



# 2017 Annual Meeting of Stockholders

May 10, 2017

# SEARS HOLDINGS





Edward S. Lampert

Chairman of the Board of Directors and  
Chief Executive Officer

# A Challenging Environment Across Retail

## Ralph Lauren Is the Latest Fashion Victim in a New Era for Retailers

Retail bankruptcies march toward post-recession high

## Macy's and Kohl's Are Hit by Weak Holiday Sales

Macy's to cut more than 10,000 jobs, close stores; Kohl's lowers profit targets

## J.C. Penney Is Latest Retailer Forced to Downsize

Target has terrible holiday and warns of awful 2017

# A Decade Of Negative Headlines About Our Company

2008

## Profit Down, Sears May Hold Yard Sale

Analysts See a Failure In Bid to Revive Sales; 'Only an Asset Play'

2009 **Sears, Kmart failed to anticipate their customers' needs**

2010

*A Tough Sell at Sears*

2011

Are Sears and Kmart Goners?

2011

Will Sears go bankrupt?

2012

Tears for Sears:  
American icon in  
trouble

2012

## The End of Retail

Troubles at Sears are just the latest sign that big-box chains may never recover from the Great Recession.

sears

SHOP  
YOUR  
WAY



# Progress On Our Transformation

## Building Positive Momentum On Our Transformation Initiatives

### Enhancing Financial Performance

Targeting cost savings in 2017 of

**at least  
\$1.25 billion**

Annualized cost actions savings actioned to date of  
**\$700 million**

### Increasing Financial Flexibility

Targeting reduction in debt and pension obligations of

**at least  
\$1.5 billion**

Successful capital raising actions totaling  
**up to  
\$2.33 billion<sup>1</sup>**

### Creating Value From Our Assets

Marketing real estate properties targeting

**at least  
\$1.0 billion**

Evaluating bids for real estate properties  
**in excess of  
\$700 million**

### Driving Our Transformation

Continued focus on investment in

**Shop Your Way<sup>®</sup>  
ecosystem**

Strategic Shop Your Way<sup>®</sup> partnerships with  
**Citi, Uber and  
Activehours**

1. Includes Secured Loan Facility and standby letter of credit facility, collectively totaling up to \$1.0 billion; amended asset-based credit facility, which provided an additional \$250 million of availability by increasing the short-term borrowing basket from \$750 million to \$1.0 billion; sale of the Craftsman brand to Stanley Black& Decker for a net present value of over \$900 million in cash; and monetized real estate properties for \$177.5 million.

# A Solid Foundation Of Significant Assets

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HOME SERVICES

sears  
AUTO CENTER

**CRAFTSMAN**  
**Kenmore**  
**DieHard**

- Two iconic American retailers with rich, long histories dating back over 100 years
- Vast integrated retail network with over 1,400 stores and an awarded digital presence
- Nearly 140,000 dedicated associates serve millions of Americans every day
- Free social shopping destination and rewards program offering millions of products, personalized services and advice
- Tens of millions of active members and a rapidly expanding partnership network of thousands of retailers and service providers
- Over 1,000 leases with significant optionality, as well as hundreds of owned stores
- Large presence in top U.S. malls (38 of Top 100 Malls according to Goldman Sachs)
- Nation's largest product repair services provider with operations across all 50 states
- Delivering over 14 million calls and 52 million solutions for homeowners annually
- Leading provider of automotive maintenance and repair services
- Nearly 600 locations nationwide offering a full array of parts and tires
- Continue to sell some of the most trusted and preferred brands in the U.S.
- Kenmore® and DieHard® remain proprietary brands

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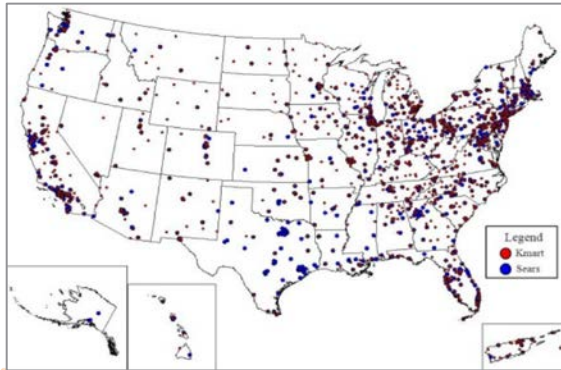
# A Clear, Focused Strategy – Best Stores

## Optionality In Our Store Footprint

>1,000 leased and hundreds of owned stores

Majority of leased stores have expirations of less than five years

Options to renew leases on many stores for more than 25 years

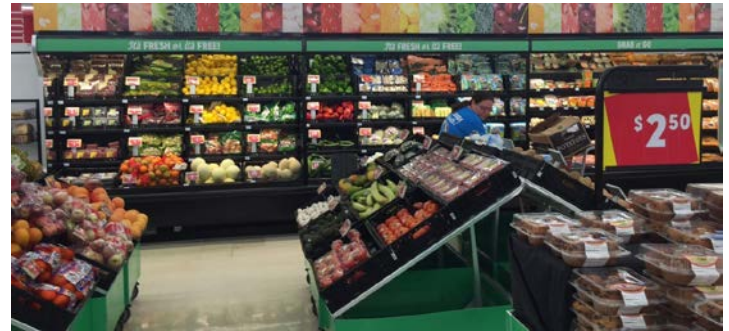


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SHOP  
YOUR  
WAY

K  
mart

## Investing In Innovative Formats



# A Clear, Focused Strategy – Best Categories

## Continued Strong Performance In Our Sears Home Services Business

- Sears Home Services – the nation's largest provider of residential services
  - Continues to perform well and is positioned to be a pillar of growth going forward
- We continue to enhance its capabilities through technology and innovation
  - GoToAssist Seeit mobile solution for faster and better services
  - WallyHome sensors – smart home technology to connect with our technicians

## An Innovative Deal Structure To Monetize And Externalize The Craftsman® Brand

- ~\$900 million in Net Present Value including cash payments of \$525 million at closing (subject to working capital adjustment)
- Continued participation on Craftsman's future growth from the externalization of the brand
  - Payments of between 2.5% and 3.5% on new Stanley Black & Decker sales of Craftsman products
- Sears Holdings continues to source and sell Craftsman-branded products in all of its retail channels



# A Clear, Focused Strategy – Best Members

## Valuable Rewards



## Convenient Services



## Integrated Partnerships



UBER



sears



# A Clear, Focused Strategy – Best Members



**Tens Of Millions Of  
Total Active Members**

## **VIP Members Growth**

Increased By Over 50% YTD  
From Last Year

## **Best Member Spending**

And Order Volumes  
Are Increasing

# Continued Confidence In Our Future

1

We have a clear strategy designed to turnaround our trajectory and address our challenges in the face of a tough retail environment

2

We are committed to taking all necessary actions to improve operational performance, enhance financial flexibility and drive our transformation

3

We have a strong foundation of valuable assets that provides us unique competitive advantages and flexibility to create further value

4

Going forward, we are focused on ensuring our long-term competitiveness through our *Best Stores, Best Categories and Best Members* strategy

# Cautionary Statement Regarding Forward-Looking Statements

Certain statements contained in this presentation contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Statements that use words and phrases such as the company “anticipates,” “believes,” “continue,” “expects,” “intends,” “plans,” “transform,” “going to be” and similar expressions or future or conditional verbs such as “will,” “may,” and “could” are generally forward-looking in nature and not historical facts and are intended to identify forward-looking statements. Forward-looking statements are subject to various risks, assumptions and uncertainties, including risks, uncertainties and factors discussed in our most recent Annual Report on Form 10-K and other filings with the Securities and Exchange Commission, that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. We intend the forward-looking statements to speak only as of the time made and do not undertake to update or revise them as more information becomes available, except as required by law.