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October 17, 2006

BY FAX AND BY COURIER

Ontario Securities Commission
Suite 1800, Box 55
20 Queen Street West
Toronto, Ontario
M5H 3S8

Attention: Mr. John P. Stevenson
Secretary to the Commission

Dear Sirs/Mesdames:

**Re: Application of Sears Holdings Corporation and SHLD Acquisition Corp. dated
October 13, 2006**

We are counsel to Sears Canada Inc. ("Sears Canada"). On behalf of Sears Canada, we hereby make the following submission in connection with the application dated October 13, 2006 (the "Sears Holdings' Application") made on behalf of Sears Holdings Corporation ("Sears Holdings") and SHLD Acquisition Corp. (the "Offeror") to the Ontario Securities Commission (the "Commission") seeking relief by way of a stay of the order of the Commission dated August 8, 2006 (the "Order") cease-trading the Offeror's take-over bid for all of the common shares (the "Common Shares") of Sears Canada, in order to permit Sears Holdings to hold a meeting (the "Meeting") of holders of Common Shares (the "Shareholders") prior to November 15, 2006 to consider a special resolution (the "Special Resolution") authorizing a subsequent acquisition transaction.

Sears Canada is not making a submission as to whether the relief requested in the Sears Holdings' Application should be granted but is seeking guidance as to the disclosure requirements and procedures for calling and convening the Meeting if the requested relief is granted.

Background

Sears Holdings has advised Sears Canada that Sears Holdings or one of its affiliates intends to requisition the Meeting pursuant to section 143 of the CBCA upon receiving the relief requested in the Sears Holdings' Application.

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For the reasons set out in the Sears Holdings' Application, Sears Holdings intends to request that the Meeting be held on November 14, 2006. Given the short period until the proposed Meeting date, we submitted on October 16, 2006, on behalf of Sears Canada, an application under the Mutual Reliance Review System for Exemptive Relief Applications seeking certain exemptive relief pursuant to NP 54-101 and NP 12-201 in order for Sears Canada to lawfully call and hold the Meeting on November 14, 2006.

Sears Holdings' Proposal

Sears Holdings is proposing that Sears Canada tabulate at the Meeting the number of votes cast for and against the Special Resolution and that it announce at the Meeting, and in the ensuing public announcement, the number of votes cast for and against the Special Resolution. Sears Holdings proposes that the determination as to whether the Special Resolution has received majority of the minority approval as required by applicable securities laws be deferred, in certain circumstances, to a date after the Meeting date as hereinafter described.

Sears Holdings is proposing that, in tabulating at the Meeting the number of votes cast for and against the Special Resolution, and determining whether the Special Resolution has received majority of the minority approval, Sears Canada exclude the votes attached to the Common Shares subject to the Support Agreements as well as the votes attached to the Common Shares acquired by the Offeror pursuant to the Vornado Deposit Agreement (collectively, the "Subject Shares"), unless the votes attached to the Subject Shares have been permitted to be included as at the Meeting time in accordance with the conclusion of the appellate process. Accordingly, although the Shareholders would vote on the Special Resolution on November 14, 2006, if the appellate process has not been concluded prior to the Meeting time, then the determination as to whether the majority of the minority approval requirement has been satisfied will not occur until the conclusion of the appellate process (unless, of course, the majority of the minority approval requirement is satisfied at the Meeting date without including the votes attached to the Subject Shares).

Sears Holdings is also proposing that Sears Canada describe in its management information circular prepared for the Meeting the procedures proposed above.

Submission

If (i) the Commission grants the relief requested in the Sears Holdings' Application, (ii) Sears Holdings formally requisitions the Meeting in accordance with section 143 of the CBCA, and (iii) the directors of Sears Canada resolve to convene the Meeting on the basis described above, then it is very important that the disclosure requirements and procedures for calling and conducting the Meeting be clearly established in advance.

Accordingly, Sears Canada requests that the Commission, in considering Sears Holdings' Application, advise Sears Canada:

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- (1) whether the disclosure to be included in the Circular proposed by Sears Holdings in its submissions with respect to the Sears Holdings' Application is satisfactory to the Commission;
- (2) whether Sears Holdings' proposal as described above with respect to the procedures for calling and conducting the Meeting is satisfactory to the Commission; and
- (3) whether there are any other conditions that the Commission will require Sears Canada to satisfy with respect to the Meeting.

Please contact the undersigned or my partner, Grant Haynen, if you have any questions relating to this submission. We will represent Sears Canada at the meeting to be held at the Commission's offices on October 18, 2006 to consider the Sears Holdings' Application.

Yours very truly,

"Kathleen L. Keller-Hobson"

Kathleen L. Keller-Hobson

KLK-H/dgo

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