

To: The Retirees and Former Employees of the Sears Canada Entities with certain pension and/or other retiree benefit entitlements

Re: Court Approved Retiree Claims Procedure

1. Why am I receiving this letter?

The purpose of this letter is to inform you that on February 22nd, 2018, the Ontario Superior Court of Justice (the “**Court**”) approved the Employee and Retiree Claims Procedure Order. This Court Order approved a process for calculating and submitting claims of Employees and Retirees against the Sears Canada Entities and/or their Directors or Officers.

The Sears Canada Entities, in consultation with the Monitor, worked closely with Koskie Minsky LLP, the Court-appointed Pension Representative Counsel to develop and agree upon (a) appropriate methodologies for the calculation of claims that you and other retirees or applicable surviving spouses of retirees may have against the Sears Canada Entities in relation to any applicable Sears pension and other retiree benefit entitlements, as well as (b) a streamlined process for addressing those claims. Morneau Shepell Ltd. (who is now the administrator of the Sears Canada Inc. Registered Retirement Plan (the “**Sears Pension Plan**”)) and the Ontario Superintendent of Financial Services (the Ontario pension regulator) were part of this consultation process as well, in respect of the methodology for calculating the funding shortfall in the Sears Pension Plan.

Retiree Health, Dental and Life Insurance Coverage

According to the records of the Sears Canada Entities, you previously had an entitlement to retiree health and/or dental benefit coverage and/or retiree life insurance, which are no longer being offered by the Sears Canada Entities. You therefore have a claim against the Sears Canada Entities for the loss of these benefits. The Employee and Retiree Claims Procedure Order approved a methodology for calculating your claim relating to these benefits (your “**Retiree Benefit Claim**,” with the methodology used to calculate the claim being the “**Retiree Benefit Claims Methodology**”). The amount of your Retiree Benefit Claim is included in the enclosed Retiree Benefit Claim Statement.

The Sears Canada Entities, in consultation with the Monitor, worked closely with Pension Representative Counsel to develop and agree upon the Retiree Benefit Claims Methodology that was approved by the Court. Although you are not represented by Pension Representative Counsel, the Sears Canada Entities believe the Retiree Benefit Claims Methodology represents a fair and reasonable approach to valuing the claims of all retirees with respect to the loss of their benefits. If however, you disagree with the Court-approved methodology, you will have the opportunity to propose an alternative approach to valuing your claim. Please see question 9 below for further information.

Please note that you will have the opportunity to correct the Personal Information that the Sears Canada Entities used to calculate your Retiree Benefit Claim, which may affect the value of your claim. See the answer to questions 3 and 9 below for more details on how to do so.

Defined Benefit Pension Plan

If you have an entitlement to a “defined benefit” pension under the Sears Pension Plan, the Employee and Retiree Claims Procedure Order provides that claims against the Sears Canada Entities in respect of the funding shortfall in relation to the Sears Pension Plan will be dealt with separately on behalf of all participants with defined benefit entitlements under the Sears Pension Plan. A claim will be filed on your behalf with respect to your defined benefit entitlements under the Sears Pension Plan. **There is nothing for you to do at this time to advance any claim you may have in respect of any defined benefit entitlements under the Sears Pension Plan.**

Whether you have any defined benefit entitlement under the Sears Pension Plan according to the books and records of the Sears Canada Entities is indicated in the enclosed Retiree Benefit Claim Statement.

Supplementary Retirement Plan

If you have an entitlement under the Sears Canada Inc. Supplementary Retirement Plan, the Employee and Retiree Claims Procedure Order approved a process whereby Pension Representative Counsel will file a claim on behalf of all participants of the Supplementary Retirement Plan, including retirees, like you, who are not represented by Pension Representative Counsel. As a retiree who is not represented by Pension Representative Counsel, you can either (a) file your own claim in respect of your Supplementary Retirement Plan entitlements (see question 6 below for information on how to do so), or (b) you can do nothing, and by default, your claim will be included in the claim filed by Pension Representative Counsel.

Whether you have an entitlement under the Supplemental Retirement Plan according to the books and records of the Sears Canada Entities is indicated in the enclosed Retiree Benefit Claim Statement.

2. What is included in the Retiree Benefit Claim?

Retiree Benefit Claims are claims that you and other retirees or their surviving spouses may have against the Sears Canada Entities in respect of the termination of your health and dental and life insurance benefits.

3. How is the Retiree Benefit Claim calculated? What Personal Information was used?

Your Retiree Benefit Claim has been calculated using the Retiree Benefit Claims Methodology approved by the Court. The amount of your Retiree Benefit Claim is included in your Retiree Benefit Claim Statement.

Under the Retiree Benefit Claims Methodology, your Retiree Benefit Claim is calculated based on some general data and certain Personal Information that is specific to you. The following Personal Information was used when calculating your Retiree Benefit Claim:

- Your Date of Birth
- Your Gender
- Your age as of October 1, 2017¹
- The province or other jurisdiction in which you reside
- Your benefit coverage - Single or Couple
- If you had Couple coverage:
 - Your Spouse's Date of Birth
 - Your Spouse's Gender
 - Your Spouse's Age as of October 1, 2017

For more information about the Retiree Benefit Claims Methodology, please review Schedule "B" to the Employee and Retiree Claims Procedure Order, which can be found on the Monitor's website at <http://cfcanada.fticonsulting.com/searscanada/>.

4. What if I have a customer warranty issued by a Sears Canada Entity?

Any claims with respect to customer warranties provided to you by a Sears Canada Entity will be deemed to be submitted on your behalf. **There is nothing for you to do at this time.**

5. What if I was eligible for a lifetime associate discount?

If you were previously eligible for a lifetime associate discount, a claim in the amount of \$840 has been submitted on your behalf. **There is nothing for you to do at this time.**

6. What if I have other claims against the Sears Canada Entities or their directors and officers?

If you believe you have any claim for amounts owing to you by the Sears Canada Entities or their directors and/or officers other than (i) claims relating to retiree health and/or dental benefit coverage and/or retiree life insurance, (ii) claims relating to the defined benefit component of the Sears Pension Plan or relating to the Sears Canada Inc. Supplementary Retirement Plan, (iii) claims relating to the lifetime associate discount, or (iv) claims relating to any warranty you may have with the Sears Canada Entities, you must submit a Proof of Claim or D&O Proof of Claim form to the Monitor **by 5:00 p.m. (Toronto time) on April 9, 2018.** As indicated above, a Proof of Claim or D&O Proof of Claim may also be filed if you wish to file your own claim in respect of any entitlement you may have under the Supplementary Retirement Plan.

You can find the Proof of Claim form, D&O Proof of Claim form, and instruction letters for submitting these forms, on the Monitor's website at <http://cfcanada.fticonsulting.com/searscanada/> under the section entitled, "Employee and Retiree Claims Procedure Order". If you are unable to access the Monitor's website, you may also email the Monitor at SearsRetireeClaimSite@fticonsulting.com to request copies of these forms.

¹ Being the date on which the Sears Canada Entities ceased making payments with respect to life insurance, medical and dental benefits provided to eligible retirees under the post-retirement benefit plan.

7. Will I receive the full amount of my claims?

No. Any amount distributed to you in respect of your Retiree Benefit Claim or other claims will be significantly less than the amount set out in your Retiree Benefit Claims Statement, as funds available for distribution are expected to be significantly less than the amount owing to creditors. As a result, creditors, including retirees of the Sears Canada Entities and their surviving spouses with proven claims against the Sears Canada Entities will receive only a percentage of their claim. According to the Monitor's Thirteenth Report dated February 18, 2018, the Monitor anticipates that the potential claim recoveries for retirees and other similarly-situated creditors will be in the range of 0% - 10% (depending on the priority treatment of certain claims). For example, if a retiree has a Retiree Benefit Claim of \$1,000 and the recovery percentage is 5%, the retiree would receive a cash distribution of \$50.

8. When can I expect to receive payment in respect of my claim?

The determination of any payments has not yet been made. This determination may take several months to complete. Please continue to refer to the Monitor's website for updates on any anticipated claim payment schedules.

9. I disagree with the Personal Information contained in my Retiree Benefit Claim Statement or want to submit a Notice of Proposed Revision. How do I do this?

Requests for Correction

If you do not agree with the Personal Information contained in your Retiree Benefit Claim Statement you must submit a Request for Correction to the Monitor **before 5:00 p.m. (Toronto time) on May 7, 2018.**

You may submit a Request for Correction by correcting your Personal Information directly on the Monitor's Claims Website (<https://retiree.searsclaimsite.com>) after logging in using the username and password provided to you in the enclosed Employee and Retiree Claims Procedure Update Letter. If you are not able to locate your username and password, please contact the Monitor by email at the following address: SearsRetireeClaimSite@fticonsulting.com.

If you are unable to access the Monitor's Claims Website, you may also complete the enclosed Retiree Request for Correction Form and submit it to the Monitor by email or mail at the following address:

FTI Consulting Canada Inc., Sears Canada Monitor
TD Waterhouse Tower
79 Wellington Street West
Suite 2010, P.O. Box 101
Toronto, Ontario M5K 1G8

Attention: Sears Canada Employee and Retiree Claims Process

Email: SearsRetireeClaimSite@fticonsulting.com

Notices of Proposed Revision

If you do not wish for your Retiree Benefit Claim to be calculated using the Retiree Benefit Claims Methodology, you must submit a Notice of Proposed Revision with a description of your proposed methodology and a calculation of your revised Retiree Benefit Claim amount to the Monitor before 5:00 p.m. (Toronto time) on May 7, 2018.

You may mail or email your completed Notice of Proposed Revision form to the Monitor at the address noted immediately above.

Please ensure you follow the instructions contained in the Notice of Proposed Revision form.

10. Who can I contact if I have other questions?

To view court documents, orders and other publicly available information with respect to the CCAA proceedings, please visit the Monitor's website at <http://cfcanada.fticonsulting.com/searscanada>.

Questions can also be directed to the Monitor by email at SearsRetireeClaimSite@fticonsulting.com.

RETIREE REQUEST FOR CORRECTION FORM¹

TO: FTI Consulting Canada Inc., in its capacity as Court-appointed Monitor of the Sears Canada Entities (the “**Monitor**”)

EMPLOYEE

NO.: _____
(Insert employee number as outlined on Retiree Benefit Claim Statement)

FROM: _____ (the “**Claimant**”)

(Insert full legal name and address of the Claimant who is submitting this Request for Correction)

RE: Retiree Request for Correction

In accordance with the Employee and Retiree Claims Process developed by Employee Representative Counsel, Pension Representative Counsel, the Monitor and the Sears Canada Entities and approved by the Court on February 22, 2018, I, the Claimant, hereby request a change to the following Personal Information used to determine my Retiree Benefit Claim:

Note: Please only complete the sections that you believe require changes. Any sections listed below that you believe are accurately stated in your Retiree Benefit Claim Statement should be left blank.

Date of Birth (MM/DD/YYYY)	
Gender	
Province or other Jurisdiction of Residence	
Benefit Coverage	[Single or Couple]

Where applicable:

Spouse's Full Legal Name	
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¹ Capitalized terms used but not defined in this Retiree Request for Correction 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 February 22, 2018 (the “**Employee and Retiree Claims Procedure Order**”). You can obtain a copy of the Employee and Retiree Claims Procedure Order on the Monitor's website at <http://cfcanada.fticonsulting.com/searscanada/>.

Spouse's Date of Birth <i>(MM/DD/YYYY)</i>	
Spouse's Gender	
Full Legal Name of each Dependant	
Date of Birth of each Dependant <i>(MM/DD/YYYY)</i>	
Gender of each Dependant	

Comments:

Note: Please provide all supporting documentation. The particulars provided must support the accuracy and validity of the Personal Information asserted by you above. Any requested corrections that do not have supporting documentation sufficient to corroborate them may not be accepted by the Monitor.

If you would like to receive future communications relating to this Employee and Retiree Claims Process via e-mail, please provide your e-mail address: _____

DATED this _____ day of _____, 2018.

(Print name of Claimant)

(Signature of Claimant)

This Request for Correction form MUST be submitted to the Monitor at the below address by no later than 5:00 p.m. (Toronto time) on May 7, 2018 (the “Request for Correction Bar Date”).

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 101
Toronto, Ontario M5K 1G8

Attention: Sears Canada Employee and Retiree Claims Process
Fax No.: 416-649-8101
Email for Retiree Claims: SearsRetireeClaimSite@fticonsulting.com

Claimants can also, and are in fact strongly encouraged to, submit any Retiree Requests for Correction by correcting your Personal Information directly on the Monitor's Claims Website at <https://retiree.searsclaimsite.com> and logging in using the username and password provided to you in the Employee and Retiree Update Letter sent to you by the Monitor. If you are not able to locate your username and password, please contact the Monitor by email at the following address: SearsRetireeClaimSite@fticonsulting.com.

In accordance with the Employee and Retiree 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 you fail to file a Retiree Request for Correction by the Request for Correction Bar Date, your Retiree Benefit Claim amount shall be deemed to be as set out in your Retiree Benefit Claim Statement, subject to any Notice of Proposed Revision that may be submitted by you with respect to the methodology to be applied to calculate your Retiree Benefit Claim, to the extent that you are eligible to submit such a notice. Generally, if you are *not* represented by Pension Representative Counsel, you are eligible to submit a Notice of Proposed Revision.

The form of Notice of Proposed Revision is enclosed in your Retiree Claims Package. The Notice of Proposed Revision can also be accessed on the Monitor's website at <http://cfcanada.fticonsulting.com/searscanada/> under the section entitled, "Employee and Retiree Claims Procedure Order".

IF YOU FAIL TO FILE A REQUEST FOR CORRECTION BY THE REQUEST FOR CORRECTION BAR DATE, THE PERSONAL INFORMATION APPLIED BY THE MONITOR TO CALCULATE YOUR RETIREE BENEFIT CLAIM SHALL BE BINDING ON YOU.

NOTICE OF PROPOSED REVISION FORM¹
FOR A DISPUTE OF THE METHODOLOGY APPLIED TO CALCULATE A
TERMINATION CLAIM OR RETIREE BENEFIT CLAIM AGAINST THE SEARS
CANADA ENTITIES²

NOTE: You may **ONLY** submit this Notice of Proposed Revision if you received a Termination Claim Statement or a Retiree Benefit Claim Statement and you are an:

- Employee who is currently or was previously a member of senior management (vice-president or above) of any of the Sears Canada Entities and who was not eligible for representation by Ursel Phillips Fellows Hopkinson LLP, in its capacity as Employee Representative Counsel;
- Union Representative on behalf of a Unionized Employee;
- Employee who was eligible for representation by Employee Representative Counsel and who opted out of such representation in accordance with the requirements contained in the Employee Representative Counsel Order;
- Retiree who was eligible for representation by Koskie Minsky LLP, in its capacity as Pension Representative Counsel, and who opted out of such representation in accordance with the requirements contained in the Pension Representative Counsel Order (or a unionized Retiree who opted out of representation by Pension Representative Counsel in accordance with the requirements contained in the Employee and Retiree Claims Procedure Order); or
- Retiree who is currently or was previously a member of senior management (vice-president or above) of any of the Sears Canada Entities and who was not eligible for representation by Pension Representative Counsel.

You will have been notified if you are eligible to submit this Notice of Proposed Revision form in the original cover letter or email sent to you with your Termination Claim Statement or Retiree Benefit Claim Statement.

(A) Employees represented by Employee Representative Counsel; (B) Retirees represented by Pension Representative Counsel; and (C) Unionized Employees who do not submit this form

¹ Capitalized terms used but not defined in this Notice of Proposed Revision 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 February 22, 2018 (the “**Employee and Retiree Claims Procedure Order**”). You can obtain a copy of the Employee and Retiree Claims Procedure Order on the Monitor’s website at <http://cfcanada.fticonsulting.com/searscanada/>.

² The “**Sears Canada Entities**” are Sears Canada Inc., 9370-2751 Quebec Inc. (formerly Corbeil Electrique Inc.), 191020 Canada Inc. (formerly 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., 4201531 Canada Inc., 168886 Canada Inc., 3339611 Canada Inc., and SearsConnect.

through their Union Representative, are NOT eligible to submit this form. Any form submitted by such individuals will be disallowed.

1 PARTICULARS OF CLAIMANT

Employee Number:
*(as indicated in the Termination Claim
Statement or Retiree Benefit Claim Statement)*
Full Legal Name of Claimant:

Full Mailing Address of Claimant:

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N
o
t
e
:

Telephone Number of Claimant:

I
f

Facsimile Number of Claimant:

y
o
u

E-mail Address of Claimant:

Attention (Contact Person):

(If you are a Union Representative filing out this form on behalf of a Unionized Employee or Employees, please provide full particulars of each such Unionized Employee on a separate schedule.)

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: _____

3 DISPUTE OF METHODOLOGY APPLIED TO TERMINATION CLAIM OR RETIREE BENEFIT CLAIM:

The Claimant hereby disagrees with the methodology applied to calculate the Claimant's Termination Claim or Retiree Benefit Claim as outlined in the Termination Claim Statement or Retiree Benefit Claim Statement, as applicable, and asserts that the following methodology

should instead be applied to calculate such Claimant's Termination Claim or Retiree Benefit Claim, as applicable:

Calculation of Claim as contained in the Termination Claim Statement or Retiree Benefit Claim Statement :

Termination Claim Amount:

<u>Severance Pay Period</u>	<u>Average hourly wage rate/Salary</u>	<u>Benefits Gross-Up %</u>	<u>Defined Contribution Gross-Up %</u>	<u>Associate Discount</u>
____ Weeks	\$____	____%	____%	\$175
Claim value:	\$____	\$____	\$____	\$____

Total Termination Claim: \$_____

Retiree Benefit Claim Amount:

<u>Health and Dental Claim</u>	<u>Life Insurance Claim</u>	<u>Sears Pension Plan Claim</u>	<u>Supplementary Pension Plan Claim</u>
\$_____	\$_____	\$_____	\$_____

The total value of your Retiree Benefit Claim is: \$_____

Methodology proposed by Claimant to be applied to calculate Claimant's Termination Claim or Retiree Benefit Claim:

Calculation of Claim as proposed by Claimant:

Termination Claim: \$_____

Retiree Benefit Claim: \$ _____

4 REASONS FOR DISPUTE

(Provide full particulars of why you dispute the methodology applied to calculate your Termination Claim or Retiree Benefit Claim and why you believe that your proposed methodology would more appropriately represent the value of your Termination Claim or Retiree Benefit Claim against the Sears Canada Entities. Please provide all supporting documentation. The particulars provided must support the methodology and value of your Claim as stated by you in item 3, above. If the space provided below is insufficient, please provide all such particulars on a separate schedule.)

If you would like to receive future communications relating to this Employee and Retiree Claims Process via e-mail, please provide your e-mail address: _____

DATED this _____ day of _____, 2018.

(Print name of Claimant, or, if the Claimant is a corporation, the name of the Claimant and the name of the authorized signing officer of the corporation that is executing this Notice of Proposed Revision.)

(Signature of Claimant, or, if the Claimant is a corporation, the signature of the authorized signing officer of the corporation that is executing this Notice of Proposed Revision.)

This Notice of Proposed Revision MUST be submitted to the Monitor at the below address by no later than 5:00 p.m. (Toronto time) on May 7, 2018 (the “**Notice of Proposed Revision Bar Date**”). 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 101
Toronto, Ontario M5K 1G8

Attention: Sears Canada Employee and Retiree Claims Process
Fax No.: 416-649-8101
Email for Employee Claims: SearsEmployeeClaimSite@fticonsulting.com
Email for Retiree Claims: SearsRetireeClaimSite@fticonsulting.com

In accordance with the Employee and Retiree 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 you fail to file a Notice of Proposed Revision by the Notice of Proposed Revision Bar Date, your Termination Claim or Retiree Benefit Claim amount shall be deemed to be as set out in your Termination Claim Statement or Retiree Benefit Claim Statement, as applicable, subject to any Request for Correction that may be submitted by you with respect to the Personal Information to be applied to the Termination Claims Methodology or Retiree Benefit Claims Methodology, as applicable, to calculate your Termination Claim or Retiree Benefit Claim.

The form of Request for Correction can be found on the Monitor’s website at <http://cfcanada.fticonsulting.com/searscanada/>, under the section entitled, “Employee and Retiree Claims Procedure.”

IF YOU FAIL TO FILE A NOTICE OF PROPOSED REVISION BY THE NOTICE OF PROPOSED REVISION BAR DATE, THE METHODOLOGY APPLIED BY THE MONITOR TO CALCULATE YOUR TERMINATION CLAIM OR RETIREE BENEFIT CLAIM, AS APPLICABLE, SHALL BE BINDING ON YOU.