

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

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

**SECOND SUPPLEMENT TO THE TWENTIETH REPORT OF FTI CONSULTING  
CANADA INC., AS MONITOR**

**July 20, 2018**

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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., 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

**SECOND SUPPLEMENT TO THE TWENTIETH REPORT TO THE COURT  
SUBMITTED BY FTI CONSULTING CANADA INC.,  
IN ITS CAPACITY AS MONITOR**

**A. INTRODUCTION**

1. On June 12, 2018, the Monitor filed the Twentieth Report to the Court (the “**Twentieth Report**”) in these CCAA Proceedings in support of a motion brought by the Monitor, heard June 15, 2018, that resulted in the granting of an order (the “**Initial Construction Lien Claims Order**”) that, among other things:
  - (a) confirmed the Monitor’s determination regarding the validity and characterization of certain undisputed Construction Claims (as defined in the Claims Procedure Order), authorized certain payments in satisfaction of certain of those Construction Claims and ordered certain associated discharges and releases of liens and lien claims; and

- (b) confirmed the barring of further claims by construction sub-contractors connected to such Construction Claims.
2. The purpose of this Second Supplement to the Twentieth Report (the “**Second Supplement**”) is to provide the Court with information and the Monitor’s comments and recommendations regarding the Monitor’s request for a further order (the “**Third Construction Lien Claims Order**”) that would:
- (a) confirm the settlement of certain further Construction Claims that had previously been in dispute;
  - (b) authorize certain payments in satisfaction of such Construction Claims;
  - (c) order certain associated discharges and releases of liens and lien claims; and
  - (d) confirm the barring of further claims by construction contractors and construction sub-contractors connected to such Construction Claims.
3. Capitalized terms used herein and not otherwise defined in this Second Supplement have the meanings given to them in the Twentieth Report. This Second Supplement should be read in conjunction with the Twentieth Report. A copy of the Twentieth Report is attached hereto as **Appendix “A”**.
4. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

## **B. UPDATE ON RESOLUTION OF CONSTRUCTION CLAIMS**

### *Initial Construction Lien Claims Order*

5. On June 15, 2018, the Court granted the Initial Construction Lien Claims Order, which provided for payment of distributions to those Identified Contractors holding (on their own behalf and on behalf of their Connected Sub-Contractors) Undisputed Construction Claims against either (a) the Court-ordered Construction Lien Claim Reserves established further to the Leased Surrender Transactions; or (b) the Affiliated Properties Reserves established to vacate construction liens against the Affiliated Leased Properties.

6. Those distributions are in the process of being paid out to the applicable Construction Contractors, for their own benefit and for distribution by such Construction Contractors to their Connected Sub-Contractors, all in satisfaction of such Undisputed Construction Claims.
7. The Initial Construction Lien Claims Order also confirmed the Monitor's determination of the quantum of other Undisputed Construction Claims of Identified Contractors that were unsecured or owing in respect of Remaining Owned Properties.

*Resolution of Certain Disputed Construction Claims*

8. Although the Initial Construction Lien Claims Order has addressed the Undisputed Construction Claims of Identified Contractors in respect of Applicable Properties, there remain a number of Construction Claims for which either the Construction Contractor and/or Connected Sub-Contractor(s) delivered a Notice of Dispute of Construction Claim (the "**Disputed Construction Claims**").
9. The Monitor, in consultation with the Sears Canada Entities, has been working as a priority matter to review and resolve those Disputed Construction Claims that are secured against either the Construction Lien Claims Reserves or the Affiliated Properties Reserves, or which are claimed against Remaining Owned Properties.
10. The resolution of certain Disputed Construction Claims was described in the First Supplement to the Twentieth Report, dated June 29, 2018. That resolution was subsequently approved by the Court on July 4, 2018.
11. The Monitor has now resolved an additional secured Disputed Construction Claim of one additional Construction Contractor, Traugott Building Contractors Inc. (the "**Settled Contractor**"), and its Connected Sub-Contractors, in connection with the Fairview Park Mall (the "**Settled Property**") and to that end has entered into a letter agreement with that Settled Contractor. A copy of the letter agreement (the "**Letter Agreement**") is attached hereto as **Appendix "B"**.

12. Set out below are the details of the Construction Claim of the Settled Contractor that has been settled and agreed upon pursuant to the Letter Agreement (the “**Settled Construction Claim**”), which is secured against the Affiliate Properties Reserves:

Settled Contractor	Store Name and Location	Settled Construction Claims				Total
		Secured	Unsecured	Post-Filing	Remaining Owned Properties	
Traugott Building Contractors Inc.	Fairview Park Mall, Kitchener, Ont.	\$2,131,783.96	-	-	-	\$2,131,783.96

13. Pursuant to the Letter Agreement, the Settled Contractor confirmed with respect to the Settled Construction Claim for the Settled Property that:
- (a) it has an agreement with each Connected Sub-Contractor, if any, by which it is bound to pay out to the Connected Sub-Contractor, the portion of their allowed Construction Claim that was filed on behalf of each such Connected Sub-Contractor and included in their Construction Claim;
  - (b) it has authority to bind its Connected Sub-Contractors to the terms of the Letter Agreement;
  - (c) the total Construction Claim(s) set out in the Letter Agreement represent the final amounts satisfactory to it, as the Construction Contractor, and all Connected Sub-Contractors, in respect of their Construction Claims at the Settled Property in their entirety;
  - (d) it, as the Construction Contractor, and any Connected Sub-Contractors, would consent to discharge and vacate any liens that they held in connection with the Construction Claims at issue; and
  - (e) it, as the Construction Contractor, and any Connected Sub-Contractors, have no further Construction Claims and/or related claims, including any claims against the Sears Canada Entities, all current and former Directors and Officers, and/or all employees of the Sears Canada Entities in connection with the Settled Property.

14. The Monitor believes that it is appropriate to pay the Settled Construction Claim forthwith to the Settled Contractor for its own benefit and for distribution by it to its Connected Sub-Contractors. As with those Construction Claims that were paid out further to prior Orders, Sears Canada and the Monitor's responsibility with respect to these amounts should be limited to the distribution of these amounts to the Settled Contractor as neither Sears Canada nor the Monitor have visibility regarding the claims of any Connected Sub-Contractors who may have claimed under the Settled Contractor. The Settled Contractor is best positioned to pay its Connected Sub-Contractors and requiring the Settled Contractors to pay their Connected Sub-Contractors is consistent with both the Letter Agreement, as well as the Claims Procedure Order pursuant to which the Settled Contractor was required to determine and advance the claims of its Connected Sub-Contractors.
15. Having worked to resolve the Settled Construction Claim and having entered into the Letter Agreement, the Monitor proposes to seek the Court's approval for proposed distribution on account of the Settled Construction Claim.
16. Any payments made in connection with the Settled Construction Claim will be made only to the Settled Contractor even if such payment is in whole or in part to satisfy claims of Connected Sub-Contractors. Similarly, all determinations of the quantum and characterization of the Settled Construction Claim detailed herein and in the Letter Agreement must be binding on the Connected Sub-Contractors in order to ensure finality with respect to the Settled Construction Claim.

### **C. PROPOSED ORDER**

#### *Determination of Settled Construction Claim*

17. The proposed form of Third Construction Lien Claims Order is closely based on the form of the Initial Construction Lien Claims Order. For reference, a blackline between the two Orders is attached hereto as **Appendix "C"**.
18. If granted, the Third Construction Lien Claims Order would approve the Monitor's and the Settled Contractor's agreement on the quantum and characterization of the Settled

Construction Claim. It further would confirm that the Settled Contractor and all Connected Sub-Contractors have no Construction Claims in respect of the Settled Property other than the Settled Construction Claim.

19. The valuation and characterization of the Settled Construction Claim is the result of a reconciliation between the Monitor's independent determination of such claims, following consultation with Sears Canada, and the Notices of Dispute of Construction Claim filed by the Settled Contractor (on their own behalf and on behalf of all Connected Sub-Contractors) in accordance with the Claims Procedure Order. Further, the Settled Construction Claim has been accepted and agreed to by Settled Contractor pursuant to the Letter Agreement.

*Payment of Settled Construction Claim*

20. The Settled Construction Claim is secured against the funds held in the Affiliated Properties Reserves.
21. The Monitor is not aware of any competing secured claims against the specific amounts within the Affiliated Properties Reserves that have been allocated to the Settled Construction Claim.
22. The Monitor is further unaware of any basis to withhold payment on the Settled Construction Claim at this time. However, the Monitor requires Court authorization to pay these amounts.
23. The proposed form of Order provides that the Settled Contractor will make distributions to its Connected Sub-Contractors, if any, from the payments received on account of Settled Construction Claim. This approach is again consistent with the approach used in the claims process established by the Claims Procedure Order pursuant to which the Settled Contractor is responsible for confirming the Claims of its Connected Sub-Contractors and is responsible for advancing one consolidated claim.



*Releases*

24. Sears Canada and the Monitor require certainty regarding the resolution of lien and Construction Claim issues and, accordingly, the Monitor requests an Order confirming that all claims arising in respect of the Settled Property by the Settled Contractor and the Connected Sub-Contractors claiming under it, including any claims against any Sears Canada Entities or their current and former directors, officers, and employees are fully and finally determined and, in the case of the Settled Construction Claim, fully and finally satisfied through the payment of the Settled Construction Claim amount to the Settled Contractor.
25. The proposed release in the Third Construction Lien Claims Order would confirm the release of any Claims (as defined in the Claims Procedure Order) or claims against the Applicants' current and former employees arising in respect of the Settled Property, including any D&O Claims (as defined in the Claims Procedure Order), of the Settled Contractor and the Connected Sub-Contractors, whether or not such Claims are also Construction Claims, other than the Settled Construction Claim. This is consistent with the terms of the Letter Agreement, and is further consistent with the terms of the Claims Procedure Order as no such other Claims were advanced in respect of the Settled Property by the Settled Contractor or any of their Connected Sub-Contractors.

*Discharge of Liens*

26. The proposed Third Construction Lien Claims Order would direct the Settled Contractor to, and require their Connected Sub-Contractors to, take steps necessary to ensure any remaining liens and lien actions relating to their Settled Property be vacated and dismissed. Further, the proposed Order would direct the Settled Contractor to, and require its Connected Sub-Contractors to, deliver up any funds or other instruments posted in court by the Sears Canada Entities to secure any liens of the Settled Contractor or its Connected Sub-Contractors relating to the Settled Property. In the Monitor's view this step is appropriate as such liens, lien actions and security will no longer be of value once the Settled Construction Claim is paid in full in accordance with the proposed Third

Construction Lien Claims Order. It is additionally a term of the Letter Agreement to which the Settled Contractor has agreed.

*Monitor's Recommendation*

- 27. The Monitor supports the resolution of the Settled Construction Claim as set out herein and in the Letter Agreement and believes that the proposed distributions on account of the Settled Construction Claim is appropriate.
- 28. The Monitor further notes that the resolution of the quantum of the Settled Construction Claim as set out herein is based upon the books and records of the Sears Canada Entities following reconciliation of the Notices of Dispute of Construction Claims and discussion with the Settled Contractor.
- 29. The Monitor believes the proposed releases of claims is an appropriate step toward finalizing the Construction Claim issues in these proceedings and would not prejudice any Construction Claimants. All such parties have had a fair and reasonable opportunity to assert any claims they may have in accordance with the Claims Procedure Order.

The Monitor respectfully submits to the Court this, its Second Supplement to the Twentieth Report.

Dated this 20th day of July, 2018.

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



Paul Bishop  
Senior Managing Director



Greg Watson  
Senior Managing Director

**APPENDIX "A"**  
**TWENTIETH REPORT**

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

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

**TWENTIETH REPORT OF FTI CONSULTING CANADA INC., AS MONITOR**

**June 12, 2018**

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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  
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3339611 CANADA INC.

APPLICANTS

**TWENTIETH 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;
  - (c) authorized the Sears Canada Entities to enter into the DIP Credit Agreements and access funds available under the facilities provided under these agreements; and
  - (d) scheduled a comeback motion for July 13, 2017 (the “**Comeback Motion**”).
3. Following the Comeback Motion, the Court extended the Stay Period to October 4, 2017. In addition, the following orders were issued, among others:
  - (a) the amended and restated Initial Order; and
  - (b) 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.
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. A copy of the Claims Procedure Order is attached hereto as Appendix “A”.

7. 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 otherwise dealt with in the CCAA Proceedings. The primary assets of the Sears Canada Entities that remain to be realized upon are the Remaining Owned Properties (as defined and discussed later in this Report).
8. Since the date of the Comeback Motion, the stay period has been extended a number of times and currently expires on July 31, 2018.
9. In connection with the CCAA Proceedings, the Monitor has provided nineteen reports and eight 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/](http://cfcanada.fticonsulting.com/searscanada/) (the "**Monitor's Website**").

## **B. PURPOSE**

10. The purpose of this twentieth report of the Monitor (the "**Twentieth Report**") is to provide the Court with information regarding:
  - (a) the Monitor's request for an order (the "**Construction Lien Claims Order**") confirming the Monitor's determination regarding the validity and characterization of certain Construction Claims (as defined in the Claims Procedure Order), authorizing certain payments in satisfaction of Construction Claims and ordering certain associated discharges and releases of liens and lien claims;
  - (b) confirming the barring of further claims by certain construction contractors; and
  - (c) the Monitor's comments and recommendations in connection with the foregoing.



## C. TERMS OF REFERENCE

11. In preparing this Twentieth Report, the Monitor has relied upon audited and unaudited financial information of the Sears Canada Entities, the Sears Canada Entities' books and records, certain financial information and forecasts prepared by the Sears Canada Entities and discussions and correspondence with, among others, the senior management (“**Management**”) of, and advisors to, the Sears Canada Entities (collectively, the “**Information**”).
12. Except as otherwise described in this Twentieth Report:
  - (a) the Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the *Chartered Professional Accountants of Canada Handbook*; and
  - (b) the Monitor has not examined or reviewed the financial forecasts or projections referred to in this Twentieth Report in a manner that would comply with the procedures described in the *Chartered Professional Accountants of Canada Handbook*.
13. Future-oriented financial information reported in or relied on in preparing this Twentieth Report is based on Management's assumptions regarding future events. Actual results will vary from these forecasts and such variations may be material.
14. The Monitor has prepared this Twentieth Report in connection with the Monitor's motion for the Construction Lien Claims Order. The Twentieth 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 following documents filed as part of the CCAA Proceedings: (i) the affidavits of Mr. Billy Wong, the Chief Financial Officer of Sears Canada; (ii) the affidavit of Ms. Becky

Penrice, Executive Vice-President and Chief Operating Officer of Sears Canada; (iii) the affidavits of Mr. Philip Mohtadi, General Counsel and Corporate Secretary of Sears Canada; (iv) the Prior Reports; and (v) the Claims Procedure Order.

#### **D. UPDATE ON CONSTRUCTION CLAIMS**

##### *Lease Surrender Transactions*

17. On October 4, 2017 and October 13, 2017, the Court approved transactions that would provide for the return to the applicable landlord of certain premises leased by Sears Canada in return for cash consideration payable to Sears Canada by the applicable landlord (the “**Lease Surrender Transactions**”).
18. The Lease Surrender Transactions provided material cash consideration to Sears Canada in connection with the surrender of the following leased premises: Promenade Mall; Lime Ridge Mall; Polo Park; Fairview Pointe-Claire; Fairview Mall; Scarborough Town Centre; Oakville Place; Nanaimo North Town Centre; Kelowna; Brentwood Mall; and Avalon Mall (collectively, the “**Surrendered Leased Properties**”).
19. The Lease Surrender Transactions were all implemented during October and November 2017.
20. In connection with the Lease Surrender Transactions, certain Court-ordered Construction Lien Claim Reserves were established to hold proceeds from the Lease Surrender Transactions in the aggregate amounts claimed under all construction liens registered against the Surrendered Leased Properties.
21. All construction liens registered against the Surrendered Leased Properties were vacated pursuant to orders of the Court.
22. The Court ordered that the only recourse of a construction lien claimant in connection with a construction lien on Surrendered Leased Properties would be to the applicable Construction Lien Claim Reserve. Payments from the Construction Lien Claim Reserves can only be released upon further Order of the Court.

23. In addition, Sears Canada agreed with certain of the landlords under the Lease Surrender Transactions to cause certain construction liens registered against other properties owned by those landlords or affiliated landlords (the “**Affiliated Leased Properties**”) to be vacated. As a result, Sears Canada has also paid to the Monitor or the Monitor’s legal counsel, pursuant to escrow arrangements, or into court, pursuant to orders under applicable construction lien legislation, funds (the “**Affiliated Properties Reserves**”) in an amount sufficient to vacate all construction liens that were registered against the Affiliated Leased Properties at the time of closing of the Lease Surrender Transactions.
24. In the case of all leased properties on which construction liens were filed other than the Surrendered Leased Properties and Affiliated Leased Properties, no Lease Surrender Transaction took place and no proceeds are available to satisfy any construction liens registered against those properties.
25. In aggregate, the Construction Lien Claim Reserves and the Affiliated Properties Reserves hold \$11,129,783.92, which represents an amount in excess of the total aggregate value of all construction liens filed against the Affiliated Leased Properties and the Surrendered Leased Properties and the maximum potential secured construction lien claims against these properties prior to review by the Monitor.

#### *Owned Real Estate*

26. Sears Canada has not yet transferred its right, title and interest in any owned real properties other than the Garden City property in Winnipeg and the Newmarket Home Store property. The remaining owned real properties (the “**Remaining Owned Properties**”) are the subject of an ongoing marketing process. The Monitor notes that Construction Claims and liens have been asserted in connection with certain of the Remaining Owned Properties.

*Claims Process*<sup>1</sup>

27. In accordance with the Claims Procedure Order, a Construction Claims Package was sent to all known Construction Claimants who are Construction Contractors (as evidenced by the books and records of the Sears Canada Entities) in December 2017.
28. The Construction Claims Package included a Notice of Construction Claim that set out the Sears Canada Entities' view of the quantum of the Construction Contractors' claims (including the claims of all Construction Sub-Contractors claiming under such Construction Contractors) against the Sears Canada Entities.
29. Notices of Dispute of Construction Claim with respect to the amounts set out in each Notice of Construction Claim were due by February 15, 2018.
30. Under the Claims Procedure Order, the Construction Claim of a Construction Contractor in relation to a given improvement is deemed to include the Construction Claims of not only the Construction Contractor itself but also the Construction Claims of any and all sub-contractors who provided materials and/or services in connection with the improvement under an agreement or engagement with the Construction Contractor or any other construction sub-contractor at any level (each a "**Connected Sub-Contractor**"). Therefore, while the Sears Canada Entities and the Monitor engage only with the Construction Contractors who are the Sears Canada Entities' direct contractual counterparties in connection with the Construction Claims (including the claims of Connected Sub-Contractors), those Construction Contractors are responsible for resolving any claims of their Connected Sub-Contractors.
31. If a Construction Contractor did not deliver to the Monitor a completed Notice of Dispute of Construction Claim and no other Notices of Dispute of Construction Claim were received by the Monitor from any Construction Sub-Contractors in respect of such Construction Claim by February 15, 2018 disputing the Construction Claim as set out in a Notice of Construction Claim, then all Construction Claimants associated with such Notice of Construction Claim, including Connected Sub-Contractors, are deemed to

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<sup>1</sup> Capitalized terms used in this section that are not defined herein have the meanings given to them in the Claims Procedure Order.

have accepted the Construction Claim as set out in the Notice of Construction Claim and shall have no further right to dispute the determination of such Construction Claim as set out in the Notice of Construction Claim (such Construction Claims are referred to herein as the “**Undisputed Construction Claims**”).<sup>2</sup>

32. As a priority matter, the Sears Canada Entities and the Monitor seek to move forward with distributions to those Construction Contractors holding (on their own behalf and on behalf of their Connected Sub-Contractors) Undisputed Construction Claims against the Construction Lien Claim Reserves or the Affiliated Properties Reserves (such Construction Contractors being the “**Identified Contractors**”).

*Summary of Monitor’s Review of Construction Claims of Identified Contractors*

33. Set out below is a summary of the Construction Claims of the Identified Contractors and the Connected Sub-Contractors in respect of the properties adjacent to each Identified Contractor’s name (for each Identified Contractor, the properties adjacent to such Identified Contractor’s name are referred to herein as the “**Applicable Properties**”) that are Undisputed Construction Claims and are therefore accepted and allowed for the purposes of the Claims Procedure Order and for the purposes of paying amounts from the Construction Lien Claims Reserves and the Affiliated Properties Reserves:

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<sup>2</sup> One Notice of Dispute of Construction Claim was received from a Construction Sub-Contractor in connection with the Applicable Properties and the Identified Contractors’ Construction Claims (each as defined below). However, that Notice of Dispute of Construction Claim was subsequently withdrawn.

Schedule A		Allowed Construction Claims				
Amounts in CAD		Secured	Unsecured	Post-Filing	Remaining Owned Properties	TOTAL
Identified Contractor	Store Name and Location					
Abbarch Architecture Inc.	Fairview Mall, Toronto, ON	105,960.05	-	-	-	105,960.05
Petroff Partnership Architects	Fairview Park Mall, Kitchener, ON	130,637.74	-	-	-	130,637.74
152610 Canada Inc. cob Laurin & Company	Limeridge Mall, Hamilton, ON	1,059,648.80	87,053.07	-	-	1,146,701.87
Hanson + Jung Architects Inc.	Limeridge Mall, Hamilton, ON	60,207.77	-	-	-	60,207.77
APM Construction Services Inc.	Mapleview Centre, Burlington, ON	100,339.47	-	-	-	100,339.47
Hanson + Jung Architects Inc.	Mapleview Centre, Burlington, ON	14,786.71	-	-	-	14,786.71
Hanson + Jung Architects Inc.	Oakville Place, Oakville, ON	127,032.84	15,707.00	-	-	142,739.84
APM Construction Services Inc.	Oshawa Centre, Oshawa, ON	134,295.54	-	-	-	134,295.54
152610 Canada Inc. cob Laurin & Company	Scarborough Town Centre, Toronto, ON	842,667.78	-	-	-	842,667.78
Abbarch Architecture Inc.	Scarborough Town Centre, Toronto, ON	99,359.94	2,697.67	-	-	102,057.61
152610 Canada Inc. cob Laurin & Company	Upper Canada Mall, Newmarket, ON	-	-	-	1,220,585.05	1,220,585.05
Abbarch Architecture Inc.	Upper Canada Mall, Newmarket, ON	-	3,343.71	-	83,767.80	87,111.51
		<b>2,674,936.64</b>	<b>108,801.45</b>	-	<b>1,304,352.85</b>	<b>4,088,090.94</b>

34. The Construction Claims described above as secured (the “**Allowed Secured Construction Lien Claims**”) are Undisputed Construction Claims that are secured against either the Construction Lien Claims Reserves or the Affiliated Properties Reserves. These amounts should be paid forthwith to the applicable Identified Contractor for its own benefit and for distribution by the Identified Contractor to its Connected Sub-Contractors. Sears Canada’s and the Monitor’s responsibility with respect to these amounts should be limited to the distribution of these amounts to the Identified Contractors as Sears Canada and the Monitor do not have visibility regarding the claims of the Connected Sub-Contractors who have claimed under the Identified Contractor. The Identified Contractor is best positioned to pay its Connected Sub-Contractors and requiring the Identified Contractor to pay its Connected Sub-Contractors is consistent with the Claims Procedure Order pursuant to which certain of the Identified Contractors were required to determine and advance the claims of their Connected Sub-Contractors.
35. The Construction Claims described above as unsecured (the “**Allowed Unsecured Construction Claims**”) are Undisputed Construction Claims in connection with improvements to leased locations that were the subject of a Lease Surrender Transaction but that were not asserted to be secured by a lien.

36. The Identified Contractors hold no “**Post-Filing Claims**”, being claims in connection with the supply of goods or services on or after June 22, 2017, in respect of their Applicable Properties.
37. The final category of Construction Claims are the “**Remaining Owned Properties Claims**”. These are Construction Claims of Identified Contractors and the Connected Sub-Contractors in respect of work performed on the Remaining Owned Properties. The Monitor has determined the value of these Construction Claims, as set out above, and no objection or dispute was asserted regarding that determination. However, the Monitor cannot determine the final characterization of all such claims as secured or unsecured until the Remaining Owned Property to which such claim relates is sold and proceeds are generated against which any lien securing the Remaining Owned Properties Claims could attach. The Monitor proposes that the value of these claims be confirmed as part of the requested Construction Lien Claims Order and that the determination of such claims as secured or unsecured will be deferred until such time as proceeds are generated from the Remaining Owned Properties to which such claim could attach.
38. Having completed the foregoing steps to resolve the Construction Claims of the Identified Contractors and their Connected Sub-Contractors, the Monitor proposes to seek the Court’s approval for proposed distributions on account of Allowed Secured Construction Lien Claims and to seek the Court’s confirmation of the determination of the quantum and, where applicable, characterization of Construction Claims that are not so paid. The confirmations sought with respect to the Monitor’s determination of the quantum and characterization of these Construction Claims is consistent with the terms of the Claims Procedure Order regarding the Undisputed Construction Claims.
39. Any payments made in connection with the Undisputed Construction Claims will be made only to the Identified Contractors even if such payments are in whole or in part to satisfy claims of Connected Sub-Contractors. Similarly, all determinations of the quantum and characterization of Construction Claims set out herein must be binding on the Identified Contractors and their Connected Sub-Contractors. All Connected Sub-Contractors of the Identified Contractor must be bound by the resolutions proposed in

the Construction Lien Claims Order in order to ensure finality with respect these Undisputed Construction Claims.

40. The Monitor continues to work with Construction Contractors who are not Identified Contractors, and with the Identified Contractors other than with respect to their Applicable Properties, to resolve their Construction Claims and to distribute amounts on account of any such Claims that are valid and secured as soon as practicable. The Monitor intends to bring a subsequent motion to make distributions in respect of such claims once a sufficient number of such claims are resolved such that the costs of a further motion can be supported.

## **E. CONSTRUCTION LIEN CLAIMS ORDER**

### *Determination of Construction Claims*

41. The proposed form of Construction Lien Claims Order approves the Monitor's determination of the quantum and characterization of the Allowed Secured Construction Lien Claims and the Allowed Unsecured Claims and the quantum of the Remaining Owned Properties Claims and confirms that the Identified Contractors and Connected Sub-Contractors have no Construction Claims in respect of any of their Applicable Properties other than the Allowed Unsecured Construction Claims, the Allowed Secured Construction Lien Claims and the Remaining Properties Claims, and have no Post-Filing Claims in respect of their Applicable Properties.
42. The valuation and characterization of these claims is the result of the Monitor's independent determination of such claims, after receiving required information from Sears Canada, and is accepted by the applicable Identified Contractor who did not object to the Notice of Construction Claim delivered by the Monitor in accordance with the Claims Procedure Order.

### *Payment of Allowed Secured Construction Lien Claims*

43. The Allowed Secured Construction Lien Claims are secured claims against the funds held in the Construction Lien Claims Reserves or the Affiliated Properties Reserves.



44. The Monitor is not aware of any competing secured claims against these amounts.
45. The Monitor is not aware of any basis to withhold payment on account of the Allowed Secured Construction Lien Claims at this time. However, the Monitor requires Court authorization to pay these amounts.
46. The proposed form of Order provides that the Identified Contractor will make distributions to its Connected Sub-Contractors from the payments received on account of Allowed Secured Construction Lien Claims. This approach is consistent with the approach used in the claims process established by the Claims Procedure Order pursuant to which the Identified Contractor was responsible for confirming the claims of its Connected Sub-Contractors and was responsible for advancing one consolidated claim.

#### *Releases*

47. Sears Canada and the Monitor require certainty regarding the resolution of lien and Construction Claim issues and, accordingly, the Monitor requests an Order confirming that all claims arising in respect of any of their Applicable Properties by the Identified Contractors and the Connected Sub-Contractors claiming under them, including any claims against any Sears Canada Entities or their current and former directors, officers, and employees are fully and finally determined and, in the case of the Allowed Secured Construction Lien Claims, fully and finally satisfied through the payment in satisfaction of the Allowed Secured Construction Lien Claims.
48. The proposed release in the Construction Lien Claims Order would confirm the release of any Claims (as defined in the Claims Procedure Order) or claims against the Applicants' current and former employees arising in respect of their Applicable Properties, including any D&O Claims (as defined in the Claims Procedure Order), of the Identified Contractors and the Connected Sub-Contractors, whether or not such Claims are also Construction Claims, other than the Allowed Secured Construction Lien Claims, the Allowed Unsecured Construction Claims and the Remaining Owned Properties Claims. This is consistent with the terms of the Claims Procedure Order as no Construction Contractor has objected to the foregoing determinations of allowed

Construction Claims and the determination that the applicable Construction Contractors had no other Construction Claims, which determinations are now deemed accepted in accordance with the Claims Procedure Order.

*Discharge of Liens*

49. The proposed Construction Lien Claims Order would direct Identified Contractors to, and to require their Connected Sub-Contractors to, take steps necessary to ensure any remaining liens and lien actions relating to their Applicable Properties be vacated and dismissed, as applicable, other than in connection with the Remaining Owned Properties. Further, the proposed Order would direct the Identified Contractor to, and to require its Connected Sub-Contractors to, deliver up any funds or other instruments posted in court by the Sears Canada Entities to secure any liens of the Identified Contractors or their Connected Sub-Contractors relating to their Applicable Properties other than in connection with the Remaining Owned Properties Claims. In the Monitor's view this step is appropriate as such liens, lien actions and security will no longer be of value once all Allowed Secured Construction Lien Claims are paid in full in accordance with the Construction Lien Claims Order.

*Monitor's Recommendation*

50. The Monitor supports the resolution of the Undisputed Construction Claims as set out herein and believes that the proposed distributions on account of the Allowed Secured Construction Lien Claims is appropriate.
51. The Monitor further notes that the determination in respect of their Applicable Properties that the Identified Contractors have no Post-Filing Claims and the resolution of the quantum of the Remaining Owned Properties Claims and the Allowed Unsecured Construction Claims as set out herein is based upon the books and records of the Sears Canada Entities and the deemed acceptance of such determinations by the applicable Identified Contractors and is reasonable and appropriate.
52. The Monitor believes the proposed releases of claims is an appropriate step toward finalizing the Construction Claim issues in these proceedings and would not prejudice

any Construction Claimants. All such parties have had a fair and reasonable opportunity to assert any claims they may have in accordance with the Claims Procedure Order.

The Monitor respectfully submits to the Court this, its Twentieth Report.

Dated this 12th day of June, 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

**SCHEDULE "A"**  
**CLAIMS PROCEDURE ORDER**

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

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**



THE HONOURABLE MR.  
JUSTICE HAINEY

)  
)  
)

FRIDAY, THE 8<sup>th</sup>  
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

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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;

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- (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

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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



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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;

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- (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

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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;

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- (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

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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 Ussel 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;

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- (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;

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- (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



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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;

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- (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;

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- (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](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

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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;

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- (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

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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



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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

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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.

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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.

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#### 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

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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

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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;

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- (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:

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- (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

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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).

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(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

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- (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,

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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

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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



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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

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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

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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

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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

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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

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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.

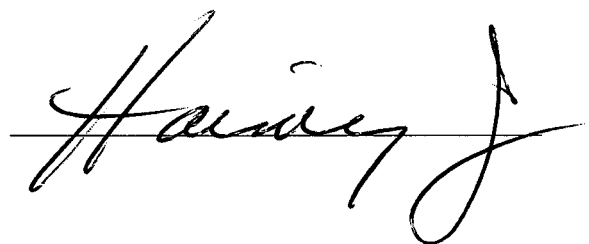
77. THIS COURT ORDERS that this Order shall have full force and effect in all provinces and territories in Canada.

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.<sup>1</sup> 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](http://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

<sup>1</sup> 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](mailto: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 ENTITIES<sup>1</sup>**

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](http://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](http://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.

<sup>1</sup> 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](http://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](mailto: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 ENTITIES<sup>1</sup>**

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](http://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):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

<sup>1</sup> 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) <sup>2</sup> :	Whether Claim is Secured:	Value of Security Held, if any <sup>3</sup> :
_____	_____	Yes <input type="checkbox"/> No <input type="checkbox"/>	_____
_____	_____	Yes <input type="checkbox"/> No <input type="checkbox"/>	_____
_____	_____	Yes <input type="checkbox"/> No <input type="checkbox"/>	_____

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

<sup>3</sup> 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](mailto: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](http://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 ENTITIES<sup>1</sup>**

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](http://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](http://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](http://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.

<sup>1</sup> 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.<sup>2</sup>
- 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.

<sup>2</sup> 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](http://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](mailto: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  
ENTITIES<sup>1</sup>**

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](http://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):

\_\_\_\_\_

<sup>1</sup> 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: _____	_____
Title: _____	(print)
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](mailto: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](http://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 OFFICERS<sup>1</sup>

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](http://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: \_\_\_\_\_

<sup>1</sup> 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.)*

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DATED this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
(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 Dispute of Revision or Disallowance.)

\_\_\_\_\_  
(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 Dispute of Revision or Disallowance.)

This Notice of Dispute of Revision or Disallowance MUST be submitted to the Monitor at the below address 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, a copy of which can be found on the Monitor’s website at [cfcanada.fticonsulting.com/searscanada](http://cfcanada.fticonsulting.com/searscanada)). Delivery to the Monitor may be made by ordinary prepaid mail, registered mail, courier, personal delivery, facsimile transmission or email to the address below. Claimants can also, and are in fact strongly

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](http://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](mailto: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 Entities<sup>1</sup> 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](http://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		\$	\$	\$	\$

<sup>1</sup> 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		\$	\$	\$	\$
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Reasons for Revision or Disallowance:

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**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](http://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](mailto: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](http://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 affiliates<sup>1</sup> (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

<sup>1</sup> 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/](http://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](mailto: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/](http://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/](http://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](mailto: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 Canada<sup>1</sup> 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.

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<sup>1</sup> (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](http://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](mailto: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 Entities<sup>1</sup> 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/](http://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.

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<sup>1</sup> 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 of 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
	\$				
	\$				
	\$				
<b>Total:</b>	\$				

\* 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](mailto: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 ENTITIES<sup>1</sup>  
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/](http://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

<sup>1</sup> 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:

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Full Mailing Address of Construction Sub-Contractor:

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Telephone Number of Construction Sub-Contractor:

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Facsimile Number of Construction Sub-Contractor:

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E-mail Address of Construction Sub-Contractor:

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Attention (Contact Person):

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**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		\$	\$

C. Secured by registration of a builders' or construction lien, or by any security held in connection with a Vacated or Discharged Lien		\$	\$
D. Unsecured portion of Construction Claim			
E. Total Claim		\$	\$

**3 REASONS FOR DISPUTE**

*(Provide full particulars below as to the reason why the Construction Contractor on behalf of itself and all Connected Sub-Contractors disputes the assessment of its Construction Claim(s) as set out in the Notice of Construction Claim, and provide all supporting documentation. This includes, without limitation, amounts, description of transaction(s) or agreement(s) giving rise to the Construction Claim(s), name of any guarantor(s) which has guaranteed the payment of 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, copies of each contract/subcontract at issue including any change orders, amendments, and purchase orders or other related documents. The particulars provided must support the value of the Construction Claim(s) as stated by you in section 2, above.)*

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DATED this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_

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*(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.)*

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*(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](mailto: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 ENTITIES<sup>1</sup>  
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/](http://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

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<sup>1</sup> The "Sears Canada Entities" are Sears Canada Inc., Corbell Électrique Inc., S.L.H. Transport Inc., The Cut Inc., Sears Contact Services Inc., Initem Logistics Services Inc., Initem Commerce Labs Inc., Initem Logistics Services Inc., Initem Commerce Labs Inc., Initem 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](mailto: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](mailto: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 OFFICERS<sup>1</sup>**

**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/](http://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

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<sup>1</sup> 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](mailto: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

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

Proceeding commenced at TORONTO

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

**NORTON ROSE FULBRIGHT CANADA LLP**  
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200 Bay Street, P.O. Box 84  
Toronto, Ontario M5J 2Z4 CANADA

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

**APPENDIX "B"**  
**LETTER AGREEMENT**

July FJ, 2018

**Sent By E-mail**

**TRAUGOTT BUILDING CONTRACTORS INC.**

c/o Brandon Ament, Barrister & Solicitor  
1801-1 Yonge Street  
Toronto, Ontario  
M5E 1W7

Dear Sir/Madam:

**Construction Claims against the Sears Canada Entities<sup>1</sup> or D&O Claims against the Directors and/or Officers of the Sears Canada Entities**

We write to you as the Court-appointed Monitor (the “**Monitor**”) in the *Companies’ Creditors Arrangement Act* (Canada) proceedings of Sears Canada Inc. et al. (the “**CCA Proceedings**”).

Capitalized terms used but not defined shall have the meanings ascribed to them in the Order of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) in the CCAA Proceedings 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.fficonsulting.com/searscanada](http://cfcanada.fficonsulting.com/searscanada).

With respect to the Construction Claim(s) you have filed against the Sears Canada Entities pursuant to the Claims Procedure Order, the Monitor, in consultation with the Sears Canada Entities, proposes to settle the value of your Construction Claims in connection with the store location indicated below (the “**Monetized Location**”) as follows:

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<sup>1</sup> The “**Sears Canada Entities**” are Sears Canada Inc., 9370-2751 Quebec Inc., 191020 Canada 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.

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Monitor Claim Reference Number	Store Name and/or Location	As per Notice of Construction Claim or Notice of Dispute of Construction Claim (if any)			As Allowed by the Monitor					
		Debtor(s)	Currency	Amount	Debtor(s)	Currency	Secured Amount	Unsecured Amount	Post-Filling Amount	Total Amount
0009	Fairview Park Mall, Kitchener ON	Sears Canada Inc.	CAD	\$2,131,783.96 (per Notice of Dispute of Construction Claim)	Sears Canada Inc.	CAD	\$2,131,783.96	\$0	\$0	\$2,131,783.96
<b>Total Construction Claim:</b>					Sears Canada Inc.	CAD	\$2,131,783.96	\$0	\$0	\$2,131,783.96

Please note that the Construction Claim(s) indicated as "Allowed by the Monitor" in the table above include the Construction Claims of all Construction Claimants including you, as the Construction Contractor, and any and all Construction Sub-Contractors under an agreement (written or oral) with you 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**").

Any Secured Amount of a Construction Claim allowed by the Monitor (the "**Secured Construction Claim**") is secured by funds reserved through:

- (a) posting of security for the claim and costs pursuant to s. 44(1) of the Construction Lien Act; and/or
- (b) Norton Rose Fulbright Canada LLP, as counsel to the Monitor, agreeing to hold funds in trust in an amount to satisfy, in whole or in part, the Secured Construction Claim.

The Monitor intends to bring a motion to distribute the funds securing the Secured Construction Claims, as determined above, to you.

In consideration thereof, by executing and returning a copy of this letter, you, as the Construction Contractor, represent and confirm in connection with the Monetized Location that:

- (a) you have an agreement (written or oral) with the Connected Sub-Contractors, if any, by which you are bound to pay out to the Connected Sub-Contractors the portion of your allowed Construction Claim that was filed on behalf of such Connected Sub-Contractors and included in your Construction Claim;
- (b) you have authority to bind your Connected Sub-Contractors to the terms set out herein;
- (c) the Total Construction Claim as set out above is the final amount satisfactory to you, as the Construction Contractor, and all Connected Sub-Contractors, if any, of your Construction Claim (and the claims of your Connected Sub-Contractors) in their entirety;
- (d) you will execute a consent, and will require your Connected Sub-Contractors to agree to execute similar corresponding consents, to an order or orders, as follows, in connection with the Monetized Location:
  - i. discharging your lien(s) and the lien(s) of your Connected Sub-Contractors, whether such liens were preserved through registration or delivery;

- ii. for any liens preserved through registration, vacating the registration of the claim(s) for lien and certificate(s) of action (if any), by which your lien(s) and the lien(s) of your Connected Sub-Contractors were preserved and perfected;
  - iii. for any liens preserved through delivery, vacating the claim(s) for lien that have been delivered; and
  - iv. dismissing without costs the action(s) through which your lien(s) and the lien(s) of your Connected Sub-Contractors are being pursued.
- (e) you confirm that you, as the Construction Contractor, and your Connected Sub-Contractors have no right to any further Construction Claims and/or related Claims, including but not limited to any claims against the Sears Canada Entities and/or all current and former Directors and Officers, and no claims against any current or former employees of the Sears Canada Entities, in each case for negligent and fraudulent misrepresentation, breach of trust, wrongful or fraudulent conduct, oppression, and any other possible claims in connection with the Monetized Location (the “**Related Claims**”) and you finally, irrevocably and unconditionally release and forever discharge the Sears Canada Entities and all current and former Directors, Officers and employees of the Sears Canada Entities from any and all Construction Claims (excluding for greater certainty, with respect to Sears Canada Inc. only, the specific Construction Claims to be allowed herein) and other Related Claims, which you, as the Construction Contractor (or your Connected Sub-Contractors) may have in connection with the Monetized Location;
- (f) you will obtain and deliver to the Monitor any release of the Sears Canada Entities and all current and former Directors, Officers and employees of the Sears Canada Entities from any liability under any Construction Claims and Related Claims from all Connected Sub-Contractors in connection with the Monetized Location as may be requested by the Sears Canada Entities; and
- (g) you, as the Construction Contractor, agree to indemnify and forever hold harmless the Sears Canada Entities and all current and former Directors, Officers and employees of the Sears Canada Entities from any and all liabilities, damages, costs, claims, suits or actions arising out of any Construction Claims and/or other Related Claims in connection with the Monetized Location, which any and all Connected Sub-Contractors, may have in connection with these Proceedings; excluding for greater certainty the specific Construction Claims to be allowed herein.

Kindly confirm your acknowledgement and agreement to the foregoing by signing where indicated below.

Yours truly,

**FTI CONSULTING CANADA INC.**, in its capacity as  
Court-appointed Monitor of the Sears Canada  
Entities, and not in its personal or corporate  
capacity and without personal or corporate liability

Per: 

Name: Steven Bissell


Title: Managing Director

By signing below, the undersigned confirm their agreement to the terms of this Settlement Agreement:

Dated this 19<sup>th</sup> day of July, 2018.

**TRAUGOTT BUILDING CONTRACTORS INC.**

Per:

  
Name: DAN FLAMINIO  
Title: PRESIDENT



**APPENDIX "C"**  
**BLACKLINE OF PROPOSED ORDER**

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

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE MR. ) ~~FRIDAY~~WEDNESDAY, THE ~~15~~24TH  
JUSTICE HAINEY )  
DAY OF ~~JUNE~~LY, 2018

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.

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

**ORDER  
(Third Construction Lien Claims Order)**

THIS MOTION made by FTI Consulting Canada Inc., in its capacity as court-appointed Monitor (the “**Monitor**”), for an Order with respect to ~~Claims~~the Settled Construction Claim of a certain Construction Contractors and certain reserve amounts described as the ~~Construction Lien Claims Reserves and the~~ Affiliated Properties Reserves, as described in the Second Supplement to the Twentieth Report of the Monitor, dated ~~June 4~~July 20, 2018, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Twentieth Report of the Monitor, dated June 12, 2018, (the “**Twentieth Report**”), the Second Supplement to the Twentieth Report dated July 20, 2018 (the

[“Second Supplement”](#)), and on hearing the submissions of counsel for the Applicants, the Monitor, and those other counsel present, no one else appearing although duly served as appears from the affidavit of service of [Evan Cobb](#) sworn [June 14](#), 2018,

## SERVICE

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

## DEFINED TERMS

2. THIS COURT ORDERS that all capitalized terms used herein and not defined have the meanings ascribed to them in [the Second Supplement, or where not so defined](#), the Twentieth Report.

## CLAIMS OF CONSTRUCTION CONTRACTORS

3. THIS COURT ORDERS that the ~~Allowed Secured~~[Settled](#) Construction ~~Lien Claims and the Allowed Unsecured Construction Claims (collectively, the “Allowed Construction Claims”)~~ ~~are~~[Claim is](#) hereby confirmed, in accordance with the terms of the Claims Procedure Order, to be [an](#) accepted Claims pursuant to the Claims Procedure Order.

4. THIS COURT ORDERS that ~~the Monitor’s determination of the quantum of the Remaining Owned Properties Claims of the Identified Contractors and the Connected Sub-Contractors (in their capacities as Connected Sub-Contractors) as set out in the Twentieth Report and the Monitor’s determination that the Identified Contractors and the Connected Sub-Contractors (in their capacities as Connected Sub-Contractors) have no Post-Filing Claims in respect of their Applicable Properties are hereby confirmed in accordance with the terms of the Claims Procedure Order.~~

5. ~~THIS COURT ORDERS that, in addition to the claims set out in the Twentieth Report, Hanson + Jung Architects Inc. (“H&J”) shall have an Allowed Secured Construction Lien Claim and an Allowed Unsecured Construction Claim in each case in connection with the former Sears Canada location at Promenade Mall in the amounts of \$24,866.66 and \$18,294.13, respectively. All provisions of this Order shall apply to H&J, as an Identified Contractor and to its Connected Sub-Contractors (in their capacities as Connected Sub-Contractors) in respect of~~

~~the Promenade Mall location and the Promenade Mall location shall be deemed to be an Applicable Property.~~ ~~6. THIS COURT ORDERS that the Identified Contractors and~~ all Connected Sub-Contractors (in their capacities as Connected Sub-Contractors) are deemed to have accepted and agreed (i) to the determination of the value and, if applicable, characterization of the Claims Settled Construction Claim described in ~~paragraphs 3, 4 and 5~~ paragraph 3 above; and (ii) that ~~they have no Post-Filing Claims in respect of their Applicable Properties; and (iii) excluding those Allowed Unsecured Construction Claims, excluding the Claim~~ described in paragraph 3 ~~and 5~~ above, that they have no ~~other Allowed Unsecured Construction~~ Claims in respect of ~~any of their Applicable Settled~~ Properties, in each case in accordance with the Claims Procedure Order.

#### **PAYMENT OF ~~ALLOWED SECURED~~ SETTLED CONSTRUCTION LIEN CLAIMS CLAIM**

5. ~~7.~~ THIS COURT ORDERS that the Monitor is hereby directed to make payments from ~~the Construction Lien Claims Reserve and~~ the Affiliated Properties Reserves (or otherwise from Sears Canada's funds on account of amounts paid into Court in connection with vacating the liens registered against the Affiliated Leased Properties) in the amounts and to the Identified Settled Contractors set out on Schedule "A" hereto in full satisfaction of the ~~Allowed Secured Settled~~ Construction Lien Claims Claim.

6. ~~8.~~ THIS COURT ORDERS that the Identified Settled Contractors shall have sole responsibility to distribute the payments made pursuant to paragraph ~~7~~ 5 above to the Connected Sub-Contractors in connection with the improvement for which such payment is made and the Sears Canada Entities shall have no liability to the Connected Sub-Contractors in connection with any ~~Allowed Secured Settled~~ Construction Lien Claims Claim after payment of the amounts paid pursuant to paragraph ~~7~~ 5 is made.

7. ~~9.~~ THIS COURT ORDERS that the Monitor shall have no liability with respect to or as a result of performing its duties under this Order, including the payment of the amounts set out in paragraph ~~7~~ 5 above except to the extent such liabilities result from the gross negligence or wilful misconduct of the Monitor as determined by this Court.

#### **RELEASE OF CLAIMS**

8. ~~10.~~ THIS COURT ORDERS that any Claims (as defined in the Claims Procedure Order), which for greater certainty includes D&O Claims (as defined in the Claims Procedure Order), and any claims against the Sears Canada Entities' current or former employees, in each

case by the ~~Identified~~Settled Contractors and the Connected Sub-Contractors (in their capacities as Connected Sub-Contractors) arising in respect of ~~any of their Applicable Properties~~the Settled Property, other than: ~~(i) the Allowed~~Settled Construction Claims; and ~~(ii) the Remaining Owned Properties Claims~~Claim, are hereby extinguished and the ~~Identified~~Settled Contractors and the Connected Sub-Contractors (in their capacities as Connected Sub-Contractors) are hereby barred, estopped and enjoined from asserting or enforcing any such ~~C~~eclaims.

9. ~~11.~~ THIS COURT ORDERS AND DIRECTS that ~~each Identified~~the Settled Contractor and Connected Sub-Contractorss will execute consents to an order or orders in respect of their ~~Applicable Settled~~ Propertiesy, as follows, ~~other than in connection with the Remaining Owned Properties Claims~~:

- a) discharging all liens securing the ~~Identified~~Settled Contractor's or the Connected Sub-Contractor's Construction Claims, whether such liens were preserved through registration or delivery;
  - b) for any liens securing the ~~Identified~~Settled Contractor's or the Connected Sub-Contractor's Construction Claims preserved through registration, vacating the registration of the claim(s) for lien and certificate(s) of action (if any), by which such liens were preserved and perfected;
  - c) for any liens securing the ~~Identified~~Settled Contractor's or the Connected Sub-Contractor's Construction Claims preserved through delivery, vacating the claims for lien that have been delivered;
  - d) dismissing without costs the actions through which the liens securing the ~~Identified~~Settled Contractor's or the Connected Sub-Contractor's Construction Claims are being pursued; and
  - e) where security has been posted pursuant to section 44(1) of the *Construction Lien Act* or equivalent legislation in other jurisdictions, delivering up out of court of the funds or other instrument so posted.
-

**SCHEDULE "A"**

<del>Abbarch Architecture Inc.</del>	<del>Fairview Mall, Toronto, ON</del>	<del>———— \$105,960.05</del>
<del>Petroff Partnership Architects</del>	<del>Fairview Park Mall, Kitchener, ON</del>	<del>———— \$130,637.74</del>
<del>152610 Canada Inc. cob Laurin &amp; Company</del>	<del>Limeridge Mall, Hamilton, ON</del>	<del>———— \$1,059,648.80</del>
<del>Hanson + Jung Architects Inc.</del>	<del>Limeridge Mall, Hamilton, ON</del>	<del>———— \$60,207.77</del>
<del>APM Construction Services Inc.</del>	<del>Mapleview Centre, Burlington, ON</del>	<del>———— \$100,339.47</del>
<del>Hanson + Jung Architects Inc.</del>	<del>Mapleview Centre, Burlington, ON</del>	<del>———— \$14,786.71</del>
<del>Hanson + Jung Architects Inc.</del>	<del>Oakville Place, Oakville, ON</del>	<del>———— \$127,032.84</del>
<del>APM Construction Services Inc.</del>	<del>Oshawa Centre, Oshawa, ON</del>	<del>———— \$134,295.54</del>
<del>152610 Canada Inc. cob Laurin &amp; Company</del>	<del>Scarborough Town Centre, Toronto, ON</del>	<del>———— \$842,667.78</del>
<del>Abbarch Architecture Inc.</del>	<del>Scarborough Town Centre, Toronto, ON</del>	<del>———— \$99,359.94</del>
<del>Hanson + Jung Architects Inc.</del>	<del>Promenade Mall, Vaughan, Ontario</del>	<del>———— \$24,866.66</del>
		<del>————</del>
		<del>\$2,699,803.30</del>

<u>Identified Contractor</u>	<u>Store Name and Location</u>	<u>Amount to be Paid</u>
<u>Traugott Building Contractors Inc.</u>	<u>Fairview Park Mall, Kitchener, Ont.</u>	<u>\$2,131,783.96</u>

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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

**ORDER**

**(THIRD CONSTRUCTION LIEN CLAIMS ORDER)**

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

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

Proceeding commenced at TORONTO

**SECOND SUPPLEMENT TO THE TWENTIETH REPORT  
TO THE COURT  
SUBMITTED BY FTI CONSULTING CANADA INC.,  
IN ITS CAPACITY AS MONITOR**

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