

NOTICE TO SEARS CANADA EMPLOYEE AND RETIREE CLAIMANTS

RE: NOTICE OF CLAIMS PROCESS AND CLAIMS BAR DATE IN COMPANIES' CREDITORS ARRANGEMENT ACT PROCEEDINGS 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., 3339611 CANADA INC. and SEARSCONNECT (COLLECTIVELY, THE "SEARS CANADA ENTITIES")

PLEASE TAKE NOTICE that on **February 22, 2018**, the Ontario Superior Court of Justice (Commercial List) issued an order (the "**Employee and Retiree Claims Procedure Order**") in the *Companies' Creditors Arrangement Act* proceedings of the Sears Canada Entities, commencing an employee and retiree claims process (the "**Employee and Retiree Claims Process**") for the purpose of identifying and determining all Claims of Employees and Retirees 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 Employee and Retiree Claims Procedure Order. Please review the Employee and Retiree Claims Procedure Order for the complete definitions of "**Employee**", "**Retiree**", "**Claim**", "**Termination Claim**", "**Retiree Benefit Claim**", "**Sears Pension Claim**", "**Supplemental Plan Claim**", "**Lifetime Discount Claim**", "**Warranty Claim**", "**Other Employee Claim**", "**Other Retiree Claim**" and "**D&O Claim**".

The Employee and Retiree Claims Procedure Order approves the methodologies by which the Sears Canada Entities, in consultation with FTI Consulting Canada Inc. in its capacity as Court-appointed Monitor of the Sears Canada Entities (the "**Monitor**"), will calculate the Termination Claims and Retiree Benefit Claims of Employees and Retirees. The Termination Claim or Retiree Benefit Claim of each Employee or Retiree, as applicable, will be based on certain Personal Information relating to such Employee or Retiree. Employees and Retirees may request a correction to any Personal Information used to calculate their Termination Claim or Retiree Benefit Claim, which may affect the value of their Claim. Employees and Retirees MUST submit any Request for Correction with the Monitor on or before 5:00 p.m. (Toronto time) on May 7, 2018.

Employees represented by Ursel Phillips Fellows Hopkinson LLP ("**Employee Representative Counsel**") and Retirees represented by Koskie Minsky LLP ("**Pension Representative Counsel**") will not be able to dispute the calculation of their Termination Claims or Retiree Benefit Claims, and will be bound by the calculation provided to them (subject to any changes to their Personal Information). However, certain Claimants are eligible to dispute the methodology used to calculate such Claims, specifically: (a) unionized employees of any of the Sears Canada Entities (who may dispute through their union representatives); (b) senior management of any of the Sears Canada Entities, who were not eligible for representation by Employee Representative Counsel or Pension Representative Counsel; (c) Employees who opted-out of representation by Employee Representative Counsel, and (d) Retirees who opted-out (or unionized Retirees who opt-out) of representation by Pension Representative Counsel. You will be notified if you are

eligible to submit a Notice of Proposed Revision to challenge the calculation of your Termination Claim or Retiree Benefit Claim. If an eligible Claimant does not dispute the calculation before the Notice of Proposed Revision Bar Date, their Termination Claim or Retiree Benefit Claim, as applicable, will be the amount calculated by the Sears Canada Entities, in consultation with the Monitor (subject to any changes to Personal Information submitted through a Request for Correction).

The Employee and Retiree Claims Procedure Order also approves the methodology by which Claims will be submitted in respect of entitlements under the wind-up deficiency with respect to the defined benefit component of the Sears Canada Inc. Registered Retirement Plan (the “**Sears Pension Plan**”, and such claims, “**Sears Pension Claims**”). Only Morneau Shepell Ltd., in its capacity as administrator of the Sears Pension Plan, the Ontario Superintendent of Financial Services, and Pension Representative Counsel will be eligible to submit Sears Pension Claims. Retirees who have a defined benefit pension entitlement under the Sears Pension Plan do not have to take any action with respect to their Sears Pension Plan entitlements at this time.

Pension Representative Counsel will submit claims with respect to entitlements under the Sears Canada Inc. Supplementary Retirement Plan (the “**Supplemental Plan**”, and such claims, “**Supplemental Plan Claims**”). Retirees who have entitlements under the Supplemental Plan do not have to take any action with respect to their Supplemental Plan entitlements at this time.

The Employee and Retiree Claims Procedure Order provides that certain claims will be deemed to be submitted by the Sears Canada Entities on behalf of eligible Employees and Retirees: (a) Claims relating to the lifetime associate discount, which will be deemed to be submitted on behalf of each eligible Retiree (including each Employee who qualified for the lifetime discount by virtue of satisfying applicable age and service eligibility criteria) in the amount of \$840 per Retiree (a “**Lifetime Discount Claim**”); and (b) Claims relating to any customer warranty provided by a Sears Canada Entity to an Employee or Retiree, which will be deemed to be submitted on behalf of such Employee or Retiree (a “**Warranty Claim**”).

All Employees and Retirees who wish to assert an Other Employee Claim or Other Retiree Claim (i.e., any claim not already covered by a Termination Claim, Retiree Benefit Claim, Sears Pension Claim, Supplemental Plan Claim, Lifetime Discount Claim or Warranty Claim) against the Sears Canada Entities, whether unliquidated, contingent or otherwise, and all Employees and Retirees who wish to assert a Claim against any of the Directors and/or Officers of the Sears Canada Entities, MUST file a Proof of Claim or D&O Proof of Claim, as applicable, with the Monitor on or before 5:00 p.m. (Toronto time) on April 9, 2018.

The **Request for Correction Bar Date** (regarding any changes to the Personal Information used to calculate any Termination Claim or Retiree Benefit Claim) is 5:00 p.m. (Toronto time) on May 7, 2018. Requests for Correction must be completed and submitted to the Monitor on or before the Request for Correction Bar Date.

The **Notice of Proposed Revision Bar Date** (regarding any proposed disputes by any eligible Claimant to the calculation of their Termination Claim or Retiree Benefit Claim) is 5:00 p.m. (Toronto time) on May 7, 2018. Notices of Proposed Revision must be completed and filed with the Monitor on or before the Notice of Proposed Revision Bar Date.

The **Proof of Claim Bar Date** is 5:00 p.m. (Toronto time) on April 9, 2018. Proofs of Claim in respect of any Other Employee Claims or Other Retiree 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, must be completed and filed with the Monitor on or before the Proof of Claim Bar Date. Failure to file a Proof of Claim or D&O Proof of Claim so it is received by the Proof of Claim Bar Date will result in your Other Employee Claims or Other Retiree Claims being barred and extinguished forever.

Pursuant to the Employee and Retiree Claims Procedure Order, applicable Claims Packages will be sent by the Monitor to all known Claimants with Termination Claims or Retiree Benefit Claims. A Proof of Claim Package will also be sent to certain Claimants who have outstanding active actions, claims or complaints against the Sears Canada Entities. A copy of the Employee and Retiree Claims Procedure Order and the Claims Packages (including copies of the Proof of Claim and D&O Proof of Claim forms), and other public information concerning these CCAA Proceedings, may be found at the Monitor's website at <http://cfcanada.fticonsulting.com/searscanada/>.

Proofs of Claim, D&O Proofs of Claim, Requests for Correction or Notices of Proposed Revision, as applicable, must be actually received by the Monitor on or before the relevant Bar Date to be considered filed on time. Claimants can also, and are in fact strongly encouraged to, submit any Requests for Correction with respect to changes to any Personal Information on the Monitor's Employee Claims Website at <https://employee.searsclaimsite.com> and the Monitor's Retiree Claims Website at <https://retiree.searsclaimsite.com>

Claimants requiring further information or claim documentation, or who wish to submit a Proof of Claim, D&O Proof of Claim, Request for Correction or Notice of Proposed Revision 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 101
Toronto, Ontario M5K 1G8

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

DATED this 22nd day of February, 2018.

FTI Consulting Canada Inc.,
in its capacity as Court-appointed Monitor
of the Sears Canada Entities