



FAIRHOLME CAPITAL MANAGEMENT, L.L.C.

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BRUCE BERKOWITZ COMMENTS ON SEARS HOLDINGS CORPORATION

Dear Investors:

In January 2016, I was invited to express my views to the Board of Directors of Sears Holdings Corporation (the "Board"). As I indicated in a public conference call the next month:

"I took that opportunity to explain [to the Board] Fairholme's investment perspective on the company as a whole, as well as its various business units. This included our view regarding the need to preserve the enormous value of its assets and the imperative to promptly return to profitability. I focused on the cash burn, and how the continuation of the cash burn does not build confidence or trust among all of Sears' constituents ... [including the company's] customers, vendors, suppliers, employees, creditors, and investors. I also discussed my belief that eliminating the cash burn will do more to optimize the value of Sears' assets than any other action ... I recognize that most do not understand the vast asset base at Sears, and I recognize that most do not understand the complexity of optimizing all of the assets."

Subsequent to that meeting, I was asked to join the Board as a Director. In accepting that invitation, I believed that my Board service would enable me to better communicate Fairholme's perspective in substantially greater depth and detail than would otherwise have been the case. I believe that I have achieved that objective, and was pleased to have the opportunity to assist in developing the company's strategic restructuring program, which was announced earlier this year.

From the start, I indicated to you that I would not accept Board compensation for my service and that, consistent with many of my past board memberships, my tenure on the Board would be as limited as possible.

You will not be surprised to hear that the assets of Sears Holdings have enormous value, and that remains my view today. As the company continues to progress in executing its strategic restructuring program, I believe that I can now be of more value from outside and have therefore elected to step down from the Board at the end of this month. The Schedule 13D that was filed yesterday evening makes clear that Fairholme clients continue to beneficially own a significant interest in the common stock of Sears Holdings. Indeed, Fairholme has not sold a single share to date in 2017.

Respectfully,

Bruce Berkowitz
Chief Investment Officer