

August 25, 2006

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File No. 214824

**BY EMAIL**

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Dear Sirs:

**Hawkeye, Knott, Pershing ("Pershing Group") Re: Sears Sears Holdings Corporation and Sears Canada Inc.**

**Overview of the Position of the Pershing Group in Response to the Application of Sears Holding Corporation dated August 24, 2006**

1. In order to prevent the Offer from lapsing the Pershing Group is prepared to consent to the request for a partial stay on the following basis:

- (a) Sears Holdings should not be permitted to use the notice of variation to advocate its position on the issues under appeal. The notice, in its current form, goes further than is necessary to simply achieve the objective of preserving the bid.
- (b) There should be no automatic extensions. If it is necessary to extend the bid again, a further request should be made to the Commission (on notice to the parties) in order that the Commission can assess the request in the circumstances at the time and determine whether a further extension is appropriate. It will also give staff an opportunity to review any proposed notice of variation. It is anticipated that this could and would be done on consent.

- (c) The notice of variation should do more than simply state that the depository will be instructed not to accept further deposits. The notice of variation should also make it clear that further deposits may not be made and that any shares deposited will be returned forthwith.
- (d) Page 3, paragraph 3 of the notice of variation suggests that there may be shares deposited that have not yet been taken up and paid for. It then goes on to state that withdrawal rights on those shares will expire on September 5, 2006 or thereafter if the shares have not been taken up by the offeror. This will be confusing to the average investor. The paragraph should be revised to make it clear that any shares deposited to date and not yet taken up can be withdrawn and that no further shares may be deposited unless and until a further notice of variation is issued disclosing that the order of the OSC has been set aside on appeal.

Yours very truly,



Luis Sarabia

LS/amm

cc: Patricia Olasker  
Kent Thomson  
Sean Campbell