UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re	:	
	:	**Chapter 11**
SEARS HOLDINGS CORPORATION, *et al.*,	:	
	:	**Case No. 18-23538 (RDD)**
	:	
Debtors.	:	**(Jointly Administered)**

DECLARATION OF WILLIAM L. TRANSIER

I, William L. Transier, make this declaration under 28 U.S.C. § 1746:

1. I submit this declaration ("**Declaration**") in support of entry of the *Revised Order (I) Approving the Asset Purchase Agreement Among Sellers and Buyer, (II) Authorizing the Sale of Certain of the Debtors' Assets Free and Clear of Liens, Claims, Interests and Encumbrances, (III) Authorizing the Assumption and Assignment of Certain Executory Contracts and Leases in Connection Therewith, and (IV) Granting Related Relief* ("**Revised Proposed Sale Order**").[1]

2. Except as otherwise indicated, all statements in this Declaration are based on my personal experience and knowledge, my opinions based on my experience, my discussion with the Debtors' management and professionals, and my review of the relevant documents. If called to testify, I could and would testify competently to each of the facts set forth in this

[1] Capitalized terms used in this Declaration but not otherwise defined have the meanings given to them in the Revised Proposed Sale Order.

Declaration. I am authorized to submit this Declaration on behalf of the Restructuring Committee (defined below) for the Debtors.[2]

I. **Background and Qualifications**[3]

3. I am the founder and CEO of Transier Advisors LLC, an independent financial restructuring and advisory firm providing operational improvement, turnaround, restructuring, and executive leadership services to distressed companies. I have extensive management and board leadership experience, including serving as an independent director in roles such as non-executive chairman, lead director, and audit and compensation committee's chairman, as well as on special committees.

4. I have held these management and leadership roles for a variety of corporations, including debtors in large, complex chapter 11 cases. These roles include, by way of example, serving as an independent director of: (a) Gastar Exploration Inc. from August 2018 to January 2019; (b) Waypoint Leasing Holdings Ltd. since June 2018; (c) Helix Energy Solutions Group, Inc. since September 2000; (d) Westinghouse Electric Company, LLC since

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[2] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are as follows: Sears Holdings Corporation (0798); Kmart Holding Corporation (3116); Kmart Operations LLC (6546); Sears Operations LLC (4331); Sears, Roebuck and Co. (0680); ServiceLive Inc. (6774); SHC Licensed Business LLC (3718); A&E Factory Service, LLC (6695); A&E Home Delivery, LLC (0205); A&E Lawn & Garden, LLC (5028); A&E Signature Service, LLC (0204); FBA Holdings Inc. (6537); Innovel Solutions, Inc. (7180); Kmart Corporation (9500); MaxServ, Inc. (7626); Private Brands, Ltd. (4022); Sears Development Co. (6028); Sears Holdings Management Corporation (2148); Sears Home & Business Franchises, Inc. (6742); Sears Home Improvement Products, Inc. (8591); Sears Insurance Services, L.L.C. (7182); Sears Procurement Services, Inc. (2859); Sears Protection Company (1250); Sears Protection Company (PR) Inc. (4861); Sears Roebuck Acceptance Corp. (0535); Sears, Roebuck de Puerto Rico, Inc. (3626); SYW Relay LLC (1870); Wally Labs LLC (None); SHC Promotions LLC (9626); Big Beaver of Florida Development, LLC (None); California Builder Appliances, Inc. (6327); Florida Builder Appliances, Inc. (9133); KBL Holding Inc. (1295); KLC, Inc. (0839); Kmart of Michigan, Inc. (1696); Kmart of Washington LLC (8898); Kmart Stores of Illinois LLC (8897); Kmart Stores of Texas LLC (8915); MyGofer LLC (5531); Sears Brands Business Unit Corporation (4658); Sears Holdings Publishing Company, LLC. (5554); Sears Protection Company (Florida), L.L.C. (4239); SHC Desert Springs, LLC (None); SOE, Inc. (9616); StarWest, LLC (5379); STI Merchandising, Inc. (0188); Troy Coolidge No. 13, LLC (None); BlueLight.com, Inc. (7034); Sears Brands, L.L.C. (4664); Sears Buying Services, Inc. (6533); Kmart.com LLC (9022); Sears Brands Management Corporation (5365); and SRe Holding Corporation (4816). The location of the Debtors' corporate headquarters is 3333 Beverly Road, Hoffman Estates, Illinois 60179.

[3] Additional information regarding my background and qualifications can be found in my resume, attached to this Declaration as "**Exhibit A**."

March 2017; (e) Stonegate Production LLC since May 2016; (f) Brock Group Inc. from July 2017 to November 2017; (g) Cal Dive International Corporation from 2008 to December 2012; (h) Paragon Offshore PLC from 2014 to 2017; (i) Reliant Energy Inc. from 2002 to 2007; (j) CHC Group Ltd. from May 2016 to May 2017; and (k) Country Fresh Acquisition Corp. from January 2019 to the present.

II. The Restructuring Committee

A. Committee Appointments and Responsibilities

5. On or about October 7, 2018, without disclosing the name of the company, Ray Schrock of Weil, Gotshal & Manges LLP ("**Weil**") asked whether I was interested in joining the board as an independent director of a retail company. Soon after expressing my interest and sending him my updated background information, I was interviewed by Tom Tisch, the chairman of the nominating and governance committee for the board of directors (the "**Board**") of Sears Holdings Corporation ("**Sears**" or the "**Company**") and subsequently invited to join the Board and a Restructuring Committee comprised solely of independent directors ("**Restructuring Committee**") by one of its members, Alan Carr.

6. On October 10, 2018, in anticipation of the need to file the Chapter 11 Cases, the Sears Board formed the Restructuring Committee. I was appointed and formally joined the Board and the Restructuring Committee as an independent director on October 11, 2018, to help guide the Debtors' restructuring process.

7. Prior to joining the Restructuring Committee, I did not have any association or interactions with Eddie Lampert ("**Lampert**"), Kunal Kamlani ("**Kamlani**"), President of ESL Investments, Inc. ("**ESL**"), or any other ESL management or leadership.

8. The Restructuring Committee was charged with, among other things: (a) considering, evaluating and, if it deemed it to be in the best interests of Sears, recommending to the Board that Sears enter into a transaction not involving ESL, or authorizing and approving a transaction involving ESL; (b) overseeing the provision of confidential information by or on behalf of Sears and its subsidiaries to third parties under cover of an appropriate confidentiality arrangement; (c) overseeing discussions and negotiations with Sears' stakeholders with respect to a restructuring transaction and the implementation and execution of such a transaction; (d) overseeing the work of the Chief Restructuring Officer[4] who reports to the Restructuring Committee; and (e) such other actions considered by the Restructuring Committee to be necessary or desirable to carry out its mandate, subject, as appropriate (where not exclusively delegated to the Restructuring Subcommittee), to the approval of the Board. The three other members of the Restructuring Committee are Alan J. Carr, Paul G. DePodesta, and Ann N. Reese.

9. In addition to my appointment to serve as an independent director of the Board and the Restructuring Committee, I also was appointed to serve as a member of the Subcommittee of the Restructuring Committee ("**Restructuring Subcommittee**"). The Restructuring Subcommittee, comprised exclusively of Alan Carr and myself, was formed and specifically authorized to, among other things, investigate potential claims of the Debtors against ESL and, with respect to a restructuring transaction, determine any bidder's (including ESL's) ability to credit bid and the Debtors' ability to provide releases in any such transaction. For

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[4] On October 10, 2018, the Board authorized the retention of M-III Advisory Partners, LP and, specifically, Mohsin Y. Meghji, as Chief Restructuring Officer ("**CRO**") to assist the Debtors with their reorganization efforts as authorized by the Bankruptcy Court. *See Order Authorizing Debtors to Retain M-III Advisory Partners, LP to Provide a Chief Restructuring Officer and Certain Additional Personnel for Debtors Nunc Pro Tunc to Commencement Date*, entered on November 19, 2018 [ECF No. 814].

further information regarding the Restructuring Subcommittee's role related to the Revised Proposed Sale Order, *see Declaration of Alan Carr*, filed with the Bankruptcy Court on February 1, 2019 ("**Carr Declaration**").

B. Restructuring Committee Diligence

10. At all times since its formation, the Restructuring Committee has been and remains actively engaged with the Debtors' advisors to preserve and maximize the value of the Debtors' estates for the benefit of all creditors. Since the Restructuring Committee was officially formed in October 2018, it formally met no less than fifty-eight (58) times prior to accepting a proposed ESL transaction at a meeting on January 16 held at 11:30 p.m. ET. The Restructuring Committee met fifteen (15) times during the month of October, eleven (11) times in November, thirteen (13) times in December, and twenty (20) times between January 1 and January 16, 2019—often multiple times on the same day and late into the night and early mornings. In addition, there were numerous informal meetings and countless hours spent on conference calls and in-person meetings discussing issues related to the Chapter 11 Cases. The members of the Restructuring Committee regularly participated in calls and discussions regarding the bids received throughout the Sale and Restructuring Process (as defined below) and our reactions to those bids.

11. In my role as a member of the Restructuring Committee, I regularly received Company financials, cash forecasts, and business plans,[5] as well as presentations concerning proposed processes for the sale of substantially all of the Debtors' assets (including the retail store footprint) as a going concern, analyses regarding an orderly wind-down, and related analyses regarding liquidity, go-forward business plans, analyses of bid proposals, related

[5] Examples of business plans provided to and analyzed by the Restructuring Committee are attached to this Declaration as "**Composite Exhibit B**."

feedback and other detailed information. My practice was to read the materials carefully, listen and make inquiries to the financial advisors, legal advisors, and CRO regarding the information provided to the Restructuring Committee. These presentations and discussions occurred in various contexts, including the Restructuring Committee's consideration of DIP financing, a potential go-forward sale of the business, and an ongoing consideration of an orderly wind-down, as we analyzed what would be in the best interest of the Debtors' estates and its creditors.

12. In connection with reviewing the various presentations provided by the Debtors' advisors related to, among other things, the Company's financials and the DIP budgets from October 12, 2018, into December of 2018, I learned a great deal about the Company's operations and history. In addition, shortly after joining the Restructuring Committee, I traveled to Hoffman Estates, Illinois to meet with the members of the office of the CEO on October 22, 2018, to better understand the Company and get to know in person the key executives of the Company. As a result, and through my general involvement as an independent director, I am knowledgeable and familiar with the Debtors' business and financial affairs, the circumstances leading to the commencement of these Chapter 11 Cases, the Sale and Restructuring Process (as defined below), and the analyses that the Restructuring Committee has undertaken to determine the best path forward for the estates and their creditors.

13. Throughout the process, the Restructuring Committee has relied on the advice of the Debtors' advisors, including Lazard Frères & Co. LLC ("**Lazard**"), the investment banker to the Debtors, the Debtors' outside counsel, Weil, and M-III Advisory Partners, LP ("**M-III**"). The Restructuring Committee also engaged and relied upon information provided by a real estate advisor, Jones Lang Lasalle ("**JLL**"), to assist with the potential sales of real estate beginning as early as October 29, 2018. Further, in light of my dual role as a member of both the

Restructuring Committee and the Restructuring Subcommittee, I also received and relied upon advice from the Restructuring Subcommittee's advisors, including Paul, Weiss, Rifkind, Wharton & Garrison LLP ("**Paul, Weiss**"), Young Conaway Stargatt & Taylor, LLP ("**Young Conaway**"), Alvarez & Marsal ("**A&M**"), Stout, and Evercore Partners, LP ("**Evercore**").

14. During our meetings, the Restructuring Committee actively engaged in the discussions, provided instruction and direction to the Debtors' advisors and professionals, and asked and received answers to questions posed to the Debtors' advisors. The Restructuring Committee was provided with a variety of material and presentations—often at its request—including, but not limited to, Board decks and related presentation materials. Neither Mr. Lampert nor Mr. Kamlani—or any other ESL representative—attended meetings or deliberations held by the Restructuring Committee or the Restructuring Subcommittee at any time. The Restructuring Committee participated in a videoconference with Mr. Lampert in early January 2019, but it was not part of any Restructuring Committee meeting.

III. Sale and Restructuring Process

15. Since filing the Chapter 11 Cases, the Debtors and the Restructuring Committee have explored a broad array of strategic alternatives and options, including a possible sale, recapitalization, reorganization, or orderly wind-down of all or substantially all of the Debtors' businesses (the "**Sale and Restructuring Process**").[6]

16. The Restructuring Committee, along with Lazard, Weil, and M-III, assessed and discussed potential transactions, including sale transactions whereby all or substantially all of the Debtors' assets would be sold to an investor or buyer who would continue

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[6] For additional information related to the Sale and Restructuring Process, selection of ESL as the Successful Bidder at the Auction, and terms of the ESL APA (as those terms are defined below), *see Declaration of Brandon Aebersold*, filed with the Bankruptcy Court on February 1, 2019.

to operate the Debtors' businesses as a going concern, or an alternative whereby individual businesses within Sears would be sold separately to multiple purchasers and the remaining Company assets would be liquidated ("**Sale Process**"). Initial discussions with our advisors regarding the proposed sale transactions, including the key elements of the process such as the assets covered, process for submitting bids, requirements for qualified bids, stalking horse process and protections, process for review of bids, proposed timeline, and proposed next steps, began as early as October 25, 2018.

17. The deadlines and requirements for the Sale Process were outlined and approved by the Bankruptcy Court on November 19, 2018, in the *Order Approving Global Bidding Procedures and Granting Related Relief* [ECF No. 816] (the "**Bidding Procedures**") and the November 22, 2018 *Notice of Filing of Global Bidding Procedures Process Letter* [ECF No. 862] ("**Process Letter**"), both of which were reviewed and analyzed by the Restructuring Committee prior to filing. Throughout the Sale and Restructuring Process, all parties, including the Debtors and the Consultation Parties (as defined below), recognized the process had to be completed on an expedited time frame given the ongoing cash burn, and they were in agreement that the decision to go forward with a liquidation or going-concern sale had to be made quickly.

18. The Debtors regularly consulted with key constituencies throughout this process, including advisors to Bank of America, N.A.,[7] Wells Fargo Bank, N.A.[8] (together, the Debtor-in-Possession ("**DIP**") Lenders), and the advisors to the Unsecured Creditors'

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[7] Administrative agent under the First Lien Credit Facility and DIP ABL Agent and its advisors, including Skadden, Arps, Slate, Meagher & Flom LLP; and Berkeley Research Group, LLC ("**BOA**").

[8] Co-Collateral Agent under the First Lien Credit Facility and Co-Collateral Agent under the DIP ABL Facility (as defined in the DIP ABL Orders) (together with Bank of America, N.A., the "**DIP ABL Agents**") and its advisors, including Choate, Hall & Stewart LLP.

Committee[9] (the "**UCC**", collectively with the DIP Lenders, the "**Consultation Parties**"). The Restructuring Committee was regularly updated by the Debtors' advisors and professionals regarding those meetings and discussions, including, by way of example, concerns raised by the UCC.

19. Throughout the Sale and Restructuring Process, the Restructuring Committee was informed of all bids for component parts of the business, including, by way of example, certain real estate, MTN notes, PartsDirect, and Sears Home Services ("**SHIP**"), as well as all liquidation agent bids in connection with the going-out-of-business ("**GOB**") sales. The Restructuring Committee remained informed of the steps taken by JLL and Lazard to sell some or all of the business and to solicit and receive various indicative bids for components or pieces of the real estate, including through regular updates given by the advisors at Restructuring Committee meetings. In consultation with the Debtors' advisors, the Restructuring Committee gave due consideration to all bids and diligently analyzed and compared the value of bids received.

20. At all relevant times, the Restructuring Committee discussed and reviewed with the Debtors' advisors the initiatives and number of call-outs they had during the Sale and Restructuring Process, including a log of outreaches from Lazard that were substantive in nature. Reviewing the materials provided by the Debtors' advisors, including the Bidding Procedures, Process Letter, analyses of potential qualified bids, and proposed sale processes and timelines, and relying on the advisors' regular updates and recommendations, I believe that the Sale Process led by Lazard with the support of the Debtors' other advisors was fair, extensive, robust, and thorough.

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[9] Official committee of unsecured creditors appointed in the Debtors' chapter 11 cases and its advisors, including Akin Gump Strauss Hauer & Feld LLP.

IV. The Restructuring Committee Unanimously Rejects ESL's December 28 Bid

21. As part of the Sale Process, the Bidding Procedures required that binding proposals for target businesses and the going concern be submitted by December 28, 2018. Among the bids received by the Restructuring Committee was a bid submitted by ESL to purchase substantially all of the Debtors' assets, including the go-forward retail store footprint and other assets and component businesses of the Company, as a going concern (the "**ESL Bid**"). The ESL Bid—the only going-concern bid submitted that included substantially all of the Debtors' assets, including the retail store footprint—was carefully considered by the Restructuring Committee.

22. The Restructuring Committee convened no less than six (6) meetings after receiving the ESL Bid before ultimately determining, on January 4, 2019, that the ESL Bid was not a qualified bid. In doing so, the Restructuring Committee relied upon advice from its advisors at Weil, Lazard, and M-III, who previously had engaged in extensive negotiations with ESL and its advisors in an effort to improve the ESL Bid. Specifically, the Restructuring Committee met on: December 28, 2018; December 30, 2018; January 2, 2019 (2:00 p.m. ET); January 2, 2019 (7:30 p.m. ET): January 3, 2019; and January 4, 2019.[10] Prior to reaching its January 4 decision and after extensive discussions among the Restructuring Committee and the Debtors' advisors regarding the key deficiencies in the ESL Bid, the Debtors notified ESL of the deficiencies in the ESL Bid which needed to be addressed, including that: (i) ESL must remove the conditionality for closing of the transaction; (ii) ESL must provide sufficient liquidity to maintain administrative solvency; and (iii) the Restructuring Subcommittee and ESL must reach agreement regarding the scope of any release to enable ESL to credit bid. During this time and

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[10] *See generally*, *Global Sale Process: Bid Qualification Overview*, provided to the Restructuring Committee during the December 30, 2018 meeting; a copy of which is attached to this Declaration as "**Exhibit C**."

throughout the Sale Process, the Restructuring Committee pushed back on ESL multiple times regarding its bid, attempting to get ESL to narrow the gap and explaining that if ESL could not get the Debtors close to administrative solvency, then it was likely not a bid the Restructuring Committee could accept. The Restructuring Committee contemplated an immediate pivot to a liquidation—a scenario that Weil and M-III had simultaneously analyzed and discussed with the Restructuring Committee—if ESL could not or would not improve its bid.

23. After conveying to ESL and its advisors the deficiencies in the ESL Bid, Alan Carr and I had discussions with Mr. Kamlani on January 5, and I spoke with Mr. Kamlani again on January 6, 2019, re-emphasizing the importance of the issues previously conveyed and making suggestions as to how ESL might bridge the gaps. On January 7, 2019, in anticipation of the upcoming Bankruptcy Court hearing, on January 8, the Restructuring Committee again considered the ESL Bid and unanimously agreed—and instructed counsel to inform the Bankruptcy Court—that the current ESL proposal was not a qualified bid. The Debtors' advisors recommended on January 8, 2019, that the Debtors pivot to a liquidation.

24. Following discussions with ESL and the Consultation Parties at the Bankruptcy Court on January 8, 2019, and subsequent consultation with members of the Restructuring Committee, the Debtors reached an agreement with ESL, that if ESL met certain requirements, the ESL Bid would be permitted to proceed to the scheduled auction with the understanding that ESL ultimately would need to improve the ESL Bid if it was to be accepted. Specifically, as discussed during Restructuring Committee meetings held on January 6, 7, and 8, the requirements were that ESL was required by 4:00 p.m. the following day to submit a revised written bid and to increase its deposit to $120 million, of which $17.9 million would be non-

refundable if ESL was not determined to be the successful bidder at the auction of the Debtors' assets, which was to be held the following week.

25. On January 9, 2019, ESL funded the deposit and submitted a revised formal offer and was, therefore, permitted to participate in the Auction (the "**January 9 ESL Bid**").

V. The Restructuring Committee Unanimously Rejects ESL's January 15 Bid

26. The Auction began at Weil's New York offices on January 14, 2019, at approximately 10:00 a.m. and concluded on January 17, 2019, at 3:10 a.m. (the "**Auction**"). The Auction was conducted openly and was attended by the Consultation Parties (as defined below) and their advisors. Certain members of the Restructuring Committee, including myself and Mr. Carr, attended the Auction in person. At all relevant times, the Restructuring Committee was kept informed concerning the negotiations with ESL and its advisors and the Debtors' advisors in connection with those negotiations.

27. The January 9 ESL Bid was the only going concern bid put on the record during the first day of the Auction. The Debtors' wind-down scenario also was put into the record.

28. During the morning of the first day of the Auction, ESL made certain proposed revisions to the January 9 ESL Bid that addressed some of the Restructuring Committee's concerns, including, among other things: (i) removing ESL's debt financing conditions; (ii) accepting the forfeiture of the $120 million deposit for financing failure; (iii) agreeing to assume certain environmental liabilities; and (iv) agreeing to certain protections for employees, including accepting the construct of continuing employee benefits until the end of 2019 and the intent to employ tens of thousands of employees (the "**January 14 ESL Bid**"). The Restructuring Committee and its advisors discussed and analyzed the January 14 ESL Bid,

and the Restructuring Committee concluded that the Debtors would not accept the revised bid. Key concerns included, but were not limited to, whether certain proposed conditions to closing the transaction contemplated by the January 14 ESL Bid could be met and whether the Debtors would be administratively solvent following the transaction. There was also no resolution of ESL's right to credit bid. ESL made an offer of $35 million for a full release of all potential claims. Based on the discussions and instructions of the Restructuring Committee, the Debtors informed ESL of the deficiencies in the January 14 ESL Bid. At the request of ESL's advisors, the Debtors prepared and presented several proposed options by which ESL could improve upon the January 14 ESL Bid.[11] ESL advised it would consider these issues and respond early the next morning. At the same time, the Debtors and their advisors continued to prepare for a potential orderly wind-down, including further considering the liquidators' bids so that they could quickly pivot in the event that ESL failed to provide a higher or otherwise better alternative.

29. On the morning of January 15, 2019, ESL further revised the January 14 ESL Bid on the Auction record (the "**January 15 ESL Bid**"). The January 15 ESL Bid included a number of revisions, including, among other things: (i) removing a condition precedent related to the Seritage master lease; (ii) modifying the closing condition related to the delivery of inventory and receivables and allowing the estates to have the benefit of any inventory and receivables in excess of the amounts required to be delivered at closing; (iii) accelerating the timing of payment of certain assumed obligations; (iv) removing the requirement that holders of protection agreements reaffirm their agreements before assuming those obligations; and (v) eliminating a $30 million expense reimbursement requirement.

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[11] A true and correct copy of the January 14 Proposed Final Ask from the Restructuring Committee/Subcommittee to ESL is attached to this Declaration as "**Exhibit D**."

30. The Restructuring Committee and its advisors met to discuss the revisions. After thoroughly analyzing the January 15 ESL Bid, early that afternoon, the Restructuring Committee unanimously agreed that the January 15 ESL Bid was still not a higher or otherwise better alternative to a wind-down due to, among other things, risks that the transaction would not be executable and that the Debtors' estates could face administrative insolvency. ESL's ability to credit bid also had not been resolved. These considerations were weighed against the heavy consideration that a wind-down scenario would mean the immediate loss of tens of thousands of jobs in communities across the country.

31. Following the meeting with the Restructuring Committee, on January 15, the Debtors announced on the Auction record their decision to reject the January 15 ESL Bid, but left the Auction open. Shortly thereafter, counsel for the Debtors, ESL, and the Consultation Parties held a telephonic status conference with the Bankruptcy Court. Following that status conference, the parties agreed that they would continue negotiating to see if ESL was able to sufficiently improve its bid.

VI. <u>ESL Further Improves Its January 15 Bid and the Restructuring Committee Unanimously Votes to Accept It</u>

32. After additional hours of negotiations with the Restructuring Committee and its advisors, ESL submitted a new revised bid (the "**Revised January 15 ESL Bid**"), which included substantial improvements from the initial ESL Bid, most notably providing that:

- ESL took on more liabilities to substantially narrow the gap on the administrative solvency risk;
- ESL demonstrated that it had financing in place;
- ESL agreed to allow the Debtors to keep $19 million of sale deposit and hurricane insurance proceeds, which was partially offset by including SHIP (or proceeds of the sale of SHIP) as an acquired asset;

- ESL increased its assumption of liabilities to a total of $2.2 billion, including, among other things: (i) additional cure costs with no cap; (ii) approximately $4 million in mechanics liens; (iii) all consumer protection agreements without any affirmation requirements; (iv) property taxes for acquired properties not to exceed $135 million; and (v) certain severance costs and section 503(b)(9) claims;

- To obtain the right to credit bid a portion of its debt, ESL agreed to a release that was substantially more limited and narrow, releasing only equitable subordination, recharacterization, and disallowance claims, yet preserving for the benefit of the estates all remaining litigation claims against ESL and its affiliates, which the Restructuring Subcommittee, in reliance on its advisors, determined to have substantial value;

- ESL retained certain deficiency and section 507(b) claims subject to limitations, including, among other things, a $50 million cap;

- ESL agreed to purchase up to $17 million of store cash to assist the Debtors in meeting the maximum Senior DIP condition; and

- ESL agreed to provide employees with comparable benefits and prepetition severance plan protection through the end of fiscal year 2019.

33. The Revised January 15 ESL Bid, all together, increased the total consideration to the estates by roughly $800 million compared with the initial ESL Bid. It also was significant to the Restructuring Committee that Cyrus agreed to rollover the remainder of the Junior DIP from $230 to $350 million. Over the course of the negotiations, ESL continued to assume more liabilities, provide additional liquidity, and provide greater recovery to the Debtors' estates.

34. In further reliance on information provided by the Debtors' advisors, the Restructuring Committee considered that, compared to a wind-down, a going-concern sale contemplated by the Revised January 15 ESL Bid would: (i) present the opportunity to preserve tens of thousands of jobs; (ii) preserve the ongoing business relationship with a multitude of vendors; (iii) provide greater recovery for unsecured creditors due to the assumption of certain cure amounts, 503(b)(9) claims, and protection agreements; and (iv) provide significant,

additional value in excess of a wind-down to secured creditors, plus potentially substantial recoveries from litigation claims against ESL identified by the Restructuring Subcommittee's investigation. As a result, the Restructuring Committee, in consultation with Lazard, Weil, M-III, and its other advisors and based on marketing feedback, determined that a single, going-concern transaction for all or substantially all of the Debtors' businesses provided, among other things, the best opportunity to maximize value for the Debtors and to mitigate the creation of substantial additional claims against the Debtors.

35. As part of its consideration of the Revised January 15 ESL Bid, the Restructuring Committee also carefully considered and discussed potential administrative solvency concerns, which it persistently addressed through the negotiations and which were significantly narrowed by the Revised January 15 ESL Bid. The Restructuring Committee carefully considered how to close the remaining gap with its advisors. The Restructuring Committee also received presentations comparing, side-by-side, the Revised January 15 ESL Bid to a wind-down scenario to help it compare the impact on creditor recoveries in the waterfall.

36. During these discussions, I inquired whether the CRO could manage the Company's operations to close the estimated outstanding administrative solvency gap, recognizing the substantial amount of inflows and outflows of the Company, and he confirmed that he was confident this could be accomplished. I then also asked each of the advisors to give the Restructuring Committee their judgment and recommendation as to whether the Restructuring Committee should accept the bid, notwithstanding the potential administrative solvency gap. Mr. Meghji, the CRO, and Robert Riecker, the Company's CFO, agreed that the Company's liquidity could be managed to mitigate this small potential gap. Based on the advice and recommendations received from our advisors, the Restructuring Committee determined the

potential risk of administrative insolvency was within the realm of reasonableness in terms of being able to manage the business accordingly to keep the estates administratively solvent.

37. In evaluating the Revised January 15 ESL Bid, the Restructuring Committee, in consultation with the Debtors' advisors, also considered ESL's proposed go-forward business plan and the initiatives and assumptions included therein. The Restructuring Committee believed it was important to consider the go-forward business plan to ensure that ESL would be able to run the Company as a going concern business. Among other things, the Restructuring Committee compared ESL's go-forward business plan with the Company business plans previously reviewed by the Restructuring Committee in November and December of 2018. In reviewing ESL's business plan, the Restructuring Committee, in reliance on and consultation with the Debtors' advisors, as well as advice that Mr. Carr and I received from advisors to the Restructuring Subcommittee, understood that ESL's business plan was based on the Company's business plans but contemplated a smaller footprint of promising stores, which provided more control and the ability to concentrate the go-forward efforts in addition to ESL initiatives related to leveraged marketing strategies and identified expense reductions. The Restructuring Committee also analyzed and discussed the differences between the ESL business plan and the Company's historical business plans, including, by way of example, the absence of "go-gets" or top-down target goals used to create the go-forward plan. After carefully considering, discussing, and analyzing the same with the Debtors' advisors, and after considering the fact that reputable, sophisticated third-party financial institutions provided new financing to the go-forward business, the Restructuring Committee determined in its business judgment that the go-forward ESL business plan provided a sufficiently adequate assurance of future performance and a viable go-forward business.

38. After several further rounds of discussion among the Restructuring Committee, the Restructuring Subcommittee, and the Debtors' advisors stretching into the early hours of January 16, the Restructuring Committee, upon my motion, in consultation with the Debtors' advisors—who unanimously recommended accepting the Revised January 15 ESL Bid—determined that the Revised January 15 ESL Bid to purchase substantially all of the Debtors' assets, including the "go-forward" retail stores and other assets and component businesses as a going concern, constituted the highest or otherwise best alternative (the "**Successful Bid**").

39. In accepting the Successful Bid, the Restructuring Committee, in consultation with the Debtors' advisors, considered, among other things: (i) the nature and amount of the consideration provided; (ii) the ability of both parties to close on the proposed transaction and the timing of the same; (iii) the recovery the Successful Bid would provide to non-ESL creditors and the net benefit to the Debtors' estates; (iv) the liquidity for the new Sears post-acquisition; and (v) the alternative to the Successful Bid—a wind-down—and its expected impact on creditor recoveries, on tens of thousands of jobs, and on the magnitude of potential additional claims.

VI. Asset Purchase Agreement

40. With the approval of the Restructuring Committee, the Debtors completed their negotiations with ESL, memorializing the terms of the Successful Bid (the "**APA**"). At a Restructuring Committee meeting held on January 16, 2019, at 11:30 p.m. ET, I made a motion to approve accepting the Successful Bid, agreeing on finalizing the transaction documentation, and to close the Auction based on the recommendations of the advisors to the Restructuring Committee and the Restructuring Subcommittee. The motion was seconded by Ms. Reese and approved by Mr. DePodesta and Mr. Carr. Following the Restructuring Committee's meeting in

the early hours of January 17, 2019, the parties executed the APA, our acceptance of the Successful Bid was put on the Auction record, and the Auction was closed at 3:10 a.m. ET.

41. In total, the Restructuring Committee formally met no less than twenty-two times between when we received the initial ESL Bid on December 28, 2018, and when the Auction was closed on January 17, 2019. During that period, we twice concluded that the ESL bid on the table at the time was not the "highest or otherwise better bid" and therefore were prepared to pivot to a liquidation. It was only after intense negotiations at the Auction that we succeeded in getting ESL to significantly improve its bid, at which point we approved the Successful Bid because in our business judgment, it would maximize value for the estates and their creditors.[12]

42. Based on my experience and observations, the Restructuring Committee operated diligently and in good faith when considering and ultimately accepting the Successful Bid, which it determined preserves and maximizes the value of the Debtors' estates for the benefit of all creditors and represents the highest or otherwise best offer for the Debtors' businesses.

43. I firmly believe—and it is the view of the entire Restructuring Committee—that the ESL sale transaction described in the Revised Proposed Sale Order represents a higher and better offer than any alternative scenario presented, and that approval of the transaction is the best means to preserve and maximize the value of the Debtors' estates for the benefit of all creditors and interested parties.

[12] It is also worth noting that the Restructuring Subcommittee also approved the Successful Bid, as discussed in more detail in the Carr Declaration.

Dated: February 1, 2019

Dallas, Texas

/s/ William L. Transier
William L. Transier
Independent Director and Member of
Restructuring Committee of
Sears Holdings Corporation

EXHIBIT A

WILLIAM L. TRANSIER

bill@transieradvisors.com Mobile: 713-201-6100

Executive with extensive management and board leadership experience:

- **Independent director** for almost three decades including roles as executive and non-executive chairman, lead director, audit and compensation committee's chairman, and special committees of independent directors.
- Extensive **restructuring experience** involving complex international capital structures with both public and private companies.
- **Co-founder**, ***Chairman and CEO*** of Endeavour, an international upstream energy company, a NYSE and LSE-listed international oil and gas company
- ***Chief Financial Officer*** of Ocean Energy, a NYSE-listed international oil and gas company
- KPMG International Auditing and Consulting; ***Partner*** and ***Global Energy Industry Leader*** with over twenty years of experience

EXPERIENCE

Transier Advisors, LLC (2015 to present)
Founder and Chief Executive Officer
Dallas, Texas
http://transieradvisors.com

An independent advisory firm providing operational improvement, turnaround, restructuring and executive leadership services. Recent restructurings where Mr. Transier has served as an independent board member have included Sears Holdings Corporation, Westinghouse Electric Company, LLC, Waypoint Leasing Holdings, Ltd., Gastar Exploration Inc., Stonegate Production, LLC, Paragon Offshore PLC, CHC Group Ltd., The Brock Group, Inc., Country Fresh Acquisition Corp., and S-Evergreen Holding Company

Endeavour International Corporation (2004 to 2015)
Co-Founder, Chairman of the Board, Chief Executive Officer and President
Houston, Texas; Denver, Colorado; Aberdeen, Scotland and London, England

An international oil and gas exploration and production company with dual listings on the New York and London stock exchanges. The Company's strategy was to pursue mature petroleum systems through the development of green field, brownfield and stranded reserves. The original geographic focus was the North Sea and later expanded into two different unconventional plays in North America. The Company grew from a start-up into an integrated exploration and development company with production of approximately 20,000/boepd and an enterprise value of $1.6 billion in 2014. Endeavour was recognized as a successful exploration and development company that identified, explored for and developed new oil and gas fields in the North Sea that remain in production today.

Ocean Energy, Inc. (1996 to 2003)
Executive Vice President and Chief Financial Officer
Houston, Texas

An international upstream energy company that transformed itself into a focused and successful exploration and development company operating in the offshore and deep waters of the Gulf of Mexico, West Africa and Brazil. Enterprise value grew through a series of mergers, acquisitions and divestitures from approximately $500 million to $5.3 billion in less than seven years.

Transier was responsible for the Company's financial strategy that achieved investment grade status from the credit rating agencies. He was also directed the Company's business development activities, which included multiple mergers and acquisitions transactions. The Company's transformation eventually led to the successful merger with Devon Energy in 2003.

KPMG LLP (1976 to 1996)
Partner
Houston, Texas

Transier was a partner and leader of the Firm's global energy practice. In 1986, he was the lead partner overseeing the restructuring of Panhandle Pipeline Corporation resulting in the spinoff and recapitalization of Anadarko Petroleum Corporation. In 1991, he started the Firm's office in Moscow.

BOARD LEADERSHIP

Current Corporate Boards

Helix Energy Solutions Group, Inc. (Offshore well intervention and specialized robotics since 2000)
Non-Executive Chairman of Board since July 2017
Former Lead Independent Director
Former Chairman and current member of Audit Committee
Former Chairman of Compensation Committee

Sears Holding Corporation (Retail general consumer goods since 2018)
Restructuring Committee and Subcommittee of Restructuring Committee member

Stonegate Production Company, LLC (Upstream oil and gas since 2016)
Sole independent director for private equity backed upstream company

Westinghouse Electric Company, LLC (Nuclear technology and services since 2018)
Chairman of Audit Committee

Waypoint Leasing Holdings, LTD (Helicopter leasing company since 2018)
Sole independent director, Chairman of Compensation Committee

Country Fresh Acquisition Corp (a leading provider of fresh-cut fruit, apple slices, vegetable and snacking solutions in a variety of blends, sizes, and packaging options since 2019), Sole independent director

S-Evergreen Holding Company (the holding company for the Savers/Value Village family of thrift companies since 2019), Independent director

Past Corporate Boards

Gastar Exploration Inc. (Upstream oil and gas company) Audit and Reserve Committee member
Westinghouse Electric Company, LLC (Nuclear technology and services)
Chairman of Audit Committee and Compensation Committees, Member of the Special Committee of Board
The Brock Group, Inc. (Scaffolding, painting and insulation services for diverse industries)
Independent Director during out of court restructuring process.
CHC Group, Ltd. (Helicopter services) Member of Audit and Health, Safety and Environmental Committees
Paragon Offshore PLC (Offshore drilling) Chairman of Compensation Committee, Chairman of Finance and Risk Committee and member of Audit Committee
Cal Dive International Corporation (Offshore diving and marine contractor) Lead Independent Director, Chairman of Compensation Committee
Reliant Energy, Inc. (Wholesale and retail electric) Chairman of Audit and Compensation Committees and member of the Executive Committee
Metals USA, Inc. (Manufacturing specialty metals and components) Chairman of Audit Committee

Past Non-Profit Boards

Child Advocates, Inc. – Chairman
Escape Family Resources – Chairman
Hobby Center for the Performing Arts – Chairman
Houston Ballet – Vice Chairman
Natural Gas Supply Association – Chairman
Texas Department of Information Resources (TDIR) and Texas Online Authority – Chairman appointed by Governor Rick Perry

EDUCATION

1998	Regis University, Denver, Colorado Master of Business Administration
1991	University of Pennsylvania's Wharton School of Business, Philadelphia, Pennsylvania KPMG International Partners Program
1976	The University of Texas, Austin, Texas Bachelor of Business Administration in Accounting

CERTIFICATIONS

Certified Public Accountant

PERSONAL INTERESTS

Golf, hiking, travel, African photographic safaris and graduate studies in theology.

COMPOSITE EXHIBIT B

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SEARS HOLDINGS

OFFICIAL COMMITTEE OF UNSECURED CREDITORS - DISCUSSION MATERIALS

November 12, 2018

Weil LAZARD M-III PARTNERS

EXHIBIT UCC 4
DATE 1/23/19
MARK RICHMAN, CSR, RPR

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Disclaimer

- The information herein has been prepared by the Sears Holdings Corporation (the "Company") and its advisors based upon information supplied by the Company or publicly available information, and portions of the information herein may be based upon certain statements, estimates and forecasts provided by the Company with respect to the anticipated future performance of the Company. The advisors have relied upon the accuracy and completeness of the foregoing information, and have not assumed any responsibility for any independent verification of such information or any independent valuation or appraisal of any of the assets or liabilities of the Company, or any other entity, or concerning solvency or fair value of the Company or any other entity. With respect to financial forecasts, the advisors have assumed that they have been reasonably prepared in good faith on bases reflecting the best currently available estimates and judgments of management of the Company as to the future financial performance of the Company. The advisors assume no responsibility for and express no view as to such forecasts or the assumptions on which they are based. The information set forth herein is based upon economic, monetary, market and other conditions as in effect on, and the information made available to us as of, the date hereof, unless indicated otherwise.
- This presentation speaks only as of the date of the information herein and neither the Company nor its advisors has any obligation to update or correct any information contained herein, including any forward-looking statements as described below. This presentation shall not be deemed an indication of the state of affairs of the Company and is based on the currently available information to the Company and its advisors. This presentation shall not constitute an indication that there has been no change in the Company or affairs of the Company since the date hereof.
- This presentation may contain certain statements that may be deemed "forward-looking statements" as defined in the U.S. Private Securities Litigation Reform Act of 1995. All statements that address activities, events or developments that we intend, expect, plan, project, believe or anticipate will or may occur in the future are forward-looking statements. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future.

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Meeting Agenda

1. **Introduction**
2. **Preliminary Go-Forward Business Plan**
3. **Liquidity Update and Illustrative Store Footprint Scenarios**
4. **Break**
5. **Tax Update**
6. **DIP Financing Overview**
7. **KERP / KEIP Overview**
8. **Chapter 11 Timeline**

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Preliminary Go-Forward Business Plan

Weil LAZARD M-III PARTNERS

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Executive Summary

- Senior management with the assistance of M-III has produced the following go forward business plan for the Company that achieves profitability in 2019 through revenue growth initiatives and significant cost cutting
  - With negative same-store sales comps that turn positive in Q2 averaging 0.6% in 2019 and 100bps of margin rate increase with a 505 store footprint, the Company is projected to have $94mm of EBITDA in 2019, which continues to grow in 2020 and 2021
- From a variety of perspectives, including real estate value, profitability, and acquiror interest, management believes that maintaining 505 stores is a reasonable store base from which the Company can grow and achieve meaningful profitability
  - SHC realizes significant income from the Citi credit card agreement shown in financial services, cash discounts from vendors not included at the store level, and points income shown within the Shop Your Way business unit. When stores are closed, these income streams shown outside the stores decrease significantly
  - With continued B2B growth and a new Protection Agreement solution to sell in retail, Sears Home Services is projected to achieve $235mm of EBITDA in 2019 on $1.7bn of revenue
- Based upon pre-petition same-store sales comps trajectory, historical store performance, and the opportunity to capitalize on underinvested stores, the Company has substantial growth opportunities ahead
- Additionally, the Company has identified a plan to reduce home office and supply chain overhead expenses from ~$1.2bn today to a less than $600mm annual run-rate
  - We are projecting the home office and supply chain overhead expense to be ~$650mm in 2019 due to the pacing of the transformation
  - The first round of cuts is schedule to begin on November 15 with an estimated savings of $100mm in payroll annually

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Executive Summary *(cont'd)*

- Management is focused on several key areas for potential growth
  - Continued online growth through executing on basic metrics improvement, substantial initiatives, and operational excellence
  - Opening additional small footprint locations (upside opportunity as not included in base plan)
  - Further expansion into mobiles apps, which have a 2x conversion rate over the mobile web
  - Growing the already existing 28mm 12-month active member base through new member acquisition and enhanced retention strategies
- While the initial results of the plan are promising, there is still significant work ahead to be completed
  - The Company will be spending significant time investigating the brand proposition of Sears and Kmart along with formulating a go-forward plan
  - Management is prioritizing the best growth initiatives to pursue and forecasting the required capital expenditures needed including store rejuvenation
  - The first round of cuts has been identified and scheduled but the next rounds will be long and tough

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Why Sears can make it

- Sears is 3rd largest appliance retailer in the US with 15.3% market share
  - Lowes has 25.8% share; Home Depot has 17.1%; Best Buy has 13.7%
- Sears is the number one home service and direct delivery provider
  - Amazon and others are leveraging Sears' capabilities, which adds value to Innovel and Home Services; this is a unique strength that Sears has over other market competitors with high barriers to entry
- Sears has a physical presence and some unique locations to back up the showroom concept that is important on big ticket, considered purchases, which combined with our online, service, and delivery capabilities make for a powerful combination
  - Sears' current value proposition with increased focus and investment should command higher market share
- We have the ability to expand our reach in the Hardline categories through scaling the small format concept and further leveraging our overhead and unique capabilities
- Along with the Hardlines opportunity, Sears also has a strong and growing Softlines business which can complement its Hardlines opportunities, again making Sears unique in the market
- Robust digital platform with 145mm total registered users including 61mm contactable members and 28mm 12-month active users. Of the active users, 13.5mm have redeemed points in the last 12 months
- Expansive Financial Services platform with profitable Citi credit card agreement and multiple avenues for continued growth under the agreement

To capture this opportunity, we will need to address our physical presence through store upgrades and a consumer confidence campaign, but the reason Sears can make it is that it still has a unique product and service offering that will make it relevant for years to come

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Our business plan is powered by a robust, store-level financial model

2019 Plan Assumptions by Business Unit

	Methodology	Assumptions
Retail (Brick & Mortar, Sears Auto Center, Online & ShopYourWay)	• Brick and Mortar: By store revenue and EBITDA build for Brick and Mortar retail • Online: Based on historical financials • Sears Auto Center: Based on historical financials • ShopYourWay: Based on percentage of sales realized historically	• Footprint reduced to 505 total stores (266 Sears & and 239 Kmart) • Forecast driven off LTM actual performance through September 2018 • Same store comps: – 2019 FY: 1% decrease in Feb 2019 ramping to a 2% increase in Jan 2020 – 2020 FY +3% – 2021 FY +4% • 2019-21 FY store level gross margin +100 bps • Fixed operating expenses held flat in 2019; grown at 2% thereafter • Online: 2019-2021 revenue growth of 5% per annum • Sears Auto Centers: 2018 FY YTD actuals + budget reduced based on number of FLS stores closed; 3% same store comps thereafter (2020-21) • ShopYourWay: ~1.9% of total online and retail sales (based on LTM actuals)
Home Services	• Underlying business segments forecasted based on key drivers; based on management team's detailed financial model	• Based on 2019 FY management forecast of business • Assumes SHIP sold to stalking horse buyer and is excluded from forecast • Assumes Protection Agreement business continues to originate policies through third party (Assurant)
Other Businesses	• Financial Services based on percentage of sales realized historically	• Financial Services: ~1.7% of total FLS retail sales (based on LTM actuals) • Kenmore / DieHard: Based on management projections per sale process • Monark: 2018 YTD actuals with budget held constant in 2019
Overhead, SG&A and Supply Chain & Logistics	• Management forecast based on result of three-week long review of costs at each business unit by Office of the CEO and M-III	• Home Office SG&A: Reduced from ~$860mm current run-rate to ~$350mm on a going concern run-rate basis • Supply Chain & Logistics: 9 conveyable distribution centers reduced to 5; assumes Innovel platform sold or reduced

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With modest positive same-store comps, SHC can return to profitability in 2019

Consolidated Historical Financials and 2019-2021E Forecast

($ in millions)

	2015A	2016A	2017A	2018A YTD [1]	2019E	2020E	2021E
Revenue	**$25,140**	**$21,893**	**$16,673**	**$8,913**	**$8,709**	**$8,858**	**$9,169**
(-) COGS	(16,886)	(14,585)	(10,824)	(5,713)	(5,481)	(5,669)	(5,909)
Gross Margin	**$8,254**	**$7,308**	**$5,848**	**$3,201**	**$3,228**	**$3,189**	**$3,259**
Margin (%)	*33%*	*33%*	*35%*	*36%*	*37%*	*36%*	*36%*
(-) Operating Expenses	(7,066)	(6,375)	(5,055)	(2,919)	(2,573)	(2,526)	(2,546)
(-) Supply Chain & Logistics	(483)	(389)	(326)	(219)	(197)	(202)	(208)
(-) Home Office SG&A	(1,573)	(1,378)	(1,071)	(666)	(365)	(296)	(302)
(+) SHC Level PA EBITDA Adjustment [2]	33	36	46	30	–	–	–
EBITDA	**($836)**	**($798)**	**($557)**	**($573)**	**$94**	**$165**	**$204**
Margin (%)	*(3%)*	*(4%)*	*(3%)*	*(6%)*	*1%*	*2%*	*2%*

2019E EBITDA Sensitivity to Retail SSS Growth / (Decrease) and Margin Expansion / (Compression)

Margin Expansion (bps)	Same Store Sales Growth / (Decrease)										
	(10.0%)	(8.0%)	(6.0%)	(4.0%)	(2.0%)	0.6%	2.0%	4.0%	6.0%	8.0%	10.0%
(50)	($147)	($116)	($85)	($55)	($24)	$17	$39	$70	$100	$131	$162
–	(124)	(93)	(61)	(30)	1	43	65	96	127	159	190
50	(101)	(69)	(38)	(6)	26	68	91	122	154	186	218
100	(78)	(46)	(14)	19	51	$\boxed{94}$	116	149	181	214	246
150	(56)	(23)	10	43	76	119	142	175	208	241	274
200	(33)	1	34	68	101	145	168	202	235	269	302
250	(10)	24	58	92	126	170	194	228	262	296	330

(1) YTD 9-month actuals through October 2018.
(2) SHC level EBITDA adjustment related to the protection agreement business.

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Retail, Home Services, and Financial Services drive profitability

Business Unit Historical Financials and 2019E Forecast

($ in millions)

	2015A	2016A	2017A	2018A YTD [1]	2019E	2020E	2021E
Retail (4-Wall + Online + SYW)							
Revenue	$21,381	$18,492	$13,531	$6,144	$6,578	$6,794	$7,072
Gross Margin	$6,541	$5,476	$4,119	$1,737	$1,891	$1,949	$2,026
EBITDA	$959	$628	$531	$99	$409	$439	$487
Home Services [2]							
Revenue	$2,139	$2,159	$1,953	$1,220	$1,690	$1,610	$1,629
Gross Margin	$1,582	$1,592	$1,433	$868	$1,222	$1,122	$1,112
EBITDA	$195	$266	$222	$90	$235	$210	$211
Financial Services							
Revenue	$66	$68	$74	$67	$49	$51	$53
EBITDA	$55	$59	$68	$65	$44	$46	$48
Other Businesses							
Kenmore / Craftsman / DieHard EBITDA	$11	$11	($2)	($4)	($7)	($7)	($7)
Monark EBITDA	$7	$3	$3	($1)	($3)	($2)	($1)
Overhead and Adjustments							
Supply Chain and Innovel	($483)	($389)	($326)	($194)	($197)	($202)	($208)
PA Corporate Level EBITDA Adjustment [3]	33	36	46	30	–	–	–
Member Services Organization [4]	($68)	($57)	($41)	($22)	($23)	($24)	($24)
Home Office / Corporate SG&A	($1,573)	($1,378)	($1,071)	($601)	($365)	($296)	($302)
Total SHC EBITDA	**($836)**	**($798)**	**($557)**	**($539)**	**$94**	**$165**	**$204**
Retail EBITDA Detail							
505 Store Go-Forward 4-Wall EBITDA	$406	$223	$185	$58	$184	$204	$240
All Other 4-Wall EBITDA+ Online	13	(205)	(135)	(187)	(1)	1	2
Vendor Discounts & Other Adjustments	239	304	238	95	94	97	101
Sears Auto Center EBITDA	152	117	83	37	41	44	47
ShopYourWay EBITDA	149	190	160	97	91	93	97
Total Retail EBITDA	**$959**	**$628**	**$531**	**$99**	**$409**	**$439**	**$487**

(1) YTD 9-month actuals through October 2018.
(2) Excludes SHIP in forecast.
(3) SHC level EBITDA adjustment related to the protection agreement business.
(4) Call center support allocated at corporate level.

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We have assumed negative same-store comps turn positive in the 2nd quarter

2019E Monthly Budget by Business Unit

($ in millions)

	2019E Monthly Budget												2019E	2020E	2021E
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Total	Total	Total
Retail (4-Wall + Online + SYW)															
Same Store Sales (% Change)	*(1.0%)*	*(1.0%)*	*(1.0%)*	–	–	–	*1.0%*	*1.0%*	*1.0%*	*2.0%*	*2.0%*	*2.0%*	*0.6%*	*3.0%*	*4.0%*
Revenue	$447	$525	$463	$538	$613	$461	$492	$536	$468	$680	$850	$506	$6,578	$6,794	$7,072
Gross Margin	119	155	140	159	180	136	123	141	139	195	271	132	1,891	1,949	2,026
EBITDA	5	27	30	43	48	23	7	9	25	64	126	3	409	439	487
Home Services															
Revenue	$131	$163	$130	$129	$163	$135	$132	$163	$125	$129	$159	$131	$1,690	$1,610	$1,629
Gross Margin	95	119	94	94	118	96	94	118	90	94	116	96	1,222	1,122	1,112
EBITDA	19	22	18	19	22	18	19	23	17	18	22	19	235	210	211
Financial Services															
Revenue	$3	$3	$2	$3	$7	$5	$5	$5	$5	$3	$4	$5	$49	$51	$53
EBITDA	3	3	2	2	6	5	4	4	5	2	3	5	44	46	48
Other Businesses															
Kenmore / Craftsman / DieHard EBITDA	($1)	($1)	($0)	($1)	($1)	($1)	($1)	($1)	($1)	($1)	($1)	($0)	($7)	($7)	($7)
Monark EBITDA	(1)	0	(1)	(1)	(0)	0	0	1	(1)	(0)	(0)	(0)	(3)	(2)	(1)
Overhead and Adjustments															
Supply Chain and Innovel	($15)	($16)	($15)	($15)	($18)	($15)	($15)	($16)	($15)	($19)	($23)	($16)	($197)	($202)	($208)
PA Corporate Level EBITDA Adjustment [1]	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Member Services Organization [2]	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(23)	(24)	(24)
Home Office / Corporate SG&A	(40)	(38)	(37)	(37)	(35)	(30)	(24)	(24)	(25)	(25)	(24)	(24)	(365)	(296)	(302)
Total SHC EBITDA	**($31)**	**($6)**	**($5)**	**$8**	**$20**	**($1)**	**($11)**	**($7)**	**$3**	**$38**	**$101**	**($15)**	**$94**	**$165**	**$204**
Retail EBITDA Detail															
Brick and Mortar 4-Wall EBITDA	($9)	$4	$16	$26	$26	$8	($10)	($10)	$13	$43	$92	($14)	$184	$204	$240
Vendor Discounts & Other Adjustments	6	8	6	7	9	6	7	8	6	10	13	8	94	97	101
Sears Auto Center EBITDA	3	5	3	3	4	3	4	2	0	4	6	3	41	44	47
Online EBITDA	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(1)	1	2
ShopYourWay EBITDA	5	10	5	6	9	6	7	8	6	7	15	6	91	93	97
Total Retail EBITDA	**$5**	**$27**	**$30**	**$43**	**$48**	**$23**	**$7**	**$9**	**$25**	**$64**	**$126**	**$3**	**$409**	**$439**	**$487**

(1) SHC level EBITDA adjustment related to the protection agreement business.
(2) Call center support allocated at corporate level.

Weil LAZARD M-III PARTNERS

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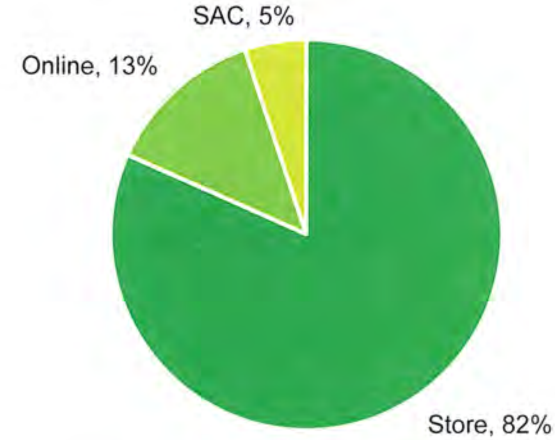
A smaller but balanced Sears and Kmart footprint delivers $409mm of 4-wall EBITDA in 2019

Business Overview

- Sears' Retail Business consists of its 266 Sears Stores, 239 Kmart Stores and their respective Online presences
- The business is broken into the primary categories below:
  - Hardlines – composed of Home Appliances (HA), Consumer Electronics, Tools, Lawn & Garden, Outdoor Living, Sporting Goods, Mattresses, and Monark businesses
  - Softlines – composed of Apparel, Footwear, Home, and Jewelry businesses; these businesses sell an assortment of proprietary brands as well as third-party retail options
  - Sears Auto Centers – a multi-channel automotive aftermarket service provider offering replacement tires, mechanical diagnostics and repair, vehicle maintenance products and services, batteries and battery-related accessories, as well as automotive accessories and chemicals for cars and light trucks
  - Grocery & Drugstore, Pharmacy, and Children's Entertainment & Seasonal – sells grocery, household and pet supplies, beauty care, OTC health & wellness, stationery, party supplies, children's entertainment products, seasonal merchandise, dispenses prescription drugs and performs clinical services

Revenue by Segment



FY 2019E Revenue: $6.6bn Revenue

Preliminary 2019E Forecasted Financials

($ mm)	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019	Jul 2019	Aug 2019	Sep 2019	Oct 2019	Nov 2019	Dec 2019	Jan 2020	FY19
Retail													
Same Store Sales (% Change)	*(1.0%)*	*(1.0%)*	*(1.0%)*	–	–	–	*1.0%*	*1.0%*	*1.0%*	*2.0%*	*2.0%*	*2.0%*	*0.6%*
Brick and Mortar Revenue	$330	$426	$341	$412	$502	$363	$381	$436	$363	$547	$741	$405	$5,247
Sears Auto Center Revenue	27	34	26	27	32	25	25	29	21	27	33	23	329
Online Revenue	85	54	89	92	69	66	79	62	78	98	60	72	905
ShopYourWay	5	11	6	7	9	7	7	9	6	7	16	7	97
Total Revenue	**$447**	**$525**	**$463**	**$538**	**$613**	**$461**	**$492**	**$536**	**$468**	**$680**	**$850**	**$506**	**$6,578**
(-) COGS	(328)	(369)	(322)	(379)	(433)	(324)	(368)	(394)	(329)	(485)	(579)	(375)	(4,687)
Gross Margin	**$119**	**$155**	**$140**	**$159**	**$180**	**$136**	**$123**	**$141**	**$139**	**$195**	**$271**	**$132**	**$1,891**
Margin (%)	*27%*	*30%*	*30%*	*29%*	*29%*	*30%*	*25%*	*26%*	*30%*	*29%*	*32%*	*26%*	*29%*
(-) Operating Expenses	($114)	($129)	($110)	($116)	($133)	($113)	($116)	($133)	($114)	($131)	($145)	($128)	($1,482)
Retail EBITDA	**$5**	**$27**	**$30**	**$43**	**$48**	**$23**	**$7**	**$9**	**$25**	**$64**	**$126**	**$3**	**$409**
Margin (%)	*1%*	*5%*	*7%*	*8%*	*8%*	*5%*	*2%*	*2%*	*5%*	*9%*	*15%*	*1%*	*6%*

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Same-store sales comps were beginning to stabilize pre-petition

2018 YTD Same Store Sales Comps (% change)

Note: Same-store comps based on Company data.

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The 505 go-forward stores in the plan delivered over $7bn of revenue and over $400mm of EBITDA in 2015

Historical Revenue By Year

Historical Gross Margin By Year

Historical EBITDA By Year

Note: 505 go-forward Sears and Kmart store 4-wall financials only; excludes Sears Auto Center, Online and ShopYourWay.

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Apparel has demonstrated a major turnaround over the last year

YTD Business Operating Profit Up $60mm vs. Adjusted LY and 2017 up $270mm Over Prior Year

- **Right Size of the Buy**
  - Discipline around Seasonal buy by Category and by store
  - Sales plan target communicated to Merchandising team ahead of the oversea buying trip
  - Simulation done by Finance on expected In-Season and Post-Season revenue and margin for each of the Divisions and total Business Units
  - $64mm in lower markdowns vs. last year at the end of October
- **Assortment Rationalization and Brand Consolidation**
  - Number of SKUs has been reduced by 32% in FW18 vs. FW17 and by 61% vs 2016
  - Brand consolidation or expansion since we merged buying teams serving both Sears and Kmart in July 2017
  - Jaclyn Smith brand at Kmart rolled out to Sears
  - Key sellers rolled out into both formats (Basic Edition from Kmart into Sears)
- **Product Cost savings**
  - $12mm FOB savings in 2018 on top of $80mm in 2017 as a result of moving from Domestic to Import vendors
  - Receipts moved from 30% import to 60% vs. Domestic from 2016 to 2018
  - Built Cross-Sourcing capabilities, including vendor's direct design
- **Execution Excellence**
  - Implemented forecast by product and store by week since 2017
  - Put in place drilled-down reporting capabilities by key demographic, store, product, and day to identify exceptions and drive replenishment actions and inform allocation
  - Weekly Trading Meeting focused on immediate actions based on last week's results including members, store, pricing, inventory, and sourcing metrics
  - Implemented competitor data tool in order to identify assortment gap and pricing opportunities

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Part of Apparel's success is through stabilizing markdowns and points investment

Apparel Financial Performance

- Apparel delivered $118mm in additional gross profit and $58mm in business operating profit vs. last year due to markdown savings and better sourcing cost
- Margin rate of 39.4% is 630bps improved vs. last year
- Gross margin dollars with points flat vs. last year from additional SYW investments

($ in millions)	October YTD		
	2017	2018	Δ
Apparel			
Revenue	1,435	1,505	70
% Growth		*4.9%*	
Markdowns	414	350	(64)
% Markdowns	*28.8%*	*23.2%*	*(5.6%)*
Gross Profit	475	593	118
% Gross Profit	*33.1%*	*39.4%*	*6.3%*
SYW	(87)	(173)	(86)
% SYW	*(6.0%)*	*(11.5%)*	*(5.4%)*
Gross Margin Dollars	443	443	0
% Gross Margin Dollars	*30.9%*	*29.5%*	*(1.4%)*
Expenses	601	543	(58)
% Expenses	*41.9%*	*36.1%*	*(5.8%)*
Business Operating Profit	(158)	(100)	58
% Business Operating Profit	*(11.0%)*	*(6.6%)*	*4.4%*

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Management has significant growth initiatives to drive success in 2019

Retail Revenue and Profitability Initiatives

	Initiatives & Commentary	Revenue Impact	EBITDA Impact
Margin Rate	• In-Stock Improvements: In-stock on top items, sizing, single item replenishment, demand driven model • Pricing to Fund Points: Reduction in promotional and clearance markdowns • Vendor Management: Improved allowance collections by leveraging points marketing & consolidation of vendors • Import Sourcing Strategy: Softlines import volume improvement in first cost	+ $[225]	+ $[100]
Sears Stores	• Hardlines Growth Initiatives: Free delivery, marketing, leasing & mores of Kenmore • Softlines Growth Initiatives: Product initiatives, excluding replenishment enhancements • Local Store Initiatives: Local strategic merchandising, promo, pricing & payroll management • Lifestyles & Movers Member Journeys: Member journey category projections for lifestyles and new home/movers	+ $[500]	+ $[100]
Kmart Stores	• Softlines Growth Initiatives: Product initiatives, excluding replenishment enhancements • Local Store Initiatives: Local strategic merchandising, promo, pricing & payroll management via simple store • Toys & Other Hardlines Growth: Product initiatives in Toys, Sporting Goods & Outdoor Living • Live Well/Get Fit Member Journeys: Member journey category projections for live well/get fit • Own Brand Growth: Grocery and drug shift to private label brands	+ $[180]	+ $[50]
Online	• Exclusion of SYW Points on Free Ship: Currently members are allowed to use their SYW points for their entire purchase which includes the $35 dollar minimum threshold for free delivery • eBay Member Launch: Have eBay offer a curated assortment on Sears; fill brand and assortment gaps which will drive incremental GMV • Product Recommendations: Include store purchase data in recommendations online to improve recommendations for members that shop in-store and online • Single Page Checkout: Customers often abandon cart / checkout due to a lengthy process; single Page Checkout will allow a customer to quickly checkout, increasing conversion • Basket Building: Ability to message member when they are close to hitting a promo threshold to increase AOV and conversion	+ $[100]	+ $[15]

Note: Initiatives are partially represented in the 2019 plan numbers, but not fully included.

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Large potential small footprint upside represents an opportunity to outperform the base 2019 plan as not included but will require capital investment

Business Overview

- Targeting 100 locations by the end of 2020
- Store size: 7,500 to 20,000 sq/ft (leased)
- Local personalized shopping experience benefiting the community through the Sears and ShopYourWay ecosystem
- Products & services tailored to the community:
  - Home Appliances
  - Home Services (Repair, Parts, Home Improvement)
  - Connected Solutions (IoT products)
  - Financing options for every member
    - ShopYourWay 5-3-2-1 card
    - Leasing
    - Layaway
  - Shop Your Way Products and Services
  - Mattresses (when over 10k ft2)
  - Other community relevant products when space permits and based on local demographics and needs (seasonal product, tools, fitness, etc.)
- Highly trained consultative experts that focus on helping customers with
- large purchases and home solutions
- In-home support and consultation
- Unlimited service opportunities and solutions; Service Live

Financial Summary (2018E)

(4 Operating Stores)

Proof of Concept

($ in 000s)	2018F
Sales	$ 23,882
Gross Margin	7,435
GM %	*31%*
Operating Expenses	5,557
EBITDA	1,878
EBITDA %	*8%*
EBITDAR	3,065
EBITDAR %	*13%*
IRR	36%
Payback	3.75 yrs

* Assumes $475k for corporate home office expenses

Description	Store Economics
Gross SF Selling SF	7,500 to 20,000 6,750 to 18,000
Annualized Sales *Sales per/GSF*	$4M - $8M *$400 - $500*
EBITDA $ *EBITDA %*	$.4m - $1.0m *~8%*
EBITDAR $ *EBITDAR %*	$.6m - $1.4m *~13%*
Capital Investment	$1.4m - $1.8m
IRR Payback	30% -60% 3 - 4 yrs

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Opening small footprint stores represents a major growth opportunity

Small Store Scale Opportunity

	2018	2019	2020	2021	2022	2023	
Stores	4	40	56	20	18	16	154
Capital Investment *	$6M	$64M	$90M	$32M	$29M	$25M	$246M

*excludes working capital (inventory, etc.)

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With a payback period of 3 – 4 years, small footprint stores have a high return on invested capital and can scale quickly

Financial Summary

($ in 000s)	2018	2019	2020	2021	2022	2023	Total	
	$	$	$	$	$	$	$	% Sales
Store Count:	4	44	100	120	138	154	154	
Net Sales	$23,882	$160,536	$437,323	$622,770	$729,333	$819,289	$2,793,134	
Gross Margin	**$7,435**	**$51,895**	**$141,368**	**$201,316**	**$235,763**	**$264,842**	**$902,619**	32.3%
Fixed Payroll Expense	$526	$3,815	$10,393	$14,801	$17,333	$19,471	$66,339	2.4%
Variable Payroll Expense	$1,349	$9,782	$26,647	$37,947	$44,440	$49,922	$170,087	6.1%
Corporate Overhead	$478	$3,211	$8,746	$12,455	$14,587	$16,386	$55,863	2.0%
Other Expenses	$2,016	$14,620	$39,826	$56,714	$66,418	$74,610	$254,204	9.1%
Expenses (Excl Rent, Depr)	**$4,370**	**$31,427**	**$85,613**	**$121,917**	**$142,778**	**$160,388**	**$546,493**	19.6%
Rent, CAM & Tax	$1,187	$7,028	$19,145	$27,263	$31,929	$35,867	$122,418	4.4%
Per Square Foot	20	20	20	20	20	20	20	
EBITDA	**$1,879**	**$13,439**	**$36,611**	**$52,136**	**$61,056**	**$68,587**	**$233,708**	8.4%
EBITDAR	**$3,065**	**$20,467**	**$55,756**	**$79,399**	**$92,985**	**$104,454**	**$356,126**	12.8%
Store Capital	$ 6,400	$ 64,000	$ 89,600	$ 32,000	$ 28,800	$ 25,600	$ 246,400	
Depreciation	$ 200	$ 1,800	$ 6,200	$ 10,200	$ 11,700	$ 12,500	$ 42,600	

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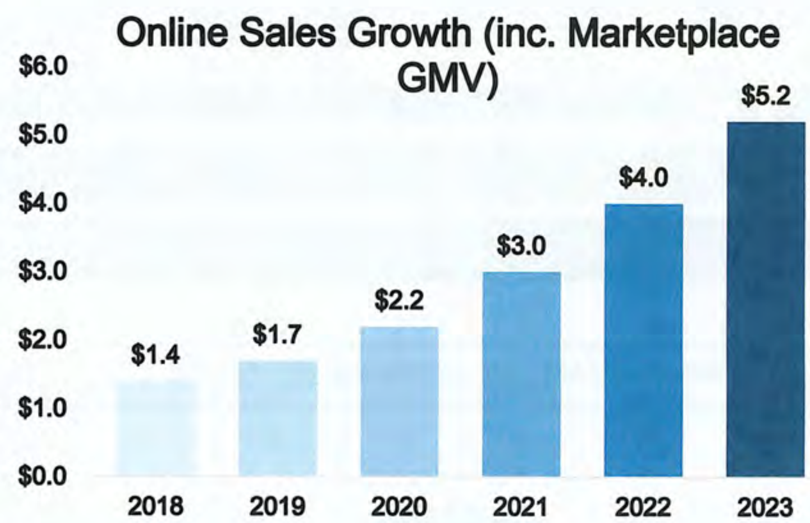
The Online team is focused on delivering significant growth to retail

Online Growth Strategy

- The online growth plan emphasizes on driving 3 areas of focus:
  1. Improve the basics – visits, conversion rates, and average order value (AOV)
  2. Deliver needle mover initiatives
  3. Instill operational excellence

To achieve this growth plan ($1.3bn incremental revenue by '21 and $3.5bn by '23), we will need to invest primarily in talent acquisition and technology improvements (redo); both to be defined



Key Growth Initiatives

- Improve conversion metrics over time to industry average (each 0.1 increase on a $1.5bn business equates to $150mm)
- Drive personalization with machine learning
- Leverage marketplace to accelerate selection growth with all core platform capabilities (e.g. leasing)
- Deliver a best-in-class experience for our best categories (Home Appliances and Apparel)
- Continue Mobile First – Accelerate app adoption (2x higher conversion rate than mobile web)
- Test new business models: test before you buy (apparel and footwear), appliance upgrade payment model (allow members to upgrade to latest innovation), subscription services (consumables, apparel, and other frequency categories)
- Reconfigure our fulfillment network to be "less dependent" on fusion sales

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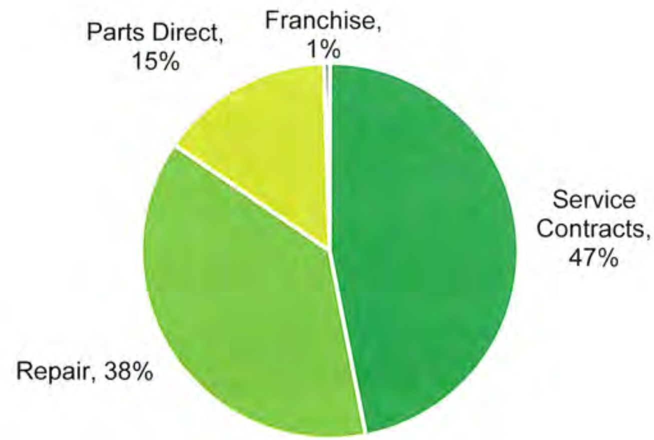
Sears Home Services is a major EBITDA contributor to SHC

Business Overview

- Sears Home Services ("SHS") provides repair services and service contracts for appliances, electronics, outdoor power equipment, residential heating & cooling systems, power tools and fitness equipment
- The largest provider of appliance and lawn & garden parts for the DIY community at 2-3x the next largest competitor
  - The PartsDirect business has over 130k SKUs on Amazon and eBay marketplaces
  - 88% of customers that purchase on Amazon are new to Sears
- SHS provides a comprehensive suite of service contracts for single appliances or warranties for all appliances in the home
- The largest broad line provider of product repair services to SHC customers, manufacturers, third party administrators, insurance & warranty companies and general consumers
- Franchise services include carpet & upholstery care, air duct cleaning & indoor air quality, garage solutions, maid services and handyman solutions

Revenue by Segment



FY 2019E Revenue: $1.7bn Revenue

Preliminary 2019 Forecasted Financials

($ mm)	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019	Jul 2019	Aug 2019	Sep 2019	Oct 2019	Nov 2019	Dec 2019	Jan 2020	FY19
Home Services													
Revenue	$131	$163	$130	$129	$163	$135	$132	$163	$125	$129	$159	$131	$1,690
(-) COGS	($36)	($44)	($36)	($34)	($45)	($39)	($38)	($45)	($36)	($35)	($43)	($36)	($468)
Gross Margin	**$95**	**$119**	**$94**	**$94**	**$118**	**$96**	**$94**	**$118**	**$90**	**$94**	**$116**	**$96**	**$1,222**
Margin (%)	*72%*	*73%*	*72%*	*73%*	*72%*	*71%*	*71%*	*72%*	*72%*	*73%*	*73%*	*73%*	*72%*
(-) Operating Expenses	($76)	($97)	($76)	($75)	($96)	($77)	($76)	($95)	($73)	($75)	($94)	($77)	($987)
EBITDA	**$19**	**$22**	**$18**	**$19**	**$22**	**$18**	**$19**	**$23**	**$17**	**$18**	**$22**	**$19**	**$235**
Margin (%)	*14%*	*14%*	*14%*	*15%*	*14%*	*14%*	*14%*	*14%*	*13%*	*14%*	*14%*	*15%*	*14%*

Note: Excludes SHIP.

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SHS Is Positioned for Growth with Industry-Leading Breadth of Products, Services, and Fulfillment Capabilities

Focused on expanding SHS's position as a trusted partner for home service needs, delivering exceptional experiences through an integrated fulfillment model

SHS

Current Services Portfolio	**Protect** **(Service Contracts)** ▪ Protection Agreements ▪ Home Warranty ▪ Replacement Plans	**Fix** **(In-Home Repair)** ▪ In-Home Service & Repair ▪ Direct to Consumer ▪ Support of Protection Agreements ▪ Serving the industry	**Do-It-Yourself ("DIY")** **(Parts Direct)** ▪ E-commerce site for appliances and lawn & garden parts ▪ Parts sold on 3rd party marketplaces	**Maintain** **(Franchise)** ▪ Carpet & Upholstery Cleaning ▪ Duct Cleaning ▪ Floor & Tile Cleaning ▪ Handyman & Maid

Utilizing an end-to-end customer solution across a suite of services & product offerings is core to the SHS growth strategy

Source: Company management.

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The SHS team sees significant opportunity to grow sales and profitability

Included in the Forecast

2018E

$1.4B Revenue

$165M EBITDA

$100M Revenue

Grow B2B Volume

Significant opportunity to grow by 30% for the next two years as we reestablish relationships with B2B community

$50M Revenue

Grow D2C Volume

We have proven, through advertising and improved response times that we can grow D2C volume

$100M Revenue

Invest in PD website rebuild and IHR mobile technology for techs

Building best in class mobile centric PD website and deploying tech handheld technology

2021E

Incremental Opportunities with Sufficient Capital

2019

$25M EBITDA

Improved Contract Terms and Benefits

Improved Financial Strength results in improved terms w/OEMs, reduced employee attrition, larger workforce & capacity, higher caliber employees

2019

$60M EBITDA

Accelerate Market Share Growth

Grow D2C, B2B, SHIP and HW Market Share through accelerating technician and sales capacity

2020

$75M Revenue

Expand Service Contract Sales beyond Sears Ecosystem

Increase Advertising and Distribution Channels to sell PA and HW to customers outside of Sears customer base

2021

$40M Revenue

Expand Reach beyond

Build or Buy a platform to expand reach into other trades (plumbing, electricians etc.) drive incremental revenue and to create opportunities to sell PA and HW

2021E

Current and Incremental Opportunities to Grow Revenue and EBITDA

sears HOME SERVICES

Note: Items depicted do not make up 100% of incremental revenue; 2018E excludes SHIP

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There is a large opportunity to grow the B2B in-home repair business

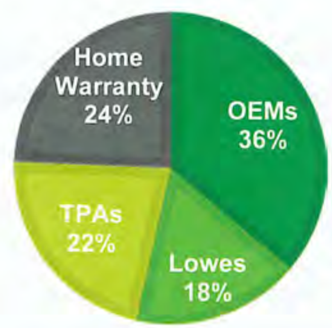
Business Overview

- In February 2018 shifted strategy to include a focus on serving the industry
  - OEMs, warranty companies, 3rd party administrators
  - There is more demand than supply in the marketplace
- Rationale was two fold:
  - Minimize dependency on Sears retail
  - Take advantage of nationwide reach and growing volume of external service call demand
- Initial skepticism in the marketplace
  - Sears pricing was much higher than the marketplace and quality was below par
- Through improved account management and pricing alignment Sears was given incremental "test" business to prove our commitment to the space
- Recently won 30% of large OEMs volume, up from 1% previously
- Large warranty provider has increased service volume awarded to SHS by 50%

In-Home Call Volume

- B2B volume up 30% in the last 17 weeks of the year vs the first 17 week of the year
- However B2B call volume is up 44% over the last 12 weeks vs prior year and up 55% over the last 4 weeks vs prior year
- Continue to gradually increase B2B volume across the client base
- Plan for 30% volume increase in each of the next two fiscal years
- Currently have ~8% market share of the 8M+ annual B2B repair call market

B2B MARKET SIZE IS 8.6M ANNUAL REPAIRS



B2B Type	Annual Repair Volumes (M)
OEMs	3.1
Lowes	1.5
TPAs	1.9
Home Warranty	2.1
Total	8.6

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Assurant is providing a 3rd party protection agreement solution to ensure SHC can continue to sell protection agreements to its members

Commentary

- Assurant has best overall economics (especially in the aftermarket), 3 year term, no upfront reserve payment, additional B2B service volume
- Pre-petition, we were collecting ~$12.5M of cash per week
  - Currently collecting ~$2.5M of cash per week due to suspended sales in 34 states
  - With Assurant solution, we will collect ~$5.5M of cash per week
- Margin impact over the life of a PA contract is $4 less than pre-petition
  - Year one (one time) 4x improvement to SHS PA contract EBITDA due to immediate revenue recognition; $8 increasing to $32 on a per policy basis
- Will be live in 39 states immediately after contract signing, final 11 states will have various timing depending on state procedures
  - Goal is to have all states live by Thanksgiving
- We will continue to use our existing programs, so no need for re-training or operational change other than collateral for term and conditions
  - Retail continues to get full commission on sales
- Sears Home Services retains ownership of the customer

Summary of Terms

No Underwriter						Assurant						
	Retail			**Aftermarket**			**Retail - Sears**				**Aftermarket**	
	Price	$200		Price	$144		Price	$200			Price	$144
25%	Loss cost	($49)	58%	Loss cost	($84)	25%	Loss cost	($49)		58%	Loss cost	($84)
100%	TLR	$0	100%	TLR	$0	90%	TLR	($5)		90%	TLR	($9)
	Dealer Net	($49)		Dealer Net	($84)		Dealer Net	($54)			Dealer Net	($93)
4%	Admin Reserve	($9)	10%	Admin Reserve	($15)	4%	Admin Reserve	($9)		10%	Admin Reserve	($15)
0.0%	Risk/UW/IPT Fee	$0	0.0%	Risk/UW/IPT Fee	$0	6.5%	Risk/UW/IPT Fee	($4)		6.5%	Risk/UW/IPT Fee	($6)
	Total Reserves	($58)		Total Reserves	($99)		Total Reserves	($67)	16%		Total Reserves	($114)
	Revenue (Initial Cash)	$200		Revenue (Initial Cash)	$144		Revenue (Initial Cash)	$133	-33%		Revenue (Initial Cash)	$30
50%	Retail	($100)	12%	Acquisition	($17)	50%	Retail	($100)		12%	Acquisition	($17)
	SHS (Excess)	$100		SHS (Excess)	$127		SHS (Excess)	$33			SHS (Excess)	$12
	Total Expenses	($58)		Total Expenses	($99)		Total Expenses	$0			Total Expenses	$0
100%	Profit Share	$0	100%	Profit Share	$0	80%	Profit Share	$4		80%	Profit Share	$7
	Home Services	$42		Home Services	$28		Home Services	$38	-11%		Home Services	$20
	Sears Total (excl 9.5% comm)	*$142*		*Sears Total*	*$28*		*Sears Total (excl 9.5% comm)*	*$138*	-3%		*Sears Total*	*$20*
	Margin %	*71%*		*Margin %*	*19%*		*Margin %*	*69%*			*Margin %*	*14%*

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The Citi credit card agreement drives incremental profitability for SHC

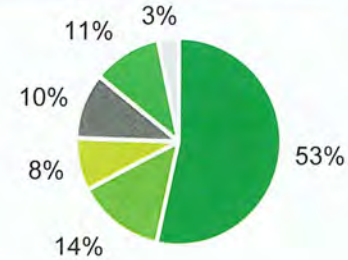
Business Overview

- The SYW Financial Services Business Unit ("SYWFS") provides credit, financial products, and payments solutions through a number of retail formats, as well as in online and commercial channels
- Diverse product portfolio includes:
  - Consumer Credit (Private Label and General Purpose Cards)
  - Third Party Payment Options (Visa, MasterCard, American Express, Discover, PIN Debit)
  - Layaway
  - Gift Card
  - Alternative Financial Services (Check Cashing, Bill Pay, etc.)
- Provides financing options to support customers' ability to pay and drive incremental visits and profits to SHC retail locations and increase loyalty and of customers to SHC via the SYW rewards program
- Citi card agreement also saves the Company ~$45mm of interchange fees which are not included as part of the business unit's EBITDA

Revenue by Segment

Store Related Revenue (1)

Non-Pass Through Revenue



FY 2019E Revenue: $49mm Revenue

Preliminary 2019E Forecasted Financials

($ mm)	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019	Jul 2019	Aug 2019	Sep 2019	Oct 2019	Nov 2019	Dec 2019	Jan 2020	FY19
Financial Services													
Revenue	$3	$3	$2	$3	$7	$5	$5	$5	$5	$3	$4	$5	$49
(-) Operating Expenses	($0)	$0	($0)	($0)	($1)	($0)	($1)	($1)	($0)	($1)	($1)	($0)	($5)
EBITDA	**$3**	**$3**	**$2**	**$2**	**$6**	**$5**	**$4**	**$4**	**$5**	**$2**	**$3**	**$5**	**$44**

(1) Revenue by segment based on LTM revenue as reported by the Company

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SG&A reductions are already underway

OCTOBER

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

NOVEMBER

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

DECEMBER

S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

JANUARY

S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

Internal Date

Key Date

DATE(S)	EVENT
October 29	Commence wave 1 of store closures (142 stores)
October 30	Initial SG&A reduction by month due from businesses with by month pacing including any investment if applicable
October 31	Finalize SG&A reduction plan along with names of any initial cuts to be done before Thanksgiving. HR to begin RIF process
November 2	HR submission of impacted names to Legal for review
November 8	Potential buyer to notify which stores to purchase. All other stores to commence closure process
November 15	SG&A wave 1 employee notices to begin
November 21	Commence wave 2 of store closures [Store count TBU]
November 30	SG&A wave 2 names of cuts due to HR
January 17	SG&A wave 2 reduction to be completed

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SHC will reduce ~$1.2bn of spend to a less than $600mm annual run-rate

	Full Year (Annualized)					
($ in 000s)	Current Run-Rate	Run-Rate Target	Initial Cuts Identified Nov 1	Pro Forma Run-Rate	% of Cuts Identified	% of Target Identified
Core (Retailing)						
Buying Organization	111,912	50,000	(54,699)	57,212	48.9%	87.4%
Retail Services & Online	89,928	50,000	(40,906)	49,022	45.5%	102.0%
Marketing	174,888	50,000	(129,690)	45,198	74.2%	110.6%
Total CORE (Retailing)	**376,727**	**150,000**	**(225,296)**	**151,432**	**59.8%**	**99.1%**
Back Office						
Legal	33,218	11,207	(17,502)	15,716	52.7%	71.3%
Accounting	27,454	9,262	(8,402)	19,052	30.6%	48.6%
FP&A	1,759	593	-	1,759	0.0%	33.7%
GM Team	505	170	(505)	-	100.0%	NA
Internal Audit	1,756	592	(628)	1,128	35.8%	52.5%
Procurement	4,940	1,667	(3,410)	1,530	69.0%	108.9%
Risk Management	1,453	490	(298)	1,155	20.5%	42.5%
Treasury	8,886	2,998	(2,962)	5,924	33.3%	50.6%
Real Estate[1]	28,406	9,583	(1,485)	26,921	5.2%	35.6%
HR	22,184	7,484	(13,383)	8,801	60.3%	85.0%
IT	165,508	55,837	(102,650)	62,858	62.0%	88.8%
Holding Company & Other	9,288	3,134	(6,155)	3,134	66.3%	100.0%
Total Back Office	**305,357**	**103,018**	**(157,380)**	**147,978**	**51.5%**	**69.6%**
Home Services and Other						
Home Services	44,522	19,172	(22,000)	22,521	49.4%	85.1%
Sears Auto Centers	12,386	5,334	(5,490)	6,896	44.3%	77.3%
Kenmore, Craftsman & Diehard	11,727	5,050	(6,677)	5,050	56.9%	100.0%
Contract Appliances	367	158	(209)	158	56.9%	100.0%
Builder Distributors	930	400	(529)	400	56.9%	100.0%
Connected Living	1,125	484	(640)	484	56.9%	100.0%
Service Live	1,662	716	(946)	716	56.9%	100.0%
Total Home Services & Other Businesses	**72,719**	**31,315**	**(36,493)**	**36,226**	**50.2%**	**86.4%**
Shop Your Way	**38,263**	**1,000**	**(32,449)**	**5,814**	**84.8%**	**17.2%**
Gross Healthcare & Benefits	**37,254**	**25,000**	**(12,254)**	**25,000**	**32.9%**	**100.0%**
Supply Chain Home Office	11,844	11,480	(364)	11,480	3.1%	100.0%
Total Home Office	**842,165**	**321,813**	**(464,235)**	**377,930**	**55.1%**	**85.2%**
Call Centers[2]	**31,733**	**23,188**	**(8,545)**	**23,188**	**26.9%**	**100.0%**
Supply Chain DC Operations[3]	296,879	100,000	(99,263)	197,616	33.4%	50.6%
Total	**1,170,777**	**445,001**	**(572,043)**	**598,734**	**48.9%**	**74.3%**

Notes:

(1) Real Estate current run-rate removes the $8.9mm EDA tax credit from the city of Hoffman Estates.

(2) $31.8mm of Call Centers is not allocated (primarily composed of $21mm of online); MSO reduction target based on the total reduction reported by the MSO team.

(3) Includes $73.0mm of total internal margin charge from the stores.

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With aggressive management, we will see over $500mm of savings in 2019

	Home Office Monthly Pacing																
($ in 000s)	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	FY 2019	FY 2020
Core (Retailing)																	
Buying Organization	9,326	9,326	8,036	6,747	6,747	6,747	6,747	6,747	4,768	4,768	4,768	4,768	4,768	4,768	4,768	67,107	57,212
Retail Services & Online	8,886	7,138	5,269	4,085	4,085	4,085	4,085	4,085	4,085	4,085	4,085	4,085	4,085	4,085	4,085	49,022	49,022
Marketing	11,861	12,094	11,318	3,358	3,358	3,358	3,358	3,358	3,358	3,358	3,358	3,358	4,991	4,991	4,991	45,198	45,198
Total CORE (Retailing)	**30,073**	**28,558**	**24,623**	**14,190**	**14,190**	**14,190**	**14,190**	**14,190**	**12,211**	**12,211**	**12,211**	**12,211**	**13,844**	**13,844**	**13,844**	**161,327**	**151,432**
Back Office																	
Legal	1,693	1,310	1,310	1,310	1,310	1,310	1,310	1,310	1,310	1,310	1,310	1,310	1,310	1,310	1,310	15,716	15,716
Accounting	1,729	1,729	1,729	1,588	1,588	1,588	1,588	1,588	1,588	1,588	1,588	1,588	1,588	1,588	1,588	19,052	19,052
FP&A	147	147	147	147	147	147	147	147	147	147	147	147	147	147	147	1,759	1,759
GM Team	53	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Internal Audit	150	150	150	94	94	94	94	94	94	94	94	94	94	94	94	1,128	1,128
Procurement	126	245	245	128	128	128	128	128	128	128	128	128	128	128	128	1,530	1,530
Risk Management	114	114	96	96	96	96	96	96	96	96	96	96	96	96	96	1,155	1,155
Treasury	669	669	669	494	494	494	494	494	494	494	494	494	494	494	494	5,924	5,924
Real Estate[1]	2,188	2,402	2,236	2,267	2,463	2,067	2,088	2,239	2,216	2,064	2,374	2,297	2,052	2,380	2,243	26,750	26,921
HR	1,438	1,357	1,136	733	733	733	733	733	733	733	733	733	733	733	733	8,801	8,801
IT	15,427	14,017	14,660	16,269	15,680	15,728	15,747	15,323	12,252	6,824	6,689	6,685	5,237	5,207	5,238	126,879	62,858
Holding Company & Other	774	697	619	542	464	387	310	261	261	261	261	261	261	261	261	3,792	3,134
Total Back Office	**24,508**	**22,836**	**22,997**	**23,667**	**23,197**	**22,771**	**22,734**	**22,411**	**19,318**	**13,738**	**13,913**	**13,832**	**12,139**	**12,436**	**12,331**	**212,486**	**147,978**
Home Services and Other																	
Home Services	2,428	2,166	1,732	1,732	2,166	1,732	1,732	2,166	1,732	1,732	2,166	1,732	1,732	2,166	1,732	22,521	22,521
Sears Auto Centers	85	252	534	622	575	575	575	575	575	575	575	575	575	575	575	6,943	6,896
Kenmore, Craftsman & Diehard	977	880	782	684	586	489	421	421	421	421	421	421	421	421	421	5,547	5,050
Contract Appliances	31	28	24	21	18	15	13	13	13	13	13	13	13	13	13	174	158
Builder Distributors	77	70	62	54	46	39	33	33	33	33	33	33	33	33	33	440	400
Connected Living	94	84	75	66	56	47	40	40	40	40	40	40	40	40	40	532	484
Service Live	138	125	111	97	83	69	60	60	60	60	60	60	60	60	60	786	716
Total HS & Other Businesses	**3,830**	**3,604**	**3,320**	**3,277**	**3,531**	**2,966**	**2,874**	**3,308**	**2,874**	**2,874**	**3,308**	**2,874**	**2,874**	**3,308**	**2,874**	**36,943**	**36,226**
Shop Your Way	**738**	**189**	**(264)**	**481**	**413**	**662**	**565**	**304**	**764**	**553**	**369**	**718**	**256**	**233**	**497**	**5,814**	**5,814**
Gross Healthcare & Benefits	**3,104**	**2,856**	**2,608**	**2,359**	**2,111**	**2,083**	**2,083**	**2,083**	**2,083**	**2,083**	**2,083**	**2,083**	**2,083**	**2,083**	**2,083**	**25,304**	**25,000**
Supply Chain Home Office	1,058	1,052	1,052	1,052	1,052	988	988	988	988	988	988	988	988	988	957	11,957	11,480
Total Home Office	**63,312**	**59,095**	**54,336**	**45,026**	**44,493**	**43,661**	**43,435**	**43,285**	**38,240**	**32,448**	**32,872**	**32,707**	**32,186**	**32,893**	**32,587**	**453,831**	**377,930**
Call Centers[2]	2,644	2,380	2,116	1,932	1,932	1,932	1,932	1,932	1,932	1,932	1,932	1,932	1,932	1,932	1,932	23,188	23,188
Supply Chain DC Operations[3]	21,730	28,542	18,361	16,021	17,617	18,957	16,204	17,443	14,087	15,149	17,536	15,053	15,857	18,580	15,807	198,311	197,616
Total	**87,686**	**90,017**	**74,812**	**62,979**	**64,043**	**64,550**	**61,572**	**62,660**	**54,259**	**49,529**	**52,341**	**49,693**	**49,975**	**53,405**	**50,326**	**675,330**	**598,734**

Notes:

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We have already taken action on over 1,000 total corporate seats

	Active			Open Positions			Total		
Business	Active	Total Salary	Average Salary	Open	Total Salary	Average Salary	Positions	Total Salary	Average Salary
Home Services	161	13,059,052	81,112	4	431,000	107,750	165	13,490,052	81,758
Call Centers	16	1,041,485	65,093	-	-	NA	16	1,041,485	65,093
Retail (Central support)	224	10,827,899	48,339	13	602,392	46,338	237	11,430,291	48,229
Merchants-Off Price	8	563,073	70,384	4	409,555	102,389	12	972,628	81,052
Health and Wellness Solutions	3	473,640	157,880	1	105,000	105,000	4	578,640	144,660
Sourcing - US	1	109,490	109,490	-	-	NA	1	109,490	109,490
KCD	7	856,200	122,314	4	315,000	78,750	11	1,171,200	106,473
Human Resources	28	1,680,000	60,000	5	300,000	60,000	33	1,980,000	60,000
Legal	20	1,803,906	90,195	11	986,500	89,682	31	2,790,406	90,013
Finance	13	1,322,804	101,754	-	-	NA	13	1,322,804	101,754
Pricing	3	349,500	116,500	-	-	NA	3	349,500	116,500
Procurement	16	1,356,901	84,806	2	250,000	125,000	18	1,606,901	89,272
Asset Profit & Protection	41	2,693,427	65,693	9	611,300	67,922	50	3,304,727	66,095
Supply Chain/Innovel - Corp	-	-	NA	-	-	NA	-	-	NA
Inventory Mgmt	-	-	NA	6	627,500	104,583	6	627,500	104,583
Marketing/IMX/Studio	54	4,292,210	79,485	-	-	NA	54	4,292,210	79,485
Analytics	6	627,244	104,541	2	392,000	196,000	8	1,019,244	127,406
Online	9	934,019	103,780	33	1,884,000	57,091	42	2,818,019	67,096
Financial Services	3	450,000	150,000	2	156,000	78,000	5	606,000	121,200
Real Estate	42	2,129,817	50,710	4	451,208	112,802	46	2,581,025	56,109
Kenmore Direct - CS (Field)	83	2,430,827	29,287	1	65,000	65,000	84	2,495,827	29,712
Kenmore Direct - CD (Seattle)	17	1,595,218	93,836	-	-	NA	17	1,595,218	93,836
SYW*	183	16,852,941	92,093	1	116,000	116,000	184	16,968,941	92,223
MT	-	-	NA	-	-	NA	-	-	NA
SHI Analytics	19	815,000	42,895	-	-	NA	19	815,000	42,895
Total Salary	**957**	**66,264,653**	**69,242**	**102**	**7,702,455**	**75,514**	**1,059**	**73,967,108**	**69,846**
Assumed 14% Avg Benefits	957	9,277,051	9,694	102	1,078,344	10,572	1,059	10,355,395	9,778
Total Salary & Benefits	**957**	**75,541,704**	**78,936**	**102**	**8,780,799**	**86,086**	**1,059**	**84,322,503**	**79,625**

* SYW has identified 80 positions to be impacted in Israel

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IT is undergoing a major overhaul and reducing overhead from $166mm to $63mm

	Monthly Pacing																
($ in 000s)	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	FY 2019	FY 2020
IT																	
Total Current Expenses	16,061	16,280	15,178	16,442	17,391	14,440	14,392	13,978	14,024	13,928	13,729	13,688	13,779	13,616	12,333	171,738	158,911
Less: Expense Reductions	(633)	(2,263)	(518)	(172)	(1,710)	1,288	1,355	1,345	(1,772)	(7,104)	(7,039)	(7,003)	(8,542)	(8,410)	(7,061)	(44,827)	(96,053)
Go-Forward Expenses	**15,427**	**14,017**	**14,660**	**16,269**	**15,680**	**15,728**	**15,747**	**15,323**	**12,252**	**6,824**	**6,689**	**6,685**	**5,237**	**5,207**	**5,271**	**126,912**	**62,858**
CapEx Requirements	**-**	**-**	**2,504**	**2,504**	**2,504**	**2,504**	**2,504**	**2,504**	**2,504**	**2,504**	**2,504**	**2,504**	**2,504**	**2,504**	**2,504**	**30,044**	**30,044**

~$30mm investment required to achieve a $96mm reduction in annual spend to an annual run-rate of $63mm

Strategy to Achieve Reduction

- Fundamental strategy change – replace legacy applications with SaaS solutions and exit internal data centers
  - Requires less FTEs to operate – less infrastructure heads and less developers ($6mm/month to $2.1mm)
- Deliverables achieved by Q3 2019:
  - Implementation of an ERP application – enables the deprecation of mainframes
  - Implementation of CRM and cloud based contact center – improves member experience as the agent will have a full 360 view of the member from a single screen and take out cost such as deprecation of legacy telephone infrastructure
  - Creation of a single product master (hierarchy) – simplifies the business. For example, same SKU used across all format. It also enables us to consolidate technology. For example, a single conveyable warehousing system, a single POS
  - Our Non FTE spend drops from $9mm/month to $2.5mm. ~ $5mm (65%) is mainframe + outsourced infrastructure support resources
- The key risks are the (1) company's ability to absorb so much change over a short time period. For example, many business processes will need to change; (2) we will discover something that we didn't foresee. We need to execute with military grade precision, extreme paranoia and issues should be surfaced and resolved in real time. Net, its all about execution.

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IT is performing an exhaustive contract review to take advantage of the chapter 11 contract rejection opportunity

Detailed Contract Analysis

	Reject	Eliminate	Reduce	Renegotiate	Review	Total
MT Contracts						
Number	1	102	17	-	7	127
$ Value	$1,628,151	$62,348,847	$30,101,120	-	$2,603,728	$96,681,846
Number Prepaid	-	6	1	-	-	7
$ Value Prepaid	-	$6,149,100	$252,000	-	-	$6,401,100
Contracts that Cover MT & Non-MT						
Number	-	2	13	1	-	16
$ Value	-	$89,743	$61,264,935	$5,287,539	-	$66,642,217
Number Prepaid	-	-	-	-	-	-
$ Value Prepaid	-	-	-	-	-	-
Non-MT Contracts Managed by MT						
Number	-	2	21	1	1	25
$ Value	-	$8,047,945	$13,460,133	$1,313,264	$582,530	$23,403,872
Number Prepaid	-	-	1	-	1	2
$ Value Prepaid	-	-	$6,353	-	$4,253	$10,606
Total Contracts						
Number	1	106	51	2	8	168
$ Value	$1,628,151	$70,486,535	$104,826,188	$6,600,803	$3,186,258	$186,727,935
Number Prepaid	-	6	2	-	1	9
$ Value Prepaid	-	$6,149,100	$258,353	-	$4,253	$6,411,706

Summary

168 contracts reviewed with an annual expense of $187mm (out of 210 total contracts with spend of $198mm)

Summary Status:
- Reject – 1
- Eliminate – 106
- Reduce – 51
- Renegotiate – 2
- Review – 8

Key
- Reject – will reject contract
- Eliminate – will not renew
- Reduce – will reduce spend
- Renegotiate – will need to negotiate new terms – we cannot just reduce
- Review – decision not made

Weil LAZARD M-III PARTNERS

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Appendix

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Kenmore Business Summary

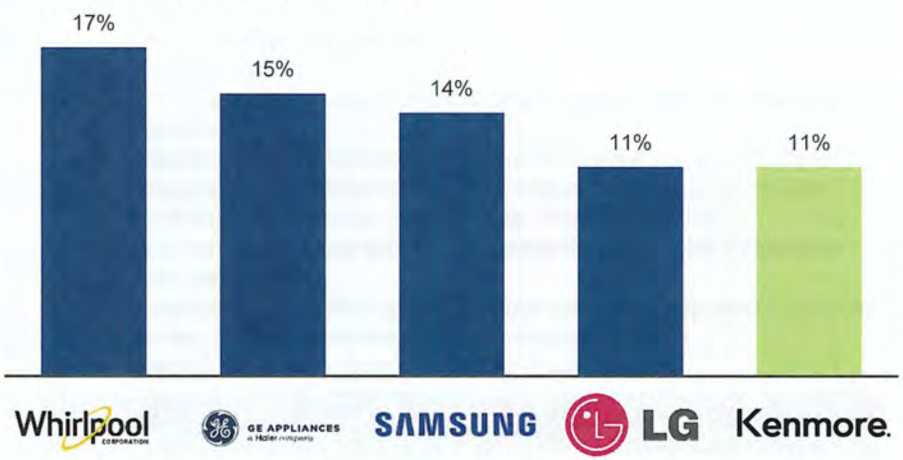
Business Overview

- Kenmore is broken into two business units
  - Major Home Appliance: Markets and sells refrigerators and freezers, laundry washers and dryers, cooking ranges and ovens, and dishwashers (#5 overall ranked leader in major appliances (11% U.S. sales share))
  - Small Appliance: Markets and sells small kitchen appliances, water softeners, electric air cleaners, vaporizers, vacuums, steam cleaners, room air conditioners, outdoor grills and over the counter microwaves
- The majority of its products manufactured via contracts with OEMs
- The majority of its current distribution via Sears-branded retail stores but with rapidly growing third-party distribution (e.g. Amazon)
- No. of Households: ~100mm as of 2017E (cumulative)

Historical Revenue(1)

Leading U.S. Market Share

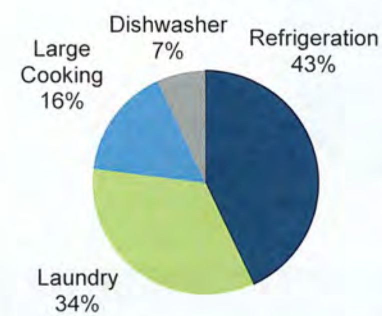
(2017E Sales Share by Brands, %)



Financial Overview

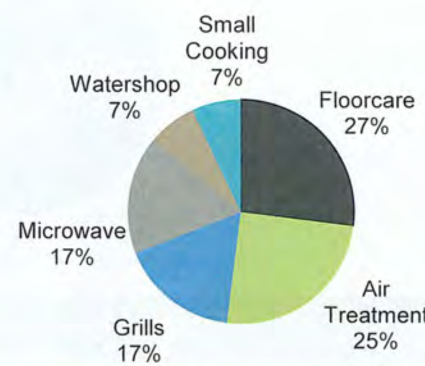
(LTM Dec 2017 Sales)

Major Home Appliance



$2.5bn in Sales

Small Appliance



$348M in Sales

(1) Gross retail sales per CIM – Kenmore records revenue based on gross retail sales (included in Hardlines) or its license revenue from Sears sales of Kenmore branded products and third party sales

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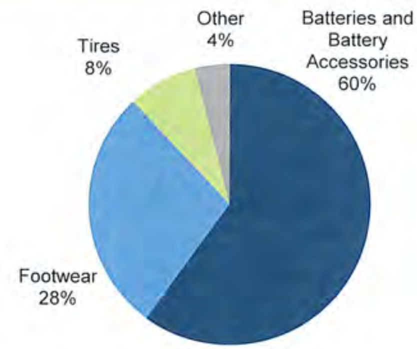
DieHard Business Summary

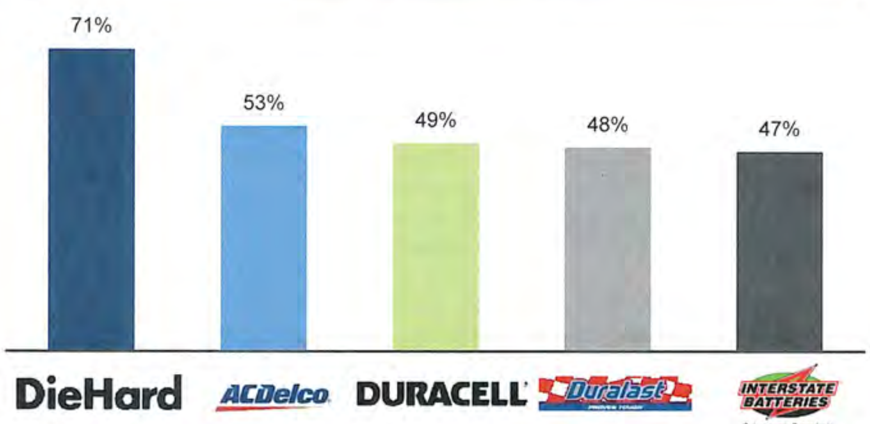
Business Overview

- Leading provider of power solutions since 1967
- Current U.S. sales share of 4% for vehicle batteries
- Products sold primarily through Sears channels, with select external retail distribution
- All products are manufactured by leading contract manufacturers, required to comply with DieHard high quality standards
- Well-balanced portfolio of vehicle batteries, with well-developed strategies for new product introductions in adjacent and peripheral industries
  - Adjacent (Power): Connected Lighting Solutions, Solar Power Solutions
  - Peripheral (Lifestyle): Rugged Wear, Extreme Wear

Revenue by Segment



Brand Awareness



Select Products

Vehicle Batteries

- Offered for Auto, Marine & RV, PowerSport and Lawn & Tractor

Vehicle Battery Back Up

- Various applications range from jumping a car battery to powering laptop within a car

Portable Power and Lights

- Categories include tool batteries, alkaline batteries, flashlights and LED lights

Work Boots

- High-performance boots, offered in both slip-ons and lace-ups

Tires

- Mid-Tier Passenger car tires manufactured by Kumho sold in SAC

Consumer Electronics

- Categories include Powerbanks, Chargers, Charging station, Phone cases and headsets

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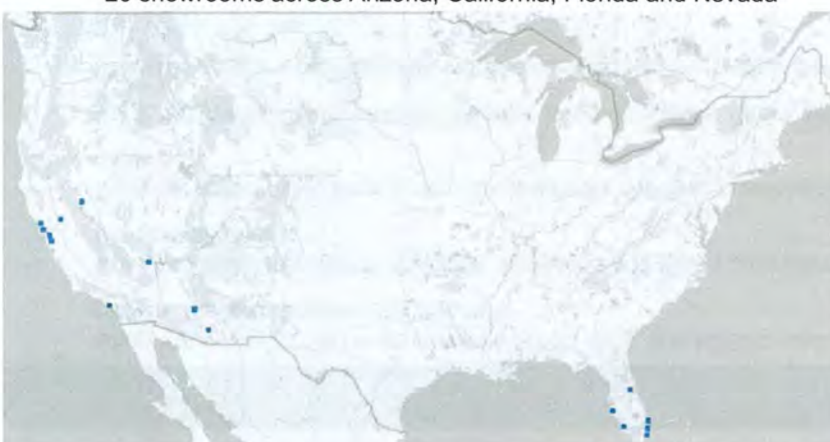
Monark Business Summary

Business Unit Overview

- Monark Premium Appliance Company and its affiliates form a nationwide distributor of premium home appliances that serve architects, builders, designers, developers and homeowners
- Monark represents a partnership between three leading distributors: Florida Builder Appliances, Westar Kitchen & Bath and Standards of Excellence
- Showrooms provide customers with premium cooking, cooling and cleaning appliances
- Monark operates within the larger Hardlines business
- Established June, 2015

Store Locations

20 showrooms across Arizona, California, Florida and Nevada



Select Brands

Alfresco
ASKO
best
dacor
DCS
Electrolux
SAMSUNG
Scotsman
Speed Queen
SUB-ZERO
SUMMIT APPLIANCE
Thermador
U-LINE
VentAHood
VIKING PROFESSIONAL
GE
LA CORNUE
LG

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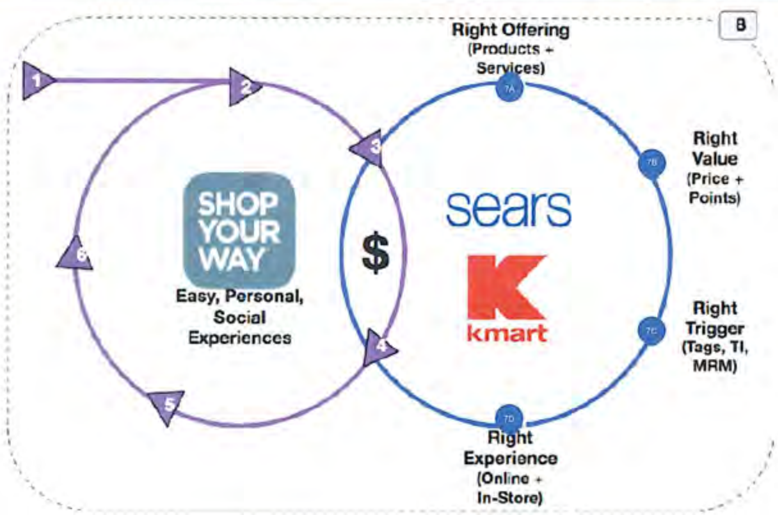
ShopYourWay Business Summary

Business Unit Overview

- Shop Your Way (SYW) is an integrated B2C, B2B, and B2B2C platform that provides personalized data & insights, analytics, marketing and rewards capabilities to customers and partners
- Data and Insights platform draws on more than 100 billion data elements across 160 data sources and 4,000 variables enabling thousands of unique member segments
- Dynamic analytics engines & algorithms identify changes in behaviors, score members in real time, and power decisions through relevant marketing channels
- Targeted marketing capabilities optimize communications, offers, timing, and channel driving the desired member behavior
- Rewards program provides one currency earned across multiple partners to drive member loyalty

Shop Your Way and the Sears Ecosystem



1. Compelling Value Prop + Easy Linkage drives sign-ups for programs, services, partners
2. Engagement in the ecosystem rewards members with SYW points and builds profiles for members
3. Personalization and Service platforms connect members to products and services
4. SYW Points and Partner Funding deliver value for members and create a multiplier/leveraged model for Sears/Kmart
5. Ecosystem Engagement provides feedback needed to expand / tailor the offering
6. Member Engagement / Redemption create more demand and performance for partners, which creates more opportunities for members and profitable growth
7. Journeys/ Categories creates and curate new product offerings (7a), develops the value proposition (7b), uses data to tag, target and deliver personalized offers (7c), and connects the online/instore experience (7d)
8. Markets Team drives the end-to-end system at a member, store, and community level, creating new capabilities for the go-forward integrated retail business

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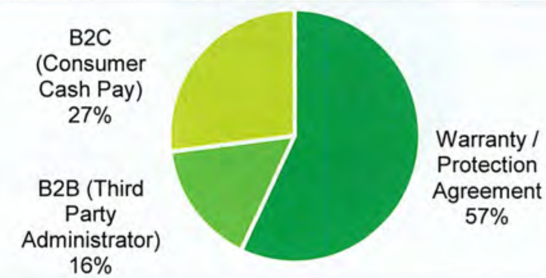
In Home Repair Overview

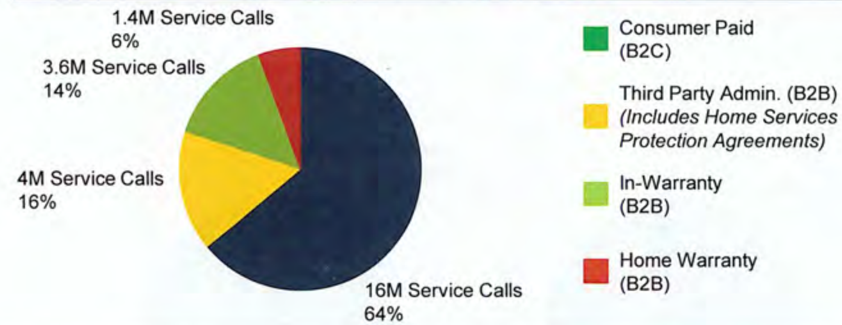
Business Overview

- **In-Home Repair is a leading national provider of appliance repair services in the U.S.**
- **Provides B2C + B2B repair services for appliances, consumer electronics, outdoor power equipment, fitness equipment, power tools and HVAC systems under the Sears and A&E Factory Service brand names**
  - Customers can book an appointment in-store or by phone / online and receive a preliminary diagnosis from trained professionals
  - Appliance repairs are covered by a 90-day satisfaction guarantee
- **Approximately 4,500 trained in-house service techs complemented by over 800 independent contractor firms within 1099 labor network**
  - Home Services has access to total network of 1.5M+ units of repair capacity via its 1099 network(1)
- **Over 40% of technicians have more than 10 years of experience**
- **Provides services in 50 states, the District of Columbia, Guam and Puerto Rico through ~50 district locations and other support locations**

In-Home Call Volume



Appliance Repair Marketplace



Top B2B Customers

American Home Shield, American Water Heaters, asurion, The Cross Country Group, Fidelity National Financial, First American, GE, LG, Lowe's, Nicor Gas (An AGL Resources Company), Samsung, Service Net, Warrantech, 2-10 Home Buyers Warranty

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Service Contracts Overview

Business Overview

•Service Contracts: Leading national provider of service, replacement and home warranty contracts under the Sears, Kmart and A&E Factory Service brand names

•Two primary contracts: Protection Agreements and Home Warranty

- Various coverage and term offers to meet customer repair and replacement needs
- Contracts cover appliances, consumer electronics, outdoor power equipment, fitness equipment, power tools, HVAC systems and select other merchandise
- In 2014, began offering the Sears Home Warranty Plan
  - Single protection plan that covers the repair or replacement of major home appliances and systems regardless of their age, brand or point of sale

•Contracts sold via SHC retail locations (point of sale) and through post purchase / point of need channels, including telemarketing, direct mail, In-Home Repair Services technicians and call center associates

- Currently approximately 10M contracts in force

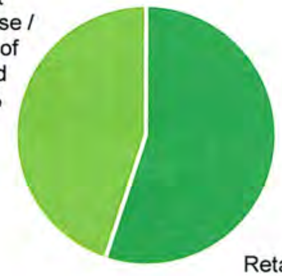
•In-Home: Provides repair services for appliances, consumer electronics, outdoor power equipment, fitness equipment, power tools and HVAC systems under the Sears and A&E Factory Service brand names

- Approximately 5.2 million in-home repair and maintenance events performed for all major brands during 2017

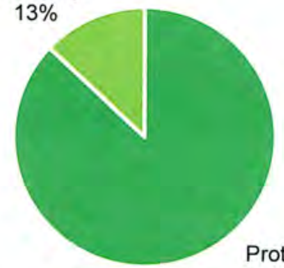
•Will begin offer Protection Agreements underwritten by Assurant in the coming weeks

Portfolio Mix (Service Contracts)

By Origin

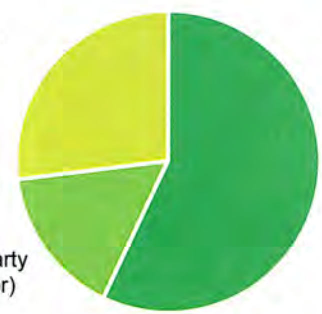


By Contract Type



In Home (by Repair Type)

(Represents call volume by type)



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PartsDirect Overview

Business Overview

•PartsDirect provides repair parts & accessories for most major brand appliances, outdoor power equipment, water heaters and treatment to DIY consumers

•Primarily offer OEM approved replacement parts, with accessories and maintenance products driving incremental sales

•Peak sales period: March through September, coinciding with the Spring and Lawn & Garden season

•Core business in consumer space (via website and phone), with growing marketplace / third party

Channel Strategy

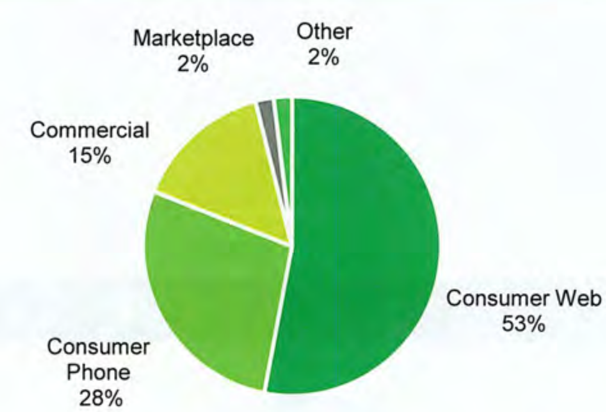
- Provide solutions via web, phone, commercial and third party marketplaces
- Fast-growing third party marketplaces (e.g., Amazon, eBay) primarily under the DIY Repairt Parts brand
- Monetization strategy to leverage parts catalog
- Digital and social media marketing strategy driving increased visits to SPD.com and website rebuild improving conversion rate of users
- ~640 dedicated expert advisors located in 8 call centers assist consumers by phone

Customer / Need Overview

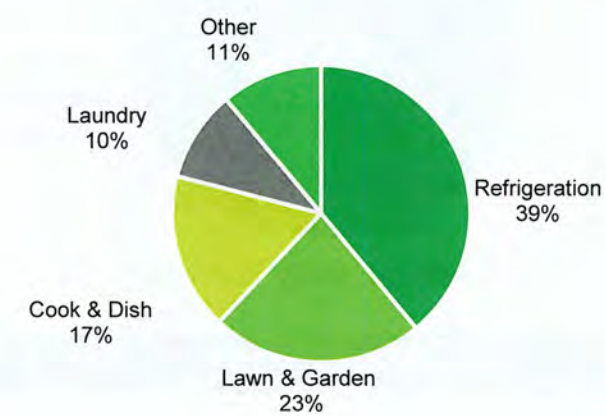
- 60% of customers primary reason for visiting site is to purchase a replacement part for their product (16% to research part replacement)
- 11.5% of purchasers are new to Parts Direct and 42% have done business with Parts Direct in the last 5 years

Portfolio Business Mix[1]

By Channel



By Product



Note:
(1) As of FY2017

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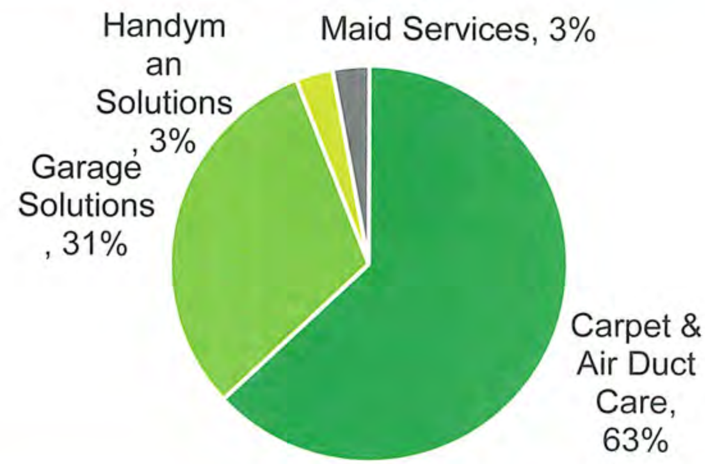
Franchise Overview

Business Overview

- **Franchise services is a leading multi-service franchisor in the residential home service sector**
- **Services include carpet & upholstery care, air duct cleaning & indoor air quality, garage solutions, maid services and handyman solutions**
- **Franchise agreements are generally for a term of 10 years and are renewable**
    - Revenue stream includes initial fee, royalty fee (6-10% of net revenue), monthly IT Support fee, renewal and transfer fee
- **Franchise network managed through operational visits, phone calls, review of vendor statements and sales trends, customer satisfaction scores, background and insurance compliance and annual independent audits**
- **Over 390 active franchise territories across current franchise business models**
    - In more than 375K homes annually
    - Approximately 76% service area coverage nationwide across business models
- **In 2014, began offering handyman and maid services**
- **Approximately 40 corporate employees supporting the franchise network and branches**
    - Functions include operations, IT, marketing and advertising, finance, customer service, R&D and search engine optimization
- **Headquartered in Columbus, OH**

Business Mix



Franchise Locations

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Liquidity Update and Illustrative Store Footprint Scenarios

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Executive Summary (cont.)

In order to assess the potential liquidity requirements to continue to operate 505 stores, we have performed the following analysis:

- Updated the baseline 410 store cash flow forecast through February 16, 2019 to include the following key revisions:
  - New Protection Agreement sales based on partnering with third-party underwriter to continue selling protection agreements across 34 currently suspended states earning 40% commission on gross sales
  - Revised budget includes updated inventory balances and anticipated expenses for the GOB sales
  - Revised Junior DIP financing assumptions to L+11.50%, and 3.0% upfront fee on $350M GACP loan in accordance with proposed term sheet
  - Reduction of the same store sales assumptions from a range of -12.5% to -15.0% to a flat -15.0% throughout the entire 18 week period for all go-forward stores
- Page 8 summarizes the changes in the 410 forecasts by line items; below are the key adjustments/impacts

($ in millions)

Net Availability	February 16, 2019 Net Availability	Adjustments	Revised February 16, 2019 Net Availability
Approved Initial DIP Budget (including 3 weeks of Actual Results)	($80.9)		
Lower PA revenue and receipts		(125.8)	
Additional Junior DIP Financing		50.0	
Higher receipts in first 3 weeks		28.3	
Lower operating expense disbursements		27.5	
Higher interest and fees on Junior DIP		(7.5)	
All Other Adjustments (capex, borrowing base, non-operating receipts, GOB, other)		(20.7)	
Total Revised Assumptions Impact		($48.2)	
Revised 410 Forecast Final Total Liquidity			**($129.2)**

- Additionally, we prepared store footprint scenarios including: 505, 359 and 300 stores
  - GOB assumptions on 11/15: 505 store scenario - 40 stores, 359 scenario – 186 stores, 300 scenario – 245 stores
- We have included for reference, the 10/15/18 Budget with weeks 1-3 updated with actuals and timing variances rolled through ("10/15/18 DIP Budget with Actuals through 11/2/18") which assumed operating 410 stores

1. Max incremental availability capped at $600M

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Liquidity Summary

The table below shows ending liquidity for three different time periods:

($ in millions)

	Total Liquidity (Net Availability + Available Cash)		
Scenario	December 15, 2018	December 29, 2018	February 16, 2019
10/15/18 DIP Budget (410 Stores) *	$138.6	$96.1	($61.2)
10/15/18 DIP Budget with Actuals through 11/2/18	153.4	100.1	(80.9)
Revised DIP Budget (410 Stores) **	137.4	164.8	(129.2)
505 Store Scenario	102.7	114.6	(198.8)
359 Store Scenario	153.3	189.8	(97.5)
300 Store Scenario	179.1	226.1	(53.8)

Based on the updated forecast assumptions, continuing to operate 505 stores through February 16, 2019 as opposed to the 410 stores included in the Initial DIP Budget would require an incremental $70M of liquidity:

($ in millions)

	Incremental Liquidity Cost to Maintain 505 Stores Until:		
Comparison	December 15, 2018	December 29, 2018	February 16, 2019
vs. Revised DIP Budget (410 Stores)	($34.7)	($50.2)	($69.6)
vs. 359 Alternative Store Scenario	($50.6)	($75.2)	($101.3)
vs. 300 Alternative Store Scenario	($76.4)	($111.5)	($145.0)

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410 Store Footprint Comparison

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10/15/18 DIP Budget (410 Stores)*

Initial Approved Budget (Scenario - 410 GFS)

	Month	October			November				December					January				February		Total
	Week	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	Weeks
	Retail Week EoP	10/20/18	10/27/18	11/3/18	11/10/18	11/17/18	11/24/18	12/1/18	12/8/18	12/15/18	12/22/18	12/29/18	1/5/19	1/12/19	1/19/19	1/26/19	2/2/19	2/9/19	2/16/19	
	Unique Week	201837	201838	201839	201840	201841	201842	201843	201844	201845	201846	201847	201848	201849	201850	201851	201852	201901	201902	1-18
	CASH RECEIPTS																			
[1]	Normal Course Net Merchandise Receipts	$107.9	$110.6	$104.8	$91.7	$95.1	$112.8	$161.8	$77.8	$96.8	$97.5	$123.8	$163.6	$88.8	$75.1	$64.1	$61.8	$56.5	$56.4	$1,747.0
[2]	Plus: GOB Sales Receipts	0.0	0.0	40.1	50.9	49.9	91.4	95.4	95.1	93.0	86.2	73.7	67.6	52.8	29.0	25.2	15.8	0.0	0.0	866.0
[3]	Plus: Other Cash Receipts	52.7	55.2	54.6	38.8	39.1	44.5	58.8	31.3	36.4	36.6	43.6	54.3	50.7	50.7	50.7	50.7	38.7	38.7	826.0
[4]	Plus: Non-Operating Receipts	0.0	0.0	2.3	0.0	0.0	0.0	2.8	0.0	0.0	0.0	0.0	1.8	0.0	0.0	0.0	2.3	0.0	0.0	9.2
[5]	Plus: TSA & CSA Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Total Cash Receipts	**$160.6**	**$165.8**	**$201.8**	**$181.5**	**$184.1**	**$248.7**	**$318.8**	**$204.1**	**$226.1**	**$220.2**	**$241.1**	**$287.2**	**$192.3**	**$154.8**	**$140.0**	**$130.6**	**$95.1**	**$95.1**	**$3,448.2**
	OPERATING DISBURSEMENTS																			
[6]	Merchandise Vendors	$64.7	$77.9	$80.0	$74.3	$61.0	$79.0	$80.9	$45.2	$55.0	$87.8	$80.0	$53.6	$54.3	$49.5	$46.7	$44.8	$41.1	$44.5	$1,120.3
[7]	Occupancy	0.0	0.0	0.0	13.2	1.5	0.0	0.0	11.0	3.7	0.0	0.0	0.0	14.7	0.0	0.0	0.0	11.0	3.7	58.8
[8]	Payroll, Taxes, and Benefits	47.5	30.9	73.8	32.0	61.1	32.6	74.3	40.3	41.9	34.0	46.3	33.2	43.1	29.2	29.3	43.1	32.4	35.5	760.3
[9]	Other SG&A Disbursements	77.9	81.5	61.5	73.3	60.2	66.3	82.7	75.3	64.6	73.1	67.3	65.6	72.3	68.1	65.3	61.9	58.9	52.5	1,228.1
[10]	GOB Rent	0.0	0.0	0.0	17.4	1.9	0.0	0.0	14.5	4.8	0.0	0.0	0.0	14.8	0.0	0.0	0.0	0.0	0.0	53.4
[11]	GOB Add'l Expenses	0.0	0.0	8.5	8.6	8.7	16.7	16.9	17.0	17.2	17.2	16.9	16.7	16.5	8.3	8.2	8.0	0.0	0.0	185.3
[12]	GOB Liquidator Fees	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.6
[13]	Less: GOB Store Level Expenses Add-Back	0.0	0.0	(4.8)	(4.8)	(4.8)	(9.9)	(9.9)	(9.9)	(9.9)	(9.9)	(9.9)	(9.9)	(9.9)	(10.7)	(10.7)	(10.7)	(14.8)	(14.8)	(155.6)
	Total Operating Disbursements	**$190.1**	**$190.2**	**$219.0**	**$214.2**	**$189.6**	**$184.6**	**$244.9**	**$193.5**	**$177.3**	**$202.2**	**$200.5**	**$159.2**	**$205.6**	**$144.3**	**$138.8**	**$147.1**	**$128.6**	**$121.4**	**$3,251.2**
[14]	Less: CapEx	1.4	1.7	1.1	1.7	1.2	1.1	1.1	1.1	1.4	1.0	0.9	1.1	1.1	0.9	1.2	1.1	1.6	1.7	22.2
	Net Cash Flow	**($30.9)**	**($26.2)**	**($18.3)**	**($34.4)**	**($6.7)**	**$63.1**	**$72.8**	**$9.6**	**$47.4**	**$17.0**	**$39.8**	**$126.9**	**($14.4)**	**$9.6**	**$0.1**	**($17.5)**	**($35.1)**	**($28.0)**	**$174.8**
	NON-OPERATING CASH FLOW																			
[15]	Utility Deposits	$6.7	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$6.7
[16]	Less: Professional Fees	0.0	0.0	0.0	0.0	2.0	0.0	0.0	0.0	12.4	0.0	0.0	0.0	0.0	12.5	0.0	0.0	0.0	18.5	45.4
[17]	Critical Vendor Payments	19.6	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	98.0
[18]	Insurance Payments	1.4	1.4	1.4	0.7	0.7	0.7	0.7	0.3	0.3	0.3	0.3	0.3	0.0	0.0	0.0	0.0	0.0	0.0	8.6
[19]	Gift Card Redemptions	1.3	1.3	1.3	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	0.0	0.0	0.0	0.0	0.0	0.0	14.9
[20]	KEIP / KERP	0.0	0.0	6.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.3	0.0	0.0	0.0	0.0	0.0	12.5
[21]	Credit Card Holdbacks	2.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.2
[22]	PTO	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.2	0.0	0.0	0.0	3.3	0.0	0.0	7.5
[23]	Post-Petition TSA/CSA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Chapter 11 Related	**$31.3**	**$12.5**	**$18.8**	**$11.7**	**$13.7**	**$11.7**	**$11.7**	**$11.3**	**$23.7**	**$1.5**	**$1.5**	**$5.7**	**$6.3**	**$12.5**	**$0.0**	**$3.3**	**$0.0**	**$18.5**	**$195.7**
[26]	Less: Cash Interest	3.7	3.6	3.7	3.8	3.9	3.9	3.9	3.9	3.9	3.8	3.8	3.7	3.8	3.9	3.9	3.9	3.9	4.0	68.8
[27]	Less: Financing Fees	22.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	22.5
	Total Other Non-Operating Disbursements	**$26.2**	**$3.6**	**$3.7**	**$3.8**	**$3.9**	**$3.9**	**$3.9**	**$3.9**	**$3.9**	**$3.8**	**$3.8**	**$3.7**	**$3.8**	**$3.9**	**$3.9**	**$3.9**	**$3.9**	**$4.0**	**$91.3**
[28]	Unencumbered Leases	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
[29]	Unencumbered RE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8.9	8.9	8.9	8.9	8.9	8.9	53.4
	Total Asset Sales	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$8.9**	**$8.9**	**$8.9**	**$8.9**	**$8.9**	**$8.9**	**$53.4**
[30]	**Net Cash Flow Before ABL Paydown, ex TL**	**($88.4)**	**($42.3)**	**($40.8)**	**($49.9)**	**($24.3)**	**$47.5**	**$57.2**	**($5.6)**	**$19.9**	**$11.7**	**$34.5**	**$117.5**	**($15.6)**	**$2.2**	**$5.1**	**($15.8)**	**($30.1)**	**($41.6)**	**($58.9)**
[31]	Term Loan Draw	$111.9	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$111.9
	Net Cash Flow Before ABL Paydown, w/TL	**$23.5**	**($42.3)**	**($40.8)**	**($49.9)**	**($24.3)**	**$47.5**	**$57.2**	**($5.6)**	**$19.9**	**$11.7**	**$34.5**	**$117.5**	**($15.6)**	**$2.2**	**$5.1**	**($15.8)**	**($30.1)**	**($41.6)**	**$53.0**
[32]	Other Financing	$2.4	$42.3	$40.8	$49.9	$24.3	($47.5)	($57.2)	$5.6	($19.9)	($11.7)	($34.5)	($117.5)	$15.6	($2.2)	($5.1)	$15.8	$30.1	$41.6	($27.1)
	Net Cash Flow	**($86.0)**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**($86.0)**
	Available Cash	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	$0.0
	Net Availability	278.4	241.3	312.7	231.3	183.0	154.7	237.3	175.1	~~138.6~~	99.0	~~96.1~~	133.4	85.1	69.0	36.1	(10.5)	(27.3)	(61.2)	~~($61.2)~~
[33]	**Memo: Total Liquidity (Availability + Cash)**	**$278.4**	**$241.3**	**$312.7**	**$231.3**	**$183.0**	**$154.7**	**$237.3**	**$175.1**	**$138.6**	**$99.0**	**$96.1**	**$133.4**	**$85.1**	**$69.0**	**$36.1**	**($10.5)**	**($27.3)**	**($61.2)**	**($61.2)**
	Memo: Windown Reserve	*$0.0*	*$0.0*	*$0.0*	*$0.0*	*$0.0*	*$0.0*	*$0.0*	*$0.0*	*$0.0*	*$0.0*	*$0.0*	*$0.0*	*$8.9*	*$17.8*	*$26.7*	*$35.6*	*$44.5*	*$53.4*	*$53.4*
	Memo: Merchandise COGS	*76.6*	*78.5*	*74.4*	*65.1*	*67.5*	*114.9*	*80.1*	*55.2*	*68.7*	*69.2*	*87.9*	*116.1*	*63.0*	*53.3*	*45.5*	*43.9*	*$40.2*	*$40.1*	*1,240.5*
	Memo: GOB COGS	*0.0*	*0.0*	*26.2*	*30.0*	*32.3*	*59.7*	*64.9*	*66.5*	*70.0*	*69.3*	*66.0*	*62.8*	*56.3*	*30.1*	*27.5*	*23.6*	*$0.0*	*$0.0*	*685.1*

* Filed with Bankruptcy Court on 10/15/18

HIGHLY CONFIDENTIAL; SUBJECT TO FRE 408; FOR DISCUSSION PURPOSES ONLY; SUBJECT TO CONFIDENTIALITY PROVISIONS OF THE COMMITTEE BYLAWS; NOT FOR DISTRIBUTION BEYOND MEETING PARTICIPANTS

10/15/18 DIP Budget with Actuals through 11/2/18

Project Blue - Rolling 13-Week DIP Budget (3 + 13)

	Month	October			November				December					January				February		Total	Total
	Forecast Week	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	Weeks	Weeks
	Actual / Forecast	ACT	ACT	ACT	FCST	FCST	FCST	FCST	FCST	FCST	FCST	FCST	FCST	FCST	FCST	FCST	FCST	FCST	FCST		
	Week EoP	10/20/18	10/27/18	11/3/18	11/10/18	11/17/18	11/24/18	12/1/18	12/8/18	12/15/18	12/22/18	12/29/18	1/5/19	1/12/19	1/19/19	1/26/19	2/2/19	2/9/19	2/16/19		
	Unique Week	201837	201838	201839	201840	201841	201842	201843	201844	201845	201846	201847	201848	201849	201850	201851	201852	201901	201902	1-13	1-18
	CASH RECEIPTS																				
[1]	Normal Course Net Merchandise Receipts	$127.0	$111.6	151.0	$91.7	$95.1	$112.8	$161.8	$77.8	$96.8	$97.5	$123.8	$163.6	$88.8	$75.1	$64.1	$61.8	$56.5	$56.4	$1,499.3	$1,813.2
[2]	GOB Sales Receipts	0.0	0.0	0.0	50.9	49.9	91.4	95.4	95.1	93.0	86.2	73.7	67.6	52.8	29.0	25.2	15.8	0.0	0.0	755.9	825.9
[3]	Other Cash Receipts	64.7	56.9	41.1	38.8	39.1	44.5	58.8	31.3	36.4	36.5	43.6	54.3	50.7	50.7	50.7	50.7	38.7	38.7	596.9	826.4
[4]	Non-Operating Receipts	0.0	0.0	4.9	0.0	0.0	0.0	2.8	0.0	0.0	0.0	0.0	1.8	0.0	0.0	0.0	2.3	0.0	0.0	9.5	11.8
[5]	TSA & CSA Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	-
	Total Operating Receipts	**$191.7**	**$168.5**	**$197.0**	**$181.5**	**$184.1**	**$248.7**	**$318.8**	**$204.2**	**$226.2**	**$220.2**	**$241.1**	**$287.3**	**$192.3**	**$154.8**	**$140.0**	**$130.6**	**$95.2**	**$95.1**	**$2,861.6**	**$3,477.4**
	OPERATING DISBURSEMENTS																				
[6]	Merchandise Vendors	$21.0	$71.1	$52.0	$90.0	$76.7	$94.7	$96.6	$60.9	$55.0	$87.8	$80.0	$53.6	$54.3	$49.5	$46.7	$44.8	$45.9	$49.6	$893.7	$1,130.3
[7]	Occupancy	0.0	0.0	0.0	13.2	1.5	0.0	0.0	11.0	3.7	0.0	0.0	0.0	14.7	0.0	0.0	0.0	11.0	3.7	44.1	58.8
[8]	Payroll, Taxes, and Benefits	44.0	27.8	65.2	32.0	61.1	32.6	74.3	40.3	41.9	34.0	46.3	33.2	43.1	29.2	29.3	43.1	32.4	35.5	575.7	745.1
[9]	Other SG&A Disbursements	15.9	52.9	46.1	94.2	81.1	87.2	103.6	96.2	64.6	73.1	67.3	65.6	72.3	68.1	65.3	61.9	58.9	52.5	920.0	1,226.7
[10]	GOB Rent	0.0	0.0	0.0	17.4	1.9	0.0	0.0	14.5	4.8	0.0	0.0	0.0	14.8	0.0	0.0	0.0	0.0	0.0	53.4	53.4
[10]	GOB Addt'l Expenses	0.0	0.0	0.0	8.6	8.7	16.7	16.9	17.0	17.2	17.2	16.9	16.7	16.5	8.3	8.2	8.0	0.0	0.0	152.4	176.9
[10]	GOB Liquidator Fees	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.4	0.6
[10]	Less: GOB Store Level Expenses Add-Back	0.0	0.0	0.0	(4.8)	(4.8)	(9.9)	(9.9)	(9.9)	(9.9)	(9.9)	(9.9)	(9.9)	(9.9)	(10.7)	(10.7)	(10.7)	(10.7)	(10.4)	(89.1)	(142.4)
	Total Operating Disbursements	**$80.9**	**$151.7**	**$163.3**	**$250.8**	**$226.3**	**$221.2**	**$281.5**	**$230.2**	**$177.3**	**$202.2**	**$200.5**	**$159.2**	**$205.6**	**$144.3**	**$138.8**	**$147.1**	**$137.5**	**$130.9**	**$2,550.7**	**$3,249.3**
[11]	Less: CapEx	0.0	0.0	0.0	1.7	1.2	1.1	1.1	1.1	1.4	1.0	0.9	1.1	1.1	0.9	1.2	1.1	1.6	1.7	11.5	17.9
	Net Cash Flow	**$110.8**	**$16.8**	**$33.8**	**($71.0)**	**($43.3)**	**$26.4**	**$36.2**	**($27.0)**	**$47.5**	**$17.0**	**$39.8**	**$127.0**	**($14.4)**	**$9.6**	**$0.1**	**($17.5)**	**($44.0)**	**($37.5)**	**$299.5**	**$210.1**
	NON-OPERATING CASH FLOW																				
[12]	Utility Deposits	$0.0	$0.0	$0.0	$0.0	$9.2	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$9.2	$9.2
[13]	Professional Fees	0.0	0.0	0.0	0.0	2.0	0.0	0.0	0.0	17.4	0.0	0.0	0.0	0.0	15.9	0.0	0.0	0.0	23.5	19.4	58.8
[14]	Critical Trade Motion	0.0	9.1	0.0	15.0	15.0	15.0	15.0	11.0	9.0	8.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	98.0	98.0
[15]	Insurance Payments	0.0	0.0	0.0	0.0	4.3	4.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8.6	8.6
[16]	Gift Card Redemptions	0.0	0.0	0.0	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	0.0	0.0	0.0	0.0	0.0	0.0	10.9	10.9
[17]	KEIP / KERP	0.0	0.0	0.0	0.0	0.0	6.3	0.0	0.0	0.0	0.0	0.0	0.0	6.3	0.0	0.0	0.0	0.0	0.0	12.6	12.6
[18]	Credit Card Holdbacks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	-
	PTO	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.2	0.0	0.0	0.0	3.3	0.0	0.0	4.2	7.5
	Post-Petition TSA/CSA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	-
	Chapter 11 Related	**$0.0**	**$9.1**	**$0.0**	**$16.2**	**$31.8**	**$26.8**	**$16.2**	**$12.2**	**$27.6**	**$10.1**	**$1.2**	**$5.4**	**$6.3**	**$15.9**	**$0.0**	**$3.3**	**$0.0**	**$23.5**	**$162.9**	**$205.6**
[19]	Cash Interest	$0.9	$1.1	$1.1	$4.0	$4.0	$3.9	$3.9	$4.0	$4.0	$4.0	$4.0	$3.9	$4.0	$4.0	$4.0	$4.0	$4.1	$4.1	$42.8	$63.1
[20]	Financing Fees	10.3	0.0	0.0	0.0	13.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	23.8	23.8
	Total Other Non-Operating Disbursements	**$11.2**	**$1.1**	**$1.1**	**$4.0**	**$17.5**	**$3.9**	**$3.9**	**$4.0**	**$4.0**	**$4.0**	**$4.0**	**$3.9**	**$4.0**	**$4.0**	**$4.0**	**$4.0**	**$4.1**	**$4.1**	**$66.6**	**$86.9**
[21]	Unencumbered Leases	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
[22]	Unencumbered RE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8.9	8.9	8.9	8.9	8.9	8.9	8.9	53.4
	Total Asset Sales	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$8.9**	**$8.9**	**$8.9**	**$8.9**	**$8.9**	**$8.9**	**$8.9**	**$53.4**
[24]	**Net Cash Flow Before ABL paydown, ex TL**	**$99.6**	**$6.6**	**$32.7**	**($91.2)**	**($92.6)**	**($4.3)**	**$16.0**	**($43.3)**	**$15.9**	**$2.9**	**$34.6**	**$117.7**	**($15.7)**	**($1.4)**	**$5.0**	**($16.0)**	**($39.2)**	**($56.2)**	**$78.9**	**($28.9)**
	TL Draws	$111.9	$0.0	$0.0	$0.0	$111.9	$0.0	$94.1	$0.0	$0.0	$0.0	$0.0	$0.0	$94.1	$0.0	$0.0	$0.0	$0.0	$0.0	$411.9	$411.9
	Net Cash Flow Before ABL paydown, w/ TL	**$211.5**	**$6.6**	**$32.7**	**($91.2)**	**$19.3**	**($4.3)**	**$110.1**	**($43.3)**	**$15.9**	**$2.9**	**$34.6**	**$117.7**	**$78.3**	**($1.4)**	**$5.0**	**($16.0)**	**($39.2)**	**($56.2)**	**$490.8**	**$383.0**
[25]	ABL Revolver Draws / (Paydowns)	$0.0	$0.0	$0.0	$0.0	($262.7)	$4.3	($110.1)	$43.3	($15.9)	($2.9)	($34.6)	($117.7)	($78.3)	$1.4	($5.0)	$16.0	$39.2	$56.2	($574.6)	($466.8)
[26]	**Net Cash Flow after Financing**	**$211.5**	**$6.6**	**$32.7**	**($91.2)**	**($243.3)**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**($83.8)**	**($83.8)**
[27]	**Available Cash**	$295.3	$301.9	$334.6	$243.3	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
[28]	**Net Availability** [1]	155.5	115.0	66.5	93.7	329.1	247.8	289.5	189.6	~~153.4~~	104.0	~~100.1~~	137.0	91.1	73.5	39.7	(8.1)	(36.3)	(80.9)	91.1	~~(80.9)~~
[29]	**Memo: Total Liquidity (Availability + Cash)**	**$450.8**	**$416.9**	**$401.1**	**$337.1**	**$329.1**	**$247.8**	**$289.5**	**$189.6**	**$153.4**	**$104.0**	**$100.1**	**$137.0**	**$91.1**	**$73.5**	**$39.7**	**($8.1)**	**($36.3)**	**($80.9)**	**$91.1**	**($80.9)**
	Wind-Down Reserve Balance	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$8.9	$17.8	$26.7	$35.6	$44.5	$53.4	$8.9	$53.4
	Memo: Merchandise COGS	133.0	135.2	133.7	65.1	67.5	114.9	80.1	55.2	68.7	69.2	87.9	116.1	63.0	53.3	45.5	43.9	40.1	40.1	1,189.8	1,412.7
	Memo: GOB COGS	NA	NA	NA	30.0	32.3	59.7	64.9	66.5	70.0	69.3	66.0	62.8	56.3	30.1	27.5	23.6	0.0	0.0	577.7	658.8
	Memo: Borrowing Base	1,798.5	1,757.9	1,709.4	1,736.7	1,709.3	1,632.4	1,564.0	1,507.3	1,455.2	1,403.0	1,364.5	1,283.7	1,159.5	1,143.3	1,104.5	1,072.7	1,083.6	1,095.2	1,159.5	1,095.2
	Memo: Sr DIP & 1L Borrowings	1,642.9	1,642.9	1,642.9	1,642.9	1,380.3	1,384.6	1,274.5	1,317.7	1,301.9	1,299.0	1,264.4	1,146.7	1,068.4	1,069.7	1,064.8	1,080.7	1,119.9	1,176.1	1,068.4	1,176.1
	Memo: Jr DIP Borrowings	-	-	-	-	111.9	111.9	206.0	206.0	206.0	206.0	206.0	206.0	300.0	300.0	300.0	300.0	300.0	300.0	300.0	300.0

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Summary Bridge: (10/15/18 DIP Budget with 3 weeks of actual vs. Revised DIP Budget)

	Actualized DIP Budget 18 Weeks	Updated 410 Budget 18 Weeks	Variance B / (W) 18 Weeks	Notes
CASH RECEIPTS				
Normal Course Net Merchandise Receipts	$1,813.2	$1,841.5	$28.3	Includes aggregated Wave 1 GOB sales (Actuals through Week 3)
Plus: GOB Sales Receipts	825.9	811.6	(14.3)	A portion of GOB sales are comingled with normal course receipts; to be updated when GOB reporitng in place
Plus: Other Cash Receipts	826.4	700.7	(125.8)	Change to PA sales plan and based on new underwriting partner and temporary sales dislocation
Plus: Non-Operating Receipts	11.8	6.8	(5.0)	Does not include 3 weeks of actuals aggregated into net other cash receipts
Plus: TSA & CSA Receipts	0.0	0.0	0.0	Line now included for scenario analysis purposes - No assumption in baseline model
Total Cash Receipts	**$3,477.4**	**$3,360.6**	**($116.8)**	
OPERATING DISBURSEMENTS				
Merchandise Vendors	$1,130.3	$1,121.6	$8.6	Lower disbursements than forecast due to short-term transportation bottlenecks
Occupancy	58.8	92.3	(33.5)	Reclassification of DC rent to Occupancy cost
Payroll, Taxes, and Benefits	745.1	743.8	1.3	No material changes to forecast - *still pending update from SG&A team*
Other SG&A Disbursements	1226.7	1208.7	17.9	Includes: reclassification of DC rent to Occupancy cost, update of Company non-merch forecast, change in forecasting aggregation methodogy, and captures yet-to-be-allocated GOB expenses
GOB Rent	53.4	41.9	11.5	To be updated following initial GOB reporting; potential offsets across other GOB expenses
GOB Addt'l Expenses	176.9	135.6	41.3	A significant portion of GOB expenses are comingled with SG&A disbursements; to be updated when GOB reporting in place
GOB Liquidator Fees	0.6	0.4	0.1	No material changes to forecast
Less: GOB Store Level Expenses Add-Back	(142.4)	(128.0)	(14.4)	To be updated following initial GOB reporting
Total Operating Disbursements	**$3,249.3**	**$3,216.4**	**$32.9**	
Less: CapEx	17.9	16.8	1.1	Week 1-3 actuals lower than forecast - treated as permanent
Net Cash Flow	**$210.1**	**$127.4**	**($82.8)**	
NON-OPERATING CASH FLOW				
Chapter 11 Related	205.6	205.6	0.0	*Weeks-1-3 variances treated as timing*
Less: Cash Interest	63.1	68.4	(5.3)	Reflects Junior DIP interest
Less: Financing Fees	23.8	26.1	(2.3)	Includes Junior DIP fees
Total Other Non-Operating Disbursements	**$86.9**	**$94.4**	**($7.5)**	
Unencumbered Assets	53.4	53.4	0.0	No material changes to assumptions in baseline model
Excess Proceeds	0.0	0.0	0.0	Line now included for scenario analysis purposes - No assumption in baseline model
Total Asset Sales	**$53.4**	**$53.4**	**$0.0**	
Net Cash Flow Before ABL Paydown, ex TL	(28.9)	(119.2)	(90.3)	Negative variance primarily attributable to reforecast of PA sales
Other Financing	(466.8)	(77.7)	389.1	Reclassification of $350mm Junior DIP + $95mm additional financing need due to cash burn
Net Cash Flow	**($83.8)**	**($85.0)**	**($1.2)**	
Available Cash - Ending	0.0	0.0	0.0	
Net Availability	(80.9)	(129.2)	(48.2)	
Memo: Total Liquidity (Availability + Cash)	**($80.9)**	**($129.2)**	**($48.2)**	
Memo: Wind-down Reserve Balance	53.4	53.4	0.0	
Memo: Merchandise COGS	1,412.7	1,164.9	(247.8)	
Memo: GOB COGS	658.8	661.6	2.8	
Memo: Borrowing Base	1,095.2	1,086.1	(9.1)	
Memo: Sr. DIP & 1L Borrowings	1,176.1	1,215.2	39.1	

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Revised DIP Budget (410 Stores)

Project Blue - Cash Flow Forecast, Go-Forward Same-Store Sales of (15.0%) with 410 Go-Forward Stores

	Month	October			November				December					January				February		Total
	Week	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	Weeks
	Retail Week EoP	10/20/18	10/27/18	11/3/18	11/10/18	11/17/18	11/24/18	12/1/18	12/8/18	12/15/18	12/22/18	12/29/18	1/5/19	1/12/19	1/19/19	1/26/19	2/2/19	2/9/19	2/16/19	
	Unique Week	201837	201838	201839	201840	201841	201842	201843	201844	201845	201846	201847	201848	201849	201850	201851	201852	201901	201902	1-18
	CASH RECEIPTS																			
[1]	Normal Course Net Merchandise Receipts	$133.1	$111.6	$151.0	$94.4	$111.2	$81.9	$167.7	$81.9	$102.2	$100.1	$125.6	$168.2	$91.1	$76.5	$65.6	$63.2	$58.2	$58.0	$1,841.5
[2]	Plus: GOB Sales Receipts	0.0	0.0	0.0	52.5	50.3	90.3	95.3	96.4	90.0	83.9	74.5	64.5	50.1	27.6	21.8	14.5	0.0	0.0	811.6
[3]	Plus: PA Sales	2.5	11.1	4.9 1	2.3	6.0	6.1	9.3	7.7	6.4	6.7	6.2	6.3	6.8	7.1	6.7	6.4	6.6	6.2	115.1
[4]	Plus: Other Cash Receipts	50.7	45.8	41.1	20.0	20.0	20.0	20.0	24.5	24.5	24.5	24.5	24.5	40.9	40.9	40.9	40.9	40.9	40.9	585.5
[5]	Plus: Non-Operating Receipts	0.0	0.0	0.0	0.0	0.0	0.0	2.7	0.0	0.0	0.0	0.0	1.8	0.0	0.0	0.0	2.3	0.0	0.0	6.8
[6]	Plus: TSA & CSA Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Total Cash Receipts	**$186.3**	**$168.5**	**$197.0**	**$169.2**	**$187.6**	**$198.3**	**$295.1**	**$210.4**	**$223.1**	**$215.1**	**$230.8**	**$265.2**	**$189.0**	**$152.1**	**$134.9**	**$127.2**	**$105.6**	**$105.1**	**$3,360.6**
	OPERATING DISBURSEMENTS																			
[7]	Merchandise Vendors	$21.0	$71.1	$52.0	$86.1	$91.5	$98.8	$76.5	$71.9	$80.7	$73.2	$44.3	$46.0	$52.9	$50.3	$48.4	$49.5	$53.4	$54.0	$1,121.6
[8]	Occupancy	0.0	0.0	0.0	17.8	3.1	1.2	1.2	15.1	5.8	1.2	1.2	1.2	19.7	1.2	1.2	1.2	15.1	5.8	92.3
[9]	Payroll, Taxes, and Benefits	44.0	27.8	65.2	31.1	59.7	31.4	72.8	39.3	62.7	33.2	42.1	31.2	39.3	27.2	26.6	43.0	29.5	37.6	743.8
[10]	Other SG&A Disbursements	15.9	52.9	46.1	95.7	79.1	89.7	101.6	89.6	57.8	77.6	65.1	61.5	65.3	57.0	67.3	56.6	70.2	59.6	1,208.7
[11]	GOB Rent	0.0	0.0	0.0	14.0	1.6	0.0	0.0	11.7	3.9	0.0	0.0	0.0	10.7	0.0	0.0	0.0	0.0	0.0	41.9
[11]	GOB Addt'l Expenses	0.0	0.0	0.0	6.8	6.8	12.9	13.1	13.2	13.3	13.2	13.1	12.9	12.6	6.1	5.9	5.8	0.0	0.0	135.6
[11]	GOB Liquidator Fees	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.4
[11]	Less: GOB Store Level Expenses Add-Back	0.0	0.0	0.0	(5.5)	(5.5)	(10.6)	(10.6)	(9.4)	(9.4)	(9.4)	(9.4)	(9.4)	(8.0)	(8.0)	(8.0)	(8.0)	(8.2)	(8.2)	(128.0)
	Total Operating Disbursements	**$80.9**	**$151.7**	**$163.3**	**$246.2**	**$236.1**	**$223.5**	**$254.6**	**$231.4**	**$214.8**	**$189.1**	**$156.5**	**$143.5**	**$192.6**	**$133.7**	**$141.5**	**$148.1**	**$160.0**	**$148.9**	**$3,216.4**
[12]	Less: CapEx	0.0	0.0	0.0	1.7	1.2	1.1	1.1	1.1	1.4	1.0	0.9	1.1	1.1	0.9	1.2	1.1	1.1	1.1	16.8
	Net Cash Flow	**$105.4**	**$16.8**	**$33.8**	**($78.7)**	**($49.7)**	**($26.2)**	**$39.4**	**($22.0)**	**$6.9**	**$25.0**	**$73.5**	**$120.6**	**($4.7)**	**$17.5**	**($7.7)**	**($22.0)**	**($55.5)**	**($45.0)**	**$127.4**
	NON-OPERATING CASH FLOW																			
[13]	Utility Deposits	$0.0	$0.0	$0.0	$0.0	$9.2	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$9.2
[14]	Less: Professional Fees	0.0	0.0	0.0	0.0	2.0	0.0	0.0	0.0	17.4	0.0	0.0	0.0	0.0	15.9	0.0	0.0	0.0	23.5	58.8
[15]	Critical Vendor Payments	0.0	9.1	0.0	15.0	15.0	15.0	15.0	11.0	9.0	8.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	98.0
[16]	Insurance Payments	0.0	0.0	0.0	0.0	4.3	4.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8.6
[17]	Gift Card Redemptions	0.0	0.0	0.0	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	0.0	0.0	0.0	0.0	0.0	0.0	10.9
[18]	KEIP / KERP	0.0	0.0	0.0	0.0	0.0	6.3	0.0	0.0	0.0	0.0	0.0	0.0	6.3	0.0	0.0	0.0	0.0	0.0	12.6
[19]	Credit Card Holdbacks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
[20]	PTO	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.2	0.0	0.0	0.0	3.3	0.0	0.0	7.5
[21]	Post-Petition TSA/CSA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Chapter 11 Related	**$0.0**	**$9.1**	**$0.0**	**$16.2**	**$31.8**	**$26.8**	**$16.2**	**$12.2**	**$27.6**	**$10.1**	**$1.2**	**$5.4**	**$6.3**	**$15.9**	**$0.0**	**$3.3**	**$0.0**	**$23.5**	**$205.6**
[22]	Less: Cash Interest	$0.9	$1.1	$1.1	$4.1	$4.1	$3.9	$3.6	$3.8	$4.2	$4.5	$4.5	$4.6	$4.6	$4.7	$4.7	$4.7	$4.7	$4.7	$68.4
[23]	Less: Financing Fees	10.3	0.0	0.0	0.0	8.8	0.0	0.0	0.0	0.0	7.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	26.1
	Total Other Non-Operating Disbursements	**$11.2**	**$1.1**	**$1.1**	**$4.1**	**$12.9**	**$3.9**	**$3.6**	**$3.8**	**$4.2**	**$11.5**	**$4.5**	**$4.6**	**$4.6**	**$4.7**	**$4.7**	**$4.7**	**$4.7**	**$4.7**	**$94.4**
[24]	Unencumbered Assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8.9	8.9	8.9	8.9	8.9	8.9	53.4
[25]	Excess Proceeds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Total Asset Sales	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$8.9**	**$8.9**	**$8.9**	**$8.9**	**$8.9**	**$8.9**	**$53.4**
[26]	**Net Cash Flow Before ABL Paydown, ex TL**	**$94.2**	**$6.6**	**$32.7**	**($99.0)**	**($94.4)**	**($56.9)**	**$19.5**	**($38.0)**	**($24.9)**	**$3.4**	**$67.7**	**$110.6**	**($6.6)**	**$5.9**	**($3.4)**	**($21.0)**	**($51.3)**	**($64.3)**	**($119.2)**
[27]	Term Loan Draw	$111.9	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$111.9
[28]	**Net Cash Flow Before ABL Paydown, w/TL**	**$206.1**	**$6.6**	**$32.7**	**($99.0)**	**($94.4)**	**($56.9)**	**$19.5**	**($38.0)**	**($24.9)**	**$3.4**	**$67.7**	**$110.6**	**($6.6)**	**$5.9**	**($3.4)**	**($21.0)**	**($51.3)**	**($64.3)**	**($7.3)**
[29]	Other Financing	$0.0	$0.0	$0.0	$0.0	($136.9)	$56.9	($19.5)	$38.0	$24.9	($3.4)	($67.7)	($110.6)	$6.6	($5.9)	$3.4	$21.0	$51.3	$64.3	($77.7)
	Net Cash Flow	**$206.1**	**$6.6**	**$32.7**	**($99.0)**	**($231.3)**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**($85.0)**
[30]	Available Cash	296.5	297.7	330.4	231.3	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
[31]	Net Availability	155.5	115.0	66.5	82.1	173.5	89.5	160.4	204.3	137.4	100.0	164.8	177.9	49.4	41.1	5.5	(41.4)	(79.7)	(129.2)	(129.2)
[32]	**Memo: Total Liquidity (Availability + Cash)**	**$452.0**	**$412.7**	**$396.9**	**$313.4**	**$173.5**	**$89.5**	**$160.4**	**$204.3**	**$137.4**	**$100.0**	**$164.8**	**$177.9**	**$49.4**	**$41.1**	**$5.5**	**($41.4)**	**($79.7)**	**($129.2)**	**($129.2)**
	Memo: Wind-down Reserve Balance		$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$8.9	$17.8	$26.7	$35.6	$44.5	$53.4	$53.4
	Memo: Merchandise COGS		74.1	64.3	67.0	79.0	58.2	119.1	58.2	72.6	71.1	89.2	119.4	64.7	54.3	46.6	44.8	41.3	41.2	1,164.9
	Memo: GOB COGS		0.0	26.5	30.7	31.5	58.3	64.4	65.8	67.2	66.4	66.0	58.5	53.1	27.8	23.5	21.7	0.0	0.0	661.6
	Memo: Borrowing Base	1,798.5	1,757.9	1,709.4	1,725.0	1,679.5	1,652.4	1,553.8	1,485.7	1,443.7	1,402.9	1,350.0	1,252.5	1,130.5	1,116.3	1,084.1	1,058.2	1,071.2	1,086.1	
	Memo: Sr. DIP & 1L Borrowings	1,642.9	1,642.9	1,642.9	1,642.9	1,506.0	1,562.9	1,393.4	1,281.4	1,306.3	1,302.9	1,185.2	1,074.5	1,081.1	1,075.2	1,078.6	1,099.6	1,150.9	1,215.2	
	Memo: Jr DIP Borrowings	0.0	0.0	0.0	0.0	0.0	0.0	150.0	300.0	300.0	300.0	350.0	350.0	350.0	350.0	350.0	350.0	350.0	350.0	

1. Includes other cash receipts and SHS inflows due to one-week lag in allocation actualization process

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Additional Store Footprint Scenarios

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505 Store Scenario

Project Blue - Cash Flow Forecast, Go-Forward Same-Store Sales of (15.0%) with 505 Go-Forward Stores

	Month	October			November				December					January				February		Total
	Week	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	Weeks
	Retail Week EoP	10/20/18	10/27/18	11/3/18	11/10/18	11/17/18	11/24/18	12/1/18	12/8/18	12/15/18	12/22/18	12/29/18	1/5/19	1/12/19	1/19/19	1/26/19	2/2/19	2/9/19	2/16/19	
	Unique Week	201837	201838	201839	201840	201841	201842	201843	201844	201845	201846	201847	201848	201849	201850	201851	201852	201901	201902	1-18
	CASH RECEIPTS																			
[1]	Normal Course Net Merchandise Receipts	$133.1	$111.6	$151.0	$94.4	$111.2	$96.4	$201.4	$96.4	$120.2	$117.2	$148.7	$197.8	$106.8	$89.1	$77.0	$74.4	$67.8	$67.6	$2,062.2
[2]	Plus: GOB Sales Receipts	0.0	0.0	0.0	52.5	50.3	65.5	63.7	64.8	56.7	51.5	41.8	36.1	26.3	7.6	6.3	4.2	0.0	0.0	527.3
[3]	Plus: PA Sales	2.5	11.1	4.9[1]	2.3	6.0	6.1	9.3	7.7	6.4	6.7	6.2	6.3	6.8	7.1	6.7	6.4	6.6	6.2	115.1
[4]	Plus: Other Cash Receipts	50.7	45.8	41.1	20.0	20.0	20.0	20.0	24.5	24.5	24.5	24.5	24.5	40.9	40.9	40.9	40.9	40.9	40.9	585.5
[5]	Plus: Non-Operating Receipts	0.0	0.0	0.0	0.0	0.0	0.0	2.7	0.0	0.0	0.0	0.0	1.8	0.0	0.0	0.0	2.3	0.0	0.0	6.8
[6]	Plus: TSA & CSA Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Total Cash Receipts	**$186.3**	**$168.5**	**$197.0**	**$169.2**	**$187.6**	**$188.0**	**$297.2**	**$193.4**	**$207.8**	**$199.8**	**$221.2**	**$266.5**	**$180.8**	**$144.7**	**$130.8**	**$128.2**	**$115.3**	**$114.7**	**$3,297.0**
	OPERATING DISBURSEMENTS																			
[7]	Merchandise Vendors	$21.0	$71.1	$52.0	$91.3	$105.8	$114.5	$86.4	$81.2	$94.8	$85.4	$50.7	$52.9	$61.6	$58.2	$55.7	$57.0	$61.4	$62.1	$1,262.9
[8]	Occupancy	0.0	0.0	0.0	21.5	3.5	1.2	1.2	18.2	6.9	1.2	1.2	1.2	23.8	1.2	1.2	1.2	18.2	6.9	108.8
[9]	Payroll, Taxes, and Benefits	44.0	27.8	65.2	31.1	59.7	31.4	72.8	39.3	62.7	33.2	42.1	31.2	39.3	27.2	26.6	43.0	29.5	37.6	743.8
[10]	Other SG&A Disbursements	15.9	52.9	46.1	95.7	79.1	89.7	101.6	89.6	57.8	77.6	65.1	61.5	65.3	57.0	67.3	56.6	70.2	59.6	1,208.7
[11]	GOB Rent	0.0	0.0	0.0	10.3	1.1	0.0	0.0	8.6	2.9	0.0	0.0	0.0	6.6	0.0	0.0	0.0	0.0	0.0	29.5
[11]	GOB Addt'l Expenses	0.0	0.0	0.0	6.8	6.8	8.6	8.8	8.8	8.8	8.7	8.6	8.4	8.2	1.7	1.7	1.6	0.0	0.0	87.4
[11]	GOB Liquidator Fees	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.4
[11]	Less: GOB Store Level Expenses Add-Back	0.0	0.0	0.0	(5.5)	(5.5)	(7.0)	(7.0)	(6.2)	(6.2)	(6.2)	(6.2)	(6.2)	(5.2)	(5.2)	(5.2)	(5.2)	(5.3)	(5.3)	(87.5)
	Total Operating Disbursements	**$80.9**	**$151.7**	**$163.3**	**$251.3**	**$250.5**	**$238.6**	**$263.9**	**$239.6**	**$227.7**	**$199.9**	**$161.6**	**$149.2**	**$199.5**	**$140.1**	**$147.4**	**$154.2**	**$174.0**	**$160.9**	**$3,354.2**
[12]	Less: CapEx	0.0	0.0	0.0	1.7	1.2	1.1	1.1	1.1	1.4	1.0	0.9	1.1	1.1	0.9	1.2	1.1	1.1	1.1	16.8
	Net Cash Flow	**$105.4**	**$16.8**	**$33.8**	**($83.8)**	**($64.1)**	**($51.7)**	**$32.2**	**($47.3)**	**($21.2)**	**($1.2)**	**$58.7**	**$116.2**	**($19.8)**	**$3.7**	**($17.7)**	**($27.0)**	**($59.7)**	**($47.3)**	**($74.0)**
	NON-OPERATING CASH FLOW																			
[13]	Utility Deposits	$0.0	$0.0	$0.0	$0.0	$9.2	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$9.2
[14]	Less: Professional Fees	0.0	0.0	0.0	0.0	2.0	0.0	0.0	0.0	17.4	0.0	0.0	0.0	0.0	15.9	0.0	0.0	0.0	23.5	58.8
[15]	Critical Vendor Payments	0.0	9.1	0.0	15.0	15.0	15.0	15.0	11.0	9.0	8.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	98.0
[16]	Insurance Payments	0.0	0.0	0.0	0.0	4.3	4.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8.6
[17]	Gift Card Redemptions	0.0	0.0	0.0	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	0.0	0.0	0.0	0.0	0.0	0.0	10.9
[18]	KEIP / KERP	0.0	0.0	0.0	0.0	0.0	6.3	0.0	0.0	0.0	0.0	0.0	0.0	6.3	0.0	0.0	0.0	0.0	0.0	12.6
[19]	Credit Card Holdbacks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
[20]	PTO	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.2	0.0	0.0	0.0	3.3	0.0	0.0	7.5
[21]	Post-Petition TSA/CSA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Chapter 11 Related	**$0.0**	**$9.1**	**$0.0**	**$16.2**	**$31.8**	**$26.8**	**$16.2**	**$12.2**	**$27.6**	**$10.1**	**$1.2**	**$5.4**	**$6.3**	**$15.9**	**$0.0**	**$3.3**	**$0.0**	**$23.5**	**$205.6**
[22]	Less: Cash Interest	$0.9	$1.1	$1.1	$4.1	$4.1	$3.9	$3.7	$3.8	$4.3	$4.6	$4.7	$4.8	$4.8	$4.9	$4.9	$4.9	$5.0	$5.0	$70.6
[23]	Less: Financing Fees	10.3	0.0	0.0	0.0	8.8	0.0	0.0	0.0	0.0	7.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	26.1
	Total Other Non-Operating Disbursements	**$11.2**	**$1.1**	**$1.1**	**$4.1**	**$12.9**	**$3.9**	**$3.7**	**$3.8**	**$4.3**	**$11.6**	**$4.7**	**$4.8**	**$4.8**	**$4.9**	**$4.9**	**$4.9**	**$5.0**	**$5.0**	**$96.6**
[24]	Unencumbered Assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8.9	8.9	8.9	8.9	8.9	8.9	53.4
[25]	Excess Proceeds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Total Asset Sales	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$8.9**	**$8.9**	**$8.9**	**$8.9**	**$8.9**	**$8.9**	**$53.4**
[26]	**Net Cash Flow Before ABL Paydown, ex TL**	**$94.2**	**$6.6**	**$32.7**	**($104.2)**	**($108.7)**	**($82.4)**	**$12.3**	**($63.3)**	**($53.1)**	**($22.9)**	**$52.8**	**$106.0**	**($21.9)**	**($8.2)**	**($13.7)**	**($26.4)**	**($55.8)**	**($66.9)**	**($322.8)**
[27]	Term Loan Draw	$111.9	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$111.9
[28]	**Net Cash Flow Before ABL Paydown, w/TL**	**$206.1**	**$6.6**	**$32.7**	**($104.2)**	**($108.7)**	**($82.4)**	**$12.3**	**($63.3)**	**($53.1)**	**($22.9)**	**$52.8**	**$106.0**	**($21.9)**	**($8.2)**	**($13.7)**	**($26.4)**	**($55.8)**	**($66.9)**	**($210.9)**
[29]	Other Financing	$0.0	$0.0	$0.0	$0.0	($117.4)	$82.4	($12.3)	$63.3	$53.1	$22.9	($52.8)	($106.0)	$21.9	$8.2	$13.7	$26.4	$55.8	$66.9	$125.9
	Net Cash Flow	**$206.1**	**$6.6**	**$32.7**	**($104.2)**	**($226.2)**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**($85.0)**
[30]	Available Cash	296.5	297.7	330.4	226.2	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
[31]	Net Availability	155.5	115.0	66.5	83.0	170.5	75.4	157.8	186.9	102.7	53.5	114.6	126.0	(13.6)	(25.0)	(62.7)	(107.1)	(147.1)	(198.8)	(198.8)
[32]	**Memo: Total Liquidity (Availability + Cash)**	**$452.0**	**$412.7**	**$396.9**	**$309.2**	**$170.5**	**$75.4**	**$157.8**	**$186.9**	**$102.7**	**$53.5**	**$114.6**	**$126.0**	**($13.6)**	**($25.0)**	**($62.7)**	**($107.1)**	**($147.1)**	**($198.8)**	**($198.8)**
	Memo: Wind-down Reserve Balance		$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$8.9	$17.8	$26.7	$35.6	$44.5	$53.4	$53.4
	Memo: Merchandise COGS		74.1	64.3	67.0	79.0	68.4	143.0	68.4	85.4	83.2	105.6	140.4	75.8	63.2	54.7	52.9	48.2	48.0	1,321.6
	Memo: GOB COGS		0.0	26.5	30.7	31.5	41.8	45.2	46.6	45.4	43.1	40.5	35.3	31.9	7.8	6.6	6.1	0.0	0.0	439.1
	Memo: Borrowing Base	1,798.5	1,757.9	1,709.4	1,725.9	1,695.9	1,683.3	1,603.3	1,545.7	1,514.6	1,488.4	1,446.7	1,352.0	1,234.3	1,231.0	1,207.1	1,189.0	1,204.8	1,220.0	
	Memo: Sr. DIP & 1L Borrowings	1,642.9	1,642.9	1,642.9	1,642.9	1,525.5	1,607.9	1,445.5	1,358.8	1,412.0	1,434.9	1,332.1	1,226.0	1,247.9	1,256.1	1,269.8	1,296.1	1,351.9	1,418.9	
	Memo: Jr DIP Borrowings	0.0	0.0	0.0	0.0	0.0	0.0	150.0	300.0	300.0	300.0	350.0	350.0	350.0	350.0	350.0	350.0	350.0	350.0	

1. Includes other cash receipts and SHS inflows due to one-week lag in allocation actualization process

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359 Store Scenario

Project Blue - Cash Flow Forecast, Go-Forward Same-Store Sales of (15.0%) with 359 Go-Forward Stores

	Month	October			November				December					January				February		Total
	Week	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	Weeks
	Retail Week EoP	10/20/18	10/27/18	11/3/18	11/10/18	11/17/18	11/24/18	12/1/18	12/8/18	12/15/18	12/22/18	12/29/18	1/5/19	1/12/19	1/19/19	1/26/19	2/2/19	2/9/19	2/16/19	
	Unique Week	201837	201838	201839	201840	201841	201842	201843	201844	201845	201846	201847	201848	201849	201850	201851	201852	201901	201902	1-18
	CASH RECEIPTS																			
[1]	Normal Course Net Merchandise Receipts	$133.1	$111.6	$151.0	$94.4	$111.2	$73.9	$148.0	$73.9	$92.2	$91.5	$113.8	$153.0	$82.5	$69.1	$59.2	$57.0	$52.8	$52.4	$1,720.7
[2]	Plus: GOB Sales Receipts	0.0	0.0	0.0	52.5	50.3	102.6	111.3	112.2	106.9	100.4	91.5	79.1	62.6	38.2	30.1	19.9	0.0	0.0	957.6
[3]	Plus: PA Sales	2.5	11.1	4.9[1]	2.3	6.0	6.1	9.3	7.7	6.4	6.7	6.2	6.3	6.8	7.1	6.7	6.4	6.6	6.2	115.1
[4]	Plus: Other Cash Receipts	50.7	45.8	41.1	20.0	20.0	20.0	20.0	24.5	24.5	24.5	24.5	24.5	40.9	40.9	40.9	40.9	40.9	40.9	585.5
[5]	Plus: Non-Operating Receipts	0.0	0.0	0.0	0.0	0.0	0.0	2.7	0.0	0.0	0.0	0.0	1.8	0.0	0.0	0.0	2.3	0.0	0.0	6.8
[6]	Plus: TSA & CSA Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Total Cash Receipts	**$186.3**	**$168.5**	**$197.0**	**$169.2**	**$187.6**	**$202.6**	**$291.4**	**$218.3**	**$230.0**	**$223.0**	**$236.0**	**$264.7**	**$192.8**	**$155.3**	**$136.9**	**$126.4**	**$100.2**	**$99.5**	**$3,385.8**
	OPERATING DISBURSEMENTS																			
[7]	Merchandise Vendors	$21.0	$71.1	$52.0	$83.5	$83.8	$90.4	$71.3	$67.1	$73.7	$66.8	$40.2	$41.9	$48.3	$46.0	$44.3	$45.4	$49.0	$49.6	$1,045.3
[8]	Occupancy	0.0	0.0	0.0	16.1	2.9	1.2	1.2	13.6	5.4	1.2	1.2	1.2	17.7	1.2	1.2	1.2	13.6	5.4	84.6
[9]	Payroll, Taxes, and Benefits	44.0	27.8	65.2	31.1	59.7	31.4	72.8	39.3	62.7	33.2	42.1	31.2	39.3	27.2	26.6	43.0	29.5	37.6	743.8
[10]	Other SG&A Disbursements	15.9	52.9	46.1	95.7	79.1	89.7	101.6	89.6	57.8	77.6	65.1	61.5	65.3	57.0	67.3	56.6	70.2	59.6	1,208.7
[11]	GOB Rent	0.0	0.0	0.0	15.8	1.8	0.0	0.0	13.1	4.4	0.0	0.0	0.0	12.7	0.0	0.0	0.0	0.0	0.0	47.7
[11]	GOB Addt'l Expenses	0.0	0.0	0.0	6.8	6.8	15.0	15.4	15.4	15.5	15.5	15.4	15.2	14.9	8.3	8.1	7.9	0.0	0.0	160.2
[11]	GOB Liquidator Fees	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.4
[11]	Less: GOB Store Level Expenses Add-Back	0.0	0.0	0.0	(5.5)	(5.5)	(12.6)	(12.6)	(11.2)	(11.2)	(11.2)	(11.2)	(11.2)	(9.5)	(9.5)	(9.5)	(9.5)	(9.7)	(9.7)	(149.6)
	Total Operating Disbursements	**$80.9**	**$151.7**	**$163.3**	**$243.5**	**$228.5**	**$215.2**	**$249.7**	**$227.2**	**$208.3**	**$183.2**	**$153.0**	**$140.0**	**$188.7**	**$130.2**	**$138.0**	**$144.6**	**$152.7**	**$142.4**	**$3,141.1**
[12]	Less: CapEx	0.0	0.0	0.0	1.7	1.2	1.1	1.1	1.1	1.4	1.0	0.9	1.1	1.1	0.9	1.2	1.1	1.1	1.1	16.8
	Net Cash Flow	**$105.4**	**$16.8**	**$33.8**	**($76.1)**	**($42.1)**	**($13.7)**	**$40.6**	**($9.9)**	**$20.3**	**$38.7**	**$82.1**	**$123.6**	**$3.0**	**$24.3**	**($2.3)**	**($19.2)**	**($53.5)**	**($44.1)**	**$227.9**
	NON-OPERATING CASH FLOW																			
[13]	Utility Deposits	$0.0	$0.0	$0.0	$0.0	$9.2	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$9.2
[14]	Less: Professional Fees	0.0	0.0	0.0	0.0	2.0	0.0	0.0	0.0	17.4	0.0	0.0	0.0	0.0	15.9	0.0	0.0	0.0	23.5	58.8
[15]	Critical Vendor Payments	0.0	9.1	0.0	15.0	15.0	15.0	15.0	11.0	9.0	8.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	98.0
[16]	Insurance Payments	0.0	0.0	0.0	0.0	4.3	4.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8.6
[17]	Gift Card Redemptions	0.0	0.0	0.0	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	0.0	0.0	0.0	0.0	0.0	0.0	10.9
[18]	KEIP / KERP	0.0	0.0	0.0	0.0	0.0	6.3	0.0	0.0	0.0	0.0	0.0	0.0	6.3	0.0	0.0	0.0	0.0	0.0	12.6
[19]	Credit Card Holdbacks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
[20]	PTO	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.2	0.0	0.0	0.0	3.3	0.0	0.0	7.5
[21]	Post-Petition TSA/CSA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Chapter 11 Related	**$0.0**	**$9.1**	**$0.0**	**$16.2**	**$31.8**	**$26.8**	**$16.2**	**$12.2**	**$27.6**	**$10.1**	**$1.2**	**$5.4**	**$6.3**	**$15.9**	**$0.0**	**$3.3**	**$0.0**	**$23.5**	**$205.6**
[22]	Less: Cash Interest	$0.9	$1.1	$1.1	$4.1	$4.1	$3.9	$3.6	$3.7	$4.1	$4.5	$4.5	$4.5	$4.5	$4.5	$4.5	$4.5	$4.5	$4.6	$67.3
[23]	Less: Financing Fees	10.3	0.0	0.0	0.0	8.8	0.0	0.0	0.0	0.0	7.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	26.1
	Total Other Non-Operating Disbursements	**$11.2**	**$1.1**	**$1.1**	**$4.1**	**$12.9**	**$3.9**	**$3.6**	**$3.7**	**$4.1**	**$11.5**	**$4.5**	**$4.5**	**$4.5**	**$4.5**	**$4.5**	**$4.5**	**$4.5**	**$4.6**	**$93.3**
[24]	Unencumbered Assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8.9	8.9	8.9	8.9	8.9	8.9	53.4
[25]	Excess Proceeds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Total Asset Sales	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$8.9**	**$8.9**	**$8.9**	**$8.9**	**$8.9**	**$8.9**	**$53.4**
[26]	**Net Cash Flow Before ABL Paydown, ex TL**	**$94.2**	**$6.6**	**$32.7**	**($96.4)**	**($86.7)**	**($44.3)**	**$20.8**	**($25.8)**	**($11.4)**	**$17.1**	**$76.5**	**$113.7**	**$1.2**	**$12.8**	**$2.1**	**($18.1)**	**($49.1)**	**($63.3)**	**($17.5)**
[27]	Term Loan Draw	$111.9	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$111.9
[28]	**Net Cash Flow Before ABL Paydown, w/TL**	**$206.1**	**$6.6**	**$32.7**	**($96.4)**	**($86.7)**	**($44.3)**	**$20.8**	**($25.8)**	**($11.4)**	**$17.1**	**$76.5**	**$113.7**	**$1.2**	**$12.8**	**$2.1**	**($18.1)**	**($49.1)**	**($63.3)**	**$94.4**
[29]	Other Financing	$0.0	$0.0	$0.0	$0.0	($147.3)	$44.3	($20.8)	$25.8	$11.4	($17.1)	($76.5)	($113.7)	($1.2)	($12.8)	($2.1)	$18.1	$49.1	$63.3	($179.4)
	Net Cash Flow	**$206.1**	**$6.6**	**$32.7**	**($96.4)**	**($234.0)**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**($85.0)**
[30]	Available Cash	296.5	297.7	330.4	234.0	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
[31]	Net Availability	155.5	115.0	66.5	81.6	175.3	96.7	160.6	211.7	153.3	122.3	189.8	204.1	81.0	72.2	35.1	(14.9)	(49.5)	(97.5)	(97.5)
[32]	**Memo: Total Liquidity (Availability + Cash)**	**$452.0**	**$412.7**	**$396.9**	**$315.6**	**$175.3**	**$96.7**	**$160.6**	**$211.7**	**$153.3**	**$122.3**	**$189.8**	**$204.1**	**$81.0**	**$72.2**	**$35.1**	**($14.9)**	**($49.5)**	**($97.5)**	**($97.5)**
	Memo: Wind-down Reserve Balance		$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$8.9	$17.8	$26.7	$35.6	$44.5	$53.4	$53.4
	Memo: Merchandise COGS		74.1	64.3	67.0	79.0	52.5	105.1	52.5	65.5	64.9	80.8	108.6	58.6	49.1	42.1	40.5	37.5	37.2	1,079.2
	Memo: GOB COGS		0.0	26.5	30.7	31.5	66.7	74.0	75.3	78.1	78.2	79.2	70.3	63.9	38.2	32.2	29.9	0.0	0.0	774.5
	Memo: Borrowing Base	1,798.5	1,757.9	1,709.4	1,724.5	1,671.0	1,636.7	1,529.8	1,456.8	1,409.7	1,361.6	1,302.6	1,203.2	1,079.0	1,059.5	1,023.0	993.1	1,004.6	1,019.4	
	Memo: Sr. DIP & 1L Borrowings	1,642.9	1,642.9	1,642.9	1,642.9	1,495.7	1,540.0	1,369.2	1,245.0	1,256.4	1,239.3	1,112.9	999.1	998.0	985.1	983.0	1,001.2	1,050.3	1,113.6	
	Memo: Jr DIP Borrowings	0.0	0.0	0.0	0.0	0.0	0.0	150.0	300.0	300.0	300.0	350.0	350.0	350.0	350.0	350.0	350.0	350.0	350.0	

1. Includes other cash receipts and SHS inflows due to one-week lag in allocation actualization process

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300 Store Scenario

Project Blue - Cash Flow Forecast, Go-Forward Same-Store Sales of (15.0%) with 300 Go-Forward Stores

	Month	October			November				December					January				February		Total
	Week	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	Weeks
	Retail Week EoP	10/20/18	10/27/18	11/3/18	11/10/18	11/17/18	11/24/18	12/1/18	12/8/18	12/15/18	12/22/18	12/29/18	1/5/19	1/12/19	1/19/19	1/26/19	2/2/19	2/9/19	2/16/19	
	Unique Week	201837	201838	201839	201840	201841	201842	201843	201844	201845	201846	201847	201848	201849	201850	201851	201852	201901	201902	1-18
	CASH RECEIPTS																			
[1]	Normal Course Net Merchandise Receipts	$133.1	$111.6	$151.0	$94.4	$111.2	$63.0	$123.9	$63.0	$78.8	$78.4	$97.2	$130.7	$70.5	$59.3	$50.4	$48.4	$45.0	$44.8	$1,554.6
[2]	Plus: GOB Sales Receipts	0.0	0.0	0.0	52.5	50.3	118.7	132.0	132.5	128.8	121.0	112.6	97.0	78.1	50.6	40.3	26.6	0.0	0.0	1,141.1
[3]	Plus: PA Sales	2.5	11.1	4.9[1]	2.3	6.0	6.1	9.3	7.7	6.4	6.7	6.2	6.3	6.8	7.1	6.7	6.4	6.6	6.2	115.1
[4]	Plus: Other Cash Receipts	50.7	45.8	41.1	20.0	20.0	20.0	20.0	24.5	24.5	24.5	24.5	24.5	40.9	40.9	40.9	40.9	40.9	40.9	585.5
[5]	Plus: Non-Operating Receipts	0.0	0.0	0.0	0.0	0.0	0.0	2.7	0.0	0.0	0.0	0.0	1.8	0.0	0.0	0.0	2.3	0.0	0.0	6.8
[6]	Plus: TSA & CSA Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Total Cash Receipts	**$186.3**	**$168.5**	**$197.0**	**$169.2**	**$187.6**	**$207.7**	**$288.0**	**$227.6**	**$238.5**	**$230.5**	**$240.5**	**$260.3**	**$196.4**	**$157.8**	**$138.2**	**$124.6**	**$92.5**	**$91.9**	**$3,403.2**
	OPERATING DISBURSEMENTS																			
[7]	Merchandise Vendors	$21.0	$71.1	$52.0	$79.6	$73.4	$79.1	$63.4	$59.7	$62.9	$57.1	$34.5	$35.6	$40.7	$38.8	$37.4	$38.3	$41.4	$41.9	$927.9
[8]	Occupancy	0.0	0.0	0.0	12.1	2.4	1.2	1.2	10.3	4.3	1.2	1.2	1.2	13.3	1.2	1.2	1.2	10.3	4.3	66.9
[9]	Payroll, Taxes, and Benefits	44.0	27.8	65.2	31.1	59.7	31.4	72.8	39.3	62.7	33.2	42.1	31.2	39.3	27.2	26.6	43.0	29.5	37.6	743.8
[10]	Other SG&A Disbursements	15.9	52.9	46.1	95.7	79.1	89.7	101.6	89.6	57.8	77.6	65.1	61.5	65.3	57.0	67.3	56.6	70.2	59.6	1,208.7
[11]	GOB Rent	0.0	0.0	0.0	19.7	2.2	0.0	0.0	16.5	5.5	0.0	0.0	0.0	17.1	0.0	0.0	0.0	0.0	0.0	61.0
[11]	GOB Add'l Expenses	0.0	0.0	0.0	6.8	6.8	17.7	18.1	18.2	18.4	18.4	18.3	18.1	17.7	11.0	10.7	10.5	0.0	0.0	190.8
[11]	GOB Liquidator Fees	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.4
[11]	Less: GOB Store Level Expenses Add-Back	0.0	0.0	0.0	(5.5)	(5.5)	(15.8)	(15.8)	(14.0)	(14.0)	(14.0)	(14.0)	(14.0)	(11.9)	(11.9)	(11.9)	(11.9)	(12.0)	(12.0)	(184.1)
	Total Operating Disbursements	**$80.9**	**$151.7**	**$163.3**	**$239.7**	**$218.1**	**$203.5**	**$241.4**	**$219.7**	**$197.6**	**$173.6**	**$147.3**	**$133.7**	**$181.6**	**$123.3**	**$131.5**	**$137.8**	**$139.4**	**$131.3**	**$3,015.4**
[12]	Less: CapEx	0.0	0.0	0.0	1.7	1.2	1.1	1.1	1.1	1.4	1.0	0.9	1.1	1.1	0.9	1.2	1.1	1.1	1.1	16.8
	Net Cash Flow	**$105.4**	**$16.8**	**$33.8**	**($72.2)**	**($31.7)**	**$3.2**	**$45.5**	**$6.9**	**$39.5**	**$55.9**	**$92.4**	**$125.5**	**$13.7**	**$33.7**	**$5.6**	**($14.2)**	**($48.1)**	**($40.6)**	**$371.0**
	NON-OPERATING CASH FLOW																			
[13]	Utility Deposits	$0.0	$0.0	$0.0	$0.0	$9.2	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$9.2
[14]	Less: Professional Fees	0.0	0.0	0.0	0.0	2.0	0.0	0.0	0.0	17.4	0.0	0.0	0.0	0.0	15.9	0.0	0.0	0.0	23.5	58.8
[15]	Critical Vendor Payments	0.0	9.1	0.0	15.0	15.0	15.0	15.0	11.0	9.0	8.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	98.0
[16]	Insurance Payments	0.0	0.0	0.0	0.0	4.3	4.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8.6
[17]	Gift Card Redemptions	0.0	0.0	0.0	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	0.0	0.0	0.0	0.0	0.0	0.0	10.9
[18]	KEIP / KERP	0.0	0.0	0.0	0.0	0.0	6.3	0.0	0.0	0.0	0.0	0.0	0.0	6.3	0.0	0.0	0.0	0.0	0.0	12.6
[19]	Credit Card Holdbacks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
[20]	PTO	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.2	0.0	0.0	0.0	3.3	0.0	0.0	7.5
[21]	Post-Petition TSA/CSA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Chapter 11 Related	**$0.0**	**$9.1**	**$0.0**	**$16.2**	**$31.8**	**$26.8**	**$16.2**	**$12.2**	**$27.6**	**$10.1**	**$1.2**	**$5.4**	**$6.3**	**$15.9**	**$0.0**	**$3.3**	**$0.0**	**$23.5**	**$205.6**
[22]	Less: Cash Interest	$0.9	$1.1	$1.1	$4.1	$4.1	$3.9	$3.6	$3.7	$4.1	$4.4	$4.3	$4.4	$4.3	$4.4	$4.4	$4.3	$4.3	$4.4	$65.7
[23]	Less: Financing Fees	10.3	0.0	0.0	0.0	8.8	0.0	0.0	0.0	0.0	7.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	26.1
	Total Other Non-Operating Disbursements	**$11.2**	**$1.1**	**$1.1**	**$4.1**	**$12.9**	**$3.9**	**$3.6**	**$3.7**	**$4.1**	**$11.4**	**$4.3**	**$4.4**	**$4.3**	**$4.4**	**$4.4**	**$4.3**	**$4.3**	**$4.4**	**$91.8**
[24]	Unencumbered Assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8.9	8.9	8.9	8.9	8.9	8.9	53.4
[25]	Excess Proceeds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Total Asset Sales	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$8.9**	**$8.9**	**$8.9**	**$8.9**	**$8.9**	**$8.9**	**$53.4**
[26]	**Net Cash Flow Before ABL Paydown, ex TL**	**$94.2**	**$6.6**	**$32.7**	**($92.5)**	**($76.3)**	**($27.5)**	**$25.7**	**($9.0)**	**$7.8**	**$34.4**	**$86.8**	**$115.7**	**$12.0**	**$22.3**	**$10.1**	**($13.0)**	**($43.5)**	**($59.6)**	**$127.0**
[27]	Term Loan Draw	$111.9	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$111.9
[28]	**Net Cash Flow Before ABL Paydown, w/TL**	**$206.1**	**$6.6**	**$32.7**	**($92.5)**	**($76.3)**	**($27.5)**	**$25.7**	**($9.0)**	**$7.8**	**$34.4**	**$86.8**	**$115.7**	**$12.0**	**$22.3**	**$10.1**	**($13.0)**	**($43.5)**	**($59.6)**	**$238.9**
[29]	Other Financing	$0.0	$0.0	$0.0	$0.0	($161.5)	$27.5	($25.7)	$9.0	($7.8)	($34.4)	($86.8)	($115.7)	($12.0)	($22.3)	($10.1)	$13.0	$43.5	$59.6	($323.9)
	Net Cash Flow	**$206.1**	**$6.6**	**$32.7**	**($92.5)**	**($237.8)**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**($85.0)**
[30]	Available Cash	296.5	297.7	330.4	237.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
[31]	Net Availability	155.5	115.0	66.5	80.9	178.4	107.5	164.7	225.5	179.1	155.8	226.1	241.1	118.3	110.6	75.0	23.8	(8.2)	(53.8)	(53.8)
[32]	**Memo: Total Liquidity (Availability + Cash)**	**$452.0**	**$412.7**	**$396.9**	**$318.7**	**$178.4**	**$107.5**	**$164.7**	**$225.5**	**$179.1**	**$155.8**	**$226.1**	**$241.1**	**$118.3**	**$110.6**	**$75.0**	**$23.8**	**($8.2)**	**($53.8)**	**($53.8)**
	Memo: Wind-down Reserve Balance		$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$8.9	$17.8	$26.7	$35.6	$44.5	$53.4	$53.4
	Memo: Merchandise COGS		74.1	64.3	67.0	79.0	44.7	88.0	44.7	55.9	55.6	69.0	92.8	50.0	42.1	35.8	34.4	31.9	31.8	961.2
	Memo: GOB COGS		0.0	26.5	30.7	31.5	77.3	86.3	87.8	92.2	93.2	95.4	85.1	77.5	50.8	42.9	39.7	0.0	0.0	916.7
	Memo: Borrowing Base	1,798.5	1,757.9	1,709.4	1,723.8	1,659.8	1,616.3	1,497.8	1,417.7	1,363.5	1,305.8	1,239.3	1,138.6	1,011.3	984.4	942.1	906.4	915.3	928.9	
	Memo: Sr. DIP & 1L Borrowings	1,642.9	1,642.9	1,642.9	1,642.9	1,481.4	1,508.9	1,333.2	1,192.2	1,184.4	1,150.0	1,013.2	897.5	885.4	863.1	853.0	866.0	909.5	969.0	
	Memo: Jr DIP Borrowings	0.0	0.0	0.0	0.0	0.0	0.0	150.0	300.0	300.0	300.0	350.0	350.0	350.0	350.0	350.0	350.0	350.0	350.0	

1. Includes other cash receipts and SHS inflows due to one-week lag in allocation actualization process

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Appendix– Additional GOB Models

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Supplemental Scenarios

- We have run an additional set of supplemental scenarios identical to the scenarios previously outlined (300 stores, 359 stores, 410 stores, 505 stores) but with the assumption that all remaining stores in each scenario begin GOB sales on December 29, 2018
- These scenarios assume a push of approximately $1.5M of distribution center inventory into each location during the GOB process with a resulting 89% NOLV recovery
- These scenarios differ slightly from the wind down budget which contemplates a full liquidation –
  - These scenarios are purely illustrative to assess relative near-term liquidity requirements
- These scenarios illustrate the fact that in full liquidation scenarios DIP financing requirements are significantly lower than in go forward scenarios
  - However, these scenarios do not address creditor recoveries based on asset dispositions which could be significantly higher with a going concern store footprint

($ in millions)

	Total Liquidity (Net Availability + Available Cash)		
Scenario	December 15, 2018	December 29, 2018	February 16, 2019
505 Store, 12/29 GOB Scenario	$55.5	$67.6	$388.9
410 Store, 12/29 GOB Scenario	86.8	108.0	322.6
359 Store, 12/29 GOB Scenario	111.0	137.2	312.6
300 Store, 12/29 GOB Scenario	148.3	179.2	314.8

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505 stores GOB on 12/29

Project Blue - Cash Flow Forecast, Go-Forward Same-Store Sales of (15.0%) with 505 Go-Forward Stores, then GOB all stores 12/29

	Month	October			November				December					January				February		Total
	Week	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	Weeks
	Retail Week EoP	10/20/18	10/27/18	11/3/18	11/10/18	11/17/18	11/24/18	12/1/18	12/8/18	12/15/18	12/22/18	12/29/18	1/5/19	1/12/19	1/19/19	1/26/19	2/2/19	2/9/19	2/16/19	
	Unique Week	201837	201838	201839	201840	201841	201842	201843	201844	201845	201846	201847	201848	201849	201850	201851	201852	201901	201902	1-18
	CASH RECEIPTS																			
[1]	Normal Course Net Merchandise Receipts	$133.1	$111.6	$151.0	$94.4	$111.2	$201.4	$105.5	$96.4	$120.2	$117.2	$148.7	$197.8	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$1,588.6
[2]	Plus: GOB Sales Receipts	0.0	0.0	0.0	52.5	50.3	65.5	63.7	64.8	56.7	51.5	41.8	196.4	231.3	204.4	221.9	203.1	200.3	168.5	1,872.6
[3]	Plus: PA Sales	2.5	11.1	4.9	2.3	6.0	6.1	9.3	7.7	6.4	6.7	6.2	6.3	6.8	7.1	6.7	6.4	6.6	6.2	115.1
[4]	Plus: Other Cash Receipts	50.7	45.8	41.1	20.0	20.0	20.0	20.0	24.5	24.5	24.5	24.5	24.5	40.9	40.9	40.9	40.9	40.9	40.9	585.5
[5]	Plus: Non-Operating Receipts	0.0	0.0	0.0	0.0	0.0	0.0	2.7	0.0	0.0	0.0	0.0	1.8	0.0	0.0	0.0	2.3	0.0	0.0	6.8
[6]	Plus: TSA & CSA Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Total Cash Receipts	**$186.3**	**$168.5**	**$197.0**	**$169.2**	**$187.6**	**$292.9**	**$201.3**	**$193.4**	**$207.8**	**$199.8**	**$221.2**	**$426.7**	**$279.0**	**$252.4**	**$269.4**	**$252.7**	**$247.8**	**$215.6**	**$4,168.6**
	OPERATING DISBURSEMENTS																			
[7]	Merchandise Vendors	$21.0	$71.1	$52.0	$91.3	$105.8	$114.5	$86.4	$81.2	$94.8	$56.3	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$774.4
[8]	Occupancy	0.0	0.0	0.0	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	18.6
[9]	Payroll, Taxes, and Benefits	44.0	27.8	65.2	31.1	59.7	31.4	72.8	39.3	62.7	33.2	42.1	31.2	39.3	27.2	26.6	43.0	29.5	37.6	743.8
[10]	Other SG&A Disbursements	15.9	52.9	46.1	95.7	79.1	89.7	101.6	89.6	57.8	77.6	65.1	61.5	65.3	57.0	67.3	56.6	70.2	59.6	1,208.7
[11]	GOB Rent	0.0	0.0	0.0	30.6	3.4	0.0	0.0	25.5	8.5	0.0	0.0	0.0	29.1	0.0	0.0	0.0	0.0	0.0	97.2
[11]	GOB Addt'l Expenses	0.0	0.0	0.0	6.8	6.8	8.6	8.8	8.8	8.8	8.7	8.6	31.8	32.0	25.6	25.8	26.0	24.4	24.3	255.8
[11]	GOB Liquidator Fees	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.4
[11]	Less: GOB Store Level Expenses Add-Back	0.0	0.0	0.0	(5.5)	(5.5)	(7.0)	(7.0)	(6.2)	(6.2)	(6.2)	(6.2)	(22.6)	(21.6)	(21.6)	(21.6)	(21.6)	(21.7)	(21.7)	(202.3)
	Total Operating Disbursements	**$80.9**	**$151.7**	**$163.3**	**$251.3**	**$250.5**	**$238.6**	**$263.9**	**$239.6**	**$227.7**	**$170.9**	**$110.9**	**$103.4**	**$145.4**	**$89.4**	**$99.4**	**$105.2**	**$103.7**	**$101.1**	**$2,896.7**
[12]	Less: CapEx	0.0	0.0	0.0	1.7	1.2	1.1	1.1	1.1	1.4	1.0	0.9	1.1	1.1	0.9	1.2	1.1	1.1	1.1	16.8
	Net Cash Flow	**$105.4**	**$16.8**	**$33.8**	**($83.8)**	**($64.1)**	**$53.3**	**($63.7)**	**($47.3)**	**($21.2)**	**$27.9**	**$109.4**	**$322.3**	**$132.5**	**$162.2**	**$168.9**	**$146.5**	**$142.9**	**$113.4**	**$1,255.2**
	NON-OPERATING CASH FLOW																			
[13]	Utility Deposits	$0.0	$0.0	$0.0	$0.0	$9.2	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$9.2
[14]	Less: Professional Fees	0.0	0.0	0.0	0.0	2.0	0.0	0.0	0.0	17.4	0.0	0.0	0.0	0.0	15.9	0.0	0.0	0.0	23.5	58.8
[15]	Critical Vendor Payments	0.0	9.1	0.0	15.0	15.0	15.0	15.0	11.0	9.0	8.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	98.0
[16]	Insurance Payments	0.0	0.0	0.0	0.0	4.3	4.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8.6
[17]	Gift Card Redemptions	0.0	0.0	0.0	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	0.0	0.0	0.0	0.0	0.0	0.0	10.9
[18]	KEIP / KERP	0.0	0.0	0.0	0.0	0.0	6.3	0.0	0.0	0.0	0.0	0.0	0.0	6.3	0.0	0.0	0.0	0.0	0.0	12.6
[19]	Credit Card Holdbacks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
[20]	PTO	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.2	0.0	0.0	0.0	3.3	0.0	0.0	7.5
[21]	Post-Petition TSA/CSA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Chapter 11 Related	**$0.0**	**$9.1**	**$0.0**	**$16.2**	**$31.8**	**$26.8**	**$16.2**	**$12.2**	**$27.6**	**$10.1**	**$1.2**	**$5.4**	**$6.3**	**$15.9**	**$0.0**	**$3.3**	**$0.0**	**$23.5**	**$205.6**
[22]	Less: Cash Interest	$0.9	$1.1	$1.1	$4.1	$4.1	$3.9	$3.6	$3.8	$4.2	$4.7	$4.9	$4.8	$4.5	$4.3	$4.1	$3.9	$3.6	$3.3	$65.0
[23]	Less: Financing Fees	10.3	0.0	0.0	0.0	8.8	0.0	0.0	0.0	0.0	7.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	26.1
	Total Other Non-Operating Disbursements	**$11.2**	**$1.1**	**$1.1**	**$4.1**	**$12.9**	**$3.9**	**$3.6**	**$3.8**	**$4.2**	**$11.7**	**$4.9**	**$4.8**	**$4.5**	**$4.3**	**$4.1**	**$3.9**	**$3.6**	**$3.3**	**$91.1**
[24]	Unencumbered Assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8.9	8.9	8.9	8.9	8.9	8.9	53.4
[25]	Excess Proceeds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Total Asset Sales	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$8.9**	**$8.9**	**$8.9**	**$8.9**	**$8.9**	**$8.9**	**$53.4**
[26]	**Net Cash Flow Before ABL Paydown, ex TL**	**$94.2**	**$6.6**	**$32.7**	**($104.2)**	**($108.7)**	**$22.6**	**($83.5)**	**($63.2)**	**($53.1)**	**$6.0**	**$103.4**	**$312.1**	**$130.7**	**$150.9**	**$173.6**	**$148.2**	**$148.2**	**$95.4**	**$1,011.9**
[27]	Term Loan Draw	$111.9	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$111.9
[28]	**Net Cash Flow Before ABL Paydown, w/TL**	**$206.1**	**$6.6**	**$32.7**	**($104.2)**	**($108.7)**	**$22.6**	**($83.5)**	**($63.2)**	**($53.1)**	**$6.0**	**$103.4**	**$312.1**	**$130.7**	**$150.9**	**$173.6**	**$148.2**	**$148.2**	**$95.4**	**$1,123.8**
[29]	Other Financing	$0.0	$0.0	$0.0	$0.0	($117.4)	($22.6)	$83.5	$63.2	$53.1	($6.0)	($103.4)	($312.1)	($130.7)	($150.9)	($173.6)	($148.2)	($148.2)	($95.4)	($1,208.8)
	Net Cash Flow	**$206.1**	**$6.6**	**$32.7**	**($104.2)**	**($226.2)**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**($85.0)**
[30]	Available Cash	296.5	297.7	330.4	226.2	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
[31]	Net Availability	155.5	115.0	66.5	83.0	127.4	137.4	59.7	89.6	55.5	30.2	67.6	189.0	147.0	217.7	280.7	318.8	373.2	388.9	388.9
[32]	**Memo: Total Liquidity (Availability + Cash)**	**$452.0**	**$412.7**	**$396.9**	**$309.2**	**$127.4**	**$137.4**	**$59.7**	**$89.6**	**$55.5**	**$30.2**	**$67.6**	**$189.0**	**$147.0**	**$217.7**	**$280.7**	**$318.8**	**$373.2**	**$388.9**	**$388.9**
	Memo: Wind-down Reserve Balance		$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$8.9	$17.8	$26.7	$35.6	$44.5	$53.4	$53.4
	Memo: Merchandise COGS		74.1	64.3	67.0	79.0	68.4	143.0	68.4	85.4	83.2	105.6	140.4	0.0	0.0	0.0	0.0	0.0	0.0	978.9
	Memo: GOB COGS		0.0	26.5	30.7	31.5	41.8	45.2	46.6	45.4	43.1	40.5	139.1	152.2	134.2	146.2	154.2	154.0	141.4	1,372.7
	Memo: Borrowing Base	1,798.5	1,757.9	1,709.4	1,725.9	1,652.9	1,640.3	1,496.1	1,439.2	1,408.1	1,376.8	1,310.9	1,120.1	960.8	888.9	788.4	688.2	602.5	532.1	
	Memo: Sr. DIP & 1L Borrowings	1,642.9	1,642.9	1,642.9	1,642.9	1,525.5	1,502.9	1,436.4	1,349.6	1,352.7	1,346.6	1,243.3	931.2	800.5	649.6	476.0	327.8	179.5	84.1	
	Memo: Jr DIP Borrowings	0.0	0.0	0.0	0.0	0.0	0.0	150.0	300.0	350.0	350.0	350.0	350.0	350.0	350.0	350.0	350.0	350.0	350.0	

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410 stores GOB 12/29

Project Blue - Cash Flow Forecast, Go-Forward Same-Store Sales of (15.0%) with 410 Go-Forward Stores, then GOB all stores 12/29

	Month	October			November				December					January				February		Total
	Week	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	Weeks
	Retail Week EoP	10/20/18	10/27/18	11/3/18	11/10/18	11/17/18	11/24/18	12/1/18	12/8/18	12/15/18	12/22/18	12/29/18	1/5/19	1/12/19	1/19/19	1/26/19	2/2/19	2/9/19	2/16/19	
	Unique Week	201837	201838	201839	201840	201841	201842	201843	201844	201845	201846	201847	201848	201849	201850	201851	201852	201901	201902	1-18
	CASH RECEIPTS																			
[1]	Normal Course Net Merchandise Receipts	$133.1	$111.6	$151.0	$94.4	$111.2	$167.7	$88.8	$81.9	$102.2	$100.1	$125.6	$168.2	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$1,435.9
[2]	Plus: GOB Sales Receipts	0.0	0.0	0.0	52.5	50.3	90.3	95.3	96.4	90.0	83.9	74.5	227.0	257.2	226.6	239.7	215.1	201.2	169.1	2,169.0
[3]	Plus: PA Sales	2.5	11.1	4.9	2.3	6.0	6.1	9.3	7.7	6.4	6.7	6.2	6.3	6.8	7.1	6.7	6.4	6.6	6.2	115.1
[4]	Plus: Other Cash Receipts	50.7	45.8	41.1	20.0	20.0	20.0	20.0	24.5	24.5	24.5	24.5	24.5	40.9	40.9	40.9	40.9	40.9	40.9	585.5
[5]	Plus: Non-Operating Receipts	0.0	0.0	0.0	0.0	0.0	0.0	2.7	0.0	0.0	0.0	0.0	1.8	0.0	0.0	0.0	2.3	0.0	0.0	6.8
[6]	Plus: TSA & CSA Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Total Cash Receipts	**$186.3**	**$168.5**	**$197.0**	**$169.2**	**$187.6**	**$284.1**	**$216.2**	**$210.4**	**$223.1**	**$215.1**	**$230.8**	**$427.7**	**$305.0**	**$274.6**	**$287.3**	**$264.7**	**$248.7**	**$216.2**	**$4,312.4**
	OPERATING DISBURSEMENTS																			
[7]	Merchandise Vendors	$21.0	$71.1	$52.0	$86.1	$91.5	$98.8	$76.5	$71.9	$80.7	$48.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$697.6
[8]	Occupancy	0.0	0.0	0.0	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	18.6
[9]	Payroll, Taxes, and Benefits	44.0	27.8	65.2	31.1	59.7	31.4	72.8	39.3	62.7	33.2	42.1	31.2	39.3	27.2	26.6	43.0	29.5	37.6	743.8
[10]	Other SG&A Disbursements	15.9	52.9	46.1	95.7	79.1	89.7	101.6	89.6	57.8	77.6	65.1	61.5	65.3	57.0	67.3	56.6	70.2	59.6	1,208.7
[11]	GOB Rent	0.0	0.0	0.0	30.6	3.4	0.0	0.0	25.5	8.5	0.0	0.0	0.0	29.1	0.0	0.0	0.0	0.0	0.0	97.2
[11]	GOB Addt'l Expenses	0.0	0.0	0.0	6.8	6.8	12.9	13.1	13.2	13.3	13.2	13.1	36.4	36.5	29.9	30.1	30.1	24.4	24.3	304.0
[11]	GOB Liquidator Fees	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.4
[11]	Less: GOB Store Level Expenses Add-Back	0.0	0.0	0.0	(5.5)	(5.5)	(10.6)	(10.6)	(9.4)	(9.4)	(9.4)	(9.4)	(26.1)	(24.6)	(24.6)	(24.6)	(24.6)	(24.8)	(24.8)	(244.2)
	Total Operating Disbursements	**$80.9**	**$151.7**	**$163.3**	**$246.2**	**$236.1**	**$223.5**	**$254.6**	**$231.4**	**$214.8**	**$163.9**	**$112.2**	**$104.4**	**$146.9**	**$90.7**	**$100.6**	**$106.3**	**$100.6**	**$98.0**	**$2,826.2**
[12]	Less: CapEx	0.0	0.0	0.0	1.7	1.2	1.1	1.1	1.1	1.4	1.0	0.9	1.1	1.1	0.9	1.2	1.1	1.1	1.1	16.8
	Net Cash Flow	**$105.4**	**$16.8**	**$33.8**	**($78.7)**	**($49.7)**	**$59.6**	**($39.5)**	**($22.0)**	**$6.9**	**$50.2**	**$117.8**	**$322.2**	**$157.0**	**$183.0**	**$185.5**	**$157.3**	**$147.0**	**$117.1**	**$1,469.5**
	NON-OPERATING CASH FLOW																			
[13]	Utility Deposits	$0.0	$0.0	$0.0	$0.0	$9.2	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$9.2
[14]	Less: Professional Fees	0.0	0.0	0.0	0.0	2.0	0.0	0.0	0.0	17.4	0.0	0.0	0.0	0.0	15.9	0.0	0.0	0.0	23.5	58.8
[15]	Critical Vendor Payments	0.0	9.1	0.0	15.0	15.0	15.0	15.0	11.0	9.0	8.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	98.0
[16]	Insurance Payments	0.0	0.0	0.0	0.0	4.3	4.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8.6
[17]	Gift Card Redemptions	0.0	0.0	0.0	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	0.0	0.0	0.0	0.0	0.0	0.0	10.9
[18]	KEIP / KERP	0.0	0.0	0.0	0.0	0.0	6.3	0.0	0.0	0.0	0.0	0.0	0.0	6.3	0.0	0.0	0.0	0.0	0.0	12.6
[19]	Credit Card Holdbacks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
[20]	PTO	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.2	0.0	0.0	0.0	3.3	0.0	0.0	7.5
[21]	Post-Petition TSA/CSA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Chapter 11 Related	**$0.0**	**$9.1**	**$0.0**	**$16.2**	**$31.8**	**$26.8**	**$16.2**	**$12.2**	**$27.6**	**$10.1**	**$1.2**	**$5.4**	**$6.3**	**$15.9**	**$0.0**	**$3.3**	**$0.0**	**$23.5**	**$205.6**
[22]	Less: Cash Interest	$0.9	$1.1	$1.1	$4.1	$4.1	$3.9	$3.6	$3.7	$4.2	$4.6	$4.7	$4.6	$4.3	$4.1	$3.9	$3.5	$3.2	$2.9	$62.6
[23]	Less: Financing Fees	10.3	0.0	0.0	0.0	8.8	0.0	0.0	0.0	0.0	7.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	26.1
	Total Other Non-Operating Disbursements	**$11.2**	**$1.1**	**$1.1**	**$4.1**	**$12.9**	**$3.9**	**$3.6**	**$3.7**	**$4.2**	**$11.6**	**$4.7**	**$4.6**	**$4.3**	**$4.1**	**$3.9**	**$3.5**	**$3.2**	**$2.9**	**$88.7**
[24]	Unencumbered Assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8.9	8.9	8.9	8.9	8.9	8.9	53.4
[25]	Excess Proceeds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Total Asset Sales	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$8.9**	**$8.9**	**$8.9**	**$8.9**	**$8.9**	**$8.9**	**$53.4**
[26]	**Net Cash Flow Before ABL Paydown, ex TL**	**$94.2**	**$6.6**	**$32.7**	**($99.0)**	**($94.4)**	**$28.9**	**($59.3)**	**($38.0)**	**($24.8)**	**$28.5**	**$111.9**	**$312.2**	**$155.3**	**$171.9**	**$190.5**	**$159.3**	**$152.7**	**$99.5**	**$1,228.6**
[27]	Term Loan Draw	$111.9	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$111.9
[28]	**Net Cash Flow Before ABL Paydown, w/TL**	**$206.1**	**$6.6**	**$32.7**	**($99.0)**	**($94.4)**	**$28.9**	**($59.3)**	**($38.0)**	**($24.8)**	**$28.5**	**$111.9**	**$312.2**	**$155.3**	**$171.9**	**$190.5**	**$159.3**	**$152.7**	**$99.5**	**$1,340.5**
[29]	Other Financing	$0.0	$0.0	$0.0	$0.0	($136.9)	($28.9)	$59.3	$38.0	$24.8	($28.5)	($111.9)	($312.2)	($155.3)	($171.9)	($190.5)	($159.3)	($152.7)	($99.5)	($1,425.5)
	Net Cash Flow	**$206.1**	**$6.6**	**$32.7**	**($99.0)**	**($231.3)**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**($85.0)**
[30]	Available Cash	296.5	297.7	330.4	231.3	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
[31]	Net Availability	155.5	115.0	66.5	82.1	130.0	131.8	59.0	103.7	86.8	70.1	108.0	223.0	193.7	271.6	341.0	380.0	402.5	322.6	322.6
[32]	**Memo: Total Liquidity (Availability + Cash)**	**$452.0**	**$412.7**	**$396.9**	**$313.4**	**$130.0**	**$131.8**	**$59.0**	**$103.7**	**$86.8**	**$70.1**	**$108.0**	**$223.0**	**$193.7**	**$271.6**	**$341.0**	**$380.0**	**$402.5**	**$322.6**	**$322.6**
	Memo: Wind-down Reserve Balance		$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$8.9	$17.8	$26.7	$35.6	$44.5	$53.4	$53.4
	Memo: Merchandise COGS		74.1	64.3	67.0	79.0	58.2	119.1	58.2	72.6	71.1	89.2	119.4	0.0	0.0	0.0	0.0	0.0	0.0	872.1
	Memo: GOB COGS		0.0	26.5	30.7	31.5	58.3	64.4	65.8	67.2	66.4	66.0	163.5	174.8	156.2	164.9	171.6	155.0	142.5	1,605.5
	Memo: Borrowing Base	1,798.5	1,757.9	1,709.4	1,725.0	1,636.0	1,608.9	1,445.4	1,378.1	1,336.1	1,290.8	1,216.8	1,027.1	859.9	775.7	665.6	556.3	467.7	397.1	
	Memo: Sr. DIP & 1L Borrowings	1,642.9	1,642.9	1,642.9	1,642.9	1,506.0	1,477.1	1,386.4	1,274.4	1,249.2	1,220.7	1,108.9	796.6	641.3	469.4	278.9	119.6	0.0	0.0	
	Memo: Jr DIP Borrowings	0.0	0.0	0.0	0.0	0.0	0.0	150.0	300.0	350.0	350.0	350.0	350.0	350.0	350.0	350.0	350.0	350.0	350.0	

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359 stores GOB 12/29

Project Blue - Cash Flow Forecast, Go-Forward Same-Store Sales of (15.0%) with 359 Go-Forward Stores, then GOB all stores 12/29

	Month	October			November				December					January				February		Total
	Week	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	Weeks
	Retail Week EoP	10/20/18	10/27/18	11/3/18	11/10/18	11/17/18	11/24/18	12/1/18	12/8/18	12/15/18	12/22/18	12/29/18	1/5/19	1/12/19	1/19/19	1/26/19	2/2/19	2/9/19	2/16/19	
	Unique Week	201837	201838	201839	201840	201841	201842	201843	201844	201845	201846	201847	201848	201849	201850	201851	201852	201901	201902	1-18
	CASH RECEIPTS																			
[1]	Normal Course Net Merchandise Receipts	$133.1	$111.6	$151.0	$94.4	$111.2	$148.0	$79.8	$73.9	$92.2	$91.5	$113.8	$153.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$1,353.6
[2]	Plus: GOB Sales Receipts	0.0	0.0	0.0	52.5	50.3	102.6	111.3	112.2	106.9	100.4	91.5	228.1	252.2	220.0	229.8	202.6	183.1	153.2	2,196.7
[3]	Plus: PA Sales	2.5	11.1	4.9	2.3	6.0	6.1	9.3	7.7	6.4	6.7	6.2	6.3	6.8	7.1	6.7	6.4	6.6	6.2	115.1
[4]	Plus: Other Cash Receipts	50.7	45.8	41.1	20.0	20.0	20.0	20.0	24.5	24.5	24.5	24.5	24.5	40.9	40.9	40.9	40.9	40.9	40.9	585.5
[5]	Plus: Non-Operating Receipts	0.0	0.0	0.0	0.0	0.0	0.0	2.7	0.0	0.0	0.0	0.0	1.8	0.0	0.0	0.0	2.3	0.0	0.0	6.8
[6]	Plus: TSA & CSA Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Total Cash Receipts	**$186.3**	**$168.5**	**$197.0**	**$169.2**	**$187.6**	**$276.8**	**$223.2**	**$218.3**	**$230.0**	**$223.0**	**$236.0**	**$413.7**	**$300.0**	**$268.0**	**$277.3**	**$252.2**	**$230.6**	**$200.3**	**$4,257.8**
	OPERATING DISBURSEMENTS																			
[7]	Merchandise Vendors	$21.0	$71.1	$52.0	$83.5	$83.8	$90.4	$71.3	$67.1	$73.7	$43.9	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$657.7
[8]	Occupancy	0.0	0.0	0.0	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	18.6
[9]	Payroll, Taxes, and Benefits	44.0	27.8	65.2	31.1	59.7	31.4	72.8	39.3	62.7	33.2	42.1	31.2	39.3	27.2	26.6	43.0	29.5	37.6	743.8
[10]	Other SG&A Disbursements	15.9	52.9	46.1	95.7	79.1	89.7	101.6	89.6	57.8	77.6	65.1	61.5	65.3	57.0	67.3	56.6	70.2	59.6	1,208.7
[11]	GOB Rent	0.0	0.0	0.0	30.6	3.4	0.0	0.0	25.5	8.5	0.0	0.0	0.0	29.1	0.0	0.0	0.0	0.0	0.0	97.2
[11]	GOB Addt'l Expenses	0.0	0.0	0.0	6.8	6.8	15.0	15.4	15.4	15.5	15.5	15.4	36.7	36.7	30.2	30.2	30.3	22.4	22.3	314.7
[11]	GOB Liquidator Fees	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.4
[11]	Less: GOB Store Level Expenses Add-Back	0.0	0.0	0.0	(5.5)	(5.5)	(12.6)	(12.6)	(11.2)	(11.2)	(11.2)	(11.2)	(26.4)	(24.7)	(24.7)	(24.7)	(24.7)	(24.9)	(24.9)	(256.3)
	Total Operating Disbursements	**$80.9**	**$151.7**	**$163.3**	**$243.5**	**$228.5**	**$215.2**	**$249.7**	**$227.2**	**$208.3**	**$160.3**	**$112.8**	**$104.4**	**$147.0**	**$90.8**	**$100.7**	**$106.3**	**$98.5**	**$95.8**	**$2,784.9**
[12]	Less: CapEx	0.0	0.0	0.0	1.7	1.2	1.1	1.1	1.1	1.4	1.0	0.9	1.1	1.1	0.9	1.2	1.1	1.1	1.1	16.8
	Net Cash Flow	**$105.4**	**$16.8**	**$33.8**	**($76.1)**	**($42.1)**	**$60.4**	**($27.5)**	**($9.9)**	**$20.3**	**$61.6**	**$122.4**	**$308.2**	**$151.9**	**$176.3**	**$175.5**	**$144.8**	**$131.0**	**$103.3**	**$1,456.1**
	NON-OPERATING CASH FLOW																			
[13]	Utility Deposits	$0.0	$0.0	$0.0	$0.0	$9.2	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$9.2
[14]	Less: Professional Fees	0.0	0.0	0.0	0.0	2.0	0.0	0.0	0.0	17.4	0.0	0.0	0.0	0.0	15.9	0.0	0.0	0.0	23.5	58.8
[15]	Critical Vendor Payments	0.0	9.1	0.0	15.0	15.0	15.0	15.0	11.0	9.0	8.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	98.0
[16]	Insurance Payments	0.0	0.0	0.0	0.0	4.3	4.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8.6
[17]	Gift Card Redemptions	0.0	0.0	0.0	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	0.0	0.0	0.0	0.0	0.0	0.0	10.9
[18]	KEIP / KERP	0.0	0.0	0.0	0.0	0.0	6.3	0.0	0.0	0.0	0.0	0.0	0.0	6.3	0.0	0.0	0.0	0.0	0.0	12.6
[19]	Credit Card Holdbacks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
[20]	PTO	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.2	0.0	0.0	0.0	3.3	0.0	0.0	7.5
[21]	Post-Petition TSA/CSA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Chapter 11 Related	**$0.0**	**$9.1**	**$0.0**	**$16.2**	**$31.8**	**$26.8**	**$16.2**	**$12.2**	**$27.6**	**$10.1**	**$1.2**	**$5.4**	**$6.3**	**$15.9**	**$0.0**	**$3.3**	**$0.0**	**$23.5**	**$205.6**
[22]	Less: Cash Interest	$0.9	$1.1	$1.1	$4.1	$4.1	$3.9	$3.6	$3.7	$4.1	$4.5	$4.6	$4.5	$4.2	$4.1	$3.8	$3.5	$3.2	$2.9	$62.0
[23]	Less: Financing Fees	10.3	0.0	0.0	0.0	8.8	0.0	0.0	0.0	0.0	7.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	26.1
	Total Other Non-Operating Disbursements	**$11.2**	**$1.1**	**$1.1**	**$4.1**	**$12.9**	**$3.9**	**$3.6**	**$3.7**	**$4.1**	**$11.5**	**$4.6**	**$4.5**	**$4.2**	**$4.1**	**$3.8**	**$3.5**	**$3.2**	**$2.9**	**$88.0**
[24]	Unencumbered Assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8.9	8.9	8.9	8.9	8.9	8.9	53.4
[25]	Excess Proceeds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Total Asset Sales	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$8.9**	**$8.9**	**$8.9**	**$8.9**	**$8.9**	**$8.9**	**$53.4**
[26]	**Net Cash Flow Before ABL Paydown, ex TL**	**$94.2**	**$6.6**	**$32.7**	**($96.4)**	**($86.7)**	**$29.8**	**($47.3)**	**($25.8)**	**($11.4)**	**$39.9**	**$116.5**	**$298.3**	**$150.3**	**$165.3**	**$180.6**	**$146.9**	**$136.7**	**$85.7**	**$1,215.9**
[27]	Term Loan Draw	$111.9	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$111.9
[28]	**Net Cash Flow Before ABL Paydown, w/TL**	**$206.1**	**$6.6**	**$32.7**	**($96.4)**	**($86.7)**	**$29.8**	**($47.3)**	**($25.8)**	**($11.4)**	**$39.9**	**$116.5**	**$298.3**	**$150.3**	**$165.3**	**$180.6**	**$146.9**	**$136.7**	**$85.7**	**$1,327.8**
[29]	Other Financing	$0.0	$0.0	$0.0	$0.0	($147.3)	($29.8)	$47.3	$25.8	$11.4	($39.9)	($116.5)	($298.3)	($150.3)	($165.3)	($180.6)	($146.9)	($136.7)	($85.7)	($1,412.8)
	Net Cash Flow	**$206.1**	**$6.6**	**$32.7**	**($96.4)**	**($234.0)**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**($85.0)**
[30]	Available Cash	296.5	297.7	330.4	234.0	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
[31]	Net Availability	155.5	115.0	66.5	81.6	135.6	131.1	67.6	119.4	111.0	98.8	137.2	241.1	208.2	279.5	341.1	370.7	384.5	312.6	312.6
[32]	**Memo: Total Liquidity (Availability + Cash)**	**$452.0**	**$412.7**	**$396.9**	**$315.6**	**$135.6**	**$131.1**	**$67.6**	**$119.4**	**$111.0**	**$98.8**	**$137.2**	**$241.1**	**$208.2**	**$279.5**	**$341.1**	**$370.7**	**$384.5**	**$312.6**	**$312.6**
	Memo: Wind-down Reserve Balance		$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$8.9	$17.8	$26.7	$35.6	$44.5	$53.4	$53.4
	Memo: Merchandise COGS		74.1	64.3	67.0	79.0	52.5	105.1	52.5	65.5	64.9	80.8	108.6	0.0	0.0	0.0	0.0	0.0	0.0	814.3
	Memo: GOB COGS		0.0	26.5	30.7	31.5	66.7	74.0	75.3	78.1	78.2	79.2	166.2	175.2	156.2	161.7	166.9	140.8	129.7	1,636.8
	Memo: Borrowing Base	1,798.5	1,757.9	1,709.4	1,724.5	1,631.3	1,597.0	1,430.8	1,358.4	1,311.4	1,259.2	1,181.1	997.6	831.7	747.4	639.4	532.7	451.6	388.2	
	Memo: Sr. DIP & 1L Borrowings	1,642.9	1,642.9	1,642.9	1,642.9	1,495.7	1,465.9	1,363.2	1,239.0	1,200.4	1,160.5	1,043.9	745.6	595.4	430.1	249.5	102.6	0.0	0.0	
	Memo: Jr DIP Borrowings	0.0	0.0	0.0	0.0	0.0	0.0	150.0	300.0	350.0	350.0	350.0	350.0	350.0	350.0	350.0	350.0	350.0	350.0	

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300 stores GOB 12/29

Project Blue - Cash Flow Forecast, Go-Forward Same-Store Sales of (15.0%) with 300 Go-Forward Stores, then GOB all stores 12/29

	Month	October			November				December					January				February		Total
	Week	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	Weeks
	Retail Week EoP	10/20/18	10/27/18	11/3/18	11/10/18	11/17/18	11/24/18	12/1/18	12/8/18	12/15/18	12/22/18	12/29/18	1/5/19	1/12/19	1/19/19	1/26/19	2/2/19	2/9/19	2/16/19	
	Unique Week	201837	201838	201839	201840	201841	201842	201843	201844	201845	201846	201847	201848	201849	201850	201851	201852	201901	201902	1-18
	CASH RECEIPTS																			
[1]	Normal Course Net Merchandise Receipts	$133.1	$111.6	$151.0	$94.4	$111.2	$123.9	$66.3	$63.0	$78.8	$78.4	$97.2	$130.7	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$1,239.6
[2]	Plus: GOB Sales Receipts	0.0	0.0	0.0	52.5	50.3	118.7	132.0	132.5	128.8	121.0	112.6	225.2	241.0	206.3	211.9	182.5	156.0	129.7	2,201.2
[3]	Plus: PA Sales	2.5	11.1	4.9	2.3	6.0	6.1	9.3	7.7	6.4	6.7	6.2	6.3	6.8	7.1	6.7	6.4	6.6	6.2	115.1
[4]	Plus: Other Cash Receipts	50.7	45.8	41.1	20.0	20.0	20.0	20.0	24.5	24.5	24.5	24.5	24.5	40.9	40.9	40.9	40.9	40.9	40.9	585.5
[5]	Plus: Non-Operating Receipts	0.0	0.0	0.0	0.0	0.0	0.0	2.7	0.0	0.0	0.0	0.0	1.8	0.0	0.0	0.0	2.3	0.0	0.0	6.8
[6]	Plus: TSA & CSA Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Total Cash Receipts	**$186.3**	**$168.5**	**$197.0**	**$169.2**	**$187.6**	**$268.7**	**$230.3**	**$227.6**	**$238.5**	**$230.5**	**$240.5**	**$388.5**	**$288.8**	**$254.3**	**$259.5**	**$232.1**	**$203.5**	**$176.8**	**$4,148.2**
	OPERATING DISBURSEMENTS																			
[7]	Merchandise Vendors	$21.0	$71.1	$52.0	$79.6	$73.4	$79.1	$63.4	$59.7	$62.9	$37.5	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$599.8
[8]	Occupancy	0.0	0.0	0.0	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	18.6
[9]	Payroll, Taxes, and Benefits	44.0	27.8	65.2	31.1	59.7	31.4	72.8	39.3	62.7	33.2	42.1	31.2	39.3	27.2	26.6	43.0	29.5	37.6	743.8
[10]	Other SG&A Disbursements	15.9	52.9	46.1	95.7	79.1	89.7	101.6	89.6	57.8	77.6	65.1	61.5	65.3	57.0	67.3	56.6	70.2	59.6	1,208.7
[11]	GOB Rent	0.0	0.0	0.0	30.6	3.4	0.0	0.0	25.5	8.5	0.0	0.0	0.0	29.1	0.0	0.0	0.0	0.0	0.0	97.2
[11]	GOB Addt'l Expenses	0.0	0.0	0.0	6.8	6.8	17.7	18.1	18.2	18.4	18.4	18.3	36.7	36.7	30.1	30.1	30.0	19.6	19.5	325.4
[11]	GOB Liquidator Fees	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.4
[11]	Less: GOB Store Level Expenses Add-Back	0.0	0.0	0.0	(5.5)	(5.5)	(15.8)	(15.8)	(14.0)	(14.0)	(14.0)	(14.0)	(26.7)	(24.6)	(24.6)	(24.6)	(24.6)	(24.7)	(24.7)	(273.0)
	Total Operating Disbursements	**$80.9**	**$151.7**	**$163.3**	**$239.7**	**$218.1**	**$203.5**	**$241.4**	**$219.7**	**$197.6**	**$154.0**	**$112.9**	**$104.1**	**$147.2**	**$90.9**	**$100.7**	**$106.3**	**$95.9**	**$93.2**	**$2,721.0**
[12]	Less: CapEx	0.0	0.0	0.0	1.7	1.2	1.1	1.1	1.1	1.4	1.0	0.9	1.1	1.1	0.9	1.2	1.1	1.1	1.1	16.8
	Net Cash Flow	**$105.4**	**$16.8**	**$33.8**	**($72.2)**	**($31.7)**	**$64.1**	**($12.1)**	**$6.9**	**$39.5**	**$75.5**	**$126.8**	**$283.3**	**$140.6**	**$162.5**	**$157.7**	**$124.8**	**$106.6**	**$82.4**	**$1,410.5**
	NON-OPERATING CASH FLOW																			
[13]	Utility Deposits	$0.0	$0.0	$0.0	$0.0	$9.2	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$9.2
[14]	Less: Professional Fees	0.0	0.0	0.0	0.0	2.0	0.0	0.0	0.0	17.4	0.0	0.0	0.0	0.0	15.9	0.0	0.0	0.0	23.5	58.8
[15]	Critical Vendor Payments	0.0	9.1	0.0	15.0	15.0	15.0	15.0	11.0	9.0	8.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	98.0
[16]	Insurance Payments	0.0	0.0	0.0	0.0	4.3	4.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8.6
[17]	Gift Card Redemptions	0.0	0.0	0.0	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	0.0	0.0	0.0	0.0	0.0	0.0	10.9
[18]	KEIP / KERP	0.0	0.0	0.0	0.0	0.0	6.3	0.0	0.0	0.0	0.0	0.0	0.0	6.3	0.0	0.0	0.0	0.0	0.0	12.6
[19]	Credit Card Holdbacks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
[20]	PTO	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.2	0.0	0.0	0.0	3.3	0.0	0.0	7.5
[21]	Post-Petition TSA/CSA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Chapter 11 Related	**$0.0**	**$9.1**	**$0.0**	**$16.2**	**$31.8**	**$26.8**	**$16.2**	**$12.2**	**$27.6**	**$10.1**	**$1.2**	**$5.4**	**$6.3**	**$15.9**	**$0.0**	**$3.3**	**$0.0**	**$23.5**	**$205.6**
[22]	Less: Cash Interest	$0.9	$1.1	$1.1	$4.1	$4.1	$3.9	$3.5	$3.6	$4.1	$4.5	$4.5	$4.4	$4.1	$4.0	$3.7	$3.4	$3.2	$3.0	$61.3
[23]	Less: Financing Fees	10.3	0.0	0.0	0.0	8.8	0.0	0.0	0.0	0.0	7.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	26.1
	Total Other Non-Operating Disbursements	**$11.2**	**$1.1**	**$1.1**	**$4.1**	**$12.9**	**$3.9**	**$3.5**	**$3.6**	**$4.1**	**$11.5**	**$4.5**	**$4.4**	**$4.1**	**$4.0**	**$3.7**	**$3.4**	**$3.2**	**$3.0**	**$87.3**
[24]	Unencumbered Assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8.9	8.9	8.9	8.9	8.9	8.9	53.4
[25]	Excess Proceeds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Total Asset Sales	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$8.9**	**$8.9**	**$8.9**	**$8.9**	**$8.9**	**$8.9**	**$53.4**
[26]	**Net Cash Flow Before ABL Paydown, ex TL**	**$94.2**	**$6.6**	**$32.7**	**($92.5)**	**($76.3)**	**$33.5**	**($31.9)**	**($9.0)**	**$7.8**	**$53.9**	**$121.1**	**$273.5**	**$139.1**	**$151.6**	**$162.8**	**$126.9**	**$112.3**	**$64.8**	**$1,171.0**
[27]	Term Loan Draw	$111.9	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$111.9
[28]	**Net Cash Flow Before ABL Paydown, w/TL**	**$206.1**	**$6.6**	**$32.7**	**($92.5)**	**($76.3)**	**$33.5**	**($31.9)**	**($9.0)**	**$7.8**	**$53.9**	**$121.1**	**$273.5**	**$139.1**	**$151.6**	**$162.8**	**$126.9**	**$112.3**	**$64.8**	**$1,282.9**
[29]	Other Financing	$0.0	$0.0	$0.0	$0.0	($161.5)	($33.5)	$31.9	$9.0	($7.8)	($53.9)	($121.1)	($273.5)	($139.1)	($151.6)	($162.8)	($126.9)	($112.3)	($64.8)	($1,367.9)
	Net Cash Flow	**$206.1**	**$6.6**	**$32.7**	**($92.5)**	**($237.8)**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**($85.0)**
[30]	Available Cash	296.5	297.7	330.4	237.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
[31]	Net Availability	155.5	115.0	66.5	80.9	144.4	134.4	83.2	144.7	148.3	141.0	179.2	265.1	224.6	284.3	333.1	348.7	374.7	314.8	314.8
[32]	**Memo: Total Liquidity (Availability + Cash)**	**$452.0**	**$412.7**	**$396.9**	**$318.7**	**$144.4**	**$134.4**	**$83.2**	**$144.7**	**$148.3**	**$141.0**	**$179.2**	**$265.1**	**$224.6**	**$284.3**	**$333.1**	**$348.7**	**$374.7**	**$314.8**	**$314.8**
	Memo: Wind-down Reserve Balance		$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$8.9	$17.8	$26.7	$35.6	$44.5	$53.4	$53.4
	Memo: Merchandise COGS		74.1	64.3	67.0	79.0	44.7	88.0	44.7	55.9	55.6	69.0	92.8	0.0	0.0	0.0	0.0	0.0	0.0	735.2
	Memo: GOB COGS		0.0	26.5	30.7	31.5	77.3	86.3	87.8	92.2	93.2	95.4	167.2	172.8	152.6	154.1	157.2	119.7	110.5	1,655.1
	Memo: Borrowing Base	1,798.5	1,757.9	1,709.4	1,723.8	1,625.8	1,582.3	1,413.1	1,333.5	1,279.3	1,218.2	1,135.3	962.6	799.8	717.5	613.8	512.5	442.8	390.1	
	Memo: Sr. DIP & 1L Borrowings	1,642.9	1,642.9	1,642.9	1,642.9	1,481.4	1,447.9	1,329.8	1,188.8	1,131.1	1,077.2	956.1	682.6	543.5	391.9	229.1	102.1	0.0	0.0	
	Memo: Jr DIP Borrowings	0.0	0.0	0.0	0.0	0.0	0.0	150.0	300.0	350.0	350.0	350.0	350.0	350.0	350.0	350.0	350.0	350.0	350.0	

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Break

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Tax Update

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Overview of Sears' Tax Attributes*

(all amounts are approximations)

- As of February 3, 2018:
  - Consolidated federal net operating losses (NOLs): $5.0 billion
    - Amount does not reflect any FY2018 losses or deferred interest deductions (IRC Section 163(j)).
  - Consolidated federal tax credits: $900 million (most of which is foreign tax credits)
    - Tax basis in assets: $6.3 billion (includes current assets,** but excludes intercompany debt and US subsidiary stock basis)
  - Determining the stock basis and the status of the intercompany accounts for tax purposes is critical to understanding the potential tax consequences – both good and bad – of a sale of the assets of the company.
    - This is a substantial task Deloitte has been pursuing for only a few weeks and still has a lot of work to do, as described on the next slide.
  - As will be discussed, any acquisition of the tax attributes – whether in a stock acquisition under a Chapter 11 plan or pursuant to a BC Section 363 sale (in combination with a plan) – will be subject to reduction and limitation under the cancellation of debt ("COD") and change in ownership rules.

* Based on information provided by the company and tax returns, as filed. Amounts are subject to material change. Slides prepared in conjunction with Deloitte.

** Includes inventory of $2.4 billion and cash of $460 million.

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Critical Tax Work Streams (Deloitte Tax/Weil)

- Development and refinement of amount of tax attributes
- Complexity of structure requires significant analysis
  - NOLs in multiple entities
    - Sears Holdings Corporation; Sears, Roebuck and Co; Kmart Corporation; Sears Holdings Management Corporation; and others
  - Debt and COD in multiple locations
    - Debtors: Sears Holdings Corporation; Sears, Roebuck and Co; Sears Roebuck Acceptance Corp.; Sears Reinsurance Company Ltd.
  - Intercompany debt account balances and settlement
- Work Streams
  - Assist in evaluating bidder/stalking horse proposals and tax consequences
  - Tax basis in both assets and stock by entity
  - Resolution of complex intercompany debt structure
  - NOL, COD, and attribute reduction by entity
  - Assist with development of Chapter 11 plan structures

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Reduction of Tax Attributes for Cancellation of Debt

- For any corporation in bankruptcy (for which COD is incurred pursuant to a court order or confirmed plan), any COD is excluded from taxable income but the corporation's tax attributes (including NOLs) must be reduced by the amount of the excluded COD income.
  - Within a consolidated group, the tax attributes of other group members are also subject to reduction.
- Remaining tax attributes are then subject to limitation or further reduction under the IRC Section 382 change in ownership rules, assuming that Sears or its successor undergoes a 50% ownership change.
- Example: Based on an illustrative enterprise value of $1.5 billion (net of working capital) and third party debt of approx. [$5.5 billion], there would be $4.0 billion of COD, all excluded in the Chapter 11 case but resulting in attribute reduction. Following the reduction, the following "excess" tax attributes on a group wide basis would remain (subject to change in ownership limitations):*
  - Consolidated NOLs: $1.0 billion, plus FY2018 losses
  - Consolidated tax credits: $900 million**
  - Tax basis in assets (in excess of value):*** $1.8 billion (*i.e.*, $6.3 billion of tax basis less $4.5 billion of gross asset value)

* Actual results may vary materially because of the location of NOLs and COD income among members of the Sears group.

** Foreign tax credits potential utility depends on various factors.

*** Assumes current assets valued at around $3 billion (book value), which does not include intercompany debt and US subsidiary stock basis. Assets with "excess" basis are to be determined.

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If Section 382(l)(5) Applies: "Haircut" but No Annual Limitation

- Only available if pre-change shareholders and qualified creditors receive 50% or more of the reorganized company or its tax successor.
- A qualified creditor is any creditor holding "qualified" debt. Qualified debt generally is:
  - Debt outstanding since at least 18 months before the petition date, and continuously held since then by the same creditor;
  - Debt incurred in the debtor's ordinary course of business (such as trade debt), and continuously held by the same creditor; and
  - The above types of debt, <u>except that</u> the debt has traded and the creditor ends up with less than 5% (by value) of the stock of the reorganized equity.
- NOLs and likely any deferred interest deductions are reduced by the amount of interest deductions taken over the past 3-4 years with respect to the debt converted into stock.
  - If <u>all</u> debt were converted into stock, the combined NOL and likely deferred interest reduction potentially could be in the range of $1.0 billion (but is subject to continuing analysis) – significantly reducing NOLs. Also, not all debt may be converted. Tax Credits would be preserved. (Tax basis may be valuable without regard to Section 382(l)(5) qualification.)
- If a second ownership change occurs within 2 years of emergence, the annual limitation is zero (meaning any remaining NOL is generally of no further value thereafter).
  - Typically, the reorganized company's charter will restrict stock transfers to reduce this risk.

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Section 382(l)(6) Annual Limitation: In General

- Section 382(l)(6) annual limitation applies if the debtor does not qualify for Section 382(l)(5) or if the debtor elects out of Section 382(l)(5).
- Annual limitation on the use of the remaining NOLs and tax credits (*i.e.*, remaining after COD reduction) is generally equal to:

  (i) the long-term tax-exempt rate (currently, 2.43%) <u>times</u>

  (ii) the lesser of (a) post-reorganization equity value and (b) pre-transaction gross asset value

This can be increased, for the first 5 years after emergence, by the portion of the debtors' net unrealized built-in gain (NUBIG) actually or deemed recognized during such period; <u>however</u>, current indications are that this adjustment would not be material.

  - A significant portion of the excess tax basis may not be subject to the annual limitation.

- Can enhance basic annual limitation by increasing the post-reorganization equity value of reorganized company, such as by merging with a third party or by other new investment as part of the Chapter 11 plan.
- If creditors receive at least half of the reorganized company's equity so as to potentially qualify under Section 382(l)(5), the decision whether to apply Section 382(l)(5) does not have to be made until the filing of the tax return for the taxable year of emergence.

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Potential Monetization Structures

- Chapter 11 plan structure vs. BC Section 363 sale: General overview
  - In the context of a Chapter 11 plan, the existing debtors can be restructured (leaving the existing tax group intact, if desired), such that a new party alone or together with existing stakeholders can acquire the stock of the reorganized debtor group.
    - In such event, the tax attributes are indirectly acquired along with the assets of the restructured debtors.
    - A Chapter 11 plan structure for the entire company presents the least tax consequences, and puts less pressure on a refined understanding of intercompany debt and stock basis.
  - A 363 sale involves the acquisition of some or all of the debtor's assets by the bidder, which can be a creditor or group of creditors in whole or in part as a credit bid.
    - 363 sales can be effected on a group-wide basis or an entity-by-entity basis
    - As discussed below, a transfer of assets through a 363 sale can, under certain circumstances, qualify as a "tax" reorganization in which the tax attributes of the debtor travel with its assets, but with increased complexities and potential tax costs – due in part to the transfer of the tax attributes on the asset sale closing date even though there may be material taxable income incurred for the debtor/seller group after the transfer from the wind-up of the debtors.
      - Looming possible impediment: There may be risk that the wind up could trigger existing deferred gains relating to intercompany stock transfers, and any "excess loss accounts" if determined to exist.

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Potential Chapter 11 Plan Examples

- Stock of Sears Holdings acquired by an existing creditor or group of creditors, alone or together with a new third party cash investment (with cash distributed to creditors):
  - Potentially qualifies for Section 382(l)(5): If so, there would be no limitation on the use of the tax attributes (including NOLs) so long as no subsequent ownership change occurs within 2 years, but NOLs and likely deferred interest deductions reduced by up to $1 billion, depending on amount of converted debt – leaving current year losses and preserving tax credits.
  - If annual limitation applies, Section 382(l)(6): At most, assuming up to a $1.5 billion equity value (depending on capital structure), an annual limitation of up to approx. $36 million / year, at 21%+ tax rate, on losses and credits.
  - In either instance, a substantial portion of excess tax basis would likely be available without limitation.
- Stock of Sears Holdings acquired in a business combination with a third party, such as a merger with a third party or the contribution of the third party's business for the reorganized equity of Sears:
  - Such a plan is unlikely to qualify under Section 382(l)(5).
  - If annual limitation applies, Section 382(l)(6): If third party infuses a business sufficient to bring the reorganized equity value up to the pre-change gross asset value of approx. $4.5 billion (assuming no separate sales of business), the annual limitation could be up to approx. $110 million / year, at 21%+ tax rate, on losses and credits.
    - The business combination effectively enhances the annual limitation by increasing the post-reorganization equity value to the extent permitted under regulations.
- Debtor-by debtor acquisitions:
  - Select members of the Sears group could be acquired by creditors based on a refined understanding of where the tax attributes are located within the group.
  - In effect, the tax attributes and the above consequences could be divided up on an entity by entity basis; however, this may pose additional tax costs associated with subsidiary stock basis and treatment of intercompany accounts.

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Potential 363 Sales as Tax Reorganizations

- A BC Section 363 sale of a corporate debtor's assets for a mix of acquirer stock and other consideration can potentially qualify (in whole or in part) for tax reorganization treatment. *To the extent it does, an acquiror may be able to achieve similar tax results as those described above under a Chapter 11 plan.*
- To qualify for tax reorganization treatment –
  - The sale of assets and subsequent distribution to creditors/shareholders of the sale proceeds must be pursuant to a single plan and arrangement for tax purposes.
    - The sales agreement would constitute such plan (and would so provide) and generally would require that the "liquidation" of the seller corporation be completed from a tax perspective within a specified period (whether under a Chapter 11 plan or otherwise).
  - In addition, qualification as a tax reorganization depends on the composition of the ultimate distribution of consideration to creditors/shareholders under the plan (stock vs. non-stock), as well as the satisfaction of certain other requirements.
  - Whether these various requirements could be satisfied depends on the facts and circumstances of the particular transaction, and becomes more complex in a multi-tier structure (as we have here).
- As previously indicated, however, there potentially could be significant tax costs not present in a Chapter 11 restructuring of the existing group.

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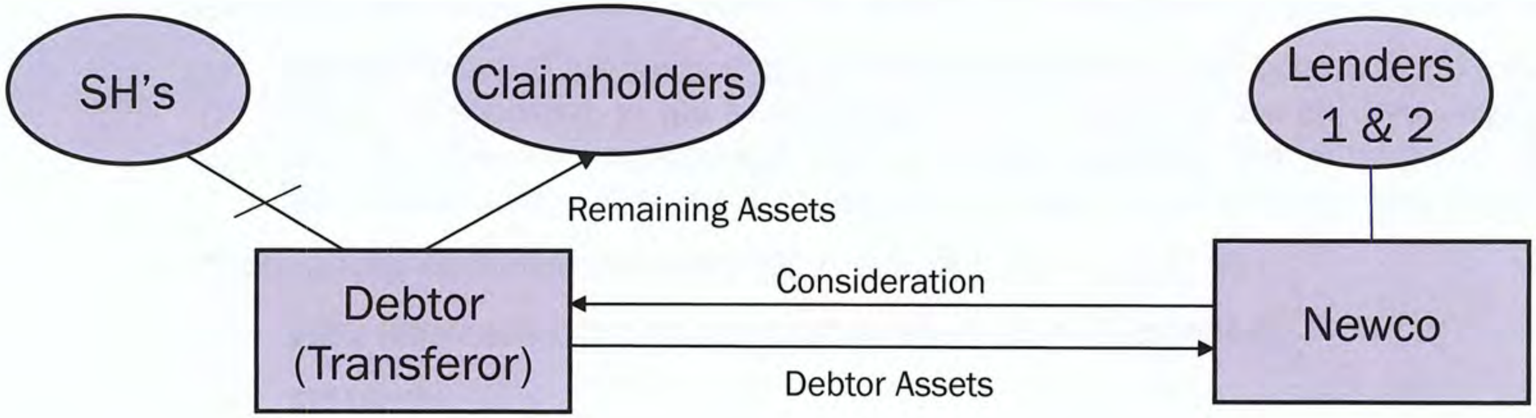
BC Section 363 Exchange: Tax Reorganization Example



Letter Ruling 201025018 illustrates a BC Section 363 exchange that included the following steps:

- Debtor is in bankruptcy.
- Debtor transferred the Company Assets, excluding the Unwanted Assets, to Newco in exchange for (i) common stock of Newco; (ii) the Instrument; (iii) credit bids of certain loans; (iv) the assumption by Newco of certain liabilities; and (v) Newco Series A Warrants (the "Exchange").
- Debtor attempted to sell or wind down the Unwanted Assets, and noted that it may sell the Newco common stock and Newco Series A Warrants that it received in the Exchange.
- Debtor then planned to liquidate, distributing its remaining assets to Debtor's claimholders.
- The IRS ruled that the Exchange and Debtor liquidation constituted a tax reorganization – as a result Newco acquired the tax attributes of the Debtor (after reduction for COD and subject to the change in ownership limitations of Section 382.

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Can't Sell it, Can Still Preserve it

- What do you do when you have sold most or substantially all of your assets, but there are still substantial tax attribute remaining that couldn't be sold? Sometimes you can still preserve them for your stakeholders.
- There are variations to this. But in the best circumstances, one or more businesses are retained, and then reorganize and distribute Sears Holdings to the creditors and/or shareholders.
- Under any of these variations, the tax attributes are principally of speculative value.
- Availability of tax attributes –
  - May qualify under Section 382(l)(5): If so, the reorganized company would retain for future any remaining NOLs (after the reduction for COD and the "haircut").
    - This would include any additional tax losses due to the sale of assets that had "excess" tax basis.
    - Must retain more than an insignificant active trade or business.
  - Under certain circumstance, need not qualify for Section 382(l)(5):
    - If substantial tax losses are incurred from the sale of other assets, and a Chapter 11 plan can be implemented sufficiently early in the same taxable year, a portion of the tax losses might be allocated to the post-Effective Date portion of the tax year without limitation, thereby avoiding the Section 382 annual limitation as to that portion of the losses.
  - Should try to avoid triggering any income relating to stock basis and intercompany debt issues

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DIP Financing Overview

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DIP Financing Overview

- The (a) final hearing for the DIP ABL and (b) interim hearing for the Junior DIP is currently noticed for November 27th at 1:30 pm (ET). The Company continues to finalize proposals and socialize such proposals with key stakeholders—including the DIP ABL Lenders and the Unsecured Creditors Committee.
- The Junior DIP process continues to be rigorous and exhaustive; Lazard has contacted almost 100 parties in interest, eventually executing approximately 35 NDAs, and sending incremental DIP process letters to approximately 25 parties.
  - To date, the following parties have submitted indicative proposals:
    - ESL: $350mm proposal (interest rescinded on 11/4)
    - EFO: $450mm proposal (interest rescinded on 11/7)
    - Cyrus-led consortium: $375mm proposal
    - Great American Capital led consortium:
      - (a) $450mm proposal—later revised to a $350mm proposal, and
      - (b) $600mm proposal
- Although the Company continues to consider all available options, they have narrowed their focus to the Great American Capital $350mm proposal and the Cyrus-led $375mm proposal. Both parties continue to conduct diligence and exchange term sheets with the Company's advisors. The Company has shared the draft term sheets with the DIP ABL Lenders and the Unsecured Creditors Committee.
- The Company and its advisors continue to work around-the-clock responding to diligence requests, responding to inquiries, and turning mark-ups in a productive and swift manner.
- As of Friday, November 9, the Company has narrowed issues, particularly with respect to the Great American Capital $350mm proposal.

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Junior DIP: Process Summary

Lazard conducted initial discussions with 97 potential Junior DIP financing providers, ultimately receiving conforming term sheets from two consortiums led by Great American Capital Partners ("GACP") and Cyrus Capital Partners ("Cyrus").

- Also received one non-conforming proposal from EFO Financial
- See Appendix for detailed contact log

Initial Outreach	NDA Requests	Executed NDA	Submitted Proposal
98 Parties	62 Parties	34 Parties	10 Parties (3 Consortiums)

GACP Consortium[1]	Cyrus Consortium
Great American Capital Partners	Cyrus Capital Partners
Farallon Est. 1986	Mudrick Capital
Perot	Fir Tree Partners
First Pacific	
Whitebox	
Blue Torch Capital	

1. Additional parties including PIMCO, Silverpoint and Apollo may join GACP consortium.

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Junior DIP: Key Terms

The following summarizes the latest terms of the GACP and Cyrus proposals

- Key business points in GACP proposal are generally agreed; Cyrus economics, collateral package and milestones subject to further negotiation, as outlined in the Appendix.

	GACP (11/9/2018)	Cyrus Proposal (11/8/2018)
Lenders	• GA Capital and certain other institutions	• Cyrus, Mudrick, [Fir Tree]
Terms	• $350 million term loan – Assumes ABL DIP commitment size and structure remains consistent with structure approved on an interim basis • L+11.50%	• $375 million term loan – Contemplates reduction of ABL DIP to $225 million incremental commitment • L+12.00%
Duration	• Earlier of 8 months with a 4 month extension option, or the Maturity Date of ABL DIP	• Earlier of 7 months, with a 3-month extension option, and a second 3-month extension option; or the Maturity Date of the ABL DIP
Fees	• Closing Fee: 3.00% on interim and remainder at final approval • Undrawn Fee: 0.75% • Agent Monitoring Fee: $200,000 • Extension Fee: 1.25% with payment at maturity	• Upfront Fee: 3.00% on interim and remainder at final approval • OID: 1.00% • Undrawn Fee: 0.75% • Extension Fees: 1.50% • Prepayment Fee: 2.50% prior to March 15 • Agency Fee: $50,000
Priority	• Junior lien on ABL collateral behind all first and second lien prepetition debt • Junior lien behind ABL DIP on all previously unencumbered assets (except specified assets) • Senior lien on specified assets *pari passu* with ABL DIP • Junior lien behind ABL DIP and prepetition liens on previously encumbered assets	• Senior lien on all previously unencumbered assets • Junior lien on all previously encumbered assets, behind ABL DIP, except on IP/GL collateral where lien is senior to DIP ABL • Equity pledge of Sparrow Entity
Funding	• Multiple draw term loan facility • Initial funding $150 million; subsequent draws to occur when Debtor's available cash is less than $50 million	• Multiple draw term loan facility • Initial funding of $175 million; minimum draws of $50 million thereafter, up to $200 million
Winddown Reserve	• $200 million to be funded from first proceeds from previously unencumbered assets and any excess proceeds from the sale of any encumbered assets	• $200 million to be funded from first proceeds from previously unencumbered assets and any excess proceeds from the sale of any encumbered assets

Note: Summary includes key business points; not comprehensive.

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Junior DIP: Key Terms (cont'd)

The following summarizes the latest terms of the GACP and Cyrus proposals

	GACP Proposal (11/9/2018)	Cyrus Proposal (11/8/2018)
Store Maintenance Reserve	• N/A	• Cash reserve of $[TBD] million created upon close from proceeds of Junior DIP to be held until such time as certain stores constituting DIP collateral have been sold
Credit Bidding	• Customary rights for junior creditors	• Can credit bid to the extent the Winddown Reserve is fully funded
Milestones	• Final Order to be entered no later than December 28, 2018; Final Closing Date to occur no later than January 5, 2018 • Other milestones same as ABL DIP	• Approval of DIP by December 20, 2018 • Other milestones same as ABL DIP with additional requirement to demonstrate plan of asset disposition by December 1, 2018 – Asset sale disposition plan milestone subject to further negotiation
Covenants	• Compliance with the Approved Budget, subject to permitted variances	• Compliance with the Approved Budget, subject to permitted variances
Other	• Retention of liquidation consultants and retail liquidation firm acceptable to the DIP agent	• No marketing of Junior DIP, subject to fiduciary out for inbound proposals

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KERP / KEIP

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KERP Structure

- The KERP is a 12 months plan designed to retain key associates through the process of reorganization. Unlike the KEIP, the KERP is payable based on remaining in role throughout the duration of the 12 month period
- Total Budget: $17 million
- Participants: 331 (4.1%) "critical associates" identified by executive leadership from an initial submission of 900 nominees out of 8000 total eligible associates
- Payment Structure*:
  - The full target award is set as a percent of base salary, ranging from 30-40% of annual salary
  - As designed, the maximum amount payable to any individual under the KERP will be no more than $150,000
  - Payment Frequency**:
    - 25% of target payable after 3 months from initial filing
    - 25% of target payable after 6 months from initial filing
    - 25% of target payable after 9 months from initial filing
    - 25% of target payable after 12 months from initial filing
- The Restructuring Committee, upon the recommendation of the Chief Restructuring Officer and the Office of the CEO, may reallocate any remaining amounts of the KERP Award Pool as one-time cash retention payments to a KERP Participant or to an employee in good standing who is not a KERP Participant.

*KERP Award will be subject to the KERP Participants executing a wavier of severance
**All KERP Payments shall be subject to the Clawback period (October 15, 2018 – October 15, 2019)

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KEIP Structure

- The KEIP is a 12 months plan with Quarterly payment opportunities, subject to claw back if participants voluntarily leave the company (sooner of one year from filing or effective date of emergence plan)

- Total Maximum Cost of the KEIP shall be no more than $8.0 million

  - KEIP 1: Months 1-6 from filing
    - Represents 50% of the total KEIP budget: $4.0 million
    - Incentive payable IF SHC *exceeds* Net Operating Cash Flow against the DIP budget, as follows:
      - Below 110% of budget = 0 Payment
      - 110% of budget = 50% of Target Incentive
      - 115% of budget = 85% of Target Incentive
      - 120% of budget = 100% of Target Incentive

  - KEIP 2: 6-12 months from initial filing
    - Court approval will be sought for an additional $4.0 million
    - The performance metrics may be the same; net operating cash flow, or we may contemplate different targets, providing us motivational flexibility as we clearly identify necessary outcomes.

*KEIP Award will be subject to the KEIP Participants executing a wavier of severance
**All KEIP Payments shall be subject to the Clawback period (October 15, 2018 – October 15, 2019)

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Proposed KEIP Roster: 2016 -2018 Compensation History and Total Target Compensation

		2016*					2017**					2018***			
KEIP Roster	Base Date	Base Salary	AIP Target $	LTIP Target $	Total Target Compensation	Total Delivered Compensation	Base Salary	Target AIP $	Target LTIP $	Total Target Comp	Total Delivered Compensation	Base Salary	Target AIP $	Target LTIP $	Total Target Comp
1	06/18/2018	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$600,000	$450,000	$450,000	$1,500,000
2	09/22/2018	$375,000	$187,500	$187,500	$750,000	$406,425	$375,000	$187,500	$187,500	$750,000	$468,750	$500,000	$375,000	$187,500	$1,062,500
3	11/07/2017	$0	$0	$0	$0	$0	$750,000	$1,500,000	$0	$2,250,000	$113,636	$750,000	$1,500,000	N/A	$2,250,000
4	09/17/2018	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$400,000	$300,000	$300,000	$1,000,000
5	10/22/2017	$0	$0	$0	$0	$0	$600,000	$600,000	$450,000	$1,650,000	$114,583	$600,000	$450,000	$450,000	$1,500,000
6	05/01/2017	$600,000	$450,000	$450,000	$1,500,000	$915,172	$700,000	$700,000	$525,000	$1,925,000	$904,498	$700,000	$525,000	$525,000	$1,750,000
7	03/06/2017	$0	$0	$0	$0	$0	$550,000	$550,000	$550,000	$1,650,000	$759,649	$550,000	$550,000	$550,000	$1,650,000
8	02/04/2013	$475,000	$332,500	$475,000	$1,282,500	$755,637	$475,000	$356,250	$475,000	$1,306,250	$630,325	$475,000	$332,500	$332,500	$1,140,000
9	04/21/2017	$500,000	$375,000	$250,000	$1,125,000	$731,875	$650,000	$650,000	$650,000	$1,950,000	$899,477	$650,000	$650,000	$650,000	$1,950,000
10	02/05/2018	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$500,000	$375,000	$375,000	$1,250,000
11	04/25/2017	$350,000	$262,500	$175,000	$787,500	$367,500	$425,000	$425,000	$318,750	$1,168,750	$453,264	$425,000	$318,750	$318,750	$1,062,500
12	03/01/2012	$420,000	$315,000	$315,000	$1,050,000	$540,750	$420,000	$315,000	$420,000	$1,155,000	$560,752	$420,000	$315,000	$315,000	$1,050,000
13	10/01/2018	$300,000	$150,000	$150,000	$600,000	$345,000	$340,000	$255,000	$170,000	$765,000	$360,722	$425,000	$318,750	$318,750	$1,062,500
14	10/01/2018	$250,000	$125,000	$125,000	$500,000	$353,858	$285,000	$142,500	$142,500	$570,000	$394,831	$340,000	$255,000	$255,000	$850,000
15	06/04/2018	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$633,000	$474,750	$474,750	$1,582,500
16	09/10/2018	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$525,000	$393,750	$393,750	$1,312,500
17	01/03/2018	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$500,000	$375,000	$375,000	$1,250,000
18	09/01/2016	$0	$0	$0	$0	$280,000	$450,000	$450,000	$225,000	$1,125,000	$769,710	$450,000	$450,000	$225,000	$1,125,000
		$3,270,000	$2,197,500	$2,127,500	$7,595,000	$4,696,217	$6,020,000	$6,131,250	$4,113,750	$16,265,000	$6,430,197	$9,443,000	$8,408,500	$6,496,000	$24,347,500

* Exec 18 started in 2016

** Execs 3, 5, & 7 started in 2017

*** Execs 1, 4, 10, 15, 16, & 17 started in 2018

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Proposed KEIP Roster: 2016 -2018 Compensation History and Total Target Compensation (cont'd)

KEIP Roster	2018 Base Salary	2018 Target AIP $	2018 Target LTIP $	2018 Total Target Comp	PROPOSED Base Salary	Change	Proposed KEIP as % of Base Salary	Proposed KEIP $	Proposed Total Target Cash with KEIP
1	$600,000	$450,000	$450,000	$1,500,000	$600,000	**$0**	**75%**	**$450,000**	$1,050,000
2	$500,000	$375,000	$187,500	$1,062,500	$500,000	**$0**	**75%**	**$375,000**	$875,000
3	$750,000	$1,500,000	N/A	$2,250,000	$750,000	**$0**	**100%**	**$750,000**	$1,500,000
4	$400,000	$300,000	$300,000	$1,000,000	$400,000	**$0**	**75%**	**$300,000**	$700,000
5	$600,000	$450,000	$450,000	$1,500,000	**$975,000**	**$375,000**	**100%**	**$975,000**	$1,950,000
6	$700,000	$525,000	$525,000	$1,750,000	**$975,000**	**$275,000**	**50%**	**$487,500**	$1,462,500
7	$550,000	$550,000	$550,000	$1,650,000	$550,000	**$0**	**100%**	**$550,000**	$1,100,000
8	$475,000	$332,500	$332,500	$1,140,000	**$500,000**	**$25,000**	**100%**	**$500,000**	$1,000,000
9	$650,000	$650,000	$650,000	$1,950,000	**$975,000**	**$325,000**	**100%**	**$975,000**	$1,950,000
10	$500,000	$375,000	$375,000	$1,250,000	$500,000	**$0**	**75%**	**$375,000**	$875,000
11	$425,000	$318,750	$318,750	$1,062,500	**$500,000**	**$75,000**	**75%**	**$375,000**	$875,000
12	$420,000	$315,000	$315,000	$1,050,000	**$450,000**	**$30,000**	**75%**	**$337,500**	$787,500
13	$425,000	$318,750	$318,750	$1,062,500	$425,000	**$0**	**75%**	**$318,750**	$743,750
14	$340,000	$255,000	$255,000	$850,000	$375,000	**$35,000**	**75%**	**$281,250**	$656,250
15	$633,000	$474,750	$474,750	$1,582,500	$633,000	**$0**	**40%**	**$253,200**	$886,200
16	$525,000	$393,750	$393,750	$1,312,500	$525,000	**$0**	**40%**	**$210,000**	$735,000
17	$500,000	$375,000	$375,000	$1,250,000	$500,000	**$0**	**75%**	**$375,000**	$875,000
18	$450,000	$450,000	$225,000	$1,125,000	$450,000	**$0**	**40%**	**$180,000**	$630,000
	$9,443,000	$8,408,500	$6,496,000	$24,347,500	$10,583,000	$1,140,000		**$8,068,200**	$18,651,200

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Chapter 11 Timeline

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Chapter 11 Timeline

October 2018

S	M	T	W	T	F	S
30	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31	1	2	3
4	5	6	7	8	9	10

November 2018

S	M	T	W	T	F	S
28	29	30	31	1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	1
2	3	4	5	6	7	8

December 2018

S	M	T	W	T	F	S
25	26	27	28	29	30	1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31	1	2	3	4	5

January 2019

S	M	T	W	T	F	S
30	31	1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31	1	2
3	4	5	6	7	8	9

February 2019

S	M	T	W	T	F	S
27	28	29	30	31	1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	1	2
3	4	5	6	7	8	9

March 2019

S	M	T	W	T	F	S
24	25	26	27	28	1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31	1	2	3	4	5	6

October 15	• Chapter 11 filing • File GOB Motion
October 17	• Interim DIP Order approved
October 25	• Hearing on GOB Motion
November 15	• Second Day Hearing • Secondary GOB Sales order approved • SHIP, Global, and De Minimis Sale Procedures Hearing • Hearing on MTN Sale Motion
November 27	• Final Closing Date for DIP ABL Facility
November 27	• Hearing on Final Order approving DIP ABL Facility and Final Cash Management Order
Late November	• Begin Chapter 11 Plan Discussions
December 11	• SHIP Bid Deadline
December 13	• SHIP Auction (if applicable)
December 13	• Deadline to File Schedules/SOFAs (if no extension) • 341 Meeting of Creditors
December 15	• Deadline to Deliver Committed Financing for NewCo Transaction
December 18	• SHIP Sale Hearing
December 20	• Omnibus Hearing Date
Late December	• Target Date for Chapter 11 Plan Filing
January 2019	• Target Disclosure Statement Hearing
Late January 2019	• Deadline for Auction on NewCo
February 10, 2019	• Deadline for Closing NewCo Transaction
February 11, 2019	• End of Debtors' Initial Exclusive Period for Filing Plan (assuming no extension)
March 2019	• Targeted Chapter 11 Plan Confirmation

Weil LAZARD M-III PARTNERS

kmart sears SHOP YOUR WAY Kenmore CRAFTSMAN DieHard sears HOME SERVICES

Preliminary Business Plan

DRAFT

Sears Holdings Corporation

December 2018

EXHIBIT UCC 5
DATE 1/23/19
MARK RICHMAN, CSR, RPR

SEARS HOLDINGS

[DRAFT – Subject to Review]

Table of Contents

I. The Network Benefit

[DRAFT – Subject to Review]

Sears Holdings is a retailer with an integrated network of businesses using its retail footprint to provide synergistic value to many businesses

KENMORE

Value – Significant amount of customers go to Sears specifically to purchase Kenmore products

Synergy – Drives store revenues and Protection Agreement sales at Sears Home Services

Growth – Expand existing and target new third-party distributors

SEARS HOME SERVICES

Value – Market leading repair, parts, installation and protection business

Synergy – Protection Agreement revenue driven by appliance sales at Sears locations

Growth – A re-organized and properly capitalized Sears could bring in partners to help drive growth

SHOPYOURWAY

Value – Provides robust rewards program for Sears network

Synergy – ShopYourWay activity and corresponding value is directly related to the store footprint

Growth – Grow existing and add new third-party ShopYourWay partners

sears®

NewCo 505 Brick and Mortar Footprint

INNOVEL

Value – One of a few logistics companies with cross-country, 2-day delivery and installation fulfillment capabilities

Synergy – Core part of Sears supply chain

Growth – Cultivate existing and target new 3rd party partners

E-COMMERCE BUSINESS

Value – Retailers require strong online presence in an era of ever-expanding technology

Synergy – Local store presence drives customers online and vice versa

Growth – Additional investments Driving growth via higher conversion and traffic

SEARS AUTO

Value – Leading brand in auto center repair industry

Synergy – Drives business at co-located Sears locations and DieHard economics

Growth – Open new detached locations and/or partner with 3rd party providers

FINANCIAL SERVICES

Value – Revenue share program with Citi

Synergy – Integration with ShopYourWay and size and store footprint drives economics

Growth – Add to existing product portfolio; scales with other business

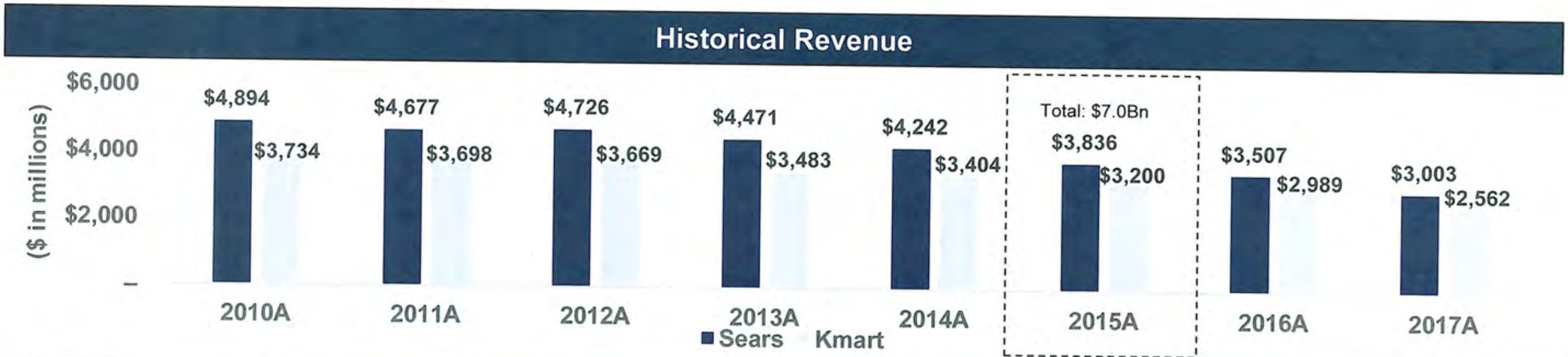
REAL ESTATE

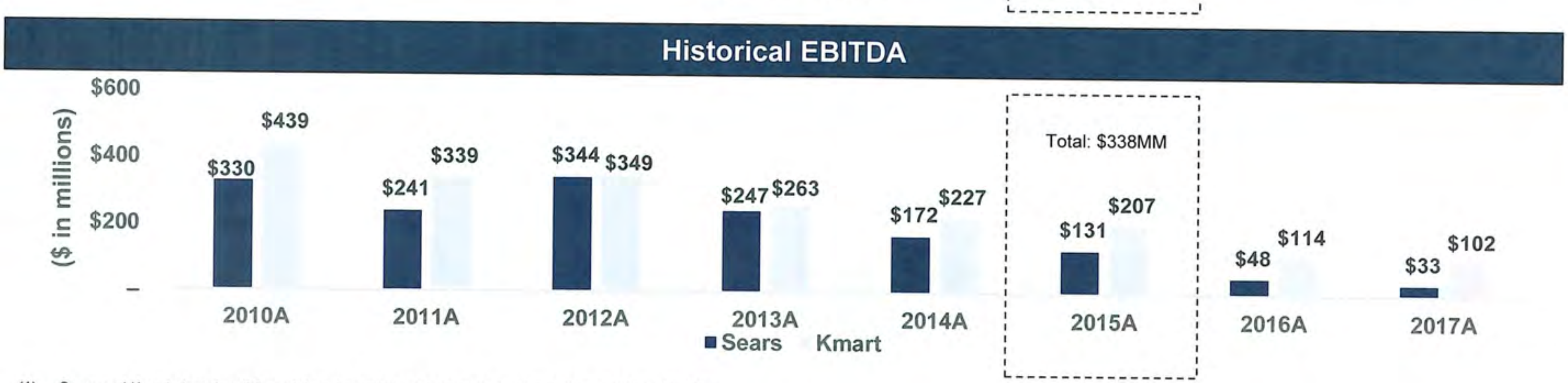
Value – Attractive assets and a diversified geographic footprint (located in all 50 states, as well as Puerto Rico and Guam), is key to an integrated retail solution

II. Financial Estimates and Projections

[DRAFT – Subject to Review]

The 505 stores in our go-forward plan delivered over $7BN of revenue and $338MM of store-level EBITDA in 2015[(1)]





(1) Sears and Kmart store 4-wall financials only; excludes Sears Auto Center, Online and ShopYourWay

[DRAFT – Subject to Review]

Our business plan is driven by a robust, store-level financial model

Assumptions and Methodology by Business Unit

	Methodology	Assumptions
Retail (Brick & Mortar, Sears Auto Center, Online & ShopYourWay)	• Brick and Mortar: By store revenue and EBITDA build • Sears Auto Center: By store revenue and EBITDA build • Online: Growth off of historical performance • ShopYourWay ("SYW"): Based on percentage of sales realized historically	• Footprint reduced to 505 total stores (266 Sears & and 239 Kmart) • Forecast driven off LTM actual performance through October 2018 • Management operational initiatives drive improving same-store sales comps of: – 2019 FY: (2.4%) – 2020 FY: +2.7% – 2021 FY: +3.5% • Due to limited seasonal inventory purchasing in softlines, there may be downside risk to 1H19 same-store sales comps, but upside in 2H19 • Management initiatives also result in 250-300 bps of gross margin improvement in 2019 • Fixed operating expenses held flat in 2019; grown at 2% thereafter • Inventory by Kmart / FLS format per company management forecast; 5 day terms ramping to 60 day terms over 2.5 year period through 2021 • Online: 2019-2021 revenue growth of 5% per annum • ShopYourWay: ~1.9% of total online and retail sales (based on LTM actuals)
Home Services	• Underlying business segments forecasted based on key drivers; based on management team's detailed financial model	• SHIP sold to stalking horse buyer and is excluded from forecast • Protection agreement business continues to originate policies through new agreement with Assurant • Business segment initiatives (e.g. website rebuild, B2B refocus, etc.) will continue positive operating momentum
Other Businesses	• Financial Services based on percentage of sales realized historically • Kenmore driven by historical trends by sales channel	• Financial Services: ~1.7% of total FLS retail sales (based on LTM actuals) • Kenmore / DieHard: – Same store sales grown 5% per annum – Amazon growth based on management projections – No new third-party distributors • Monark: Same store sales grown 5% per annum
Overhead, SG&A and Supply Chain & Logistics	• Management forecast based on result of three week long review of costs at each business unit by Office of the CEO and M-III	• Home Office SG&A: Reduced from ~$850MM current run-rate to ~$420MM on a run-rate basis • Supply Chain & Logistics: 9 conveyable distribution centers reduced to 5 • Innovel: Third party revenue ramps from $73MM in 2018 to $500MM+ in 2021

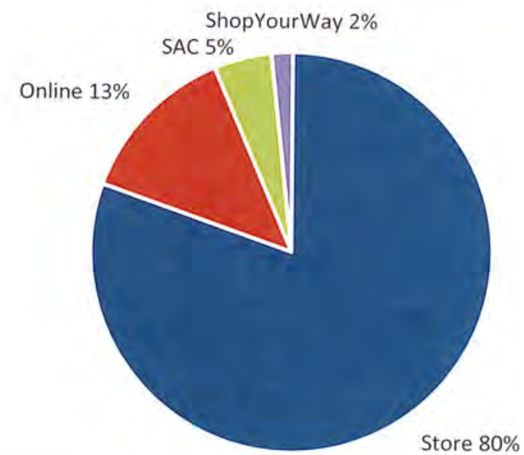
[DRAFT – Subject to Review]

A smaller, balanced Sears and Kmart footprint delivers $329MM of retail EBITDA in 2019 (comprised of 505 stores, Sears Auto, Online, and ShopYourWay)

Business Overview

- Sears' Retail Business consists of its 266 Sears Stores, 239 Kmart Stores and their respective Online presences
- The business is broken into the primary categories below:
  - Hardlines: Home Appliances ("HA"), consumer electronics, tools, lawn & garden, outdoor living, sporting goods, mattresses, and Monark businesses
  - Softlines: Apparel, footwear, home, and jewelry businesses; these businesses sell an assortment of proprietary brands as well as third party retail options
  - Sears Auto Centers: Multi-channel automotive aftermarket service provider offering replacement tires, mechanical diagnostics and repair, vehicle maintenance products and services, batteries and battery-related accessories, as well as automotive accessories and chemicals for cars and light trucks
  - Grocery & Drugstore, Pharmacy, and Children's Entertainment & Seasonal: Grocery, household and pet supplies, beauty care, over-the-counter health & wellness, stationery, party supplies, children's entertainment products, seasonal merchandise, dispenses prescription drugs and performs clinical services

Revenue by Segment



FY 2019E Revenue: $6.3BN Revenue

FY2019 Forecasted Financials

($ in MM)	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019	Jul 2019	Aug 2019	Sep 2019	Oct 2019	Nov 2019	Dec 2019	Jan 2020	FY2019
Same Store Sales (% Change)	*(3.1%)*	*(3.3%)*	*(4.0%)*	*(3.8%)*	*(5.0%)*	*(4.6%)*	*(4.1%)*	*(4.9%)*	*(0.6%)*	*1.0%*	*1.1%*	*(0.3%)*	*(2.4%)*
Brick and Mortar Revenue	$323	$416	$331	$396	$477	$346	$362	$410	$337	$514	$732	$401	$5,045
Sears Auto Center Revenue	21	26	20	21	27	21	22	26	23	25	31	27	291
Online Revenue	62	75	59	74	93	57	68	80	34	80	83	62	826
ShopYourWay	6	12	7	8	11	7	8	10	6	8	17	8	108
Total Revenue	**$412**	**$530**	**$417**	**$499**	**$607**	**$431**	**$459**	**$526**	**$401**	**$627**	**$863**	**$498**	**$6,270**
(-) COGS	(294)	(370)	(276)	(342)	(424)	(294)	(334)	(377)	(273)	(451)	(599)	(370)	(4,402)
Gross Margin	**$118**	**$160**	**$141**	**$157**	**$183**	**$138**	**$125**	**$149**	**$128**	**$176**	**$264**	**$128**	**$1,868**
Margin (%)	*29%*	*30%*	*34%*	*32%*	*30%*	*32%*	*27%*	*28%*	*32%*	*28%*	*31%*	*26%*	*30%*
(-) Operating Expenses	($118)	($131)	($110)	($118)	($134)	($117)	($118)	($132)	($119)	($139)	($162)	($140)	($1,539)
Retail EBITDA	**$0**	**$29**	**$30**	**$39**	**$48**	**$21**	**$8**	**$17**	**$9**	**$37**	**$103**	**($12)**	**$329**
Margin (%)	*0%*	*5%*	*7%*	*8%*	*8%*	*5%*	*2%*	*3%*	*2%*	*6%*	*12%*	*(2%)*	*5%*

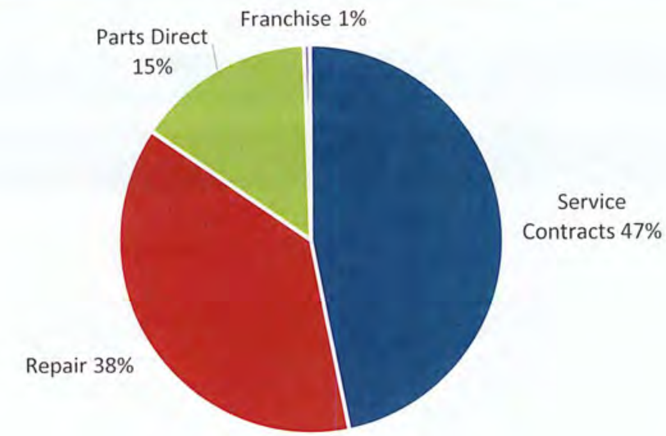
[DRAFT – Subject to Review]

Sears Home Services is a major EBITDA contributor to SHC

Business Overview

- Sears Home Services ("SHS") is the largest broad line provider of service contracts, services, and parts with a national footprint
- Service Contracts:
  1) Protection agreements – extended warranty for a single appliance or large lawn equipment
  2) Home warranty – protects all appliances and/or all HVAC systems
- In-Home Repair:
  1) Protection agreement service – traditional service of Sears-sold protection agreements
  2) B2B[1] – serving industry – original equipment manufacturers ("OEMs"), home warranty companies, etc.
  3) D2C[2] – serving customers with no warranty; pay cash for repairs
- PartsDirect: Serving the DIY customers
  - Searspartsdirect.com is the largest e-commerce website for appliance and lawn & garden parts
  - Parts sales on 3rd party marketplaces such as Amazon and eBay using DIY repair parts brands
- Franchise: National footprint of franchisees
  - Carpet & upholstery care, air duct cleaning & indoor air quality, garage solutions, maid services and handyman solutions

Revenue by Segment



FY 2019E Revenue: $1.7BN Revenue

FY2019 Forecasted Financials

($ in MM)	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019	Jul 2019	Aug 2019	Sep 2019	Oct 2019	Nov 2019	Dec 2019	Jan 2020	FY2019
Revenue	$127	$160	$131	$133	$166	$135	$132	$162	$125	$126	$155	$129	$1,681
(-) COGS	(32)	(41)	(36)	(37)	(46)	(38)	(38)	(43)	(30)	(32)	(39)	(33)	(444)
Gross Margin	**$94**	**$119**	**$95**	**$96**	**$120**	**$97**	**$95**	**$119**	**$95**	**$94**	**$116**	**$96**	**$1,237**
Margin (%)	*74%*	*74%*	*73%*	*72%*	*72%*	*72%*	*72%*	*73%*	*76%*	*75%*	*75%*	*75%*	*74%*
(-) Operating Expenses	($75)	($92)	($77)	($78)	($97)	($79)	($78)	($95)	($77)	($78)	($93)	($76)	($994)
EBITDA	**$19**	**$27**	**$18**	**$18**	**$22**	**$18**	**$17**	**$24**	**$18**	**$17**	**$22**	**$20**	**$242**
Margin (%)	*15%*	*17%*	*14%*	*14%*	*14%*	*14%*	*13%*	*15%*	*14%*	*13%*	*14%*	*16%*	*14%*

Note: Excludes Sears Home Improvement
(1) Refers to "business-to-business"
(2) Refers to "direct-to-consumer"

[DRAFT – Subject to Review]

Financial Services drives an incremental $142MM of profitability for Sears(1)

Business Overview

- The ShopYourWay Financial Services business unit provides credit, financial products, and payments solutions through a number of retail formats, as well as in online and commercial channels
- Diverse product portfolio includes:
  - Consumer credit (private label and general purpose cards)
  - Third party payment options (Visa, MasterCard, American Express, Discover, PIN Debit)
  - Layaway
  - Gift card
  - Alternative financial services (check cashing, bill pay, etc.)
- Provides financing options to support customers' ability to pay and drive incremental visits and profits to Sears Holding Corporation ("SHC") retail locations and increase loyalty and of customers to SHC via the SYW rewards program
- **Financial Services contributes $142MM(3) of profitability at Sears through three categories:**
  - Financial services generates $51MM of revenue
  - Amortization of the Citi agreement generates $57MM of revenue per year (non-cash)
  - Citi card agreement also saves ~$45MM of interchange fees which are not included as part of the business unit's EBITDA (included in SHC/store financials)

Revenue by Segment

Store Related Revenue (2)

Non-Pass Through Revenue

FY 2019E Revenue: $107MM Revenue

FY2019 Forecasted Financials

($ in MM)	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019	Jul 2019	Aug 2019	Sep 2019	Oct 2019	Nov 2019	Dec 2019	Jan 2020	FY2019
Revenue	$3	$4	$3	$4	$5	$4	$4	$4	$3	$5	$7	$4	$51
Non-Cash Citi Agreement Revenue	5	5	5	5	5	5	5	5	5	5	5	5	57
Total Revenue	**$8**	**$9**	**$8**	**$9**	**$10**	**$8**	**$8**	**$9**	**$8**	**$10**	**$12**	**$9**	**$107**
(-) Operating Expenses	(0)	0	(0)	(0)	(1)	(0)	(1)	(1)	(0)	(1)	(1)	(0)	(5)
EBITDA	**$8**	**$9**	**$8**	**$8**	**$9**	**$8**	**$8**	**$8**	**$8**	**$9**	**$11**	**$8**	**$102**

(1) See detailed breakdown below in "Business Overview"
(2) Revenue by segment based on LTM revenue as reported by the Company
(3) Net of $5MM of operating expenses

[DRAFT – Subject to Review]

Same-store sales comps improved significantly prior to the Chapter 11 filing

Initiatives by Segment

Softlines Initiatives

- ShopYourWay cashback offers are underway, plus prices have been adjusted upwards by lowering promotional marketing dollars to fund points and improve margin dollars
- Adjusting pricing further to lower promotional depth due to increased demand driven by SYW Points to improve margin dollars

Hardlines Initiatives

- Investment in digital marketing (e.g. search engine marketing, data-feeds, affiliates, retargeting)
- Free delivery
- "Mores of Kenmore"
- Creative offers (e.g. bundled promotions; value-positioned product upgrades, etc.)
- Launch of "leasing online"
- Increased focus on shopping recaps (e.g. "abandoned carts" in store to drive purchase online after store visit)
- Leverage of Home Services data to find potential future home appliance buyers (e.g. higher frequency of service on existing old appliances and declined service estimates / quotes)
- Increased television marketing spend

2018 YTD Same Store Sales Comps (% change)(1)

(1) Same-store comps based on Company data; includes online and Sears Auto, and is adjusted for the retail week calendar

[DRAFT – Subject to Review]

With modest same-store sales growth from post-filing levels, SHC can return to operating profitability in 2019…

Consolidated Historical and Projected Financials

($ in MM)	2015A	2016A	2017A	2018E [(1)]	2019E	2020E	2021E
Same Store Sales Comps (%) [(2)]	*(8.0%)*	*(7.7%)*	*(14.3%)*	*(7.9%)*	*(2.4%)*	*2.7%*	*3.5%*
Revenue	**$24,533**	**$21,543**	**$16,248**	**$11,846**	**$8,553**	**$8,742**	**$9,172**
(-) COGS	(16,272)	(14,312)	(10,525)	(7,609)	(5,255)	(5,491)	(5,773)
Gross Margin	**$8,262**	**$7,230**	**$5,723**	**$4,237**	**$3,298**	**$3,250**	**$3,399**
Margin (%)	*33.7%*	*33.6%*	*35.2%*	*35.8%*	*38.6%*	*37.2%*	*37.1%*
(-) Operating Expenses	(7,005)	(6,240)	(4,889)	(3,765)	(2,613)	(2,554)	(2,586)
(-) Supply Chain & Logistics	(483)	(389)	(326)	(300)	(227)	(187)	(163)
(-) Home Office SG&A	(1,642)	(1,434)	(1,112)	(848)	(424)	(355)	(362)
(+) SHC Level PA EBITDA Adjustment [(3)]	33	36	46	54	84	50	23
EBITDA	**($836)**	**($798)**	**($557)**	**($621)**	**$117**	**$204**	**$311**
Margin (%)	*(3.4%)*	*(3.7%)*	*(3.4%)*	*(5.2%)*	*1.4%*	*2.3%*	*3.4%*

2019E EBITDA Sensitivity to Retail Same Store Sales (%) and Gross Margin (%)

Margin Expansion (bps)	Same Store Sales Growth / (Decrease)											
	(10.0%)	(8.0%)	(6.0%)	(4.0%)	(2.4%)	(2.0%)	–	2.0%	4.0%	6.0%	8.0%	10.0%
–	($149)	($118)	($86)	($55)	($30)	($24)	$7	$39	$70	$101	$132	$164
50	(125)	(93)	(61)	(30)	(4)	2	34	66	97	129	161	193
100	(101)	(69)	(36)	(4)	22	28	60	93	125	157	190	222
150	(77)	(44)	(12)	21	48	54	87	120	153	185	218	251
200	(53)	(20)	13	47	73	80	113	147	180	214	247	280
250	(30)	4	38	72	99	106	140	174	208	242	276	310
280	(13)	21	55	90	$\boxed{\$117}$	124	158	192	227	261	295	329
300	(6)	29	63	98	125	132	167	201	235	270	304	339

(1) YTD 9-month actuals through October 2018
(2) Go-forward 505 stores only. Excludes Sears Auto Centers.
(3) SHC level EBITDA adjustment related to the protection agreement business

[DRAFT – Subject to Review]

Retail, Home Services, and Financial Services drive profitability

Business Unit Historical and Projected Financials

($ in MM)	2015A	2016A	2017A	2018E [1]	2019E	2020E	2021E
Retail (4-Wall + Online + SYW)							
Revenue	$21,381	$18,492	$13,531	$9,140	$6,265	$6,318	$6,437
Gross Margin	6,541	5,476	4,119	2,629	1,868	1,933	2,056
EBITDA	959	628	531	233	329	360	444
Home Services [2]							
Revenue	$2,139	$2,159	$1,953	$1,749	$1,681	$1,573	$1,593
Gross Margin	1,582	1,592	1,433	1,251	1,237	1,107	1,099
EBITDA	195	266	222	126	242	208	210
Financial Services							
Revenue	$66	$68	$74	$107	$107	$101	$102
EBITDA	55	59	68	99	102	97	97
Other Businesses							
Kenmore / Craftsman / DieHard EBITDA	$11	$11	($2)	($6)	$14	$34	$64
Monark EBITDA	7	3	3	1	(3)	(2)	(1)
Overhead and Adjustments							
Home Office / Corporate SG&A	($1,642)	($1,434)	($1,112)	($848)	($424)	($355)	($362)
Supply Chain and Innovel	(483)	(389)	(326)	(300)	(227)	(187)	(163)
PA Corporate Level EBITDA Adjustment [3]	33	36	46	54	84	50	23
Other Adjustments	29	23	13	19	–	–	–
Total SHC EBITDA	**($836)**	**($798)**	**($557)**	**($621)**	**$117**	**$204**	**$311**
Retail EBITDA Detail							
505 Store Go-Forward 4-Wall EBITDA	$338	$162	$135	$35	$87	$109	$182
All Other 4-Wall EBITDA+ Online	81	(144)	(84)	(140)	9	11	13
Vendor Discounts & Other Adjustments	239	304	238	183	89	91	93
Sears Auto Center EBITDA	152	117	83	50	41	43	46
ShopYourWay EBITDA	149	190	160	105	102	105	109
Total Retail EBITDA	**$959**	**$628**	**$531**	**$233**	**$329**	**$360**	**$444**

(1) YTD 9-month actuals through October 2018
(2) Excludes SHIP in forecast; SHIP EBITDA was ($0.7)MM, $17.1MM and $19.0MM in 2015, 2016, and 2017, respectively
(3) SHC level EBITDA adjustment related to the protection agreement business

[DRAFT – Subject to Review]

Working Draft / Preliminary FY2019E Monthly Budget

Working Draft / Preliminary FY2019E Monthly Budget

($ in MM)	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	2019E Total	2020E Total	2021E Total
	2019E Monthly Budget														
Retail (4-Wall + Online + SYW)															
Same Store Sales (% Change)	(3.1%)	(3.3%)	(4.0%)	(3.8%)	(5.0%)	(4.6%)	(4.1%)	(4.9%)	(0.6%)	1.0%	1.1%	(0.3%)	(2.4%)	2.7%	3.5%
Revenue	$412	$530	$417	$499	$607	$431	$459	$526	$401	$627	$863	$498	$6,270	$6,456	$6,697
Gross Margin	118	160	141	157	183	138	125	149	128	176	264	128	1,868	1,933	2,056
EBITDA	0	29	30	39	48	21	8	17	9	37	103	(12)	329	360	444
Home Services															
Revenue	$127	$160	$131	$133	$166	$135	$132	$162	$125	$126	$155	$129	$1,681	$1,573	$1,593
Gross Margin	94	119	95	96	120	97	95	119	95	94	116	96	1,237	1,107	1,099
EBITDA	19	27	18	18	22	18	17	24	18	17	22	20	242	208	210
Financial Services															
Revenue	$3	$4	$3	$4	$5	$4	$4	$4	$3	$5	$7	$4	$107	$101	$102
EBITDA	8	9	8	8	9	8	8	8	8	9	11	8	102	97	97
Other Businesses															
Kenmore / Craftsman / DieHard EBITDA	$1	$1	$1	$1	$1	$1	$1	$1	$1	$1	$1	$1	$14	$34	$64
Monark EBITDA	(1)	0	(1)	(1)	(0)	0	0	1	(1)	(0)	(0)	(0)	(3)	(2)	(1)
Overhead and Adjustments															
Home Office / Corporate SG&A	(43)	(42)	(41)	(41)	(41)	(36)	(30)	(31)	(30)	(29)	(30)	(29)	(424)	(355)	(362)
Supply Chain and Innovel	(23)	(18)	(22)	(21)	(16)	(19)	(19)	(16)	(23)	(22)	(11)	(17)	(227)	(187)	(163)
PA Corporate Level EBITDA Adjustment (1)	8	10	7	7	9	7	6	8	6	6	7	5	84	50	23
Total SHC EBITDA	**($30)**	**$15**	**($0)**	**$11**	**$32**	**$0**	**($9)**	**$12**	**($12)**	**$18**	**$103**	**($24)**	**$117**	**$204**	**$311**
Retail EBITDA Detail															
Brick and Mortar 4-Wall EBITDA	($15)	$6	$13	$18	$23	$3	($12)	($4)	($2)	$15	$72	($30)	$87	$109	$182
Vendor Discounts & Other Adjustments	6	7	5	7	8	6	7	7	6	9	13	8	89	91	93
Sears Auto Center EBITDA	3	4	3	3	4	3	4	3	4	3	5	4	41	43	46
Online EBITDA	1	0	3	5	3	2	2	1	(4)	2	(4)	(1)	9	11	13
ShopYourWay EBITDA	6	12	6	7	10	7	7	9	6	8	17	7	102	105	109
Total Retail EBITDA	**$0**	**$29**	**$30**	**$39**	**$48**	**$21**	**$8**	**$17**	**$9**	**$37**	**$103**	**($12)**	**$329**	**$360**	**$444**

Refer to page 16 for transition risks and upsides to the preliminary FY2019 plan

(1) SHC level EBITDA adjustment related to the protection agreement business.

[DRAFT – Subject to Review]

1H 2019 risks associated with filing-driven headwinds also present potential upside for outperformance vs. plan in 2H 2019

2019 Business Risks & Opportunities

	Q1 2019	Q2 2019	Q3 2019	Q4 2019
Risks	• Spring seasonal inventory purchasing has been limited during the bankruptcy period. Given large lead times, the Company may have potential in-stock issues on seasonal products • Consumer confidence overhang on appliance sales as Sears needs to win back the member base	• During bankruptcy, Spring / Summer inventory orders were limited, which could have a negative impact to the in-stock rate during the quarter • Will be difficult to replicate post Hurricane Maria sales levels in offshore stores given the significant demand created from destruction of personal property	• Potential issues with Fall / Winter supply if the Company does not purchase adequate levels in early 2019 • Continued potential overhang in offshore stores affected by Hurricane Maria	• Limited risk given Q4 2018 faced bankruptcy headwinds, vendor constraints, limited liquidity, and damaged consumer confidence. Expect the Company to perform strongly if given adequate time to plan inventory buys and sufficient capital to invest
Opportunities	• Opportunity to negotiate better terms with vendors than were seen prior to filing where a significant portion of major vendors were CIA • Merchants could pursue opportunities to source seasonal goods domestically with shorter lead times	• Large opportunity to push appliance sales and win back members with significant marketing campaigns for 4th of July – historically a large appliance sales weekend • Lower Spring / Summer seasonal inventory levels create opportunity to see lower markdowns during the quarter • Large opportunity to have completed filling vacant positions and stabilize the workforce	• The Company is annualizing Q3 2018 which had a relatively worse-than-normal product offering due to cash constraints in June 2018 as liquidity began to tighten • Lower Spring / Summer seasonal inventory levels create opportunity to see lower markdowns in September	• Company should see significant growth off of Q4 2017, which experienced significant headwinds from vendor issues and limited consumer confidence • Opportunity to see growth in Protection Agreement sales as the Company was unable to sell the product in 34 states for a period of time • Company will be lapping Q4 2018 which had lower marketing spend due to bankruptcy liquidity constraints

III. Our Go-Forward Initiatives

[DRAFT – Subject to Review]

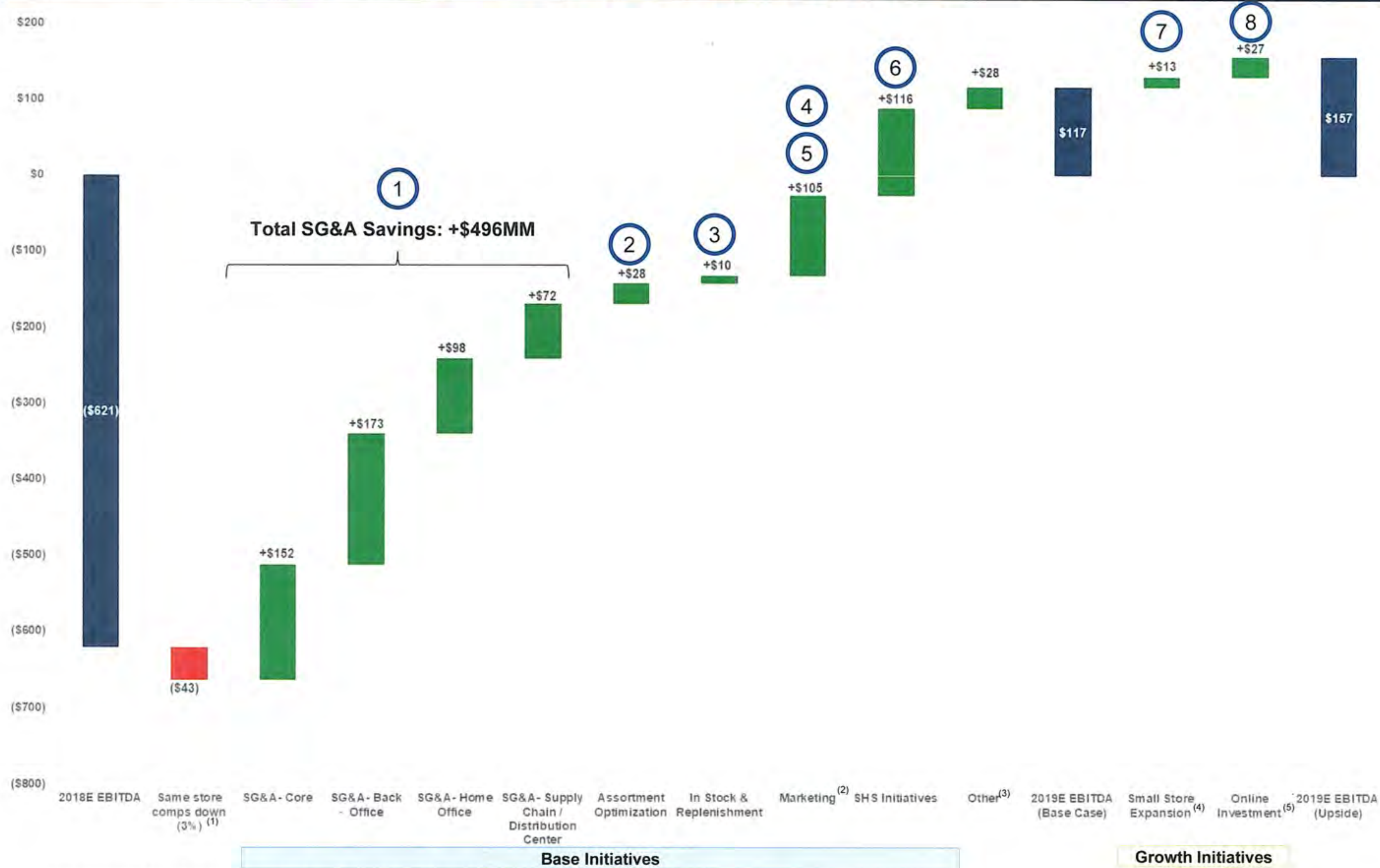
Key initiatives will drive margin and EBITDA growth from FY2018 to FY2019

Initiative	Description
	Base Case Forecast
1 **SG&A:**	▪ Initiatives to reduce corporate SG&A expense from ~$1.2BN to an annual run-rate of ~$700MM by the end of 2019 and $577MM by the end of 2021 ▪ Payroll reductions on over 1,000 positions in November – and planned reductions of over 1,400 positions in January ▪ >$250MM in non-payroll reductions focused in marketing, IT, contracts, and professional services across back-office groups ▪ Supply chain costs reduced by $73MM through a reduction in non-core distribution centers
2 **Assortment Optimization:**	▪ Reduce the number of SKUs across the company – includes better use of distribution center storage and favorable vendor costs ▪ Leverage brands between Kmart and Sears formats – includes rollout of Jaclyn Smith and Adam Levine product lines ▪ Develop competitor data scraping capabilities to help identify pricing and trend opportunities early on
3 **In Stock & Replenishment:**	▪ In-stock: continuously improve in-stocks while minimizing non-productive inventory ▪ Replenishment: differentiation between basics and seasonal items and implementation of pack/size optimization
4 **Marketing - Traditional:**	▪ Utilizing "always on" strategy for broadcast / online video to improve unaided consideration scores for hardlines ▪ Launch brand equity messaging prior to key promotional selling periods ▪ Focus all media buys to go forward store locations
5 **Marketing - Digital ROI:**	▪ Leverage the online team's tracking and modeling to improve return on investment for the various digital marketing channels
6 **SHS Initiatives:**	▪ Direct to Consumer ("D2C") – continued technician investment, improved pricing techniques, and optimized marketing efforts ▪ Business to Business ("B2B") – improvements to pricing strategy, service quality, and job-completion turnover times ▪ PartsDirect website rebuild – enable multi-touch marketing analytics to better understand and improve the customer journey
	Upside Growth Scenario
7 **Small Store Footprint:**	▪ Rollout of a modified store model with enhanced customer services capabilities better positioned to cater to local communities
8 **Online Investment:**	▪ Initiatives include personalization with machine learning, redesign of the website to improve user experience for key categories, and integration of "Marketplace" into core online business strategy

[DRAFT – Subject to Review]

Financial impact from key initiatives driving positive EBITDA in FY2019

EBITDA Bridge from FY2018E to FY2019E



(1) Same-store sales based on pre-bankruptcy 3-month trend from July 2018 – September 2018
(2) Includes $17MM incremental EBITDA from Digital Marketing initiatives, $17MM incremental EBITDA from Traditional Marketing initiatives, and $73MM incremental EBITDA from ShopYourWay Points Reductions
(3) Includes EBITDA impact from other business units, including Financial Services, Kenmore, ShopYourWay, and Sears Auto Center, as well as a reduced store footprint other corporate level adjustments
(4) Based on 44 new stores requiring $64MM of capex; run-rate EBITDA impact will total $18MM in 2020 once fully ramped.
(5) Online growth initiative requires $5mm of upfront one-time capex in 2019 and $7mm of ongoing maintenance capex.

1

[DRAFT – Subject to Review]

SG&A reductions deliver ~$496MM in cuts from FY2018 to FY2019

	Quarterly Pacing					Annual				FY2018 to
($ in millions)	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2018	FY 2019	FY 2020	FY 2021	FY2019
Core (Retailing)										
Buying Organization	$27	$20	$18	$14	$14	$142	$67	$58	$60	($75)
Retail Services & Online	22	14	14	14	14	109	57	58	59	(52)
Marketing[1]	12	5	5	5	5	46	20	21	21	(25)
Total CORE (Retailing)	**$61**	**$39**	**$37**	**$34**	**$34**	**$297**	**$144**	**$137**	**$140**	**($152)**
Back Office										
Legal	4	4	4	4	4	37	16	16	16	(21)
Accounting	5	5	5	5	5	30	19	19	20	(11)
FP&A	0	0	0	0	0	2	2	2	2	(1)
GM Team	0	-	-	-	-	1	-	-	-	(1)
Internal Audit	0	0	0	0	0	3	1	1	1	(2)
Procurement	1	0	0	0	0	6	2	2	2	(4)
Risk Management	0	0	0	0	0	2	1	1	1	(1)
Treasury	2	1	1	1	1	11	6	6	6	(5)
Real Estate[2]	7	7	7	7	7	33	27	27	28	(6)
HR	4	2	2	2	2	32	9	9	9	(23)
IT	44	48	43	20	16	216	127	64	65	(89)
Call Centers[3]	7	6	6	6	6	35	23	24	24	(12)
Holding Company & Other	2	1	1	1	1	3	4	3	3	1
Total Back Office	**$77**	**$75**	**$70**	**$47**	**$43**	**$409**	**$236**	**$175**	**$178**	**($173)**
Home Services and Other										
Home Services	6	6	6	6	6	45	23	23	23	(22)
Sears Auto Centers	1	2	2	2	2	15	7	7	7	(8)
Kenmore, Craftsman & Diehard	3	2	1	1	1	16	6	5	5	(11)
Contract Appliances	0	0	0	0	0	0	0	0	0	(0)
Builder Distributors	0	0	0	0	0	1	0	0	0	(1)
Connected Living	0	0	0	0	0	1	1	0	1	(1)
Service Live	0	0	0	0	0	2	1	1	1	(1)
Supply Chain Home Office	3	3	3	3	3	16	12	12	12	(5)
Shop Your Way	8	5	5	5	5	51	20	20	21	(31)
Gross Healthcare & Benefits	9	7	6	6	6	43	25	26	26	(18)
Total HS & Other Businesses	**$30**	**$24**	**$23**	**$23**	**$23**	**$192**	**$94**	**$94**	**$96**	**($98)**
Total Home Office	**$168**	**$139**	**$131**	**$104**	**$100**	**$898**	**$474**	**$406**	**$414**	**($423)**
Supply Chain DC Operations[4]	60	63	56	58	49	300	227	187	163	(72)
Total	**$228**	**$202**	**$187**	**$163**	**$149**	**$1,197**	**$701**	**$593**	**$577**	**($496)**
Memo: Bridge to Corporate SG&A										
Gross Home Office / Corporate SG&A						*898*	*474*	*406*	*414*	*(423)*
(-) SHO and Lands' End Overhead Reimbursement						*(50)*	*(50)*	*(51)*	*(52)*	-
Net Forecasted Home Office / Corporate SG&A						*848*	*424*	*355*	*362*	*(423)*

(1) All of digital marketing spend is allocated to the stores and reductions are included in the marketing initiatives
(2) Real estate current run-rate removes the $8.9MM EDA tax credit from the city of Hoffman Estates
(3) Primarily composed of online; total reduction as reported by the MSO team
(4) Includes $73.0MM of total internal margin charge from the stores; 2021E includes Innovel estimated 3rd party revenue of $511MM

1

[DRAFT – Subject to Review]

We have already taken action on over 1,000 total positions (effective November 15th 2018)

($ in 000s)

	Active			Open Positions			Total		
Business	Active	Total Salary	Average Salary	Open	Total Salary	Average Salary	Positions	Total Salary	Average Salary
Home Services	161	$13,059	$81	4	$431	$108	165	$13,490	$82
Call Centers	16	1,041	65	-	-	NA	16	1,041	65
Retail (Central support)	224	10,828	48	13	602	46	237	11,430	48
Merchants-Off Price	8	563	70	4	410	102	12	973	81
Health and Wellness Solutions	3	474	158	1	105	105	4	579	145
Sourcing - US	1	109	109	-	-	NA	1	109	109
KCD	7	856	122	4	315	79	11	1,171	106
Human Resources	28	1,680	60	5	300	60	33	1,980	60
Legal	20	1,804	90	11	987	90	31	2,790	90
Finance	13	1,323	102	-	-	NA	13	1,323	102
Pricing	3	350	117	-	-	NA	3	350	117
Procurement	16	1,357	85	2	250	125	18	1,607	89
Asset Profit & Protection	41	2,693	66	9	611	68	50	3,305	66
Supply Chain/Innovel - Corp	-	-	NA	-	-	NA	-	-	NA
Inventory Mgmt	-	-	NA	6	628	105	6	628	105
Marketing/IMX/Studio	54	4,292	79	-	-	NA	54	4,292	79
Analytics	6	627	105	2	392	196	8	1,019	127
Online	9	934	104	33	1,884	57	42	2,818	67
Financial Services	3	450	150	2	156	78	5	606	121
Real Estate	42	2,130	51	4	451	113	46	2,581	56
Kenmore Direct - CS (Field)	83	2,431	29	1	65	65	84	2,496	30
Kenmore Direct - CD (Seattle)	17	1,595	94	-	-	NA	17	1,595	94
SYW[(1)]	183	16,853	92	1	116	116	184	16,969	92
MT	-	-	NA	-	-	NA	-	-	NA
SHI Analytics	19	815	43	-	-	NA	19	815	43
Total Salary	**957**	**$66,265**	**$69**	**102**	**$7,702**	**$76**	**1,059**	**$73,967**	**$70**
Assumed 14% Avg Benefits	957	9,277	10	102	1,078	11	1,059	10,355	10
Total Salary & Benefits	**957**	**$75,542**	**$79**	**102**	**$8,781**	**$86**	**1,059**	**$84,323**	**$80**

(1) SYW has identified 80 positions to be impacted in Israel

1

[DRAFT – Subject to Review]

Projected key dates and anticipated milestones
~1,400 additional positions targeted in January for reduction

OCTOBER

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

NOVEMBER

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

DECEMBER

S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

JANUARY

S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

Internal Date

Key Date

DATE(S)	EVENT
October 29	Commenced wave 1 of store closures (142 stores) ✓
October 30	Initial SG&A reduction by month due from businesses with by month pacing including any investment if applicable ✓
October 31	Finalize SG&A reduction plan along with names of any initial cuts to be done before Thanksgiving. HR to begin RIF process ✓
November 2	HR submission of impacted names to Legal for review ✓
November 8	Potential buyer to notify which stores to purchase. All other stores to commence closure process ✓
November 14 & 15	SG&A wave 1 employee notices ✓
November 15	Commenced wave 2 of store closures (40 stores) ✓
November 30	SG&A wave 2 names of cuts due to HR ✓
January 17	SG&A wave 2 reduction targeted to ~1,400 positions

2

[DRAFT – Subject to Review]

Assortment optimization will deliver $28MM in incremental EBITDA in FY2019 (and up to $67MM by 2021)

Key Objectives

Reduce the number of SKUs across the company

- Reduce inventory levels at end of the season
- Optimize the fabric use through creation of a fabric library
- Leverage distribution storage capacity
- Negotiate better Free on Board ("FOB") costs with vendors
  - Apparel and footwear divisions reduced their respective SKU numbers by 31% in 2018 and 33% in 2017
  - 2019 SKU reduction is projected at 20%
  - Reduced FOB by $110MM since end of 2016 by moving receipt from domestic to import and increasing sourcing mix of Bangladesh and India
  - Reduced markdown liability by $120MM in 2018

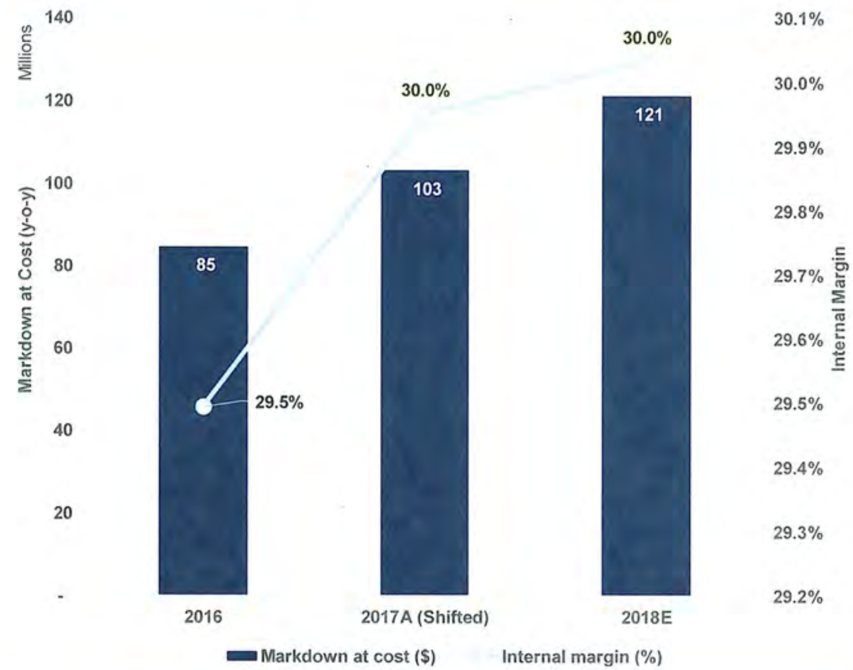
Leverage Brands between Kmart and Sears formats

- Expand Jaclyn Smith to Sears stores → started this year
- Expand Adam Levine to Sears → planning to be fully rolled out planned by end of 2018
- Simply Style moved from Sears to Kmart in Q3
- Plan to expand outdoor life to Kmart in early Q1

Develop competitor data scraping capabilities

- Leverage price opportunity by product category
- Identify color, style gap earlier in the season

Year Over Year Markdown Improvement (Softlines)



Financial Impact

($ in millions)	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019	Jul 2019	Aug 2019	Sep 2019	Oct 2019	Nov 2019	Dec 2019	Jan 2020	FY 2019	FY 2020	FY 2021
New Revenue	$5	$6	$4	$7	$7	$4	$6	$8	$7	$13	$14	$6	$86	$155	$210
(-) Required Incremental COGS	($3)	($4)	($2)	($4)	($4)	($2)	($4)	($5)	($4)	($8)	($8)	($4)	($52)	($93)	($126)
Gross Margin	**$2**	**$2**	**$2**	**$3**	**$3**	**$2**	**$2**	**$3**	**$3**	**$5**	**$6**	**$2**	**$34**	**$28**	**$50**
Operating Expense															
(-) Variable cost 8%	($0)	($0)	($0)	($1)	($1)	($0)	($0)	($1)	($1)	($1)	($1)	($0)	($7)	($12)	($17)
(-) Required Incremental Operating Expense	**($0)**	**($0)**	**($0)**	**($1)**	**($1)**	**($0)**	**($0)**	**($1)**	**($1)**	**($1)**	**($1)**	**($0)**	**($7)**	**($12)**	**($17)**
Initiative EBITDA	$2	$2	$1	$2	$2	$1	$2	$2	$2	$4	$5	$2	$28	$50	$67
Margin (%)	32%	32%	32%	32%	32%	32%	32%	32%	32%	32%	32%	32%	32%	32%	32%

3

[DRAFT – Subject to Review]

In-stock & replenishment initiative will deliver $10MM in incremental EBITDA in FY2019 (and up to $22MM by 2021)

Key Objectives

Objective

- Continuously improve in-stocks while minimizing non-productive inventory
- 95% in-stock goal by store & product vs ~92% currently
- 52-week rolling forecast and refined planning algorithms

Initiatives

- Lost Sales Reduction: Lost sales improvement realized in both basic and seasonal areas through improved demand forecasting
- Reduction of Aged Inventory: Aged inventory including inventory greater than 80 days ("GT80") will be reduced, specifically demand forecasting improvement and incremental single item replenishment exposure
- Supply Chain Savings: Single item replenishment are balanced with the costs of picking vs replenishing size packs

Impacts

- Gains realized in basic replenishment and seasonal product
- Basics split between two tracks to accommodate packaging and replenishment differences
- Seasonal product focus will be on flowing product to maximize sales and minimize markdowns
- Pack size optimization enhances size; improvements to assortment mix
- EBITDA is compressed due to high distribution center costs from size pack to SIR (17% today)
- Single apparel distribution center with pick and pack will reduce costs to 5%

Select 2018 Weekly In-stock Rates

Format	In-stock Type	Week	In-stock Rate
Apparel			
Kmart	Basics	3	94.9%
Sears	Basics	3	93.4%
Kmart	Basics	29	93.7%
Sears	Basics	29	92.2%
Kmart	Footwear	29	92.3%
Sears	Footwear	29	94.9%
Kmart	Spring / Summer	6	90.0%
Sears	Spring / Summer	6	96.1%
Footwear			
Kmart	Basics	3	78.9%
Sears	Basics	3	80.1%
Kmart	Basics	29	87.3%
Sears	Basics	29	86.7%
Kmart	Footwear	29	97.0%
Sears	Footwear	29	98.2%
Kmart	Spring / Summer	6	89.1%
Sears	Spring / Summer	6	98.2%

Financial Impact

($ in millions)	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019	Jul 2019	Aug 2019	Sep 2019	Oct 2019	Nov 2019	Dec 2019	Jan 2020	FY 2019	FY 2020	FY 2021
New Revenue	$1	$1	$2	$3	$4	$3	$3	$4	$5	$7	$12	$3	$48	$64	$67
(-) Required Incremental COGS	($0)	($1)	($1)	($2)	($3)	($2)	($2)	($2)	($3)	($4)	($7)	($2)	($30)	($40)	($42)
Gross Margin	**$0**	**$0**	**$1**	**$1**	**$2**	**$1**	**$1**	**$1**	**$2**	**$3**	**$4**	**$1**	**$18**	**$42**	**$67**
Operating Expense															
(-) Initiative Support Cost	($0)	($0)	($0)	($1)	($1)	($0)	($0)	($1)	($1)	($1)	($2)	($0)	($8)	($3)	($3)
(-) Required Incremental Operating Expense	**($0)**	**($0)**	**($0)**	**($1)**	**($1)**	**($0)**	**($0)**	**($1)**	**($1)**	**($1)**	**($2)**	**($0)**	**($8)**	**($3)**	**($3)**
Initiative EBITDA	$0	$0	$0	$1	$1	$1	$1	$1	$1	$1	$2	$1	$10	$21	$22
Margin (%)	*20%*	*20%*	*20%*	*20%*	*20%*	*20%*	*20%*	*20%*	*20%*	*20%*	*20%*	*33%*	*21%*	*33%*	*33%*

2 3

[DRAFT – Subject to Review]

Example: Apparel and Footwear have demonstrated a major turnaround over the past 18 months

YTD Business Operating Profit Up $80MM vs. Adjusted LY and 2017 up $300MM Over 2016

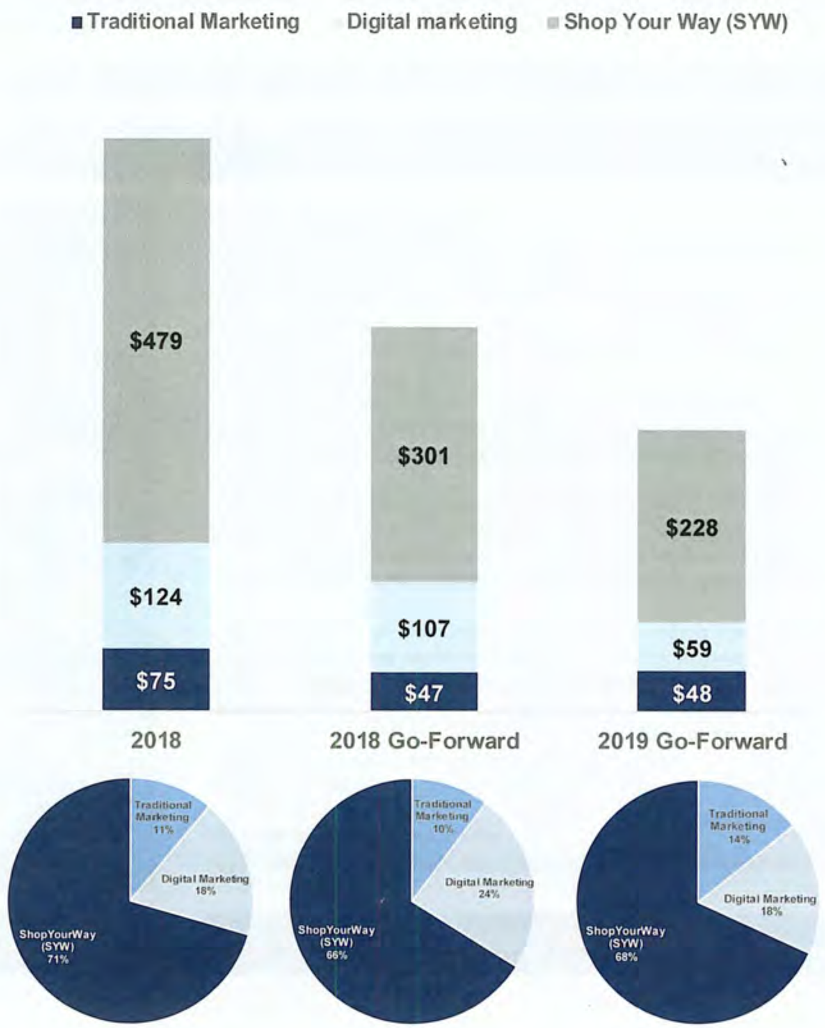
- **Right size of the buy**
  - Discipline around seasonal buys; by category and by store
  - Sales plan target communicated to merchandising team ahead of the overseas buying trip
  - Simulation done by finance on expected in-season and post-season revenue and margin for each of the divisions and total business units
  - $64MM in lower markdowns vs. last year at the end of October
- **Assortment rationalization and brand consolidation**
  - Number of SKUs has been reduced by 31% in FW18 vs. FW17 and by 61% vs 2016
  - Brand consolidation or expansion since we merged buying teams serving both Sears and Kmart in July 2017
  - Jaclyn Smith brand at Kmart rolled out to Sears
  - Key sellers rolled out into both formats (Basic Edition from Kmart into Sears)
- **Product cost savings**
  - $12MM FOB savings in 2018 on top of $80MM in 2017 as a result of moving from domestic to import vendors
  - Receipts moved from 30% import to 60% vs. domestic from 2016 to 2018
  - Built cross-sourcing capabilities, including vendor's direct design
- **Execution excellence**
  - Implemented forecast by product and store by week since 2017
  - Put in place drilled-down reporting capabilities by key demographic, store, product, and day to identify exceptions and drive replenishment actions and inform allocation
  - Weekly trading meeting focused on immediate actions based on last week's results including members, store, pricing, inventory, and sourcing metrics
  - Implemented competitor data tool in order to identify assortment gap and pricing opportunities

4

[DRAFT – Subject to Review]

Marketing spend to be reduced by ~30%; emphasis will be on ROI

Marketing Spend by Category



Planned Drop in Total Marketing Spend

($ in MM)

		Go Forward Strategy		2019 versus 2018[2]		
	2018	2018	2019	Reduction in Spend	Incr. GM Impact[5]	Impact to EBITDA
Traditional marketing	$75	$47	$48	($1)	$16	$15
Digital marketing	124	107	59	$49	($32)	$17
ShopYourWay (SYW)	479	301	228	$73	$0	$73
Total marketing spend	$679	$455	$335	$121	($16)	$105
Growth Y-o-Y (%)	*NM*	*(33%)*	*(26%)*			
Marketing / sales (%)	*8%*	*8%*	*6%*			

Marketing spend is planned to drop both on a dollar basis and as a percentage of sales, however, the marketing budget will be re-balanced with a stronger emphasis and focus on improving ROI

Cost Allocation Process (2019 Go-Forward)(1,3)

Traditional Marketing →	$48MM (100%) booked to stores
Digital Marketing →	$59MM (100%) booked to stores[4]
ShopYourWay (SYW) →	$228MM (100%) booked to cost of goods sold

(1) Go-forward refers to remaining 505 stores
(2) Comparison versus 2018 estimates based on go-forward store count
(3) Allocated dollar amount determined by corresponding percentage times planned annual spend; differences may arise due to rounding
(4) Historically, ~40% of digital marketing spend was booked to Stores, while ~60% was booked to SG&A
(5) Refers to "Incremental Gross Margin Impact" which includes the impact to both sales and COGS

4

[DRAFT – Subject to Review]

Traditional marketing refocuses on high impact ROI spend to drive profitability

Key Objectives

Objective

- Align and synergize most effective marketing channels directed to value enhancing categories

Initiatives

- Utilize "always on" strategy for broadcast/online video to improve lagging unaided consideration scores for hardlines
- Launch brand equity messaging prior to key promotional selling periods
- Focus all media buys to go forward store locations
- Over invest in peak opportunities and scale back in lower demand periods to maximize impact while managing spend

Impacts

- Higher conversion of shoppers aware of Sears hardlines will lead to improved performance of lower funnel marketing messaging
- Improved ROI driven by improving consideration, matching the channel to the business and marketing in proximity of the store locations
- As of January 2017, Sears' Aided Awareness score was 90%
- Stronger brand equity messaging plus improved efficiencies are expected to drive higher conversion rate from Awareness to Consideration by +0.8%
- Holding the conversion rate from "Consideration to Shopping" and "Shopping to Purchase" will result in a 40 basis point purchase improvement – a modest improvement in comparison to the higher conversion rate of Sears' competitors
- Purchase score improvement of 0.4 points equates incremental revenue of $56MM or 1.4%

Impact from Marketing Efforts to Select KPIs[1]

	Current	*Change*	2019
Aided Awareness	90		90
Conversion	58%	*80 bps*	59%
Aided Consideration	52.2	*0.7*	52.9
Conversion	60%		60%
Shopping (6 mo. Period)	31.3	*0.4*	31.7
Conversion	84%		84%
Purchase (6 mo. Period)	26.3	*0.4*	26.7
Incremental Sales Impact		*140 bps*	

Financial Impact

($ in millions)	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019	Jul 2019	Aug 2019	Sep 2019	Oct 2019	Nov 2019	Dec 2019	Jan 2020	FY 2019	FY 2020	FY 2021
New Revenue	$4	$5	$4	$5	$6	$4	$4	$5	$4	$6	$8	$3	$56	$56	$56
(-) Required Incremental COGS	($3)	($3)	($3)	($3)	($4)	($3)	($3)	($3)	($3)	($4)	($5)	($2)	($40)	($40)	($40)
Gross Margin	**$1**	**$1**	**$1**	**$1**	**$2**	**$1**	**$1**	**$1**	**$1**	**$2**	**$2**	**$1**	**$16**	**$16**	**$16**
Operating Expense															
(-) Traditional Marketing	($2)	$2	$1	($1)	($0)	($0)	$1	$3	$0	($2)	($3)	($1)	($1)	($1)	($1)
(-) Required Incremental Operating Expense	**($2)**	**$2**	**$1**	**($1)**	**($0)**	**($0)**	**$1**	**$3**	**$0**	**($2)**	**($3)**	**($1)**	**($1)**	**($1)**	**($1)**
Initiative EBITDA	($0)	$3	$2	$0	$1	$1	$2	$4	$1	$0	($1)	$0	$15	$15	$15
Margin (%)	*(12%)*	*64%*	*65%*	*1%*	*25%*	*21%*	*49%*	*88%*	*37%*	*2%*	*(9%)*	*6%*	*26%*	*26%*	*26%*

(1) Data source from Ipsos ASI Marcom Tracker; key performance indicators ("KPIs") are scored based on participant responses from surveys / polls (out of 100)

4

[DRAFT – Subject to Review]

Traditional marketing transitioning to cohesive company strategy vs. individual business unit approach

2018 Traditional Marketing Strategy: Traffic and Conversion Improvement

2018

Separate TV campaigns for mattress and home appliances for national holidays. Not synergistic, did not build the Sears/Kmart brands

- 30" Home Appliance spot was 60% more effective than a 15" spot but the cost was 100% more reducing the ROI

Marketing support 'on-and-off' throughout the year driven by peaks and troughs of events, seasons and BU priorities

2 FSI's (vendor funded) + a circular for each national holiday

- Pure transactional messaging, no Sears/Kmart brand building

Circulars deployed during national holiday events supporting big ticket products (focus on home appliances)

- Presidents Day, Black Friday, etc.

Kmart media was earmarked but was reduced during the year

Did not monetize marketing assets by seeking sponsor funding from vendors, service providers and 3rd parties

- Did not treat marketing collateral as a valuable marketing channel to monetize

2019

Portfolio campaigns will achieve efficiencies – delivering a more holistic message on promotional offers and build the brands

- Portfolio campaign of mattresses, appliances, and home services costs partially offset by vendor funding will improve ROI

Deploy an 'always-on' support plan focused on TV for Home Appliances supported by other various media channels

- Provide seasonal support (e.g. spring apparel, outdoor living in May/June)

Deploy circular strategy during high traffic periods to draw high frequency shoppers in apparel and adjacency categories

- Transactional offers underpinned by Sears/Kmart brand sentiment message
- Use vendor funds as contribution to a holistic circular

For Kmart, support high traffic periods with broadcast media which have historically delivered high ROI

Dedicate a focused effort framing-up a value proposition as rationale for vendor funding

- Featured products in circulars, coupon drops in e-commerce boxes etc.

In 2019 all elements of the marketing mix will be connected by a cohesive brand strategy to build brand sentiment for Sears and Kmart vs. in 2018 marketing was fragmented by being conducted at a business unit level

5

[DRAFT – Subject to Review]

Digital marketing drives profitability by eliminating low ROI spend

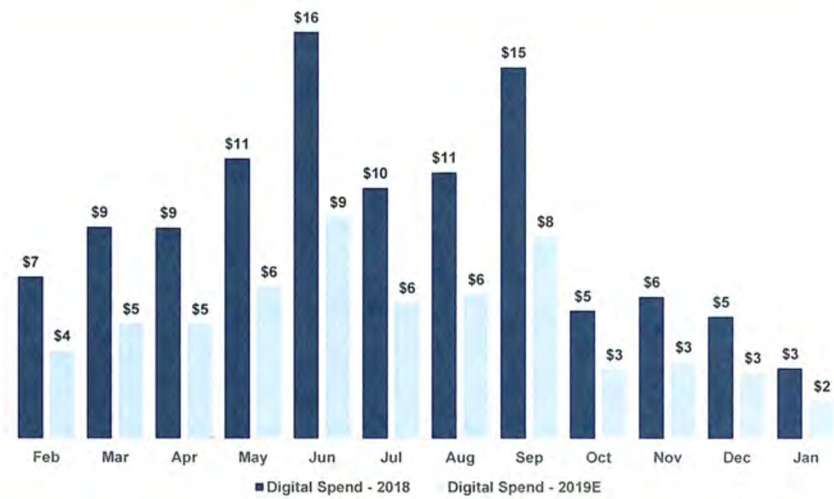
Key Objectives

Objective
- Increase incremental revenue generated from our paid digital channels while increasing efficiency and improving ROI
- Develop a consistent operating focus on visits, conversion rate, and average order value

Initiatives
- Take a greater omnichannel approach to concentrate on personalization, maximizing efficiency, and channel diversification to drive incremental revenue and drive return on investment
- Use automation, audience implementation, attribution to optimize spend efficiency, and diversification of revenue streams with additional partners to drive incremental revenue and margin
- Identify the most critical drop-offs in the online conversion funnel and deliver simplified experiences that reduce friction and increase conversion rate
- Battle the increased costs associated with digital marketing along with declining web traffic by leveraging search engine optimization ("SEO") which aims to improve traffic by deploying optimized metadata, structural fixes and content enhancements targeted to Sears' best categories

Impacts
- Spend on digital marketing will be filtered based an ROI threshold, which should cause a slight decline in revenue that will be more than offset by savings in marketing expense

Planned Monthly Digital Marketing Spend



Financial Impact

($ in millions)	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019	Jul 2019	Aug 2019	Sep 2019	Oct 2019	Nov 2019	Dec 2019	Jan 2020	FY 2019	FY 2020	FY 2021
New Revenue	($11)	($15)	($15)	($20)	($29)	($18)	($19)	($26)	($9)	($10)	($9)	($5)	($184)	($184)	($184)
(-) Required Incremental COGS	$9	$12	$12	$16	$24	$15	$16	$22	$7	$8	$7	$4	$153	$153	$153
Gross Margin	**($2)**	**($3)**	**($3)**	**($3)**	**($5)**	**($3)**	**($3)**	**($4)**	**($2)**	**($2)**	**($1)**	**($1)**	**($31)**	**($31)**	**($31)**
Operating Expense															
(-) Digital Marketing	$3	$4	$4	$5	$7	$5	$5	$7	$2	$3	$2	$1	$48	$48	$48
(-) Required Incremental Operating Expense	**$3**	**$4**	**$4**	**$5**	**$7**	**$5**	**$5**	**$7**	**$2**	**$3**	**$2**	**$1**	**$48**	**$48**	**$48**
Initiative EBITDA	$1	$1	$1	$2	$3	$2	$2	$2	$1	$1	$1	$0	$17	$17	$17
Margin (%)	*(9%)*	*(9%)*	*(9%)*	*(9%)*	*(9%)*	*(9%)*	*(9%)*	*(9%)*	*(9%)*	*(9%)*	*(9%)*	*(9%)*	*(9%)*	*(9%)*	*(9%)*

5

[DRAFT – Subject to Review]

Digital marketing utilizes data-driven strategy to increase efficiency

2018 Digital Marketing Strategy: ROI Improvement

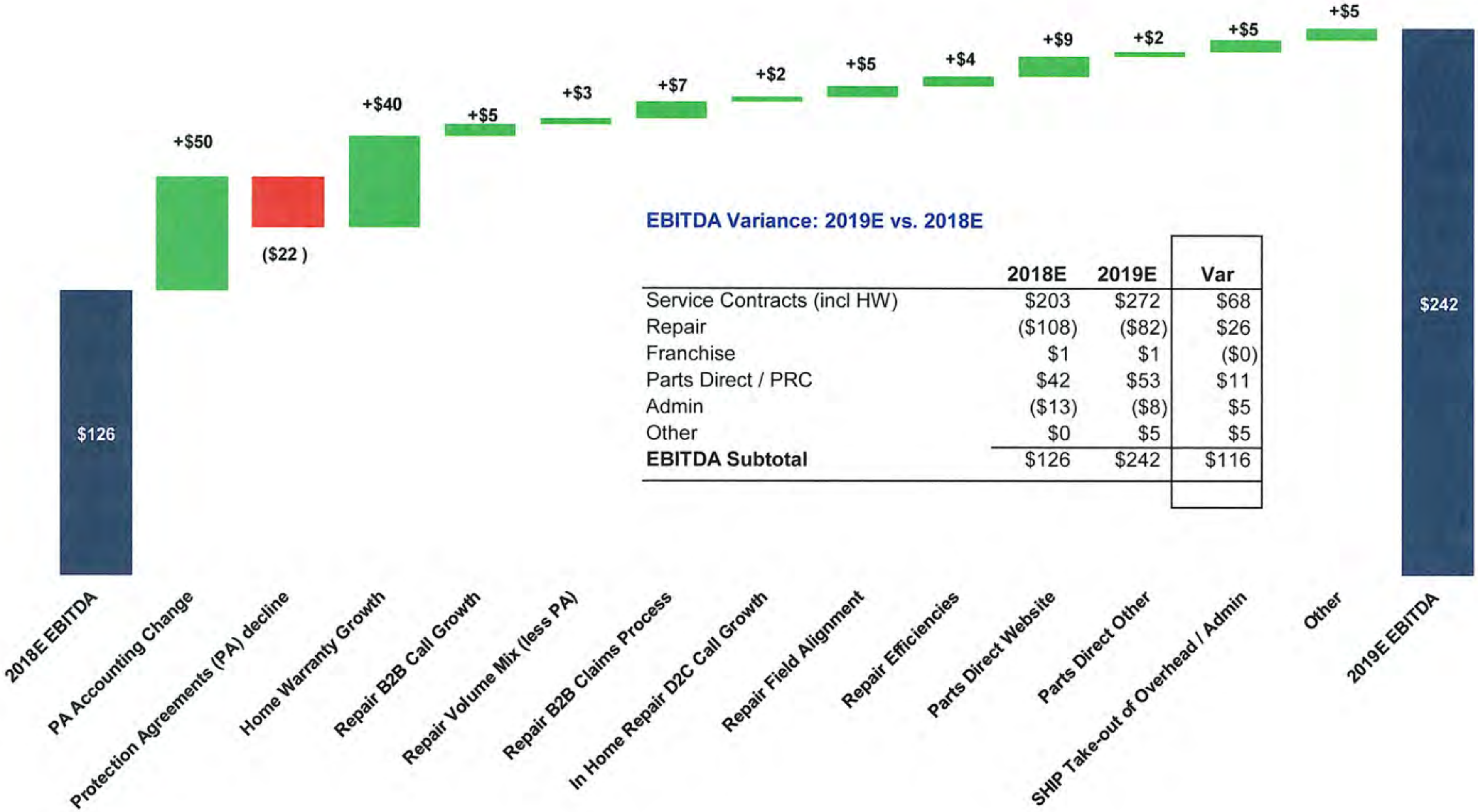
2018	2019
Target users nationally making small bid adjustments regionally based on Return on adjusted spend ("ROAS")	Target users by designated market area ("DMA"), making aggressive bid adjustments based on ROAS by DMA and zip code
Point all users from all channels to the desktop and mobile websites	Point users from channels to customized landing pages built specifically for that channel and by device
Affiliates - track users who come to the desktop site or mobile site	Affiliates - implement app to app tracking with publishers to diversify methods of publishing deals and acquire better data insight to improve personalization targeting
Focus on individual business units and the top keywords and products within each	Focus on top keywords and products regardless of business unit
ShopYourWay, Google and Microsoft audience implementation accounts for 31% of total clicks for paid search and data-feeds	Increase ShopYourWay, Google and Microsoft audience implementation to account for 50% of total clicks for paid search and data-feeds
Average Cost Per Click continues to increase across Google, Bing and Yahoo	Integrate new search platforms with a much lower average cost per click to bring down spend and increase ROAS
Social – integrated with Facebook, Twitter, Pinterest, Instagram, etc. to communicate with members	Social - integrate more deeply with current and new vendors to expand how we reach members. Implement greater targeted communications with members and test new strategies/tactics to improve conversion
Target users nationally making small bid adjustments regionally based on ROAS	Target users by DMA making aggressive bid adjustments based on ROAS by DMA and zip code
$124MM Spend with 0% ROI	**$59MM Spend with 30% ROI**

6

[DRAFT – Subject to Review]

Key initiatives and partnerships at Sears Home Services will drive significant EBITDA growth in FY2019

2019E EBITDA Bridge



EBITDA Variance: 2019E vs. 2018E

	2018E	2019E	Var
Service Contracts (incl HW)	$203	$272	$68
Repair	($108)	($82)	$26
Franchise	$1	$1	($0)
Parts Direct / PRC	$42	$53	$11
Admin	($13)	($8)	$5
Other	$0	$5	$5
EBITDA Subtotal	$126	$242	$116

6

[DRAFT – Subject to Review]

Sears Home Services: Service Contracts

Protection Agreements

- SHC signed an agreement with Assurant on November 19th to provide underwriting for all go-forward protection agreements
  - Assurant provided best overall economics, three year term, lowest upfront reserve payment, and additional B2B service volume
- New agreement results in an EBITDA increase of ~$50 million in 2019 due to accounting change
  - Year one (one-time) 3x per policy profit improvement to Sears Home Services driven by immediate revenue recognition (i.e. pull-forward of profit)
  - $20 per policy profit increase assuming 2.5MM new and renewed policies → $50MM in EBITDA benefit
- Cost savings due to reduction of lower value leads by using a 3rd party underwriter resulting in an improved cost-to-sales ratio

Impact from Revenue Recognition (per Policy)

EBITDA Timing

Year:	1	2	3	4	5	6	Total
Assurant Underwritten	$29	$0	$0	$0	$0	$0	$29
Sears Underwritten	9	13	7	3	2	1	34
Variance	$20	($13)	($7)	($3)	($2)	($1)	($5)

Illustrative Economics (per Policy)

Assurant Underwritten vs. Sears Underwritten

	Assurant Underwritten	Sears Underwritten	Variance
Blended average	$ 170	$ 170	-
SHS EBITDA %	17%	20%	(3%)
EBITDA / policy	$ 29	$ 34	$ (5)

Slightly lower economics, but better upfront EBITDA

Home Warranty

- Continued growth in Home Warranty should deliver ~$40MM of EBITDA; partially offsets decline in protection agreements
- D2C channel enrollments expected to increase ~5% year-over-year based on overall improvements to the paid repair business; this is a primary channel for home warranty sales
- Integrating Sears Home Warranty promotional offer into the SHS.com repair scheduling experience
  - Promotional offer currently only available on the phone or in the home
  - This represents a new channel for sales in 2019
- Improved phone agent and tech sales anticipated through performance management and launch of refreshed coaching tools
- Underwriting provided by Cross Country Home Warranty

Home Warranty by Year ($ in 000s)

6

[DRAFT – Subject to Review]

In-Home Repair Improvements: Business to Business (B2B)

Commentary

Volume increases

- Business-to-Business (B2B) volume assumption in 2019 results in 10.3% market share of industry service volume, up from 8.1%
- ~20% below the traditional B2B volumes in 2016 and a 27% growth over 2018
- Win back B2B partners by reducing rates where we were priced out of the market
- Business-to-Business creates over the last four weeks were up 56% versus the same period last year – up 7% over the four weeks prepetition
- Increased calls due to improved service levels resulting from continued technician investment and improved margins through pricing and marketing optimization effort

Efficiency Improvements

- Revenue optimization through re-engineering of B2B claims collections process expected to drive ~$7MM improvement
- Attrition improvements from company stabilization post bankruptcy emergence
- Currently running ~35% compared to historical average of closer to 25%
- Field realignment to increase span of control resulting in lower indirect field costs of ~$5MM annually
- Reducing 1099 reliability for preventive maintenance checks to help lower direct labor costs
- Improved service levels - improved response time, more efficient marketing, call center proficiency, and improvements to the web channel tools

Business-to-Business Service Incidents versus Total Service Incidents by Year

Note: 2018 estimate based on pre-filing trend rates

6

[DRAFT – Subject to Review]

In-Home Repair Improvements: Direct to Consumer (D2C)

Commentary

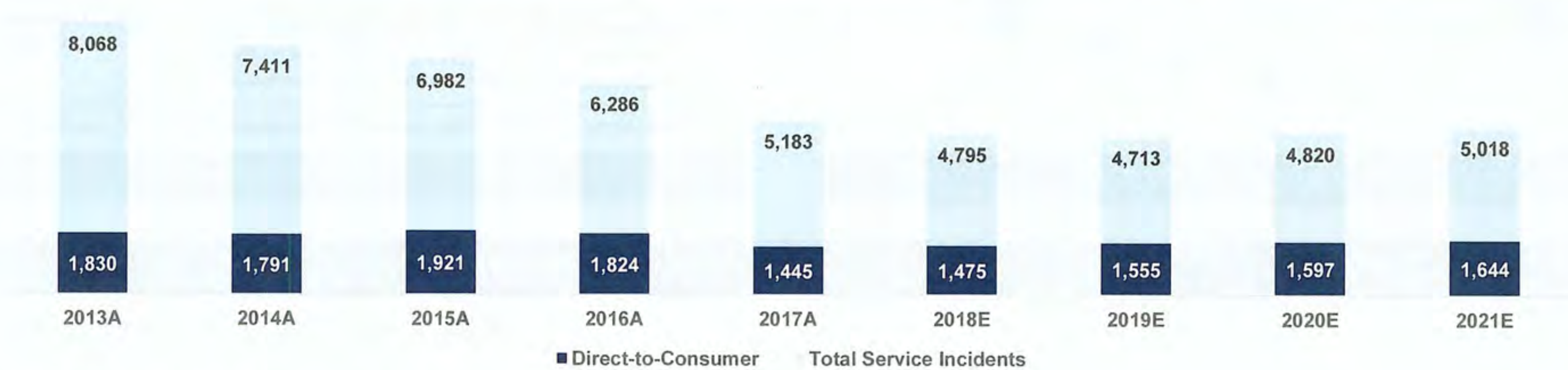
Volume increases

- Direct to Consumer (D2C) service volume assumption in 2019 moves us from 9.2% market share of 16M Total Addressable Market of service calls, to 9.7%
  - Still 15% below our 2016 volume and only 5% growth over 2018
- Tactics for success will be optimized and local SEM, in addition, TV advertising at SHC that will include elements of In-Home Repair awareness
- Prior to filing, YTD Direct-to-Customer (D2C) creates were only down 5% year-over-year and had actually been trending better than prior year in the 4 weeks leading up to the filing

Efficiency Improvements

- Attrition improvements from company stabilization post bankruptcy emergence
- Currently running ~35% compared to historical average of closer to 25%
- Field realignment to increase span of control resulting in lower indirect field costs of ~$5MM annually
- Reducing 1099 reliability for Preventive Maintenance checks to help lower direct labor costs
- Improved service levels - improved response time, more efficient marketing, call center proficiency, and improvements to the web channel tools

Direct-to-Consumer Service Incidents versus Total Service Incidents by Year



Note: 2018 estimate based on pre-filing trend rates

6

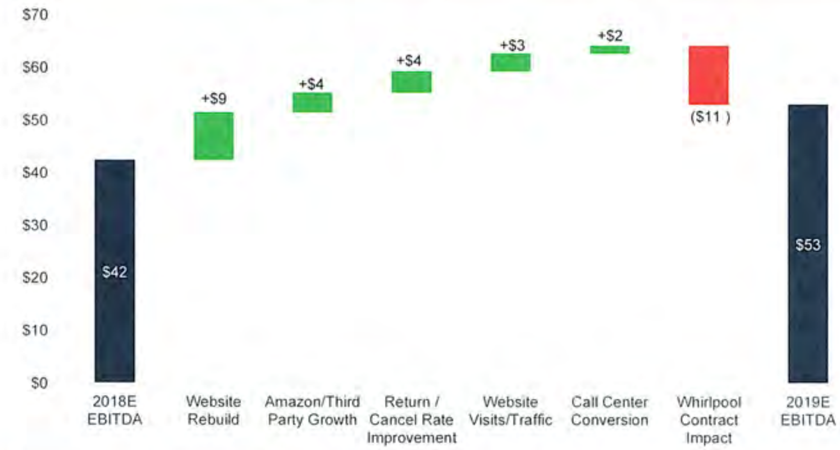
[DRAFT – Subject to Review]

PartsDirect improvements

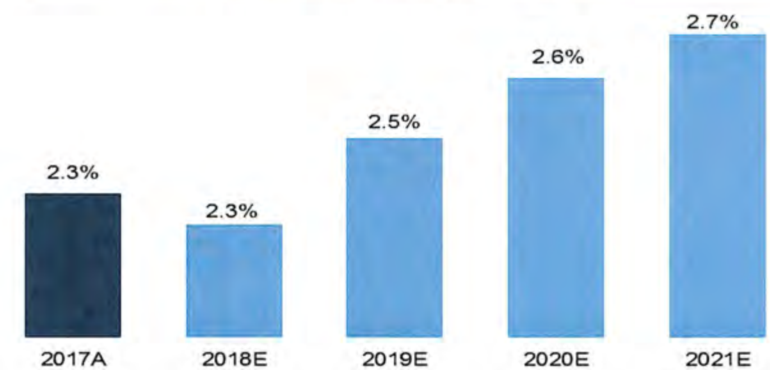
PartsDirect Planned to Sustain EBITDA Level on a YoY Basis

Offset	Description
Supplier parts cost increases offset with improvements listed below	
SPD.com website rebuild (completion April 2019)	▪ Improvements to website performance will drive higher customer conversion and total revenue ▪ Enhanced experience for customers by providing unexpected value added solutions that should increase order size ▪ Designed to easily support new branding opportunities
Third Party Sales	▪ Fulfillment by Amazon replenishment automation ▪ Seller Fulfilled Prime enabled in all Home Services parts distribution centers ▪ Increase catalog through direct drop shipments ▪ Addition of parts sales on GoogleXpress marketplace ▪ Increase product assortment sold by DIY Repair brand
Pricing optimization	▪ Leverage competitive scrapes from "Feedonomics" for improved market view ▪ Supplement with new tools
Reduced care contacts (contacts per sale)	▪ Expedite and priority shipments moved from vendors to Home Services parts distribution centers ▪ Parts supply chain flow returns to normal
Improved call center conversion	▪ New and improved sales call flow embedded into new hire training ▪ Continued integration of six sources of behavioral influence to support vital behaviors
Marketing effectiveness	▪ SEM vs SEO optimization

2019 PartsDirect EBITDA Bridge



Annual Conversion Rates



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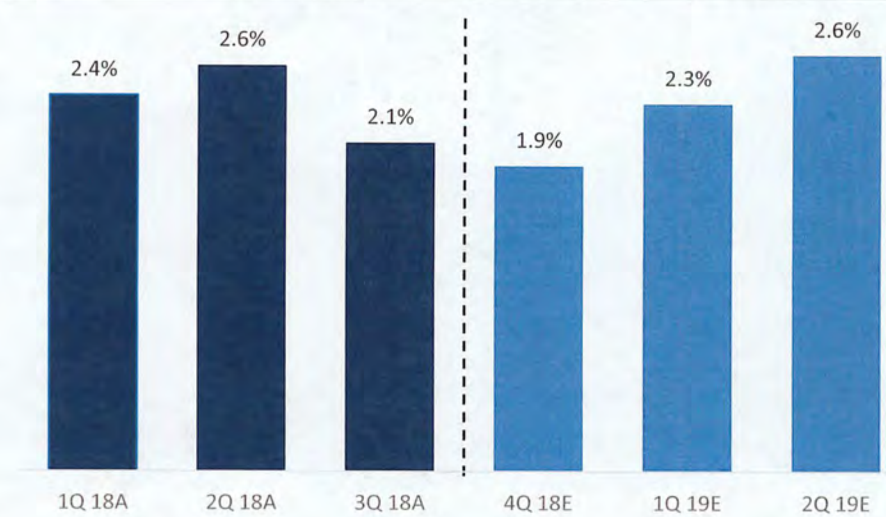
Website rebuild driving conversion

Enhanced Capabilities

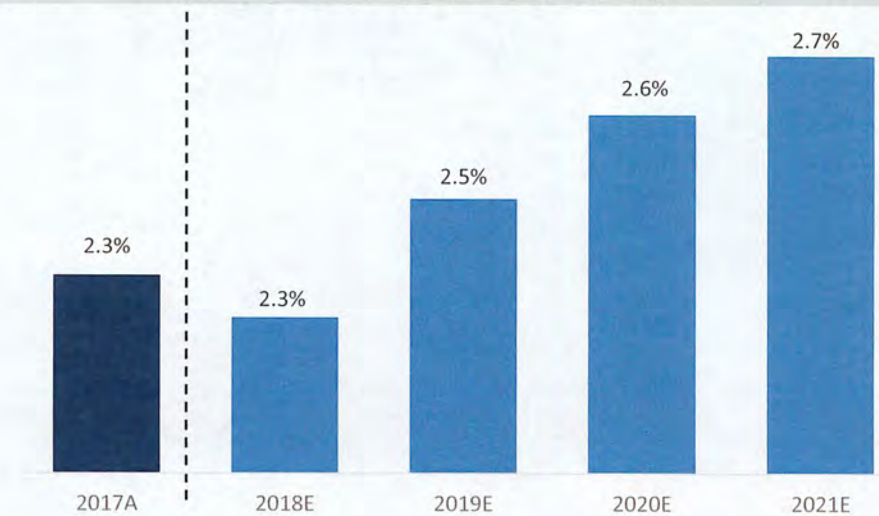
- Strategic Pillars
  - Improved search tool to allow customers to quickly find and order the correct part, which will lead to an increased conversion rate
  - Enhanced experience for customers by providing unexpected value added solutions that should increase order size
  - Provides consistent customer experience across device platforms
  - Designed to easily support new branding opportunities
  - Showcase SPD's ability to provide expert advice
- Improvements to website architecture will lower page load times and will directly correlate to increased conversions
- Simplified search tool to allow user to quickly find the model, part and repair content provided by Do It Yourself ("DIY") experts and emerging DIYers
- Customer preferences (i.e., purchase history and frequent purchases) are stored to allow for easy reorders and one click checkout
  - Logged in customers convert 18% vs 2% guest
- Leverage data to guarantee the part fits, highlight most common problems and which parts are used to fix the problem
- Accepts additional payment types
- Responsive design to support mobile device users
- Allows for mobile users to take a picture of the model number on their product to quickly initiate their search for the correct part or content
- Execution
  - Scaled agile framework
  - Total anticipated time of completion is 40 weeks (with first sprint started in June 2018)

Conversion Over Time

Quarterly (3Q'17A – 2Q'19E)



Annual (2017A – 2021E)



IV. Our Go-Forward Growth Initiatives

7

[DRAFT – Subject to Review]

Small footprint store upside represents a large opportunity to outperform the base 2019 plan (not included; will require capital investment)

Business Overview

- Targeting 100 locations by the end of 2020
- Store size: 7,500 to 20,000 sq/f (leased)
- Local personalized shopping experience benefiting the community through the Sears and ShopYourWay ecosystem
- Products & services tailored to the community:
  - Home appliances
  - Home services (protection, repair, parts, home improvement)
  - Connected solutions (IoT products)
  - Financing options for every member
    - ShopYourWay 5-3-2-1 card
    - Leasing
    - Layaway
  - ShopYourWay products and services
  - Mattresses
  - Other community relevant products when space permits and based on local demographics and needs (seasonal product, tools, fitness, etc.)
- Highly trained consultative experts that focus on helping customers with in-home support
- Large purchases and home solutions
- In-home support and consultation
- Unlimited service opportunities and solutions

Financial Summary (2018E)

(4 Operating Stores)

Proof of Concept

($ in 000s)	2018F
Sales	$ 23,882
Gross Margin	7,435
GM %	*31%*
Operating Expenses	5,557
EBITDA	1,878
EBITDA %	*8%*
EBITDAR	3,065
EBITDAR %	*13%*
IRR	36%
Payback	3.75 yrs

* Assumes $475k for corporate home office expenses

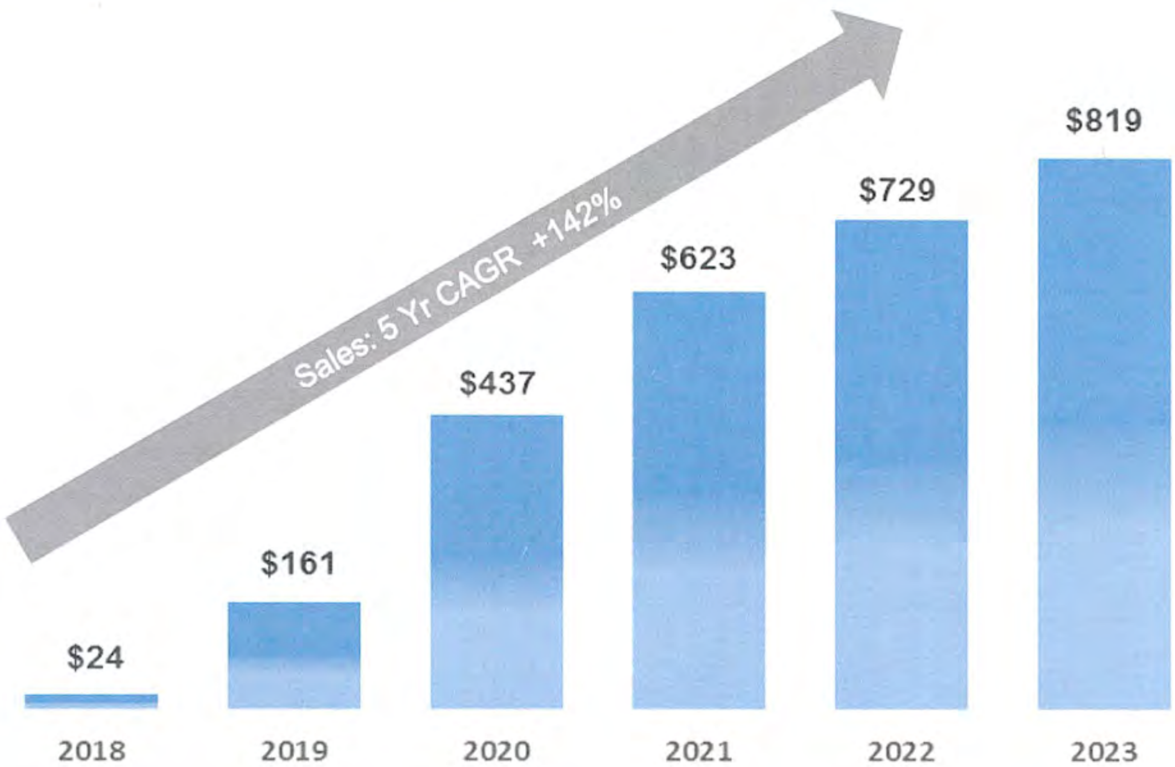
Description	Store Economics
Gross SF **Selling SF**	7,500 to 20,000 6,750 to 18,000
Annualized Sales *Sales per/GSF*	$4M - $8M *$400 - $500*
EBITDA $ *EBITDA %*	$.4m - $1.0m *~8%*
EBITDAR $ *EBITDAR %*	$.6m - $1.4m *~13%*
Capital Investment	$1.4m - $1.8m
IRR **Payback**	30% -60% 3 - 4 yrs

[DRAFT – Subject to Review]

7

Opening small footprint stores represents a major growth opportunity

Small Store Scale Opportunity



	2018	2019	2020	2021	2022	2023	
Stores	4	40	56	20	18	16	154
Capital Investment *	$6M	$64M	$90M	$32M	$29M	$25M	$246M

*excludes working capital (inventory, etc.)

7

[DRAFT – Subject to Review]

With a payback period of 3 – 4 years, small footprint stores have a high IRR and can scale quickly

Financial Summary

	2018	2019	2020	2021	2022	2023	Total	
($ in 000s)	$	$	$	$	$	$	$	% Sales
Store Count:	4	44	100	120	138	154	154	
Net Sales	$23,882	$160,536	$437,323	$622,770	$729,333	$819,289	$2,793,134	
Gross Margin	**$7,435**	**$51,895**	**$141,368**	**$201,316**	**$235,763**	**$264,842**	**$902,619**	32.3%
Fixed Payroll Expense	$526	$3,815	$10,393	$14,801	$17,333	$19,471	$66,339	2.4%
Variable Payroll Expense	$1,349	$9,782	$26,647	$37,947	$44,440	$49,922	$170,087	6.1%
Corporate Overhead	$478	$3,211	$8,746	$12,455	$14,587	$16,386	$55,863	2.0%
Other Expenses	$2,016	$14,620	$39,826	$56,714	$66,418	$74,610	$254,204	9.1%
Expenses (Excl Rent, Depr)	**$4,370**	**$31,427**	**$85,613**	**$121,917**	**$142,778**	**$160,388**	**$546,493**	19.6%
Rent, CAM & Tax	$1,187	$7,028	$19,145	$27,263	$31,929	$35,867	$122,418	4.4%
Per Square Foot	20	20	20	20	20	20	20	
EBITDA	**$1,879**	**$13,439**	**$36,611**	**$52,136**	**$61,056**	**$68,587**	**$233,708**	8.4%
EBITDAR	**$3,065**	**$20,467**	**$55,756**	**$79,399**	**$92,985**	**$104,454**	**$356,126**	12.8%
Store Capital	$ 6,400	$ 64,000	$ 89,600	$ 32,000	$ 28,800	$ 25,600	$ 246,400	
Depreciation	$ 200	$ 1,800	$ 6,200	$ 10,200	$ 11,700	$ 12,500	$ 42,600	

8

[DRAFT – Subject to Review]

Online Growth Initiatives: Personalization with Machine Learning

Key Objectives

Objective

- Enhance personalization capabilities beyond isolated widgets and dynamic components
- Develop an integrated approach that optimizes one-to-one interactions with members through advanced analytics and machine learning

Initiatives

- Maximize current capabilities with product recommendation engines, personalized notifications, personalized promotional messaging, and personalized marketing strategies
- Enhance the data foundation to implement a data discovery and learning system that tracks, analyzes, and learns from member behavior across all touch points
- Develop a structured library of available offer constructs, creative assets, and promotional messaging to deliver in real time
- Implement a decision engine with machine learning that matches members with specific products, messages, offers, and creative based on individualized behavioral signals
- Distribute integrated personalized experiences across all touch points

Impacts

- Personalization improvements to conversion seen over a 10 month period reaching an 8% improvement in conversion by the end of 2019[1]
- Customer conversion increases from 2.0% to 2.3%, driving increased revenue on existing customer visits
- Given efficacy in driving volume through the site, management has determined that focusing in improved conversion represents the best path to increasing online sales
- The financial impact of this growth initiative requires additional investment beyond the base plan

Financial Impact

($ in millions)	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019	Jul 2019	Aug 2019	Sep 2019	Oct 2019	Nov 2019	Dec 2019	Jan 2020	FY 2019	FY 2020	FY 2021
New Revenue	–	–	–	–	$3	$2	$3	$4	$3	$9	$8	$4	$36	$134	$188
(-) Required Incremental COGS	–	–	–	–	($3)	($2)	($2)	($3)	($2)	($6)	($6)	($3)	($27)	($100)	($141)
Gross Margin	–	–	–	–	**$1**	**$1**	**$1**	**$1**	**$1**	**$2**	**$2**	**$1**	**$9**	**$33**	**$47**
Operating Expense															
(-) Tech. headcount/ contractors (15, 10 SHI, 5 SHC)	($0)	($0)	($0)	($0)	($0)	($0)	($0)	($0)	($0)	($0)	($0)	($0)	($1)	($1)	($1)
(-) Product Mgmt headcount / contractors (1 SHC)	($0)	($0)	($0)	($0)	($0)	($0)	($0)	($0)	($0)	($0)	($0)	($0)	($0)	($0)	($0)
(-) Required Incremental Operating Expense	**($0)**	**($0)**	**($0)**	**($0)**	**($0)**	**($0)**	**($0)**	**($0)**	**($0)**	**($0)**	**($0)**	**($0)**	**($1)**	**($1)**	**($1)**
Initiative EBITDA	($0)	($0)	($0)	($0)	$1	$0	$1	$1	$1	$2	$2	$1	$8	$33	$46
Margin (%)	*NA*	*NA*	*NA*	*NA*	*23%*	*21%*	*23%*	*23%*	*22%*	*24%*	*24%*	*23%*	*22%*	*24%*	*25%*

(1) Based on industry average achieved conversion improvements when implementing personalization capabilities

8

[DRAFT – Subject to Review]

Online Growth Initiatives: Redesign Experience for Best Categories

Key Objectives

Objective

- Re-design site experience and functionality to deliver a Best-in-Class User Experience for Appliances, Apparel, and other key categories

Initiatives

- Implement user-centric design practices to redesign product finding, research, and buying experience and deliver an immersive experience that instills confidence in considered purchases
- Reduce friction and focus on surfacing the most relevant information
- Update visual design with more engaging photography
- Focus on innovation, design, and industry trends with less emphasis on price and promo
- Implement responsive design to optimize mobile and desktop experience to increase mobile conversion

Impacts

- Experience redesign drives improved conversion rates, ramping to a 10% conversion improvement by November 2020
- The launch of the experience redesign would require 6 months of increased headcount prior to providing projected revenue improvements
- The improved customer experience would increase customer conversion from 2.0% to 2.4%, driving increased revenue on existing customer visits
- The improvement to customer experience would require additional ramp time vs. other initiatives as the improved experience also has the added additional benefit of improving brand equity
- The financial impact of this growth initiative requires additional investment beyond the base plan

Financial Impact

($ in millions)	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019	Jul 2019	Aug 2019	Sep 2019	Oct 2019	Nov 2019	Dec 2019	Jan 2020	FY 2019	FY 2020	FY 2021
New Revenue	–	–	–	–	$3	$2	$3	$5	$2	$8	$7	$5	$35	$158	$177
(-) Required Incremental COGS	–	–	–	–	($3)	($2)	($2)	($4)	($2)	($6)	($5)	($4)	($26)	($118)	($133)
Gross Margin	–	–	–	–	**$1**	**$1**	**$1**	**$1**	**$1**	**$2**	**$2**	**$1**	**$9**	**$39**	**$44**
Operating Expense															
(-) Tech. headcount/ contractors (15, 10 SHI, 5 SHC)	($0)	($0)	($0)	($0)	($0)	($0)	($0)	($0)	($0)	($0)	($0)	($0)	($1)	($1)	($1)
(-) Product Mgmt headcount / contractors (1 SHC)	($0)	($0)	($0)	($0)	($0)	($0)	($0)	($0)	($0)	($0)	($0)	($0)	($0)	($0)	($0)
(-) Required Incremental Operating Expense	**($0)**	**($0)**	**($0)**	**($0)**	**($0)**	**($0)**	**($0)**	**($0)**	**($0)**	**($0)**	**($0)**	**($0)**	**($1)**	**($1)**	**($1)**
Initiative EBITDA	($0)	($0)	($0)	($0)	$1	$0	$1	$1	$1	$2	$2	$1	$8	$39	$43
Margin (%)	*NA*	*NA*	*NA*	*NA*	*23%*	*21%*	*23%*	*23%*	*22%*	*24%*	*24%*	*23%*	*22%*	*24%*	*24%*

8

[DRAFT – Subject to Review]

Online Growth Initiatives: Grow Sears Marketplace

Key Objectives

Objective	• Drive Marketplace growth by integrating Marketplace into the core online business strategy and integrated retail capabilities Members will have broader selection, increased convenience and fewer reasons to buy elsewhere
Initiatives	• Drive Marketplace of Marketplaces Model – Maximize eBay on Sears Marketplace, launch new marketplaces including Etsy, Groupon, Rakuten, etc. • Focus on Auto Category – Launch Carvana (used car marketplace), expand selection of auto parts and services • Launch integrated retail experience to enable Buy Online Pickup In-store • Expand into new categories and fill assortment gaps with asset light model
Impacts	• The projected impact of the Sears Marketplace can be broken into four primary drivers: • eBay – Improving eBay conversion via emphasis on the channel presents a $176MM sales opportunity in 2019 (2.1% conversion), growing to a $360MM sales opportunity in 2021 (3.4% conversion) • Leasing, PA and Points – Drive a go-forward revenue opportunity of $13MM per annum • Other Partnerships – Cultivation of the other partnerships present an opportunity to grow Other Partnership revenue from $16MM in 2019E to $50MM in 2021E • New Category – Expanding into new categories represents an opportunity to add $6MM of revenue in 2019E growing to $24MM in 2021E • The financial impact of this growth initiative requires additional investment beyond the base plan

Financial Impact

($ in millions)	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019	Jul 2019	Aug 2019	Sep 2019	Oct 2019	Nov 2019	Dec 2019	Jan 2020	FY 2019	FY 2020	FY 2021
New GMV	$14	$18	$14	$17	$22	$15	$17	$20	$12	$23	$22	$17	$211	$329	$447
(-) Required Incremental COGS	($14)	($17)	($14)	($17)	($21)	($14)	($16)	($19)	($11)	($22)	($20)	($17)	($200)	($311)	($421)
Gross Margin	**$1**	**$1**	**$1**	**$1**	**$1**	**$1**	**$1**	**$1**	**$1**	**$1**	**$1**	**$1**	**$11**	**$18**	**$26**
Operating Expense															
(-) eBay Program Manager (1 SHC)	($0)	($0)	($0)	($0)	($0)	($0)	($0)	($0)	($0)	($0)	($0)	($0)	($0)	($0)	($0)
(-) Required Incremental Operating Expense	**($0)**	**($0)**	**($0)**	**($0)**	**($0)**	**($0)**	**($0)**	**($0)**	**($0)**	**($0)**	**($0)**	**($0)**	**($0)**	**($0)**	**($0)**
Initiative EBITDA	$1	$1	$1	$1	$1	$1	$1	$1	$1	$1	$1	$1	$11	$18	$26
Margin (%)	*5%*	*5%*	*5%*	*5%*	*5%*	*5%*	*6%*	*6%*	*6%*	*6%*	*6%*	*5%*	*5%*	*5%*	*6%*

V. Why Sears Holdings can Make it

[DRAFT – Subject to Review]

Why Sears Holdings can make it

- Despite our recent headwinds Sears is still the 3rd largest appliance retailer in the US with 15.3% market share
  - Lowes has 25.8% share; Home Depot has 17.1%; Best Buy has 13.7%
- Sears is the number one home service and direct delivery provider
  - Amazon, Costco, Icon Home Fitness and others are leveraging Sears' capabilities, which adds revenue & value to Innovel and Home Services; this is a unique strength that Sears has over other market competitors with high barriers to entry
- Sears' physical presence with strategic locations support a showroom concept that is important on big ticket, considered purchases; combined with our online business (40% of purchases), delivery capabilities and Home Services capabilities are a powerful differentiating combination
- We have the ability to expand our reach in the hardlines categories through scaling the small format concept.
  - We are moving into urban markets as millennials are choosing to live and work downtown
  - Moving into fast growing geographies with greater speed and agility, as well as replacing some of our recently closed store locations, further leveraging our overhead and unique delivery & service capabilities
- In addition to the hardlines opportunity (40% of sales), Sears also has a strong and growing softlines business (40% of sales) which complements hardlines more considered purchase behavior, adding frequency and everyday accessibility for our members; members who purchase tools are the biggest purchasers of men's denim and work boots
  - Diehard work boots are the market share leader and are another Sears differentiator
- Sears has an expansive financial services platform that supports member purchases and generates significant profitability through its Citi credit card agreement
  - The Citi credit card agreement also has multiple avenues growth

[DRAFT – Subject to Review]

Why Sears Holdings can make it *(cont'd)*

- Kmart is profitable, adds diversity and has a complimentary network that leverages corporate resources
  - Kmart's members shop more frequently than Sears' customers do
  - Kmart's business is less cyclical and less reliant on big ticket purchases
  - Kmart has a profitable off-shore business where it has a competitive advantage
  - Kmart allows sourcing to leverage additional volume to achieve better costing with more preferred vendors
  - Kmart provides an additional loyalty benefit to members who earn points on larger purchases
- Sears Holdings has a robust digital platform that supports both Sears and Kmart, with 145MM total registered users including 61MM contactable members and 28MM 12-month active users; of the active users, 13.5MM have redeemed points in the last 12 months

To capture this opportunity, we would address our physical presence through strategic store upgrades and a consumer confidence campaign, reinforcing its unique product & service offering that will make it relevant for years to come

Appendix

[DRAFT – Subject to Review]

The Online team is focused on delivering significant growth to retail

Online Growth Strategy

- The online growth plan emphasizes on driving 3 areas of focus:
  1. Improve the basics – visits, conversion rates, and average order value (AOV)
  2. Deliver needle mover initiatives
  3. Instill operational excellence

To achieve this growth plan ($1.3BN incremental revenue by '21 and $3.5BN by '23), we will need to invest primarily in talent acquisition and technology improvements

Key Growth Initiatives

- Improve conversion metrics over time to industry average (each 20 bps increase on a $1.5BN business equates to $150MM)
- Drive personalization with machine learning
- Leverage marketplace to accelerate selection growth with all core platform capabilities (e.g. leasing)
- Deliver a best-in-class experience for our best categories (Home Appliances and Apparel)
- Continue Mobile First – Accelerate app adoption (2x higher conversion rate than mobile web)
- Test new business models: test before you buy (apparel and footwear), appliance upgrade payment model (allow members to upgrade to latest innovation), subscription services (consumables, apparel, and other frequency categories)
- Reconfigure our fulfillment network to be "less dependent" on fusion sales

[DRAFT – Subject to Review]

IT is performing an exhaustive contract review to take advantage of the chapter 11 contract rejection opportunity

Detailed Contract Analysis

	Reject	Eliminate	Reduce	Renegotiate	Review	Total
MT Contracts						
Number	1	102	17	-	7	127
$ Value	$1,628,151	$62,348,847	$30,101,120	-	$2,603,728	$96,681,846
Number Prepaid	-	6	1	-	-	7
$ Value Prepaid	-	$6,149,100	$252,000	-	-	$6,401,100
Contracts that Cover MT & Non-MT						
Number	-	2	13	1	-	16
$ Value	-	$89,743	$61,264,935	$5,287,539	-	$66,642,217
Number Prepaid	-	-	-	-	-	-
$ Value Prepaid	-	-	-	-	-	-
Non-MT Contracts Managed by MT						
Number	-	2	21	1	1	25
$ Value	-	$8,047,945	$13,460,133	$1,313,264	$582,530	$23,403,872
Number Prepaid	-	-	1	-	1	2
$ Value Prepaid	-	-	$6,353	-	$4,253	$10,606
Total Contracts						
Number	1	106	51	2	8	168
$ Value	$1,628,151	$70,486,535	$104,826,188	$6,600,803	$3,186,258	$186,727,935
Number Prepaid	-	6	2	-	1	9
$ Value Prepaid	-	$6,149,100	$258,353	-	$4,253	$6,411,706

Summary

168 contracts reviewed with an annual expense of $187MM (out of 210 total contracts with spend of $198MM)

Summary Status:
- Reject – 1
- Eliminate – 106
- Reduce – 51
- Renegotiate – 2
- Review – 8

Key
- Reject – will reject contract
- Eliminate – will not renew
- Reduce – will reduce spend
- Renegotiate – will need to negotiate new terms – we cannot just reduce
- Review – decision not made

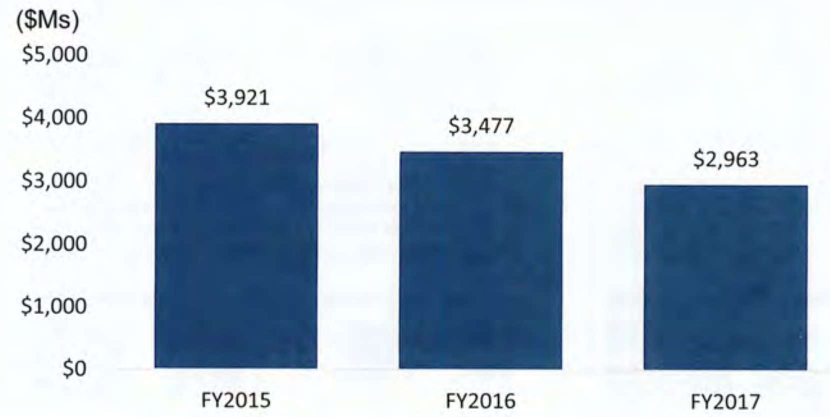
[DRAFT – Subject to Review]

Kenmore Business Summary

Business Overview

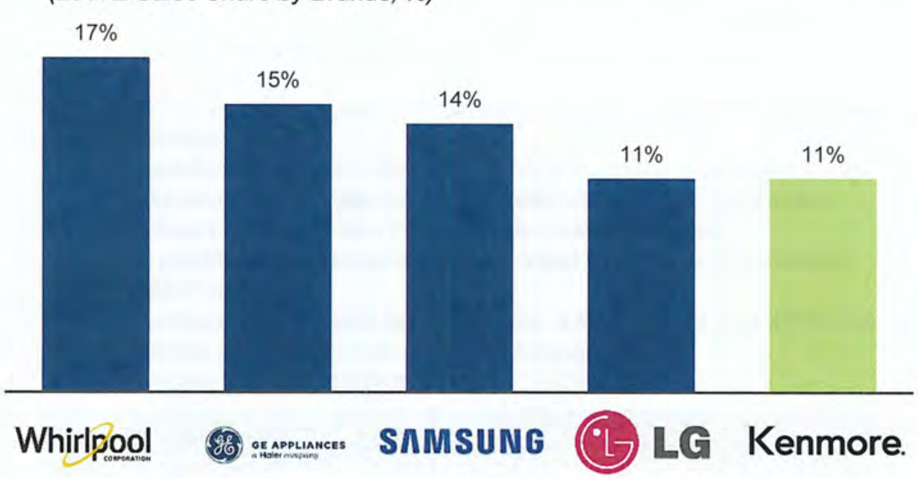
- Kenmore is broken into two business units
  - Major Home Appliance: Markets and sells refrigerators and freezers, laundry washers and dryers, cooking ranges and ovens, and dishwashers (#5 overall ranked leader in major appliances (11% U.S. sales share))
  - Small Appliance: Markets and sells small kitchen appliances, water softeners, electric air cleaners, vaporizers, vacuums, steam cleaners, room air conditioners, outdoor grills and over the counter microwaves
- The majority of its products manufactured via contracts with OEMs
- The majority of its current distribution via Sears-branded retail stores but with rapidly growing third-party distribution (e.g. Amazon)
- No. of Households: ~100MM as of 2017E (cumulative)

Historical Revenue(1)



Leading U.S. Market Share

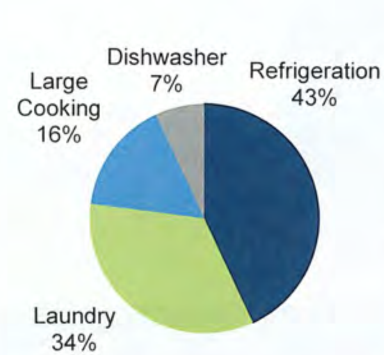
(2017E Sales Share by Brands, %)



Financial Overview

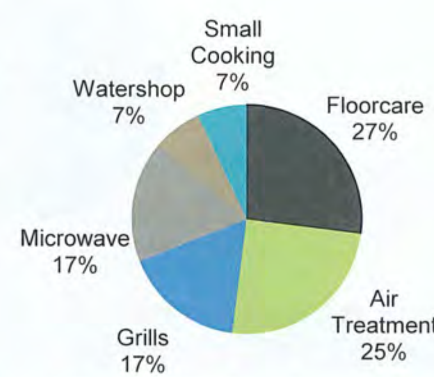
(LTM Dec 2017 Sales)

Major Home Appliance



$2.5BN in Sales

Small Appliance



$348M in Sales

(1) Gross retail sales per CIM – Kenmore records revenue based on gross retail sales (included in Hardlines) or its license revenue from Sears sales of Kenmore branded products and third party sales

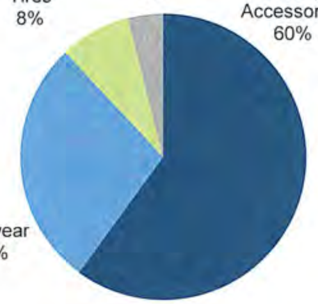
[DRAFT – Subject to Review]

DieHard Business Summary

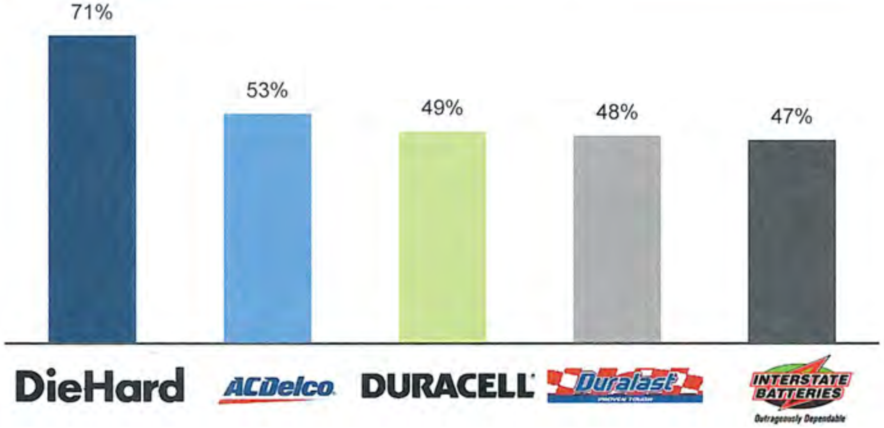
Business Overview

- Leading provider of power solutions since 1967
- Current U.S. sales share of 4% for vehicle batteries
- Products sold primarily through Sears channels, with select external retail distribution
- All products are manufactured by leading contract manufacturers, required to comply with DieHard high quality standards
- Well-balanced portfolio of vehicle batteries, with well-developed strategies for new product introductions in adjacent and peripheral industries
  - Adjacent (Power): Connected Lighting Solutions, Solar Power Solutions
  - Peripheral (Lifestyle): Rugged Wear, Extreme Wear

Revenue by Segment



Brand Awareness



Select Products

Vehicle Batteries

- Offered for Auto, Marine & RV, PowerSport and Lawn & Tractor

Vehicle Battery Back Up

- Various applications range from jumping a car battery to powering laptop within a car

Portable Power and Lights

- Categories include tool batteries, alkaline batteries, flashlights and LED lights

Work Boots

- High-performance boots, offered in both slip-ons and lace-ups

Tires

- Mid-Tier Passenger car tires manufactured by Kumho sold in SAC

Consumer Electronics

- Categories include Powerbanks, Chargers, Charging station, Phone cases and headsets

[DRAFT – Subject to Review]

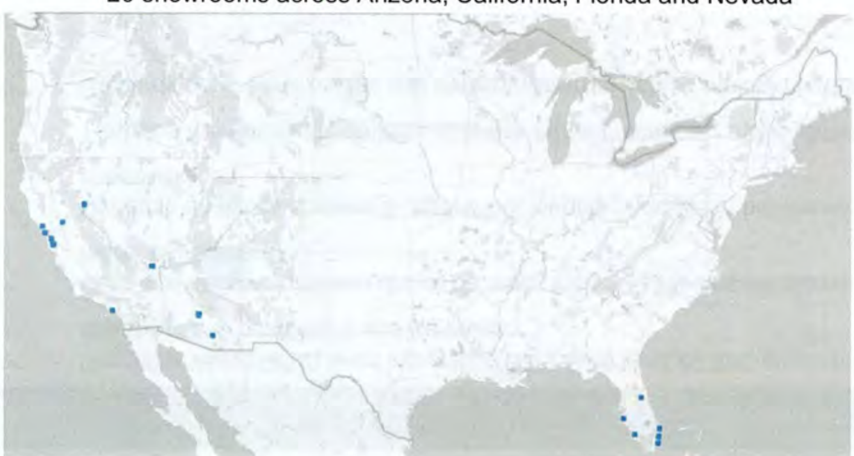
Monark Business Summary

Business Unit Overview

- Monark Premium Appliance Company and its affiliates form a nationwide distributor of premium home appliances that serve architects, builders, designers, developers and homeowners
- Monark represents a partnership between three leading distributors: Florida Builder Appliances, Westar Kitchen & Bath and Standards of Excellence
- Showrooms provide customers with premium cooking, cooling and cleaning appliances
- Monark operates within the larger Hardlines business
- Established June, 2015

Store Locations

20 showrooms across Arizona, California, Florida and Nevada



Select Brands

Alfresco
ASKO
best
dacor
DCS
Electrolux
SAMSUNG
Scotsman
Speed Queen
SUB-ZERO
SUMMIT
Thermador
U-LINE
VentAHood
VIKING
GE
LA CORNUE
LG

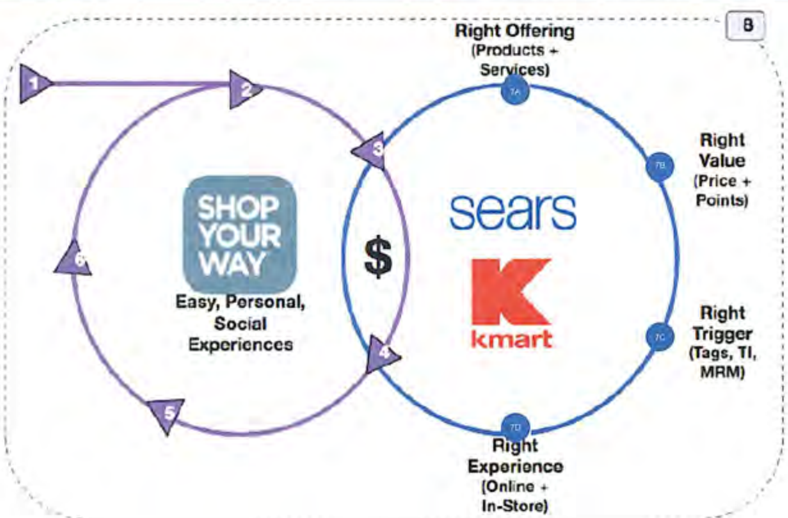
[DRAFT – Subject to Review]

ShopYourWay Business Summary

Business Unit Overview

- ShopYourWay (SYW) is an integrated B2C, B2B, and B2B2C platform that provides personalized data & insights, analytics, marketing and rewards capabilities to customers and partners
- Data and Insights platform draws on more than 100 billion data elements across 160 data sources and 4,000 variables enabling thousands of unique member segments
- Dynamic analytics engines & algorithms identify changes in behaviors, score members in real time, and power decisions through relevant marketing channels
- Targeted marketing capabilities optimize communications, offers, timing, and channel driving the desired member behavior
- Rewards program provides one currency earned across multiple partners to drive member loyalty

ShopYourWay and the Sears Ecosystem



1. Compelling Value Prop + Easy Linkage drives sign-ups for programs, services, partners
2. Engagement in the ecosystem rewards members with SYW points and builds profiles for members
3. Personalization and Service platforms connect members to products and services
4. SYW Points and Partner Funding deliver value for members and create a multiplier/leveraged model for Sears/Kmart
5. Ecosystem Engagement provides feedback needed to expand / tailor the offering
6. Member Engagement / Redemption create more demand and performance for partners, which creates more opportunities for members and profitable growth
7. Journeys/ Categories creates and curate new product offerings (7a), develops the value proposition (7b), uses data to tag, target and deliver personalized offers (7c), and connects the online/instore experience (7d)
8. Markets Team drives the end-to-end system at a member, store, and community level, creating new capabilities for the go-forward integrated retail business

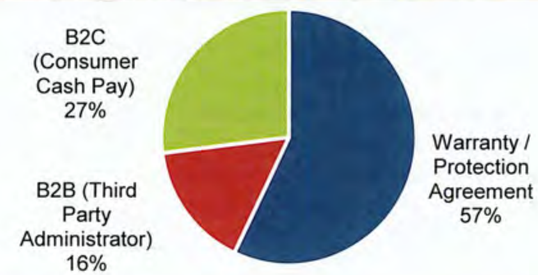
[DRAFT – Subject to Review]

In Home Repair Overview

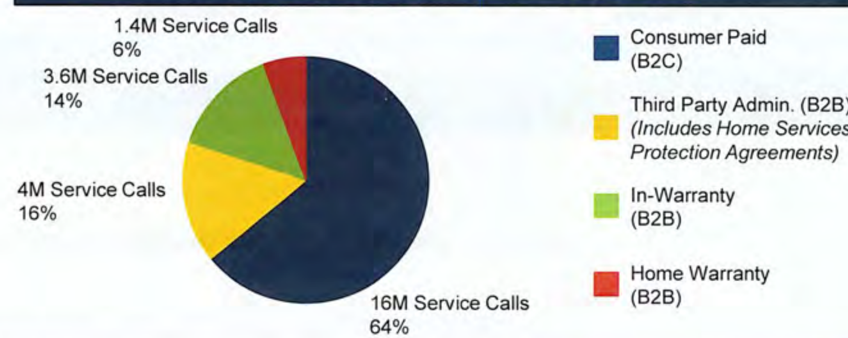
Business Overview

- In-Home Repair is a leading national provider of appliance repair services in the U.S.
- Provides B2C + B2B repair services for appliances, consumer electronics, outdoor power equipment, fitness equipment, power tools and HVAC systems under the Sears and A&E Factory Service brand names
  - Customers can book an appointment in-store or by phone / online and receive a preliminary diagnosis from trained professionals
  - Appliance repairs are covered by a 90-day satisfaction guarantee
- Approximately 4,500 trained in-house service techs complemented by over 800 independent contractor firms within 1099 labor network
  - Home Services has access to total network of 1.5M+ units of repair capacity via its 1099 network(1)
- Over 40% of technicians have more than 10 years of experience
- Provides services in 50 states, the District of Columbia, Guam and Puerto Rico through ~50 district locations and other support locations

In-Home Call Volume



Appliance Repair Marketplace



Top B2B Customers

American Home Shield · American Water Heaters · asurion · The Cross Country Group · Fidelity National Financial · First American · GE · LG · Lowe's · Nicor Gas An AGL Resources Company · Samsung · Service Net · Warrantech · 2-10 Home Buyers Warranty

[DRAFT – Subject to Review]

Assurant is providing a 3rd party protection agreement solution to ensure SHC can continue to sell protection agreements to its members

Commentary

- Assurant has best overall economics (especially in the aftermarket), 3 year term, no upfront reserve payment, additional B2B service volume
- Pre-petition, we were collecting ~$12.5M of cash per week
  - Currently collecting ~$2.5M of cash per week due to suspended sales in 34 states
  - With Assurant solution, we will collect ~$3.5M-$4.0M of cash per week
- Margin impact over the life of a PA contract is $4 less than pre-petition
  - Year one (one time) 4x improvement to SHS PA contract EBITDA due to immediate revenue recognition; $8 increasing to $32 on a per policy basis
- Will be live in 39 states immediately after contract signing, final 11 states will have various timing depending on state procedures
  - Goal is to have all states live by Thanksgiving
- We will continue to use our existing programs, so no need for re-training or operational change other than collateral for term and conditions
  - Retail continues to get full commission on sales
- Sears Home Services retains ownership of the customer

Summary of Terms

No Underwriter

Retail			Aftermarket		
	Price	$200		Price	$144
25%	Loss cost	($49)	58%	Loss cost	($84)
100%	TLR	$0	100%	TLR	$0
	Dealer Net	($49)		Dealer Net	($84)
4%	Admin Reserve	($9)	10%	Admin Reserve	($15)
0.0%	Risk/UW/IPT Fee	$0	0.0%	Risk/UW/IPT Fee	$0
	Total Reserves	($58)		Total Reserves	($99)
	Revenue (Initial Cash)	$200		Revenue (Initial Cash)	$144
50%	Retail	($100)	12%	Acquisition	($17)
	SHS (Excess)	$100		SHS (Excess)	$127
	Total Expenses	($58)		Total Expenses	($99)
100%	Profit Share	$0	100%	Profit Share	$0
	Home Services	$42		Home Services	$28
	Sears Total (excl 9.5% comm)	*$142*		*Sears Total*	*$28*
	Margin %	*21%*		*Margin %*	*19%*

Assurant

Retail - Sears				Aftermarket		
	Price	$200			Price	$144
25%	Loss cost	($49)		58%	Loss cost	($84)
90%	TLR	($5)		90%	TLR	($9)
	Dealer Net	($54)			Dealer Net	($93)
4%	Admin Reserve	($9)		10%	Admin Reserve	($15)
6.5%	Risk/UW/IPT Fee	($4)		6.5%	Risk/UW/IPT Fee	($6)
	Total Reserves	($67)	*16%*		Total Reserves	($114)
	Revenue (Initial Cash)	$133	*-33%*		Revenue (Initial Cash)	$30
50%	Retail	($100)		12%	Acquisition	($17)
	SHS (Excess)	$33			SHS (Excess)	$12
	Total Expenses	$0			Total Expenses	$0
80%	Profit Share	$4		80%	Profit Share	$7
	Home Services	$38	*-11%*		Home Services	$20
	Sears Total (excl 9.5% comm)	*$138*	*-3%*		*Sears Total*	*$20*
	Margin %	*19%*			*Margin %*	*14%*

[DRAFT – Subject to Review]

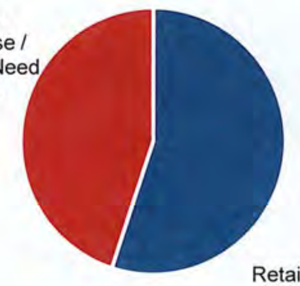
Service Contracts Overview

Business Overview

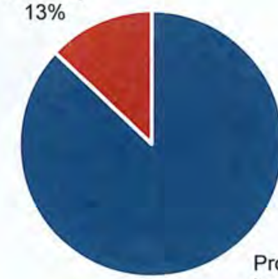
- Service Contracts: Leading national provider of service, replacement and home warranty contracts under the Sears, Kmart and A&E Factory Service brand names
- Two primary contracts: Protection Agreements and Home Warranty
  - Various coverage and term offers to meet customer repair and replacement needs
  - Contracts cover appliances, consumer electronics, outdoor power equipment, fitness equipment, power tools, HVAC systems and select other merchandise
  - In 2014, began offering the Sears Home Warranty Plan
    - Single protection plan that covers the repair or replacement of major home appliances and systems regardless of their age, brand or point of sale
- Contracts sold via SHC retail locations (point of sale) and through post purchase / point of need channels, including telemarketing, direct mail, In-Home Repair Services technicians and call center associates
  - Currently approximately 10M contracts in force
- In-Home: Provides repair services for appliances, consumer electronics, outdoor power equipment, fitness equipment, power tools and HVAC systems under the Sears and A&E Factory Service brand names
  - Approximately 5.2 million in-home repair and maintenance events performed for all major brands during 2017
- Will begin offer Protection Agreements underwritten by Assurant in the coming weeks

Portfolio Mix (Service Contracts)

By Origin

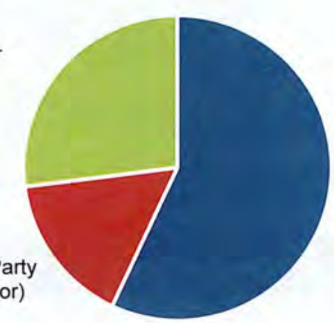


By Contract Type



In Home (by Repair Type)

(Represents call volume by type)



PartsDirect Overview

Business Overview

- PartsDirect provides repair parts & accessories for most major brand appliances, outdoor power equipment, water heaters and treatment to DIY consumers
- Primarily offer OEM approved replacement parts, with accessories and maintenance products driving incremental sales
- Peak sales period: March through September, coinciding with the Spring and Lawn & Garden season
- Core business in consumer space (via website and phone), with growing marketplace / third party

Channel Strategy

- Provide solutions via web, phone, commercial and third party marketplaces
- Fast-growing third party marketplaces (e.g., Amazon, eBay) primarily under the DIY Repair Parts brand
- Monetization strategy to leverage parts catalog
- Digital and social media marketing strategy driving increased visits to SPD.com and website rebuild improving conversion rate of users
- ~640 dedicated expert advisors located in 8 call centers assist consumers by phone

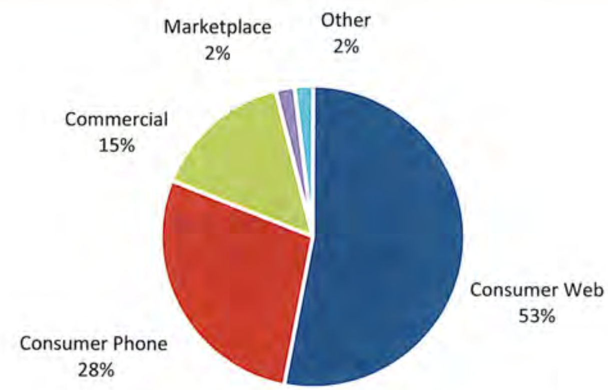
Customer / Need Overview

- 60% of customers primary reason for visiting site is to purchase a replacement part for their product (16% to research part replacement)
- 11.5% of purchasers are new to PartsDirect and 42% have done business with PartsDirect in the last 5 years

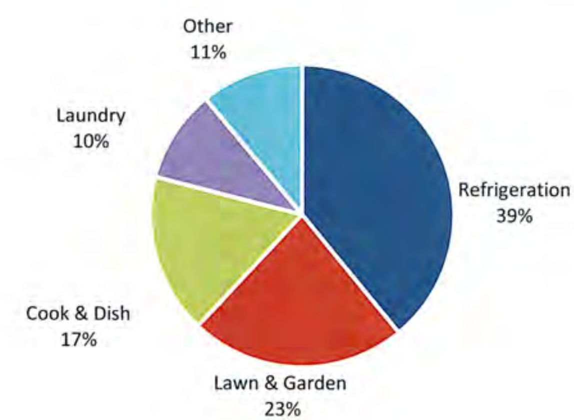
Note:
(1) As of FY2017

Portfolio Business Mix(1)

By Channel

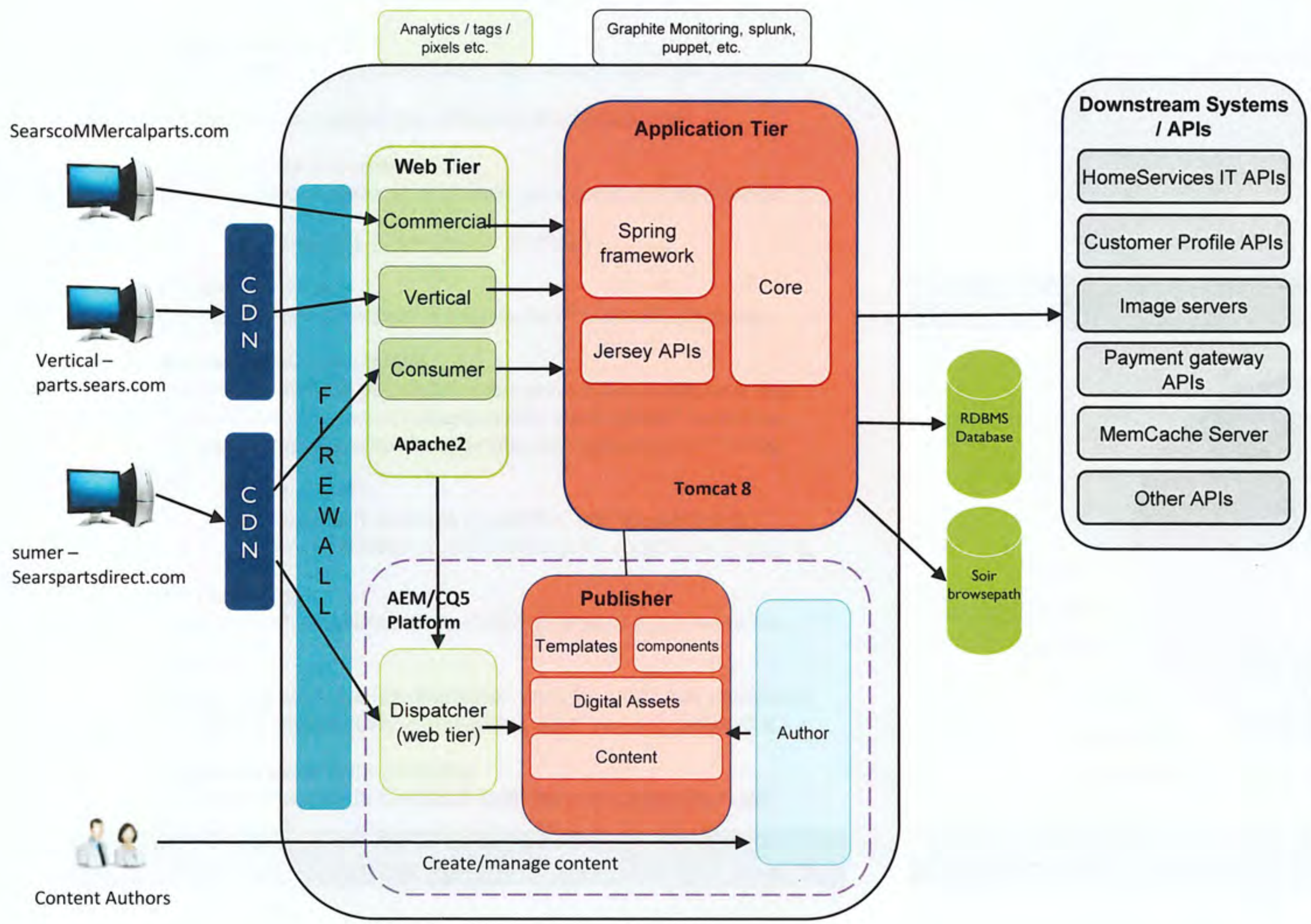


By Product



PartsDirect Existing Website Infrastructure

Current Site Architecture



Commentary

- Current application was built ~10 years ago
- Despite piecemeal improvement, legacy architecture limits delivery of fast and reliable business features
- Application is not scalable and also limited by on-prem infrastructure
- Application performance has been a lagging factor because of the old architecture
- Application is not resilient to downstream systems' outages
- Lots of inter-dependencies causes multiple failures

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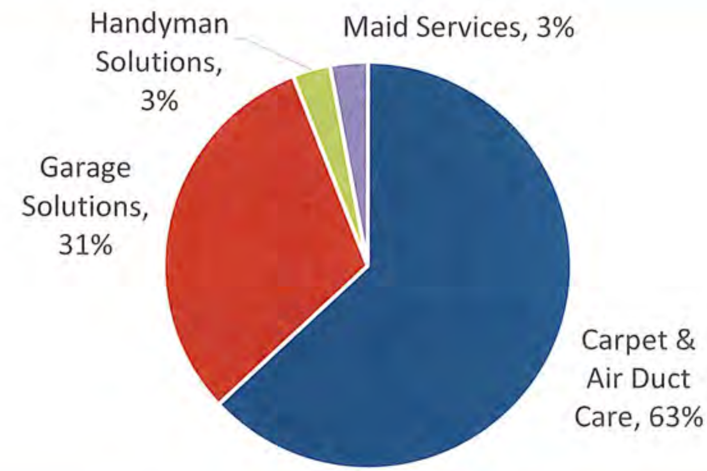
[DRAFT – Subject to Review]

Franchise Overview

Business Overview

- Franchise services is a leading multi-service franchisor in the residential home service sector
- Services include carpet & upholstery care, air duct cleaning & indoor air quality, garage solutions, maid services and handyman solutions
- Franchise agreements are generally for a term of 10 years and are renewable
  - Revenue stream includes initial fee, royalty fee (6-10% of net revenue), monthly IT Support fee, renewal and transfer fee
- Franchise network managed through operational visits, phone calls, review of vendor statements and sales trends, customer satisfaction scores, background and insurance compliance and annual independent audits
- Over 390 active franchise territories across current franchise business models
  - In more than 375K homes annually
  - Approximately 76% service area coverage nationwide across business models
- In 2014, began offering handyman and maid services
- Approximately 40 corporate employees supporting the franchise network and branches
  - Functions include operations, IT, marketing and advertising, finance, customer service, R&D and search engine optimization
- Headquartered in Columbus, OH

Business Mix



Franchise Locations

EXHIBIT C

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Global Sale Process: Bid Qualification Overview

Restructuring Committee Meeting

December 30, 2018

Weil LAZARD M-III PARTNERS

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Summary of Materials

Weil LAZARD M-III PARTNERS

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Executive Summary

- The materials today are designed to begin the discussion around next steps. Nor formal decision is before the Restructuring Committee today. But the Restructuring Committee should plan to make formal decisions around the path forward this upcoming week.
- [redacted]

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Introduction

- Today the Restructuring Committee begins the process of determining whether any bids selected are "Qualified Bids."
- The Advisors recommend the Restructuring Committee begin with the bid by ESL Investments, Inc. ("ESL") for review
- If the ESL bid is qualified by January 4, 2019, the Restructuring Committee should keep the current timeline.
- If, however, the ESL bid is not qualified, as will be discussed, the Advisors recommend the Restructuring Committee pivot to a winddown of retail operations and adjourn the Auction. In that instance, the Restructuring Committee should consider swift prosecution of a chapter 11 plan that contemplates a reorganization around Sears Home Services and select other operations or a full sale and organized liquidation process.
- In analyzing the ESL bid along with the other indicative bids, the Restructuring Committee should keep in mind the following considerations:

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Bid Review Process

[redacted]

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Bid Review Process (*cnt'd*)

[redacted]

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Bid Review Process (*cnt'd*)

[redacted]

Bid Review Process (*cnt'd*)

[redacted]

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Bid Review Process (*further cnt'd*)

- At the direction of the Restructuring Committee, and after consultation with the Consultation parties, the Debtors shall make a determination regarding the following:
  - **Auction Packages**: The Assets to be auctioned by the Debtors, which may include any individual Assets or combinations of Assets, including any Stalking Horse Package;
  - **Baseline Bids**: The highest or best Qualified Bid (or collection of Partial Bids comprising one Qualified Bid) for each Auction package to serve as the starting point at the Auction for such Auction Package; and
  - Which bids have been determined to be Qualified Bids and the Auction Package applicable to such Qualified bids (provided that the Debtors may permit a Qualified Bidder to bid on more than one Auction Package).

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Designation of Stalking Horse Bidders

- Any designation of a Stalking Horse Bidder (with respect to any of the Assets) will be made after consultation with the Consultation Parties
- Upon execution of a Stalking Horse Agreement, Debtors shall promptly (no more than one (1) calendar day following such execution) file a Sale Notice setting forth the material terms of such Stalking Horse Agreement
- Objections: Any objections to the designation of a Stalking Horse Bidder of Stalking Horse Bid Protection (including any Credit Bid or Termination Payment) must be filed with the Court and served on the appropriate parties within:
    - Ten (10) calendar days after the filing/service of the Sale Notice for non-affiliate Stalking Horse Bidders
    - Fourteen (14) calendar days after the filing/service of the Sale Notice for any Stalking Horse Bidder that is an insider or affiliate of the Debtors
- If no timely objection is filed and served with respect to an applicable Stalking Horse Agreement, the Stalking Horse Bid Protections shall be deemed approved; provided that if an affiliate or insider of the Debtors includes a Credit Bid for part or all of their applicable Stalking Horse Bid, the Debtors will schedule a hearing prior to the commencement of the Auction for determination of such affiliate's ability to Credit Bid

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DRAFT MATERIALS FOR DISCUSSION PURPOSES

Alternative Auction/Sale Process Timeline[1]

December 2018

S	M	T	W	T	F	S
25	26	27	28	29	30	1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31	1	2	3	4	5

January 2019

S	M	T	W	T	F	S
30	31	1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31	1	2
3	4	5	6	7	8	9

February 2019

S	M	T	W	T	F	S
27	28	29	30	31	1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	1	2
3	4	5	6	7	8	9

DIP Milestones
Retail Sale Process
Court Hearings
Alternative Auction
GOBs

Standing Calls

Daily, Mon - Fri 9:30 a.m. ET	Client and Advisor Update Call	Company, Weil, M-III, and Lazard
Mon / Weds / Fri 5:00 p.m. ET	Restructuring Committee Update Call	Company, Weil, M-III, Lazard, Rx Committee
Mon / Thurs 6:30 p.m. ET	UCC Advisors	Weil, M-III, Lazard, Akin, FTI, HL
Daily Dec. 5 – Dec. 15 6:00 p.m. ET	Wind Down Planning	Company, Weil, M-III, Finsbury

Date(s)	Event
December 2018	
December 28	• Retail: Deadline to submit binding bids • Real Estate: Deadline to submit non-binding indications of interest • GOB: Filed Notice of Intent for 3rd Wave Closing Stores
December 29	• Real Estate: Provide indicative bids to Consultation Parties
December 31	• Retail: Deadline to object to affiliate credit bid
January 2019	
January 2	• Provide Feedback to Bidders • Negotiate binding documentation with potential Stalking Horse Bidders
January 4	• Retail: Notify bidders of status as Qualified Bidders • **Liquidator Auction (9:00 a.m.)**
January 7	• **Status Conference (10:00 a.m.)** • GOB: Deadline to Object to 3rd Wave Closing Stores • Alternative Auction: Distribute Process Letter for Alternative Auction, including Real Estate Assets • Distribute Chapter 11 Plan Term Sheet to Consultation Parties
January 11	• Retail: Hearing on stalking horse bid protections and/or credit bid, if necessary • Alternative Auction: Execute Stalking Horse Agreement(s) • Alternative Auction: File Sale Notice
January 14	• Retail: Auction for go-forward stores and any other assets designated for sale
January 21	• Alternative Auction: Deadline to Object to Stalking Horse Bid Protections if bidder is not an affiliate or insider
January 25	• Alternative Auction: Deadline to Object to Stalking Horse Bid Protections (and credit bid) if bidder is an affiliate or insider
January 29	• Alternative Auction: Hearing on Stalking Horse Bidder Objections (if any)
January 31	• Alternative Auction: Deadline to Object to cure costs/adequate assurance information and sale to any Stalking Horse Bidder
February 2019	
February 1	• Retail: Sale hearing • Alternative Auction: Hearing on credit bid for any bid by an insider or affiliate of the Debtors to be designated as a Qualified Bid that is not a Stalking Horse Bid
February 2	• DIP Milestone: Conduct auction for sale of go-forward stores
February 4	• DIP Milestone: Obtain order approving sale of go-forward stores
February 7	• Alternative Auction: **Bid Deadline**
February 8	• DIP Milestone: Close sale of go-forward stores • Alternative Auction: file notice that no other Qualified Bids were received, if applicable
February 12	• Alternative Auction: Announce Qualified Bidders • Alternative Auction: Sale Hearing (of sale to Stalking Horse Bidder if no other Qualified Bids received)
February 14	• Alternative Auction: Auction
February 18	• Alternative Auction: Target date to file Notice of Auction Results
February 28	• Alternative Auction: Sale Objection Deadline
March 2019	
March 7	• Alternative Auction: Sale Hearing

1. The proposed alternative auction timeline applies to the sum of the parts bids/assets, real estate assets, as well as any going concern bids.

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Restructuring Subcommittee Mandate on Credit Bidding and Releases

- A determination on any bidder's ability to Credit Bid and the Debtors' ability to give releases is within the mandate and exclusive authority of the Subcommittee of the Restructuring Committee (the "Subcommittee").
- Pursuant to the resolutions establishing the Subcommittee, the Subcommittee is specifically authorized to, among other things:
    - "Prosecute, waive, release, settle, negotiate and bind the Corporation with respect to any claims or Causes of action of the Corporation that arise out of or relate to Prior Transactions that are the subject of the Subcommittee's investigation (the "Specified Matters");"
    - "Determine, act on behalf of and bind the Corporation with respect to the right of and/or extent to which a party that is the subject of the Subcommittee's investigation may (i) credit bid pursuant to 11 U.C.S. 363(k) or (ii) take similar actions during the course of the [chapter 11 cases] including any credit bid or similar action pursuant to a chapter 11 plan;" and
    - "Determine, act on behalf of and bind the Corporation with respect to any proposed releases, exculpations or indemnifications by the Corporation of its current or former directors, officers or affiliates, in each case, solely with respect to the Specified Matters."
- The Restructuring Subcommittee therefore must evaluate and determine:
    - (1) if ESL's proposed Credit Bid is appropriate; and
    - (2) if ESL's proposed releases in its bid are appropriate (including whether the Debtors are receiving adequate consideration for any such releases).
- Although the Restructuring Subcommittee will determine these issues, we are providing this overview so that the full Restructuring Committee understands the concepts.
    - Counsel to the Restructuring Subcommittee may be providing the Subcommittee with additional materials. These materials are intended to be overview in nature.

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Credit Bidding - Bidding Procedures Order Requirements

[redacted]

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Summary of Bids Received

The Debtors received the following binding bids:

- Going Concern Bid
  - Bid for NewCo from ESL Investments, Inc.

- Parts Bids
  - "Alternative" bid for Innovel, Sears Home Services, Shop Your Way, certain IP, and certain real estate assets from ESL Investments, Inc.
  - Bid for Sears Home Services from Cross Country Home Services, Inc. and an Indication of Interest from Centerbridge/ACE Hardware
  - Two (2) bids for Parts Direct, from Burke America Parts Group, LLC and Eldis Incorporated
  - Indication of Interest for Monark from Kodiak Building Partners

- The following four (4) Liquidator Bids
  - Abacus Advisors LLC
  - SB360 Capital Partners, LLC
  - Joint venture of Gordon Brothers Retail Partners, LLC and Hilco Merchant Resources, LLC
  - Joint venture of Tiger Capital Group, LLC and Great American Group, LLC

- The following indications of interest for the real estate assets have been received:
  - 83 indications of interest for unencumbered leased and ground lease properties
  - 30 indications of interest for unencumbered owned properties
  - 78 indications of interest for encumbered properties

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ESL Bid Overview

- At a high-level, the ESL Bid has several deficiencies to be deemed a "Qualified Bid". The deficiencies as outlined below should be read in tandem with the ESL Bid Summaries prepared by Lazard.
  - ESL Bid is conditional: the ESL Bid is contingent among other things, a credit bid, a release, a documented transaction with Cyrus, real estate financing;
  - No corresponding deposit for a going concern bid;
  - Financing is conditional: the financing is not fully committed or otherwise unconditional;
  - Insufficient cash to maintain the Debtors' administrative solvency: post-petition accounts payable are not contemplated to by paid by the buyer/ESL, among other things ($400mm+ shortfall);
  - Minimal consideration for unencumbered assets; and
  - $120 million of the Junior DIP Facility must be repaid by the Debtors.

EXHIBIT D

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Proposed Final Ask from Restructuring Committee/Subcommittee to ESL

1. **ADMINISTRATIVE CLAIM ISSUES**

OPTION A

ESL PAYS Transfer Taxes: Estimated $19MM
ESL PAYS Mechanics Lien: Estimated $4MM
No Expense Reimbursement of $30MM for ESL
Two NY leases (Astor Place and Penn Plaza) to be sold to Seller Designees at Closing (Money for benefit of Estates)
Buena Park, CA Lease to be sold to Seller Designee at Closing (Money for benefit of Estates)
Leave CC Tort Claim with the Estates
ESL PAYS $50MM Cash (from Borrowing under Newco ABL)
$13MM Hurricane Insurance Proceeds is left with the Estates
No purchase price reduction for any of these items

OPTION B

In lieu of the list above

ESL Issues Administrative Claim Backstop to the Estates

OPTION C

In lieu of the list above

ESL Pays $225MM (Cash) to the Estates at Closing

2. **CREDIT BID AND RELEASE ISSUES**

ESL will bid 100% of all 2L claims against the Debtors as a credit bid
ESL will waive all remaining claims against the Debtors, including all 507(b) claims, upon closing
$35MM contribution previously proposed by ESL will be reserved for distribution to prepetition general unsecured creditors of the Estates
ESL and its related parties (i.e., not Seritage or Lands End) will receive a release for all claims related to credit bidding debt party claims against that the Debtors (i.e., so that ESL and others may credit bid). ESL will not receive any further release as part of the sale.

3. **APA ISSUES**

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Satisfactory resolution of the issues in the Material Issues List provided by Weil to ESL on or about 4pm on January 14, 2019