



**Part II Organizational Action** (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶

Please see attachment

18 Can any resulting loss be recognized? ▶

Please see attachment

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶

Please see attachment

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ▶ *Lawrence J. Meersch*

Date ▶ 12/9/14

Print your name ▶ Lawrence Meersch

Title ▶ VP TAX

**Paid Preparer Use Only**

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
Firm's name ▶			Firm's EIN ▶	
Firm's address ▶			Phone no.	

**SEARS HOLDINGS CORPORATION  
ATTACHMENT TO FORM 8937  
“REPORT OF ORGANIZATIONAL ACTIONS AFFECTING BASIS OF SECURITIES”**

**CONSULT YOUR TAX ADVISOR**

The information contained herein provides a general summary regarding the application of certain provisions of the U.S. Internal Revenue Code of 1986, as amended (the “Code”), and the Treasury regulations thereunder (the “Regulations”) relating to the allocation of tax basis between Sears Holdings Corporation (“Sears Holdings”) common stock and subscription rights (the “Rights”) distributed to holders of Sears Holdings common stock (the “Distribution”). The information contained herein does not constitute tax advice and does not purport to be complete or to describe the consequences that may apply to particular categories of stockholders. Sears Holdings does not provide tax advice to its stockholders. The example provided below is illustrative and is being provided pursuant to Section 6045B of the Code and as a convenience to stockholders and their tax advisors when establishing their specific tax position. *You are urged to consult your own tax advisor regarding the particular consequences of the Distribution to you, including the applicability and effect of all U.S. federal, state, local and foreign tax laws. We urge you to read the prospectus supplement for Sears Holdings filed with the Securities and Exchange Commission and dated October 30, 2014 (the “Prospectus Supplement”), noting especially the discussion on pages S-90 through S-96 under the heading “Certain Material United States Federal Income Tax Considerations”. You may access the Prospectus Supplement by accessing the website of the Securities and Exchange Commission at <http://www.sec.gov/Archives/edgar/data/1310067/000119312514388201/d812339d424b5.htm>.*

If you did not receive Rights on November 3, 2014 pursuant to the Distribution, then this information does not apply to you.

**Part I, Items 3-7**

**Contact information**

Non-registered (“street name”) stockholders should contact their brokerage firm directly for inquiries pertaining to their account.

Registered stockholders should contact the Transfer Agent for Sears Holdings Corporation for inquiries pertaining to their account.

**Transfer Agent:**

Computershare Trust Company, N.A.

P.O. Box 30170

College Station, TX 77842

Tel: (800) 732-7780

Website: <https://www-us.computershare.com/Investor/Contact>

Sears Holdings Shareholder Services

3333 Beverly Road, B6-256B

Hoffman Estates, Illinois 60179

Tel: (847) 286-2500

Email: [shareholders@searshc.com](mailto:shareholders@searshc.com)

**Part II, Item 14****Description of organizational action**

Pro rata distribution to holders of Sears Holdings (EIN: 20-1920798) common stock as of 5:00 p.m. New York City time on October 30, 2014, the record date, of one Right for every 85.1872 outstanding shares of Sears Holdings common stock. Each Right entitled the holder thereof to purchase, at the holder's election, at the subscription price of five hundred dollars (\$500) (the "Subscription Price"), one unit (each, a "Unit"), consisting of (a) one 8% senior unsecured note due December 15, 2019 (each, a "Note") in the principal amount of \$500 and (b) 17.5994 warrants (each, a "Warrant"), with each Warrant entitling the holder thereof to purchase one share of Sears Holdings common stock.

**Part II, Item 15****Description of the quantitative effect of the organizational action on the basis of the security in the hands of the U.S. taxpayer as an adjustment per share or as a percentage of old stock basis**

The tax treatment of the receipt of a Right by a holder is subject to uncertainty. While not free from doubt, Sears Holdings will take the position that the receipt of a Right by a holder pursuant to the Distribution is not treated as a taxable distribution with respect to such holder's Sears Holdings common stock. Under this approach a holder should generally have zero adjusted tax basis in Rights received so long as the fair market value of the Rights was less than 15% of the value of the value of such holder's shares of Sears Holdings common stock at the time of the Distribution, unless such holder elects to allocate its basis in the shares of Sears Holdings common stock. Sears Holdings will take the position that at the time of the Distribution the fair market value of the Rights was less than 15% of the fair market value of 85.1872 shares of Sears Holdings common stock needed to receive one Right.

If a holder makes the election described in the preceding paragraph, then the holder's basis in Sears Holdings common stock with respect to which the Rights were distributed would be allocated between the shares of such common stock and the Rights received in proportion to the fair market values of each on the date of the Distribution.

**Part II, Item 16****Description of the calculation of the change in basis and the data that supports the calculation**

The following is an example of how the previously-described approach to basis allocation would be applied if a holder makes the election described in Part II, Item 15 above:

Shares of Sears Holdings stock assumed owned:	1,000 shares
Aggregate tax basis in Sears Holdings stock (assume \$25 per share):	\$25,000
Number Sears Holdings shares needed to receive one Right:	85.1872 shares
Number of Rights received in the Distribution:	11 Rights

In this example, the pre-Distribution aggregate tax basis of \$25,000 would be allocated between post-Distribution shares of Sears Holdings common stock and the Rights received as follows:

	A	B	C	D	E	F
	Shares/Rights Owned	Pre Distribution Tax Basis (Assumed)	Average Price on 11/3/2014	Value of Shares/Rights Owned Post Distribution (A x C)	Percentage of Total Value From Column D	Allocated Tax Basis (B x E)
Sears Holdings stock	1,000	\$ 25,000	\$ 33.99	\$ 33,990	94.353%	\$ 23,588
Rights	11		\$ 184.94	\$ 2,034	5.647%	\$ 1,411
Total				\$ 36,024	100.000%	\$ 25,000

**Part II, Items 17-18**

**List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based and ability of any resulting loss to be recognized.**

The tax treatment described above is based on Sears Holdings shareholders not recognizing gross income for U.S. federal income tax purposes on the receipt of the Rights pursuant to the Distribution as a result of Code Sections 305(a) and (d). The tax basis calculations resulting from the Distribution are governed by Code Section 307(b)(1) and Regulation §1.307-2. The election for allowing holders to allocate basis in their shares of Sears Holdings common stock is described in Code Section 307(b)(2) and Regulation §1.307-1.

**Part II, Item 19**

**Provide any other information necessary to implement the adjustment**

For a Sears Holdings stockholder whose taxable year is a calendar year, the reportable tax year is 2014.