

SEARS HOLDINGS

A Better Future Starts Right Here, Right Now



Saving energy, money and the environment



2009 ENERGY STAR® Retail Partner of the Year Award Application



2009 ENERGY STAR[®] RETAIL PARTNER OF THE YEAR AWARD APPLICATION

A Better Future Starts Right Here, Right Now

In 2008, Sears Holdings made its strongest commitment yet to energy conservation and preserving our precious natural resources. During the past year, Sears Holdings has charged a cross-functional team with ensuring that all of our 300,000 associates and more than 50 million customers are aware of the Energy Star program. We have made a concerted effort in the past year to broaden the scope of our partnership with ENERGY STAR throughout our retail organization, and across the spectrum of our product offerings.

Throughout the nation, our retail operations sell America's greatest assortment of energy-saving appliances, home electronics, heating & cooling, house wares, home improvement, home environment and lighting products. ENERGY STAR-qualified products are sold every day to a broad cross-section of American consumers through some of the best-known and most-trusted names in the retail industry:

- Sears Full Line Stores
- Sears Dealer Stores
- Sears Hardware Stores
- Sears Grand
- Sears Essentials
- Sears Contract Sales
- Sears Commercial Sales
- Sears Heating & Cooling
- Sears Windows & Replacement Doors
- Sears Product Repair Services
- Kmart Stores
- The Great Indoors
- Orchard Supply Hardware
- Florida Builders
- McPhails
- sears.com
- kenmore.com
- craftsman.com
- www.searshomecenter.com
- www.contractsales.sears.com
- Sears Credit Sales



SEARS HOLDINGS

ENERGY STAR PRODUCT SELECTION & SALES



Home Appliances

Sears Holdings has sold more than 3.1 million ENERGY STAR-qualified major appliances so far in 2008, worth more than \$2 billion... far and away more than any of our retail competitors.

With the introduction of new, tougher ENERGY STAR standards in refrigeration starting in 2008, we proactively worked with our manufacturers to transition our refrigeration sales floor in order to maintain a dominant ENERGY STAR presence. 70% of our in-store refrigerator assortment now meets the higher ENERGY STAR standards introduced this year.

We introduced 9 Kenmore high-efficiency washers to our laundry assortment in 2008, along with an ENERGY STAR-qualified top-loading unit. These 10 new models join the most advanced lineup of ENERGY STAR-qualified laundry products in the industry.



SEARS HOLDINGS

ENERGY STAR PRODUCT SELECTION & SALES



Home Electronics

Over 550,000 ENERGY STAR-qualified units of Home Electronics products have been sold at Sears Holdings stores so far in 2008.

Our consumer electronics team is working closely with our supply partners to ensure that Sears Holdings' entire line of LCD TVs in 2009 will be ENERGY STAR-qualified. This initiative represents a major commitment by us, and our vendors.

A typical full-line Sears store has 78 ENERGY STAR-qualified Home Electronics products on display, including 6 endcap displays. An ENERGY STAR feature highlight has been added to our standard in-store signing for all relevant Home Electronics products. The ENERGY STAR logo will be added to all relevant signing in 2009.



SEARS HOLDINGS

ENERGY STAR PRODUCT SELECTION & SALES



Home Improvement & Home Environment

Across all store formats, sales of ENERGY STAR-qualified light bulbs increased 14% in 2008. Our product offerings in this category will increase by 40% in 2009, and we anticipate significant sales increases throughout the foreseeable future.

We plan to expand our ENERGY STAR product offerings into a new category in 2009 with the introduction of at least four new ENERGY STAR-qualified Lawn & Garden products.

Despite an exceptionally sluggish retail market for home goods, our ENERGY STAR sales in Home Environment products actually increased 13.9% in 2008.



ENERGY STAR VISION AND LEADERSHIP



With more than 3800 full-line and specialty stores in the U.S. and Canada, Sears Holdings recognizes the importance of being a positive, contributing member of the communities in which we work and live. Between 2004 and 2006 Sears Holdings reduced electricity consumption by over 230 million kWh on a comparable store basis. In 2007, we reduced electricity consumption by an additional 220 million kWh over 2006. The electric consumption plan for 2008 has a reduction target of over 200 million kWh, yielding a total of nearly 600 million kWh in 4 years.

Responsible Appliance Disposal

Sears Holdings has taken the lead as the only major retailer to join the U.S. Environmental Protection Agency's voluntary Responsible Appliance Disposal (RAD) Program. The program promotes environmentally responsible disposal of household appliances and will significantly reduce emissions of ozone depleting substances and greenhouse gases. Our plan is to include Sears Dealer Store organization in the RAD program in 2009.



ENERGY STAR VISION AND LEADERSHIP



The most professional crew is committed to helping you improve your home's energy efficiency. One important step is to have a Sears BLUE CLIMATE CREW qualified technician help you upgrade to ENERGY STAR® qualified appliances. Not only will you receive all the features and benefits of newer models, you can also save money on your utility bills. In fact, ENERGY STAR® qualified products can help save up to 10% per year on your energy bills and reduce the risk of global warming.

According to the DOE, upgrading to an ENERGY STAR® appliance can save:

- Up to \$200 in annual operating costs on air conditioning
- Up to \$200 on clothes washers
- Up to \$200 on refrigerators

The savings when ENERGY STAR® appliances are used.

We Deliver or Take It Home Today

We offer a complete nationwide delivery service!

- Home & haul: Our delivery is available for most appliances.
- Prompt and professional delivery is available with your needs and transportation method.
- Free delivery service.
- No fees to schedule or pickup when you call!
- No extra or additional charges for you! (Sears® Home Services are also available in stock at the store for you to see and pick up.)

Take it Home today instead of waiting!

Many appliances are also available in stock at the store for you to see and pick up.

Let Us Help You!

Our professional installers are highly trained, experienced, and equipped with the latest tools and equipment. We'll help you understand all your options, questions, and needs. Satisfaction. We want it for a year, warranty or, all available to give you complete peace of mind.

Visit Sears.com

Shop Sears for your ENERGY STAR® Qualified Appliances and SAVE 5-15%!

The more energy you use, the more you spend. Our new ENERGY STAR® qualified appliances will help you save energy on your home's biggest power users, minimize your impact on the environment, and lower your utility bills.

Call 1-877-246-7755 to speak to our staff or visit sears.com or your local Sears store.

5% OFF on a limited stock of ENERGY STAR® qualified appliances. While supplies last. See store for details.

10% OFF on a limited stock of ENERGY STAR® qualified appliances. While supplies last. See store for details.

15% OFF on a limited stock of ENERGY STAR® qualified appliances. While supplies last. See store for details.

Home Energy Audit

Sears Holdings has partnered with the California Building Performance Contractors Association and the Building Performance Institute in a pilot program to provide residents of Orange County, CA, with a state-of-the-art Home Energy Audit service. The audit includes an on-site assessment of energy use, home comfort and safety and gives homeowners a personalized energy improvement plan, as well as a brochure with discount coupons exclusively good toward ENERGY STAR-qualified appliances at Sears. If successful, the Energy Audit pilot program will be expanded beyond its present scope in 2009.



ENERGY STAR VISION AND LEADERSHIP



*Sears Holdings to host Energy Summit
at our corporate headquarters.*

Energy Conferences

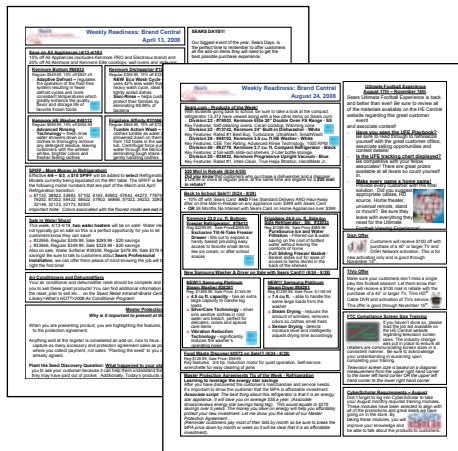
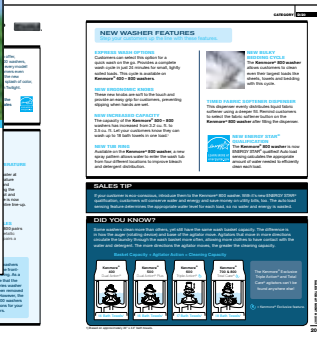
Sears Holdings participated in the Energy Conference hosted by the DOE in California in September, 2008. We gained valuable input and insight from regional utility companies, and as a direct result we are currently working with them to quickly initiate online rebate redemption programs for energy-efficient products and services.

Sears Holdings will host the December 17, 2008 ENERGY STAR Summit meeting with representatives from 40 utility companies across 20 states. Our joint goal will be to develop new programs and best practices for supporting regional ENERGY STAR rebate programs in terms of training, marketing, promotion and redemption. It is our plan to hold meetings such as this on a quarterly basis in 2009 and onward.

One key innovation we are working to develop with our power-utility partners is a feedback system for reminding customers who have earned an ENERGY STAR product rebate that they have yet to redeem their rebate. Such a program would reinforce the money-saving benefits of ENERGY STAR with consumers, and boost participation in such programs in the future. Our goal is to have this feedback system in place in 2009.



INTERNAL COMMUNICATION & TRAINING



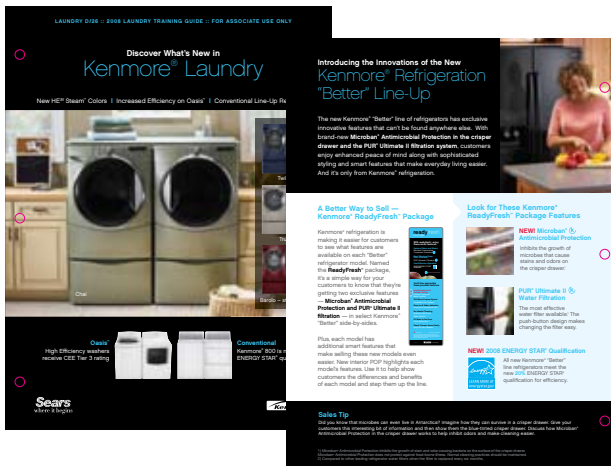
Sales Today

The Sales Today associate training publication, distributed monthly to over 26,000 associates across all Sears Holdings store formats, included over 100 pages of content (including front and back covers) featuring ENERGY STAR products. Articles included a wealth of ENERGY STAR-specific information and energy-saving tips, and the ENERGY STAR logo was used inside product feature charts for greater recognition.

Ready Meeting Notes

Weekly Readiness store meeting notes were distributed to all store formats, providing specific ENERGY STAR product information and energy tips in nearly every week of the year. These notes reach over 26,000 associates.

INTERNAL COMMUNICATION & TRAINING



Product Information

Associate Product Promotion Literature (APPL) books, distributed monthly to Home Appliances sales associates nationwide, included very specific and strong ENERGY STAR benefit messages throughout the year.

New in 2008...Home Appliance product launch guides featuring ENERGY STAR products were distributed for major product introductions and transitions, reaching over 26,000 associates across all store formats. Our vendor partners visited the stores to reinforce ENERGY STAR-specific information.

Dealer Stores

Dealer Stores conducted Spring Training rallies which included product training around Energy Efficient appliances. These rallies were held all over the country and attended by the majority of our owners. We are now including dedicated Energy Star training during our New Owner Training program, reaching over 150 of our new Owners in 2008 alone. Over 900 Dealer Store owners and their employees participated in our Home Appliance Excellence Training Event, which featured information on energy savings.



IN-STORE MARKETING



A wide variety of product signing, brochures, flyers and consumer handouts supporting ENERGY STAR products and enumerating the benefits of energy efficiency were distributed to thousands of Sears Holdings retail stores, including Sears full-line stores, Sears Dealer stores, Kmart stores, Sears Appliance/Hardware stores and Appliance Showrooms, McPhails and The Great Indoors stores.

ENERGY STAR remains one of the main feature highlights on the POP signing for all qualified Home Appliances. **New in 2008...** The ENERGY STAR feature bullet now appears on all relevant POP signing for Home Electronics products. 78 ENERGY STAR-qualified home electronics products are on display at a typical full-line Sears store, including 6 endcap displays.



EXTERNAL MARKETING



Broadcast

A Sears TV commercial spotlighting ENERGY STAR and offering a 20% discount on ENERGY STAR appliances generated over 13.6 million impressions during the first week of April.

Sears Holdings, in partnership with HGTV, co-sponsored a “Green Home Giveaway” program. During the HGTV Green Home Giveaway 2008, from March 21 through May 9, 2008, viewers were able to enter to win the home and prize packages valued at approximately \$850,000 including ENERGY STAR appliances from Sears. The sponsorship was promoted with three separate 30-second commercials airing on HGTV.



EXTERNAL MARKETING



Print

Including all varieties of Sears Holdings preprint circulars in 2008 (Sears Full-Line, Dealer Stores, Appliance Showrooms, Hardware Stores, etc.), the ENERGY STAR logo appeared nearly 1,000 times through 10/31/08. These circulars generated over 647 million weekly impressions, or approximately 33.7 billion impressions for the year.

New in 2008... On our Home Electronics preprint pages, the ENERGY STAR logo was placed in connection with all relevant qualified televisions and other home video products. This represents a major commitment of advertising resources from the Home Electronics marketing team.



EXTERNAL MARKETING



We Deliver or Take it Home Today

We offer a complete nationwide delivery service!

- Need it fast? Next day delivery is available for many appliances.
- Prompt and professional delivery is available with your needs and convenience in mind.
 - 2-hour delivery windows.
 - Your item is packed exactly where you want it.
 - We clean up and remove packaging so you don't have to.

Take it home today instead of delivery!

- Many appliances are also available in-stock at the store for you to take home today.

Let the Pros Install It!

Our professional installers are skilled, trained, experienced, and equipped with the right tools to the job properly. We'll hook up your product, program its controls, and test its operation. We even offer a 1-year warranty on all installations to give you complete peace of mind.

ENERGY STAR® Qualified Appliances

Energy-efficient appliances can save you money on your utility bills.

- Sears sells the most ENERGY STAR® qualified appliances.
- All appliances at Sears that have earned the ENERGY STAR® qualification, save energy and meet strict energy efficiency guidelines set by the government.

Visit Sears.com

Check out Sears.com where you can shop, research appliances and receive helpful design and maintenance tips for your home.

In-Home

700,000 Product Brochures and 700,000 Buying Guides/Coupon Books featuring prominent ENERGY STAR messaging and products were produced and shipped to our field service organization, for distribution to customers by our in-home service technicians.

If just one out of every 10 homes used ENERGY STAR® qualified appliances, the effect on the environment would be like planting 1.7 million new acres of trees*

Make a Difference. Make It Easy. Go Green with Sears.

No One Gets More Than Sears.

Sears is proud to be the leader in providing ENERGY STAR® qualified appliances. It reflects our serious commitment to making a difference. So when it's time to go green, go with the leader. We are the first and only source offering ENERGY STAR® qualified models from America's top 8 brands and more. We can't wait for you to go green with Sears.

*Based on EPA

New ENERGY STAR® Standards Coming in 2008

Sears Commercial organization featured a full-page ENERGY STAR message on the inside-back cover of their 2008 catalog, and ENERGY STAR-qualified products are featured throughout the catalog. 100,000 Sears Commercial catalogs were produced and distributed throughout the year.



ONLINE MARKETING



Sears.com maintains a dedicated ENERGY STAR page, with a strong environmental and energy-conservation message and convenient links to ENERGY STAR qualified products in several key categories.

Sears.com also incorporates the ENERGY STAR @ Home interactive household, where consumers are urged to take the “ENERGY STAR Pledge” to switch to more energy-efficient products throughout the house. Our site drove pledges representing over 1.7 million lbs. of greenhouse gas emissions in just 6 months this year!

ENERGY STAR qualification remains one of the main parameters that customers can use to refine their product searches. On specific product pages of qualified models, the ENERGY STAR logo is prominently displayed. Clicking on the logo brings up a new window with a message supporting the benefits of ENERGY STAR.

The ENERGY STAR presence is also strong at TheGreatIndoors.com and Kenmore.com. Helpful articles from the Kenmore site’s “Make-It-Simple” Team feature ENERGY STAR-qualified products.

Emails promoting ENERGY STAR-qualified products were sent to Kenmore customers in February, April, May and June.

UTILITY CO-MARKETING PROGRAMS

**Rhode Island Room Air Conditioner Markdown
Sears Redemption Form**

Please forward one redemption form for each Store, along with Sales Data to:
ERI, RAC Promotion for Rhode Island
 Attn: Carrie Quinn
 40 Washington Street, Suite 2000,
 Westborough, MA 01581-1013

This form must be accompanied by an Invoice, for reimbursement. All invoicing must be postmarked no later than September 30, 2008.

Date: _____
 Retailer Name: **Sears Appliance stores**
 Checks Payable To: _____
 Attention: _____
 Address: _____

Brand	Model #s	Adjusted Retail Price Per Package (After Manufacturer Contribution)	Number of Units Sold	Total Incentive Requested from Sponsor Per Package
Kenmore	75051	\$139.99	x	\$30.00
Kenmore	75062	\$229.99	x	\$30.00
Kenmore	75081	\$199.99	x	\$30.00
Kenmore	75101	\$279.99	x	\$30.00
Kenmore	75121	\$319.99	x	\$30.00
Kenmore	75151	\$399.99	x	\$30.00
Kenmore	75251	\$559.99	x	\$30.00
Kenmore	75085	\$149.99	x	\$30.00
Kenmore	75135	\$499.99	x	\$30.00
Total Number of RAC Units:				Total Dollar Amount Due: \$

Mailing insurance for this reimbursement request is suggested, as you are responsible for the unit in shipping.
 I certify that the RETAILER COPY pages submitted for reimbursement are true and correct, and that the units were purchased in accordance with the terms and conditions as set forth in the Room Air Conditioner Markdown Program Details.

Signature: _____


Exclusively at Sears

A huge selection of sizes and styles available.

Save BIG

ENERGY STAR® qualified room air conditioners can **save up to \$60** in electricity costs over the life of the unit.

May 1 thru August 31...
\$25 Additional Reduction to qualified purchasers of Kenmore ENERGY STAR® Qualified room air conditioners and dehumidifiers.
Limit: 4 Room Air Conditioners and 1 Dehumidifier per Vermont electric utility account in 2008.

ASK ABOUT ENERGY STAR
 An energy efficiency message brought to you by:
 www.efficiencyvermont.com

Sears
where it begins™

Sears participated in ENERGY STAR rebate programs for select models of room air conditioners during the spring and summer months in Rhode Island and Vermont. These programs were promoted with print advertising campaigns and in-store support. Customers were offered a \$30 reduction in Rhode Island, and a \$25 rebate in Vermont on the purchase of ENERGY STAR-qualified Kenmore air conditioners.

Sears and Southern California Edison are partnering with Ohana, a third party rebate administration company, to make a variety of ENERGY STAR rebate programs available to Sears customers in one of the most highly populated areas of the country.



SEARS HOLDINGS

PUBLIC RELATIONS

Tribune And Sears Invite Consumers To "Reinvent Your Kitchen"

Promo Campaign Will Highlight Sears' Presence at Kitchen Trade Show

CHICAGO, Apr. 8, 2008 — Tribune Media Net, the national advertising sales organization for Tribune Company, today announced a multi-platform campaign on behalf of Sears. The "Reinvent Your Kitchen" promotion will tie-in with Sears' major presence at the 2008 Kitchen/Bath Industry Show (KBIS) in Chicago, April 11-13, and extend the company's "Reinvent Your" spring marketing campaign.

"Our role at TMN was to create an integrated marketing solution for Sears to position themselves as the best source for affordable and high-quality kitchen appliances," said Ken DeFalco, Tribune Media Net president. "By linking our messaging to KBIS, we have the additional opportunity to educate consumers about the latest kitchen innovations. Sears is a great partner, and we've put together a high-profile communications package designed to reach and motivate a huge consumer audience."

Tribune's multi-channel promotion will reach consumer audiences in key markets throughout the U.S. via radio, television and newspaper elements:

- **Radio** - two weeks of pre-show promotion on Chicago's No. 1 radio station, WGN 720. Content will include a Sears "Reinvent Your Kitchen" appliance prize contest valued at more than \$15,000, and a live KBIS-related feature interview on the Spike O'Dell morning program. No purchase is necessary to enter the contest. Consumers/listeners can go to the wgnradio.com contest page and click on "Reinvent Your Kitchen with Sears" icon for all the rules and to enter the contest.
- **Television** - 30-minute custom produced TV special airing in nine major markets (including New York, Los Angeles and Chicago) April 5-6. The show will take viewers behind the scenes at KBIS, previewing the latest kitchen innovations.
- **Newspaper** - glossy, full-color post-KBIS special edition topping nine Tribune newspapers on April 11. Total distribution will be over 2 million copies.

"Spring is all about renewal and optimism, and the perfect time for consumers to upgrade or completely remodel their kitchens," said Richard Gardner, chief marketing officer for Sears. "This promotional campaign with Tribune will give consumers a sneak peek at many exciting products and trends from Kenmore and all the great brands that are available at Sears. And they'll see that Sears is ready to help build or improve the most important room in their homes."

TMN is a national advertising sales organization, operating businesses in advertising, promotion and branding, including "Reinvent Your" leading into promotions across the home furnishings, home services and financial services. For company information, visit www.tmn.com. © 2008 Tribune Media Net. All rights reserved. Tribune is a registered trademark of Tribune Company. "Reinvent Your" is a registered trademark of Sears, Roebuck and Company. All other trademarks are the property of their respective owners.

Sears Public Relations activities and placements generated more than 210 million impressions in the media for ENERGY STAR appliances in 2008. Examples of such programs include...

- KBIS (Kitchen/Bath Industry Show & Conference) – more than 92 million impressions
- Sears Home Appliance Trip Program – more than 12 million impressions
- Sears Bosch Laundry placements – 2.29 million impressions

The Sears Dealer Store organization provided Energy Star Representatives with a booth at our annual "Dealerfest" event in January, giving them with direct access to over 500 Dealer Store owners and their families during the 3-day event.

For the first time ever, our Home Appliance team conducted press events at our corporate headquarters to demonstrate and explain the benefits of energy-efficient dishwashers, refrigerators, clothes washers and induction ranges sold at our stores. The press were invited "behind the scenes" at Sears' appliance testing labs, to gain a better understanding of how we ensure quality, performance and energy-efficiency in our Kenmore brand products.



Carrie Smith
Dishwasher &
Water Shop
Buyer



Tom DeSalvo
Director of Product
Development



Rick Demert
Cooking Buyer

