

**NOTICE OF SETTLEMENT APPROVAL HEARING IN SEARS HOMETOWN
DEALERS CLASS ACTION**

TO: All corporations, partnerships, and individuals that carried on business as a Sears Hometown Store under a Dealer Agreement with Sears Canada Inc. at any time from July 5, 2011 to November 19, 2013.

**A PARTIAL SETTLEMENT HAS BEEN REACHED IN THIS CASE,
SUBJECT TO COURT APPROVAL**

**PLEASE READ THIS NOTICE CAREFULLY. IT DESCRIBES THE PARTIAL
SETTLEMENT AND HOW IT MAY AFFECT YOUR LEGAL RIGHTS.**

A. What is this class action about?

This class action alleges that the payment of a \$509 million extraordinary dividend by Sears Canada on December 6, 2013 was oppressive and contrary to the Canada Business Corporations Act (the “CBCA”). The claim seeks damages against Sears Canada Inc., its directors and its corporate parents, ESL Investments Inc. and Sears Holding Corporation for conduct contrary to the CBCA on behalf of the Class Members.

On June 22, 2017, Sears Canada filed for creditor protection under the Companies’ Creditors Arrangement Act (the “CCAA”). Sears Holding Corporation (“SHC”) filed for Chapter 11 bankruptcy protection in the US, staying the action against SHC.

The class action is being advanced together with three other claims against the defendants brought by: (i) Sears’ Monitor in the CCAA; (ii) a Litigation Trustee appointed in the CCAA proceeding; and (iii) Sears’ pension plan administrator. Each of the claims relates to the payment of the extraordinary dividend in 2013 by Sears Canada.

B. Who is affected by the settlement?

Class Members will be affected by the settlement.

You are a Class Member if you are a corporation, partnership, and individual that carried on business as a Sears Hometown Store under a Dealer Agreement with Sears Canada Inc. at any time from July 5, 2011 to November 19, 2013.

C. What settlement has been reached in this class action?

The Representative Plaintiff and SHC, have agreed to settle the class action as against SHC. SHC does not admit any liability, wrongdoing or fault in this matter, and the agreement to settle this matter does not imply any such liability, wrongdoing or fault on the part of SHC.

Under the terms of the Settlement Agreement, the four Ontario actions against SHC (this class action and the other 3 actions referred to above) are resolved by a single allowed unsecured claim in the SHC estate in an amount of CDN\$200,000,000.

Because SHC has filed for creditor protection in the US, the amount of funds that will be paid to the groups represented by each of the four plaintiffs in the four actions is still to be determined, but it is expected to be a small fraction of the amount of the allowed unsecured claim.

Further, the share of the dividend to be paid from the SHC estate to the Class Members is still to be determined.

The Representative Plaintiff and Class Counsel recommend the settlement because it may provide monetary compensation to Class Members, weighed against the further delays, risks and unknown results of proceeding against SHC.

The settlement is subject to the approval of the Court, which will decide whether the settlement is fair, reasonable, and in the best interests of Class Members.

The Court will hold a hearing to decide whether to approve the settlement in the Ontario Superior Court of Justice – Commercial List, 330 University Avenue, Toronto, Ontario on March 16, 2020 at 10:00 a.m. Class Members and members of the public may attend the settlement approval hearing, but are not required to do so.

D. What will happen if the settlement is rejected by the Court?

The Court will decide whether to approve or reject the settlement. It does not have the authority to unilaterally change the material terms of the settlement. If the Court does not approve the settlement, the lawsuit against SHC will continue.

E. What steps should I take now?

Class Members are entitled, but not obligated, to express their opinions about the settlement and whether it should be approved. If you wish to make a submission to the Court supporting or objecting to the proposed settlement, you must send the submissions in writing (by mail or email) to Class Counsel, at the address below, and ensure they are received no later than March 9, 2020. Class Counsel will provide all submissions to the Court and SHC in advance of the hearing.

The written submissions should include:

- a. Your name, address and telephone number;
- b. A brief statement of the reasons that you support or oppose the proposed settlement terms;
and
- c. Whether you plan to attend at the settlement approval hearing.

F. Who are the lawyers working on this class action?

The law firms of **Sotos LLP** and **Blaney McMurtry LLP** are Class Counsel and represent members of this class action in Canada.

Sotos LLP can be reached at:

Telephone (toll free): 1-888-977-9806

Email: info@sotosclassactions.com

Mail: 180 Dundas Street West, Suite 1200, Toronto ON M5G 1Z8, Attention: Karen Whibley

G. Where can I ask more questions?

For more information about this class action and the settlement (including the terms of the Settlement Agreement), please visit the following website <https://sotosclassactions.com/cases/current-cases/sears-canada-oppression/>. If you have further questions, you can also contact Class Counsel as set out above.

To receive future notices and updates regarding the class action, register online at <https://sotosclassactions.com/cases/current-cases/sears-canada-oppression/>.

H. Interpretation

This notice contains a summary of some of the terms of the Settlement Agreement. If there is a conflict between the provisions of this notice and the Settlement Agreement, the terms of the Settlement Agreement shall prevail.

PLEASE DO NOT CALL SHC, THE COURTHOUSE, OR THE REGISTRAR OF THE COURT ABOUT THIS ACTION.

This notice was approved by the Ontario Superior Court of Justice.