

Date: September 1, 2009

To: All Domestic Vendors

From: Mary Tortorice, VP/Deputy General Counsel Sears Holdings

ACTION REQUIRED: WERCS Policy Change for Existing Products

Important: If this information doesn't pertain to you, please forward to the appropriate associates in your company. If the type of product(s) you ship to Sears Holdings does not contain hazardous materials, disregard this email.

Dear Vendor,

In February we announced our partnership with the WERCS (Worldwide Environmental Regulatory Compliance Solutions) and our new process for handling Material Safety Data Sheet (herein "MSDS") collection that will aid our compliance with local and federal laws. At that point, to be compliant a vendor with new products (a product new to the Sears Holdings Assortment prior to March 1st, 2009) offered at Sears Holdings retail formats, including, Sears, Kmart, Sears Hardware, the great indoors that are made with a chemical, aerosol, or pesticide (*with certain exclusions as specified in IMA [our Item Maintenance Application]*) are required to go into the WERCS system and either upload an MSDS or have an MSDS created on their behalf. In addition vendors that already had product information into the WERCS system due to a pre-existing relationship with another retailer are required to enter the system and transfer over the information for our use.

As that procedure has now been solidified we are moving to phase II of the WERCS implementation where for *all* products that contain a chemical, aerosol or pesticide (not just new products), vendors will be required to go back and enter product information into the WERCS. Please note that this policy change does not change or affect your continuing requirement for new products, however for current products sold by a Sears Holdings retail format a vendor can go directly to the WERCS and upload information without first using our IMA system.

We understand that this could be a large project for certain vendors. In consideration of this fact, we are giving vendors six months to have all eligible products loaded into the WERCS system. By **February 1, 2010** all vendors must be compliant with this change and have all eligible products in the WERCS system. **Do not wait to begin this process of uploading product information.** This six month window is meant to provide time to those that need it, not a reprieve to those that do not. We plan to contact those vendors that are not making significant progress towards the goal of having all eligible products in the WERCS. **Any vendor who has not uploaded eligible products by February 1, 2010 will be charged a fee of \$5,000.** This fee will cover the additional time and expenses that Sears Holdings spends to ensure that you are in compliance with this important project.

We appreciate and expect your cooperation with this change in policy. Please review the Frequently Asked Questions included with this email. If you still have questions go to www.supplierwercs.com for product information loading process questions or vendors@searshc.com for other questions.

Thank You,
Mary Tortorice