

Citation: Date: October 23rd, 2006

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF ALBERTA,
BRITISH COLUMBIA, MANITOBA, NEW BRUNSWICK,
NEWFOUNDLAND AND LABRADOR, THE NORTHWEST TERRITORIES,
NOVA SCOTIA, NUNAVUT, ONTARIO, QUEBEC,
SASKATCHEWAN AND THE YUKON TERRITORY
(THE JURISDICTIONS)**

— AND —

**IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS**

— AND —

**IN THE MATTER OF
SEARS CANADA INC.
(THE FILER)**

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions has received an application from Sears Canada Inc. (the Filer) for a decision under the securities legislation of the Jurisdictions (the Legislation) exempting it from the following requirements in the Legislation (the Requested Relief):

- (a) to establish a record date for the Meeting (defined below) of the holders of common shares of Sears Canada (the Shares) at least 30 days before the Meeting,
- (b) to send notification of the Meeting and record dates at least 25 days before the record date,
- (c) to request beneficial ownership information at least 20 days before the record date for the notice of Meeting, and
- (d) to send materials (the Meeting Materials) to the Shareholders at least 21 days before the Meeting.

Under the Mutual Reliance Review System for Exemptive Relief Applications:

(a) the Ontario Securities Commission is the principal regulator for this application; and

(b) this MRRS decision document evidences the decision of each Decision Maker.

Interpretation

Defined terms contained in National Instrument 14-101 *Definitions* have the same meaning in this decision unless they are defined in this decision.

Representations

This decision is based on the following facts represented by the Filer:

1. The Filer is a corporation incorporated under the laws of Canada under the name Simpsons-Sears Limited by letters patent dated September 17, 1952 and was continued under the Canada Business Corporations Act (the CBCA) by articles of continuance effective May 15, 1980. By articles of amendment effective May 31, 1984, the Filer changed its name to Sears Canada Inc. The Filer's registered office and head office is in Ontario.
2. The Filer is authorized to issue an unlimited number of Shares and an unlimited number of Class 1 preferred shares, of which approximately 107.6 million Shares (and no Class 1 preferred shares) are currently outstanding. The Filer's issued Shares are listed on the Toronto Stock Exchange. The Filer is a reporting issuer in each of the provinces and territories of Canada and is not in default of any requirements of the Legislation.
3. On February 9, 2006, Sears Holdings Corporation (Sears Holdings) and SHLD Acquisition Corp. commenced a take-over bid (the Offer) for all of the outstanding Shares that it did not already own. On August 8, 2006, the Ontario Securities Commission issued an order cease-trading the Offer, subject to conditions.
4. Sears Holdings and its affiliates hold in aggregate approximately 75.6 million Shares of the Filer, representing approximately 70% of the outstanding Shares. Sears Holdings intends to requisition a special meeting of the Filer's shareholders (the Meeting) under section 143 of the CBCA and to request that the Meeting be held on November 14, 2006.
5. The purpose of the Meeting is to obtain shareholder approval for a subsequent acquisition transaction in connection with the Offer. On October 23, 2006, the Ontario Securities Commission partially stayed the Cease Trade Order to permit Sears Canada to hold the Meeting.
6. The Filer will not fix a record date for notice of the Meeting and therefore, in accordance with the CBCA, the record date for notice of the Meeting will be at the close of business on the day immediately preceding the day on which the Filer gives notice of the Meeting.
7. The Filer will issue a press release and publish advertisements in the English language in the Financial Post and in the French language in Le Devoir not later than October 24, 2006. The

press release and advertisements will give notice of the date of the Meeting and the nature of the business to be transacted at the Meeting, and will advise that the Meeting Materials have been or will be mailed to the Corporation's shareholders and are available at www.sedar.com.

8. The Filer will send the Meeting Materials by mail to its shareholders of record not later than October 24, 2006. The Filer will file the Meeting Materials on SEDAR on the date that mailing commences.

9. The Filer will make arrangements to ensure that the Meeting Materials are sent by mail to the beneficial owners of the Filer's common shares not later than October 27, 2006.

Decision

Each of the Decision Makers is satisfied that the tests contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met.

The decision of the Decision Makers under the Legislation is that the Requested Relief is granted provided that Sears Canada complies with paragraphs 7, 8 and 9.

"Iva Vranic"

Iva Vranic

Manager

Ontario Securities Commission