

Sears Canada Employee Representative Counsel and Employee Representatives Announce Agreement to Create Employee Hardship Fund

August 15, 2017, Toronto - Ursel Phillips Fellows Hopkinson LLP, in its capacity of employee representative counsel (“Employee Representative Counsel”) and the Employee Representatives (as defined in the Employee Representative Counsel Order issued by the Ontario Superior Court of Justice (Commercial List) (the “Court”) on July 13, 2017 in the proceedings (the “CCAA Proceedings”) of Sears Canada Inc. and certain of its subsidiaries (the “Sears Canada Entities”) announce their agreement with the Sears Canada Entities on the creation of an Employee Hardship Fund.

If the Employee Hardship Fund is approved by the Court, a former employee of the Sears Canada Entities whose entitlement to receive certain payments from the Sears Canada Entities has been stayed or suspended as a result of the CCAA Proceedings may apply to receive payments from the Employee Hardship Fund, provided that the former employee meets certain hardship criteria. Ursel Phillips Fellows Hopkinson LLP has filed an associated motion for Court approval of the Employee Hardship Fund and expects that the Court will hear the motion on August 18, 2017.

“The Employee Representatives’ Committee is pleased to have reached an agreement with Sears Canada, whose leadership have taken an important, responsible step in the face of a difficult situation,” said Susan Ursel, Employee Representative Counsel, “I also want to recognize the concerted efforts of other stakeholders and the Court-appointed Monitor, in reaching this accord. While this Fund will not make former employees whole in regards to payments they would have normally been entitled to outside of the CCAA Proceeding, it will help those in the most precarious financial situations.”

The Sears Canada Entities will contribute a maximum of up to \$500,000 to the Employee Hardship Fund in two tranches from otherwise earned but foregone executive payment entitlements under the Key Employee Retention Plan (“KERP”). The first tranche of \$300,000 will be available following Court approval of the Employee Hardship Fund, and the second tranche of up to \$200,000 will be available following the second installment payment date under the KERP, assuming the criteria for earning that installment of the KERP are met.

Applicants will need to fill out an application form, which will be reviewed within 14 calendar days. If approved, the first hardship payment will proceed within seven business days of the approval. If not approved, the application will be reviewed by a committee composed of one appointee of the Employee Representative Counsel, one appointee of the Monitor and one appointee of the Sears Canada Entities. The eligibility criteria and application process will be posted on the Employee Representative Counsel website at <http://www.upfhlaw.ca> and on the Monitor’s website at <http://cfcanada.fticonsulting.com/searscanada>.

Motion materials can be found at <http://www.upfhlaw.ca/docs/default-source/default-document-library/sears-canada-employees/motion-materials-for-employee-hardship-fund-returnable-august-18-2017.pdf?sfvrsn=2>

About Ursel Phillips Fellows Hopkinson LLP

Ursel Phillips Fellows Hopkinson LLP ("UPFH") is a Toronto law firm specializing in labour and employment law. Our lawyers provide advice and representation to unions, professional associations and individual employees with respect to all aspects of the work relationship.

UPFH was appointed by the Superior Court of Justice as the Employee Representative Counsel for the purpose of representing the employment 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.

UPFH 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 works with and takes advice and direction from the Court appointed Employee Representatives.

UPFH has worked in past insolvencies including Air Canada (2004) and Essar Steel Algoma Inc (ongoing).

Note: Motion materials can be found at <http://www.upfhlaw.ca/docs/default-source/default-document-library/sears-canada-employees/motion-materials-for-employee-hardship-fund-returnable-august-18-2017.pdf?sfvrsn=2>

For Former Employees and Active Employees of Sears, you can contact:

SearsCanadaEmployees@upfhlaw.ca

Or call toll-free 1-844-855-8352

Or visit our Sears webpage at <http://www.upfhlaw.ca/areas-of-practice/sears-canada-employees-and-former-employees>

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