

December 13, 2017

Andrew J. Hatnay  
ahatnay@kmlaw.ca

**Via Regular Mail**

Dear Sir/Madam:

**Re: Sears Canada Inc. and certain of its subsidiaries and affiliates (collectively, “Sears Canada”)  
Representation of Non-Union Employees and Retirees with Pension and OPEB Entitlements in Sears Canada’s proceedings (the “CCAA Proceedings”) under the Companies’ Creditors Arrangement Act, R.S.C., 1985, c. C-36 (the “CCAA”)  
Our File No. 17/1312**

We are the Representative Counsel to Ken Eady, Larry Moore, and William Turner, who were appointed by the Ontario Superior Court of Justice (Commercial List) as Representatives of all non-union employees and retirees of Sears Canada<sup>1</sup> who have entitlements to pension benefits and other post-employment benefits such as health benefits, life insurance, and supplemental pension (collectively, “OPEBs”) in the CCAA Proceedings. For the purposes of this letter, the non-union employees and retirees shall be collectively referred to as the “Pensioners”.

We are writing further to our letter dated July 26, 2017 to provide information on the claims process (the “Claims Process”) that Sears Canada established and the Court recently approved. The purpose of this Claims Process is to identify and determine claims from creditors for amounts owing to them by Sears Canada and/or Sears Canada’s current and former officers and directors.

### *Status of the Sears Canada CCAA proceedings*

On June 22, 2017, Sears Canada obtained Court protection from its creditors under the CCAA. At the same time, the Court appointed FTI Consulting Canada Inc. as the Monitor. Generally, the Monitor’s role is to monitor and regularly report to the Court and stakeholders on Sears Canada’s activities while it is under CCAA protection and to interact with creditors in a fair and impartial manner.

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<sup>1</sup> (other than senior management of Sears Canada and any person who opted out of representation by Koskie Minsky LLP)

There have been a number of developments over the past few months. Sears Canada is not restructuring to continue as a viable company. Instead, on October 13, 2017, Sears Canada brought a motion before the Court for approval that it liquidate its remaining inventory. The Court approved the liquidation. Sears Canada has begun the process of liquidating the inventory in all of the remaining stores and selling all of its other assets. Sears Canada is continuing with the store liquidation process through January, 2018.

### *The General Claims Process*

During the Claims Process, the Monitor will accept claims from creditors (subject to certain exemptions) for amounts they claim to be owing by Sears Canada and/or their current and former directors and officers.

Generally, the Claims Process will involve an initial assessment of each creditor's claim by the Monitor, in consultation with Sears Canada, after which creditors will be notified whether their claim has either been accepted or revised or disallowed in whole or in part. The claims of creditors that have been revised or disallowed will have the opportunity to respond further, after which the Monitor and Sears Canada may re-consider the claim or attempt to settle the claim(s) with the creditor. If a resolution cannot be reached, the dispute may be referred for adjudication by a Claims Officer who will decide the issues in dispute and render a decision. A creditor may appeal a decision of a Claims Officer. The process is intended to determine the total amount of debts owed by Sears Canada to its creditors.

### *The future Pensioner Claims Process*

The Claims Process that is currently underway is for general creditors of Sears Canada and does not include claims for amounts owing to pension plans or to Pensioners in relation to pension benefits or terminated OPEBs. A separate claims process will be commenced in the future for all such claims in respect of losses of pension benefits and OPEBs. Koskie Minsky LLP as Representative Counsel will work with its actuarial advisors and other parties to ensure that these claims are appropriately valued and submitted in the Pensioner Claims Process. We will provide further information about the Pensioner Claims Process once that process has been finalized and commenced. A similar process is also being developed in respect of employee-related claims.

As a Pensioner, you do not need to make individual claims related to your pension benefits or OPEBs at this time. In addition, any claims you may have against the directors and officers, or claims you may have that are not related to your pension or OPEB entitlements, will be dealt with in the separate Pensioner Claims Process.

On October 17, 2017, Morneau Shepell Ltd. (“**Morneau**”) was appointed by the Ontario Superintendent of Financial Services as the Administrator for the Sears Canada Inc. Registered Retirement Plan (the “**Pension Plan**”). Further information about Morneau's role in the future Pensioner Claims Process (including any claims which Morneau may advance with respect to the

deficit in the Pension Plan) will be provided under separate cover. Representative Counsel's role in the future Pensioner Claims Process will also be provided under separate cover.

At this time, there is no need for you to take any action in connection with the current Claims Process.

We will continue to provide updates to you as the CCAA proceedings move forward, and post updates on our firm website for Sears Canada's Pensioners. You can access our firm website at [www.kmlaw.ca/searsrepcounsel](http://www.kmlaw.ca/searsrepcounsel) for information.

If you have any questions or concerns, call our toll-free hotline at **1-800-244-7120**, or e-mail us at [searsrepcounsel@kmlaw.ca](mailto:searsrepcounsel@kmlaw.ca).

We trust the above is helpful. We wish you the best for the holiday season.

Yours truly,

**KOSKIE MINSKY LLP**



Andrew J. Hatnay  
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cc. Client Committee  
Amy Tang, Barbara Walancik, Natercia McLellan (Communications Manager), *Koskie Minsky LLP*