

Sears Holdings CORP  
Form 425  
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Subject Company:  
Sears Holdings Corporation  
(Registration No. 333-120954)

This filing contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements include, but are not limited to, statements about the benefits of the business combination transaction involving Kmart Holding Corporation and Sears, Roebuck and Co., including cost and revenue synergies of the proposed transaction, expected accretion to earnings, future financial and operating results, the combined company's plans, objectives, expectations and intentions and other statements that are not historical facts. Such statements are based upon the current beliefs and expectations of Kmart's and Sears' management and are subject to significant risks and uncertainties. Actual results, performance or achievements may be materially different from those expressed or implied in such forward-looking statements.

The following factors, among others, could cause actual results to differ from those set forth in the forward-looking statements: the ability to obtain governmental approvals of the transaction on the proposed terms and schedule; the failure of Kmart and Sears stockholders to approve the transaction; the risk that the businesses will not be integrated successfully; failure to quickly realize cost-savings from the transaction as a result of technical, logistical, competitive and other factors; disruption from the transaction making it more difficult to maintain relationships with clients, employees or suppliers; competitive conditions in retail and related services industries; changes in consumer confidence, tastes, preferences and spending; the availability and level of consumer debt; the successful execution of, and customer response to, strategic initiatives, including the Full-line Store strategy and the conversion and integration of the Kmart stores and other new store locations; the pace of growth in store locations, which may be higher or lower than anticipated; the possibility that new business and strategic options for one or more business segments will be identified, potentially including selective acquisitions, dispositions, restructurings, joint ventures and partnerships; trade restrictions, tariffs, and other factors potentially affecting the ability to find qualified vendors and access products in an efficient manner; the ability to successfully implement initiatives to improve inventory management capabilities; the outcome of pending legal proceedings; anticipated cash flow; social and political conditions such as war, political unrest and terrorism or natural disasters; the possibility of negative investment returns in any pension plans; changes in interest rates; volatility in financial markets; changes in debt ratings, credit spreads and cost of funds; the possibility of interruptions in systematically accessing the public debt markets; general economic conditions and normal business uncertainty; and the impact of seasonable buying patterns, which are difficult to forecast with certainty. These forward-looking statements speak only as of the time first made, and no undertaking has been made to update or revise them as more information becomes available. Additional factors that could cause Kmart's and Sears' results to differ materially from those de-

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scribed in the forward-looking statements can be found in the 2003 Annual Reports on Forms 10-K of Kmart and Sears filed with the SEC and available at the SEC's Internet site (<http://www.sec.gov>).

**Stockholders are urged to read the joint proxy statement/prospectus regarding the proposed transaction when it becomes available, because it will contain important information.** Stockholders will be able to obtain a free copy of the joint proxy statement/prospectus, as well as other filings containing information about Kmart and Sears, without charge, at the SEC's Internet site (<http://www.sec.gov>). Copies of the joint proxy statement/prospectus and the filings with the SEC that will be incorporated by reference in the joint proxy statement/prospectus can also be obtained, without charge, by directing a request to Kmart Holding Corporation, 3100 West Big Beaver Road, Troy, Michigan, 48084, Attention: Office of the Secretary, or to Sears, Roebuck and Co., 3333 Beverly Road, Hoffman Estates, Illinois, 60179, Attention: Office of the Secretary.

The respective directors and executive officers of Kmart and Sears and other persons may be deemed to be participants in the solicitation of proxies in respect of the proposed transaction. Information regarding Kmart's directors and executive officers is available in its proxy statement filed with the SEC by Kmart on April 8, 2004, and information regarding Sears' directors and executive officers is available in its proxy statement filed with the SEC by Sears on March 22, 2004. Other information regarding the participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will be contained the joint proxy statement/prospectus and other relevant materials to be filed with the SEC when they become available.

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## **Additional Associate Merger Q&A**

### ***When will shareholders receive more information on the proposed merger? When will shareholders get to vote on the merger?***

Sears Holdings Corporation has filed a registration statement with the Securities and Exchange Commission (SEC) which includes a joint proxy statement-prospectus that, when finalized, will be used to solicit shareholder votes on the merger and serve as a prospectus for the shares to be issued in the merger. The joint proxy statement-prospectus will contain additional information about the merger and the special Kmart and Sears meetings of shareholders. The joint proxy statement-prospectus will be mailed to shareholders after it is declared effective by the SEC. The shareholder meetings are expected to be held approximately a month after the joint proxy statement-prospectus is mailed.

### ***I understand Eddie Lampert, Alan Lacy and Aylwin Lewis will sit on the board of directors of Sears Holdings. When will the additional board members be named?***

We expect to publicly announce information on the complete board of directors for the new company as soon as a decision is made.

### ***Is there any provision either by the terms of the merger agreement or by law that require Sears to fully fund its pension obligation?***

Government regulations specify pension plan funding requirements. Sears retains an independent actuary to determine the amount of funding that is required to keep the Sears Pension Plan in compliance with these regulations. The Kmart merger transaction does not impact the funding requirements nor Sears commitment to make contributions to the plan.

### ***Any updates on when we will find out how the merger will impact stock in the 401(k) and stock purchase plan?***

Work is currently in progress to determine the procedures that will need to be followed by those associates who participate in the Sears 401(k) Savings Plan and Associate Stock Purchase Plan. However, the Sears shares you hold in these plans will generally be treated like any other Sears shares in the merger. Information will be communicated prior to the shareholder meeting.