SEARS HOLDINGS

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3333 Beverly Road
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June 30, 2015

Re: Sears Holdings Pension Plan (“Pension Plan”)
Addition of Lump Sum Payment Option effective December 28, 2015

Dear Sears Holdings Active Pension Plan Participant:

You are receiving this letter because you are **an active associate with Sears Holdings and a legacy Kmart Pension Plan Participant**, and we wanted to provide you with important new information concerning the Pension Plan that you should be aware of as you are making future decisions concerning your retirement and Pension Plan benefit.

Effective December 28, 2015, certain legacy Kmart Pension Plan participants will be able to receive their Pension Plan benefit in a lump sum form of payment. The new lump sum option will be available only to legacy Kmart Pension Plan participants who meet all of the following requirements:

- The participant is actively employed on December 28, 2015,
- As of the date the participant retires or terminates employment, the participant is retirement eligible under the Pension Plan (at least age 55 and vested), and
- The participant elects a Plan retirement date that is after December 28, 2015 (meaning the earliest benefit commencement date would be January 1, 2016).

The lump sum payment option is one single payment of your Pension Plan benefit instead of monthly annuity payments over your lifetime. If you elect the lump sum option of payment, no additional benefits are payable to you or any survivor after you receive the lump sum payment.

The purpose of this letter is to provide you with this information as quickly as possible so that you have full information when making future decisions about your retirement and Pension Plan benefit. **You must be actively employed as of December 28, 2015, and retirement eligible on your termination date to be eligible for the new lump sum form of payment.**

No action is required right now. When you are ready to retire, you can initiate your retirement request at least 30, but no more than 90, days in advance of your desired retirement date.

Provided below are some key dates and additional information you’ll receive:

- **October 1, 2015:** You will receive additional detailed information on this change and the self-service modeling tools available, including a modeling tool that will help you estimate the value of your lump sum benefit. Instructions for requesting an estimate will also be included.
- **October 3, 2015:** This is earliest you can initiate a retirement request including the lump sum option. Please note that you must be actively employed through December 28, 2015, and be retirement eligible for

this option to be available to you.

- **December 28, 2015:** The lump sum payment option is available to active participants who retire after December 28, 2015, with a benefit commencement date of January 1, 2016, or later.

If you have questions about this Pension Plan change or your benefit, you can contact the Sears Holdings Pension Service Center online by visiting **https://searspension.ehr.com** or by calling the toll-free number **1-800-953-5390**. The Sears Holdings Pension Service Center hours are 8:00 AM to 6:00 PM Central Time, Monday through Friday. **Please note that at this time, the Pension Service Center cannot answer any questions about specific lump sum benefit amounts or estimate the value of your lump sum payment.** The modeling tool, with the lump sum feature, will be available in October 2015 at the Pension Service Center website noted above.

Sincerely,

Michael J. O'Malley