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**FOR IMMEDIATE RELEASE:**  
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**KMART INVESTIGATING PAYMENT SYSTEM INTRUSION**  
*Company Working With Leading Security Experts*  
*Malware Removed/No Personal Information Compromised*

HOFFMAN ESTATES, Ill., - On Thursday, Oct. 9 Kmart's Information Technology team detected our payment data systems had been breached and immediately launched a full investigation working with a leading IT security firm.

Our investigation to date indicates the breach started in early September. According to the security experts we have been working with, our Kmart store payment data systems were infected with a form of malware that was undetectable by current anti-virus systems. We were able to quickly remove the malware. However, we believe certain debit and credit card numbers have been compromised.

Based on the forensic investigation to date, no personal information, no debit card PIN numbers, no email addresses and no social security numbers were obtained by those criminally responsible. There is also no evidence that kmart.com customers were impacted.

It is important to note that the policies of most credit card companies state that customers have no liability for any unauthorized charges if they report them in a timely manner. To further protect our members and customers who shopped with a credit or debit card in our Kmart stores during the month of September through yesterday (Oct. 9, 2014), Kmart will be offering free credit monitoring protection.

Given the criminal nature of this attack, Kmart is working closely with federal law enforcement authorities, our banking partners and IT security firms in this ongoing investigation. We are deploying further advanced software to protect our customers' information.

We sincerely apologize for any inconvenience this may cause our members and customers. We want our members and customers to be aware of the situation and we suggest that customers carefully review and monitor their debit and credit card account statements. If customers see any sign of suspicious activity, they should immediately contact their card issuer. The most up to date information will be available on our website, [kmart.com](http://kmart.com) and customers can contact our customer care center at 888-488-5978.

**About Kmart**

Kmart, a wholly owned subsidiary of Sears Holdings Corporation (NASDAQ: SHLD), is a mass merchandising company and part of Shop Your Way, a social shopping experience where members have the ability to earn points and receive benefits across a wide variety of physical and digital formats through [shopyourway.com](http://shopyourway.com). Kmart offers customers quality products through a portfolio of

exclusive brands that include Sofia by Sofia Vergara, Jaclyn Smith, Joe Boxer, Route 66 and Smart Sense. For more information visit the company's website at [www.kmart.com](http://www.kmart.com) | Sears Holdings Corporation website at [www.searsholdings.com](http://www.searsholdings.com) | Facebook: [www.facebook.com/kmart](http://www.facebook.com/kmart).

### **Forward-Looking Statements**

Certain material presented herein includes forward-looking statements intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, but are not limited to, statements about Kmart offering free credit monitoring protection. Whenever used, words such as "will," "expect," and other terms of similar meaning are intended to identify such forward-looking statements. Forward-looking statements are subject to risks and uncertainties that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. Such statements are based upon the current beliefs and expectations of our management and are subject to significant risks and uncertainties. A detailed description of other risks relating to Holdings are set forth in our annual report on Form 10-K for the fiscal year ended February 1, 2014 and our other filings with the SEC. We intend the forward-looking statements to speak only as of the time made and, except as required by law, do not undertake to update or revise them as more information becomes available.