

CREDIT DERIVATIVES DETERMINATIONS COMMITTEE FOR THE AMERICAS

MEETING STATEMENT NOVEMBER 5, 2018

The Committee met to continue discussions relating to the Sears Roebuck Acceptance Corp. (**SRAC** or the **Reference Entity**) Auction and Deliverable Obligations.

On November 2, 2018, the Committee Resolved to publish the Initial List of Deliverable Obligations with the votes of each member of the Committee being as set out in Appendix 1 to this statement.

In connection with the Committee's resolution to publish the Initial List of Deliverable Obligations, the Committee Resolved not to include the Loans listed in Appendix 2 to this statement (the **Eligible Assignee Loans**) on the Initial List of Deliverable Obligations. A summary of the discussions with respect to the Eligible Assignee Loans will be published shortly.

The Committee also determined that the alternative tranche line of credit loan in an initial principal amount of approximately \$45.0 million, which matured on October 15, 2018 (the **Alternative Tranche L/C Loan**) is not a Deliverable Obligation of the Reference Entity as it does not constitute a Qualifying Affiliate Guarantee because: (i) under the terms of the Alternative Tranche L/C Loan, the Reference Entity has guaranteed Sears Holdings' obligations as borrower under the Alternative Tranche L/C Loan¹; and (ii) Sears Holdings is not a Downstream Affiliate of SRAC².

The Committee also determined that the commercial paper issued by the Reference Entity (in an outstanding principal amount of approximately \$378 million) should not be included on the Initial List of Deliverable Obligations at this time because the underlying documentation related thereto had not been provided to the DC Secretary for the Committee's review³.

The Committee also determined that none of the medium term notes⁴ issued by the Reference Entity (in an outstanding principal amount of approximately \$2.3 billion) should be included on the Initial List of Deliverable Obligations at this time because no specific ISIN or CUSIP was identified for inclusion on the Initial List, and supplemental indentures related thereto had not been provided to the DC Secretary for the Committee's review.

Any Eligible Market Participant may submit documentation or identifiers relating to obligations of the Reference Entity that they believe should be included on the Supplemental List. Eligible Market Participants should note that the deadline for any such submission is 5:00 p.m. EST on November 7, 2018⁵.

Capitalized terms used but not defined in this Meeting Statement have the meanings given to them in the Credit Derivatives Determinations Committees Rules (September 28, 2018 version) (including in the 2014 Definitions and the Updated 2003 Definitions, each as defined therein) (the **DC Rules**).

¹ See Section 10.01 of the Second Lien Credit Agreement

² See Exhibit A (Capital and Corporate Organization Structure Chart) to the Declaration of Robert A. Riecker Pursuant to Rule 1007-2 of Local Bankruptcy Rules for Southern District of New York, In re Sears Holding Corp., et al., No. 18-23537-RDD (Bankr. S.D.N.Y. October 15, 2018), which indicates that SRAC is a Downstream Affiliate of Sears Holdings.

³ In accordance with Section 3.3(b) of the DC Rules.

⁴ See pg. 32 of the First Day Declaration in Sears Holdings Chap. 11 Bankruptcy.

⁵ In accordance with Section 3.3(c) of the DC Rules.

**Appendix 1 - Vote for Initial List of Deliverable Obligations for the 2018 Sears Roebuck Acceptance Corp. Credit Derivatives
Auction Settlement Terms**

| Deliverable Obligations Unique Identifier | BoA | Barclays | BNPP | Citi | CS | GS | JPM | SG | DB | Mizuho | AB | Citadel | Cyrus | PIMCO | Elliott | Include on Initial List? |
|--|------------|-----------------|-------------|-------------|-----------|-----------|------------|-----------|-----------|---------------|-----------|----------------|--------------|--------------|----------------|---------------------------------|
| CUSIP: 812404BE0 | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| CUSIP: 812404BK6 | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| CUSIP: 812404408 | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| CUSIP: 812404507 | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| CUSIP: 812404AX9 | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| CUSIP: 812404AZ4 | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| CUSIP: 812404BM2 | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| FIGI: BBG00DX35360 (2L PIK Term Loan) | No | Yes | No | Yes | Yes | Yes | Yes | No | No | No | No | No | No | Yes | No | No |
| FIGI: BBG00DX35360 (2L Line of Credit Loans) | No | Yes | No | Yes | Yes | Yes | Yes | No | No | No | No | No | No | Yes | No | No |
| FIGI: BBG00JQCV8H3 | No | Yes | No | Yes | Yes | Yes | Yes | No | No | No | No | No | No | Yes | No | No |
| CUSIP: 81239TAE9 | No | Yes | No | Yes | Yes | Yes | Yes | No | No | No | No | No | No | Yes | No | No |
| FIGI: BBG00KFWSBT2 | No | Yes | No | Yes | Yes | Yes | Yes | No | No | No | No | No | No | Yes | No | No |
| FIGI: BBG009R6DHK3 | No | Yes | No | Yes | Yes | Yes | Yes | No | No | No | No | No | No | Yes | No | No |
| FIGI: BBG00FPFH6L0 | No | Yes | No | Yes | Yes | Yes | Yes | No | No | No | No | No | No | Yes | No | No |

Key

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| BoA | Bank of America N.A. |
| Barclays | Barclays Bank plc |
| BNPP | BNP Paribas |
| Citi | Citibank, N.A. |
| CS | Credit Suisse International |
| GS | Goldman Sachs International |
| JPM | JP Morgan Chase Bank, N.A. |
| SG | Société Générale |
| DB | Deutsche Bank AG |
| Mizuho | Mizuho Securities Co., Ltd |
| AB | AllianceBernstein L.P. |
| Citadel | Citadel Americas LLC |
| Cyrus | Cyrus Capital Partners, L.P. |
| PIMCO | Pacific Investment Management Co., LLC |
| Elliott | Elliott Management Corporation |

Appendix 2 – List of Eligible Assignee Loans

1. The second lien term loan in an original principal amount of \$300 million, which matures on July 20, 2020 (the **Second Lien Term Loan**), pursuant to that Second Lien Credit Agreement, dated as of September 1, 2016 (as amended, supplemented, or otherwise modified, the **Second Lien Credit Agreement**), between, among others Sears Holdings Corporation (**Sears Holdings**), SRAC and Kmart Corporation (**Kmart Corp.**), as borrowers, Sears Holdings, certain subsidiaries of Sears Holdings, as guarantors, the administrative agent and collateral administrator, and the lenders.
2. The second lien line of credit loans in an aggregate principal amount of approximately \$525 million, maturing not later than July 20, 2020 (the **Second Lien L/C Loans**), pursuant to the Second Lien Credit Agreement.
3. The first lien term loans in an original principal amount of \$750 million, which mature on July 20, 2020 (the **First Lien Term Loans**), pursuant to that certain Third Amended and Restated Credit Agreement, dated as of July 21, 2015 (as amended, supplemented, or otherwise modified, the **First Lien Credit Agreement**), between, among others, SRAC and Kmart Corp., as borrowers, Sears Holdings, the agents, and the lenders.
4. The "first-in, last-out" term loan in an original principal amount of \$125 million, which matures on July 20, 2020 (the **FILO Term Loan**), pursuant to the First Lien Credit Agreement.
5. The asset-based revolving credit facility with current commitments of \$1.5 billion (including a letter of credit sublimit of up to \$1 billion), subject to a borrowing base formula, which matures on July 20, 2020 (the **Revolving Credit Facility**), pursuant to the First Lien Credit Agreement.
6. The letter of credit facility with current drawings of \$271 million, pursuant to that certain Letter of Credit and Reimbursement Agreement dated December 28, 2016, which matures on December 28, 2019 (the **L/C Facility**) and issued pursuant to and in connection with the First Lien Credit Agreement.
7. The loans in an aggregate principal amount of \$250 million (the **IP/Ground Lease Term Loans**), pursuant to that certain Term Loan Credit Agreement, dated as of January 4, 2018 (as amended, supplemented, or otherwise modified, the **IP/Ground Lease Term Loan Agreement**), between, among others, SRAC and Kmart Corp., as borrowers, Sears Holdings, certain subsidiaries of Sears Holdings, as guarantors, the administrative agent and collateral administrator, and the lenders.