

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

THE HONOURABLE MR.

)

TUESDAY, THE 27TH

)

JUSTICE HAINEY

)

DAY OF OCTOBER, 2020



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., 9845488 CANADA 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

**AMENDED AND RESTATED MEETINGS ORDER**

**THIS MOTION** made by FTI Consulting Canada Inc., in its capacity as Court-appointed monitor (the "**Monitor**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), for an Order, *inter alia*:

- (a) accepting the filing of the A&R Plan (as defined below);
- (b) authorizing the classification of creditors for purposes of voting on the A&R Plan and the substantive consolidation of the Sears Parties and the SLH Parties (each as defined below) for the purposes of the A&R Plan;

- (c) authorizing and directing the Monitor to call, hold and conduct the Meetings (as defined below) of two classes of affected creditors to consider and vote upon a resolution to approve the A&R Plan;
- (d) approving the procedures to be followed for the calling, holding and conduct of the Meetings; and
- (e) setting a date for the hearing of the motion to this Court for approval of the A&R Plan,

proceeded by way of videoconference via Zoom at Toronto, Ontario, due to the COVID-19 crisis.

**ON READING** the Notice of Motion, the Twenty-Ninth Report of the Monitor dated February 6, 2019 (the "**Plan Report**") and the Second Supplement to the Plan Report dated October 16, 2020 (the "**Second Supplementary Plan Report**"), and on hearing the submissions of counsel for the Monitor and those other parties present, no one else appearing for any other person although duly served as appears from the affidavit of service of Peter Tae-Min Choi sworn October 19, 2020;

#### **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 further service thereof is hereby dispensed with.

#### **DEFINITIONS**

2. **THIS COURT ORDERS** that, in addition to the capitalized terms defined in the Joint Amended and Restated Plan of Compromise and Arrangement of the Sears Canada Entities

attached as Appendix "B" to the Second Supplementary Plan Report (as it may be amended, supplemented, or restated or amended and restated in accordance with its terms and the terms hereof, the "**A&R Plan**"), the following capitalized terms shall have the following meanings:

- (a) "**A&R Plan**" has the meaning given to it in paragraph 2 hereof;
- (b) "**Additional Information**" has the meaning given to it in paragraph 7 hereof;
- (c) "**Adjourned Meeting**" has the meaning given to it in paragraph 23 hereof;
- (d) "**Below-Threshold Creditors**" has the meaning given to it in paragraph 10 hereof;
- (e) "**Chair**" has the meaning given to it in paragraph 33 hereof;
- (f) "**Creditor Letter**" means the letter to be sent from the Monitor to certain Affected Unsecured Creditors substantially in the form attached as Schedule "C" hereto;
- (g) "**Creditor Proxy**" means the form of proxy for all Affected Unsecured Creditors substantially in the form attached as Schedule "B" hereto;
- (h) "**ERC Information Package**" means, together, the ERC Letter and the Notice of Meetings and Sanction Hearing;
- (i) "**ERC Letter**" means the letter to be sent by Employee Representative Counsel to all ERC Employees providing notice of the A&R Plan and Meetings, such ERC Letter to be prepared by Employee Representative Counsel, in consultation with the Monitor;

- (j) **"General Creditor Information Package"** means, collectively, the Creditor Letter, the Notice of Meetings and Sanction Hearing, the A&R Plan, the Second Supplementary Plan Report, the Creditor Proxy and the Virtual Meeting Protocol;
- (k) **"Governance Protocol Order"** means the Order made by the Court on December 3, 2018, among other things, establishing a governance protocol for the Sears Canada Entities;
- (l) **"Meeting Materials"** means:
  - (i) the Creditor Letter;
  - (ii) the A&R Plan;
  - (iii) the Notice of Meetings and Sanction Hearing;
  - (iv) the Creditor Proxy;
  - (v) the ERC Letter;
  - (vi) the PRC Letter;
  - (vii) the Plan Report;
  - (viii) the Second Supplementary Plan Report;
  - (ix) the Virtual Meeting Protocol; and
  - (x) any Plan Modifications;
- (m) **"Meetings"** has the meaning given to it in paragraph 19 hereof;
- (n) **"Monitor's Website"** means <http://cfcanada.fticonsulting.com/searscanada/>

- (o) **"Notice of Meetings and Sanction Hearing"** means the notice of the Meetings for Affected Unsecured Creditors and Sanction Hearing substantially in the form attached as Schedule **"A"** hereto;
  - (p) **"Plan Modification"** has the meaning given to it in paragraph 4 hereof;
  - (q) **"PRC Information Package"** means, together, the PRC Letter and the Notice of Meetings and Sanction Hearing;
  - (r) **"PRC Letter"** means the letter to be sent by Pension Representative Counsel to PRC Retirees providing notice of the A&R Plan and Meetings, such PRC Letter to be prepared by Pension Representative Counsel, in consultation with the Monitor;
  - (s) **"Proxy Deadline"** has the meaning given to it in paragraph 23 hereof;
  - (t) **"Sanction Hearing"** has the meaning given to it in paragraph 45 hereof;
  - (u) **"Scrutineers"** has the meaning given to it in paragraph 34 hereof;
  - (v) **"Sears Parties"** has the meaning given to it in subparagraph 16(a) hereof;
  - (w) **"Secretary"** has the meaning given to it in paragraph 34 hereof;
  - (x) **"SLH Parties"** has the meaning given to it in subparagraph 16(b) hereof;
  - (y) **"Unsecured Creditor Class"** has the meaning given to it in paragraph 17 hereof;
- and

- (z) **"Virtual Meeting Protocol"** means the protocol establishing the process for the holding of the Meetings on a virtual meeting platform substantially in the form attached as Schedule "D" hereto.

#### **PLAN OF COMPROMISE AND ARRANGEMENT**

3. **THIS COURT ORDERS** that the A&R Plan is hereby accepted for filing with the Court, and that the Monitor is authorized to seek approval of the A&R Plan by the Affected Unsecured Creditors holding Eligible Voting Claims at the Meetings in the manner set forth herein.

4. **THIS COURT ORDERS** that the Monitor is hereby authorized to file, in accordance with its terms, any amendment, restatement, modification of or supplement to the A&R Plan (each a **"Plan Modification"**), in which case any such Plan Modification shall, for all purposes, be and be deemed to form part of and be incorporated into the A&R Plan. If the Monitor files a Plan Modification prior to the Meetings, the Monitor shall give notice of any such Plan Modification by service upon the Service List, posting on the Monitor's Website, and distribution to all parties in attendance at the Meetings.

5. **THIS COURT ORDERS** that after the Meetings and both prior to and subsequent to the obtaining of the Sanction Order, the Monitor may effect a Plan Modification in accordance with the terms of the A&R Plan. The Monitor shall forthwith serve on the Service List and post on the Monitor's Website any such Plan Modification.

#### **NOTICE OF MEETINGS**

6. **THIS COURT ORDERS** that the following documents are approved and replace the materials that were provided for the Adjourned Meetings (as defined below):

- (a) the Notice of Meetings and Sanction Hearing substantially in the form attached as Schedule "A" hereto;

- (b) the Creditor Proxy substantially in the form attached as Schedule "B" hereto;
- (c) the Creditor Letter substantially in the form attached as Schedule "C" hereto; and
- (d) the Virtual Meeting Protocol substantially in the form attached as Schedule "D" hereto.

7. **THIS COURT ORDERS** that the Monitor is hereby authorized to make such amendments, restatements, modifications and/or supplements of or to the Meeting Materials (other than the A&R Plan, which may only be amended in accordance with its terms and the terms of this Order), as the Monitor may consider necessary or desirable to conform the content thereof to the terms of the A&R Plan or this Order or any further Order of the Court ("**Additional Information**"), provided that notice of such Additional Information shall be distributed by the Monitor using the method most reasonably practicable in the circumstances, as the Monitor may determine.

8. **THIS COURT ORDERS** that on or before November 2, 2020 the Monitor shall cause the Notice of Meetings and Sanction Hearing to be published for a period of two (2) days in *The Globe and Mail* (National Edition) and the electronic edition of *La Presse* and in such other publications and with such frequency as the Monitor may deem appropriate.

9. **THIS COURT ORDERS** that, as soon as practicable after the granting of this Order, the Monitor shall cause the Meeting Materials, any Additional Information and this Order to be posted on the Monitor's Website, which shall replace the meeting materials previously posted on the Monitor's Website in connection with the Adjourned Meetings. The Monitor shall ensure that the Meeting Materials and any Additional Information remain posted on the Monitor's Website until at least one (1) Business Day after the Plan Implementation Date.

10. **THIS COURT ORDERS** that, as soon as practicable after the granting of this Order, the Monitor shall cause the General Creditor Information Package to be sent in English and in French (with the exception of the Second Supplementary Plan Report and the Virtual Meeting Protocol, which shall only be in English) to (a) Employee Representative Counsel, (b) Pension Representative Counsel and (c) all Affected Unsecured Creditors with Eligible Voting Claims, except for (w) ERC Employees, (x) PRC Retirees, (y) any Creditors in respect of their Warranty Claims, and (z) holders of Affected Unsecured Claims of less than \$5,000 (the "**Below Threshold Creditors**"). Subject to the last sentence of this paragraph, the Monitor shall send the General Creditor Information Package by regular mail, facsimile, courier or e-mail: (a) subject to subparagraph (b) below, if the Affected Unsecured Creditor duly filed a Proof of Claim that set out an address for such Affected Unsecured Creditor, to the address set out in such Proof of Claim; (b) if any address was subsequently provided to the Monitor in accordance with the applicable Claims Procedure Order, to such address; and (c) in all other cases, to the address on file for such Affected Unsecured Creditor in the books and records of the Sears Canada Entities. In the case of a Valid Transferee, the General Creditor Information Package shall be sent by regular mail, facsimile, courier or e-mail to the address set out in such Valid Transferee's Notice of Transfer or Assignment.

11. **THIS COURT ORDERS** that, as soon as practicable after the granting of this Order: (a) the ERC Information Package shall be sent by Employee Representative Counsel to all ERC Employees; and (b) the PRC Information Package shall be sent by Pension Representative Counsel to all PRC Retirees. The ERC Information Package and the PRC Information Package shall be sent in English and in French to ERC Employees and PRC Retirees respectively by regular mail, facsimile, courier or e-mail: (a) subject to subparagraph (b), if the addressee duly filed a Proof of Claim that set out an address for such Creditor, to the address set out in such Proof of Claim; (b) if any address was subsequently provided to the Monitor in accordance with



the applicable Claims Procedure Order, to such address; (c) if no address was provided to the Monitor under subparagraphs (a) and (b), and such addressee is a ERC Employee or PRC Retiree in respect of whom Employee Representative Counsel or Pension Representative Counsel, as applicable, has provided an address, to such address; and (d) in all other cases, to the address on file in the books and records of the Sears Canada Entities. In the case of a Valid Transferee of an Eligible Voting Claim of an ERC Employee or PRC Retiree, the ERC Information Package or the PRC Information Package, as applicable, should be sent by regular mail, facsimile, courier or e-mail to the address set out in such Valid Transferee's Notice of Transfer or Assignment.

12. **THIS COURT ORDERS** that upon request by any Affected Unsecured Creditor with an Eligible Voting Claim, received not less than ten (10) business days before the Meetings, the Monitor shall provide electronic copies of the applicable Meeting Materials to such Affected Unsecured Creditor.

13. **THIS COURT ORDERS** that the sending of the applicable Meeting Materials to Affected Unsecured Creditors in accordance with paragraphs 10 to 12 above, the posting of the Meeting Materials on the Monitor's Website and the publication of the Notice of Meetings and Sanction Hearing in accordance with paragraphs 8 and 9 above shall constitute good and sufficient notice of the Meeting Materials on all Persons who may be entitled to receive notice thereof, or who may wish to attend a virtual Meeting, and no other form of notice need be made on such Persons and no other document or material need be delivered to such Persons in respect of the Meetings or these proceedings. Notice shall be effective, in the case of mailing, three (3) Business Days after the date of mailing, in the case of delivery by courier, on the day after the courier was sent, and in the case of delivery by fax or e-mail, on the day the fax or e-mail was transmitted, unless such day is not a Business Day, or the fax or e-mail transmission was made after 5:00 p.m. (Toronto time), in which case, on the next Business Day.

14. **THIS COURT ORDERS** that the (a) non-receipt by any Person of a copy of any of the Meeting Materials, or (b) inability of any Person to access a Meeting on the virtual meeting platform, shall not invalidate any resolution passed or proceedings taken at the Meetings.

#### **EMPLOYEE INFORMATION**

15. **THIS COURT ORDERS** that the Monitor is hereby authorized to deliver to Employee Representative Counsel and Pension Representative Counsel, for distribution to ERC Employees and PRC Retirees with Eligible Voting Claims, and directly to Non-ERC Employees and Non-PRC Retirees with Eligible Voting Claims, in each case for whom the Monitor does not have a social insurance number, a notice that such Employees and Retirees must provide their respective social insurance numbers to the Monitor as a condition to receiving any distribution under the A&R Plan.

#### **SUBSTANTIVE CONSOLIDATION**

16. **THIS COURT ORDERS** that the Sears Canada Entities except for Former Corbeil shall be partially substantively consolidated into two Debtor Group estates in the manner set out below for voting and distribution purposes under the A&R Plan:

- (a) Sears Canada, The Cut Inc, Sears Contact Services Inc., Initium Logistics Services Inc., 9845488 Canada 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., 3339611 Canada Inc. and SearsConnect (collectively, the "**Sears Parties**"); and
- (b) Former SLH and 168886 (together, the "**SLH Parties**").

## **AFFECTED UNSECURED CREDITORS CLASSES**

17. **THIS COURT ORDERS** that for the purposes of considering and voting on the A&R Plan, the Affected Unsecured Creditors shall be grouped into the following classes (in respect of their Eligible Voting Claims) (each an “**Unsecured Creditor Class**”, and collectively, the “**Unsecured Creditor Classes**”):

- (a) **Sears Creditor Class:** Affected Unsecured Creditors of any Sears Parties; and
- (b) **SLH Creditor Class:** Affected Unsecured Creditors of any SLH Parties.

18. **THIS COURT ORDERS** that for the purposes of voting at the Meetings, each Affected Unsecured Creditor with an Eligible Voting Claim shall be entitled to one vote equal to the dollar value of its Eligible Voting Claim as a member of its Unsecured Creditor Class.

## **THE MEETINGS**

19. **THIS COURT ORDERS** that the Monitor is hereby authorized and directed to call, hold and conduct the following Meetings on a virtual meeting platform for the purpose of considering and voting on the resolution to approve the A&R Plan in accordance with the Virtual Meeting Protocol, and transacting such other business as may be properly brought before the Meetings:

- (a) **Meeting of the SLH Creditor Class:** November 16, 2020 at 10:00 a.m. (Toronto time) on a virtual meeting platform held in accordance with the Virtual Meeting Protocol; and
- (b) **Meeting of the Sears Creditor Class:** November 16, 2020 at 11:00 a.m. (Toronto time) on a virtual meeting platform held in accordance with the Virtual Meeting Protocol

(together, the “**Meetings**” and each such meeting, a “**Meeting**”).

20. **THIS COURT ORDERS** that in the event of any conflict or inconsistency between the provisions of the Virtual Meeting Protocol and this Order, the provisions of the Virtual Meeting Protocol shall govern and be paramount.

21. **THIS COURT ORDERS** that the only Persons entitled to notice of or to attend at the virtual Meetings are the Eligible Voting Creditors (or their respective duly-appointed proxyholders), representatives of the Monitor, the Sears Canada Entities, Employee Representative Counsel, the Pension Parties, the Pension Representatives, the Employee Representatives, all such parties' financial and legal advisors, and the Chair, the Secretary and Scrutineers. Any other person may be admitted to the virtual Meeting only by invitation of the Monitor or the Chair.

22. **THIS COURT ORDERS** that, due to the public meeting restrictions declared under the *Reopening Ontario (A Flexible Response to COVID-19) Act, 2020* caused by the COVID-19 pandemic, the Meetings will only be held on a virtual meeting platform and only those Eligible Voting Creditors who submit proxies in accordance with paragraph 23 below shall be entitled to vote their Eligible Voting Claims at the applicable Meeting.

#### **VOTING BY PROXIES**

23. **THIS COURT ORDERS** that all proxies submitted in respect of a Meeting (or any adjournment thereof) must be: (a) submitted to the Monitor so that they are received by the Monitor at the email address provided in the form of proxy on or before 5:00 p.m. (Toronto time) two (2) Business Days before the Meeting (the "**Proxy Deadline**"); and (b) in substantially the form attached to this Order as Schedule "**B**" or in such other form acceptable to the Monitor or the Chair. The Monitor is hereby authorized to accept and rely upon any proxy or such other forms as may be acceptable to the Monitor and to use reasonable discretion as to the adequacy of compliance with respect to the manner in which any proxy is completed and executed, and

may waive strict compliance with the requirements in connection with the deadlines imposed in connection therewith. Any proxies validly delivered in connection with an adjourned Meeting (including the Meetings as adjourned on March 25, 2019 (the “**Adjourned Meetings**”)) shall be acceptable as proxies in respect of any Meeting held after an adjournment if, and only if, such proxies have named Mr. Paul Bishop, of FTI Consulting Canada Inc. as Monitor, or such person as he in his sole discretion may designate, as proxy. For greater certainty, such proxies validly delivered in connection with the Adjourned Meetings, if not validly revoked, shall be deemed accepted as proxies in respect of the Meetings.

24. **THIS COURT ORDERS** that in respect of Eligible Voting Claims of ERC Employees and PRC Employees:

- (a) Employee Representative Counsel shall be deemed to be the proxy holder in respect of each Eligible Voting Claim of an ERC Employee that is an Employee Claim and shall be entitled to vote such Claims by proxy on the ERC Employee’s behalf, without the requirement for any ERC Employee to submit a Creditor Proxy to the Monitor; and
- (b) Pension Representative Counsel shall be deemed to be the proxy holder in respect of each Eligible Voting Claim of a PRC Retiree (other than relating to the Pension Claims or Employee Claims) and shall be entitled to vote such Claims by proxy on the PRC Retiree’s behalf, without the requirement for any PRC Retiree to submit a Creditor Proxy to the Monitor. For greater certainty, only the Pension Plan Administrator or its designated Proxy may vote the Pension Claims.

25. **THIS COURT ORDERS** that, for the purposes of tabulating the votes cast on any matter that may come before the Meetings, the Chair shall be entitled to rely on any vote cast by

holders of all proxies that have been duly submitted to the Monitor in the manner set forth in this Order without independent investigation.

26. **THIS COURT ORDERS** that paragraph 23 hereof, and the instructions contained in the Creditor Proxy, shall govern the submission of such documents and any deficiencies in respect of the form or substance of such documents filed with the Monitor.

27. **THIS COURT ORDERS** that in the absence of instruction to vote for or against the approval of the resolution to approve the A&R Plan, any duly signed and returned proxy shall be deemed to include instructions to vote for the approval of the resolution to approve the A&R Plan.

#### **TRANSFERS OR ASSIGNMENTS OF CLAIMS**

28. **THIS COURT ORDERS** that a Creditor may transfer or assign the whole of its Claim prior to the Meeting, in accordance with the applicable Claims Procedure Order. If a Creditor transfers or assigns the whole of a Claim to another Person, such transferee or assignee shall not be entitled to attend and vote the transferred or assigned Claim at the applicable Meeting unless (a) the assigned Claim is a Voting Claim or an Unresolved Voting Claim, or a combination thereof, and (b) satisfactory notice of and proof of transfer or assignment has been delivered to the Monitor in accordance with the applicable Claims Procedure Order so that it is received by the Monitor no later than the Proxy Deadline.

#### **UNRESOLVED VOTING CLAIMS**

29. **THIS COURT ORDERS** that notwithstanding anything to the contrary herein, in the event that an Eligible Voting Creditor holds an Eligible Voting Claim that is an Unresolved Voting Claim as at the date of a Meeting, such Eligible Voting Creditor may attend the Meeting and such Unresolved Voting Claim may be voted at such Meeting by such Eligible Voting Creditor

(or its duly appointed proxy holder) in accordance with the provisions of this Order, without prejudice to the rights of the Monitor or the holder of the Unresolved Voting Claim with respect to the final determination of the Claim for distribution purposes, and such vote shall be separately tabulated from votes in respect of Voting Claims at (a) the dollar value of such Unresolved Voting Claim, to the extent a dollar value was ascribed to such claim in the corresponding Proof of Claim, or (b) at a value of \$10, if no value was ascribed to such claim in the corresponding Proof of Claim, provided that, other than as set out herein, the vote cast in respect of any Unresolved Voting Claim shall not be considered for any other purpose, unless, until and only to the extent that such Unresolved Claim is finally determined to be a Proven Claim.

#### **ENTITLEMENT TO VOTE AT THE MEETINGS**

30. **THIS COURT ORDERS** that, notwithstanding anything to the contrary herein, any Person with an Equity Claim shall have no right to, and shall not, vote at the Meetings.

31. **THIS COURT ORDERS** that, in accordance with the CCAA, the Sears Canada Entities, as related parties and as Affected Unsecured Creditors, shall only be permitted to vote their Eligible Voting Claims, if any, against, but not for, the A&R Plan.

32. **THIS COURT ORDERS** that no holder of an Affected Unsecured Claim against Former Corbeil shall be entitled to vote on the A&R Plan or attend at any Meeting in respect of such Affected Unsecured Claim.

#### **PROCEDURE AT THE MEETINGS**

33. **THIS COURT ORDERS** that a representative of the Monitor shall preside as the chair of each of the Meetings (the "Chair") and, subject to this Order or any further Order of the Court, shall decide all matters relating to the conduct of the Meetings.

34. **THIS COURT ORDERS** that a person designated by the Monitor shall act as secretary at each of the Meetings (the "**Secretary**") and the Monitor may appoint scrutineers for the supervision and tabulation of the attendance, quorum and votes cast at the Meetings (the "**Scrutineers**"). The Scrutineers shall tabulate the votes in respect of all Eligible Voting Claims at the Meetings.

35. **THIS COURT ORDERS** that an Eligible Voting Creditor that is not an individual may only attend and vote at a Meeting if it has appointed a proxy holder to attend and act on its behalf at such Meeting.

36. **THIS COURT ORDERS** that the quorum required at each Meeting shall be one Affected Unsecured Creditor with a Voting Claim present at such Meeting in person or by proxy.

37. **THIS COURT ORDERS** that a Meeting shall be adjourned on one or more occasions to such date, time and place as may be designated by the Chair or the Monitor as the Chair or the Monitor deems necessary or advisable, if:

- (a) the requisite quorum is not present at such Meeting;
- (b) such Meeting is postponed by a vote of the majority in value of the Affected Unsecured Creditors with Eligible Voting Claims for such Unsecured Creditor Class present in person or by proxy at the Meeting; or
- (c) prior to or during such Meeting, the Chair or the Monitor otherwise decides to adjourn such Meeting.

The announcement of the adjournment by the Chair at such Meeting (if the adjournment is during the Meeting), the posting of a notice of such adjournment on the Monitor's Website and the service of notice on the Service List shall constitute sufficient notice of the adjournment and neither the Applicants nor the Monitor shall have any obligation to give any other or further notice to any Person of the adjourned Meeting.



38. **THIS COURT ORDERS** that the Chair be and is hereby authorized to direct a vote at the Meetings, by confidential written ballot or by such other means as the Chair may consider appropriate, with respect to: (i) a resolution to approve the A&R Plan and any amendments thereto; and (ii) any other resolutions as the Monitor may consider appropriate.

39. **THIS COURT ORDERS** that in order to be approved, the A&R Plan must receive the affirmative vote by the Required Majority from each Unsecured Creditor Class.

40. **THIS COURT ORDERS** that following the votes at the Meetings, the Scrutineers shall tabulate the votes and the Monitor shall determine whether the A&R Plan has been approved by the Required Majority from each Unsecured Creditor Class.

41. **THIS COURT ORDERS** that the Monitor shall file a report to this Court by no later than two (2) Business Days after the Meetings or any adjournment thereof, as applicable, with respect to the results of the vote, including whether:

- (a) the A&R Plan has been approved by the Required Majority in each Unsecured Creditor Class; and
- (b) the votes cast in respect of Unresolved Voting Claims, if applicable, would affect the result of the vote.

42. **THIS COURT ORDERS** that a copy of the Monitor's report regarding the Meetings and the A&R Plan shall be posted on the Monitor's Website prior to the Sanction Hearing.

43. **THIS COURT ORDERS** that if the votes cast by the holders of Unresolved Voting Claims would affect whether the A&R Plan has been approved by the Required Majority, the Monitor shall report this to the Court in accordance with paragraph 41 of this Order, in which case the Monitor may: (a) request this Court to direct an expedited determination of any material Unresolved Voting Claims, (b) request that this Court defer the date of the Sanction Hearing, (c)

request that this Court defer or extend any other time periods in this Order or the A&R Plan, and/or (d) seek such further advice and direction as may be considered appropriate.

#### **TREATMENT OF CREDITORS**

44. **THIS COURT ORDERS** that the result of any vote conducted at a Meeting shall be binding upon all Affected Unsecured Creditors of each Unsecured Creditor Class, whether or not any such Affected Unsecured Creditor was present or voted at such Meeting.

#### **SANCTION HEARING AND ORDER**

45. **THIS COURT ORDERS** that if the A&R Plan has been accepted by the Required Majority of each Unsecured Creditor Class, the Monitor may bring a motion seeking the Sanction Order on November 23, 2020, or such later date as the Monitor may advise the Service List (the "**Sanction Hearing**").

46. **THIS COURT ORDERS** that service of the Notice of Meetings and Sanction Hearing to the parties on the Service List, the delivery of the applicable Meeting Materials in accordance with paragraphs 10 to 12 above and publication of the Notice of Meetings and Sanction Hearings and posting of the Meeting Materials and this Order to the Monitor's Website pursuant to paragraphs 8 and 9 hereof shall constitute good and sufficient service and notice of the Sanction Hearing upon all Persons who may be entitled to receive such service and notice and no other form of service or notice need be made on such Persons and no other materials need be served on such Persons in respect of the Sanction Hearing.

47. **THIS COURT ORDERS** that any Person wishing to receive materials in connection with the Sanction Hearing shall, if they have not already done so, serve upon the lawyers for the Monitor and all other parties on the Service List and file with this Court a Notice of Appearance

by no later than 5:00 p.m. (Toronto time) on the date that is seven (7) days prior to the Sanction Hearing.

48. **THIS COURT ORDERS** that any Person who wishes to oppose the motion for the Sanction Order shall serve upon the lawyers for the Monitor and upon all other parties on the Service List, and file with this Court, a copy of the materials to be used to oppose the motion for the Sanction Order by no later than 5:00 p.m. (Toronto time) on the date that is three (3) Business Days prior to the Sanction Hearing.

49. **THIS COURT ORDERS** that if the Sanction Hearing is adjourned, only those Persons who are listed on the Service List (including those Persons who have complied with paragraph 47 of this Order) shall be served with notice of the adjourned date of the Sanction Hearing.

#### **MONITOR'S ROLE**

50. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under (a) the CCAA; (b) the Initial Order; (c) the Claims Procedure Orders, and (d) the Governance Protocol Order, is hereby directed and empowered to take such other actions and fulfill such other roles as are authorized by this Order.

51. **THIS COURT ORDERS** that: (a) in carrying out the terms of this Order, the Monitor shall have all the protections given to it by the CCAA, the Initial Order, the Claims Procedure Orders, and the Governance Protocol Order, or as an officer of the Court, including the stay of proceedings in its favour; (b) the Monitor may, if it deems it advisable to do so, waive strict compliance with the requirements of this Order, including by waiver of any time limit imposed on any Creditor under this Order; (c) the Monitor and any Authorized Representative (as defined in the Governance Protocol Order) shall incur no liability or obligation as a result of carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its or their parts; (d) the Monitor shall be entitled to rely on the books and records of the

Applicants and any information provided by the Applicants without independent investigation; and (e) the Monitor shall not be liable for any claims or damages resulting from any errors or omissions in such books, records or information.

#### **AMENDMENT TO STYLE OF CAUSE**

52. **THIS COURT ORDERS** that the change of the title of these proceedings as follows is hereby approved:

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., 9845488 Canada 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.

#### **GENERAL**

53. **THIS COURT ORDERS** that any notice or other communication to be given pursuant to this Order by or on behalf of any Person to the Monitor shall be in writing and will be sufficiently given only if by mail or email addressed to:

FTI Consulting Canada Inc., Court-appointed Monitor  
of the Sears Canada Entities

TD South Tower  
79 Wellington Street West, Suite 2010, P.O. Box 104  
Toronto, Ontario M5K 1G8

Attention: Hrvoje Muhek

E-mail: [searscanada@fticonsulting.com](mailto:searscanada@fticonsulting.com)

54. **THIS COURT ORDERS** that the Monitor shall be entitled to rely upon any communication given pursuant to this Order (including any delivery of Creditor Proxies) by e-mail.

55. **THIS COURT ORDERS** that if any deadline set out in this Order falls on a day other than a Business Day, the deadline shall be extended to the next Business Day.

56. **THIS COURT ORDERS** that all references 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. (Toronto time) on such Business Day unless otherwise indicated herein.

57. **THIS COURT ORDERS** that the Monitor may from time to time apply to this Court to amend, vary, supplement or replace this Order or for advice and directions concerning the discharge of its powers and duties under this Order or the interpretation or application of this Order.

58. **THIS COURT ORDERS** that subject to any further Order of this Court, in the event of any conflict, inconsistency or ambiguity between the provisions of the A&R Plan and this Order, the provisions of the A&R Plan, if sanctioned by the Court and implemented, shall govern and be paramount.

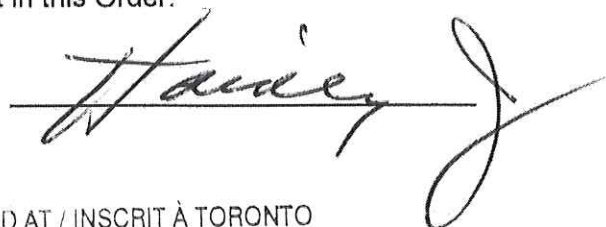
#### **EFFECT, RECOGNITION AND ASSISTANCE**

59. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada, outside Canada and against all Persons against whom it may be enforceable.

60. **THIS COURT REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or elsewhere to give effect to this Order and to assist 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 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 Monitor and their respective agents in carrying out the terms of this Order.

61. **THIS COURT ORDERS** that the Meetings Order granted by this Court on February 15, 2019 is hereby amended and restated on the terms set out in this Order.



ENTERED AT / INSCRIT À TORONTO  
ON / BOOK NO:  
LE / DANS LE REGISTRE NO:

OCT 28 2020

PER / PAR:



## SCHEDULE "A"

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., 9845488 CANADA 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.

### NOTICE OF MEETINGS AND SANCTION HEARING

**NOTICE IS HEREBY GIVEN** that a joint amended and restated plan of compromise and arrangement (as further amended, supplemented, restated or amended and restated from time to time, the "**Plan**") under the *Companies' Creditors Arrangement Act* (Canada) ("**CCAA**") has been filed with the Ontario Superior Court of Justice (Commercial List) in respect of Sears Canada Inc. and certain of its affiliates (collectively, the "**Sears Canada Entities**"). Capitalized terms used and not otherwise defined in this notice are as defined in the Plan. A copy of the Plan, the twenty-ninth report of FTI Consulting Canada Inc., in its capacity as Monitor (the "**Monitor**") in respect of the Plan (the "**Plan Report**"), and the First and Second Supplements to the Plan Report can be found on the website of the Monitor at: <http://cfcanada.fticonsulting.com/searscanada/> (the "**Monitor's Website**").

**NOTICE IS ALSO HEREBY GIVEN** that Meetings of each of the following Unsecured Creditor Classes of Affected Unsecured Creditors of the Sears Canada Entities will be held at the following date, times and location for the purpose of considering and voting to approve the Plan:

Unsecured Creditor Class	Meeting Information
<b>SLH Creditor Class:</b> Affected Unsecured Creditors of any SLH Parties <sup>1</sup>	<b>November 16, 2020 at 10:00 a.m.</b> ON24 Virtual Meeting Platform <sup>2</sup>
<b>Sears Creditor Class:</b> Affected Unsecured Creditors of any of the Sears Parties <sup>3</sup>	<b>November 16, 2020 at 11:00 a.m.</b> ON24 Virtual Meeting Platform <sup>4</sup>

The Meetings are being held pursuant to the Order of the Ontario Superior Court of Justice (Commercial List) dated February 15, 2019, as amended and restated on October 27, 2020 (the "**Meetings Order**") and the Virtual Meeting Protocol attached as Schedule "**D**" thereto, copies of which are available on the Monitor's Website.

For information regarding the virtual creditors meetings, and how to register to attend, please visit the Monitor's Website.

<sup>1</sup> The "**SLH Parties**" are 191020 Canada Inc. (formerly known as SLH Transport Inc.) and 168886 Canada Inc.

<sup>2</sup> Registration is required to attend the Meeting on the virtual meeting platform. Please refer to the Virtual Meeting Protocol for registration details.

<sup>3</sup> The "**Sears Parties**" are Sears Canada Inc., The Cut Inc., Sears Contact Services Inc., Initium Logistics Services Inc., 9845488 Canada Inc. (formerly "Initium Commerce Lab 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., 3339611 Canada Inc. and SearsConnect.

<sup>4</sup> Registration is required to attend the Meeting on the virtual meeting platform. Please refer to the Virtual Meeting Protocol for registration details.

The Plan provides for the compromise of the Affected Claims of Affected Unsecured Creditors of any of the SLH Parties or Sears Parties. The quorum for each Meeting will be one Affected Unsecured Creditor holding a Voting Claim present by proxy.

The Plan must receive an affirmative vote of the Required Majority of each Unsecured Creditor Class in order to be approved by the Affected Unsecured Creditors. The Required Majority is, for each Unsecured Creditor Class, a majority in number of Affected Unsecured Creditors representing at least two-thirds in value of the Voting Claims of Affected Unsecured Creditors, in each case, voting at the applicable Meeting. The Plan must also be sanctioned by a final order of the Court (the "**Sanction Order**") pursuant to the CCAA.

**NOTICE IS ALSO GIVEN** that, if the Plan is approved by the Required Majority of each Unsecured Creditor Class at the Meetings, the Monitor intends to bring a motion before the Court on November 23, 2020 at 12:00 p.m. (Toronto time) (or such other date or time as may be set in accordance with the Meetings Order) seeking the granting of the Sanction Order and for relief ancillary to such sanction. Any person wishing to oppose the motion for the Sanction Order must serve upon the parties on the Service List (as posted on the Monitor's Website) and file with the Court, a copy of the materials to be used to oppose the Sanction Order by no later than 5:00 p.m. (Toronto time) on November 18, 2020.

### **Completion of Proxies**

Any Affected Unsecured Creditor with an Eligible Voting Claim who wishes to vote at a Meeting must complete, sign and return the form of proxy included in its creditor package and deliver its proxy to the Monitor in accordance with the enclosed instructions.

Proxies, once duly completed, dated and signed, must be sent by email to the Monitor, or if it cannot be sent by email, delivered to the Monitor at the address set out on the proxy form. Proxies must be received by the Monitor by no later than 5:00 p.m. (Toronto time) on November 12, 2020.

If you previously submitted a proxy prior to the applicable deadline for the Meetings that were adjourned on March 25, 2019, appointing Mr. Paul Bishop of FTI Consulting Canada Inc., in its capacity as Monitor, as your proxy and you do not wish to revoke such proxy, you do not need to re-submit a proxy.

### **Creditors represented by Employee Representative Counsel or Pension Representative Counsel**

If you are an Employee or Retiree of any of the Sears Canada Entities and have not opted out of such representation, then you are represented by Employee Representative Counsel or Pension Representative Counsel, as applicable, and such representative counsel will be voting on your behalf and will be voting FOR approval of the Plan. Accordingly, you should not submit a separate proxy.

### **Creditors with Warranty Claims**

If you are a Creditor holding a customer warranty pursuant to a valid and unexpired protection agreement issued by Sears Canada, please be advised that any Claim you may have that results from that warranty will be addressed under the terms of the Plan.

This notice is given by the Sears Canada Entities pursuant to the Meetings Order. Copies of the Meeting Materials, including the Plan and the Plan Report, may be obtained from the Monitor's Website (<http://cfcanada.fticonsulting.com/sears>), or by emailing the Monitor at [searscanada@fticonsulting.com](mailto:searscanada@fticonsulting.com)

DATED this \_\_\_\_\_ day of October, 2020.



## SCHEDULE "B"

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., 9845488 CANADA 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.

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### CREDITOR PROXY

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**Before completing this proxy, please read carefully the accompanying "Instructions For Completion of Proxy".**

Capitalized terms used and not otherwise defined herein have the meanings ascribed to them in the joint amended and restated plan of compromise and arrangement of Sears Canada Inc. and certain of its affiliates (collectively, the "**Sears Canada Entities**")<sup>5</sup> dated October 22, 2020 (as may be further amended, restated, supplemented, or amended and restated from time to time, the "**Plan**") filed pursuant to the *Companies' Creditors Arrangement Act* with the Ontario Superior Court of Justice (Commercial List) (the "**Court**") or in the meetings order dated February 15, 2019, as amended and restated on October 27, 2020 (the "**Meetings Order**").

**THIS FORM OF PROXY IS FOR USE BY ALL CREDITORS.** In accordance with the Plan and the Meetings Order, this proxy may only be filed by Affected Unsecured Creditors having a Voting Claim or an Unresolved Voting Claim ("**Eligible Voting Creditors**") in respect of the Sears Canada Entities other than 9370-2571 Québec Inc. (formerly Corbeil Électrique Inc.).

**A PROXY, ONCE DULY COMPLETED, DATED AND SIGNED, MUST BE DELIVERED BY EMAIL OR MAIL TO THE MONITOR SO THAT IT IS RECEIVED BY NO LATER THAN 5:00 P.M. (TORONTO TIME) ON NOVEMBER 12, 2020.** (Note: Delivery by email is strongly recommended and preferred to ensure the proxy is received by the Monitor prior to the deadline. Those who send their proxies by mail should take into account potential delays and allow for substantial additional delivery time.)

Due to public meeting restrictions declared under the *Reopening Ontario (A Flexible Response to COVID-19) Act, 2020*, S.O. 2020, c 17, and the regulations made thereunder, as a result of the COVID-19 pandemic, the Meetings will be held on a virtual meeting platform. Only Eligible Voting Creditors who submit a proxy appointing Mr. Paul Bishop of FTI Consulting Canada Inc., in its capacity as Monitor of the Sears Canada Entities, or such other Person as he in his sole discretion may designate, to attend, act and vote for and on behalf of such Eligible Voting Creditor at the applicable Meeting shall be entitled to have their Eligible Voting Claims voted at the applicable Meeting. **No votes on the Plan will be collected at the Meetings.**

If you previously submitted a proxy prior to the applicable deadline for the Meetings that were adjourned on March 25, 2019, appointing Mr. Paul Bishop of FTI Consulting Canada Inc., in its capacity as Monitor, as your proxy and you do not wish to revoke such proxy, **you do not need to re-submit a proxy.**

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<sup>5</sup> The "**Sears Canada Entities**" are Sears Canada Inc., The Cut Inc., Sears Contact Services Inc., Initium Logistics Services Inc., 9845488 Canada Inc. (formerly "Initium Commerce Lab 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., 3339611 Canada Inc., SearsConnect, 191020 Canada Inc., 168886 Canada Inc. and 9370-2571 Québec Inc.

THE UNDERSIGNED ELIGIBLE VOTING CREDITOR hereby revokes all proxies previously given, if any, and nominates, constitutes and appoints Mr. Paul Bishop of FTI Consulting Canada Inc. in its capacity as Monitor of the Sears Canada Entities, or such other Person as he, in his sole discretion, may designate, to attend on behalf of and act for the undersigned Eligible Voting Creditor at the applicable Meeting(s) to be held in connection with the Plan and at any and all adjournments, postponements or other rescheduling of such Meeting(s), and to vote the dollar value of the Eligible Voting Claim(s) of the undersigned for voting purposes as determined by and accepted for voting purposes in accordance with the Meetings Order and as set out in the Plan as follows:

FOR  APPROVAL OF THE PLAN  
VOTE (mark one only):  
AGAINST

The nominee shall vote at the nominee's discretion and otherwise act for and on behalf of the undersigned Affected Unsecured Creditor with respect to any amendments, modifications, variations or supplements to the Plan and to any other matters that may come before the applicable Meeting or any adjournment, postponement or other rescheduling of such Meeting.

**In absence of instruction to vote for or against the approval of the resolution to approve the Plan, any duly signed and returned proxy shall be deemed to include instructions to vote for the approval of the resolution to approve the Plan.**

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2020.

Print Name of Sears Canada Entity the Eligible Voting Claim is held against	Claim Reference Number (if known further to a Notice of Revision or Disallowance sent to you by the Monitor)
Print Name of Eligible Voting Creditor	Print name and title of the authorized signing officer of the corporation, partnership or trust, if applicable signing this form
Signature of Eligible Voting Creditor or, if such creditor is a corporation, partnership or trust, signature of an authorized signing officer of the corporation, partnership or trust	Telephone number of Eligible Voting Creditor or authorized signing officer
Mailing Address of Eligible Voting Creditor	E-mail address of Eligible Voting Creditor

### **INSTRUCTIONS FOR COMPLETION OF PROXY**

1. These instructions for completion of proxy should be read in conjunction with the joint amended and restated plan of compromise and arrangement of Sears Canada Inc. and certain of its affiliates (collectively, the "**Sears Canada Entities**") dated October 22, 2020 (as may be further amended, restated, supplemented, or amended and restated from time to time, the "**Plan**") filed pursuant to the *Companies' Creditors Arrangement Act* with the Ontario Superior Court of Justice (Commercial List) (the "**Court**") and in connection with the meetings order dated February 15, 2019, as amended and restated on October 27, 2020 (the "**Meetings Order**"). Capitalized terms used herein that are not otherwise defined herein shall have the meanings ascribed to them in the Plan or Meetings Order.
2. Due to public meeting restrictions declared under the *Reopening Ontario (A Flexible Response to COVID-19) Act, 2020*, S.O. 2020, c 17, and the regulations made thereunder, as a result of the COVID-19 pandemic, the Meetings will be held on a virtual meeting platform on November 16, 2020.
3. In accordance with the Virtual Meeting Protocol approved pursuant to the Meetings Order, no person other than Mr. Paul Bishop of FTI Consulting Canada Inc., in its capacity as Monitor, or such other Person as he, in his sole discretion may designate, shall be appointed as the Eligible Voting Creditor's proxy holder.
4. In that regard, each Eligible Voting Creditor wishing to vote at a Meeting must submit a completed proxy appointing Mr. Paul Bishop, of FTI Consulting Canada Inc., in its capacity as Monitor, to attend, act and vote for and on behalf of such Eligible Voting Creditor at the applicable Meeting. **If you previously submitted a proxy prior to the applicable deadline for the Meetings that were adjourned on March 25, 2019, appointing Mr. Paul Bishop as your proxy and you do not wish to revoke such proxy, you do not need to re-submit a proxy.**
5. An Eligible Voting Creditor who has given a proxy may revoke it as to any matter on which a vote has not already been cast pursuant to its authority by delivering written notice to the Monitor at the contact details set out below prior to 5:00 p.m. (Toronto time) on November 12, 2020 (the "**Proxy Deadline**").
6. If this proxy is not dated in the space provided, it shall be deemed to be dated as of the date on which it is received by the Monitor.
7. A valid proxy from the same Eligible Voting Creditor bearing or deemed to bear a later date shall revoke this proxy. If more than one valid proxy from the same Eligible Voting Creditor in the same capacity and bearing or deemed to bear the same date are received with conflicting instructions, such proxies shall not be counted for the purposes of the vote.
8. This proxy confers discretionary authority upon the proxy holder with respect to other matters that may properly come before the applicable Meeting or any adjournment or postponement of the applicable Meeting.
9. The proxy holder shall vote the Voting Claim or Unresolved Voting Claim of the Eligible Voting Creditor in accordance with the direction of the Eligible Voting Creditor appointing him or her on any ballot that may be called for at the applicable Meeting or any adjournment or postponement of such Meeting.  
**IF AN ELIGIBLE VOTING CREDITOR SUBMITS THIS PROXY AND FAILS TO INDICATE ON THIS PROXY A VOTE FOR OR AGAINST APPROVAL OF THE PLAN, THIS PROXY SHALL BE VOTED FOR APPROVAL OF THE PLAN, INCLUDING ANY AMENDMENTS, VARIATIONS OR SUPPLEMENTS THERETO.**
10. If the Eligible Voting Creditor is an individual, this proxy must be signed by the Eligible Voting Creditor or by a person duly authorized (by power of attorney) to sign on the Eligible Voting Creditor's behalf. If the Eligible Voting Creditor is a corporation, partnership or trust, this proxy must be signed by a duly authorized officer or attorney of the corporation, partnership or trust. You may be required to provide documentation evidencing your power and authority to sign this proxy.
11. An electronic signature of the applicable signatory or a photo of the dated and signed signature page will be acceptable.
12. **A PROXY, ONCE DULY COMPLETED, DATED AND SIGNED, MUST BE DELIVERED BY EMAIL OR MAIL TO THE MONITOR SO THAT IT IS RECEIVED BY NO LATER THAN 5:00 P.M. (TORONTO TIME) ON NOVEMBER 12, 2020.**

(Note: Delivery by email is strongly recommended and preferred to ensure the proxy is received by the Monitor prior to the deadline. Those who send their proxies by mail should take into account potential delays and allow for substantial additional delivery time.)

By email: [searscanada@fticonsulting.com](mailto:searscanada@fticonsulting.com)

By mail: FTI Consulting Canada Inc., as Monitor of the Sears Canada Entities  
TD South Tower  
79 Wellington Street West, Suite 2010, P.O. Box 104  
Toronto, Ontario M5K 1G8  
Attention: Hrvoje Muhek

13. The Monitor is authorized to use reasonable discretion as to the adequacy of compliance with respect to the manner in which any proxy is completed and executed, and may waive strict compliance with the requirements in connection with the deadlines imposed by the Meetings Order.

**SCHEDULE "C"**  
**[LETTERHEAD OF MONITOR]**

October ●, 2020

TO: Affected Unsecured Creditors of Sears Canada Inc., The Cut Inc., Sears Contact Services Inc., Initium Logistics Services Inc., 9845488 Canada Inc. (formerly "Initium Commerce Lab 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., 3339611 Canada Inc. and SearsConnect (collectively, the "**Sears Parties**"), 191020 Canada Inc. (formerly known as SLH Transport Inc.) and 168886 Canada Inc. (together, the "**SLH Parties**") and 9370-2571 Québec Inc. ("**Former Corbeil**", and collectively with the Sears Parties and SLH Parties, the "**Sears Canada Entities**").

Dear Sirs/Mesdames:

**Proposed Joint Plan of Compromise and Arrangement of the Sears Canada Entities**

Please find enclosed the joint amended and restated plan of compromise and arrangement (as may be further amended, restated, supplemented or amended and restated from time to time, the "**Plan**") under the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**") of the Sears Canada Entities, as presented for filing with the Ontario Superior Court of Justice (Commercial List) (the "**Court**") on October 27, 2020 by FTI Consulting Canada Inc., in its capacity as the Court-appointed Monitor in the CCAA proceedings of the Sears Canada Entities (the "**Monitor**"). Capitalized terms used in this letter that are not otherwise defined in this letter are as defined in the Plan.

The Plan amends and restates the Joint Plan of Compromise and Arrangement of the Sears Canada Entities dated February 15, 2019, which was previously filed with the Court and delivered to creditors (the "**Original Plan**"). The modifications that have been made to the Original Plan are summarized below.

Overview

As you may know, on June 22, 2017, Sears Canada Inc. and certain of its affiliates (as defined above, the "**Sears Canada Entities**") obtained creditor protection under the CCAA. The Sears Canada Entities have closed all of their stores, discontinued their operations and liquidated all of their assets in an effort to maximize recoveries for their creditors.

In addition, the Monitor and the Honourable J. Douglas Cunningham, Q.C., as Court-appointed litigation trustee (the "**Litigation Trustee**"), were authorized by the Court to pursue litigation against certain third parties on behalf of Sears Canada Inc. and its creditors, in connection with the payment of certain dividends made by Sears Canada Inc. to its shareholders in 2013 (the "**Dividend Litigation**").

On March 17, 2020, August 25, 2020 and September 18, 2020, the Court approved the settlement agreements entered into in connection with the Dividend Litigation, such that the Dividend Litigation has now been finally settled and concluded.

In order to distribute the net proceeds from the liquidation of the assets of the Sears Canada Entities and the settlements of the Dividend Litigation, the Monitor has developed the Plan, which is now proposed on behalf of the Sears Canada Entities. The Plan must be approved by a majority in number of Affected Unsecured Creditors in each of two Unsecured Creditor Classes, representing at least two-thirds in value of the Voting Claims of such Affected Unsecured Creditors, in each case who actually vote by proxy at

the applicable Meeting. Effectiveness of the Plan is also subject to the approval of the Court pursuant to the CCAA.

If the Plan is approved by the required majorities of creditors and sanctioned by the Court, the Plan will:

- (a) effect a compromise and settlement of all Affected Claims, in exchange for the distributions to Affected Unsecured Creditors with Proven Affected Unsecured Claims;
- (b) facilitate the payment of distributions in respect of Proven Affected Unsecured Claims, Proven Priority Claims and Proven Secured Claims;
- (c) implement the resolution of a number of significant claims against the Sears Canada Entities, including (i) claims relating to the wind-up deficit in the Sears Canada Pension Plan, and (ii) certain class action claims; and
- (d) allow those Affected Unsecured Creditors of Sears Canada Inc. who have not opted out of participation in the Dividend Litigation (such litigation being referred to in the Plan as the "TUV Claim" and the "LT Claims", with such Creditors being "**Sears Opt-In Creditors**") to receive the benefit of the net proceeds from the settlements of the TUV Claim and LT Claims;

all in the expectation that all persons with an economic interest in the Sears Canada Entities will derive a greater benefit from the implementation of the Plan than would result from any alternative, including and in particular, a bankruptcy.

#### Summary of Amendments to Plan<sup>6</sup>

The Plan includes the following amendments to the Original Plan:

- (a) Litigation Cost Recovery Amount: As a result of the settlements of the Dividend Litigation, the Plan no longer requires a mechanism to provide for ongoing funding of this litigation. The Plan now provides that Sears Canada shall be reimbursed from the proceeds of the settlement of the TUV Claim and the LT Claims for the costs of this litigation funded by Sears Canada Inc. This reimbursed amount will be available for distribution to creditors of Sears Canada Inc. with Proven Affected Unsecured Claims, regardless of whether such creditors are Sears Opt-In Creditors. The recoveries received by Sears Canada Inc. from the settlement of the Dividend Litigation (net of the Litigation Cost Recovery Amount) will be distributed in accordance with the Plan to the Sears Opt-In Creditors holding Proven Affected Unsecured Claims.
- (b) D&O Claims, Director Indemnities and Claims for Contribution from the ESL Parties: The Plan no longer requires a mechanism for distributions to be made on account of indemnity claims asserted by any Director, Officer or ESL Party in connection with the Dividend Litigation. Those indemnity claims have been released as part of the settlement of the Dividend Litigation.
- (c) Releases: The Plan now provides for releases in favour of the Settling Defendants, being Edward Lampert, ESL Investments, Inc., and the former Directors and Officers of Sears Canada and affiliates of ESL Investments, Inc. who were defendants in the Dividend Litigation. Sears Canada is required to seek approval of these releases as a term of the settlements of the Dividend Litigation that was previously approved by the Court. The former Directors and Officers who are not Settling Defendants also receive releases under the Plan.

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<sup>6</sup> This summary is provided for general information purposes only. The Plan is the governing document.

- (d) Warranty Reimbursement Pool: As a result of additional asset sale proceeds and cash inflows, the cash attributable to the Warranty Reimbursement Pool has increased from \$8,000,000 to \$9,000,000.
- (e) Revised Dates: The Plan Implementation Date must have occurred by December 31, 2020 or such later date as agreed by the Pension Parties and the Monitor.

#### Classes of Affected Unsecured Creditors and Voting

The Plan is a single joint Plan that will be subject to approval at the Meetings by the vote of each of two Unsecured Creditor Classes, being:

- (f) the Sears Creditor Class, being Affected Unsecured Creditors of any of the Sears Parties; and
- (g) the SLH Creditor Class, being Affected Unsecured Creditors of any of the SLH Parties.

Since Former Corbeil has sufficient funds to pay all of its Affected Unsecured Creditors in full, such creditors will have no shortfall on their claims and so will not be entitled to vote.

Affected Unsecured Creditors in each class will be entitled to vote the amount of their Affected Unsecured Claim as finally determined in accordance with the applicable Claims Procedure Order and the Plan. To the extent that an Affected Unsecured Claim, or any part thereof, remains unresolved, the Affected Unsecured Creditor will also be able to vote its Unresolved Voting Claim and such vote shall be tabulated separately from the votes of Affected Unsecured Creditors with Proven Claims.

#### Estimated Recoveries

While the value of distributions to Affected Unsecured Creditors cannot be calculated with certainty at this time, the current estimated range of recoveries for Affected Unsecured Creditors of the SLH Parties is approximately ● to ● cents on the dollar. For Affected Unsecured Creditors of the Sears Parties who are Sears Opt-In Creditors, this figure is estimated at approximately ● to ● cents on the dollar. For Affected Unsecured Creditors who are not Sears Opt-In Creditors, these recoveries will be lower as they will not include any recoveries from the settlements of the Dividend Litigation.

Distributions on account of Proven Claims of Affected Unsecured Creditors in the SLH Creditor Class and Sears Creditor Class will be based on the pro rata share of the net funds available in the SLH Parties and Sears Parties' respective estates. As indicated above, Affected Unsecured Creditors of Former Corbeil will be paid in full.

Sears Opt-In Creditors will additionally be entitled to their pro rata share of the net proceeds from the settlements of the Dividend Litigation.

#### Pension Claims

The Sears Canada Entities, the Monitor and the Pension Parties reached a settlement pursuant to which the Pension Claims will be allowed as Proven Affected Unsecured Claims for the purposes of distributions at the value of \$624,480,000 against the Sears Parties and \$26,020,000 against the SLH Parties, subject to certain adjustments. As part of the settlement, the Pension Parties agreed to discontinue the Deemed Trust Motions upon implementation of the Plan.

In conjunction with the settlement, the Monitor reached a support agreement with the Pension Plan Administrator whereby the Pension Plan Administrator or its designated proxy will vote in favour of the Plan, provided that the conditions of the settlement are met.

### Releases

The Plan provides for customary releases in favour of the Sears Released Parties and the Third Party Released Parties.

As discussed above, the Plan also provides for releases in favour of Edward Lampert, ESL Investments, Inc., and the former Directors and Officers of Sears Canada and affiliates of ESL Investments, Inc. who were defendants in the Dividend Litigation.

### Consideration of and Vote on the Plan

The information provided in this letter is intended to give a high level overview of the Plan. You should note, however, that the governing document is the Plan. Accompanying this letter are the following important documents:

- The Plan;
- The Notice of Meetings and Sanction Hearing;
- The Second Supplement to the Monitor's Report on the Plan;
- A form of Creditor Proxy and instructions for its completion; and
- The Virtual Meeting Protocol.

**You should read each of these documents carefully and in their entirety. You may wish to consult legal, financial, tax or other professional advisors regarding the Plan and should not construe the contents of this letter as investment, legal or tax advice.**

**Due to public meeting restrictions declared under the Reopening Ontario (A Flexible Response to COVID-19) Act, 2020, and the regulations made thereunder, as a result of the COVID-19 pandemic, the Meetings will be held on a virtual meeting platform on November 16, 2020.** Details of the Meetings and the Sanction Hearing are contained in the Notice of Meetings and Sanction Hearing. The process by which the Meetings will be held on the virtual meeting platform is described in the Virtual Meeting Protocol.

To vote on the Plan, all Eligible Voting Creditors must submit a properly completed proxy so that it is received by no later than **5:00 p.m. (Toronto time) on November 12, 2020** (the "Proxy Deadline") appointing Mr. Paul Bishop of FTI Consulting Canada Inc., as Monitor (or any party designated by Mr. Bishop), as proxy holder to attend and vote at the applicable Meeting. **If you previously submitted a proxy prior to the applicable deadline for the Meetings that were adjourned on March 25, 2019, appointing Mr. Paul Bishop as your proxy and you do not wish to revoke such proxy, you do not need to re-submit a proxy.**

Any Eligible Voting Creditor (or its respective authorized representative if such Eligible Voting Creditor is not an individual) who would like to attend the applicable Meeting must register on the virtual meeting platform in accordance with the Virtual Meeting Protocol.

**The Monitor recommends that Affected Unsecured Creditors vote FOR approval of the Plan.**

Pursuant to the Meetings Order, Employee Representative Counsel and Pension Representative Counsel have been appointed as proxy holder for the Employees ("ERC Employees") and Retirees ("PRC Retirees") that they respectively represent.

Accordingly, **ERC Employees and PRC Employees do not need to complete a proxy.** Employee Representative Counsel and Pension Representative Counsel will be voting their proxies **FOR** approval of the Plan.



The Pension Plan Administrator, being the largest unsecured creditor in the estate, has also confirmed that, subject to satisfaction of the conditions contained in the Plan, it will vote **FOR** approval of the Plan.

Further Information

If you have any questions regarding the Plan, the vote, or matters with respect to the Meetings or Sanction Hearing, please contact the Monitor by email at [searscanada@fticonsulting.com](mailto:searscanada@fticonsulting.com).

Yours sincerely,

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

## SCHEDULE "D"

### VIRTUAL MEETING PROTOCOL

1. This virtual meeting protocol should be read in conjunction with the joint amended and restated plan of compromise and arrangement of Sears Canada Inc. and certain of its affiliates (collectively, the "**Sears Canada Entities**") dated October 22, 2020 (as may be further amended, restated, supplemented, or amended and restated from time to time, the "**Plan**") filed pursuant to the *Companies' Creditors Arrangement Act* with the Ontario Superior Court of Justice (Commercial List) (the "**Court**") and in conjunction with the meetings order dated February 15, 2019, as amended and restated on October 27, 2020 (the "**Meetings Order**"). Capitalized terms used herein that are not otherwise defined herein shall have the meanings ascribed to them in the Plan or Meetings Order.

In the case of any conflict or inconsistency between this protocol and the Meetings Order, this protocol shall govern.

2. Due to public meeting restrictions declared under the *Reopening Ontario (A Flexible Response to COVID-19) Act, 2020*, S.O. 2020, c 17, and the regulations made thereunder, as a result of the COVID-19 pandemic, the Meetings will be held on a virtual meeting platform on November 16, 2020.
3. Registration and Access to the Meetings:
  - a. All Eligible Voting Creditors who wish to vote at a Meeting must submit a completed and signed proxy form including an email address at which such Eligible Voting Creditor may be contacted so that it is received by the Monitor no later than 5:00 p.m. on November 12, 2020 (the "**Proxy Deadline**").
  - b. If an Eligible Voting Creditor (or its authorized representative if such Eligible Voting Creditor is not an individual) would like to attend the applicable Meeting, the Eligible Voting Creditor must return this form to the Monitor by no later than 5:00 p.m. on November 12, 2020 with the information completed below:

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**Print name of Sears Canada Entity the Eligible Voting Claim is held against**

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**Claim Reference Number (if known)**

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**Print full name of the Eligible Voting Creditor**

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**Print full name of the authorized representative of the corporation, partnership or trust, if applicable, who will be attending the Meeting**

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**Print email address of the Eligible Voting Creditor or the authorized representative, if applicable, who will be attending the Meeting**

- c. All Eligible Voting Creditors are strongly encouraged to submit any questions regarding the Plan to the Monitor by 5:00 p.m. on November 12, 2020 at the email address below.
  - d. All Eligible Voting Creditors (or their respective authorized representatives, if such Eligible Voting Creditor is not an individual) who wish to attend the applicable Meeting must register on the virtual meeting platform using the steps outlined below to attend the Meeting(s).
4. To Attend the Meeting(s), each Eligible Voting Creditor or its respective authorized representative (if such Eligible Voting Creditor is not an individual) must follow the steps below:
    - a. **Register.** Prior to the Meetings, Eligible Voting Creditors who have submitted a duly completed proxy form and this form by the Proxy Deadline will receive an email from the Monitor with a web link to register for the Meeting(s) on the virtual meeting platform. Once registered, Eligible Voting Creditors or their respective authorized representative (if such Eligible Voting Creditor is not an individual) will receive an email confirmation and a calendar invite.
    - b. **Click to Open Virtual Meeting Platform.** On November 16, 2020, Eligible Voting Creditors or their respective authorized representative (if such Eligible Voting Creditor is not an individual) must click on

the meeting link in the confirmation email or calendar invite to open the virtual meeting platform website.

- c. **Enter the Virtual Meeting Platform.** To enter the Meeting(s) on the virtual meeting platform, each Eligible Voting Creditor or authorized representative (if such Eligible Voting Creditor is not an individual) must enter his or her name and the email that was used to register for the Meeting(s). If the party attending the meeting is an authorized representative of an Eligible Voting Creditor that is not an individual, such authorized representative must also enter the name of the Eligible Voting Creditor that he or she represents.
  - i. **Note:** The Monitor cannot ensure that all parties who wish to attend the Meetings will be able to do so or will not experience technical difficulties accessing the Meeting(s). The fact that any person may not be able to access a Meeting will not invalidate any resolution passed or proceedings taken at the Meetings.

5. At the Meetings:

- a. A representative of the Monitor will present the Plan and address questions that (i) were submitted in advance by email, and (ii) are raised in real-time at the Meetings.
- b. Only representatives of the Monitor, the Monitor's counsel, the Employee Representative Counsel, the Pension Representative Counsel and the Pension Plan Administrator's counsel will have the ability to speak at the Meetings due to the practical limitations of the virtual meeting platform.
- c. The virtual meeting platform will accept written questions submitted in real-time by any other attendees using the "Q&A" feature on the virtual meeting platform.
- d. The Monitor will:
  - i. review and moderate the written questions in real-time,
  - ii. answer questions that are material to the Plan, the Meeting or the implementation of the Plan and submitted during each Meeting, and
  - iii. keep a record of all such questions.
- e. The Monitor will respond to as many material questions as possible during the Meetings.
- f. If necessary, the Monitor will respond to any other questions that are submitted during the Meetings and are material to the Plan, the Meeting or the implementation of the Plan after the Meetings (the "Overflow Questions"). The Overflow Questions and responses will be posted on the Monitor's website as soon as practicable after the Meetings and by no later than November 18, 2020.

6. Voting at the Meetings:

- a. Each Eligible Voting Creditor wishing to vote at a Meeting must appoint as his or her proxy Mr. Paul Bishop, of FTI Consulting Canada Inc., as Monitor, to attend, act and vote for and on behalf of such Eligible Voting Creditor at the applicable Meeting. No person other than Mr. Paul Bishop of FTI Consulting Canada Inc., as Monitor, or such other Person as he, in his sole discretion may designate, shall be appointed as the Eligible Voting Creditor's proxy holder.
- b. Mr. Paul Bishop, of FTI Consulting Canada Inc., as Monitor, or such other Person as he, in his sole discretion may designate, will vote such proxies in accordance with the instructions set out therein and the Meetings Order.
- c. **No votes on the Plan will be collected at the Meetings.**

7. **A PROXY, ONCE DULY COMPLETED, DATED AND SIGNED, MUST BE DELIVERED BY EMAIL OR MAIL TO THE MONITOR SO THAT IT IS RECEIVED BY NO LATER THAN 5:00 P.M. (TORONTO TIME) ON NOVEMBER 12, 2020.** (Note: Delivery by email is strongly recommended and preferred to ensure the proxy is received by the Monitor prior to the deadline. Those who send their proxies by mail should take into account potential delays and allow for substantial additional delivery time.)

By email: [searscanada@fticonsulting.com](mailto:searscanada@fticonsulting.com)

By mail: FTI Consulting Canada Inc., as Monitor of the Sears Canada Entities  
TD South Tower  
79 Wellington Street West, Suite 2010, P.O. Box 104  
Toronto, Ontario M5K 1G8  
Attention: Hrvoje Muhek

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

**AMENDED AND RESTATED  
MEETINGS ORDER**

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