

**MANDATE
OF THE
CHAIRMAN OF THE BOARD OF DIRECTORS OF
SEARS CANADA INC.**

(amended and restated as of July 26, 2006)

General

The Chairman of the Board of Directors of the Corporation is responsible for the management, development and effective performance of the Board, and for providing leadership to the Board in carrying out its collective responsibility for supervising the management of the business and affairs of the Corporation. The role of Chairman is a non-executive position. For purposes of this Mandate, references to the Chief Executive Officer or CEO shall mean the individual holding the highest executive function of the Corporation.

Responsibilities

The Chairman will:

Board Processes

- (a) Establish the agenda of the Board in consultation with the other directors, the Secretary and the Chief Executive Officer;
- (b) Chair Board meetings, including requiring appropriate briefing materials to be delivered in a timely fashion, stimulating debate, providing adequate time for discussion of issues, facilitating consensus, encouraging full participation and discussion by individual directors and confirming that clarity regarding decisions is reached and accurately recorded;
- (c) Chair meetings of shareholders, be available for questions and participate in any other manner as required;
- (d) Meet proactively with all Board members and seek their feedback on management performance, Board and committee effectiveness and other matters;
- (e) On an ongoing basis, assess whether the Board and its committees have appropriate administrative support, access to senior management, timely and relevant information and access to outside advisors;
- (f) Have the right to attend meetings of Board Committees;

Management Liaison/Support

- (g) Provide advice and guidance to Sears Canada's senior management regarding strategy and decisions significant to the execution of Sears Canada's business plan;
- (h) Serve as liaison between the Board and the CEO with respect to strategic and other significant corporate matters to ensure that management and the Board are acting with common purpose;
- (i) Oversee the transmission of accurate and timely information from management to the Directors regarding Sears Canada's affairs;

Governance

- (j) Lead, manage and organize the Board, consistent with the approach to corporate governance adopted by the Board;
- (k) Monitor compliance with the governance policies of the Board, including those regarding frequency and conduct of Board meetings, and reporting information and other policies relating to the Board's business;
- (l) In conjunction with senior management, respond to shareholder concerns regarding governance issues or other Board related issues;
- (m) Work closely with the Chief Executive Officer, the Chairman of the Nominating and Corporate Governance Committee and the Secretary to further the creation of a healthy corporate governance culture within the Corporation;
- (n) Confirm that Board functions are delegated to appropriate committees and that the functions are carried out and the results reported to the Board; and

Other

- (o) Perform additional duties requested by the Board.