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November 20, 2018

DC Secretary
ISDA Determinations Committee

Re: Sears Roebuck Acceptance Corporation ("SRAC") - MTNs

Dear Secretary:

This firm represents Sears Holdings Corporation and certain of its affiliates, as debtors and debtors in possession (collectively, the "Debtors") in their jointly administered chapter 11 cases. Please be advised that beginning on October 15, 2018, each of the Debtors filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"), Chapter 11 Case No. 18-23538 (RDD) (jointly administered)(the "Chapter 11 Case").

On November 19, 2019, the Bankruptcy Court entered an order (the "Order"), pursuant to which the Debtors were authorized to sell certain medium term notes issued by SRAC and referenced in such order (the "MTNs"). The Order can be found at Docket Entry number 826. The Order contains language acknowledging that any sale of the MTNs was not intended, and did not, prejudice any defenses, rights of setoff or counterclaims that SRAC may have with respect to the MTNs.

Please note that such language does not constitute a judicial finding that SRAC in fact has any such defense, right of setoff or counterclaim. Nor does such language create, or purport to create, any defense, right of setoff or counterclaim where none in fact existed. Such language merely acknowledges that the Order permits the sale of the MTNs by the Debtors but does not affect the rights or obligations of SRAC thereunder as this concept is fairly standard in bankruptcy court sale orders.

The Debtors wish to make clear to the DC and the market, and the Debtors hereby confirm, that SRAC is not aware of, does not intend to pursue, and quitclaims, any counterclaim, defense, lien, claim, charge, encumbrance, or right of setoff with respect to any purchaser or transferee of the MTNs. In addition, SRAC confirms that the MTNs were issued to the applicable Debtor for borrowed money and that, up until the commencement of the Chapter 11 Case, SRAC made regular interest payments on the MTNs.

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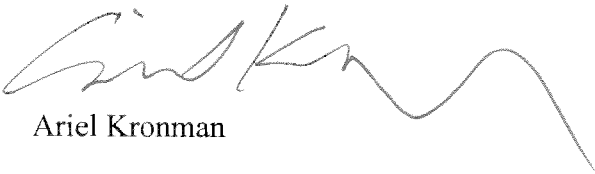
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The Debtors are conducting an auction of the MTNs today, and the clarifications described in this letter are included in the bidding notice that was distributed this morning to interested parties through email and the Bloomberg messaging function with respect to such auction. The notice was also posted at <https://restructuring.primeclerk.com/sears/Home-Index>, a copy of which is attached.

As counsel to the Debtors, we request that the DC further delay making any decision on the eligibility of the MTNs to participate in the upcoming auction so as not to affect the Debtors' auction and the value maximizing efforts the Debtors have undertaken on behalf of the Debtors and all of their stakeholders.

A copy of this letter will be publicly posted on the Debtors' claims agent website maintained for the benefit of the Debtors and parties in interest in the Chapter 11 Case, which can be found at <https://restructuring.primeclerk.com/sears/Home-Index>.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Ariel Kronman', with a long, sweeping horizontal line extending to the right.

Ariel Kronman

cc: Philip Dublin, Counsel to the Official Committee of Unsecured Creditors
Ray C. Schrock, P.C.
Jacqueline Marcus



Contact 844.384.4460

Client Login



Sears Holdings Corporation (18-23538)

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Case Background

Sears Holdings Corporation and certain of its subsidiaries (collectively, the "Company") have filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code in the U.S. Bankruptcy Court for the Southern District of New York. The Company intends to use this process to position it to establish a sustainable capital structure, continue streamlining its operating model and grow profitably for the long term.

The Company expects to move through the restructuring process as expeditiously as possible and is committed to pursuing a plan of reorganization in the very near term as it continues negotiations with major stakeholders started prior to the announcement.

The cases are pending before the Honorable Robert D. Drain, and are jointly administered under Case No. 18-23538.

Sears Holdings Corporation is a leading integrated retailer focused on seamlessly connecting the digital and physical shopping experiences to serve its members. The Company operates through its subsidiaries, including Sears, Roebuck and Co. and Kmart Corporation, with full-line and specialty retail stores across the United States. Sears Holdings is also home to Shop Your Way®, a social shopping platform offering members rewards for shopping at Sears and Kmart as well as with other retail partners. For more information, visit www.searsholdings.com.

For additional information about the restructuring process, please visit Sears Holdings' restructuring website at: restructuring.searsholdings.com.

Auction

Sears Holdings Corporation intends to conduct an auction on no more than 251,245,000 SRAC Medium Term Notes on November 20, 20, 2018 at 12PM EST, Bids must be firm until 4PM EST. Anyone bidding must be a QIB and should submit bids, sizes and any stipulations. Bids must be submitted by email, partial bids will be allowed. Sears will evaluate all bids and select buyers based on the highest or best bid in its sole discretion and business judgement. The auction may continue from time to time. Sears reserves the right to sell all, part or none of the notes dependent upon price and stipulations.

- Notes will be 144A for life
- Buyers will be asked to affirm QIB status
- Each potential buyer must submit their own bid
- SRAC confirms that the Notes were issued to the applicable Debtor/Seller for borrowed money and that, up until the commencement of its chapter 11 case, SRAC made regular interest payments on the Notes to the applicable Debtor/Seller.
- Further, Sears Holdings Corporation and its affiliated Debtors confirm that SRAC is not aware of, and does not intend to pursue, and hereby quitclaims any counterclaim, defense, lien, claim, charge, encumbrance, or right of setoff with respect to any purchaser or transferee of the Notes.

Attached please find the indenture governing the notes as well as the website for additional information.

<https://searsholdings.com/invest/financial-transactions/sears-roebuck-acceptance-corp-medium-term-notes-series-b-documentation>

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