

Sears Canada Employee Representative
Counsel
Contact Number: 1-844-855-8352
E-mail: SearsCanadaEmployees@upfhlaw.ca

July 18, 2017

Dear Active Employees and Former Employees of Sears Canada Inc.:

Re: Legal representation for the Active Employees and Former Employees of Sears Canada during the CCAA Proceedings (Court File No. CV-17-11846-00CL)
Our File: 2175001

As you know, Sears Canada Inc. (the "Company") and certain of its affiliates and subsidiaries filed for and were granted creditor protection under the Companies' Creditors Arrangement Act ("CCAA"), pursuant to an Initial Order of the Ontario Superior Court of Justice (the "Court") dated June 22, 2017 (the "CCAA Proceedings"). While the Company is insolvent and unable to meet its ongoing payment obligations, the Company has not entered bankruptcy. It has obtained statutory protection under the CCAA which is available to insolvent companies to restructure in order to avoid bankruptcy.

EMPLOYEE REPRESENTATIVE COUNSEL APPOINTED

Our firm has been appointed by the Court as Employee Representative Counsel for the purpose of representing the interests of the non-unionized Active and Former Employees of the Company whose employment rights are affected by the CCAA Proceedings. "**Active Employees**" means all non-union employees of the Sears Canada Entities employed as of June 22, 2017, including such employees on authorized leaves of absence; "**Former Employees**" means all non-union employees of the Sears Canada Entities who (i) received notice of termination of employment dated June 22, 2017; or (ii) received notice of cessation of severance payments dated June 22, 2017; and "Employees" shall (x) exclude the senior management of the Sears Canada Entities; and (y) include any person claiming an interest under or on behalf of an Employee.

Please note for Active Employees, all regular inquiries and communications about your ongoing employment should continue to be directed to your appropriate human resources representative.

If you are in a union now, or were in a union when you worked for the Company, your union continues to represent you in your employment matters. Questions about these CCAA proceedings and any employment issues should first be directed to your union representatives.

Koskie Minsky LLP has been appointed as Representative Counsel to represent non-unionized retirees and non-unionized Active and Former Employees solely with respect to (i) each such Employee's entitlements under the Sears Pension Plan and the Supplemental Plan, and any other pension plan of the Sears Canada Entities, and (ii) each such Employee's post-employment benefits entitlements.

Our firm has been appointed to deal with matters specific to the CCAA Proceedings including, without limitation, with respect to any settlement or compromise of rights, entitlements or claims of Active and Former Employees in these CCAA Proceedings, should such occur. Employee Representative Counsel will also be authorized to apply to the Court for advice and directions in respect of our appointment or the fulfillment of our duties in carrying out the provisions of the Employee Representative Order or to vary our powers and duties.

OPT-OUT PROCESS

An opt-out process has also been established if you do not wish our firm to represent your employment interests. Please note that legal representation by our firm is free of direct cost to you, but if you wish to opt out of representation and retain your own counsel, you would be personally liable for the costs of your legal representation. If you wish to opt out you must, within 30 days of the date of this letter, notify the Monitor, in writing, by delivering to the Monitor an Opt-Out Notice in the form attached. This form is also available on our website at: <http://www.upfhlaw.ca/areas-of-practice/sears-canada-employees-and-former-employees>.

EMPLOYEE REPRESENTATIVE COMMITTEE

The terms of our mandate include the appointment of up to five individuals by the Court to act as Representatives for all Active and Former Employees. The Employee Representatives will advise and instruct the Employee Representative Counsel and shall represent all Active and Former Employees in these CCAA proceedings, with the exclusion of any senior management of the Sears Canada Entities. All Active and Former Employees shall be bound by the actions of the Employee Representatives and the Employee Representative Counsel in these proceedings.

The Employee Representative Committee was appointed by the Employee Representative Counsel Order of Justice Hailey issued on July 13, 2017.

The work of the Employee Representatives is important and vital to the interests of the Sears Employees. It requires certain commitments by the Employee Representatives and an understanding about the nature of the work. Some of the key roles of the Employee Representatives are to:

- liaise with, speak for and act in the best interest of all Sears Canada employees, particularly in one's geographic regions;
- receive advice from and give instruction to legal counsel; and
- advance claims against the estate, and to settle those claims where appropriate.

The Employee Representatives are volunteers and are not paid for taking on this role, although their expenses associated with travel or communications will be reimbursed.

If you are interested in being considered for the Employee Representative Committee in future, please complete the Questionnaire available on our website: <http://www.upfhlaw.ca/areas-of-practice/sears-canada-employees-and-former-employees>. In the event of a vacancy on the Committee, it will be very helpful for us to have these expressions of interest.

MORE INFORMATION

For more information and to review the court documents in this proceeding, including the Initial Order of the Court, the Employee Representative Counsel Order, the Comeback Hearing Materials and any subsequent materials filed in this matter, you can visit the website of the CCAA Monitor at: <http://cfcanda.fticonsulting.com/SearsCanada/>

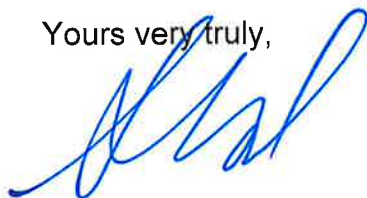
CONTACTING US

You can reach us by email at SearsCanadaEmployees@upfhlaw.ca. We have also established a toll-free line dedicated to Active and Former Employees of the Company: 1-844-855-8352. We have also created a webpage and will post important information on our webpage: <http://www.upfhlaw.ca/areas-of-practice/sears-canada-employees-and-former-employees>

UPDATES

We will provide updates on the CCAA proceedings to the Employee Representatives and on the webpage. Please check there for additional information. Please feel free to contact us at the above toll-free telephone number and email with your questions.

Yours very truly,



Employee Representative Counsel