

SEARS HOLDINGS CORP
Form SC 13D/A
October 28, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13D
Under the Securities Exchange Act of 1934
(Amendment No. 31) *

Sears Holdings Corporation

(Name of Issuer)

Common Shares

(Title of Class of Securities)

812350106

(CUSIP Number)

Janice V. Sharry, Esq.

Haynes and Boone, LLP

2323 Victory Avenue, Suite 700

Dallas, Texas 75219

(214) 651-5000

(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)

October 26, 2014

(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box. "

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See §240.13d-7 for other parties to whom copies are to be sent.

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be filed for the purpose of Section 18 of the Securities Exchange Act of 1934, as amended (Act) or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No. 812350106

1. Names of Reporting Persons.

ESL Partners, L.P.

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a) (b)

3. SEC Use Only

4. Source of Funds (See Instructions)

OO

5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)

6. Citizenship or Place of Organization

Delaware

7. Sole Voting Power

Number of

Shares

21,992,640

Beneficially

8. Shared Voting Power

Owned by

Each

0

9. Sole Dispositive Power

Reporting

Person

21,992,640

With

10. Shared Dispositive Power

25,226,096

11. Aggregate Amount Beneficially Owned by Each Reporting Person

47,218,736

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions) "

13. Percent of Class Represented by Amount in Row (11)

44.3% (1)

14. Type of Reporting Person (See Instructions)

PN

(1) Based upon 106,484,024 common shares outstanding as of October 17, 2014, as disclosed in Holdings Registration Statement on Form S-3 that was filed by Holdings with the Securities and Exchange Commission on October 20, 2014.

CUSIP No. 812350106

1. Names of Reporting Persons.

SPE I Partners, LP

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a) (b)

3. SEC Use Only

4. Source of Funds (See Instructions)

OO

5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)

6. Citizenship or Place of Organization

Delaware

7. Sole Voting Power

Number of

Shares

1,939,872

Beneficially

8. Shared Voting Power

Owned by

Each

0

9. Sole Dispositive Power

Reporting

Person

1,939,872

With

10. Shared Dispositive Power

0

11. Aggregate Amount Beneficially Owned by Each Reporting Person

1,939,872

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions) "

13. Percent of Class Represented by Amount in Row (11)

1.8% (1)

14. Type of Reporting Person (See Instructions)

PN

(1) Based upon 106,484,024 common shares outstanding as of October 17, 2014, as disclosed in Holdings Registration Statement on Form S-3 that was filed by Holdings with the Securities and Exchange Commission on October 20, 2014.

CUSIP No. 812350106

1. Names of Reporting Persons.

SPE Master I, LP

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a) (b)

3. SEC Use Only

4. Source of Funds (See Instructions)

OO

5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)

6. Citizenship or Place of Organization

Delaware

7. Sole Voting Power

Number of

Shares

2,494,783

Beneficially

8. Shared Voting Power

Owned by

Each

0

9. Sole Dispositive Power

Reporting

Person

2,494,783

With

10. Shared Dispositive Power

0

11. Aggregate Amount Beneficially Owned by Each Reporting Person

2,494,783

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions) "

13. Percent of Class Represented by Amount in Row (11)

2.3% (1)

14. Type of Reporting Person (See Instructions)

PN

(1) Based upon 106,484,024 common shares outstanding as of October 17, 2014, as disclosed in Holdings Registration Statement on Form S-3 that was filed by Holdings with the Securities and Exchange Commission on October 20, 2014.

CUSIP No. 812350106

1. Names of Reporting Persons.

RBS Partners, L.P.

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a) (b)

3. SEC Use Only

4. Source of Funds (See Instructions)

OO

5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)

6. Citizenship or Place of Organization

Delaware

7. Sole Voting Power

Number of

Shares

26,427,295

Beneficially

8. Shared Voting Power

Owned by

Each

0

9. Sole Dispositive Power

Reporting

Person

26,427,295

With

10. Shared Dispositive Power

25,226,096

11. Aggregate Amount Beneficially Owned by Each Reporting Person

51,653,391

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions) "

13. Percent of Class Represented by Amount in Row (11)

48.5% (1)

14. Type of Reporting Person (See Instructions)

PN

(1) Based upon 106,484,024 common shares outstanding as of October 17, 2014, as disclosed in Holdings Registration Statement on Form S-3 that was filed by Holdings with the Securities and Exchange Commission on October 20, 2014.

CUSIP No. 812350106

1. Names of Reporting Persons.

ESL Institutional Partners, L.P.

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a) (b)

3. SEC Use Only

4. Source of Funds (See Instructions)

OO

5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)

6. Citizenship or Place of Organization

Delaware

7. Sole Voting Power

Number of

Shares

10,230

Beneficially

8. Shared Voting Power

Owned by

Each

0

9. Sole Dispositive Power

Reporting

Person

10,230

With

10. Shared Dispositive Power

0

11. Aggregate Amount Beneficially Owned by Each Reporting Person

10,230

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

13. Percent of Class Represented by Amount in Row (11)

0.0% (1)

14. Type of Reporting Person (See Instructions)

PN

(1) Based upon 106,484,024 common shares outstanding as of October 17, 2014, as disclosed in Holdings Registration Statement on Form S-3 that was filed by Holdings with the Securities and Exchange Commission on October 20, 2014.

CUSIP No. 812350106

1. Names of Reporting Persons.

RBS Investment Management, L.L.C.

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a) (b)

3. SEC Use Only

4. Source of Funds (See Instructions)

OO

5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)

6. Citizenship or Place of Organization

Delaware

7. Sole Voting Power

Number of

Shares

10,230

Beneficially

8. Shared Voting Power

Owned by

Each

0

9. Sole Dispositive Power

Reporting

Person

10,230

With

10. Shared Dispositive Power

0

11. Aggregate Amount Beneficially Owned by Each Reporting Person

10,230

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions) "

13. Percent of Class Represented by Amount in Row (11)

0.0% (1)

14. Type of Reporting Person (See Instructions)

OO

(1) Based upon 106,484,024 common shares outstanding as of October 17, 2014, as disclosed in Holdings Registration Statement on Form S-3 that was filed by Holdings with the Securities and Exchange Commission on October 20, 2014.

CUSIP No. 812350106

1. Names of Reporting Persons.

CRK Partners, LLC

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a) (b)

3. SEC Use Only

4. Source of Funds (See Instructions)

OO

5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)

6. Citizenship or Place of Organization

Delaware

7. Sole Voting Power

Number of

Shares

747

Beneficially

8. Shared Voting Power

Owned by

Each

0

9. Sole Dispositive Power

Reporting

Person

747

With

10. Shared Dispositive Power

0

11. Aggregate Amount Beneficially Owned by Each Reporting Person

747

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions) "

13. Percent of Class Represented by Amount in Row (11)

0.0% (1)

14. Type of Reporting Person (See Instructions)

OO

(1) Based upon 106,484,024 common shares outstanding as of October 17, 2014, as disclosed in Holdings Registration Statement on Form S-3 that was filed by Holdings with the Securities and Exchange Commission on October 20, 2014.

CUSIP No. 812350106

1. Names of Reporting Persons.

ESL Investments, Inc.

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a) (b)

3. SEC Use Only

4. Source of Funds (See Instructions)

OO

5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)

6. Citizenship or Place of Organization

Delaware

7. Sole Voting Power

Number of

Shares **26,438,272**

Beneficially 8. Shared Voting Power

Owned by

Each **0**
9. Sole Dispositive Power

Reporting

Person **26,438,272**

With 10. Shared Dispositive Power

25,226,096

11. Aggregate Amount Beneficially Owned by Each Reporting Person

51,664,368

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions) "

13. Percent of Class Represented by Amount in Row (11)

48.5% (1)

14. Type of Reporting Person (See Instructions)

CO

(1) Based upon 106,484,024 common shares outstanding as of October 17, 2014, as disclosed in Holdings Registration Statement on Form S-3 that was filed by Holdings with the Securities and Exchange Commission on October 20, 2014.

CUSIP No. 812350106

1. Names of Reporting Persons.

Edward S. Lampert

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a) (b)

3. SEC Use Only

4. Source of Funds (See Instructions)

OO

5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)

6. Citizenship or Place of Organization

United States

7. Sole Voting Power

Number of

Shares

51,664,368

Beneficially

8. Shared Voting Power

Owned by

Each

0

9. Sole Dispositive Power

Reporting

Person

26,438,272

With

10. Shared Dispositive Power

25,226,096

11. Aggregate Amount Beneficially Owned by Each Reporting Person

51,664,368

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions) "

13. Percent of Class Represented by Amount in Row (11)

48.5% (1)

14. Type of Reporting Person (See Instructions)

IN

(1) Based upon 106,484,024 common shares outstanding as of October 17, 2014, as disclosed in Holdings Registration Statement on Form S-3 that was filed by Holdings with the Securities and Exchange Commission on October 20, 2014.

This Amendment No. 31 to Schedule 13D (this Amendment) relates to common shares, par value \$0.01 per share (the Holdings Common Stock), of Sears Holdings Corporation, a Delaware corporation (Holdings). This Amendment amends the Schedule 13D, as previously amended, filed with the Securities and Exchange Commission by ESL Partners, L.P., a Delaware limited partnership (Partners), SPE I Partners, LP, a Delaware limited partnership (SPE I), SPE Master I, LP, a Delaware limited partnership (SPE Master I) and, together with SPE I, the SPEs), RBS Partners, L.P., a Delaware limited partnership (RBS), ESL Institutional Partners, L.P., a Delaware limited partnership (Institutional), RBS Investment Management, L.L.C., a Delaware limited liability company (RBSIM), CRK Partners, LLC, a Delaware limited liability company (CRK LLC), ESL Investments, Inc., a Delaware corporation (ESL), and Edward S. Lampert, a United States citizen, by furnishing the information set forth below. Except as otherwise specified in this Amendment, all previous Items are unchanged. Capitalized terms used herein which are not defined herein have the meanings given to them in the Schedule 13D, as previously amended, filed with the Securities and Exchange Commission.

Item 3. Source and Amount of Funds or Other Consideration.

Item 3 is hereby amended and supplemented as follows:

Effective on October 26, 2014, in connection with the Rights Offering by Holdings to its stockholders, the SPEs privately sold all 4,434,655 subscription rights they received in the Rights Offering (collectively, the Acquired Rights) to both Partners and Mr. Lampert (together, the Acquiring Reporting Persons), at a price of \$0.102 per subscription right, the closing price on October 24, 2014. Partners used working capital to privately purchase the Acquired Rights. Mr. Lampert used personal funds to privately purchase the Acquired Rights. The rights purchase agreements are attached hereto as Exhibits 99.11-99.14 and incorporated by reference herein.

On October 27, 2014, the Acquiring Reporting Persons exercised the Acquired Rights to purchase an aggregate of 1,665,847 Sears Canada Shares from Holdings for total cash consideration of \$15,825,546.50. Partners used working capital to exercise the Acquired Rights to purchase Sears Canada Shares. Mr. Lampert used personal funds to exercise the Acquired Rights to purchase Sears Canada Shares.

The Acquiring Reporting Persons also exercised the over-subscription privileges associated with the Acquired Rights to acquire, upon completion of the Rights Offering, additional Sears Canada Shares, but only to the extent that such exercise would result in the Reporting Persons owning no more than 50,438,811 Sears Canada Shares upon completion of the Rights Offering (and, in any event, less than 50.0% of the Sears Canada Shares then outstanding).

Item 4. Purpose of Transaction.

Item 4 is hereby amended and supplemented as follows:

The SPEs are liquidating entities and do not make new investments, such as the exercise of subscription rights. Accordingly, on October 26, 2014, the SPEs privately sold all their subscription rights received in the Rights Offering to the Acquiring Reporting Persons.

On October 27, 2014, the Acquiring Reporting Persons exercised the Acquired Rights to purchase an aggregate of 1,665,847 Sears Canada Shares from Holdings.

The Acquiring Reporting Persons also exercised the over-subscription privileges associated with the Acquired Rights to acquire, upon completion of the Rights Offering, additional Sears Canada Shares, but only to the extent that such exercise would result in the Reporting Persons owning no more than 50,438,811 Sears Canada Shares upon

completion of the Rights Offering (and, in any event, less than 50.0% of the Sears Canada Shares then outstanding).

Additionally, on October 18, 2014, in order to preserve the benefit of the Rights Offering for the shares of Holdings Common Stock scheduled to be issued to Mr. Lampert through January 31, 2015, in connection with his March 18, 2013 offer letter, the Compensation Committee of the Board of Directors of Holdings approved an award of additional shares of Holdings Common Stock to Mr. Lampert, the economic value to be based on the volume-weighted average trading price per subscription right for the 10 trading-day period beginning on October 16, 2014. The actual number of Holdings Common Stock to be awarded to Mr. Lampert will be determined by taking the economic value as set forth in the previous sentence divided by the volume-weighted average trading price per common share of Holdings Common Stock for the 10 trading-day period beginning on October 16, 2014.

Item 6. Contracts, Arrangements, Understandings or Relationships With Respect to Securities of the Issuer.

Item 6 is hereby amended and supplemented as follows:

The information set forth in Item 4 is incorporated by reference into this Item 6.

Item 7. Material to be Filed as Exhibits.

Item 7 is hereby amended and restated in its entirety as follows:

The following exhibits are filed as exhibits hereto:

<u>Exhibit</u>	<u>Description of Exhibit</u>
99.1	Amendment, dated March 22, 2005, to the Agreement, dated January 31, 2005, among Kmart Holding Corporation, Sears Holdings Corporation, ESL Partners, L.P., ESL Investors, L.L.C., ESL Institutional Partners, L.P. and CRK Partners II, L.P. (incorporated by reference to Exhibit L to the Amendment to Schedule 13D filed on April 1, 2005).
99.2	Acknowledgement, dated March 24, 2005, by Sears Holdings Corporation (relating to the assumption of the Registration Rights Agreement) (incorporated by reference to Exhibit K to the Amendment to Schedule 13D filed on April 1, 2005).
99.3	Letter Agreement, dated June 2, 2010, between ESL Partners, L.P. and Edward S. Lampert (incorporated by reference to Exhibit 8 to the Amendment to Schedule 13D filed on June 2, 2010).
99.5	Joint Filing Agreement (incorporated by reference to Exhibit 99.5 to the Amendment to Schedule 13D filed on March 11, 2013).
99.6	Form of Letter (incorporated by reference to Exhibit 10.30 to Holdings Annual Report on Form 10-K filed on March 20, 2013).
99.7	Loan Agreement, dated September 15, 2014, among Sears, Roebuck and Co., Sears Development Co. and Kmart Corporation, and JPP II, LLC and JPP, LLC (incorporated by reference to Exhibit 99.7 to the Amendment to Schedule 13D filed on September 16, 2014).
99.8	Participation Agreement, dated September 22, 2014, among PYOF 2014 Loans, LLC, and JPP II, LLC and JPP, LLC (incorporated by reference to Exhibit 99.8 to the Amendment to Schedule 13D filed on September 24, 2014).
99.9	Amended and Restated Participation Agreement, dated September 30, 2014, among PYOF 2014 Loans, LLC, The Fairholme Partnership, LP, and JPP II, LLC and JPP, LLC (incorporated herein by reference to Exhibit 99.9 to the Amendment to Schedule 13D filed on October 1, 2014).
99.10	Form of Subscription Rights Certificate (incorporated herein by reference to Exhibit 99.10 to the Amendment to Schedule 13D filed on October 17, 2014).
99.11	Rights Purchase Agreement, dated as of October 26, 2014, by and between SPE Master I, LP and ESL Partners, L.P. (filed herewith).
99.12	Rights Purchase Agreement, dated as of October 26, 2014, by and between SPE Master I, LP and Mr. Edward S. Lampert (filed herewith).
99.13	

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Rights Purchase Agreement, dated as of October 26, 2014, by and between SPE I Partners, LP and ESL Partners, L.P. (filed herewith).

99.14

Rights Purchase Agreement, dated as of October 26, 2014, by and between SPE I Partners, LP and Mr. Edward S. Lampert (filed herewith).

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: October 28, 2014

ESL PARTNERS, L.P.

By: RBS Partners, L.P., as its general partner

By: ESL Investments, Inc., as its general partner

By: /s/ Edward S. Lampert
Name: Edward S. Lampert
Title: Chief Executive Officer

SPE I PARTNERS, LP

By: RBS Partners, L.P., as its general partner

By: ESL Investments, Inc., as its general partner

By: /s/ Edward S. Lampert
Name: Edward S. Lampert
Title: Chief Executive Officer

SPE MASTER I, LP

By: RBS Partners, L.P., as its general partner

By: ESL Investments, Inc., as its general partner

By: /s/ Edward S. Lampert
Name: Edward S. Lampert
Title: Chief Executive Officer

RBS PARTNERS, L.P.

By: ESL Investments, Inc., as its general partner

By: /s/ Edward S. Lampert
Name: Edward S. Lampert
Title: Chief Executive Officer

ESL INSTITUTIONAL PARTNERS, L.P.

By: RBS Investment Management, L.L.C., as its general partner

By: ESL Investments, Inc., as its manager

By: /s/ Edward S. Lampert
Name: Edward S. Lampert
Title: Chief Executive Officer

RBS INVESTMENT MANAGEMENT, L.L.C.

By: ESL Investments, Inc., as its manager

By: /s/ Edward S. Lampert
Name: Edward S. Lampert
Title: Chief Executive Officer

CRK PARTNERS, LLC

By: ESL Investments, Inc., as its sole member

By: /s/ Edward S. Lampert
Name: Edward S. Lampert
Title: Chief Executive Officer

ESL INVESTMENTS, INC.

By: /s/ Edward S. Lampert
Name: Edward S. Lampert
Title: Chief Executive Officer

EDWARD S. LAMPERT

By: /s/ Edward S. Lampert

EXHIBIT INDEX**Exhibit Description of Exhibit**

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- 99.5** Joint Filing Agreement (incorporated by reference to Exhibit 99.5 to the Amendment to Schedule 13D filed on March 11, 2013).
- 99.6** Form of Letter (incorporated by reference to Exhibit 10.30 to Holdings Annual Report on Form 10-K filed on March 20, 2013).
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- 99.11** Rights Purchase Agreement, dated as of October 26, 2014, by and between SPE Master I, LP and ESL Partners, L.P. (filed herewith).
- 99.12** Rights Purchase Agreement, dated as of October 26, 2014, by and between SPE Master I, LP and Mr. Edward S. Lampert (filed herewith).
- 99.13** Rights Purchase Agreement, dated as of October 26, 2014, by and between SPE I Partners, LP and ESL Partners, L.P. (filed herewith).
- 99.14** Rights Purchase Agreement, dated as of October 26, 2014, by and between SPE I Partners, LP and Mr. Edward S. Lampert (filed herewith).