served on the Service List and filed with the Court for the Court to consider, detailing its review of all Intercompany Claims and assessing in detail with reasonably sufficient particulars and analysis the validity and quantum of such Claims (the “**Monitor’s Intercompany Claims Report**”). The Monitor’s Intercompany Claims Report shall be served on or before the General Creditor Claims Bar Date, unless otherwise ordered by this Court on application by the Monitor and shall contain a recommendation with respect to the next steps to be taken, if any, with respect to the determination and adjudication of Intercompany Claims. For greater certainty, nothing in the Monitor’s Intercompany Claims Report shall bind the Court with respect to its determination of the Intercompany Claims as the Court sees fit, including without limitation, the validity, priority or quantum of such Intercompany Claims.

61. THIS COURT ORDERS that each Intercompany Claim identified in the Monitor’s Intercompany Claims Report shall be deemed to have been properly submitted through a Proof of Claim in respect of such Intercompany Claim by the Intercompany Claimant as if such Claim was a Pre-Filing Claim or Restructuring Period Claim, as applicable, in accordance with the requirements of this Order, and any Intercompany Claims not included in the Monitor’s Intercompany Claims Report shall be deemed to be a General Creditor Claim barred pursuant to paragraph 38 of this Order.

CLAIMS OFFICER

62. THIS COURT ORDERS that the Hon. Mr. James Farley, Q.C., and such other Persons as may be appointed by the Court from time to time on application of the Monitor, in consultation with the Sears Canada Entities, be and are hereby appointed as Claims Officers for the Claims Process. The Monitor, in consultation with the Sears Canada Entities, is hereby permitted to seek

the Court's referral of a disputed Construction Claim to a Construction Lien Master, who shall be appointed as a Claims Officer hereunder, in accordance with applicable Provincial Lien Legislation.

63. THIS COURT ORDERS that a Claims Officer shall determine the validity and amount of disputed Claims in accordance with this Order and to the extent necessary may determine whether any Claim or part thereof constitutes an Excluded Claim and shall provide written reasons. A Claims Officer shall determine all procedural matters which may arise in respect of his or her determination of these matters, including the manner in which any evidence may be adduced. A Claims Officer shall have the discretion to determine by whom and to what extent the costs of any hearing before a Claims Officer shall be paid.

64. THIS COURT ORDERS that the Monitor, the General Creditor Claimant, the Sears Canada Entities and the applicable Directors and Officers in respect of any D&O Claim may, within ten (10) days of such party receiving notice of a Claims Officer's determination of the value of a General Creditor Claimant's Claim, appeal such determination or any other matter determined by the Claims Officer in accordance with paragraph 63 or otherwise to the Court by filing a notice of appeal, and the appeal shall be initially returnable for scheduling purposes within ten (10) days of filing such notice of appeal.

65. THIS COURT ORDERS that the Monitor, any Construction Claimant, including a Construction Sub-Contractor, the Sears Canada Entities and the applicable Directors and Officers in respect of any D&O Claim relating to a Construction Claim may, within ten (10) days of such party receiving notice of a Claims Officer's determination of the value of a Construction Contractor's Construction Claim, appeal such determination or any other matter determined by the Claims Officer in accordance with paragraph 63 or otherwise to the Court by filing a notice of

appeal, and the appeal shall be initially returnable for scheduling purposes within ten (10) days of filing such notice of appeal.

66. THIS COURT ORDERS that, if no party appeals the determination of value of a Claim by a Claims Officer in accordance with the requirements set out in paragraphs 64 and 65 above, the decision of the Claims Officer in determining the value of the Claim shall be final and binding upon the Sears Canada Entities, the Monitor, the applicable Directors and Officers in respect of a D&O Claim and the Claimant, and there shall be no further right of appeal, review or recourse to the Court from the Claims Officer's final determination of a Claim.

67. THIS COURT ORDERS that the provisions of paragraphs 62 to 66 herein shall not apply to Intercompany Claims.

NOTICE OF TRANSFEREES

68. THIS COURT ORDERS that, from the date of this Order until seven (7) days prior to the date fixed by the Court for any distribution in the CCAA Proceedings or any other proceeding, including a bankruptcy, leave is hereby granted to permit a Claimant to provide to the Monitor notice of assignment or transfer of a Claim to any third party, and that no assignment or transfer of a partial Claim shall be permitted.

69. THIS COURT ORDERS that, subject to the terms of any subsequent Order of this Court, if, after the Filing Date, the holder of a Claim transfers or assigns the whole of such Claim to another Person, neither the Monitor nor the Sears Canada Entities shall be obligated to give notice to or otherwise deal with the transferee or assignee of such Claim in respect thereof unless and until actual notice of transfer or assignment, together with satisfactory evidence of such transfer or assignment, shall have been received and acknowledged by the Monitor in writing and thereafter such transferee or assignee shall, for the purposes hereof, constitute the "Claimant" in respect of

the whole of such Claim. Any such transferee or assignee of a Claim shall be bound by any notices given or steps taken in respect of such Claim in accordance with this Order prior to receipt and acknowledgement by the Monitor of satisfactory evidence of such transfer or assignment. A transferee or assignee of a Claim takes the Claim subject to any rights of set-off to which the Sears Canada Entities and/or the applicable Directors and Officers may be entitled with respect to such Claim. For greater certainty, a transferee or assignee of a Claim is not entitled to set-off, apply, merge, consolidate or combine any Claim assigned or transferred to it against or on account or in reduction of any amounts owing by such Person to the Sears Canada Entities or the applicable Directors and Officers.

SERVICE AND NOTICE

70. THIS COURT ORDERS that the Monitor may, unless otherwise specified by this Order, serve and deliver or cause to be served and delivered the Construction Claims Package, the Employee Letter, the Other Employee Letter and the General Creditor Claims Package, and any letters, notices or other documents, to the appropriate Claimants, Employees, Pensioners, unions, or other interested Persons by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery, facsimile transmission or email to such Persons at the physical or electronic address, as applicable, last shown on the books and records of the Sears Canada Entities or, where applicable, as set out in such Claimant's Proof of Claim or D&O Proof of Claim.

71. THIS COURT ORDERS that Pension Representative Counsel may, unless otherwise specified by this Order, serve and deliver or cause to be served and delivered the Pensioner Letter, and any letters, notices or other documents, to the Pensioners by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery, facsimile transmission or email to such Persons

at the physical or electronic address, as applicable, last shown on the books and records of the Sears Canada Entities.

72. THIS COURT ORDERS that such service and delivery of any documents in connection with this Claims Process shall be deemed to have been received: (i) if sent by ordinary mail, on the third Business Day after mailing to an address within Ontario, the fifth Business Day after mailing to an address within Canada (other than within Ontario), and the tenth Business Day after mailing to an address internationally; (ii) if sent by courier or personal delivery, on the next Business Day following dispatch; and (iii) if delivered by facsimile transmission or email by 5:00 p.m. on a Business Day, on such Business Day and if delivered after 5:00 p.m. or other than on a Business Day, on the following Business Day.

73. THIS COURT ORDERS that any notice or communication required to be provided or delivered by a Claimant to the Monitor under this Order shall, unless otherwise specified in this Order, be in writing in substantially the form, if any, provided for in this Order and will be sufficiently given only if delivered by prepaid ordinary mail, registered mail, courier, personal delivery, facsimile transmission or email addressed to:

FTI Consulting Canada Inc., Sears Canada Monitor
TD Waterhouse Tower
79 Wellington Street West
Suite 2010, P.O. Box 104
Toronto, ON M5K 1G8

Attention: Sears Canada Claims Process
Email: searscanada@fticonsulting.com
Fax: 416-649-8101

Subject to paragraphs 37, 43 and 57(a) hereto, any such notice or communication delivered by a Claimant shall be deemed received upon actual receipt by the Monitor thereof during normal

business hours on a Business Day, or if delivered outside of normal business hours, the next Business Day.

74. THIS COURT ORDERS that if, during any period during which notices or other communications are being given pursuant to this Order, a postal strike or postal work stoppage of general application should occur, such notices or other communications sent by ordinary or registered mail and then not received shall not, absent further Order of this Court, be effective and notices and other communications given hereunder during the course of any such postal strike or work stoppage of general application shall only be effective if given by courier, personal delivery, facsimile transmission or email in accordance with this Order.

MISCELLANEOUS

75. THIS COURT ORDERS that the Sears Canada Entities, the Monitor, Employee Representative Counsel, Pension Representative Counsel, the Pension Plan Administrator and the Superintendent may from time to time apply to this Court to extend the time for any action which the Sears Canada Entities, the Monitor, Employee Representative Counsel, Pension Representative Counsel, the Pension Plan Administrator or the Superintendent is required to take if reasonably required to carry out its duties and obligations pursuant to this Order and for advice and directions concerning the discharge of its powers and duties under this Order or the interpretation or application of this Order.

76. THIS COURT ORDERS that nothing in this Order shall prejudice the rights and remedies of any Directors or Officers or other Persons under the Directors' Priority Charge, the Directors' Subordinated Charge or any applicable insurance policy or prevent or bar any Person from seeking recourse against or payment from the Sears Canada Entities' insurance or any Director's or Officer's liability insurance policy or policies that exist to protect or indemnify the Directors or

Officers or other Persons, whether such recourse or payment is sought directly by the Person asserting a Claim from the insurer or derivatively through the Director or Officer or any Sears Canada Entity; provided, however, that nothing in this Order shall create any rights in favour of such Person under any policies of insurance nor shall anything in this Order limit, remove, modify or alter any defence to such Claim available to the insurer pursuant to the provisions of any insurance policy or at law; and further provided that any Claim or portion thereof for which the Person receives payment directly from, or confirmation that he or she is covered by, the Sears Canada Entities' insurance or any Director's or Officer's liability insurance or other liability insurance policy or policies that exist to protect or indemnify the Directors or Officers or other Persons shall not be recoverable as against a Sears Canada Entity or Director or Officer as applicable.

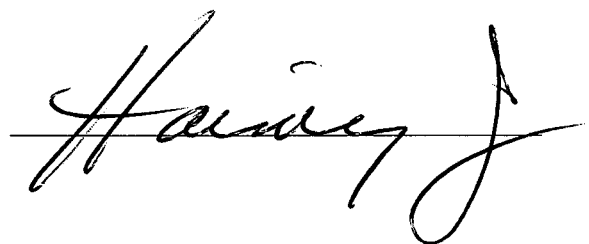
77. THIS COURT ORDERS that this Order shall have full force and effect in all provinces and territories in Canada.

78. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative bodies, having jurisdiction in Canada or in the United States of America, to give effect to this Order and to assist the Sears Canada Entities, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Sears Canada Entities and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Sears Canada Entities and the Monitor and their respective agents in carrying out the terms of this Order.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

DEC 08 2017

PER / PAR:



SCHEDULE A
NOTICE TO CREDITORS AND OTHERS OF FILING OF CLAIMS AGAINST THE
SEARS CANADA ENTITIES AND/OR THEIR DIRECTORS AND OFFICERS

RE: NOTICE OF CLAIMS PROCESS AND CLAIMS BAR DATE IN COMPANIES' CREDITORS ARRANGEMENT ACT PROCEEDINGS 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., 4201731 CANADA INC., 168886 CANADA INC., 3339611 CANADA INC. and SEARSCONNECT (COLLECTIVELY, THE "SEARS CANADA ENTITIES")

PLEASE TAKE NOTICE that on [December 8], 2017, the Ontario Superior Court of Justice (Commercial List) issued an order (the "Claims Procedure Order") in the *Companies' Creditors Arrangement Act* proceedings of the Sears Canada Entities, commencing a claims procedure (the "Claims Process") for the purpose of identifying and determining all Claims against the Sears Canada Entities and their respective Directors and Officers (including former directors and officers). Capitalized terms used but not defined herein have the meanings ascribed to them in the Claims Procedure Order. Please review the Claims Procedure Order for the complete definitions of "Claim", "Pre-Filing Claim", "Restructuring Period Claim", "Post-Filing Claim", "Construction Claim", "Landlord Claim" and "D&O Claim" to which the Claims Process applies.

The Claims Procedure Order requires that all Persons who assert or wish to assert a Claim against the Sears Canada Entities, whether unliquidated, contingent or otherwise, and all Persons who assert a Claim against Directors or Officers of the Sears Canada Entities, MUST file a Proof of Claim or D&O Proof of Claim, as applicable, with FTI Consulting Canada Inc. in its capacity as Monitor of the Sears Canada Entities (the "Monitor") on or before 5:00 p.m. (Toronto time) on March 2, 2018 (or (i) in the case of a Restructuring Period Claim, on or before the applicable Restructuring Period Claims Bar Date, (ii) in the case of a Post-Filing Claim, on or before April 2, 2018, and (iii) in the case of a Landlord Claim, on or before the applicable Landlord Claims Bar Date).

Certain Claimants are exempted from the requirement to file a Proof of Claim or D&O Proof of Claim, as applicable, at this time including: (a) current or former employees of the Sears Canada Entities, whose Claims (of any type) are to be addressed in a future claims process being developed by the Sears Canada Entities and the Monitor, working in conjunction with Employee Representative Counsel, Pension Representative Counsel, the Pension Administrator and the Superintendent; (b) holders of Construction Claims, as Construction Contractors (as defined in the Claims Procedure Order) will be contacted by the Monitor in respect of such Construction Claims; and (c) holders of any customer warranty provided by a Sears Canada Entity for any Claim in respect of such warranty.

Please also take notice that effective as of January 21, 2018, Sears Loyalty Points and gift cards will no longer be honoured by the Sears Canada Entities.

The General Creditor Claims Bar Date is 5:00 p.m. (Toronto time) on March 2, 2018. Proofs of Claim in respect of Pre-Filing Claims against one or more of the Sears Canada Entities, and

D&O Proofs of Claim against any of the Directors and/or Officers of the Sears Canada Entities in respect of the Pre-Filing Period (*i.e.*, Claims arising prior to June 22, 2017), must be completed and filed with the Monitor on or before the General Creditor Claims Bar Date.

The General Creditor Restructuring Period Claims Bar Date is 5:00 pm (Toronto time) on the date that is the later of (i) 45 days after the date on which the Monitor sends a General Creditor Claims Package with respect to a Restructuring Period Claim and (ii) the General Creditor Claims Bar Date. Proofs of Claim and D&O Proofs of Claim in respect of Restructuring Period Claims must be completed and filed with the Monitor on or before the General Creditor Restructuring Period Claims Bar Date.

The General Creditor Post-Filing Claims Bar Date is 5:00 p.m. (Toronto time) on April 2, 2018. Proofs of Claim in respect of Post-Filing Claims (*i.e.*, claims for non-payment of goods or services supplied to a Sears Canada Entity on or after June 22, 2017) must be completed and filed with the Monitor on or before the General Creditor Post-Filing Claims Bar Date.

The Landlord Claims Bar Date is 5:00 pm (Toronto time) on the date that is the later of (i) 45 days after the date on which the Monitor sends a General Creditor Claims Package with respect to a Landlord Claim and (ii) April 2, 2018. Proofs of Claim and D&O Proofs of Claim in respect of Landlord Claims must be completed and filed with the Monitor on or before the Landlord Claims Bar Date.

Only Proofs of Claim and D&O Proofs of Claim actually received by the Monitor on or before 5:00 p.m. (Toronto time) on March 2, 2018 (or in the case of (i) a Restructuring Period Claim, on or before the Restructuring Period Claims Bar Date, (ii) in the case of a Post-Filing Claim, on or before the General Creditor Post-Filing Claims Bar Date, or (iii) in the case of a Landlord Claim, on or before the Landlord Claims Bar Date) will be considered filed on time.

FAILURE TO FILE A PROOF OF CLAIM OR D&O PROOF OF CLAIM SO IT IS RECEIVED BY THE APPLICABLE CLAIMS BAR DATE WILL RESULT IN YOUR CLAIM BEING BARRED AND EXTINGUISHED FOREVER.

Pursuant to the Claims Procedure Order, General Creditor Claims Packages, including the form of Proof of Claim and D&O Proof of Claim, will be sent by the Monitor to all known General Creditor Claimants with potential Claims above \$1,000, and to all Sears Suppliers.¹ A copy of the Claims Procedure Order, the General Creditor Claims Package (including copies of the Proof of Claim and D&O Proof of Claim forms), and other public information concerning these CCAA Proceedings may also be found at the Monitor's website at cfcanda.fticonsulting.com/searscanada.

Claimants can also, and are in fact strongly encouraged to, submit their Proofs of Claim or D&O Proofs of Claim, as applicable, at this website.

Claimants requiring further information or claim documentation, or who wish to submit a Proof of Claim or D&O Proof of Claim to the Monitor, may contact the Monitor at the following address:

FTI Consulting Canada Inc., Sears Canada Monitor

¹ This sentence to be deleted from all forms of Notice included in a General Creditor Claims Package.

TD Waterhouse Tower
79 Wellington Street West
Suite 2010, P.O. Box 104
Toronto, Ontario M5K 1G8

Attention: Sears Canada Claims Process

Tel.: 416-649-8113
Toll Free: 1-855-649-8113
Fax No.: 416-649-8101
Email: searscanada@fticonsulting.com

DATED this _____ day of December, 2017.

FTI Consulting Canada Inc.,
in its capacity as Court-appointed Monitor
of the Sears Canada Entities

SCHEDULE B
CLAIMANT'S GUIDE TO COMPLETING THE PROOF OF CLAIM FORM FOR
CLAIMS AGAINST THE SEARS CANADA ENTITIES¹

This Guide has been prepared to assist Claimants in filling out the Proof of Claim form for Claims against the Sears Canada Entities. If you have any additional questions regarding completion of the Proof of Claim form, please consult the Monitor's website at cfcanada.fticonsulting.com/searscanada or contact the Monitor, whose contact information is shown below.

Please note that this is a guide only, and that in the event of any inconsistency between the terms of this guide and the terms of the Claims Procedure Order made on [December 8], 2017 (the "Claims Procedure Order"), the terms of the Claims Procedure Order will govern. Unless otherwise defined, all capitalized terms used herein have the meanings given to them in the Claims Procedure Order.

A copy of the Claims Procedure Order and additional copies of the Proof of Claim form may be found at the Monitor's website. Claimants can, and are in fact strongly encouraged to, submit their Proof of Claim at the Monitor's website at cfcanada.fticonsulting.com/searscanada.

Note further that certain Claimants are exempted from the requirement to file a Proof of Claim or D&O Proof of Claim, as applicable, at this time including:

- (a) current or former employees of the Sears Canada Entities, whose Claims (of any type) are to be addressed in a future claims process being developed by the Sears Canada Entities and the Monitor, working in conjunction with Employee Representative Counsel, Pension Representative Counsel, the Pension Administrator and the Superintendent;
- (b) holders of Construction Claims, as Construction Contractors (as defined in the Claims Procedure Order) will be contacted by the Monitor in respect of such Construction Claims; and
- (c) holders of any customer warranty provided by a Sears Canada Entity, as the Sears Canada Entities will be deemed to have already filed Proofs of Claim on behalf of each warranty holder for the purposes of this Claims Process.

SECTION 1 – DEBTOR(S)

- 2 The full name of each Sears Canada Entity against which the Claim is asserted must be listed (see footnote 1 for complete list of Sears Canada Entities). If there are insufficient lines to record each such name, attach a separate schedule indicating the required information.

¹ The "Sears Canada Entities" are 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 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., 4201731 Canada Inc., 168886 Canada Inc., 3339611 Canada Inc., and SearsConnect.

SECTION 2(a) – CLAIMANT

- 1 A separate Proof of Claim must be filed by each legal entity or person asserting a Claim against the Sears Canada Entities, or any of them.
- 2 The Claimant shall include any and all Claims it asserts against the Sears Canada Entities, or any of them, in a single Proof of Claim.
- 3 The full legal name of the Claimant must be provided.
- 4 If the Claimant operates under a different name or names, please indicate this in a separate schedule in the supporting documentation.
- 5 If the Claim has been acquired via assignment or other transfer from another party, Section 2(b) must also be completed.
- 6 Unless the Claim is assigned or transferred, all future correspondence, notices, etc. regarding the Claim will be directed to the Claimant at the address indicated in this section.

SECTION 2(b) – PARTICULARS OF ORIGINAL CLAIMANT FROM WHOM YOU ACQUIRED CLAIM, IF APPLICABLE

- 1 If the Claimant acquired its Claim by assignment or other transfer from an original holder of the Claim, then Section 2(b) must be completed, and all documents evidencing the assignment must be attached.
- 2 The full legal name of the original holder of the Claim must be provided.
- 3 If the original holder of the Claim operates under a different name or names, please indicate this in a separate schedule in the supporting documentation.

SECTION 3 – AMOUNT AND TYPE OF CLAIM

Amount

- 1 If the Claim is a *Pre-Filing Claim* within the meaning of the Claims Procedure Order, then indicate the amount that each appropriate Sears Canada Entity was and still is indebted to the Claimant in the space reserved for Pre-Filing Claims in the “Amount of Claim” column, including interest up to and including June 22, 2017.
- 2 If the Claim is a *Restructuring Period Claim* within the meaning of the Claims Procedure Order, then indicate the Claim amount that each appropriate Sears Canada Entity was and still is indebted to the Claimant in the space reserved for Restructuring Period Claims in the “Amount of Claim” column (which is below the space reserved for Pre-Filing Claims).

For reference, a “**Restructuring Period Claim**” means any right or claim of any Person against any of the Sears Canada Entities, including in connection with any indebtedness,

liability, or obligation of any kind whatsoever of any such Sears Canada Entity to such Person arising on or after June 22, 2017, including without limitation rights or claims with respect to the restructuring, disclaimer, resiliation, termination or breach by such Sears Canada Entity on or after June 22, 2017 of any contract, lease or other agreement whether written or oral, but excluding any Post-Filing Claims.

- 3 If the Claim is a *Post-Filing* Claim within the meaning of the Claims Procedure Order, then indicate the Claim amount that each appropriate Sears Canada Entity was and still is indebted to the Claimant in the space reserved for Post-Filing Claims in the "Amount of Claim" column (which is below the space reserved for Restructuring Period Claims).

For reference "**Post-Filing Claim**" means any right or claim of any Sears Supplier against any of the Sears Canada Entities in connection with any non-payment by any such Sears Canada Entity to such Sears Supplier for goods or services supplied to such Sears Canada Entity on or after June 22, 2017.

- 4 If the Claim is a *Landlord* Claim within the meaning of the Claims Procedure Order, then indicate the amount of the Landlord Claim that is a Pre-Filing Claim, Restructuring Period Claim, or Post-Filing Claim, as applicable, in the space reserved for such Claims in the "Amount of Claim" column.
- 5 If there are insufficient lines to record each Claim amount, attach a separate schedule indicating the required information.

Currency

- 1 The amount of the Claim must be provided in the currency in which it arose.
- 2 Indicate the appropriate currency in the "Currency" column.
- 3 If the Claim is denominated in multiple currencies, use a separate line to indicate the Claim amount in each such currency. If there are insufficient lines to record these amounts, attach a separate schedule indicating the required information.
- 4 If necessary, currency will be converted in accordance with the Claims Procedure Order.

Whether Claim is Secured and Value of Security

- 1 Check the appropriate box if the Claim recorded on that line is a secured claim. If it is, indicate the value which you ascribe to the assets charged by your security in the adjacent column.
- 2 If the Claim is secured, on a separate schedule provide full particulars of the security, including the date on which the security was given, the value which you ascribe to the assets charged by your security and the basis for such valuation and attach a copy of the security documents evidencing the security.

SECTION 4 – SUPPORTING DOCUMENTATION

- 1 Attach to the Proof of Claim form all particulars of the Claim and supporting documentation, including amount, and description of transaction(s) or agreement(s), or legal breach(es) giving rise to the Claim, any claim assignment/transfer agreement or similar document, if applicable, the name of any guarantor(s) which has guaranteed the Claim, the amount of invoices, particulars of all credits, discounts, etc. claimed, as well as a description of the security, if any, granted by the affected Sears Canada Entity to the Claimant and the estimated value of such security.

SECTION 5 – CERTIFICATION

- 1 The person signing the Proof of Claim should:
 - (a) be the Claimant or authorized representative of the Claimant;
 - (b) have knowledge of all the circumstances connected with this Claim;
 - (c) assert the Claim against the Debtor(s) as set out in the Proof of Claim and certify all supporting documentation is attached; and
 - (d) have a witness to its certification.
- 2 By signing and submitting the Proof of Claim, the Claimant is asserting the Claim against each Sears Canada Entity named as a “Debtor” in the Proof of Claim.

SECTION 6 – FILING OF CLAIM

- 1 If your Claim is a Pre-Filing Claim within the meaning of the Claims Procedure Order (excluding, for greater certainty, any Pre-Filing Claim that may be asserted by a Landlord), the Proof of Claim MUST be returned to and received by the Monitor on or before 5:00 p.m. (Toronto time) on March 2, 2018 (the “General Creditor Claims Bar Date”).
- 2 If your Claim is a Restructuring Period Claim within the meaning of the Claims Procedure Order (and see item 2 of Section 3 above for an excerpt of the relevant definition) (and excluding, for greater certainty, any Restructuring Period Claim that may be asserted by a Landlord), the Proof of Claim MUST be returned to and received by the Monitor by 5:00 p.m. (Toronto time) on the date (the “General Creditor Restructuring Period Claims Bar Date”) that is the later of (i) the date that is 45 days after the date on which the Monitor sends a General Creditor Claims Package with respect to a Restructuring Period Claim and (ii) the General Creditor Claims Bar Date.
- 3 If your Claim is a Post-Filing Claim within the meaning of the Claims Procedure Order (and see item 3 of Section 3 above for an excerpt of the relevant definition) (and excluding, for greater certainty, any Post-Filing Claim that may be asserted by a Landlord), the Proof of Claim MUST be returned to and received by the Monitor on or before 5:00 p.m. (Toronto time) on April 2, 2018 (the “General Creditor Post-Filing Claims Bar Date”).

- 4 If your Claim is a Landlord Claim within the meaning of the Claims Procedure Order (including, for greater certainty, any Pre-Filing Claim, Post-Filing Claim or Restructuring Period Claim of a Landlord), the Proof of Claim MUST be returned to and received by the Monitor by 5:00 p.m. (Toronto time) on the date (the "Landlord Claims Bar Date") that is the later of (i) the date that is 45 days after the date on which the Monitor sends a General Creditor Claims Package with respect to a Landlord Claim and (ii) April 2, 2018.
- 5 Claimants are strongly encouraged to complete and submit their Proof of Claim on the Monitor's online claims submission portal which can be found at cfcanada.fticonsulting.com/searscanada. If not submitted at the online portal, Proofs of Claim must be delivered to the Monitor by prepaid ordinary mail, registered mail, courier, personal delivery, facsimile transmission or email at the following address:

FTI Consulting Canada Inc., Sears Canada Monitor
TD Waterhouse Tower
79 Wellington Street West
Suite 2010, P.O. Box 104
Toronto, Ontario M5K 1G8

Attention: Sears Canada Claims Process

Fax No.: 416-649-8101

Email: searscanada@fticonsulting.com

Failure to file your Proof of Claim so that it is actually received by the Monitor on or before 5:00 p.m. (Toronto time) on the General Creditor Claims Bar Date, the General Creditor Restructuring Period Claims Bar Date, the General Creditor Post-Filing Claims Bar Date or the Landlord Claims Bar Date, as applicable, WILL result in your Claim being forever barred and you will be prevented from making or enforcing your Claim against the Sears Canada Entities. In addition, you shall not be entitled to further notice of and shall not be entitled to participate as a creditor in the Sears Canada Entities' CCAA proceedings.

**SCHEDULE C
PROOF OF CLAIM FORM
FOR CLAIMS AGAINST THE SEARS CANADA ENTITIES¹**

Note: Claimants are strongly encouraged to complete and submit their Proof of Claim on the Monitor's online claims submission portal which can be found at cfcanada.fticonsulting.com/searscanada.

1 NAME OF SEARS CANADA ENTITY OR ENTITIES (THE "DEBTOR(S)") THE CLAIM IS BEING MADE AGAINST:

Debtor(s): _____

2 (A) PARTICULARS OF CLAIMANT

Full Legal Name of Claimant:

Full Mailing Address of Claimant:

Telephone Number of Claimant:

Facsimile Number of Claimant:

E-mail Address of Claimant:

Attention (Contact Person):

¹ The "Sears Canada Entities" are 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 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., 4201731 Canada Inc., 168886 Canada Inc., 3339611 Canada Inc., and SearsConnect.

(B) PARTICULARS OF ORIGINAL CLAIMANT FROM WHOM YOU ACQUIRED CLAIM, IF APPLICABLE

- (i) Has the Claimant acquired this Claim by assignment? Yes No
- (ii) If yes, attach documents evidencing assignment and provide full particulars of the original Claimant from whom the Claim was acquired from:

Full Legal Name of original Claimant: _____

Full Mailing Address of original Claimant: _____

Telephone Number of original Claimant: _____

Facsimile Number of original Claimant: _____

E-mail Address of original Claimant: _____

Attention (Contact Person): _____

3 AMOUNT AND TYPE OF CLAIM

The Debtor was and still is indebted to the Claimant as follows:

Currency:	Amount of <u>Pre-Filing</u> Claim (including interest up to and including June 22, 2017) ² :	Whether Claim is Secured:	Value of Security Held, if any ³ :
_____	_____	Yes <input type="checkbox"/> No <input type="checkbox"/>	_____
_____	_____	Yes <input type="checkbox"/> No <input type="checkbox"/>	_____
_____	_____	Yes <input type="checkbox"/> No <input type="checkbox"/>	_____

² Interest accruing from the Filing Date (June 22, 2017) shall not be included in any Claim.

³ If the Claim is secured, provide full particulars of the security, including the date on which the security was given, the value for which you ascribe to the assets charged by your security, the basis for such valuation and attach a copy of the security documents evidencing the security. This information may be provided in a separate schedule, if necessary.

Currency:	Amount of Restructuring Period Claim:	Whether Claim is Secured:	Value of Security Held, if any:
_____	_____	Yes <input type="checkbox"/> No <input type="checkbox"/>	_____
_____	_____	Yes <input type="checkbox"/> No <input type="checkbox"/>	_____
_____	_____	Yes <input type="checkbox"/> No <input type="checkbox"/>	_____

Currency:	Amount of Post-Filing Claim:	Whether Claim is Secured:	Value of Security Held, if any:
_____	_____	Yes <input type="checkbox"/> No <input type="checkbox"/>	_____
_____	_____	Yes <input type="checkbox"/> No <input type="checkbox"/>	_____
_____	_____	Yes <input type="checkbox"/> No <input type="checkbox"/>	_____

4 DOCUMENTATION

Provide all particulars of the Claim and supporting documentation, including amount, and description of transaction(s) or agreement(s), or legal breach(es) giving rise to the Claim, including any claims assignment/transfer agreement or similar document, if applicable, and amount of invoices, particulars of all credits, discounts, etc. claimed, description of the security, if any, granted by the affected Debtor to the Claimant and estimated value of such security.

5 CERTIFICATION

I hereby certify that:

- (a) I am the Claimant or authorized representative of the Claimant.
- (b) I have knowledge of all the circumstances connected with this Claim.
- (c) The Claimant asserts this Claim against the Debtor(s) as set out above.
- (d) Complete documentation in support of this Claim is attached.

Signature: _____ Witness: _____
(signature)

Name: _____

Title: _____ (print)

Dated at _____ this ____ day of _____, 20__.

6 FILING OF CLAIM AND APPLICABLE DEADLINES

For Pre-Filing Claims (except Pre-Filing Claims that may be asserted by a Landlord), this Proof of Claim must be returned to and received by the Monitor by 5:00 p.m. (Toronto time) on March 2, 2018 (the "**General Creditor Claims Bar Date**").

For Restructuring Period Claims (except Restructuring Period Claims that may be asserted by a Landlord), this Proof of Claim must be returned to and received by the Monitor by 5:00 p.m. (Toronto time) on the later of (i) the date that is 45 days after the date on which the Monitor sends a General Creditor Claims Package with respect to a Restructuring Period Claim and (ii) the General Creditor Claims Bar Date (the "**General Creditor Restructuring Period Claims Bar Date**").

For Post-Filing Claims (except Post-Filing Claims that may be asserted by a Landlord), this Proof of Claim must be returned to and received by the Monitor by 5:00 p.m. (Toronto time) on April 2, 2018 (the "**General Creditor Post-Filing Claims Bar Date**").

For Landlord Claims (including, for greater certainty, any Pre-Filing Claim, Post-Filing Claim or Restructuring Period Claim of a Landlord), this Proof of Claim must be returned to and received by the Monitor by 5:00 p.m. (Toronto time) on the later of (i) the date that is 45 days after the date on which the Monitor sends a General Creditor Claims Package with respect to a Landlord Claim and (ii) April 2, 2018 (the "**Landlord Claims Bar Date**").

In each case, completed forms must be delivered to the Monitor by prepaid ordinary mail, registered mail, courier, personal delivery, facsimile transmission or email at the following address:

FTI Consulting Canada Inc., Sears Canada Monitor
TD Waterhouse Tower
79 Wellington Street West
Suite 2010, P.O. Box 104
Toronto, Ontario M5K 1G8

Attention: Sears Canada Claims Process

Fax No.: 416-649-8101

Email: searscanada@fticonsulting.com

Alternatively, Claimants can, and in fact are strongly encouraged to, complete and submit their Proof of Claim on the Monitor's online claims submission portal which can be found at cfcanda.fticonsulting.com/searscanada.

Failure to file your Proof of Claim so that it is actually received by the Monitor on or before 5:00 p.m. (Toronto time) on the General Creditor Claims Bar Date, the General Creditor Restructuring Period Claims Bar Date, the General Creditor Post-Filing Claims Bar Date or the Landlord Claims Bar Date, as applicable, WILL result in your Claim being forever barred and you will be prevented from making or enforcing your Claim against the Sears Canada Entities. In addition, you shall not be entitled to further notice of and shall not be entitled to participate as a creditor in the Sears Canada Entities' CCAA proceedings.

SCHEDULE D
CLAIMANT'S GUIDE TO COMPLETING THE D&O PROOF OF CLAIM FORM
FOR CLAIMS AGAINST DIRECTORS AND/OR OFFICERS
OF THE SEARS CANADA ENTITIES¹

This Guide has been prepared to assist Claimants in filling out the D&O Proof of Claim form for Claims against the Directors and/or Officers (present and former) of the Sears Canada Entities. If you have any additional questions regarding completion of the D&O Proof of Claim, please consult the Monitor's website at cfcanada.fticonsulting.com/searscanada or contact the Monitor, whose contact information is shown below.

The D&O Proof of Claim form is for Claimants asserting a Claim against any Directors and/or Officers of the Sears Canada Entities, and NOT for Claims against the Sears Canada Entities themselves. For Claims against the Sears Canada Entities, please use the form titled "Proof of Claim Form for Claims against the Sears Canada Entities", which is available on the Monitor's website at cfcanada.fticonsulting.com/searscanada.

Please note that this is a guide only, and that in the event of any inconsistency between the terms of this guide and the terms of the Claims Procedure Order made on [December 8], 2017 (the "Claims Procedure Order"), the terms of the Claims Procedure Order will govern. Unless otherwise defined, all capitalized terms used herein have the meanings given to them in the Claims Procedure Order.

Additional copies of the D&O Proof of Claim form may be found at the Monitor's website. Claimants can, and are in fact strongly encouraged to, submit their D&O Proofs of Claim at the Monitor's website at cfcanada.fticonsulting.com/searscanada.

SECTION 1 – DEBTOR(S)

- 1 The full name of all the Directors and/or Officers (present and former) of the Sears Canada Entities against whom the Claim is asserted must be listed. If there are insufficient lines to record each such name, attach a separate schedule indicating the required information.

SECTION 2(a) – ORIGINAL CLAIMANT

- 1 A separate D&O Proof of Claim must be filed by each legal entity or person asserting a Claim against the Sears Canada Entities' Directors or Officers.
- 2 The Claimant shall include any and all D&O Claims it asserts against the Sears Canada Entities' Directors or Officers in a single D&O Proof of Claim.
- 3 The full legal name of the Claimant must be provided.

¹ The Sears Canada Entities" are 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 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., 4201731 Canada Inc., 168886 Canada Inc., 3339611 Canada Inc., and SearsConnect.

- 4 If the Claimant operates under a different name or names, please indicate this in a separate schedule in the supporting documentation.
- 5 If the D&O Claim has been acquired from another party, Section 2(b) must also be completed.
- 6 Unless the D&O Claim is assigned or transferred, all future correspondence, notices, etc. regarding the Claim will be directed to the address and contact indicated in this section.

SECTION 2(b) – PARTICULARS OF ORIGINAL CLAIMANT FROM WHOM YOU ACQUIRED CLAIM, IF APPLICABLE

- 1 If the Claimant acquired its D&O Claim by assignment or other transfer, then Section 2(b) must be completed.
- 2 The full legal name of the original holder of the D&O Claim must be provided.
- 3 If the original holder of the D&O Claim operates under a different name or names, please indicate this in a separate schedule in the supporting documentation.

SECTION 3 – AMOUNT AND TYPE OF D&O CLAIM OF CLAIMANT AGAINST DEBTOR(S)

- 1 If the D&O Claim arose in respect of the period prior to June 22, 2017, then indicate the amount the Director(s) and/or Officer(s) was/were and still is/are indebted to the Claimant in the space reserved for D&O Claims in respect of the Pre-Filing Period in the “Amount of Claim” column, including interest up to and including June 22, 2017.²
- 2 If the D&O Claim arose in respect of the period on or after June 22, 2017, then indicate the amount the Director(s) and/or Officer(s) was/were and still is/are indebted to the Claimant in the space reserved for D&O Claims in respect of the Restructuring Period in the “Amount of Claim” column.
- 3 If there are insufficient lines to record each D&O Claim amount, attach a separate schedule indicating the required information.

CURRENCY

- 1 The amount of the D&O Claim must be provided in the currency in which it arose.
- 2 Indicate the appropriate currency in the Currency column.
- 3 If the D&O Claim is denominated in multiple currencies, use a separate line to indicate the Claim amount in each such currency. If there are insufficient lines to record these amounts, attach a separate schedule indicating the required information.
- 4 If necessary, currency will be converted in accordance with the Claims Procedure Order.

² Interest accruing from the Filing Date (June 22, 2017) shall not be included in any Claim.

SECTION 4 – DOCUMENTATION

- 1 Attach to the D&O Proof of Claim form all particulars of the Claim and supporting documentation, including amount and description of transaction(s) or agreement(s), and the legal basis for the D&O Claim against the specific Directors or Officers at issue.

SECTION 5 – CERTIFICATION

- 1 The person signing the D&O Proof of Claim should:
 - (a) be the Claimant or authorized representative of the Claimant;
 - (b) have knowledge of all the circumstances connected with this D&O Claim;
 - (c) assert the Claim against the Debtor(s) as set out in the D&O Proof of Claim and certify all supporting documentation is attached; and
 - (d) have a witness to its certification.
- 2 By signing and submitting the D&O Proof of Claim, the Claimant is asserting the Claim against the Debtor(s) named in the D&O Proof of Claim.

SECTION 6 – FILING OF CLAIM AND APPLICABLE DEADLINES

- 1 All D&O Proofs of Claim in respect of D&O Claims arising prior to June 22, 2017 (except D&O Claims that may be asserted by a Landlord) MUST be received by the Monitor on or before 5:00 p.m. (Toronto time) on March 2, 2018 (the "General Creditor Claims Bar Date").
- 2 All D&O Proofs of Claim in respect of D&O Claims arising on or after June 22, 2017 (except D&O Claims that may be asserted by a Landlord) MUST be received by the Monitor by 5:00 p.m. (Toronto time) on the date (the "General Creditor Restructuring Period Claims Bar Date") that is the later of (i) the date that is 45 days after the date on which the Monitor sends a General Creditor Claims Package with respect to a Restructuring Period Claim and (ii) the General Creditor Claims Bar Date.
- 3 All D&O Proofs of Claim that may be asserted by a Landlord, whether arising before or after June 22, 2017, MUST be received by the Monitor by 5:00 p.m. (Toronto time) on the date (the "Landlord Claims Bar Date") that is the later of (i) the date that is 45 days after the date on which the Monitor sends a General Creditor Claims Package with respect to a Landlord Claim and (ii) April 2, 2018.
- 4 Claimants are strongly encouraged to complete and submit their D&O Proof of Claim on the Monitor's online claims submission portal which can be found at cfcanda.fticonsulting.com/searscanada. If not submitted at the online portal, Proofs of Claim must be delivered to the Monitor by prepaid ordinary mail, registered mail, courier, personal delivery, facsimile transmission or email at the following address:

FTI Consulting Canada Inc., Sears Canada Monitor
TD Waterhouse Tower

79 Wellington Street West
Suite 2010, P.O. Box 104
Toronto, Ontario M5K 1G8

Attention: Sears Canada Claims Process
Fax No.: 416-649-8101
Email: searscanada@fticonsulting.com

Failure to file your D&O Proof of Claim so that it is actually received by the Monitor on or before 5:00 p.m. (Toronto time) on the General Creditor Claims Bar Date, the General Creditor Restructuring Period Claims Bar Date or the Landlord Claims Bar Date, as applicable, WILL result in your Claim being barred and you will be prevented from making or enforcing your Claim against the Directors and Officers of the Sears Canada Entities. In addition, you shall not be entitled to further notice of and shall not be entitled to participate as a creditor in the Sears Canada Entities' CCAA proceedings.

**SCHEDULE E
D&O PROOF OF CLAIM FORM
FOR CLAIMS AGAINST DIRECTORS OR OFFICERS OF THE SEARS CANADA
ENTITIES¹**

This form is to be used only by Claimants asserting a Claim against any Directors and/or Officers of the Sears Canada Entities and NOT for Claims against the Sears Canada Entities themselves. For Claims against the Sears Canada Entities, please use the form titled "Proof of Claim Form for Claims against the Sears Canada Entities", which is available on the Monitor's website at cfcanada.fticonsulting.com/searscanada.

1 NAME(S) OF OFFICER(S) AND/OR DIRECTOR(S) (THE "DEBTOR(S)") THE CLAIM IS BEING MADE AGAINST:

Debtor(s): _____

2 (A) PARTICULARS OF CLAIMANT

Full Legal Name of Claimant:

Full Mailing Address of Claimant:

Telephone Number of Claimant:

Facsimile Number of Claimant:

E-mail Address of Claimant:

Attention (Contact Person):

¹ The Sears Canada Entities" are 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 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., 4201731 Canada Inc., 168886 Canada Inc., 3339611 Canada Inc., and SearsConnect.

(B) PARTICULARS OF ORIGINAL CLAIMANT FROM WHOM YOU ACQUIRED CLAIM, IF APPLICABLE

- (i) Has the Claimant acquired this Claim by Assignment? Yes No
- (ii) If yes, attach documents evidencing assignment and provide full particulars of the original Claimant from whom you acquired the Claim from:

Full Legal Name of original Claimant:

Full Mailing Address of original Claimant:

Telephone Number of original Claimant:

Facsimile Number of original Claimant:

E-mail Address of original Claimant:

Attention (Contact Person):

3 AMOUNT OF CLAIM

The Debtor(s) was/were and still is/are indebted to the Claimant as follows:

Name(s) of Director(s) and/or Officers	Currency	Amount of D&O Claim in respect of the <u>Pre-Filing Period</u> (including interest up to and including June 22, 2017)	Amount of D&O Claim in respect of the <u>Restructuring Period</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

4 DOCUMENTATION

Provide all particulars of the D&O Claim and supporting documentation, including any Claim assignment/transfer agreement or similar documentation, if applicable, and including amount and description of transaction(s) or agreement(s), and the legal basis for the D&O Claim against the specific Directors or Officers at issue.

5 CERTIFICATION

I hereby certify that:

- (a) I am the Claimant or authorized representative of the Claimant.
- (b) I have knowledge of all the circumstances connected with this Claim.
- (c) The Claimant asserts this Claim against the Debtor(s) as set out above.
- (d) Complete documentation in support of this Claim is attached.

Signature: _____ Witness: _____
 (signature)

Name: _____

 (print)

Title: _____

Dated at _____ this _____ day of _____, 20____.

6 FILING OF CLAIMS AND APPLICABLE DEADLINES

All D&O Proofs of Claim in respect of D&O Claims arising prior to June 22, 2017 (except D&O Claims that may be asserted by a Landlord) MUST be received by the Monitor on or before 5:00 p.m. (Toronto time) on March 2, 2018 (the "General Creditor Claims Bar Date").

All D&O Proofs of Claim in respect of D&O Claims arising on or after June 22, 2017 (except D&O Claims that may be asserted by a Landlord) MUST be returned to and received by the Monitor by 5:00 p.m. (Toronto time) on the later of (i) the date that is 45 days after the date on which the Monitor sends a General Creditor Claims Package with respect to a Restructuring Period Claim and (ii) the General Creditor Claims Bar Date (the "General Creditor Restructuring Period Claims Bar Date").

All D&O Proofs of Claim that may be asserted by a Landlord, whether arising before or after June 22, 2017, MUST be received by the Monitor by 5:00 p.m. (Toronto time) on the date (the "Landlord Claims Bar Date") that is the later of (i) the date that is 45 days after the date on which the Monitor sends a General Creditor Claims Package with respect to a Landlord Claim and (ii) April 2, 2018.

In each case, completed forms must be delivered to the Monitor by prepaid ordinary mail, registered mail, courier, personal delivery, facsimile transmission or email at the following address:

FTI Consulting Canada Inc., Sears Canada Monitor
TD Waterhouse Tower
79 Wellington Street West

Suite 2010, P.O. Box 104
Toronto, Ontario M5K 1G8

Attention: Sears Canada Claims Process

Fax No.: 416-649-8101

Email: searscanada@fticonsulting.com

Alternatively, Claimants can, and in fact are strongly encouraged to, complete and submit their D&O Proof of Claim on the Monitor's online claims submission portal which can be found at cfcanada.fticonsulting.com/searscanada.

Failure to file your D&O Proof of Claim so that it is actually received by the Monitor on or before 5:00 p.m. (Toronto time) on the General Creditor Claims Bar Date, the General Creditor Restructuring Period Claims Bar Date or the Landlord Claims Bar Date, as applicable, WILL result in your Claim being barred and you will be prevented from making or enforcing your Claim against the Directors and Officers of the Sears Canada Entities. In addition, you shall not be entitled to further notice of and shall not be entitled to participate as a creditor in the Sears Canada Entities' CCAA proceedings.

SCHEDULE F

NOTICE OF DISPUTE OF REVISION OR DISALLOWANCE REGARDING A CLAIM AGAINST THE SEARS CANADA ENTITIES OR THEIR DIRECTOR OR OFFICERS¹

Capitalized terms used but not defined in this Notice of Dispute of Revision or Disallowance shall have the meanings ascribed to them in the Order of the Ontario Superior Court of Justice (Commercial List) in the CCAA proceedings of the Sears Canada Entities dated [December 8], 2017 (the "Claims Procedure Order"). You can obtain a copy of the Claims Procedure Order on the Monitor's website at cfcanada.fticonsulting.com/searscanada.

1 PARTICULARS OF CLAIMANT

Claim Reference Number:
(as indicated in Notice of Revision or Disallowance)

Full Legal Name of Claimant:

Full Mailing Address of Claimant:

Telephone Number of Claimant:

Facsimile Number of Claimant:

E-mail Address of Claimant:

Attention (Contact Person):

2 PARTICULARS OF ORIGINAL CLAIMANT FROM WHOM YOU ACQUIRED THE CLAIM, IF APPLICABLE

(i) Have you acquired this Claim by Assignment? Yes No
(If yes, attach documents evidencing assignment)

(ii) Full legal name of original Claimant: _____

¹ The "Sears Canada Entities" are 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 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., 4201731 Canada Inc., 168886 Canada Inc., 3339611 Canada Inc., and SearsConnect.

3 DISPUTE OF REVISION OR DISALLOWANCE OF CLAIM:

The Claimant hereby disagrees with the value of its Claim, as set out in the Notice of Revision or Disallowance dated _____, and asserts a Claim as follows:

Type of Claim	Amount allowed by Monitor as unsecured (Notice of Revision or Disallowance)	Amount allowed by Monitor as secured (Notice of Revision or Disallowance)	Amount claimed by Claimant as unsecured	Amount claimed by Claimant as secured
A. Pre-Filing Claim	\$	\$	\$	\$
B. Restructuring Period Claim	\$	\$	\$	\$
C. Post-Filing Claim	\$	\$	\$	\$
D. D&O Claim in respect of Pre-Filing Period	\$	\$	\$	\$
E. D&O Claim in respect of Restructuring Period	\$	\$	\$	\$
F. Total Claim	\$	\$	\$	\$

(Insert particulars of your Claim per the Notice of Revision or Disallowance, and the value of your Claim as asserted by you).

4 REASONS FOR DISPUTE

(Provide full particulars of why you dispute the Monitor's revision or disallowance of your Claim as set out in the Notice of Revision or Disallowance, and provide all supporting documentation, including amount, description of transaction(s) or agreement(s) giving rise to the Claim, name of any guarantor(s) which has guaranteed the Claim, and amount of Claim allocated thereto, date and number of all invoices, particulars of all credits, discounts, etc. claimed. The particulars provided must support the value of the Claim as stated by you in item 3, above.)

encouraged to, submit their Notices of Dispute of Revision or Disallowance online by such deadline at the Monitor's website at cfcanada.fticonsulting.com/searscanada.

FTI Consulting Canada Inc., Sears Canada Monitor
TD Waterhouse Tower
79 Wellington Street West
Suite 2010, P.O. Box 104
Toronto, Ontario M5K 1G8

Attention: Sears Canada Claims Process

Fax No.: 416-649-8101
Email: searscanada@fticonsulting.com

In accordance with the Claims Procedure Order, except in the case of forms submitted at the Monitor's online claims portal which are deemed received at the time they are submitted, notices shall be deemed to be received by the Monitor upon actual receipt thereof by the Monitor during normal business hours on a Business Day, or if delivered outside of normal business hours, on the next Business Day.

IF YOU FAIL TO FILE A NOTICE OF DISPUTE OF REVISION OR DISALLOWANCE WITHIN THE PRESCRIBED TIME PERIOD, YOUR CLAIM AS SET OUT IN THE NOTICE OF REVISION OR DISALLOWANCE WILL BE BINDING UPON YOU.

**SCHEDULE G
NOTICE OF REVISION OR DISALLOWANCE**

Regarding Claims against the Sears Canada Entities¹ or
D&O Claims against the Directors and/or Officers of the Sears Canada Entities

TO: [INSERT NAME AND ADDRESS OF CLAIMANT] (the "Claimant")

FROM: FTI Consulting Canada Inc., in its capacity as Court-appointed Monitor of the Sears Canada Entities (the "Monitor")

RE: Claim Reference Number: _____

Capitalized terms used but not defined in this Notice of Revision or Disallowance shall have the meanings ascribed to them in the Order of the Ontario Superior Court of Justice (Commercial List) in the CCAA proceedings of the Sears Canada Entities dated [December 8], 2017 (the "Claims Procedure Order"). You can obtain a copy of the Claims Procedure Order on the Monitor's website at cfcanada.fticonsulting.com/searscanada.

Pursuant to the Claims Procedure Order, the Monitor hereby gives you notice that it has reviewed your Proof of Claim or D&O Proof of Claim and has revised or disallowed all or part of your purported Claim. Subject to further dispute by you in accordance with the Claims Procedure Order, your Claim will be as follows:

Type of Claim	Amount as submitted		Amount allowed by Monitor	Amount allowed as secured	Amount allowed as unsecured
	Original Currency				
A. Pre-Filing Claim		\$	\$	\$	\$
B. Restructuring Period Claim		\$	\$	\$	\$
C. Post-Filing Claim		\$	\$	\$	\$
D. D&O Claim in respect of Pre-Filing Period		\$	\$	\$	\$
E. D&O Claim in respect of Restructuring Period		\$	\$	\$	\$

¹ The "Sears Canada Entities" are 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 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., 4201731 Canada Inc., 168886 Canada Inc. 3339611 Canada Inc. and SearsConnect.

F, Total Claim		\$	\$	\$	\$
----------------	--	----	----	----	----

Reasons for Revision or Disallowance:

If you intend to dispute this Notice of Revision or Disallowance, you must, by no later than 5:00 p.m. (Toronto time) on the day that is **thirty (30) days after this Notice of Revision or Disallowance is deemed to have been received by you** (in accordance with paragraph [72] of the Claims Procedure Order), deliver a Notice of Dispute of Revision or Disallowance to the Monitor (by ordinary prepaid mail, registered mail, courier, personal delivery, facsimile transmission or email) at the address listed below. Claimants can also, and are in fact strongly encouraged to, submit their Notices of Dispute of Revision or Disallowance forms online by such deadline at the Monitor's website at cfcanada.fticonsulting.com/searscanada.

If you do not dispute this Notice of Revision or Disallowance in the prescribed manner and within the aforesaid time period, your Claim shall be deemed to be as set out herein.

If you agree with this Notice of Revision or Disallowance, there is no need to file anything further with the Monitor.

The address of the Monitor is set out below:

FTI Consulting Canada Inc., Sears Canada Monitor
 TD Waterhouse Tower
 79 Wellington Street West
 Suite 2010, P.O. Box 104
 Toronto, Ontario M5K 1G8

Attention: Sears Canada Claims Process

Fax No.: 416-649-8101

Email: searscanada@fticonsulting.com

In accordance with the Claims Procedure Order, except in the case of forms submitted at the Monitor's online claims portal which are deemed received at the time they are submitted, notices shall be deemed to be received by the Monitor upon actual receipt thereof by the Monitor during normal business hours on a Business Day, or if delivered outside of normal business hours, on the next Business Day.

The form of Notice of Dispute of Revision or Disallowance is enclosed and can also be accessed on the Monitor's website at cfcanada.fticonsulting.com/searscanada.

IF YOU FAIL TO FILE A NOTICE OF DISPUTE OF REVISION OR DISALLOWANCE WITHIN THE PRESCRIBED TIME PERIOD, THIS NOTICE OF REVISION OR DISALLOWANCE WILL BE BINDING UPON YOU.

DATED this _____ day of _____, 20__.

FTI Consulting Canada Inc.

SCHEDULE H
OTHER EMPLOYEE LETTER
(LETTERHEAD OF THE MONITOR)

●, 2017

TO: **Active and former employees of the Sears Canada Entities represented by International Brotherhood of Electrical Workers, Local 213**
c/o McMahon, Morrison, Watts
Box 314, 4346 Colonel Talbot Road
London, Ontario N6P 1P9

Attention: J. Craig Morrison

AND TO: **Active and former employees of the Sears Canada Entities represented by UNIFOR**
c/o UNIFOR
Unifor Legal Department, Local 1000
2015 Placer Court
Toronto Ontario M2H 3H9

Attention: Anthony Dale

AND TO: **Active and former employees of the Sears Canada Entities represented by Le Syndicat des Métallos**
c/o Le Syndicat des Métallos, Local 9153
565, boulevard Crémazie Est, Bureau 5100
Montréal, Québec H2M 2V8

Attention: ●

AND TO: **Present and former members of senior management of the Sears Canada Entities who the Monitor and the Sears Canada Entities believe may wish to assert a Claim against any of the Sears Canada Entities or their respective Directors or Officers**

AND TO: **Employees who have opted out of representation by Ursel Phillips Fellows Hopkinson LLP (“Employee Representative Counsel”)**

AND TO: **Former employees who were terminated for cause and who the Monitor and the Sears Canada Entities believe may wish to assert a Claim against any of the Sears Canada Entities or their respective Directors or Officers**

To whom it may concern:

Re: Current Claims Process in the CCAA Proceedings of the Sears Canada Entities (Court File No. CV-17-11846-00CL)

Recently, on [December 8], 2017, the Ontario Superior Court of Justice (Commercial List) issued an order (the “Claims Procedure Order”) in the *Companies’ Creditors Arrangement Act*

proceedings of Sears Canada Inc. and certain of its subsidiaries and affiliates¹ (collectively, the "Sears Canada Entities"), commencing a claims procedure (the "Claims Process") for the purpose of identifying and determining all Claims against the Sears Canada Entities and their respective current and former directors and officers.

Notwithstanding the commencement of the Claims Process, certain classes of persons are currently exempted from the requirement to file any proofs of claim. You are receiving this letter because you fall into one of the categories of such exempted persons, which includes any:

- (i) active or inactive union or non-union employee of any one of the Sears Canada Entities on or after June 22, 2017, including an employee of any one of the Sears Canada Entities who received notice of termination of employment dated on or after June 22, 2017; and
- (ii) former employee of any one of the Sears Canada Entities who was terminated for cause at any time or who received notice of cessation of termination or severance payments dated on or after June 22, 2017.

(collectively, the "Employee Claimants").

Please be advised that the current Claims Process does not include claims of Employee Claimants. Employee claims will be dealt with through a separate Employee Claims Process. That includes any claims you may have against the directors and officers and any claims not related to your compensation.

To be clear, there is NO need at this time for you to take action in connection with this Claims Process, or file any proof of claim in respect of any claim you may have against any of the Sears Canada Entities or their respective current and former directors and officers.

FTI Consulting Canada Inc., as Court-appointed Monitor (the "Monitor") and the Sears Canada Entities are at present working to develop a future claims process (the "Employee Claims Process") to address all claims (of any type) of Employee Claimants. A similar process is also being developed in respect of claims relating to pension entitlements and other post-employment benefits.

In developing this separate Employee Claims Process, the Monitor and the Sears Canada Entities are working with various stakeholders, including: (a) Employee Representative Counsel, who serves as representative counsel to non-unionized current and former employees of the Sears Canada Entities, other than members of senior management, with respect to such employees' interests other than pension entitlements and other post-employment benefits matters (and who, for greater clarity, does not represent the interests of persons listed as recipients to this letter); (b) Koskie Minsky LLP, who serve as representative counsel to, among others, non-unionized retirees and active and former employees of the Sears Canada Entities with respect to pension entitlements and other post-employment benefits matters; (c) the Ontario Superintendent of Financial Services as administrator of the Pension Benefits

¹ The "Sears Canada Entities" are 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 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., 4201731 Canada Inc., 168886 Canada Inc., 3339611 Canada Inc., and SearsConnect.

Guarantee Fund; and (d) Morneau Shepell Inc., as administrator of the Sears Canada Inc. Registered Retirement Plan.

Additional information will be made available to you as this process continues. For now, the only action you may need to take is to advise the Monitor of a change of address.

Once the Employee Claims Process has been established, the Monitor will provide information regarding the process and any claims forms to be filed thereunder to you. This information will also be available on the Monitor's website at cfcanada.fticonsulting.com/searscanada/. We would recommend checking the Monitor's website periodically/monthly.

If you have questions with respect to the foregoing, you may contact the Monitor at:

FTI Consulting Canada Inc., Sears Canada Monitor
TD Waterhouse Tower
79 Wellington Street West
Suite 2010, P.O. Box 104
Toronto, Ontario M5K 1G8

Attention: Sears Canada Claims Process

Tel.: 416-649-8113
Toll Free: 1-855-649-8113
Fax No.: 416-649-8101
Email: searscanada@fticonsulting.com

Yours truly,

FTI Consulting Canada Inc., in its capacity as
Court-appointed Monitor of the
Sears Canada Entities

SCHEDULE I
EMPLOYEE LETTER

(LETTERHEAD OF EMPLOYEE REPRESENTATIVE COUNSEL)

December ●, 2017

To the Non-Unionized Active and Former Employees of Sears Canada Entities:

**Re: Current Claims Process in the CCAA proceedings of the Sears Canada Entities
(Court File No. CV-17-11846-00CL)**

As you know, Sears Canada Inc. and certain of its subsidiaries and affiliates (collectively, the "**Sears Canada Entities**") filed for and were granted creditor protection under the *Companies' Creditors Arrangement Act* ("**CCAA**"), pursuant to an order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**").

In connection with the Sears Canada Entities' CCAA proceedings, Ursel Phillips Fellows Hopkinson LLP ("**Employee Representative Counsel**") was appointed to represent the interests of the non-unionized Active Employees and Former Employees of the Sears Canada Entities, other than with respect to the Sears Canada Entities' pension plans and other post-employment benefit entitlements. Information about the proceedings and matters of specific interest to employees may be found at Employee Representative Counsel's website at <http://www.upfhlaw.ca/areas-of-practice/sears-canada-employees-and-former-employees>.

The purpose of this letter is to inform you that on **[December 8]**, 2017, the Court issued an order (the "**Claims Procedure Order**") commencing a claims procedure (the "**Claims Process**") for the purpose of identifying and determining claims against the Sears Canada Entities and their respective current and former directors and officers.

Notwithstanding the commencement of the Claims Process, certain classes of persons are currently **exempted** from the requirement to file any proofs of claim. As a non-unionized Active Employee or Former Employee of one of the Sears Canada Entities (an "**Employee**"), you fall into one of the categories of such exempted persons.

Please be advised that the current Claims Process **does not include** claims of Employees. Employee claims will be dealt with through a **separate Employee Claims Process** (as described below). That includes any claims you may have against the directors and officers and claims not related to your compensation.

To be clear, there is NO need at this time for you to take action in connection with this Claims Process or file any proof of claim in respect of any claim you may have against the Sears Canada Entities or their respective current and former directors and officers.

Employee Claims Process

Employee Representative Counsel is currently working with the Sears Canada Entities and the Monitor, among others, to develop a separate claims process (the "**Employee Claims Process**"), to address all claims (of any type) of current or former employees of the Sears Canada Entities. A similar process is also being developed in respect of claims relating to pension entitlements and other post-employment benefits. Any claims against the directors and/or officers of the Sears Canada Entities that you may have as an Employee will also be part of the Employee Claims Process. In addition, if you have a claim against the Sears Canada Entities for a matter not related to your compensation, that claim will also be dealt with through the Employee Claims Process.

Additional information will be made available to you as this process continues. For now, the only action you may need to take is to advise the Monitor and/or Employee Representative Counsel of a change of address.

Once the Employee Claims Process has been established, the Monitor will provide information regarding the process and any claims forms to be filed thereunder to you. This information will also be available on the Monitor's website at cfcanada.fticonsulting.com/searscanada/. At present, it is difficult to estimate when the Employee Claims Process will be established but it should be over the course of the next two to three months. We would also recommend checking the Monitor's website (cfcanada.fticonsulting.com/searscanada/) periodically/monthly.

If you have any questions with respect to any of the above information, please contact us at our toll-free number at 1-844-855-8352 or our email at SearsCanadaEmployees@upfhlaw.ca.

Yours truly,

Ursel Phillips Fellows Hopkinson LLP

Susan Ursel

SCHEDULE J
PENSIONER LETTER

December ●, 2017

Andrew J. Hatnay
ahatnay@kmlaw.ca

Via Regular Mail

Dear Sir/Madam:

**Re: Sears Canada Inc. and certain of its subsidiaries and affiliates (collectively, "Sears Canada")
Representation of Non-Union Employees and Retirees with Pension and OPEB Entitlements in
Sears Canada's proceedings (the "CCAA Proceedings") under the *Companies' Creditors
Arrangement Act*, R.S.C., 1985, c. C-36 (the "CCAA")
Our File No. 17/1312**

We are the Representative Counsel to Ken Eady, Larry Moore, and William Turner, who were appointed by the Ontario Superior Court of Justice (Commercial List) as Representatives of all non-union employees and retirees of Sears Canada¹ who have entitlements to pension benefits and other post-employment benefits such as health benefits, life insurance, and supplemental pension (collectively, "OPEBs") in the CCAA Proceedings. For the purposes of this letter, the non-union employees and retirees shall be collectively referred to as the "Pensioners".

We are writing further to our letter dated July 26, 2017 to provide information on the claims process (the "Claims Process") that Sears Canada established and the Court recently approved. The purpose of this Claims Process is to identify and determine claims from creditors for amounts owing to them by Sears Canada and/or Sears Canada's current and former officers and directors.

Status of the Sears Canada CCAA proceedings

On June 22, 2017, Sears Canada obtained Court protection from its creditors under the CCAA. At the same time, the Court appointed FTI Consulting Canada Inc. as the Monitor. Generally, the Monitor's role is to monitor and regularly report to the Court and stakeholders on Sears Canada's activities while it is under CCAA protection and to interact with creditors in a fair and impartial manner.

There have been a number of developments over the past few months. Sears Canada is not restructuring to continue as a viable company. Instead, on October 13, 2017, Sears Canada brought a motion before the Court for approval that it liquidate its remaining inventory. The Court approved the liquidation. Sears Canada has begun the process of liquidating the inventory in all of the remaining stores and selling all of its other assets. Sears Canada is continuing with the store liquidation process through January, 2018.

¹ (other than senior management of Sears Canada and any person who opted out of representation by Koskie Minsky LLP)

The General Claims Process

During the Claims Process, the Monitor will accept claims from creditors (subject to certain exemptions) for amounts they claim to be owing by Sears Canada and/or their current and former directors and officers.

Generally, the Claims Process will involve an initial assessment of each creditor's claim by the Monitor, in consultation with Sears Canada, after which creditors will be notified whether their claim has either been accepted or revised or disallowed in whole or in part. The claims of creditors that have been revised or disallowed will have the opportunity to respond further, after which the Monitor and Sears Canada may reconsider the claim or attempt to settle the claim(s) with the creditor. If a resolution cannot be reached, the dispute may be referred for adjudication by a Claims Officer who will decide the issues in dispute and render a decision. A creditor may appeal a decision of a Claims Officer. The process is intended to determine the total amount of debts owed by Sears Canada to its creditors.

The future Pensioner Claims Process

The Claims Process that is currently underway is for general creditors of Sears Canada and does not include claims for amounts owing to pension plans or to Pensioners in relation to pension benefits or terminated OPEBs. A separate claims process will be commenced in the future for all such claims in respect of losses of pension benefits and OPEBs. Koskie Minsky LLP as Representative Counsel will work with its actuarial advisors and other parties to ensure that these claims are appropriately valued and submitted in the Pensioner Claims Process. We will provide further information about the Pensioner Claims Process once that process has been finalized and commenced. A similar process is also being developed in respect of employee-related claims.

As a Pensioner, you do not need to make individual claims related to your pension benefits or OPEBs at this time. In addition, any claims you may have against the directors and officers, or claims you may have that are not related to your pension or OPEB entitlements, will be dealt with in the separate Pensioner Claims Process.

At this time, there is no need for you to take any action in connection with the current Claims Process.

We will continue to provide updates to you as the CCAA proceedings move forward, and post updates on our firm website for Sears Canada's Pensioners. You can access our firm website at www.kmlaw.ca/searsrepcounsel for information.

If you have any questions or concerns, call our toll-free hotline at 1-800-244-7120, or e-mail us at searsrepcounsel@kmlaw.ca.

We trust the above is helpful. We wish you the best for the holiday season.

Yours truly,

KOSKIE MINSKY LLP

Andrew J. Hatnay
AJH:vdI

cc. Client Committee
Amy Tang, Barbara Walancik, Natercia McLellan (Communications Manager), *Koskie Minsky LLP*

SCHEDULE K
 NOTICE OF CONSTRUCTION CLAIM
 FOR CLAIMS AGAINST THE SEARS CANADA ENTITIES AND/OR THEIR
 DIRECTORS AND OFFICERS

TO: [INSERT NAME AND ADDRESS OF CONSTRUCTION CONTRACTOR AND/OR ITS COUNSEL]

RE:

Claim Reference Number:	
General Description of improvement including Project / Store Location:	
If applicable, Preservation and Perfection Dates (with registration nos.):	
If applicable, Amount of Lien(s) registered on title:	

This notice is issued pursuant to the Claims Process for, among other things, identifying and determining all Construction Claims against the Sears Canada Entities¹ and/or their respective Directors and Officers, which was approved by the Order of the Ontario Superior Court of Justice (Commercial List) in the *Companies' Creditors Arrangement Act* proceedings of the Sears Canada Entities on [December 8], 2017 (the "Claims Procedure Order"). Capitalized terms not defined herein have the meanings ascribed to them in the Claims Procedure Order. A copy of the Claims Procedure Order can be obtained from the website of FTI Consulting Canada Inc., the Court-appointed Monitor of the Sears Canada Entities (the "Monitor"), at cfcanada.fticonsulting.com/searscanada/.

According to the books, records and other relevant information in the possession of the Sears Canada Entities, the Construction Claim of the Construction Contractor, inclusive of Construction Claims of any and all other Construction Claimants at any level in connection with the relevant improvement, is set out in the table below. Note that the term "Construction Claim" also includes any D&O Claim(s) relating thereto.

¹ The "Sears Canada Entities" are 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 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., 4201731 Canada Inc., 168886 Canada Inc., 3339611 Canada Inc., and SearsConnect.

Specific Debtor	Amount	Type of Construction Claim			
		Against a Canada Entity under provisions applicable Provincial Legislation	Sears or trust of Lien	Against a Director or Officer under trust provisions of applicable Provincial Legislation	Secured by registration of a builders' or construction lien, or by any security held in connection with a Vacated or Discharged Lien
	\$				
	\$				
	\$				
Total:	\$				

* Amount is in Canadian Dollars. All Construction Claims in an original currency other than Canadian Dollars are converted to Canadian Dollars using the Bank of Canada exchange rate on June 22, 2017.

If you, as the Construction Contractor on behalf of yourself and all Connected Sub-Contractors, agree that the foregoing determination accurately reflects the Construction Claim (including any D&O Claim(s) relating thereto), you are not required to respond to this Notice of Construction Claim. If there is *disagreement* with the determination of the Construction Claim as set out herein, **you must complete the enclosed Notice of Dispute of Construction Claim and deliver such executed Notice of Dispute of Construction Claim to the Monitor such that it is received by the Monitor by 5:00 p.m. (Toronto time) on February 15, 2018 (the "Construction Claims Bar Date").**

Please note that the Construction Claim as set out herein is deemed to include the Construction Claims of you as the Construction Contractor and the Construction Claims of any and all Construction Sub-Contractors under an agreement (written or oral) or otherwise engaged by you as the Construction Contractor or any other Construction Sub-Contractor at any level, in each case in connection with the relevant improvement (each, a "Connected Sub-Contractor" and together the "Connected Sub-Contractors").

However, pursuant to the terms of the Claims Procedure Order, you are to dispute the above Construction Claim on behalf of yourself and any Connected Sub-Contractor with respect to any disputed amount by submitting a Notice of Dispute of Construction Claim. For greater certainty, no Connected Sub-Contractor shall be required to submit a separate Notice of Dispute of Construction Claim in respect of their portion of the above Construction Claim – rather, any such disagreement by a Connected Sub-Contractor is to be included in the Notice of Dispute of Construction Claim submitted by the Construction Contractor.

As a result of the co-ordination that will be required between the Construction Contractor and the Connected Sub-Contractors, the Claims Procedure Order **requires you, as the Construction Contractor,** to send as soon as possible a copy of both your Notice of Construction Claim and the enclosed Construction Sub-Contractor Instruction Letter to all Construction Sub-Contractors in a direct contractual agreement or engagement with you in connection with the relevant improvement and ensure that **every Construction Sub-Contractor** sends as soon as possible a copy of both your Notice of Construction Claim and a Construction Sub-Contractor Instruction Letter to all Construction Sub-Contractors with whom they are in a direct contractual agreement or engagement in connection with the relevant improvement.

If a completed Notice of Dispute of Construction Claim in respect of the Construction Claim set out in the Notice of Construction Claim is not received by the Monitor by the Construction Claims Bar Date, then both you and all Connected Sub-Contractors in connection with the relevant improvement shall be deemed to have accepted the Construction Claim set out therein, and no such Construction Claimant shall have any further right to dispute the same as against the Sears Canada Entities and/or their Directors and Officers.

Since you, as the Construction Contractor, are to file the Notice of Dispute of Construction Claim on behalf of yourself and all Connected Sub-Contractors, **it is your responsibility**, as the Construction Contractor, to give each Connected Sub-Contractor the opportunity to determine and negotiate with you, any rights they may have with respect to the Construction Claim and incorporate it into the Notice of Dispute of Construction Claim.

IF A NOTICE OF DISPUTE OF CONSTRUCTION CLAIM IS NOT RECEIVED BY THE MONITOR WITHIN THE PRESCRIBED TIME PERIOD, THE CONSTRUCTION CLAIM AS SET OUT IN THE NOTICE OF CONSTRUCTION CLAIM WILL BE BINDING ON YOU AND ALL CONNECTED SUB-CONTRACTORS.

This Notice of Construction Claim does not affect any Claim other than the Construction Claim referred to herein. This Notice of Construction Claim should include all Construction Claims (as defined in the Claims Procedure Order) that you may have. If you believe it does not contain the entirety of your Construction Claim, you must include your whole Construction Claim in the Notice of Dispute of Construction Claim. If you (or any other Person, including any Connected Sub-Constructor) have any Claim that is not a Construction Claim, then you (or such other Person) must file that Claim separately in accordance with the Claims Procedure Order.

Construction Contractors requiring further information or claim documentation, or who wish to submit a Notice of Dispute of Construction Claim to the Monitor, may contact the Monitor at the following address:

FTI Consulting Canada Inc., Sears Canada Monitor
TD Waterhouse Tower
79 Wellington Street West
Suite 2010, P.O. Box 104
Toronto, Ontario M5K 1G8

Attention: Sears Canada Claims Process

Tel.: 416-649-8113
Toll Free: 1-855-649-8113
Fax No.: 416-649-8101
Email: searscanada@fticonsulting.com

DATED at Toronto, this ____ day of December, 2017.

**SCHEDULE L
NOTICE OF DISPUTE OF CONSTRUCTION CLAIM
FOR CONSTRUCTION CLAIMS AGAINST THE SEARS CANADA ENTITIES¹
AND/OR THEIR DIRECTORS AND OFFICERS**

Capitalized terms not defined herein have the meanings ascribed to them in the Order of the Ontario Superior Court of Justice (Commercial List) in the CCAA Proceedings of the Sears Canada Entities on [December 8], 2017 (the "Claims Procedure Order") or the Notice of Construction Claim. A copy of the Claims Procedure Order can be found on the Monitor's website at cfcanada.fticonsulting.com/searscanada/.

1 (A) PARTICULARS OF CONSTRUCTION CONTRACTOR

Full Legal Name of Construction Contractor:

Full Mailing Address of Construction Contractor:

Telephone Number of Construction Contractor:

Facsimile Number of Construction Contractor:

E-mail Address of Construction Contractor:

Attention (Contact Person):

(B) PARTICULARS OF CONSTRUCTION SUB-CONTRACTOR, IF APPLICABLE

- (i) Does a Construction Sub-Contractor at any level in connection with the relevant improvement dispute the Construction Claim as set out in the Notice of Construction Claim? Yes No

- (ii) If yes, attach documents evidencing (a) such Construction Sub-Contractor's relationship to the Construction Contractor and/or Construction Sub-Contractor who agreed with or engaged them to provide goods/services/work in

¹ The "Sears Canada Entities" are 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 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., 4201731 Canada Inc., 168886 Canada Inc., 3339611 Canada Inc., and SearsConnect.

connection with the relevant improvement; and (b) provide full contact particulars in the table below of such Construction Sub-Contractor and each *other* Construction Sub-Contractor in the contractual "chain" between such Construction Sub-Contractor and the Construction Contractor. If there is insufficient space below for such particulars, include them in a separate attached schedule.

Full Legal Name of Construction Sub-Contractor:

Full Mailing Address of Construction Sub-Contractor:

Telephone Number of Construction Sub-Contractor:

Facsimile Number of Construction Sub-Contractor:

E-mail Address of Construction Sub-Contractor:

Attention (Contact Person):

2 DISPUTE OF CLAIM AS SET OUT IN NOTICE OF CONSTRUCTION CLAIM

The Construction Contractor on behalf of itself and all Connected Sub-Contractors hereby disagrees with the value of the Construction Claim as set out in the Notice of Construction Claim dated _____ and asserts the following Construction Claim as set out in the following table:

(Insert particulars of your Claim as per the Notice of Construction Claim, and the value of your Construction Claim(s) as asserted by you)

Type of Construction Claim	Name of Specific Debtor Claimed Against	Amount set out in Notice of Construction Claim	Amount claimed by Construction Contractor on behalf of itself and all Connected Sub-Contractors
A. Against a Sears Canada Entity under trust provisions of applicable Provincial Lien Legislation		\$	\$
B. Against a Director or Officer under trust provisions of applicable Provincial Lien Legislation		\$	\$

DATED this _____ day of _____, 20__

(Print name of Construction Contractor, or, if the Construction Contractor is a corporation, the name of the Construction Contractor and the name of the authorized signing officer of the corporation that is executing this Notice of Dispute of Construction Claim.)

(Signature of Construction Contractor, or, if the Construction Contractor is a corporation, the signature of the authorized signing officer of the corporation that is executing this Notice of Dispute of Construction Claim.)

This Notice of Dispute of Construction Claim MUST be submitted to the Monitor at the below address by no later than 5:00 p.m. (Toronto time) on February 15, 2018. Delivery to the Monitor may be made by ordinary prepaid mail, registered mail, courier, personal delivery, facsimile transmission or email to the address below.

FTI Consulting Canada Inc., Sears Canada Monitor
TD Waterhouse Tower
79 Wellington Street West
Suite 2010, P.O. Box 104
Toronto, Ontario M5K 1G8

Attention: Sears Canada Claims Process

Fax No.: 416-649-8101

Email: searscanada@fticonsulting.com

In accordance with the Claims Procedure Order, notices shall be deemed to be received by the Monitor upon actual receipt thereof by the Monitor during normal business hours on a Business Day, or if delivered outside of normal business hours, on the next Business Day.

IF A NOTICE OF DISPUTE OF CONSTRUCTION CLAIM IS NOT RECEIVED BY THE MONITOR WITHIN THE PRESCRIBED TIME PERIOD, THE CONSTRUCTION CLAIM AS SET OUT IN THE NOTICE OF CONSTRUCTION CLAIM WILL BE BINDING ON YOU AND ALL CONNECTED SUB-CONTRACTORS.

SCHEDULE M
INSTRUCTION LETTER FOR CONSTRUCTION CONTRACTORS
WITH CONSTRUCTION CLAIMS AGAINST THE SEARS CANADA ENTITIES¹
AND/OR THEIR DIRECTORS AND OFFICERS

CLAIMS PROCEDURE ORDER

On [December 8], 2017, the Ontario Superior Court of Justice (Commercial List) (the "Court") issued an order (the "Claims Procedure Order") in the *Companies' Creditors Arrangement Act* proceedings of the Sears Canada Entities, commencing a claims procedure (the "Claims Process") for the purpose of identifying and determining, among other things, all Construction Claims against the Sears Canada Entities and/or their respective Directors and Officers. Reference should be made to the Claims Procedure Order for the complete definition of "Construction Claim", but in general it includes all:

- (a) Claims under the trust provisions of applicable provincial builders' lien or construction lien legislation and Claims asserted against the holdback under such legislation;
- (b) Claims secured in whole or in part by the registration of a builders' lien or construction lien under such legislation against any real property that has been or is owned or leased by any of the Sears Canada Entities; and
- (c) Claims secured by any security held in connection with a Vacated or Discharged Lien.

Capitalized terms not defined herein have the meanings ascribed to them in the Claims Procedure Order, a copy of which can be obtained from the website of FTI Consulting Canada Inc., the Court-appointed Monitor (the "Monitor") of the Sears Canada Entities, at cfcanada.fticonsulting.com/searscanada/.

You have received this letter because, as indicated by the enclosed Notice of Construction Claim, you have been identified as a Construction Contractor with a Construction Claim. This letter provides general information about the Claims Process as related to Construction Claims, the obligations of Construction Contractors thereunder, and instructions for completing a Notice of Dispute of Construction Claim form.

CLAIMS PROCESS, OBLIGATIONS, AND INSTRUCTIONS TO CONSTRUCTION CONTRACTORS

If you, as the Construction Contractor on behalf of yourself and all Connected Sub-Contractors, disagree with the assessment of the Construction Claim as stated in a Notice of Construction Claim, you must complete the Notice of Dispute of Construction Claim in accordance with the guidelines herein and deliver the executed Notice of Dispute of

¹ The "Sears Canada Entities" are Sears Canada Inc., Corbell Électrique Inc., S.L.H. Transport Inc., The Cut Inc., Sears Contact Services Inc., Initium Logistics Services Inc., Initium Commerce Labs 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., 4201731 Canada Inc., 168886 Canada Inc., 3339611 Canada Inc., and SearsConnect.

Construction Claim to the Monitor such that it is received by no later than 5:00 p.m. (Toronto time) on February 15, 2018 (the "Construction Claims Bar Date").

Please note that a Construction Contractor's Construction Claim in relation to a given improvement is deemed to include the Construction Claims of the Construction Contractor and all Construction Claims of any and all Construction Sub-Contractors under an agreement (written or oral) or otherwise engaged by the Construction Contractor or any other Construction Sub-Contractor at any level in connection with the relevant improvement (each, a "Connected Sub-Contractor" and together the "Connected Sub-Contractors").

For greater certainty, no Connected Sub-Contractor shall be required to submit a separate Notice of Dispute of Construction Claim in respect of their portion of the above Construction Claim – rather, any such disagreement by a Connected Sub-Contractor is to be included in the Notice of Dispute of Construction Claim submitted by the Construction Contractor.

As a result of the co-ordination that will be required between the Construction Contractor and the Connected Sub-Contractors, the Claims Procedure Order **requires you, as the Construction Contractor**, to send as soon as possible a copy of both your Notice of Construction Claim and the enclosed Construction Sub-Contractor Instruction Letter to all Construction Sub-Contractors in a direct contractual agreement or engagement with you in connection with the relevant improvement and take steps to ensure that **every Construction Sub-Contractor** sends as soon as possible a copy of both your Notice of Construction Claim and a Construction Sub-Contractor Instruction Letter to all Construction Sub-Contractors with whom they are in a direct contractual agreement or engagement with in connection with the relevant improvement.

If a completed Notice of Dispute of Construction Claim in respect of the Construction Claim set out in the Notice of Construction Claim is not received by the Monitor by the Construction Claims Bar Date, then both you and all Connected Sub-Contractors in connection with the relevant improvement shall be deemed to have accepted the Construction Claim set out therein, and no such Construction Claimant shall have any further right to dispute the same as against the Sears Canada Entities and/or their Directors and Officers.

Since you, as the Construction Contractor, are to file the Notice of Dispute of Construction Claim on behalf of yourself and all Connected Sub-Contractors, **it is your responsibility**, as the Construction Contractor, to give each Connected Sub-Contractor the opportunity to determine and negotiate with you, any rights they may have with respect to the Construction Claim and incorporate it into the Notice of Dispute of Construction Claim.

IF A NOTICE OF DISPUTE OF CONSTRUCTION CLAIM IS NOT RECEIVED BY THE MONITOR WITHIN THE PRESCRIBED TIME PERIOD, THE CONSTRUCTION CLAIM AS SET OUT IN THE NOTICE OF CONSTRUCTION CLAIM WILL BE BINDING ON YOU AND ALL CONNECTED SUB-CONTRACTORS.

Construction Claimants requiring further information or claim documentation may contact the Monitor at the following address:

FTI Consulting Canada Inc., Sears Canada Monitor
TD Waterhouse Tower
79 Wellington Street West
Suite 2010, P.O. Box 104
Toronto, Ontario M5K 1G8

Attention: Sears Canada Claims Process

Tel.: 416-649-8113
Toll Free: 1-855-649-8113
Fax No.: 416-649-8101
Email: searscanada@fticonsulting.com

GUIDE TO COMPLETING THE NOTICE OF DISPUTE OF CONSTRUCTION CLAIM FORM

Please note that this is a guide only, and that in the event of any inconsistency between the terms of this guide and the terms of the Claims Procedure Order made on [December 8], 2017, the terms of the Claims Procedure Order will govern. The guide provides instructions by sections corresponding to the headings of the Notice of Dispute of Construction Claim.

SECTION 1(A) – PARTICULARS OF CONSTRUCTION CONTRACTOR

- 1 Enter the reference number of the Construction Claim as indicated at the top of the Notice of Construction Claim.
- 2 The full legal name of the Construction Contractor and its current particulars must be provided.
- 3 If the Construction Contractor operates under a different name or names, please indicate this in a separate schedule in the supporting documentation.

SECTION 1(B) – PARTICULARS OF CONSTRUCTION SUB-CONTRACTOR, IF APPLICABLE

- 1 If a Construction Sub-Contractor at any level in connection with the relevant improvement disputes the Construction Claim as set out in the Notice of Construction Claim, attach documents evidencing (a) such Construction Sub-Contractor's relationship to the Construction Contractor and/or Construction Sub-Contractor who agreed with or engaged them to provide goods/services/work in connection with the relevant improvement; and (b) provide full contact particulars in the table below of such Construction Sub-Contractor and each *other* Construction Sub-Contractor in the contractual "chain" between such Construction Sub-Contractor and the Construction Contractor. If there is insufficient space on the form for such particulars, include them in a separate attached schedule.
- 2 The full legal name of each relevant Construction Sub-Contractor and its current particulars must be provided.
- 3 If any such Construction Sub-Contractor operates under a different name or names, please indicate this in a separate schedule to be prepared and attached by you.

SECTION 2 – DISPUTE OF CLAIM AS DETERMINED IN NOTICE OF CONSTRUCTION CLAIM

- 1 Indicate both the amount set out in the Notice of Construction Claim and the amount asserted by you, as the Construction Contractor and on behalf of all Connected Sub-Contractors, for each Construction Claim: (i) against a Sears Canada Entity under trust provisions of applicable Provincial Lien Legislation, (ii) against a Director or Officer under trust provisions of applicable Provincial Lien Legislation, (iii) secured by registration of a builders' lien or construction lien, or secured by any security held in connection with a Vacated or Discharged Lien, and (iv) to the extent applicable, any unsecured portion of such Construction Claim.
- 2 Each specific Sears Canada Entity, Director or Officer claimed against must be named in the appropriate column.

- 3 If the amount claimed is in a currency other than Canadian dollars, please indicate this in the table.
- 4 If necessary, currency will be converted in accordance with the Claims Procedure Order.

SECTION 3 – REASONS FOR DISPUTE

- 1 Provide full particulars of why the Construction Contractor on behalf of itself and all Connected Sub-Contractors disputes the determination of the Construction Claim as set out in the Notice of Construction Claim. If there is insufficient space on the form for such particulars, provide it on a separate schedule.
- 2 Attach all supporting documentation, including without limitation amount, description of transaction(s) or agreement(s) giving rise to the Construction Claim(s), name of any guarantor(s) which has guaranteed payment of the Construction Claim(s), and any amount allocated thereto, the date and number of all invoices and supporting documentation, particulars of all credits, discounts, etc. claimed, the full particulars of each person for whom the services or materials were provided to by a given Construction Claimant related to the Construction Claim, a brief description of the services or materials supplied by each Construction Claimant, each contract price or subcontract price, the date of each Construction Claimant's date of last supply, date of substantial performance if applicable, copies of each contract/subcontract at issue including any change orders, amendments, and purchase orders or other related documents.
- 3 The particulars provided must support the value of the Construction Claim as stated by you in Section 2 above.
- 4 The Notice of Dispute of Construction Claim is to be signed only by the Person submitting the Notice of Dispute of Construction Claim.

FILING OF NOTICE OF DISPUTE OF CONSTRUCTION CLAIM

The Notice of Dispute of Construction Claim MUST be received by the Monitor on or before 5:00 p.m. (Toronto time) on the Construction Claims Bar Date of February 15, 2018 by prepaid ordinary mail, registered mail, courier, personal delivery, facsimile transmission or email at the following address:

FTI Consulting Canada Inc., Sears Canada Monitor
TD Waterhouse Tower
79 Wellington Street West
Suite 2010, P.O. Box 104
Toronto, Ontario M5K 1G8

Attention: Sears Canada Claims Process

Fax No.: 416-649-8101

Email: searscanada@fticonsulting.com

IF A NOTICE OF DISPUTE OF CONSTRUCTION CLAIM IS NOT RECEIVED BY THE MONITOR WITHIN THE PRESCRIBED TIME PERIOD, THE CONSTRUCTION CLAIM AS SET OUT IN THE NOTICE OF CONSTRUCTION CLAIM WILL BE BINDING ON YOU AND ALL CONNECTED SUB-CONTRACTORS.

SCHEDULE N

INSTRUCTION LETTER FOR CONSTRUCTION SUB-CONTRACTORS REGARDING CONSTRUCTION CLAIMS AGAINST THE SEARS CANADA ENTITIES AND/OR THEIR DIRECTORS AND OFFICERS¹

CLAIMS PROCEDURE ORDER

On [December 8], 2017, the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) issued an order (the “**Claims Procedure Order**”) in the *Companies’ Creditors Arrangement Act* proceedings of the Sears Canada Entities, commencing a claims procedure (the “**Claims Process**”) for the purpose of identifying and determining, among other things, all Construction Claims against the Sears Canada Entities and their respective Directors and Officers. Reference should be made to the Claims Procedure Order for the complete definition of “Construction Claim”, but in general it includes all:

- (a) Claims under the trust provisions of applicable provincial builders’ lien or construction lien legislation and Claims asserted against the holdback under such legislation;
- (b) Claims secured in whole or in part by the registration of a builders’ lien or construction lien under such legislation against any real property that has been or is owned or leased by any of the Sears Canada Entities; and
- (c) Claims secured by any security held in connection with a Vacated or Discharged Lien.

Capitalized terms not defined herein have the meanings ascribed to them in the Claims Procedure Order, a copy of which can be obtained from the website of FTI Consulting Canada Inc., the Court-appointed Monitor (the “**Monitor**”) of the Sears Canada Entities, at cfcanada.fticonsulting.com/searscanada/.

You have received this letter because you have been identified as a Construction Sub-Contractor who has supplied services or materials or work to an improvement to real property that has been or is owned or leased by a Sears Canada Entity (the “**Improvement**”), AND have done so under an agreement or engagement with either the Construction Contractor (i.e., who has the direct contractual relationship with one of the Sears Canada Entities) OR under an agreement or engagement with another subcontractor of any level.

You therefore may have a Construction Claim against the Sears Canada Entities and/or their Directors and Officers, and this letter has been sent to you to provide general information about the Claims Process as it relates to Construction Claims, your obligations in the Claims Process as a Construction Sub-Contractor, and your responsibility to ensure that any Construction Claims you may have with respect to a given Improvement are accounted for in the

¹ The “Sears Canada Entities” are 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 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., 4201731 Canada Inc., 168886 Canada Inc., 3339611 Canada Inc., and SearsConnect.

Construction Claim of the Construction Contractor (i.e., the party who has the direct contractual relationship with one of the Sears Canada Entities) in relation to that Improvement.

RESPONSIBILITIES OF CONSTRUCTION SUB-CONTRACTORS IN CLAIMS PROCESS

As a part of the Claims Process, the Construction Contractor relevant to the Improvement has received a Notice of Construction Claim indicating the Construction Claim (including any D&O Claim relating thereto) as valued by the Sears Canada Entities, in consultation with the Monitor.

Please note that, under the Claims Procedure Order, any Construction Claims you may have as a Construction Sub-Contractor as well as the Construction Claims of any other Construction Sub-Contractor at any level in relation to the Improvement (each, a "**Connected Sub-Contractor**") are deemed to be included in that Construction Claim.

If you believe that the Construction Claim as set out in the Notice of Construction Claim that has been sent to the Construction Contractor is incorrect, then the Construction Contractor, on behalf of itself and all Connected Sub-Contractors, including you, is able to dispute such Construction Claim by completing and submitting a Notice of Dispute of Construction Claim to the Monitor such that it must be received by no later than 5:00 p.m. (Toronto time) on February 15, 2018 (the "**Construction Claims Bar Date**"). However, it is the Construction Contractor's responsibility (and not you or any other Connected Sub-Contractor) to submit a Notice of Dispute of Construction Claim to dispute the Construction Claim. For greater certainty, neither you nor any other Construction Sub-Contractor is required to submit a separate Notice of Dispute of Construction Claim in respect of its Construction Claim to the extent that such Construction Sub-Contractor's Construction Claim is captured by the Construction Contractor's Notice of Construction Claim or Notice of Dispute of Construction Claim. **Please contact the Monitor should you believe that your Construction Claim is not fully captured by the Construction Contractor's Notice of Dispute of Construction Claim (or Notice of Construction Claim if a Notice of Dispute of Construction Claim is not submitted by the Construction Contractor).**

If a Notice of Dispute of Construction Claim is not received by the Monitor by the Construction Claims Bar Date, then all Construction Claimants relevant to the Construction Claim (including you and all other Connected Sub-Contractors) shall be deemed to have accepted the Construction Claim set out in the Notice of Construction Claim, and no such Construction Claimant shall have any further right to dispute the same as against the Sears Canada Entities and/or their Directors and Officers.

It is your responsibility as a Construction Sub-Contractor to contact the Construction Contractor directly to:

- (a) **determine and negotiate** with the Construction Contractor any rights you, as the Construction Sub-Contractor, may have with regard to the Construction Contractor's aggregate Construction Claim; and
- (b) **ensure that any Construction Claim you may have is accounted for** – either in the Construction Claim as assessed in the Notice of Construction Claim sent to the Construction Contractor, or in a Notice of Dispute of Construction Claim to be submitted by the Construction Contractor within the prescribed time period.

Note that the Claims Procedure Order further requires you, as a Construction Sub-Contractor, to send as soon as possible a copy of the Notice of Construction Claim and this Construction Sub-Contractor Instruction Letter to all Construction Sub-Contractors in a direct contractual agreement or engagement with you in connection with the Improvement. This is intended to give all Connected Sub-Contractors at every level the opportunity to determine and negotiate with the Construction Contractor any rights they may have with respect to the Construction Claim.

Construction Sub-Contractors requiring further information should contact their Construction Contractor, but may also contact the Monitor at the following address:

FTI Consulting Canada Inc., Sears Canada Monitor
TD Waterhouse Tower
79 Wellington Street West
Suite 2010, P.O. Box 104
Toronto, Ontario M5K 1G8

Attention: Sears Canada Claims Process

Tel.: 416-649-8113
Toll Free: 1-855-649-8113
Fax No.: 416-649-8101
Email: searscanada@fticonsulting.com

IN THE MATTER OF the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended

Court File No: CV-17-11846-00CL

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF SEARS CANADA INC., CORBEL 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.

Applicants

Ontario
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
Proceeding commenced at Toronto

CLAIMS PROCEDURE ORDER

OSLER, HOSKIN & HARCOURT LLP
P.O. Box 50, 1 First Canadian Place
Toronto, ON M5X 1B8

Marc Wasserman LSUC# 44066M
Tel: 416.862.4908

Jeremy Dacks LSUC# 41851R
Tel: 416.862.4923

Michael De Lellis LSUC# 48038U
Tel: 416.862.5997

Karin Sachar LSUC# 59944E
Tel: 416.862.5949
Fax: 416.862.6666

Lawyers for the Applicants

(2)

outside of the claims
process set out in this
order and that they may
be back before the
court, before the landlord
Bon Sale, & seek
leave to do so.

Hainey J.

APPENDIX "B"

Court File No.: CV-17-11846-00CL

**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**")

**NOTICE OF MOTION
(For the Wind-up of the Sears Canada Pension Plan)**

Representative Counsel to the court-appointed Representatives of employees and retirees with respect to pensions and post-retirement benefits of the Applicants will make a motion to a Judge presiding over the Commercial List on August 18, 2017 at 10:00 a.m. to speak to the scheduling of this motion, at 330 University Avenue, Toronto, Ontario.

PROPOSED METHOD OF HEARING: The motion shall be heard orally.

THIS MOTION IS FOR:

1. **AN ORDER** directing Sears Canada Inc. to wind up the Sears Canada Inc. Registered Retirement Plan (Registration No. 0360065) (the "**Sears Canada Plan**"), either in entirety or

with respect to the DB Component (defined below), effective as of October 1, 2017, or such other date as counsel may advise, and to take all necessary steps for the orderly wind-up of the plan, including the continuation of payment of pension benefits, without interruption, during the wind up process;

2. **AN ORDER**, in the alternative, directing the Superintendent of Financial Services of Ontario to take the necessary steps to wind up the Sears Canada Plan, either in entirety or with respect to the DB Component (defined below), effective as of October 1, 2017, or such other date as counsel may advise, and to take all necessary steps for the orderly wind-up of the plan, including the continuation of payment of pension benefits from the plan, without interruption, during the wind up process;

3. **AN ORDER**, if necessary, abridging the time for service of this motion; and

4. **AN ORDER**, if necessary, lifting the stay of proceedings in the Initial CCAA Order;

5. Such further and other relief as counsel may request and this Honourable Court may deem just.

THE GROUNDS FOR THE MOTION ARE:

The Sears Canada Pension Plan

1. During their employment years with Sears Canada, employees earned pension benefits that are to be paid to them each month during their retirement for their lifetimes. The pension benefits are the employees' deferred wages for work they performed for the company. There are approximately 18,000 retirees and beneficiaries who rely on receiving monthly pension benefits from the Sears Canada Plan for their livelihoods.

2. The Sears Canada Plan was commenced in January 1976 for the purpose of providing *defined benefit* pensions to employees on their retirement (the "**DB Component**"). The DB Component operates by establishing a formula pursuant to which a monthly pension benefit is calculated at the time of the retirement of an employee. During the operation of the plan, an actuary is required to perform regular valuations and to advise the company on the amount that it must contribute to the plan so that the plan can pay the monthly benefits. In addition, employees were also required to regularly contribute a portion of their pay to the Sears Canada Plan.

3. In June 2008, Sears Canada amended the Sears Canada Plan to add a *defined contribution* component (the "**DC Component**"). The DC Component operates akin to a collection of RRSP-type accounts for the employees, with the company making fixed contributions as a percentage of employees' pay to a DC account for each employee. The employees in turn invest their funds in investment vehicles in an effort to grow a lump sum to be used on retirement. The company's contributions are fixed and no actuarial valuation reports are required for the funding of the DC Component.

4. After June 30, 2008, all Sears Canada employees could only accrue future benefits under the DC Component. Pension benefit accruals for employees who had been accruing a benefit under the DB Component were frozen as of June 30, 2008. These employees retained their defined benefit pension that they earned up to June 30, 2008, which would be paid to them as a monthly defined benefit pension when they retired from Sears Canada (in addition to any amount they earned under the DC Component, if also applicable to them).

5. The most recent actuarial valuation report for the Sears Pension Plan as at December 31, 2015 reports that the plan is underfunded by \$266.8 million on its wind up. This means that

Sears Canada is required to pay that amount into the plan so that the DB Component can pay the full amount of benefits earned by the pension plan members. If that amount is not paid on wind up, the retirees' monthly pension benefits will have to be reduced, and financial hardship to many, if not all, the Sears Canada retirees will result.

6. For over the past five years, Sears Canada's financial situation has steadily and significantly deteriorated.

7. Due to the prolonged financial deterioration of Sears Canada, the association of Sears retirees, the Store and Catalogue Retiree Group ("**SCRG**"), comprised of over 6,000 retirees of Sears Canada, has since November 2014 been requesting both the company and the Financial Services Commission of Ontario ("**FSCO**") to wind up the Sears Pension Plan, in particular the DB component, in order to disengage the pension plan from the failing company and to protect the pension income security of the retirees.

8. The wind up of the plan gives rise to the requirement by the company to pay the full amount of the wind up deficit to the plan. The wind up also gives rise to a payment into the plan by the Ontario Pension Benefits Guarantee Fund ("**PBGF**") that would help offset the underfunding in the plan and minimize pension benefit reductions.

9. Under section 82(2) of the *Pension Benefits Act*, R.S.O. 1990, c. P.8 ("**PBA**"), the Ontario Superintendent of Financial Services is responsible for the administration of the PBGF.

10. Despite the repeated requests by SCRG, neither the company nor the Superintendent have taken steps to wind up the Sears Pension Plan.

Sears Canada's CCAA filing increases the urgency for the pension plan to be wound up

11. On June 22, 2017, Sears Canada was insolvent and applied for protection from its creditors under the *Companies' Creditors Arrangement Act*, R.S.C., 1985, c. C-36 ("**CCAA**"). Mr. Justice Haaney of the Ontario Superior Court of Justice (Commercial List) issued the Initial CCAA Order.

12. While under CCAA protection, Sears Canada has stated that its main objective is to conduct a sales process called the Sales and Investment Solicitation Process ("**SISP**") to sell itself, in whole or in parts, to potential purchasers. The SISP is ongoing.

13. Concurrent to the SISP, Sears Canada has identified 59 stores that it would close after liquidating the inventory in those stores. On July 18, 2017, Sears Canada brought a motion before this court for an order to approve the liquidation sales process for 54 of those stores. Sears Canada immediately commenced the closure process of those stores and terminated 2,500 employees without paying severance pay.

The PBA/PPSA deemed trust priority in favour of pension plan beneficiaries for amounts owing to the pension plan

14. In the circumstances of Sears Canada CCAA proceedings, it is a virtual certainty that the company will not continue in its current form, if at all, nor that a purchaser in the SISP will assume the liabilities of the Sears Pension Plan. As a result the plan will need to be terminated, i.e., wound up.

15. Section 57(4) of the PBA and section 30(7) of the *Personal Property Security Act*, R.S.O. 1990, c. P. 10 ("**PPSA**") create a deemed trust priority in favour of the pension plan beneficiaries

over certain assets of an employer for the amount owing and not paid by an employer to the pension plan on its wind up.

16. The PBA/PPSA deemed trust priority is critically important for the Sears Canada Plan beneficiaries in the circumstances of Sears Canada's CCAA proceedings and future competing claims of other creditors.

17. It is critical for the Sears Canada Plan to be wound up to secure the PBA/PPSA deemed trust priority for the beneficiaries of the Sears Canada Plan.

18. Sears Canada, the administrator of the Sears Canada Plan, owes a fiduciary duty under both section 22 of the PBA and the common law to act in the best interests of the pension plan members.

19. Sears Canada is in a conflict of interest.

20. The Ontario Superintendent of Financial Services also owes a fiduciary duty to the pension plan members to act in their best interests.

21. The delays by the company and the Superintendent to wind up the plan and to secure the PBA/PPSA deemed trust priority are potentially highly prejudicial to the beneficiaries of the Sears Canada Plan.

22. The *Companies' Creditors Arrangement Act*, R.S.C., 1985, c. C-36, sections 1 and 11.

23. The *Pension Benefits Act*, R.S.O. 1990, c. P.8, sections 22, 57(4), 68, and 82.

24. The *Personal Property Security Act*, R.S.O. 1990, c. P. 10, section 30(7).

25. Such further and other grounds as counsel may advise and of which this Honourable Court will permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

- a) The Affidavit of William Turner, with exhibits, sworn on August 2, 2017;
- b) The Affidavit of Jules Monteyne, with exhibits, sworn on August 11, 2017; and
- c) Such further and other evidence as counsel may advise and which this Honourable Court may permit.

August 11, 2017

KOSKIE MINSKY LLP

20 Queen Street West, Suite 900, Box 52
Toronto, ON M5H 3R3

Andrew J. Hatnay – LSUC No. 31885W

Tel: 416-595-2083 / Fax: 416-204-2872
Email: ahatnay@kmlaw.ca

Mark Zigler – LSUC No. 19757B

Tel: 416-595-2090/Fax: 416-204-2877
Email: mzigler@kmlaw.ca

Demetrios Yiokaris - LSUC#: 45852L

Tel: 416-595-2130 / Fax: 416-204-2810
Email: dyiokaris@kmlaw.ca

Representative Counsel to the Retirees of
Sears Canada

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF SEARS CANADA INC., CORBEL 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")

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

Proceeding commenced at Toronto

NOTICE OF MOTION

KOSKIE MINSKY LLP
20 Queen Street West
Suite 900, Box 52
Toronto, ON M5H 3R3

Andrew J. Hatnay (LSUC# 31885W)
Tel: 416-595-2083 / Fax: 416-204-2872
Email: ahatnay@kmlaw.ca

Mark Zigler (LSUC# 19757B)
Tel: 416-595-2090 / Fax: 416-204-2877
Email: mzigler@kmlaw.ca

Representative Counsel for the Retirees of
Sears Canada

APPENDIX "C"

From: Gauthier, Virginie

Sent: July-06-18 2:36 PM

To: David T. Ullmann; D. J. Miller; Linda Galessiere; Edmond Lamek (edmond.lamek@dlapiper.com); MacParland, Natasha (NMacParland@dwvp.com); John C. Wolf; Mudasir Marfatia; Mighton, Jesse (JMighton@dwvp.com)

Cc: Bishop, Paul; Greg Watson (greg.watson@fticonsulting.com); Steven Bissell (steven.bissell@fticonsulting.com); Pearson, Lizzy (Lizzy.Pearson@fticonsulting.com); Pasparakis, Orestes; Cobb, Evan; Merskey, Alan

Subject: RE: Sears Canada Inc.: Extension of Time to File NODs

In light of continuing discussions amongst certain landlord counsel and the Monitor, the Monitor will extend the deadline for your clients to file notices of dispute in respect of the NORDs that you have received, to July 31, 2018. As you know the Monitor is strongly of the view that issues need to be resolved without further delay. We are extending this courtesy to you but note our strong view that further delay is prejudicial.

Virginie Gauthier
Partner

Norton Rose Fulbright Canada LLP / S.E.N.C.R.L., s.r.l.
Royal Bank Plaza, South Tower, Suite 3800
200 Bay Street, P.O. Box 84, Toronto, ON M5J 2Z4 Canada
T: +1 416.216.4853 | M: +1 416.844.5391 | F: +1 416.216.3930
virginie.gauthier@nortonrosefulbright.com

NORTON ROSE FULBRIGHT

From: Gauthier, Virginie

Sent: June-20-18 1:22 PM

To: 'David T. Ullmann'; D. J. Miller; Linda Galessiere; Edmond Lamek (edmond.lamek@dlapiper.com); MacParland, Natasha (NMacParland@dwvp.com); John C. Wolf; Mudasir Marfatia; Mighton, Jesse (JMighton@dwvp.com)

Cc: Bishop, Paul; Greg Watson (greg.watson@fticonsulting.com); Steven Bissell (steven.bissell@fticonsulting.com); Pearson, Lizzy (Lizzy.Pearson@fticonsulting.com); Pasparakis, Orestes; Cobb, Evan; Merskey, Alan

Subject: RE: Sears Canada Inc.: Extension of Time to File NODs

David and all:

The Monitor is concerned about further delays in dealing with claims in the estate and is not inclined to extend the time to file a notice of dispute at this time.

The Monitor is however prepared to discuss with interested landlords a proposed formula which the Monitor believes forms a reasonable basis for the valuation of the landlords' claims and the allocation of the related dividend amongst your clients. As such, the Monitor will be contacting individual landlord counsel in the coming days to discuss the proposed formula.

Virginie Gauthier
Partner

Norton Rose Fulbright Canada LLP / S.E.N.C.R.L., s.r.l.
Royal Bank Plaza, South Tower, Suite 3800
200 Bay Street, P.O. Box 84, Toronto, ON M5J 2Z4 Canada
T: +1 416.216.4853 | M: +1 416.844.5391 | F: +1 416.216.3930
virginie.gauthier@nortonrosefulbright.com

NORTON ROSE FULBRIGHT

From: David T. Ullmann [mailto:DUllmann@blaney.com]

Sent: June-19-18 3:14 PM

To: Gauthier, Virginie; D. J. Miller; Linda Galessiere; Edmond Lamek (edmond.lamek@dlapiper.com); MacParland, Natasha (NMacParland@dwpv.com); John C. Wolf; Mudasar Marfatia; Mighton, Jesse (JMighton@dwpv.com)
Cc: Bishop, Paul; Greg Watson (greg.watson@fticonsulting.com); Steven Bissell (steven.bissell@fticonsulting.com); Pearson, Lizzy (Lizzy.Pearson@fticonsulting.com); Pasparakis, Orestes; Cobb, Evan; Merskey, Alan
Subject: RE: Sears Canada Inc.: Extension of Time to File NODs

Virginie,

Assuming a further day of mediation is being considered, we would expect that the 30 day tolling discussed in DJ's email below would continue until at least a decision is made as to whether or not the mediation is to continue, and we each have had the opportunity to seek instructions as to whether or not we will attend further mediation.

Can you please confirm that the July 14th date in your email below is further extended on this basis (i.e. extended to run for 30 days from a date to be fixed once it is decided if there is or is not to be a continuation of the mediation)?

Finally, we confirm that we are reserving our rights to ask for further extensions, beyond the 30 day toll contemplated above, to accommodate the delivery of any necessary and further evidence that may be required as part of the filing of any notices of dispute. Once the 30 day time period has actually begun, we will raise with you further issues in that regard if necessary.

Regards,

David

David T. Ullmann

Partner

dullmann@blaney.com

☎ 416-596-4289 | ☎ 416-594-2437

From: Gauthier, Virginie [mailto:virginie.gauthier@nortonrosefulbright.com]

Sent: May-29-18 12:02 PM

To: D. J. Miller; Linda Galessiere; Edmond Lamek (edmond.lamek@dlapiper.com); MacParland, Natasha (NMacParland@dwpv.com); John C. Wolf; David T. Ullmann; Mudasar Marfatia; Mighton, Jesse (JMighton@dwpv.com)
Cc: Bishop, Paul; Greg Watson (greg.watson@fticonsulting.com); Steven Bissell (steven.bissell@fticonsulting.com); Pearson, Lizzy (Lizzy.Pearson@fticonsulting.com); Pasparakis, Orestes; Cobb, Evan; Merskey, Alan
Subject: RE: Sears Canada Inc.: Extension of Time to File NODs

The Monitor is agreeable to the request to extend the deadline to file NODs in respect of NORDs that have been issued, or will be issued prior to May 30, to July 14, 2018.

Many thanks!

Virginie Gauthier
Partner

Norton Rose Fulbright Canada LLP / S.E.N.C.R.L., s.r.l.
Royal Bank Plaza, South Tower, Suite 3800
200 Bay Street, P.O. Box 84, Toronto, ON M5J 2Z4 Canada
T: +1 416.216.4853 | M: +1 416.844.5391 | F: +1 416.216.3930
virginie.gauthier@nortonrosefulbright.com

NORTON ROSE FULBRIGHT

From: D. J. Miller [mailto:DJMiller@tgf.ca]
Sent: May-28-18 7:45 PM
To: Gauthier, Virginie; Linda Galessiere; Edmond Lamek (edmond.lamek@dlapiper.com); MacParland, Natasha (NMacParland@dwpv.com); John C. Wolf (jwolf@blaney.com); David T. Ullmann (DUllmann@blaney.com); Mudasir Marfatia; Mighton, Jesse (JMighton@dwpv.com)
Cc: Bishop, Paul; Greg Watson (greg.watson@fticonsulting.com); Steven Bissell (steven.bissell@fticonsulting.com); Pearson, Lizzy (Lizzy.Pearson@fticonsulting.com); Pasparakis, Orestes; Cobb, Evan; Merskey, Alan
Subject: RE: Sears Canada Inc.: Extension of Time to File NODs

We refer to the email below, and write on behalf of all landlord counsel copied.

Notices of Disallowance (NOD) have been received by or on behalf of various landlords represented by counsel copied on this email, including several received today. The proposed tolling set out in the email from Virginie below is not sufficient. There needs to be a complete tolling for a period of 30 days after the termination of the mediation for the filing of Dispute Notices to any NOD's for landlords. Not on a piecemeal basis, but across the board. We are all either focusing on the preparation of detailed Dispute Notices and going down that path, or we are focusing on a potential consensual resolution through mediation - not both. Landlords are not prepared to lose 2 weeks of the 30 day time period that we would otherwise have to focus on the Dispute Notices, or incur additional costs by "twin tracking". In that case, our clients may simply choose to allocate their resources by focusing on responses to the step taken by the Monitor in issuing the NODs, rather than the mediation that we were invited to participate in.

Please confirm that the full 30 day time period for the delivery of a Dispute Notice to a NOD received by a landlord at any point prior to the mediation (June 14), will commence on June 14 and not before. Thank you.

D.J.

From: Gauthier, Virginie [mailto:virginie.gauthier@nortonrosefulbright.com]
Sent: May-17-18 9:58 AM
To: Linda Galessiere <lgalessiere@clegal.ca>; Edmond Lamek (edmond.lamek@dlapiper.com) <edmond.lamek@dlapiper.com>; MacParland, Natasha (NMacParland@dwpv.com) <NMacParland@dwpv.com>; John C. Wolf (jwolf@blaney.com) <jwolf@blaney.com>; David T. Ullmann (DUllmann@blaney.com) <DUllmann@blaney.com>; D. J. Miller <DJMiller@tgf.ca>; Mudasir Marfatia <MMarfatia@tgf.ca>; Mighton, Jesse (JMighton@dwpv.com) <JMighton@dwpv.com>
Cc: Bishop, Paul <Paul.Bishop@fticonsulting.com>; Greg Watson (greg.watson@fticonsulting.com) <greg.watson@fticonsulting.com>; Steven Bissell (steven.bissell@fticonsulting.com) <steven.bissell@fticonsulting.com>; Pearson, Lizzy (Lizzy.Pearson@fticonsulting.com) <Lizzy.Pearson@fticonsulting.com>; Pasparakis, Orestes <orestes.pasparakis@nortonrosefulbright.com>; Cobb, Evan <evan.cobb@nortonrosefulbright.com>; Merskey, Alan <alan.merskey@nortonrosefulbright.com>
Subject: Sears Canada Inc.: Extension of Time to File NODs

At our meeting on Friday May 11, you have asked the Monitor to consider granting your clients who have received notices of revision or disallowance (“**NORDs**”) an extension of the time to file notices of disputes (“**NODs**”). This will confirm that the Monitor, exercising its discretion pursuant to the Claim Procedure Orders issued by the Court, agrees to extend the deadline by which NODs in respect of NORDs that you or your clients have received, or may be receiving prior to May 30, 2018, may be filed, to **July 3, 2018** or such later date as may be agreed to by the Monitor following the Mediation. To the extent that NORDs are issued to your clients after May 30 and prior to the Mediation, the Monitor will work with you to extend the time to file related NODs to a date that will provide your clients no less than 30 days to file NODs.

Many thanks, and don't hesitate to reach out with any further questions.

Virginie Gauthier

Partner

Norton Rose Fulbright Canada LLP / S.E.N.C.R.L., s.r.l.
Royal Bank Plaza, South Tower, Suite 3800
200 Bay Street, P.O. Box 84, Toronto, ON M5J 2Z4 Canada
T: +1 416.216.4853 | M: +1 416.844.5391 | F: +1 416.216.3930
virginie.gauthier@nortonrosefulbright.com

NORTON ROSE FULBRIGHT

Law around the world
nortonrosefulbright.com

CONFIDENTIALITY NOTICE: This email is confidential and may be privileged. If you are not the intended recipient please notify the sender immediately and delete it.

From: Merskey, Alan <alan.merskey@nortonrosefulbright.com>
Sent: July-27-18 5:41 PM
To: David T. Ullmann (dullmann@blaney.com)
Cc: Pasparakis, Orestes; Gauthier, Virginie
Subject: FW: Sears - Landlord Issues re Claims Bar etc

David,

While I have provided the Monitor's input on the dates and hearing request form I expect you appreciate both from our call earlier and Orestes' note below that agreeing to motion dates does not alter, and is without prejudice to, the Monitor's position that your claim disputes must be filed by July 31.

Best regards

Alan Merskey
Partner

Norton Rose Fulbright Canada LLP / S.E.N.C.R.L., s.r.l.
Royal Bank Plaza, South Tower, Suite 3800
200 Bay Street, P.O. Box 84, Toronto, ON M5J 2Z4 Canada
T: +1 416.216.4805 | F: +1 416.216.3930
alan.merskey@nortonrosefulbright.com

NORTON ROSE FULBRIGHT

From: Pasparakis, Orestes
Sent: July-24-18 10:20 PM
To: David T. Ullmann
Cc: Gauthier, Virginie; Cobb, Evan; John C. Wolf; Mr. Paul Bishop; Mr. Greg Watson
Subject: Re: Sears - Landlord Issues re Claims Bar etc

David

The court did not instruct you to bring a motion. The court told you that if you wanted relief, you needed a motion.

Our position on the deadline remains unchanged. If you ignore it, you do so at your client's risk. Our letters have been clear as is the Court's claims process order.

Let's talk tomorrow or Thursday.

On Jul 24, 2018, at 9:33 PM, David T. Ullmann <DULLmann@blaney.com> wrote:

Orestes,

Further to our attendance before Justice Haaney this morning, we confirm that His Honour instructed us to schedule our motion to determine the appropriateness of the dates in the claims bar procedure.

In that regard, we would look to schedule the return of that motion to coincide with the motion on August 27, 2018, or such later date as His Honour may be available, absent agreement between us. We understand availability with His Honour prior to that date is very crowded and in particular he is entirely unavailable until late August.

In the interim, as we advised the Court, we will not be filing any materials in accordance with the most recent notice of objection claims bar date suggested by the Monitor. We continue to take the position that it is inappropriate for our clients to do so in the face of the mounting uncertainty related to the deemed trust issue and that it is also practically impossible to do so on an expedited basis. We understand that other creditor's counsel support our position as they do not want estate assets potentially needlessly consumed.

In the event that you would like to explore a manner in which we could file notices of dispute on the basis that all necessary evidence would be produced in front of the claims officer in due course, we would be prepared to discuss a resolution on that basis, on the understanding that any hearing of any substance before the claims officer would be after the Deemed Trust motion, which we understand is now to be let in late October.

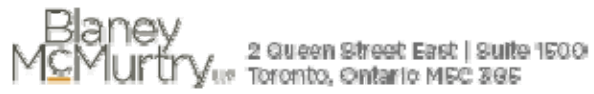
We do want to confirm that while you advised the court this morning that the Monitor has apparently reached a resolution with the four other active landlord counsel (presumably on the basis of the proposal last sent by the Monitor) we are not moved by that fact. We confirm that that proposal is unacceptable to our clients. As you are aware, the CCAA does not provide a mechanism which allows anyone to force a formulaic valuation of landlord claims, or indeed any claim, on any creditor, regardless of how many other similar creditors may agree to a method for valuing such claims. All creditors have the right to have their claims adjudicated if they cannot otherwise be resolved consensually. Our clients remain resolute in their belief that their claims are worth materially more than the formula proposed, which was negotiated with other counsel with other pressing issues guiding their approach.

We also take this opportunity to comment that we are at a loss to understand why the Monitor, who expressly supported a co-tenancy stay at the initiation of this process (and implicitly accepted that such claims would form claims against Sears), now objects so absolutely to any proposal which addresses this issue (once the deemed trust gating issue is resolved.) We would appreciate the courtesy of understanding the basis for the rejection of what was previously proposed in that regard and why it is so unpalatable to the monitor to now accept that those same claims form a reasonable claim against Sears by the Landlord.

We would suggest we speak directly at some point tomorrow.

Regards,

David



David T. Ullmann
Partner

dullmann@blaney.com

☎ 416-596-4289 | ☎ 416-594-2437

☎ Blaney.com

This communication is intended only for the party to whom it is addressed, and may contain information which is privileged or confidential. Any other delivery, distribution, copying or disclosure is strictly prohibited and is not a waiver of privilege or confidentiality. If you have received this telecommunication in error, please notify the sender immediately by return electronic mail and destroy the message.

APPENDIX "D"

From: Merskey, Alan
Sent: August-29-18 9:48 AM
To: David T. Ullmann
Cc: Pasparakis, Orestes; Gauthier, Virginie; Cobb, Evan; John C. Wolf
Subject: RE: Sears - Claims Hearing re Landlords Represented by Blaney McMurtry

David,

That is the very relief you are requesting on September 20, which we continue to oppose. The Monitor is not prepared to stay your claims until after disposition of the deemed trust motion. Accordingly we shall proceed on the basis set out below.

Best regards

Alan Merskey
Partner

Norton Rose Fulbright Canada LLP / S.E.N.C.R.L., s.r.l.
Royal Bank Plaza, South Tower, Suite 3800
200 Bay Street, P.O. Box 84, Toronto, ON M5J 2Z4 Canada
T: +1 416.216.4805 | F: +1 416.216.3930
alan.merskey@nortonrosefulbright.com

NORTON ROSE FULBRIGHT

From: David T. Ullmann [mailto:DUllmann@blaney.com]
Sent: August-29-18 9:42 AM
To: Merskey, Alan
Cc: Pasparakis, Orestes; Gauthier, Virginie; Cobb, Evan; John C. Wolf
Subject: RE: Sears - Claims Hearing re Landlords Represented by Blaney McMurtry

Alan,

For clarity, the disconnect between what you have said below and what I was asking at the end of my email is that I am suggesting that we attend the case conference and no further steps be taken until after the Deemed trust motion is ruled on, as opposed to what you have said, which is that we attend the case conference but nothing will happen until after Sept 20th, which would be practical reality in any event. If you are interested in discussing what I have suggested, let me know and I will seek instructions.

David

David T. Ullmann
Partner
dullmann@blaney.com
☎ 416-596-4289 | ☎ 416-594-2437

From: Merskey, Alan [mailto:alan.merskey@nortonrosefulbright.com]
Sent: August 29, 2018 9:01 AM
To: David T. Ullmann
Cc: Pasparakis, Orestes; Gauthier, Virginie; Cobb, Evan; John C. Wolf
Subject: RE: Sears - Claims Hearing re Landlords Represented by Blaney McMurtry

David,

Thank you for your reply. We will ensure it, and your prior correspondence are before the Court on September 4th. The choice of attendance is of course yours. With respect to your final paragraph we thought it evident from:

1. Its character as a case conference;
2. Your limited availability between July 24 and September 20; and
3. Our prior correspondence

that the purpose of the case conference was exactly that; to manage the case. In any event, to allow you to obtain instructions, it is our intention on September 7 to ask Justice Farley to set a schedule for the expeditious resolution of your clients' claims commencing immediately after September 20 (or the release of reasons).

With respect to the remainder of your email, we continue to disagree with your assertions. As we have previously expressed our views I see little purpose in belabouring the matter further through correspondence.

Best regards

Alan Merskey
Partner

Norton Rose Fulbright Canada LLP / S.E.N.C.R.L., s.r.l.
Royal Bank Plaza, South Tower, Suite 3800
200 Bay Street, P.O. Box 84, Toronto, ON M5J 2Z4 Canada
T: +1 416.216.4805 | F: +1 416.216.3930
alan.merskey@nortonrosefulbright.com

NORTON ROSE FULBRIGHT

From: David T. Ullmann [mailto:DUllmann@blaney.com]
Sent: August-28-18 9:09 PM
To: Merskey, Alan
Cc: Pasparakis, Orestes; Gauthier, Virginie; Cobb, Evan; John C. Wolf
Subject: RE: Sears - Claims Hearing re Landlords Represented by Blaney McMurtry

Alan,

Thank you for your email. As you have previously made clear, and as our court materials will relate, there is in fact no urgency to resolving our clients claims at this time. As such the statement upon which you rely at the outset of your email below to justify your approach is incorrect.

You and your colleagues were very clear in advising us that our clients held no leverage in this matter because you had already proceeded to present the landlord solution as a fait accompli to the other key stakeholders and they had been encouraged by it. You made it quite clear that you did not need the resolution of our claims to proceed and we will strongly object to any attempt by the Monitor to say otherwise in its court materials, as your email seems to suggest you might do. As such, it is simply untrue, according to your own words, that failure to have a resolution with our clients is in any way impeding the progress of the Sears matter. Indeed, that had to be untrue in order for you to have proceeded with the settlement you entered into with the other landlords.

As to the issues of costs, we will rely on the Monitor's previous statements, plus statements made in court by the Monitor at the July 24th hearing, to make it crystal clear that the monitor is using this hardball approach to the valuation of our clients claims for a collateral purpose, i.e. to force our clients to abandon their objection to the landlord formula. That is ultra vires the role of the of the Monitor and it is inappropriate conduct by a court officer, as is scheduling a moot case conference in the face of a pending motion. When we make these facts known to the Court, we have little doubt that the Court will agree that costs against the Monitor are warranted. As you are aware, when a court officer descends into taking litigious positions and engaging in litigation tactics, akin to those taken by an ordinary litigant, it sheds its protective mantle.

We will not be attending court on September 4th as we have no interest in attempting to deal with this piecemeal. We have a motion set for Sept 20th and we will present our record to the court at that time.

We again encourage you to rethink your approach to this matter. If the Monitor was prepared to discuss deferring any further steps related to our disputed claims beyond what might be discussed at the Sept 7th case conference (should we receive instructions to attend same) that may be something we could discuss (although I have no such instructions at this time).

Regards,

David

David T. Ullmann

Partner

dullmann@blaney.com

📞 416-596-4289 | 📞 416-594-2437

From: Merskey, Alan [mailto:alan.merskey@nortonrosefulbright.com]
Sent: August 28, 2018 2:38 PM
To: David T. Ullmann
Cc: Pasparakis, Orestes; Gauthier, Virginie; Cobb, Evan; John C. Wolf
Subject: RE: Sears - Claims Hearing re Landlords Represented by Blaney McMurtry

David,

Thank you for your email.

As we have indicated to you it is the Monitor's view that the administration of the estate needs to proceed expeditiously. Your clients' outstanding claims represent a significant impediment to that administration. Notwithstanding the relief you are seeking, a case conference with Justice Farley on September 7 will provide helpful guidance and scheduling certainty on the resolution of those claims. It is the Monitor's view that such guidance will provide useful input to the Court in addressing the relief you are requesting. It is for that reason that the Monitor remains of the view that the case conference is a proper step.

Please be advised that the Monitor will not be dissuaded from the correct conduct of its office by threats or aspersions on the propriety of its actions. There is court time booked for September 4th at 10:00 am which we expect to use for some small matters. We will raise your correspondence with the court then. We expect that to the extent you continue to have any concerns with the steps undertaken by the Monitor you will make yourself or a member of your firm available at that time to address those allegations.

Best regards

Alan Merskey

Partner

Norton Rose Fulbright Canada LLP / S.E.N.C.R.L., s.r.l.
Royal Bank Plaza, South Tower, Suite 3800
200 Bay Street, P.O. Box 84, Toronto, ON M5J 2Z4 Canada
T: +1 416.216.4805 | F: +1 416.216.3930
alan.merskey@nortonrosefulbright.com

NORTON ROSE FULBRIGHT

From: David T. Ullmann [mailto:DUllmann@blaney.com]
Sent: August-27-18 5:01 PM
To: Merskey, Alan
Cc: Pasparakis, Orestes; Gauthier, Virginie; Cobb, Evan; John C. Wolf
Subject: RE: Sears - Claims Hearing re Landlords Represented by Blaney McMurtry

Alan,

I am still on vacation, as you know. I see that you have proceeded to send volumes of materials to the Claims Officer over our objection. I did want to write to you to confirm that our clients did not consent to the proposed case conference with Justice Farley on September 7th and if it proceeds, I have instructions to add to our motion on Sept 20th a claim for costs personally against the Monitor and its counsel for proceeding with that case conference without our consent and in the face of our motion which will render that case conference moot. I encourage you to rethink this approach by the Monitor and defer the case conference until after the Sept 20th motion is heard and ruled on.

Regards,

David

David T. Ullmann

Partner

dullmann@blaney.com

☎ 416-596-4289 | ☎ 416-594-2437

From: David T. Ullmann

Sent: August 16, 2018 2:53 PM

To: 'Merskey, Alan'

Cc: Pasparakis, Orestes; Gauthier, Virginie; Cobb, Evan

Subject: RE: Sears - Claims Hearing re Landlords Represented by Blaney McMurtry

Alan,

I will be out of the office on vacation for the next two weeks. A courtesy call to me to schedule this would have let you know that fact. The week of September 3rd I have a time on Sept 6th or 7th. The following week is out because of the Jewish Holidays and then I am off to the Insolvency Conference in Vancouver on the 13th.

We continue to object to any case conference being held prior to the hearing of our motion on Sept 20th as a complete waste of time and estate resources.

Regards,

David

David T. Ullmann

Partner

dullmann@blaney.com

☎ 416-596-4289 | ☎ 416-594-2437

From: Merskey, Alan [mailto:alan.merskey@nortonrosefulbright.com]

Sent: August 16, 2018 2:46 PM

To: jamesfarley@sympatico.ca

Cc: David T. Ullmann; Pasparakis, Orestes; Cobb, Evan; Gauthier, Virginie

Subject: Sears - Claims Hearing re Landlords Represented by Blaney McMurtry

Your Honour,

I am writing on behalf of the Monitor in connection with the Sears claims procedure.

Mr Ullman, copied, acts for certain landlords with respect to 26 properties formerly occupied by Sears, or otherwise affected by the Sears CCAA proceedings. Those landlords have filed claims for which the Monitor has issued notices of revision and disallowance, and the landlords have in turn filed notices of dispute.

The Monitor wishes to schedule a case conference with you to set out a timetable and any related procedure for the hearing and determination of those disputed claims. Mr Ullman has advised that his clients' position with respect to the claims process, is, among other things, that:

(a) the resolution of their claims as a whole should be stayed indefinitely pending determination of a priority dispute in the Sears CCAA proceedings with respect to a claim for deemed trust asserted over all estate proceeds on behalf of the beneficiaries to a defined benefit pension plan which is in a deficit position. Mr Ullman has scheduled although not served a motion before Justice Hainey on September 20, 2018 for this relief;

(b) that certain of his clients' claims pertaining to an issue they refer to as co-tenancy damages (claims arising against landlords by other tenants as a result of Sears ceasing to operate in a particular location) are not appropriately before the Claims Officer, as matters of first impression; and

(c) the appropriate evidentiary basis for the hearing of their claims extends beyond the claims and notices of dispute filed with the Monitor.

Given the positions expressed, the Monitor proposes that a case conference be set to give directions on those issues and, if so advised, set a hearing schedule. We note that the positions set out above are intended simply to delineate the Monitor's understanding of the issues for the case conference and not to limit or qualify the position of Mr Ullman's clients.

I understand that you have some availability the week of August 27th. We propose meeting on August 28th at 9 am, subject to your and Mr Ullman's availability.

Finally, the Monitor has prepared a brief of the claim notices, disallowances and dispute notices. The brief is approximately 700 pages. Could you please advise if you would prefer hard copies or electronic or both. While we do not propose you review the brief in any detail before the proposed case conference it may be of some use to you for reference purposes.

We look forward to your directions on the above.

Yours truly

Alan Merskey
Partner

Norton Rose Fulbright Canada LLP / S.E.N.C.R.L., s.r.l.
Royal Bank Plaza, South Tower, Suite 3800
200 Bay Street, P.O. Box 84, Toronto, ON M5J 2Z4 Canada
T: +1 416.216.4805 | F: +1 416.216.3930
alan.merskey@nortonrosefulbright.com

NORTON ROSE FULBRIGHT

Law around the world
nortonrosefulbright.com

CONFIDENTIALITY NOTICE: This email is confidential and may be privileged. If you are not the intended recipient please notify the sender immediately and delete it.

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

Court File No. CV-17-11846-00CL

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF SEARS CANADA
INC., *et al.*

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at TORONTO

**TWENTY-FIFTH REPORT TO THE COURT
SUBMITTED BY FTI CONSULTING CANADA INC.,
IN ITS CAPACITY AS MONITOR**

NORTON ROSE FULBRIGHT CANADA LLP

Royal Bank Plaza, South Tower, Suite 3800
200 Bay Street, P.O. Box 84
Toronto, Ontario M5J 2Z4 CANADA

Orestes Pasparakis, LSO#: 36851T

Tel: +1 416.216.4815

Virginie Gauthier, LSO#: 41097D

Tel: +1 416.216.4853

Alan Merskey, LSO#: 41377I

Tel: +1 416.216.4805

Evan Cobb, LSO#: 55787N

Tel: +1 416.216.1929

Fax: +1 416.216.3930

orestes.pasparakis@nortonrosefulbright.com

virginie.gauthier@nortonrosefulbright.com

alan.merskey@nortonrosefulbright.com

evan.cobb@nortonrosefulbright.com

Lawyers for FTI Consulting Canada Inc., in its capacity as
Monitor