

SEARS HOLDINGS CORP
Form 10-Q
August 16, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

X **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED JULY 28, 2012**

OR

.. **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
Commission file number 000-51217

SEARS HOLDINGS CORPORATION

(Exact name of registrant as specified in its charter)

DELAWARE
(State of Incorporation)

20-1920798
(I.R.S. Employer Identification No.)

3333 BEVERLY ROAD, HOFFMAN ESTATES, ILLINOIS
(Address of principal executive offices)

60179
(Zip Code)

Registrant's Telephone Number, Including Area Code: (847) 286-2500

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of August 10, 2012, the registrant had 106,454,889 common shares, \$0.01 par value, outstanding.

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Table of Contents**SEARS HOLDINGS CORPORATION****Condensed Consolidated Statements of Operations**

(Unaudited)

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

<i>millions, except per share data</i>	13 Weeks Ended		26 Weeks Ended	
	July 28, 2012	July 30, 2011	July 28, 2012	July 30, 2011
REVENUES				
Merchandise sales and services	\$ 9,467	\$ 10,138	\$ 18,737	\$ 19,678
COSTS AND EXPENSES				
Cost of sales, buying and occupancy	6,936	7,537	13,639	14,533
Selling and administrative	2,437	2,601	4,882	5,108
Depreciation and amortization	212	220	414	431
Gain on sales of assets	(15)	(29)	(410)	(31)
Total costs and expenses	9,570	10,329	18,525	20,041
Operating income (loss)	(103)	(191)	212	(363)
Interest expense	(65)	(71)	(131)	(146)
Interest and investment income	9	12	21	25
Other income (loss)	1	3	1	(8)
Income (loss) from continuing operations before income taxes	(158)	(247)	103	(492)
Income tax (expense) benefit	25	97	(42)	173
Income (loss) from continuing operations	(133)	(150)	61	(319)
Income from discontinued operations, net of tax		6		1
Net income (loss)	(133)	(144)	61	(318)
(Income) loss attributable to noncontrolling interests	1	(2)	(4)	2
NET INCOME (LOSS) ATTRIBUTABLE TO HOLDINGS SHAREHOLDERS	\$ (132)	\$ (146)	\$ 57	\$ (316)
Amounts attributable to Holdings shareholders:				
Income (loss) from continuing operations, net of tax	\$ (132)	\$ (152)	\$ 57	\$ (317)
Income from discontinued operations, net of tax		6		1
Net income (loss)	\$ (132)	\$ (146)	\$ 57	\$ (316)
NET INCOME (LOSS) PER COMMON SHARE ATTRIBUTABLE TO HOLDINGS SHAREHOLDERS				
Basic:				
Continuing operations	\$ (1.25)	\$ (1.42)	\$ 0.54	\$ (2.96)
Discontinued operations		0.05		0.01
	\$ (1.25)	\$ (1.37)	\$ 0.54	\$ (2.95)

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Diluted:				
Continuing operations	\$ (1.25)	\$ (1.42)	\$ 0.54	\$ (2.96)
Discontinued operations		0.05		0.01
	\$ (1.25)	\$ (1.37)	\$ 0.54	\$ (2.95)
Basic weighted average common shares outstanding	105.9	106.8	105.9	107.3
Diluted weighted average common shares outstanding	105.9	106.8	106.1	107.3
See accompanying notes.				

Table of Contents**SEARS HOLDINGS CORPORATION****Condensed Consolidated Statements of Comprehensive Income (Loss)**

(Unaudited)

<i>millions</i>	13 Weeks Ended		26 Weeks Ended	
	July 28, 2012	July 30, 2011	July 28, 2012	July 30, 2011
Net income (loss)	\$ (133)	\$ (144)	\$ 61	\$ (318)
Other comprehensive income (loss)				
Pension and postretirement adjustments, net of tax	46	53	92	63
Deferred gain (loss) on derivatives, net of tax	3	18	5	(6)
Currency translation adjustments, net of tax	6	(95)		(23)
Total other comprehensive income (loss)	55	(24)	97	34
Comprehensive income (loss)	(78)	(168)	158	(284)
Comprehensive (income) loss attributable to noncontrolling interests	1	5	(5)	3
Comprehensive income (loss) attributable to Holdings shareholders	\$ (77)	\$ (163)	\$ 153	\$ (281)

See accompanying notes.

Table of Contents**SEARS HOLDINGS CORPORATION****Condensed Consolidated Balance Sheets**

<i>millions</i>	(Unaudited)		
	July 28, 2012	July 30, 2011	January 28, 2012
ASSETS			
Current assets			
Cash and cash equivalents	\$ 730	\$ 647	\$ 747
Restricted cash	8	21	7
Accounts receivable	569	781	695
Merchandise inventories	8,653	9,262	8,407
Prepaid expenses and other current assets	385	412	388
Current assets of discontinued operations		204	
Total current assets	10,345	11,327	10,244
Property and equipment, net	6,341	6,895	6,577
Goodwill	841	1,392	841
Trade names and other intangible assets	2,907	2,964	2,937
Other assets	749	903	782
Non-current assets of discontinued operations		410	
TOTAL ASSETS	\$ 21,183	\$ 23,891	\$ 21,381
LIABILITIES			
Current liabilities			
Short-term borrowings	\$ 1,176	\$	