

RSM Richter Inc.

200 King St. W., Suite 1100, P.O. Box 48
Toronto, ON M5H 3T4
Tel: 416.932.8000 Fax: 416.932.6200
www.rsmrichter.com

DISTRIBUTION NOTICE

To: Holders of Participation Units

From: RSM Richter Inc., in its capacity as Liquidator of Distributionco (the "Liquidator")

Date: June 9, 2006

On December 30, 1999, as part of the restructuring of The T. Eaton Company Limited ("Eaton's") and its acquisition by Sears Canada Inc. ("Sears"), all then-existing common shareholders of Eaton's were deemed to exchange their common shares in Eaton's for units of participation (the "Participation Units"), on the basis of one Participation Unit for each former common share, entitling the registered holders of the Participation Units as at a record date to receive any sums that might become available for distribution to them pursuant to an Administration Agreement dated December 30, 1999 between Distributionco Inc. ("Distributionco") and the Liquidator providing for the issuance and administration of the Participation Units.

On July 13, 2001, in accordance with the Sears Variable Note dated December 30, 1999 and an Escrow Agreement dated December 30, 1999 between Distributionco, Sears and the Liquidator, Sears paid \$20,000,000 into an escrow account. On June 9, 2006, that amount, together with interest earned on the escrow account, less costs and expenses chargeable against those funds, was released from escrow and deposited to the Certificate Payment Account, as provided for in the Administration Agreement.

By Order dated June 6, 2006, the Ontario Superior Court of Justice authorized and directed the Liquidator to cause Distributionco to:

- (a) distribute the amount of \$20,000,000 from the Certificate Payment Account on June 30, 2006 (the "Initial Distribution");
- (b) retain the balance of funds in the Certificate Payment Account to address any potential tax or tax-related liability of Distributionco or the Liquidator and pay the costs and expenses of Distributionco or the Liquidator incurred from June 30, 2006 until the date the Final Distribution is made that are chargeable against those funds; and
- (c) distribute the final balance of funds in the Certificate Payment Account (the "Final Distribution"), subject to applicable withholding taxes in the case of any holders of Participation Units that are not residents of Canada, when the Liquidator has obtained clearance certificates and any other confirmations that the Liquidator considers necessary or desirable from the Canada Revenue Agency and its provincial equivalents.

TAKE NOTICE that the Liquidator will make the Initial Distribution and the Final Distribution to the registered holders of the Participation Units appearing in the register kept by the Liquidator (the "Register") as at June 28, 2006 (the "Record Date"). The Administration Agreement provides that any distribution is to be made by sending cheques to the registered holders appearing in the Register as at the Record Date, by ordinary mail, to the addresses shown for those holders in the Register as at the Record Date.

TAKE NOTICE that no change in the ownership of a Participation Unit (or Units) will be shown in the Register unless written notice of the change, accompanied by all documentation required under the Administration Agreement to change the registered holder of a Participation Unit (or Units), and payment to the Liquidator of \$53.50 (being the required administration fee of \$50 plus GST), is received by the Liquidator, at its address set out below, by no later than 5:00 o'clock p.m. (EDST) on the Record Date.

TAKE NOTICE that, if the registered holder of a Participation Unit (or Units) as at the Record Date is shown in the Register as at the Record Date with an address outside of Canada, the Liquidator will deduct and withhold from the Final Distribution to such holder withholding taxes, at the rate of 25%, unless the Liquidator receives, at its address set out below, by no later than 5:00 o'clock p.m. (EDST) on the Record Date, a sworn written statement from that holder of the holder's country of residence for tax purposes and the Liquidator, in its sole determination, is satisfied that a lesser rate of withholding taxes applies by reason of an income tax convention between Canada and that country.

Any questions in connection with this Distribution Notice may be directed to Gus Tertigas at 416 932 6247 or gtertigas@rsmrichter.com.

RSM Richter Inc.
Liquidator of Distributionco Inc.
200 King Street West
Suite 1100, P.O. Box 48
Toronto, Ontario M5H 3T4