



# 2018 Annual Meeting of Stockholders

Wednesday, May 9, 2018

SEARS HOLDINGS

# Luke J. Valentino

Divisional Vice President, Deputy General Counsel and Corporate Secretary

# Introduction of Directors

- Edward S. Lampert – *Chairman of the Board*
- Paul G. DePodesta
- Kunal S. Kamlani
- William C. Kunkler, III
- Ann N. Reese
- Thomas J. Tisch

# Matters To Be Voted On

- Election of the six directors named in the proxy statement
- Advisory vote to approve the compensation of our named executive officers as described in the proxy statement
- Ratify the appointment by the Audit Committee of Deloitte & Touche LLP as the Company's independent registered public accounting firm for fiscal year 2018
- Stockholder proposal regarding an independent Chair of the Board of Directors

# Edward S. Lampert

Chief Executive Officer, Chairman of the Board

# A Year of Positive Momentum Brings Us to a Critical Juncture

## Enhanced Financial Performance



## Progress on Transformation Journey



# Proactive Steps to Extend Our Runway

## Enhancing Liquidity

\$210 million in new financing in 4Q17; additional \$40 million subsequent to quarter-end

Since quarter-end, completed \$440 million REMIC facility and \$125 million FILO loan

Additional \$100 million incremental real estate loan subsequent to quarter-end

## Strengthening Balance Sheet

Completed exchange offer to reduce cash interest expense by \$60 million in 2018 and 2019

## Addressing Pension Liabilities

More than \$700 million contributed to pension plan over past 16 months

\$1 billion of pension liabilities annuitized

## Creating Value From Assets

Ultimately ~ \$1 billion in value from sale of Craftsman

More than \$500 million in proceeds generated from real estate transactions

## Optimizing Cost Structure

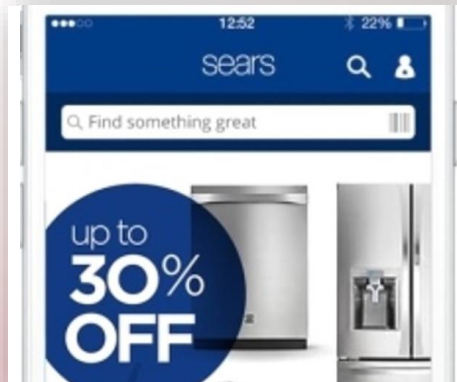
Nationwide right-sizing of store footprint

More than \$1 billion in cost savings

# Clear Strategy Driving Our Transformation

**A member-centric ecosystem of services, products and retail touch points**

## INTEGRATED RETAIL



**Serving members with products and services delivered in the most convenient way**

## SHOP YOUR WAY



**Enhancing relationships with our most loyal members**



# Leena Munjal

Chief Digital Officer



sears

SHOP  
YOUR  
WAY

# Integrating the Physical and Digital Shopping Experience



**72% of Sears and Kmart online transactions are considered “Integrated Retail”**

# Innovation Driving Our Integrated Retail Offerings

**Bridging our members online and in-store experiences through new capabilities**



## 5-minute in-vehicle services

**First retailer in the US to provide services, including:**

- Store Pickups
- Returns
- Exchanges



## Innovel Home Services

**A trusted adviser invited into 12 million homes a year**

# Investing in Technology to Enhance Member Experience

Offering best-in-class services for members when they visit our stores...

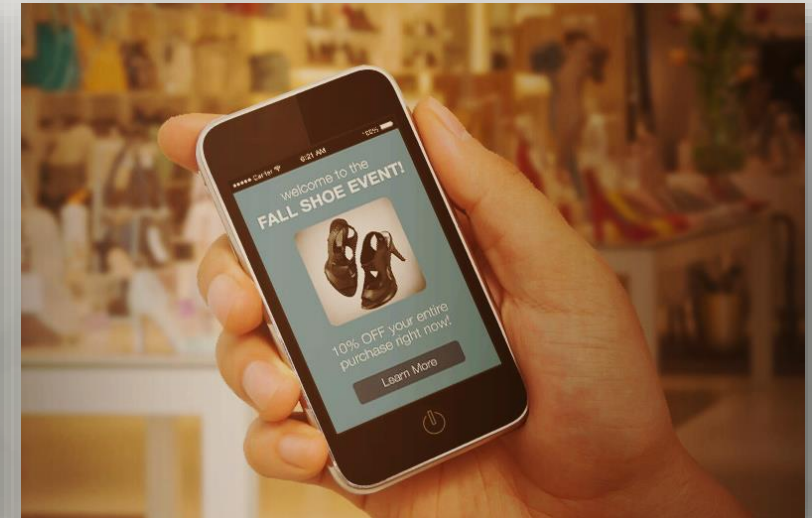
Digital Recap of store visit



Free shipping in-store from mobile devices and kiosks



Piloting beacon technology to engage members on their mobile devices when in store





# Investing in Technology to Enhance Member Experience

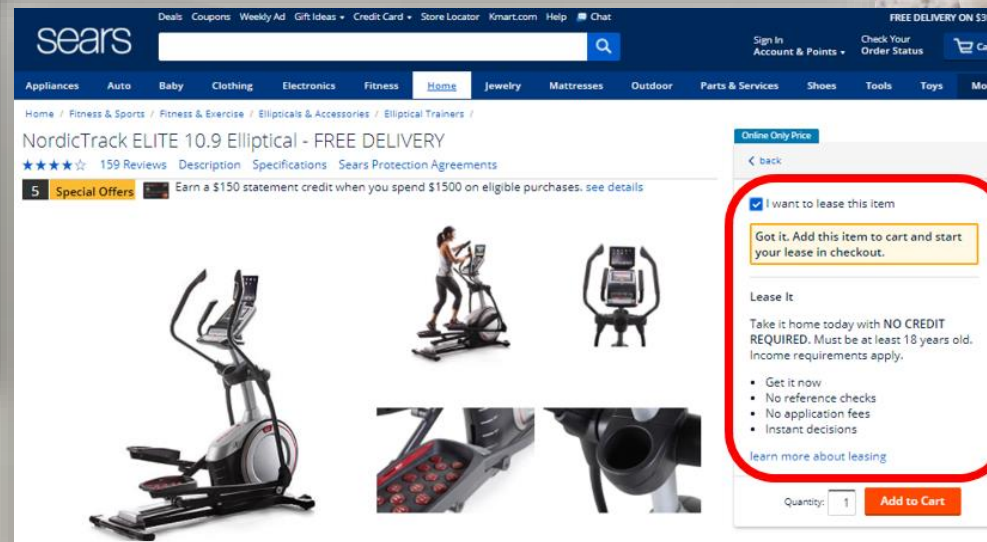
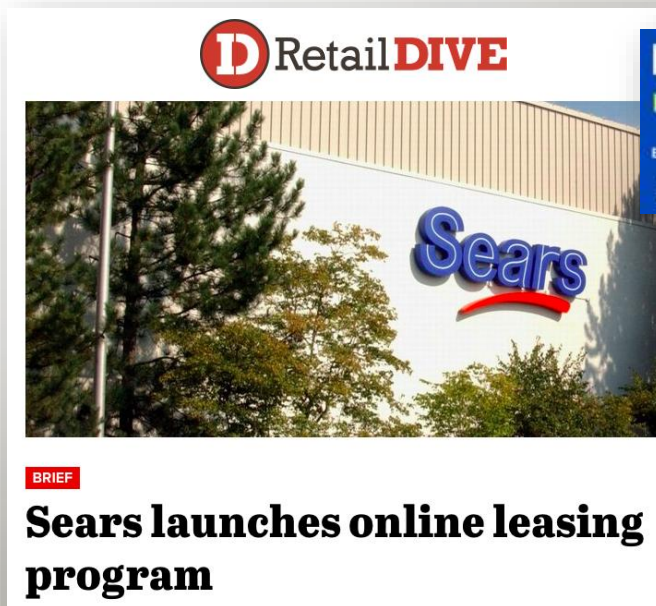
...and from within their own homes



**TechTalk**  
Video chat with a  
repair technician

# Easing Payment Barriers for Our Members

## New leasing capabilities announced last week



# Gaining Momentum with New Store Formats

## Blending brick & mortar and online retail shopping experiences

- **Focusing on our strongest categories:**
  - ✓ Sears Appliance & Mattress stores
  - ✓ DieHard Auto Centers





# New Game-Changing Partnership with Amazon

Connecting customers with our DieHard brand, physical footprint and service capabilities

**Sears Auto becomes first nationwide auto service to offer Amazon customers convenient ship-to-store tire solutions**



Integrated into Amazon check-out process



Customers select preferred location, date and time for installation



Sears Auto technicians install tires & conduct free multipoint performance snapshots



**A clear growth opportunity for Sears**



# Broadening the Reach and Recognition of Our Brands

## Sears & Amazon partnership



**DieHard.**



DieHard

DieHard 38188 Advanced Gold AGM Battery - Group 34R

★★★★★ 7 customer reviews | 40 answered questions

Price: \$185.99 ✓prime

Earn \$9.29 by choosing 5% back with the Amazon Prime Store Card.

FREE Delivery by **Thursday**

if you order within 11 hrs 9 mins.

**In Stock.**

Ships from and sold by Amazon.com. Gift-wrap available.



Kenmore

Kenmore 73433 4.2 cu. ft. Freestanding Gas Range in Stainless Steel, includes delivery and hookup

★★★★★ 27 customer reviews | 76 answered questions

**#1 Best Seller** in Freestanding Ranges

Price: \$467.99 FREE Scheduled Delivery

Your cost could be \$457.99. Eligible customers get a \$10 bonus when reloading \$100.

**In Stock.**

This item cannot be shipped to your selected location.

Ships from and sold by Amazon.com.

50th anniversary celebration of the  
DieHard brand with launch of products  
on Amazon

Launch of Kenmore products on Amazon  
& "Kenmore Smart" via Amazon Alexa

# Support for Our Communities

## Helping recovery efforts following hurricanes Maria, Irma and Harvey

- Dedicated associates in Puerto Rico, St. Thomas, St. Croix, Texas and Florida worked to quickly restore retail operations and provide essential goods to local residents
- Engaged directly with members, via Shop Your Way, to collect and distribute more than \$12 million to local communities
- With 28 Sears and Kmart Stores in Puerto Rico, we helped our members gain access to the following:



1,300  
generators



2,700  
fans



3,500  
flashlights



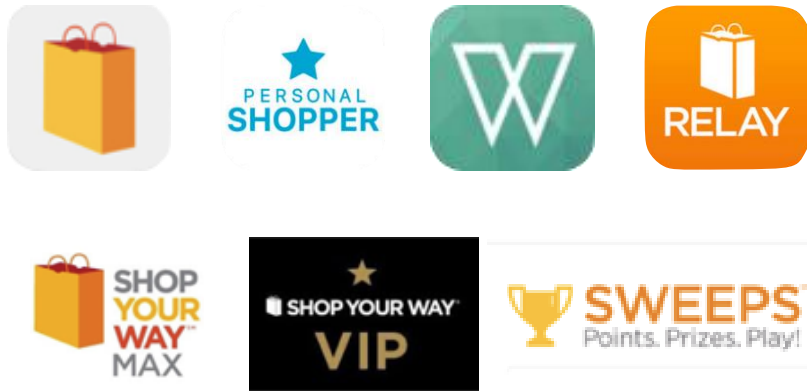
2,400+  
vaccines

# Robert Naedele

Chief Commercial Officer, Shop Your Way

# Fueling Our Transformation

Innovating a product + service portfolio to serve the needs of our members and clients



## For our Members

**Delivering choice, value and convenience through:**

- Digital apps, sites and marketplaces
- Member benefits and programs
- Personal shopping and gamification solutions



## For our Clients

**Deploying one of the most personalized data, insights, analytics, marketing and rewards platforms in the US.**

# Business Impact in 2017

Investment in our best members continues to yield positive results

Members using the SYW products, services, programs and partners...



## ENGAGE

with our experiences and  
brands **more frequently**



## SPEND

across our categories and  
formats **more materially**



## COME BACK

to our stores and online  
channels **more regularly**



## REFER

family & friends to SYW  
experiences **more broadly**

# Expanding the Partner Ecosystem

Strategic partners are the key to the engagement and economic model

1.

Deepens the relationship  
with the member

2.

Increases exposure and shifts  
the impression of our brand

3.

Drives business back to our  
stores and online channels



# Scaling the SYW 5321 Proposition

Extending the reach, relevance and return of our SYW ecosystem outside of SHC



- 5% back-in-points for gas, 3% for dining and grocery, 2% at Sears and Kmart, with 1% everywhere else
- Industry-leading volume of new card issuances
- Broad and increasing usage outside of Sears and Kmart
- Plus-up benefits and personalized offers for priority members
- Anchor for new strategic partnerships
- Strong commercial return via point redemptions at SHC



# Member Engagement in 2017

Value, convenience and community impact for our members

## CELEBRATE 2017

You and your fellow members did GREAT THINGS IN 2017

<b>EARNED</b> <b>\$800M+</b> in points!	<b>SAVED</b> <b>8M+</b> minutes with our valuable time-saving benefits!	<b>CONTRIBUTED</b> <b>\$12M+</b> to local communities!
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That's:



Enough to buy 160,000 Sony 75" Ultra HDTVs!



Enough time to run 66,500 Boston Marathons (at the world record pace)!



And every dollar brought joy to people who need it!

**SHOP YOUR WAY®**

**Shop Your Way**  
Published by Laura Meyer · 17  
Page Liked · January 13 · 19

Look at you go! Our members hit some major marks in 2017. Share and show off the great things you helped do. #SYWSuccess See more stats here: <http://syw.co/2AUuslq>

Tag Photo

Tag Products

Add Location

Edit

Like

Comment

Share

78

3 Shares

11 Comments

Farah K. George

After months of shopping with me and watching me bring home free or little out of pocket my fiance finally became a member in July. Boy did he love buying 1 gift for Xmas every 2 weeks for our kids. He's addicted now. He was pleased with his 300+ in points he earned, now I think it's gonna almost be a computation to see who can earn/win the most points this year after he seen how many points I got last year.



Write a comment...

Josh, DID YOU KNOW...?

## 2018 WILL BE EVEN BETTER!

Save even **more time and money** by taking full advantage of all your benefits. The more you do, the better it gets!



You saved time with a Relay Runner, but you could save even more! (Think of all the naps you missed...)



A Personal Shopper knows your needs better than you do! [See for yourself.](#)



Member Services Leads are your sherpas through the store. [See one out.](#)



You created catalogs and clicked items you own, want or like! There is even more to do! Get more networked in 2018.

## HOW CAN WE HELP YOU RULE 2018?

LET US KNOW!

STAY CONNECTED WITH US IN 2018

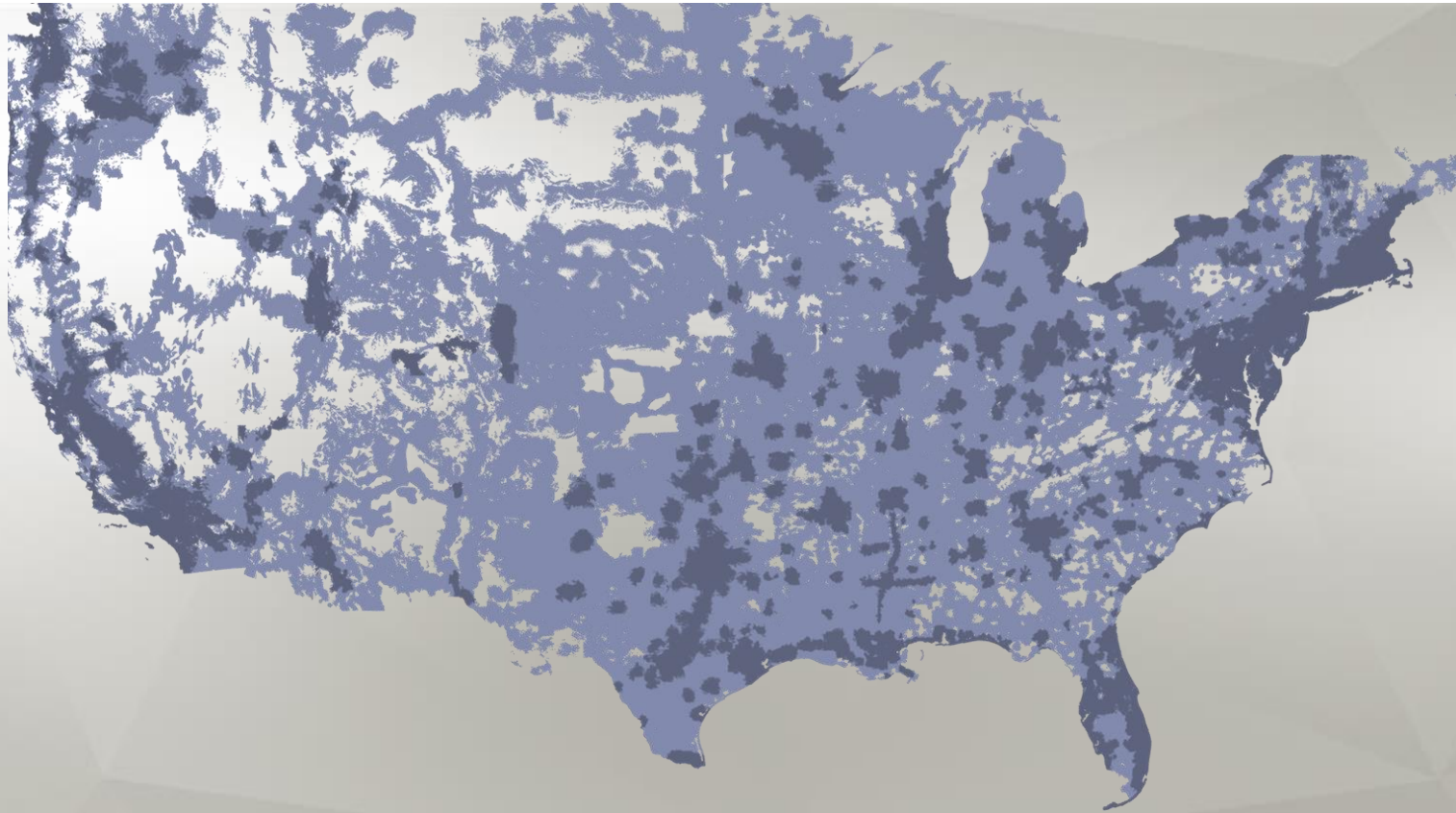
 **sears** | **SHOP YOUR WAY**

SEARS HOLDINGS

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# Serving Millions of Members Personally...Every Day



**Broad Reach**

**Direct Connection**

**Sustained Engagement**

**Deepening the relationship with our members across our best markets and stores**

# Go-Forward Opportunities

Laser focus on serving the complete needs and passions of our members



HEALTH &  
WELLNESS



PETS



MOM &  
BABY



GROCERY



DINING



TRAVEL



FINANCIAL

# Our Path Forward



# Thank You to Our Associates, Members and Vendors

