

SEARS HOLDINGS CORP  
Form 11-K  
June 28, 2016

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 11-K

Annual Report Pursuant to Section 15(d) of the Securities Exchange Act of 1934  
For the Fiscal Year Ended December 31, 2015

Transition Report Pursuant to Section 15(d) of the Securities Exchange Act of 1934  
For the transition period from      to      .

Commission file number 000-51217

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

SEARS HOLDINGS PUERTO RICO SAVINGS PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

SEARS HOLDINGS CORPORATION  
3333 BEVERLY ROAD  
HOFFMAN ESTATES, IL 60179

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SEARS HOLDINGS PUERTO RICO SAVINGS PLAN  
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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Trustees and Participants of Sears Holdings Puerto Rico Savings Plan:

We have audited the accompanying statements of net assets available for benefits of the Sears Holdings Puerto Rico Savings Plan (the "Plan") as of December 31, 2015 and 2014, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting.

Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2015 and 2014, and the changes in net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The supplemental schedule of assets (held at end of year) as of December 31, 2015 and supplementary information by fund in the statements of net assets available for benefits and changes in net assets available for benefits, have been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The supplemental schedule and supplementary information are the responsibility of the Plan's management. Our audit procedures included determining whether the supplemental schedule and supplementary information reconcile to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental schedule and supplementary information in the statements of net assets available for benefits and changes in net assets available for benefits. In forming our opinion on the supplemental schedule, we evaluated whether the supplemental schedule, including its form and content, is presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, such supplemental schedule and supplementary

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information are fairly stated, in all material respects, in relation to the financial statements as a whole.

/s/ DELOITTE & TOUCHE LLP  
Chicago, Illinois  
June 28, 2016

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SEARS HOLDINGS PUERTO RICO SAVINGS PLAN

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS  
 AS OF DECEMBER 31, 2015  
 (Thousands of dollars)

ASSETS	Total	Supplementary Information	
		Other Participant Directed Funds	Sears Holdings Stock Fund
PLAN INTEREST IN MASTER TRUST (Note 3):			
Investment securities and other, at fair value	\$13,226	\$12,141	\$ 1,085
Fully benefit-responsive investment contracts, at contract value	2,051	2,051	—
Notes receivable from participants	925	925	—
NET ASSETS AVAILABLE FOR BENEFITS	\$16,202	\$15,117	\$ 1,085

See notes to financial statements.

SEARS HOLDINGS PUERTO RICO SAVINGS PLAN

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS  
 AS OF DECEMBER 31, 2014  
 (Thousands of dollars)

ASSETS	Total	Supplementary Information	
		Other Participant Directed Funds	Sears Holdings Stock Fund
PLAN INTEREST IN MASTER TRUST (Note 3):			
Investment securities and other, at fair value	\$14,322	\$13,039	\$ 1,283
Fully benefit-responsive investment contracts, at contract value	2,623	2,623	—
Notes receivable from participants	1,040	1,040	—
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>	<b>\$17,985</b>	<b>\$16,702</b>	<b>\$ 1,283</b>

See notes to financial statements.

## SEARS HOLDINGS PUERTO RICO SAVINGS PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS  
FOR THE YEAR ENDED DECEMBER 31, 2015

(Thousands of dollars)

	Total	Supplementary Information Other Participant Directed Funds	Sears Holdings Stock Fund
PLAN INTEREST IN MASTER TRUST ACTIVITY (Note 3):			
Investment loss	\$(511 )	\$(103 )	\$(408 )
Interest income on notes receivable from participants	42	36	6
Total plan interest in master trust activity	(469 )	(67 )	(402 )
CONTRIBUTIONS:			
Employee	1,461	1,256	205
Total contributions	1,461	1,256	205
WITHDRAWALS	(2,707 )	(2,396 )	(311 )
PLAN INTEREST IN MASTER TRUST ADMINISTRATIVE EXPENSE	(68 )	(63 )	(5 )
NET DECREASE	(1,783 )	(1,270 )	(513 )
FUND TRANSFERS	—	(315 )	315
NET ASSETS AVAILABLE FOR BENEFITS:			
January 1	17,985	16,702	1,283
December 31	\$16,202	\$15,117	\$1,085

See notes to financial statements.

## SEARS HOLDINGS PUERTO RICO SAVINGS PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS  
FOR THE YEAR ENDED DECEMBER 31, 2014

(Thousands of dollars)

	Total	Supplementary Information Other Participant Directed Funds	Sears Holdings Stock Fund	
PLAN INTEREST IN MASTER TRUST ACTIVITY (Note 3):				
Investment income (loss)	\$844	\$892	\$(48)	)
Interest income on notes receivable from participants	40	34	6	
Total plan interest in master trust activity	884	926	(42)	)
CONTRIBUTIONS:				
Employee	1,485	1,234	251	
Total contributions	1,485	1,234	251	
WITHDRAWALS				
	(2,033)	(1,755)	(278)	)
PLAN INTEREST IN MASTER TRUST ADMINISTRATIVE EXPENSE				
	(66)	(65)	(1)	)
NET INCREASE (DECREASE)				
	270	340	(70)	)
FUND TRANSFERS				
	—	215	(215)	)
NET ASSETS AVAILABLE FOR BENEFITS:				
January 1	17,715	16,147	1,568	
December 31	\$17,985	\$16,702	\$1,283	

See notes to financial statements.



SEARS HOLDINGS PUERTO RICO SAVINGS PLAN  
NOTES TO  
FINANCIAL  
STATEMENTS  
YEARS  
ENDED  
DECEMBER  
31, 2015 AND  
2014

1. DESCRIPTION OF PLAN

History and Purpose - Sears, Roebuck and Co. ("Sears") established the Sears Puerto Rico Savings Plan (the "Sears Puerto Rico Plan") by the execution and adoption of a plan document (the "Sears Plan Document"), dated January 1, 2005. The Sears Puerto Rico Plan was established as a substitute plan for participants of the Sears 401(k) Savings Plan (now known as the Sears Holdings Savings Plan) (the "Sears Plan") who were (are) employees of Sears, Roebuck de Puerto Rico, Inc. and who reside in the Commonwealth of Puerto Rico. The Plan Document has been amended from time to time, and was fully amended and restated as of December 31, 2011.

Kmart Holding Corporation ("Kmart") established the Kmart Retirement Plan for Puerto Rico Employees (the "Kmart Puerto Rico Plan") by the execution and adoption of a plan document (the "Kmart Plan Document") dated April 1, 2005. The Kmart Puerto Rico Plan was established for the benefit of employees of Kmart who reside in the Commonwealth of Puerto Rico. The Kmart Plan Document was fully amended and restated as of December 31, 2011. In March 2005, Sears merged with Kmart Holding Corporation and became a wholly owned subsidiary of Sears Holdings Corporation (the "Company"). Sears and Kmart continued to sponsor the Sears and Kmart Puerto Rico Plans through March 31, 2012. At the close of business on March 31, 2012, the Kmart Puerto Rico Plan and its assets of \$4.458 million were merged with and into the Sears Puerto Rico Plan and its assets of \$13.105 million, which Plan was amended and restated forming the Sears Holdings Puerto Rico Savings Plan (the "Plan"). At that time, the Company (in the place of Sears) was named as the plan sponsor of the Plan. The Plan Document has been amended from time to time since then. The following description of the Plan provides only general information. Participants should refer to the Plan Document for complete information. Employers (the "Employers") under the Plan are certain wholly-owned subsidiaries of the Company and include Sears, Roebuck de Puerto Rico, Inc., Kmart Holding Corporation, and Kmart Corporation.

Plan investments are held for safekeeping and commingled for investment purposes with the participating plans under The Sears Holdings 401(k) Savings Plan Master Trust (the "Master Trust") based on a custodial arrangement between the trustee of this Plan and the trustee of the Master Trust. The other participating plan in the Master Trust is the Sears Plan. Effective January 30, 2014, the Master Trust was renamed as the Sears Holdings Savings Plan Master Trust and the Company (in the place of Sears) was named as its sponsor.

Administration - The administration of the Plan's operations is the sole responsibility of the Plan Administrator. The Sears Holdings Corporation Administrative Committee ("Administrative Committee") is Plan Administrator for all purposes of the Employee Retirement Income Security Act of 1974 ("ERISA"). The members of this committee are employees of Sears Holdings Management Corporation.

Banco Popular de Puerto Rico ("Banco Popular") has been appointed and serves as trustee of the Plan's trust (the "PR Trust") under a Deed of Amendment and Restatement to the Deed of Trust

entered into by the Company; Sears, Roebuck de Puerto Rico; and Banco Popular on March 29, 2012. State Street Bank and Trust Company ("State Street") serves as the trustee (the "Master Trustee") for the Master Trust and holds the investments of the Plan under the terms of a trust agreement, which was fully amended and restated as of January 30, 2014. State Street is the custodian of the PR Trust. Hewitt Associates, LLC ("Aon Hewitt"), a subsidiary of Aon Corporation, serves as the Plan's recordkeeper (the "Recordkeeper").

The Company, the Administrative Committee, and the Sears Holdings Corporation Investment Committee ("Investment Committee") (also consisting of employees of Sears Holdings Management Corporation) are the named fiduciaries under the Plan. The Investment Committee has authority relating to the acquisition, retention, and disposition of Plan assets and the appointment, retention, and termination of investment managers. Towers Watson Investment Services, Inc. has been appointed to serve as investment advisor.

Certain expenses incurred in connection with the operation of the Plan are paid from Master Trust assets. Brokers' commissions and related expenses on transactions in portfolio securities are also paid from Master Trust assets. Compensation to members of the Investment Committee is paid by Sears Holdings Management Corporation, not the Plan or Master Trust.

**Eligibility** - A full-time regular or part-time regular employee of one of the Employers who satisfies all the requirements provided in the Plan document including being a resident of Puerto Rico, on the payroll of an Employer, and who principally performs services for an Employer at one or more of the Employer's various locations in Puerto Rico (which does not include an employee where services are only incidental, minor, or irregular) is eligible for participation in the Plan on the first day of the third month following the date of hire.

**Participants' Contributions and Investment Options** - An eligible employee becomes a participant by electing to make contributions to the Plan and properly completing the enrollment process. Except as may be limited by applicable Puerto Rico law, a participant may contribute up to 25 percent of eligible annual compensation on a pre-tax and/or 10 percent on an after-tax basis, provided that in the aggregate a participant's contributions per payroll period cannot exceed 25 percent of the participant's eligible annual compensation. Participants turning age 50 or older during a plan year are eligible to make an additional pre-tax "catch-up" contribution up to the applicable Puerto Rico Internal Revenue Code catch-up contribution limit.

Participants may direct that pre-tax and after-tax contributions be invested in any combination of the following investment funds: the Sears Holdings Corporation Stock Fund ("Holdings Stock Fund"), which invests principally in Sears Holdings Corporation stock; the Stable Value Fund; the Bond Fund; the U.S. Bond Index Fund; the S&P 500 Index Fund; the Small-Mid Cap Value Fund; the Small-Mid Cap Growth Fund; the Small-Mid Cap Index Fund; the Large Cap Value Fund; the Large Cap Growth Fund; the International Equity Fund; the Global Equity Index Fund; any of four Target Retirement Funds (five funds prior to March 2015); and the Self-Managed Brokerage Account (through which a participant may invest in any number of mutual funds, common stock and other investments). Participants are immediately fully vested in their contributions and earnings thereon.

**Employer Contributions** - Through payroll periods ended January 31, 2009, the Company contribution was fixed at 100 percent of a participant's pre-tax and/or after-tax contributions up to the first three percent of the participant's eligible compensation and 50 percent of the pre-tax and/or after-tax contributions the participant makes on the next two percent of eligible compensation. The Plan

was amended to suspend the employer matching contribution on any pre-tax or after-tax contributions for payroll periods that ended after January 31, 2009, until further amendment of the Plan.

Prior to suspension of matching contributions, the Plan allowed for the Company matching contribution to be made quarterly and to be payable in cash or stock, or a combination of both. If in cash, it was invested based on participants' pre-tax contribution elections, or after-tax elections if there is no pre-tax election. If in stock, it was invested in the Holdings Stock Fund. Contributions are available for diversification immediately upon deposit.

Prior to the suspension of matching contributions, to be eligible for the Company matching contribution, a participant must have had one year of service and been credited with 1,000 hours of service by that date. All active participants in the Plan are immediately fully vested in the Company matching contribution (other than the discretionary matching contributions described immediately below). Prior to April 1, 2012, the vested status of a participant who terminated employment prior to January 1, 2006 was determined based upon the vesting provisions of the Plan in effect at his or her date of termination. As of April 1, 2012, the plan administrator determined that all account balances of active and inactive participants were fully vested, including matching contributions. Participants should refer to the Plan Document for a more complete description of the Plan's vesting provisions.

The Plan includes a provision that allows for discretionary matching contributions. Discretionary matching contributions, if any, are subject to a three-year cliff vesting schedule. There were no discretionary matching contributions in 2015 and 2014.

**Participant Accounts** - Individual accounts are maintained for each Plan participant. Each participant's account is credited with the participant's contribution, allocation of the Company's contribution and earnings and losses thereon, and is charged with withdrawals and an allocation of administrative expenses. Allocations are based on participant earnings or account balances, as defined in the Plan Document.

**Participant Loans** - Active participants may borrow from their Plan account up to the lesser of \$50,000 or 50 percent of the vested account balance; but not less than \$1,000. No more than one loan may be outstanding at any one time to any participant. Loans are repaid through payroll deductions over any number of months up to five years (or 15 years for a loan for the initial purchase of a principal residence of the participant). The interest rate is the prime rate plus one percent as published on the fifteenth day of the month prior to the date the loan is issued. Participants should refer to the Plan Document and the Loan Policy for a more complete description of the Plan's loan provisions.

**Withdrawals** - Upon termination of employment, a participant is entitled to a complete withdrawal of his or her account balance, determined as of the latest posted valuation preceding the date on which payment is made. Partial in-service withdrawals are permitted in accordance with the withdrawal provisions set forth in the Plan Document and do not terminate participation but are subject to restrictions on participant balances.

**Forfeited Accounts** - The Plan document permits the use of forfeitures to reinstate previously forfeited balances of rehired employees, pay reasonable expenses of the Plan, or offset future employer contributions. Forfeitures of unclaimed benefits are to be restored to participants or beneficiaries who claim them within the time limits allowed by federal and state (including Puerto Rico) laws for such claims. At both December 31, 2015 and 2014, forfeited nonvested accounts totaled \$0. During the years ended December 31, 2014 and 2014, no forfeitures were used to offset employer contributions.

Employer contributions are forfeited if, for example, excess pre-tax contributions that had been matched with employer contributions are discovered, corrected, and returned to participants, and when participants who terminate employment are not fully vested in discretionary matching contributions. In addition, certain unclaimed benefits as defined in the Plan document may, at the sole discretion of the Plan Administrator, be deemed abandoned and treated as forfeitures under the terms of the Plan.

**Termination of Participation - Active participation in the Plan ceases after termination of employment. Any participant terminating with account balances in excess of \$1,000 who defers distribution of his or her account balances, remains a participant until the participant receives full distribution of his or her account balances.**

**Amendment, Suspension, or Termination of the Plan - Although it has not expressed any intent to suspend or terminate the Plan, the Board of Directors of the Company may, at its sole discretion, amend, suspend, or terminate the Plan at any time, provided, however, that no amendment, suspension, or termination of the Plan shall have any effect of diverting the assets of the funds to purposes other than the exclusive benefit of participants and their beneficiaries, or the payment of reasonable administrative expenses of the Plan. Further, the Board of Directors of the Company approved the delegation of amendment authority to the Administrative Committee. In the event of the Plan's termination, each participant's account balance will be deemed fully vested to the extent not fully vested as of such Plan termination. The assets of the Plan shall be distributed to Plan participants on the basis of their respective interests in the Plan, as soon as practicable, to the extent permitted by the Internal Revenue Code.**

**ERISA - The Plan is subject to certain provisions of Titles I and II of ERISA relating to reporting and disclosure, participation and vesting, and fiduciary responsibility. The Plan is not subject to the minimum funding standards of Titles I and II and the provisions of Title IV of ERISA, which provide for insurance of benefits payable on Plan termination.**

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The following are the significant accounting policies followed by the Plan:

**Basis of Accounting - The Plan's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).**

**Use of Estimates - The preparation of financial statements in conformity with GAAP requires Plan management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.**

**Risks and Uncertainties - The Plan provides various investment options to its participants. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the value of the participants' account balances and the amounts reported in the financial statements.**

**Master Trust Investment and Income Recognition - Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date and interest income is recorded as**

earned. Net appreciation includes the Master Trust's gains and losses on investments bought and sold as well as held during the year.

**Common Collective Trusts** - The Master Trust's investment in various common collective trusts is broadly diversified among various market capitalizations, growth and value investment styles, yields, maturities, and market indices. These common collective trusts are primarily invested in publicly traded securities and have a variety of investment asset classes including equity funds, fixed income funds, and balanced funds. The net asset value per share of common collective trusts is determined each business day and all may be redeemed at the net asset value per share at the measurement date without prior notice.

**Fully Benefit-Responsive Investment Contracts** - Fully benefit-responsive investment contracts held in the Master Trust's Stable Value Fund (the "Fund") are presented in the statements of net assets at contract value. The statements of changes in net assets available for benefits are also prepared on a contract value basis. Contract value represents contributions made to the Fund, plus earnings, less participant withdrawals and administrative expenses.

The Fund is invested in three portfolios of bond investments and in liquid assets comprised of U.S. treasury bills, government-backed discounted notes, repurchase agreements, and a short-term investment fund. On behalf of the Master Trust, the Fund investment manager has entered into three (four, prior to May 2015) synthetic investment ("wrapper") contracts with highly rated insurance companies and banks ("wrapper providers") that serve to substantially offset the price fluctuations in the three portfolios of underlying assets caused by movements in interest rates. The wrapper contracts obligate the wrapper providers to maintain the contract value of the portfolios of underlying investments. Contract value is generally equal to the principal amounts invested in the portfolios, plus interest accrued at a crediting rate established under the contract, less any adjustments for withdrawals and administrative expenses. Under the terms of the wrapper contracts, gains and losses on the underlying investments are amortized through adjustments to future contract interest crediting rates, which are reset quarterly and which cannot be less than 0%. Primary variables impacting future crediting rates of the Fund include the current yield, duration, and existing difference between market and contract value of the underlying assets within the wrap contract. Investment guidelines allow liquid assets to comprise from 0% to 100% of the Fund in order to provide for daily participant cash flows and expenses. The average yield of the Fund for the years ended December 31, 2015 and 2014 was 1.24% and 0.82%, respectively. The crediting interest rate at December 31, 2015 and 2014 was 1.80% and 1.81%, respectively. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their Fund investment at contract value. Contract value represents contributions made to the Fund, plus earnings, less participant withdrawals and administrative expenses. Company-initiated events, outside the normal operation of the Plan, may limit the ability of the Fund to transact at contract value. Examples of such events include, but are not limited to, failure of the Plan or its trust to qualify for federal income tax exemption under ERISA; communications given to Plan participants designed to induce them to not invest in the Fund, or to transfer assets out of the Fund; and complete or partial termination of the Plan, or adoption of a competing plan.

**Notes Receivable from Participants** - Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent participant loans are recorded as withdrawals based on the terms of the Plan document.

Interfund Transactions - All interfund transactions are made at fair value and are eliminated in combination.

Payment of Benefits - Benefit payments to participants are recorded upon distribution. Amounts allocated to accounts of participants who have elected to withdraw from the Plan but have not yet been paid were \$0 at both December 31, 2015 and 2014.

#### Adoption of New Accounting Standards

In July 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2015-12, Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Pension Plans (Topic 962), Health and Welfare Benefit Plans (Topic 965): (Part I) Fully Benefit-Responsive Investment Contracts, (Part II) Plan Investment Disclosures, (Part III) Measurement Date Practical Expedient. Part I eliminates the requirements to measure fair value of fully benefit-responsive investment contracts and provide certain disclosures. Contract value is the only required measure for fully benefit-responsive investment contracts. Part II eliminates the requirements to disclose individual investments that represent five percent or more of net assets available for benefits and the net appreciation or depreciation in fair value of investments by general type. Part II also simplifies the level of disaggregation of investments that are measured using fair value. Plans will continue to disaggregate investments that are measured using fair value by general type; however, plans are no longer required to also disaggregate investments by nature, characteristics and risks. Further, the disclosure of information about fair value measurements shall be provided by general type of plan asset. Part III permits plans to elect a practical expedient of using, as an alternative measurement date for plan investments (and investment-related accounts such as a liability for a pending trade with a broker), the month-end closest to the plan's fiscal year-end when the fiscal year-end does not coincide with a month-end. Any contributions, distributions, or other significant events occurring between the employee benefit plan's fiscal year-end and the alternative measurement date should be disclosed. The ASU is effective for fiscal years beginning after December 15, 2015, with early adoption permitted. Parts I and II are to be applied retrospectively. The adjustment from contract value to fair value for the fully benefit-responsive investment contracts for the Plan was \$55 thousand and \$102 thousand as of December 31, 2015 and 2014, respectively. Management has elected to early adopt Parts I and II. Part III is not applicable to the Plan.

In June 2015, the FASB issued ASU No. 2015-10, Technical Corrections and Improvements. This ASU changes the FASB definition of "readily determinable fair value" to include "the fair value of an equity security that is an investment in a mutual fund or in a structure similar to a mutual fund (that is, a limited partnership or a venture capital entity) is readily determinable if the fair value per share (unit) is determined and published and is the basis for current transactions." The ASU is effective for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. We are currently evaluating the effect the update will have on our financial statements.

In May 2015, the FASB issued ASU No. 2015-07, Fair Value Measurement (Topic 820) Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent). Topic 820, Fair Value Measurement, permits a reporting entity, as a practical expedient, to measure the fair value of certain investments using the net asset value per share of the investment. This ASU removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. The ASU also removes the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient. Rather, those disclosures are limited to

investments for which the entity has elected to measure the fair value using that practical expedient. The ASU is effective for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. We are currently evaluating the effect the update will have on our financial statements.

### 3. INTEREST IN MASTER TRUST

Certain of the Plan's investment assets are held in a trust account with the Master Trustee and consist of an undivided interest in an investment account of the Master Trust administered by the Master Trustee. Use of the Master Trust permits the commingling of the Plan's assets with the assets of the Sears Holdings Savings Plan, and its predecessor plans, for investment and administrative purposes. Although assets of all plans are commingled in the Master Trust, the Recordkeeper maintains supporting records for the purpose of allocating the net gain or loss of the investment account to the participating plans. The net investment income of the investment assets is allocated daily by the Recordkeeper to each participating plan based on the relationship of the interest in each plan to the total of the interests of all participating plans.

Net assets of the Master Trust as of December 31, 2015 and 2014 are summarized as follows:

(thousands of dollars)	December 31		
	2015	2014	
Assets:			
Investments at fair value:			
Sears Holdings Corporation common shares*	\$31,255	\$47,830	
Other common and preferred stock	371,391	412,419	
Registered investment companies	174,482	225,301	
Common/collective trusts	1,348,115	1,523,712	
Fixed income securities	78,343	71,764	
Swaps and other	44	958	
Short-term investments	4,199	26,694	
Collective short-term investment fund	111,621	137,626	
Participant-directed brokerage accounts	29,988	37,007	
Total investments at fair value	2,149,438	2,483,311	
Investments at contract value:			
Fully benefit-responsive investment contracts*	363,369	407,006	
Receivables:			
Notes receivable from participants	42,263	48,883	
Dividend and interest	827	593	
Due from brokers and others	7,250	11,927	
Total receivables	50,340	61,403	
Cash	1,031	700	
Total assets	2,564,178	2,952,420	
Liabilities:			
Due to brokers and others	8,448	18,120	
Total liabilities	8,448	18,120	
Net assets in Master Trust	\$2,555,730	\$2,934,300	
Plan's interest in Master Trust net assets	\$16,202	\$17,985	
Plan's percentage interest in Master Trust net assets	0.6	% 0.6	%

\* Party-in-interest (see Note 5)

The Plan's interest in Master Trust net assets of \$16.2 million and \$18.0 million exceeds five percent of the Plan's net assets available for benefits as of December 31, 2015 and 2014, respectively.



The Master Trust's investments that exceed five percent of Master Trust net assets as of December 31, 2015 and 2014 are as follows:

(thousands of dollars)	2015		2014	
	Amount	Percent of Net Assets	Amount	Percent of Net Assets
State Street Bank and Trust Company:				
S&P 500 Index Non-Lending Series Fund*	\$405,104	15.9 %	\$449,651	15.3 %
SSgA Target Retirement 2020 Non-Lending Series Fund*	348,634	13.6 %	414,363	14.1 %
SSgA Target Retirement 2030 Non-Lending Series Fund*	206,096	8.1 %	226,947	7.7 %
Voya Synthetic Investment Contract	160,992	6.3 %	—	—%

\* Party-in-interest (see Note 5)