

SEARS HOLDINGS CORP  
Form 11-K  
June 25, 2012  
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**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, 2011.

or

**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:  
**LANDS END, INC. RETIREMENT PLAN**

**LANDS END LANE**

**DODGEVILLE, WI 53595**

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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**Lands End, Inc. Retirement Plan**

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**Report of Independent Registered Public Accounting Firm**

To the Retirement Plan Committee

Lands End, Inc. Retirement Plan

Dodgeville, Wisconsin

We have audited the accompanying statements of net assets available for benefits of the Lands End, Inc. Retirement Plan as of December 31, 2011 and 2010, and the related statement of changes in net assets available for benefits for the year ended December 31, 2011. 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 the auditing 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Lands End, Inc. Retirement Plan as of December 31, 2011 and 2010, and the changes in net assets available for benefits for the year ended December 31, 2011, in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) as of December 31, 2011, is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ McGladrey LLP

Schaumburg, Illinois

June 25, 2012

**Table of Contents****Lands End, Inc. Retirement Plan****Statements of Net Assets Available for Benefits****December 31, 2011 and 2010**

	2011	2010
<b>Assets:</b>		
Investments, at Fair Value:		
Sears Holdings Stock Fund	\$ 234,074	\$ 458,544
Registered Investment Companies	131,632,973	137,380,044
Common/Collective Trust Funds	94,830,507	93,576,928
 Total Investments at fair value	 226,697,554	 231,415,516
<b>Receivables:</b>		
Notes Receivable from Participants	2,987,263	2,801,150
Due from Broker for Securities Sold	171,621	124,798
 Total Receivables	 3,158,884	 2,925,948
 Cash	 279,369	 224,013
 Total Assets	 230,135,807	 234,565,477
<b>Liabilities:</b>		
Due to Broker for Securities Purchased	450,874	348,812
 Total Liabilities	 450,874	 348,812
 Net Assets Available for Benefits at fair value	 229,684,933	 234,216,665
Adjustment from Fair Value to Contract Value for Fully Benefit-Responsive Investment Contracts	(1,084,910)	(115,271)
 Net Assets Available for Benefits	 \$ 228,600,023	 \$ 234,101,394

See Notes to the Financial Statements

**Table of Contents****Lands End, Inc. Retirement Plan****Statement of Changes in Net Assets Available for Benefits****Year Ended December 31, 2011**

Additions (Deductions) to Net Assets Attributed to:	
Investment Income (Loss):	
Net Appreciation (Depreciation) in Fair Value of Investments	
Sears Holdings Stock	\$ (302,324)
Registered Investment Companies	(5,139,115)
Common/Collective Trust Funds	(648,923)
Other Income	358,031
Dividend and Interest Income	1,018,084
Less: Investment expenses	(363,773)
Net Investment Loss	(5,078,020)
Interest Income on Notes Receivable from Participants	143,846
Contributions	
Employer Matching Contributions	3,625,246
Participants Contributions	10,207,814
Rollovers	626,749
Total Contributions	14,459,809
Total Additions	9,525,635
Benefits Paid to Participants	(15,027,006)
Net Decrease	(5,501,371)
Net Assets Available for Benefits	
Beginning of Year	234,101,394
End of Year	\$ 228,600,023

See Notes to Financial Statements

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**Lands End, Inc. Retirement Plan**

**Notes to Financial Statements**

**Note 1. Description of Plan**

The following description of the Lands End, Inc. Retirement Plan (the Plan) provides only general information. Participants should refer to the plan agreement for a more complete description of the Plan's provisions.

**General:** The Plan is a defined contribution plan covering substantially all employees of Lands End, Inc. (the Company) who are at least 19 years of age (for regular part-time and salaried employees) or are at least 19 years of age and have completed 1000 hours of eligible service for the first year of hire, first year of re-hire, or in any plan year (for flexible part-time, seasonal and temporary employees). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA) and the Pension Protection Act of 2006. In June 2002, the Company became a wholly owned subsidiary of Sears, Roebuck, and Co. (Sears). In March 2005, Kmart Holding Corporation through its wholly owned subsidiary, Sears Holdings Corporation (Holdings), acquired, by merger, all of the outstanding stock of Sears; thus, the Company became an indirect, wholly owned subsidiary of Holdings.

**Contributions:** Each year, participants may contribute up to 75 percent of pretax annual compensation, as defined in the Plan. Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions. Participants may also contribute amounts representing distributions from other qualified defined benefit or contribution plans. Participants direct the investment of their contributions into various investment options offered by the Plan. The Plan offers an automatic enrollment feature. Participants may affirmatively elect whether or not to make elective contributions. Active participants who do not revoke their elective contributions shall contribute a minimum of three percent of compensation. Unless otherwise revoked, effective April 1 of each plan year, a participant's elective contributions will increase one percent until a minimum of six percent is reached. The Company contributes up to 50 percent of the first 6 percent of eligible compensation that a participant contributes to the Plan. Additional profit sharing contributions may be contributed at the discretion of the Holdings' Board of Directors and are allocated to each participant's account based on their eligible compensation level (subject to certain Internal Revenue Service (IRS) limits) in relation to all participants' compensation. These contributions are participant directed based on the investment options selected by the participant. There were no profit sharing contributions for the year ended December 31, 2011. Contributions are subject to certain limitations.

**Participant Accounts:** Each participant's account is credited with the participant's contribution and allocations of the Company's contribution and Plan earnings. Allocations are based on participant's earnings or account balances as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

**Vesting:** Participants are vested immediately in their contributions, employer contributions, and actual earnings thereon.

**Investment Options:** Upon enrollment in the Plan, participants may direct the investment of their account balances into a variety of investment options as more fully described in the Plan's literature. Participants may change their investment options daily.

**Notes Receivable from Participants:** Participants have two loan options available through the Plan. The first is a hardship loan that follows federal guidelines for traditional 401(k) loan reasons where one may borrow from their fund account, a minimum of \$1,000 up to a maximum of \$50,000 or 50 percent of their account balance, whichever is less. The second loan option is a general purpose loan where one may borrow against their 401(k) contributions for any reason. Subject to the above limitations, the minimum is \$1,000 up to a maximum of \$5,000 or the amount one has contributed to the Plan, whichever is less. The aggregate principal amount of all loans may not exceed the lesser of \$50,000 or 50% of the participant's total vested account balance. The loans are secured by the balance in the participant's account and bear interest at rates ranging from 4.25 percent to 10.0 percent, which are commensurate with the local prevailing rates as determined by the plan administrator. Principal and interest is paid ratably through payroll deductions. Loans for other reasons than the purchase of a primary residence must be repaid within 5 years.

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### **Lands End, Inc. Retirement Plan**

#### **Notes to Financial Statements**

##### **Note 1. Description of Plan (Continued)**

**Payment of Benefits:** On termination of service, due to death, disability, retirement or termination, a participant may receive a lump sum distribution equal to the value of the participant's vested interest in their account or roll it over into another qualified retirement plan. Participants experiencing financial hardship may withdraw a portion of their account balance as defined in the Plan agreement.

##### **Note 2. Summary of Significant Accounting Policies**

**Basis of Accounting:** The financial statements of the Plan are prepared under the accrual method of accounting.

**Use of Estimates:** The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

**Valuation of Investments and Income Recognition:** The Plan's investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

**Fully Benefit-Responsive Investment Contracts:** In accordance with Generally Accepted Accounting Principles (GAAP) fully benefit-responsive investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined-contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The Plan invests in investment contracts through common/collective trust funds. As required by GAAP, the Statement of Net Assets Available for Benefits presents the fair value of the investment in the common/collective trust funds as well as the adjustment of the investment in the common/collective trust funds from fair value to contract value relating to the investment contracts. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract value basis.

Purchases and sales of securities are recorded on a trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

**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 reclassified as distributions based upon the terms of the Plan document.

##### **Recent Accounting Pronouncements:**

In January 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2010-06, Improving Disclosures about Fair Value Measurements (ASU 2010-06). ASU 2010-06 requires new disclosures regarding transfers in and out of Levels 1 and 2 and activity in Level 3 fair value measurements. It also clarifies existing disclosure requirements regarding the level of disaggregation in certain disclosures, inputs, and valuation techniques used in FASB ASC 820, Fair Value Measurements and Disclosures. The Plan adopted all of the requirements of this update on January 1, 2010, its effective date, except for the requirement regarding activity in Level 3 fair value measurements which had a later effective date under the provisions of ASU 2010-06, and became effective on January 1, 2011 and was adopted on that date. The 2011 disclosure requirement had no impact on the Plan's fair value disclosures.



**Table of Contents****Lands End, Inc. Retirement Plan****Notes to Financial Statements****Note 2. Summary of Significant Accounting Policies (continued)****Pending Accounting Pronouncement:**

In May 2011, the FASB issued Accounting Standards Update (ASU) 2011-04, Amendments to Achieve Common Fair Value Measurements and Disclosure Requirements in U.S. GAAP and International Financial Reporting Standards (IFRSs) (ASU 2011-04). ASU 2011-04 amended ASC 820, Fair Value Measurements and Disclosures, to converge the fair value measurement guidance in GAAP and IFRSs. Some of the amendments clarify the application of existing fair value measurements requirements, while other amendments change a particular principle in ASC 820. In addition, ASU 2011-04 requires additional fair value disclosures. The amendments are to be applied prospectively and are effective for annual periods beginning after December 15, 2011. Plan management is currently evaluating the effect that the provisions of ASU 2011-04 will have on the Plan's financial statements.

**Payment of Benefits:** Benefits are recorded when paid.

**Administrative Expenses:** All administrative expenses for the Plan are paid by the Company, except certain equity fund expenses that are netted against participants' investment yield.

**Note 3. Investments**

The following table presents investments that represent 5 percent or more of the Plan's net assets:

	December 31	
	2011	2010
<b>Investment at fair value as determined by fund sponsor:</b>		
Common and collective trust funds:		
Manning & Napier Retirement Target 2020 Investment Trust Fund	\$ 13,926,015	\$ 13,143,889
Manning & Napier Retirement Target 2030 Investment Trust Fund	20,194,757	19,958,029
<b>Investment at fair value as determined by quoted market price:</b>		
Registered investment companies:		
Dodge & Cox Stock Fund	16,126,269	18,097,689
Vanguard Institutional Index Fund	13,775,389	14,210,438
American EuroPacific Growth Fund	14,777,574	17,560,726
T. Rowe Price Growth Stock Fund	48,943,369	51,463,784
<b>Investment at contract value as determined by fund sponsor:</b>		
Common and collective trust funds:		
Wells Fargo Stable Return Fund N2	41,720,048	
RiverSource Trust Income Fund II		42,684,530

**Note 4. Fair Value Measurements**

The Plan follows the required provisions under GAAP that define "fair value", establish a framework for measuring fair value in the application of GAAP, and expand disclosure about fair value measurements. The provisions provide that fair value is a market based measurement and not an entity specific measurement, based on an exchange transaction in which the entity sells an asset or transfers a liability (exit price). The provisions establish a fair value hierarchy that contains three levels for inputs used in fair value measurements. The three levels of the fair value hierarchy are described below:



**Table of Contents****Lands End, Inc. Retirement Plan****Notes to Financial Statements****Note 4. Fair Value Measurements (Continued)**

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2: Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;

Level 3: Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. A financial instrument's level within the fair value hierarchy is not representative of its expected performance or its overall risk profile, and therefore Level 3 assets are not necessarily higher risk than Level 2 assets or Level 1 assets. The following is a description of the valuation methodologies used for instruments measured at fair value, including the general classification of such instruments pursuant to the valuation hierarchy.

*Common Stocks:* Valued at the closing price reported on the active market on which the individual securities are traded.

*Registered Investment Companies (Mutual funds):* Valued at the net asset value (NAV) of shares held by the Plan at year end as determined by quoted market price.

*Common/Collective Trust Funds:* Valued based on information reported by the investment advisor using the financial statements of the common/collective trust at year end.

The preceding methods described may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level and major category within the fair value hierarchy the Plan investment assets at fair value, as of December 31, 2011.

	000000000.	000000000.	000000000.	000000000.
	Level 1	Level 2	Level 3	Total
Sears Holdings Corporation Common Stock	\$ 226,941			\$ 226,941
Registered Investment Companies				
Small Cap	18,334,437			18,334,437
Mid Cap	8,958,294			8,958,294
Large Cap	79,844,783			79,844,783
International	14,777,574			14,777,574
Bond	9,717,885			9,717,885
Common/Collective Trust Funds				
Target Date		52,025,549		52,025,549
Stable Return Fund		42,804,958		42,804,958
Stable Value Money Market		7,133		7,133

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Total Assets at Fair Value	\$ 131,859,914	\$ 94,837,640	\$	0	\$ 226,697,554
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**Table of Contents****Lands End, Inc. Retirement Plan****Notes to Financial Statements****Note 4. Fair Value Measurements (Continued)**

The following table sets forth by level and major category within the fair value hierarchy the Plan investment assets at fair value, as of December 31, 2010.

	Level 1	Level 2	Level 3	Total
Sears Holdings Corporation Common Stock	\$ 445,303			\$ 445,303
Registered Investment Companies				
Small Cap	19,686,675			19,686,675
Mid Cap	7,233,183			7,233,183
Large Cap	83,771,911			83,771,911
International	17,560,726			17,560,726
Bond	9,127,549			9,127,549
Common/Collective Trust Funds				
Target Date		50,777,127		50,777,127
Stable Value		42,799,801		42,799,801
Stable Value Money Market		13,241		13,241
Total Assets at Fair Value	\$ 137,825,347	\$ 93,590,169	\$ 0	\$ 231,415,516

As of December 31, 2011, there were no significant transfers between Level 1 and Level 2 assets.

For December 31, 2011, for investments in certain entities that calculate the net asset value per share as the investment's fair value measurement, the following table provides an overview, by major category, of the nature and risks associated with such investments as well as whether it is probable those investments will be sold at amounts different from their reported net asset value per share based on redemption restrictions, if any.

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**Lands End, Inc. Retirement Plan**

**Notes to Financial Statements**

**Note 4. Fair Value Measurements (Continued)**

	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Manning & Napier Retirement Target Investment Trust Funds (a)	\$ 49,988,276	\$	Daily	See footnote
Manning & Napier Retirement Target Income Fund I (b)	2,037,273		Daily	See footnote
Wells Fargo Stable Return Fund N2 (c)	42,804,958		Daily	See footnote
RiverSource Trust Collective Inv Fund Money Market Fund I (e)	7,133		Daily	See footnote
<b>Total</b>	<b>\$ 94,837,640</b>	<b>\$</b>		