

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MR.)
JUSTICE HAINEY)
FRIDAY, THE 13TH
DAY OF OCTOBER, 2017



IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF SEARS CANADA INC., CORBEIL ÉLECTRIQUE INC., S.L.H. TRANSPORT INC., THE CUT INC., SEARS CONTACT SERVICES INC., INITIUM LOGISTICS SERVICES INC., INITIUM COMMERCE LABS INC., INITIUM TRADING AND SOURCING CORP., SEARS FLOOR COVERING CENTRES INC., 173470 CANADA INC., 2497089 ONTARIO INC., 6988741 CANADA INC., 10011711 CANADA INC., 1592580 ONTARIO LIMITED, 955041 ALBERTA LTD., 4201531 CANADA INC., 168886 CANADA INC., AND 3339611 CANADA INC.

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

ORDER

(Approval of the Ninth Amendment to the DIP Term Credit Agreement and Stay Extension)

THIS MOTION, made by the Applicants pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”), for an order (i) approving the Ninth Amendment to the DIP Term Credit Agreement; (ii) extending the Stay Period (as defined below), and certain other relief, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion of the Applicants, the Affidavit of Billy Wong sworn October 11, 2017, including the exhibits thereto (the “**Wong Affidavit**”), the affidavit of Mark Caiger sworn October 10, 2017, the Fourth Report of the Monitor, filed, the Supplement to

the Fourth Report of the Monitor, filed, and on hearing the submissions of respective counsel for the Applicants and SearsConnect (collectively, the “**Sears Canada Entities**”), the Monitor, the DIP ABL Agent, the DIP Term Agent, and such other counsel as were present, no one else appearing although duly served as appears from the Affidavit of Service of Karin Sachar sworn October 12, 2017, filed:

SERVICE AND DEFINITIONS

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record herein is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

2. **THIS COURT ORDERS** that each capitalized term used and not defined herein shall have the meaning ascribed to such term in the Amended and Restated Initial Order dated June 22, 2017 (the “**Initial Order**”) in the CCAA proceedings of the Sears Canada Entities (the “**CCAA Proceedings**”).

APPROVAL OF NINTH AMENDMENT TO THE DIP TERM CREDIT AGREEMENT

3. **THIS COURT ORDERS** that the Ninth Amendment to the DIP Term Credit Agreement is hereby approved.

AMENDMENT TO THE INITIAL ORDER

4. **THIS COURT ORDERS** that paragraph 54 of the Initial Order is hereby deleted in its entirety and replaced with the following:

54. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order, the L/C Collateral Account (as defined in the DIP ABL Credit Agreement) shall be deemed to be subject to a lien, security, charge and security interest in favour of the DIP ABL Agent for (i) the reimbursement obligation of SCI related to any letters of credit issued under the Wells Fargo Credit Agreement or under the DIP ABL Credit Agreement which remain undrawn from and after the October 18, 2017, and (ii) any fees and other charges accruing and payable with respect to such letters of credit under the DIP ABL Credit Agreement. The Charges as they may attach to the L/C Collateral Account, including by operation of law or otherwise: (a) shall rank junior in priority to the lien, security, charge and security interest in favour of the DIP ABL Agent in respect of the L/C Collateral Account; and (b) shall attach to the L/C Collateral Account only to the extent of the rights, if any, of any Sears Canada Entity to the return of any cash

from the L/C Collateral Account in accordance with the DIP ABL Credit Agreement.

EXTENSION OF THE STAY PERIOD

5. **THIS COURT ORDERS** that the Stay Period (as defined in paragraph 14 of the Initial Order) is hereby extended from November 7, 2017, until and including January 22, 2018. Further, the Application Period set out in the Employee Hardship Fund Term Sheet, approved by the Court on August 18, 2017 shall also be extended to January 22, 2018.

GENERAL

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

7. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body, having jurisdiction in Canada or in the United States of America, to give effect to this Order and to assist the Applicants, 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 Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

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ON / BOOK NO:
LE / DANS LE REGISTRE NO:

OCT 13 2017

PER / PAR:



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., CORBEIL ÉLECTRIQUE INC., S.L.H. TRANSPORT INC., THE CUT INC., SEARS CONTACT SERVICES INC., INITIUM LOGISTICS SERVICES INC., INITIUM COMMERCE LABS INC., INITIUM TRADING AND SOURCING CORP., SEARS FLOOR COVERING CENTRES INC., 173470 CANADA INC., 2497089 ONTARIO INC., 6988741 CANADA INC., 10011711 CANADA INC., 1592580 ONTARIO LIMITED, 955041 ALBERTA LTD., 4201531 CANADA INC., 168886 CANADA INC., AND 3339611 CANADA INC.

Applicants

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COMMERCIAL LIST
Proceeding commenced at Toronto

ORDER
(Approval of the Ninth Amendment to the DIP
Term Credit Agreement and Stay Extension)

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