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To: All known creditors

Re: 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. (together, the “**Sears Canada Group**” or the “**Company**”).

CCAA Proceedings

On June 22, 2017, the Sears Canada Group sought and obtained an initial order (the “**CCAA Initial Order**”) from the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) under the Companies’ Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”). The CCAA Initial Order provides, among other things, a stay of proceedings until July 22, 2017 (the “**Stay Period**”) which may be extended by the Court from time to time. The proceedings commenced under the CCAA are herein referred to as the CCAA Proceedings. FTI Consulting Canada Inc. (“**FTI**”) was appointed monitor (the “**Monitor**”).

A copy of the CCAA Initial Order and materials filed in respect of the CCAA Proceedings may be obtained on the Monitor’s website at <http://cfcanada.fticonsulting.com/searscanada> or on request from the Monitor by calling 416-649-8113 or toll free at 1-855-649-8113 or by emailing searscanada@fticonsulting.com.

The Sears Canada Group’s stated intention for commencing the CCAA Proceedings is to pursue various options to restructure its business in order to emerge as a stronger, more focused competitor in the Canadian retail industry. The Monitor understands that the Company plans to continue to operate a large number of stores, generate significant employment and to service its customers across Canada. However, in order to complete the Company’s transformation and right-size its business, the Sears Canada Group anticipates that a number of stores will have to be closed and business lines exited.

Sears Canada Inc. has secured new, debtor-in-possession (“**DIP**”) financing from its existing creditors totaling \$450 million, subject to borrowing base limits and other customary terms and conditions (the “**DIP Credit Facilities**”) which will be used to fund operations while the Company restructures its business.

CCAA Initial Order

Pursuant to the CCAA Initial Order, all persons having oral or written agreements with the Sears Canada Group, or statutory or regulatory mandates for the supply of goods and/or services are restrained until further Order of the Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Sears Canada Group, and the Company shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of the CCAA Initial Order are paid in accordance with the normal payment practices of the Sears Canada Group, or such other payment practices as may be agreed upon by the supplier or service provider and the Sears Canada Group with the consent of the Monitor, or as may be ordered by the Court.

Other than as specifically provided in the Initial Order, the Sears Canada Group is prohibited from making payment of amounts relating to the supply of goods or services provided to the Sears Canada Group prior to June 22, 2017. During the Stay Period, all parties are prohibited from commencing or continuing legal action against the Sears Canada Group and all rights and remedies of any party against or in respect of the Sears Canada Group or their assets are stayed and suspended except with the written consent of the Company and the Monitor, or by leave of the Court. No claims procedure has been approved by the Court and creditors are therefore not required to file a proof of claim at this time.

A hearing to consider certain additional relief in respect of the CCAA Proceedings is scheduled for July 13, 2017 (the “**Comeback Hearing**”). At the Comeback Hearing, any interested party who wishes to amend or vary the Initial Order will be entitled to appear or bring a motion before the Court in accordance with the requirements set out in the Initial Order. Court materials and updates as to the date and time of the Comeback Hearing, if any, will be made available on the Monitor’s website.

If you have any questions regarding the foregoing or require further information, please consult the Monitor’s website at <http://cfcanada.fticonsulting.com/searscanada> or by contacting the Monitor by calling 416-649-8113 or toll free at 1-855-649-8113, or by emailing searscanada@fticonsulting.com.