



CreditRiskMonitor’s warning of Sears Holdings Corporation’s bankruptcy risk was determined by a combination of factors:

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MONTHLY AVERAGE FRISK® SCORE

CreditRiskMonitor's FRISK® score had been warning of financial stress at Sears Holdings Corporation (NASDAQ: SHLD) for more than a year.

The company ultimately filed for bankruptcy on October 15, 2018

Business Name	2017	2017	2017	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018
	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT
Sears Holdings Corporation	1	1	1	1	1	1	1	1	1	1	1	1	1

BANKRUPT!

The FRISK® score is 96% accurate* in predicting the risk of corporate failure/bankruptcy over a 12-month horizon. All FRISK® scores are recalculated every night for each subsequent 12-month period.

Probability of bankruptcy within 12 months			
	FRISK®	From	To
Best	10	0.00%	0.12%
	9	0.12%	0.27%
	8	0.27%	0.34%
	7	0.34%	0.55%
	6	0.55%	0.87%
	5	0.87%	1.40%
	4	1.40%	2.10%
	3	2.10%	4.00%
	2	4.00%	9.99%
Worst	1	9.99%	50.00%

While the percentage risk of bankruptcy varies at each FRISK® score, 96% of public companies that eventually go bankrupt enter the FRISK® "red zone" prior to filing. A FRISK® score of 5 or less is an important warning sign.

*FRISK® score accuracy of 96% is based on backtesting of U.S. public companies; results may vary by country.

THE FRISK® SCORE COMPONENTS

At the core of the CreditRiskMonitor process is our 96% accurate FRISK® score, which indicates a company's level of financial stress on a scale of 1 to 10, based on the probability of bankruptcy over a 12-month horizon. When available, the FRISK® score incorporates a number of powerful risk indicators including:

A “Merton” type model using stock market capitalization and volatility

Financial ratios, including those used in the Altman Z”-Score Model

Bond agency ratings from Moody’s, Fitch, DBRS, & Morningstar

Crowdsourced CreditRiskMonitor Usage Data

Crowdsourcing has enhanced the accuracy and timeliness of the FRISK® score. We collect and analyze data patterns from thousands of CreditRiskMonitor subscribers, including professionals from more than 35% of the Fortune 1000 and other large corporations worldwide.

The crowdsourcing advantage is even more powerful in our FRISK® score since many of the professionals who use our service are credit managers:

- Credit managers control one of the largest sources of working capital going into a company
- They are not held to the same “Fair Disclosure” restrictions that prevent non-disclosed information sharing on public companies
- Credit managers use a variety of non-public information sources such as their own company’s management and sales representatives to be alerted to concerns in a public company’s performance
- It is commonly known credit managers confidentially share information with other credit managers, thus collectively, their behavior helps to provide advanced insight to financial problems in public companies

[Read more in Credit Research Foundation’s quarterly journal article, “Assessing Public Company Financial Risk by Crowdsourcing the Research of Credit Professionals”](#)

COMPANY REPORT DETAIL

Sears Holdings Corp

3333 Beverly Rd

Phone: (847) 286-2500

HOFFMAN ESTATES, IL 60179-0001 United States

Ticker: **SHLD**

Filed for Bankruptcy on 10/15/2018
Case #18-23538, filed in the U.S. Bankruptcy Court for the Southern District of New York (White Plains)

Latest Financial Statements as of 8/4/2018

Business Summary

Sears Holdings Corporation is an integrated retailer. The Company is the parent company of Kmart Holding Corporation (Kmart) and Sears, Roebuck and Co. (Sears). The Company's segments are Kmart and Sears Domestic. It also offers Shop Your Way, a member-based social shopping platform that offers rewards, and personalized products and services. The Company is a home appliance retailer, as well as offering tools, lawn and garden equipment, fitness equipment, and automotive repair/maintenance. Its brands include Kenmore and DieHard. It also maintains a range of apparel and home offerings, including labels, such as Jaelyn Smith, Joe Boxer, Route 66, Cannon, Ty Pennington Style and Levi's and also offers Lands' End merchandise in some of its full-line stores. As of February 3, 2018, it operated a network of stores with 1,002 full-line and specialty retail stores.

(Source: 10-K)

Employees: 89,000 (as of 2/3/2018)

Incorporated: 11/23/2004

Federal Tax Id: 201920798

Credit Score History

Score/ Index	2017			2018											
	O	N	D	J	F	M	A	M	J	J	A	S	O		
FRISK® Score*	1	1	1	1	1	1	1	1	1	1	1	1	1		
DBT Index	9	9	9	9	9	9	9	9	9	9	9	9	9		
Z"-Score	-3.7	-4.41		-4.39				-4.99					-5.18		

*FRISK® Scores are month-end

Auditor Information

Last Audit: 2/3/2018
 Auditors: Deloitte & Touche LLP
 Opinion: **Unqualified**

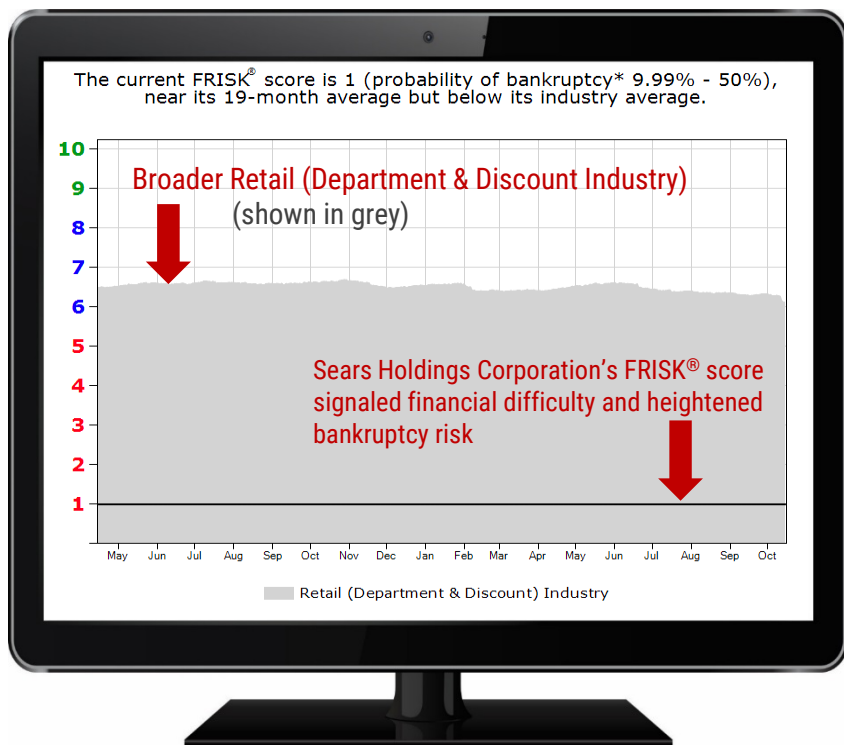
Agency Credit Ratings

Rating Agency	Long Term Rating	Outlook	Short Term Rating	Watch
Moody's	Ca	Stable	SGL-4	OFF
Fitch	D		NR	

The FRISK® score is a 96% accurate method by which to monitor public company bankruptcy risk.

Payment performance, captured by the Days Beyond Terms (DBT) index, is not an effective indicator of financial stress for publicly traded companies since they often continue to pay on time right up until their bankruptcy filing.

FRISK® DEEP DIVE



The FRISK® score relative to the broader Retail (Department & Discount) industry raised an additional red flag signaling heightened risk relative to peers, as well...

MAKING IMMEDIATE ATTENTION REQUIRED.

ADJUSTED MARKET CAP VOLATILITY



One of the inputs of the FRISK® score is a company's market cap volatility, adjusted for dividends, over the course of a year. Incorporating this information allows us to capture the "wisdom of markets" on a daily basis. This ensures our subscribers are getting the most up to date view of the risks they face since stocks tend to be more liquid and faster moving than bond prices and ratings.

FRISK® STRESS INDEX

Business Name	Country	FRISK Score
1 J.C. Penney Company Inc	United States	1
2 Neiman Marcus Group LTD LLC	United States	1
3 Sears Holdings Corporation	United States	1
4 Compagnie des Magasins Populaires Ltee	Mauritius	2
5 Dalian Friendship (Group) Co., Ltd.	China	2
6 Debenhams Plc	United Kingdom	2
7 Hamashbir 365 Holdings Ltd	Israel	2
8 Inzone Group Co Ltd	China	2
9 Izutsuya Co Ltd	Japan	2
Maoye International Holdings Limited	China	2
Central Emporium Co., Ltd.	China	2

FRISK® Stress Index - SIC classification: Department stores

Primary industry codes only Primary and secondary industry codes

Businesses From: CLEAR

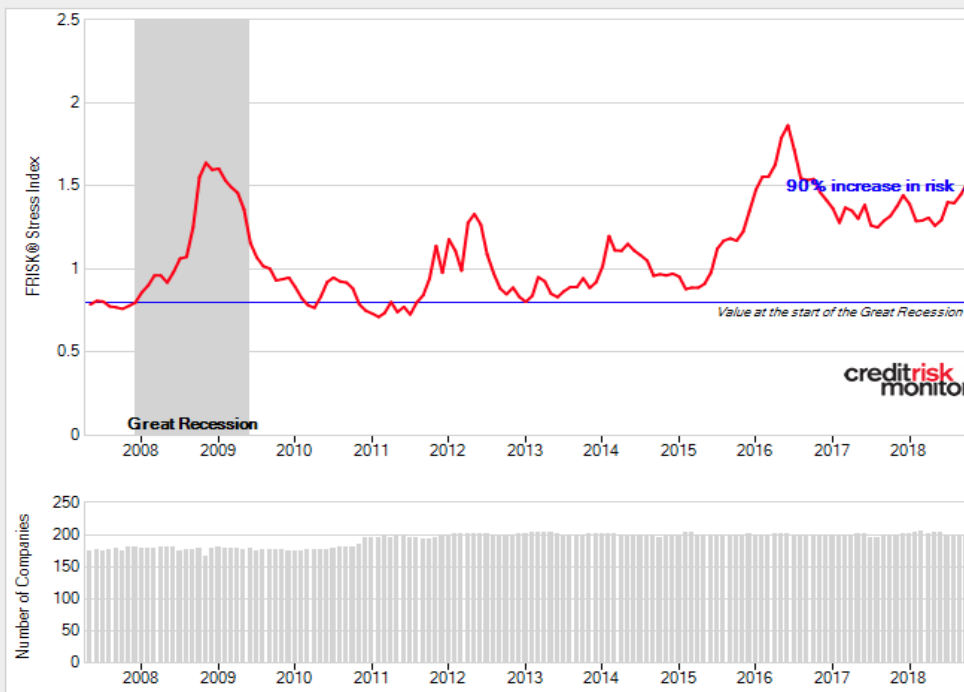
In Industry:

Country:

UPDATE RESULTS

Scale:

Total Companies in all months 275



The FRISK® Stress Index shows the collective probability of failure in a group of companies (such as an industry, country or portfolio) over the next 12 months. It is designed to show trends in risk level across groups of companies and is shown on a zero to 50 scale, with 50 being the most risky.

The average probability of failure for SIC code 5311 (Retail (Department & Discount)) has increased 90% since 2007. Sears Holdings Corporation was among the weakest names in the industry as evidenced by its FRISK® score of 1.

PEER ANALYSIS ON ALTERNATE SUPPLIERS AND CUSTOMERS

Sears Holdings Corporation demonstrates bottom quartile ranking in key financial ratios (shown in red) vs. its industry peers.

The Peer Analysis expands to provide a ranking of a company's competitors, which can help provide options for alternate suppliers or new customers.

Peer Analysis						
Year: 2018.2						
Group: SIC 5311: Department stores						
REFRESH						
[SIC: 5311] [Calendar Year/Quarter: 2018.2]						
Businesses in Peer Group: 736						
	Ranking Within Peer Group	Number Of Peers Ranked	Company Value	Peer Group Range		
				Low	Median	High
Credit Ratings						
ZScore	281	282	-5.18	-39.16	2.07	
Performance ratios:						
Net Sales (Thousands of U.S. Dollars)	10	23	3,182,000	150,799	1,504,000	
Gross Margin % Of Sales	197	286	23.41	-268.38		
Gross Margin % Of Sales -- TTM	205	287	22.03	-100.00		
SG&A % Of Sales	191	287	26.49	0.69		
SG&A % Of Sales -- TTM	204	288	28.65	0.84		
Operating Margin % Of Sales	275	294	-6.35	-59,466.67		
Operating Margin % Of Sales TTM	273	294	-7.41	-26,316.13		
EBITDA Margin Of Sales	130	134	-8.64	-57,000.00		
EBITDA Margin Of Sales -- TTM	133	130	-6.53	-23,251.61	8.62	
Net Profit Margin % Of Sales	278	294	-15.96	-36,633.33	3.57	463.98
Net Profit Margin % Of Sales - TTM	273	294	-9.27	-16,090.32	3.68	139.61
Pre-tax Income % Of Sales	279	294	-16.56	-36,633.33	5.29	644.14
Effective Tax Rate	52	287	3.61	-240.00	24.90	473.27
Depreciation % Of Prop/Plant/Equipment	170	219	16.94	0.00	8.71	358.04
Capital Expense % Of Prop/Plant/Equipment	59	228	4.69	0.01	9.88	495.91
Interest Coverage	114	120	-1.46	-18.65	7.84	457.96
Interest Coverage -- TTM	120	127	-1.44	-33.12	7.27	5,744.62
Liquidity ratios:						
Cash Ratio	262	288	0.05	0.00	0.25	218.06
Quick Ratio	255	275	0.12	0.01	0.44	6.82
Current Ratio	193	288	0.90	0.11	1.11	343.02
Efficiency ratios:						
Accounts Receivable Turnover	116	280	37.88	-45.58	27.06	
Days Sales Outstanding	131	294	9.64	-8.01	12.11	
% of Inventory Financed by Vendors	238	260	17.94	0.00	10.11	
% of Inventory Financed by Vendors -- TTM	246	268	17.67	0.01	10.11	
Inventory Turnover	194	286	3.51	0.00		
Inventory Turnover TTM	198	286	3.61	0.00		
Days Sales in Inventory	194	279	103.94	0.85		
Inventory to Working Capital	182	282	-6.64	-493.82		
Accounts Payable Turnover	13	274	19.87	0.00		
Accounts Payable Turnover -- TTM	16	275	18.34	0.00		
Leverage & debt coverage:						
Total Debt to Equity Ratio	N/A	274	N/A	0.00	0.67	
Debt to Tangible Equity Ratio	N/A	254	N/A	0.00	0.68	16.35
Total Debt to Assets Ratio	273	276	0.71	0.00	0.26	0.78
Short-Term Debt % of Total Debt	86	262	29.27	0.00	44.16	100.00
Short-Term Debt % of Working Capital	173	269	-354.52	-18,138.99	0.73	4,118.26
Liabilities to Net Worth Ratio	N/A	267	N/A	0.05	1.74	69.61
Total Liabilities to Equity Ratio	N/A	287	N/A	0.05	1.56	68.88
TTM EBITDA Over Total Debt	121	128	-0.19	-2.42	0.30	317.92
Net Debt Over TTM EBITDA	N/A	120	N/A	-7.69	1.53	49.95

Green - Ranked in Upper Quartile of Peer Group
 White - Ranked in the Middle Two Quartiles of Peer Group
 Red - Ranked in Lower Quartile of Peer Group
 Orange - Confidential
 Grey - Data is Not Available

TTM = trailing 12 months
 N/A = Not Available

QUARTERLY PERFORMANCE RATIOS

Recurring operating and net losses

Performance Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	13 weeks 8/4/2018	13 weeks 5/5/2018	14 weeks 2/3/2018	13 weeks 10/28/2017	13 weeks 7/29/2017
Net Sales \$	\$3,182,000	\$2,891,000	\$4,376,000	\$3,660,000	\$4,278,000
% change	10.07%	-33.94%	19.56%	-14.45%	1.88%
Gross Margin \$	\$745,000	\$614,000	\$987,000	\$762,000	\$1,015,000
% change	21.34%	-37.79%	29.53%	-24.93%	9.02%
% of sales	23.41%	21.24%	22.55%	20.82%	23.73%
change as % of incremental sales	45.02%	n/m	31.42%	n/m	106.33%
SG&A \$	\$843,000	\$839,000	\$1,076,000	\$1,284,000	\$1,102,000
% change	0.48%	-22.03%	-16.20%	16.52%	-3.76%
% of sales	26.49%	29.02%	24.59%	35.08%	25.76%
change as % of incremental sales	1.37%	n/m	-29.05%	n/m	-54.43%
Operating margin \$	(\$202,000)	(\$217,000)	(\$207,000)	(\$419,000)	\$141,000
% change	6.91%	-4.83%	50.60%	-397.16%	-59.60%
% of sales	-6.35%	-7.51%	-4.73%	-11.45%	3.30%
change as % of incremental sales	5.15%	n/m	29.61%	n/m	-263.29%
EBITDA \$	(\$275,000)	(\$183,000)	(\$134,000)	(\$330,000)	(\$22,000)
% change	-50.27%	-36.57%	59.39%	-1,400.00%	-105.64%
% of sales	-8.64%	-6.33%	-3.06%	-9.02%	-0.51%
change as % of incremental sales	-31.62%	n/m	27.37%	n/m	-521.52%
EBIT \$	(\$341,000)	(\$250,000)	(\$207,000)	(\$419,000)	(\$105,000)
% change	-36.40%	-20.77%	50.60%	-299.05%	-134.65%
% of sales	-10.72%	-8.65%	-4.73%	-11.45%	-2.45%
change as % of incremental sales	-31.27%	n/m	29.61%	n/m	-516.46%
Pre-tax income \$	(\$527,000)	(\$415,000)	(\$357,000)	(\$555,000)	(\$240,000)
% change	-26.99%	-16.25%	35.68%	-131.25%	-238.73%
% of sales	-16.56%	-14.35%	-8.16%	-15.16%	-5.61%
change as % of incremental sales	-38.49%	n/m	27.65%	n/m	-522.78%
Net income (loss) \$	(\$508,000)	(\$424,000)	\$182,000	(\$558,000)	(\$250,000)
% change	-19.81%	-332.97%	132.62%	-123.20%	-202.04%
% of sales	-15.96%	-14.67%	4.16%	-15.25%	5.84%
change as % of incremental sales	-28.87%	n/m	103.35%	n/m	-522.78%
Tax expense \$	(\$19,000)	\$9,000	(\$69,000)	\$3,000	\$3,000
Effective tax rate	3.61%	-2.17%	19.33%	0.43%	0.29%
Depreciation expense \$	\$65,000	\$66,000	\$72,000	\$65,000	\$65,000
% of sales	2.04%	2.28%	1.65%	1.78%	1.52%
% of capital expenses	361.11%	471.43%	342.86%	361.11%	361.11%
% of PP&E, net (annualized)	16.94%	15.74%	16.07%	16.94%	16.94%
Capital expenditures \$	\$18,000	\$14,000	\$21,000	\$18,000	\$18,000
% change	28.57%	-33.33%	16.67%	-5.88%	0.00%
% of PP&E, net (annualized)	4.69%	3.34%	4.69%	3.77%	3.77%
% of working capital (annualized)	-10.47%	-5.42%	-7.60%	-9.54%	-9.54%
Interest coverage ratio	(1.46)	(1.10)	(0.88)	(2.43)	(0.16)
% change	-32.69%	-25.05%	63.67%	-1,388.65%	-105.43%
Free cash flow \$	\$96,000	(\$1,164,000)	\$38,000	(\$781,000)	(\$277,000)
% change	108.25%	-3,163.16%	104.87%	-181.95%	69.29%
Source:	10-Q 9/13/2018	10-Q 5/31/2018	10-K 3/23/2018	10-Q 11/30/2017	10-Q 9/13/2018

Negative interest coverage ratios signaled insufficient earnings to service outstanding debt

QUARTERLY LEVERAGE RATIOS

Massive negative stockholders' equity and tangible net worth signaled heightened risk

Leverage Ratios - Sequential Quarters

(Thousands of U.S. Dollars)



Period Ended	8/4/2018	5/5/2018	2/3/2018	10/28/2017	7/29/2017
Total debt \$	\$4,954,000	\$5,179,000	\$4,132,000	\$4,403,000	\$4,003,000
% change	-4.34%	25.34%	-6.15%	9.99%	-6.49%
Stockholders' equity \$	(\$4,402,000)	(\$4,113,000)	(\$3,726,000)	(\$4,007,000)	(\$3,651,000)
% change	-7.03%	-10.39%	7.01%	-9.75%	-3.52%
Tangible net worth \$	(\$5,761,000)	(\$5,542,000)	(\$5,163,000)	(\$5,520,000)	(\$5,169,000)
% change	-3.95%	-7.34%	6.47%	-6.79%	-2.42%
Total assets \$	\$6,937,000	\$7,283,000	\$7,273,000	\$8,193,000	\$8,351,000
% change	-4.75%	0.14%	-11.23%	-1.89%	-7.94%
Total debt to assets ratio	0.71	0.71	0.57	0.54	0.48
% change	0.42%	25.17%	5.71%	12.12%	1.57%
Tangible assets \$	\$5,578,000	\$5,854,000	\$5,836,000	\$6,680,000	\$6,833,000
% change	-4.71%	0.31%	-12.63%	-2.24%	
Short-term debt \$	\$1,450,000	\$2,136,000	\$1,883,000	\$2,371,000	
% change	-32.12%	13.44%	-20.58%		
Short-term debt % of total debt	29.27%	41.24%	45.57%		
% change	-29.03%	-9.50%	-15.37%		
Short-term debt % of working capital	-354.52%	-220.89%	-171.34%	-211.34%	
% change	-60.50%	-28.92%	19.64%	47.05%	
Total liabilities \$	\$11,339,000	\$11,396,000	\$10,999,000	\$12,200,000	\$12,002,000
% change	-0.50%	3.61%	-9.84%	1.65%	-4.73%
Source:	10-Q 9/13/2018	10-Q 5/31/2018	10-Q 5/31/2018	10-Q 11/30/2017	10-Q 8/24/2017

Creditors' degree of protection from loss declined as the total debt to assets ratio worsened

QUARTERLY LIQUIDITY RATIOS AND RATES OF RETURN

Negative working capital

Meager cash, quick, and current ratios

Liquidity Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	8/4/2018	5/5/2018	2/3/2018	10/28/2017	7/29/2017
Current assets \$	\$3,868,000	\$3,954,000	\$3,823,000	\$4,531,000	\$4,563,000
% change	-2.18%	3.43%	-15.63%	-0.70%	-7.59%
% of short-term debt	266.76%	185.11%	203.03%	191.10%	285.54%
Current liabilities \$	\$4,277,000	\$4,921,000	\$4,922,000	\$5,643,000	\$4,960,000
% change	-13.09%	-0.02%	-12.78%	13.77%	3.10%
Working capital \$	(\$409,000)	(\$967,000)	(\$1,099,000)	(\$1,112,000)	(\$397,000)
% change	57.70%	12.01%	1.17%	-180.10%	-412.60%
% of sales (annualized)	-3.21%	-8.36%	-6.28%	-7.60%	-2.32%
Cash \$	\$193,000	\$186,000	\$182,000	\$200,000	\$212,000
% change	3.76%	2.20%	-9.00%	-5.66%	-10.17%
% of short-term debt	13.31%	8.71%	9.67%	8.44%	13.27%
Cash ratio	0.05	0.04	0.04	0.04	0.04
% change	19.31%	2.16%	4.52%	-17.10%	-13.03%
Quick assets \$	\$520,000	\$531,000	\$525,000	\$578,000	\$582,000
% change	-2.07%	1.14%	-9.17%	-0.69%	-18.60%
% of short-term debt	35.86%	24.86%	27.88%	24.38%	36.42%
Quick ratio	0.12	0.11	0.11	0.10	0.12
% change	12.70%	1.12%	4.20%	-12.70%	-21.06%
Current ratio	0.90	0.80	0.78	0.80	0.92
% change	12.56%	3.45%	-3.26%	-12.73%	-10.37%
Source:	10-Q 9/13/2018	10-Q 5/31/2018	10-Q 5/31/2018	10-Q 11/30/2017	10-Q 8/24/2017

Unable to generate positive returns on assets in 4 of the last 5 quarters

Rate of Return - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	13 weeks 8/4/2018	13 weeks 5/5/2018	14 weeks 2/3/2018	13 weeks 10/28/2017	13 weeks 7/29/2017
Return on total assets	-7.14%	-5.83%	2.35%	-6.75%	-2.87%
% change	-22.64%	-347.54%	134.89%	-135.05%	-207.96%
Return on tangible assets	-8.89%	-7.25%	2.91%	-8.26%	-3.48%
% change	-22.51%	-349.43%	135.22%	-137.59%	-207.28%
Source:	10-Q 9/13/2018	10-Q 5/31/2018	10-K 3/23/2018	10-Q 11/30/2017	10-Q 9/13/2018

ANNUAL STATEMENT OF CASH FLOWS

Recurring
negative
cash from
operating
activities

Statement of Cash Flows - Annual - Standardized

(Thousands of U.S. Dollars)

Period Ended	53 weeks 2/3/2018	52 weeks 1/28/2017	52 weeks 1/30/2016	52 weeks 1/31/2015	52 weeks 2/1/2014
Cash Flows from Operating Activities:					
Net income	(\$383,000)	(\$2,221,000)	(\$1,128,000)	(\$1,810,000)	(\$1,116,000)
Depreciation/depletion	332,000	375,000	422,000	581,000	732,000
Deferred taxes	(617,000)	(151,000)	(302,000)	116,000	279,000
Non-cash Items	(1,312,000)	(217,000)	(766,000)	(694,000)	(1,123,000)
Changes in working capital	138,000	833,000	(393,000)	420,000	119,000
Total cash from operating activities	(1,842,000)	(1,381,000)	(2,167,000)	(1,387,000)	(1,109,000)
Cash Flows from Investing Activities:					
Capital expenditures	(80,000)	(142,000)	(211,000)	(270,000)	(329,000)
Other investing cash flow items, total	1,974,000	386,000	2,730,000	597,000	993,000
Total cash from investing activities	1,894,000	244,000	2,519,000	327,000	664,000
Cash Flows from Financing Activities:					
Financing cash flow items	63,000	20,000	458,000	457,000	(247,000)
Issuance/retirement of debt, net	(65,000)	1,165,000	(822,000)	(172,000)	1,149,000
Total cash from financing activities	(2,000)	1,185,000	(364,000)	285,000	902,000
Foreign exchange effects	n/a	0	0	(3,000)	(38,000)
Net change in cash	50,000	48,000	(12,000)	(778,000)	419,000
Net cash-beginning balance	286,000	238,000	250,000	1,028,000	609,000
Net cash-ending balance	\$336,000	\$286,000	\$238,000	\$250,000	\$1,028,000
Supplemental Disclosures:					
Cash interest paid	\$412,000	\$275,000	\$252,000	\$230,000	\$206,000
Cash taxes paid, supplemental	\$37,000	\$23,000	\$45,000	\$119,000	\$21,000
Auditor/Opinion:	Deloitte & Touche LLP Unqualified	Deloitte & Touche LLP Unqualified	Deloitte & Touche LLP Unqualified	Deloitte & Touche LLP Unqualified	Deloitte & Touche LLP Unqualified
Source:	10-K 3/23/2018	10-K 3/21/2017	10-K 3/16/2016	10-K 3/17/2015	10-K 3/18/2014

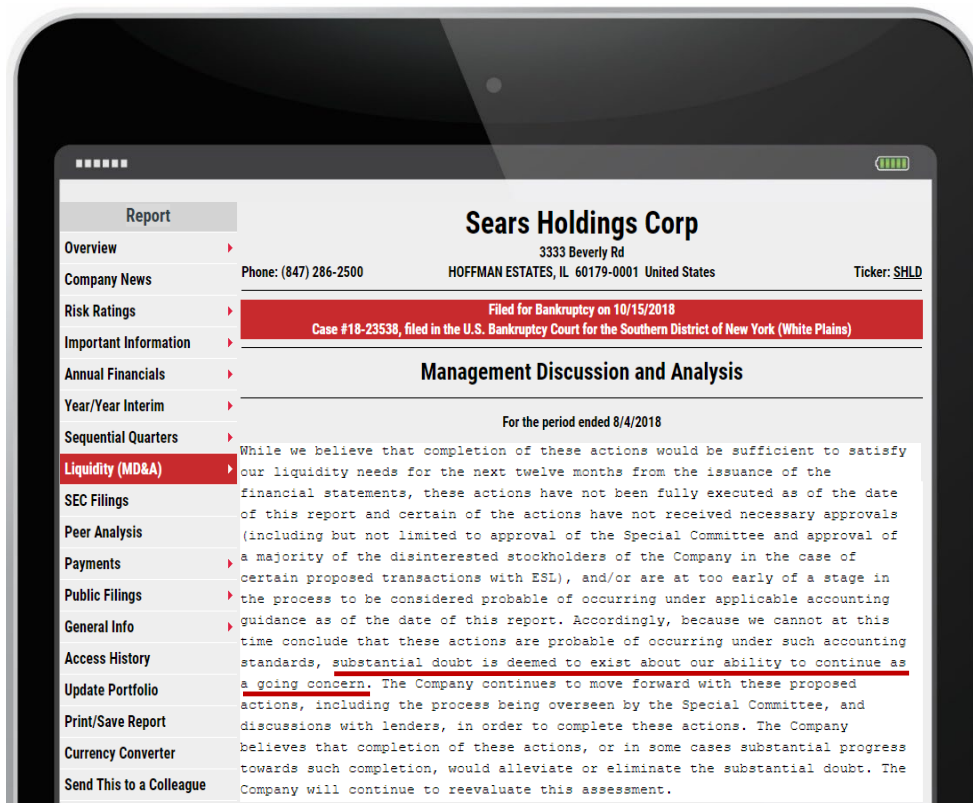
NEWS ALERTS: A TIMELINE OF CONCERNING HEADLINES

Sears Holdings Corp. faced significant restructuring risk given the high cash burn since 2013 which had necessitated significant liquidity infusion via asset sales or secured debt.		
3/21/2018	Fitch Ratings	Fitch Downgrades Sears' IDR to 'RD'; Upgrades IDR to 'CC' on Completion of Debt Exchange
A special committee of the Company's board of directors explored the sale of its Kenmore brand and related assets to maximize value.		
5/14/2018	PR Newswire	Sears Holdings Announces Initiation Of Formal Process To Explore Potential Sale Of Assets
Sears Holdings Corp. reported a Q1 2018 net loss of \$424 million compared with a profit of \$245 million a year earlier.		
5/31/2018	CRMZ News Service	Sears Closing More Stores As Sales Shrink For 26th Quarter In A Row
CEO Eddie Lampert said the corporate headcount reduction was part of an effort to streamline operations and return the company to profitability.		
7/12/2018	CRMZ News	Sears Lays Off 200 Corporate Workers As Sales Tumble
The rescue plan wanted creditors to restructure about \$1.1 billion of debt coming due in 2019 and 2020.		
9/24/2018	CRMZ News	Sears CEO Pushes A Rescue Plan To Avoid Bankruptcy
Fitch viewed the proposal, if accepted or something similar announced by the company, as a distressed debt exchange.		
9/24/2018	Fitch Ratings	Fitch Rtg: ESL's Proposal to Sears Insufficient to Avoid Further Restructuring
Alan J. Carr, an individual with deep experience as a director of companies that have been through complex organizational change, joined the Board of Directors.		
10/9/2018	PR Newswire	Sears Holdings Announces Appointment Of New Independent Director
Bankruptcy rumors swirled as the retailer faced a \$134 million debt due on Oct. 15, which the Company had warned it may not meet.		
10/10/2018	CRMZ News	Sears Reportedly Preparing For Bankruptcy Filing As Soon As This Week
Lenders, including Bank of America Corp., Wells Fargo & Co. and Citigroup Inc., pushed for the company to liquidate its assets under a chapter 7 bankruptcy filing, as opposed to reorganizing the business under chapter 11.		
10/11/2018	CRMZ News	Big Lenders Make Push To Liquidate Sears
Three vendors told Reuters that Sears Holdings Corp. had missed scheduled payments to them in the last couple of weeks.		
10/11/2018	Reuters	Sears Skips Payments To Vendors Amid Bankruptcy Concerns
Sears Holdings Corp. inched closer to a deal with lenders about a bankruptcy plan that would close at least 150 stores and provide a lifeline loan to keep a small footprint of around 300 locations open.		
10/12/2018	CRMZ News	Sears, Lenders Nearing Deal To Keep Some Stores Open
Sears Holdings Corporation filed for bankruptcy		
10/15/2018	CRMZ News	Sears Holdings Corporation: Chapter 11 Petition filed on 10/15/2018

MANAGEMENT DISCUSSION AND ANALYSIS

READING THE MANAGEMENT DISCUSSION AND ANALYSIS, WE NOTED:

Sears Holdings Corporation's management explained, in its 2nd Quarter Form 10-Q filing, that the Company's liquidity position continued to negatively impact its working capital requirements and necessary capital



expenditures as well as debt repayments and pension plan contributions. While the Company had taken a number of actions (financing transactions, asset sales, and operational streamlining) to support its ongoing transformation efforts, while continuing to support its operations and meet its obligations in light of the incurred losses and negative cash flows from operations experienced over the past several years, the need to access other sources of liquidity to support its operations appeared to be necessary. Among the other liquidity sources cited were longer-term secured financing, debt refinancing, borrowing against facilities in place, and additional real estate loans against unencumbered properties. While the Company's management believed that planned actions to satisfy the liquidity needs of the Company for the next twelve months after issuance of the financial statements would be sufficient, these planned actions had not been fully executed and certain of the actions had yet to receive the necessary approvals, and/or were at too early of a stage in the process to be considered probable of occurring under applicable accounting guidance as of the report date. As such, because management could not conclude at the time that these actions were probable of occurring under such accounting standards, substantial doubt was deemed to exist about the Company's ability to continue as a going concern. The Company expected to move forward with the proposed plan of actions, including the process being overseen by a special committee of the board of directors, and discussions with lenders, in order to complete these actions. The Company believed that completion of these actions, or in some cases substantial progress towards such completion, would alleviate or eliminate the substantial doubt.

...and in October 2018, Sears Holdings Corporation filed for bankruptcy...

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