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**United States**  
**Securities and Exchange Commission**  
 Washington, D.C. 20549

**FORM 10-K**

**Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**  
 For the Fiscal Year Ended January 29, 2011

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)  
**3333 Beverly Road, Hoffman Estates, Illinois**  
 (Address of principal executive offices)

**20-1920798**  
 (I.R.S. Employer Identification No.)  
**60179**  
 (Zip Code)

**Registrant's telephone number, including area code: (847) 286-2500**

**Securities registered pursuant to Section 12(b) of the Act:**

Title of each class <b>Common Shares, par value \$0.01 per share</b>	Name of Each Exchange on Which Registered <b>The NASDAQ Stock Market LLC</b>
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**Securities registered pursuant to Section 12(g) of the Act:**

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

On February 26, 2011, the Registrant had 108,742,366 common shares outstanding. The aggregate market value (based on the closing price of the Registrant's common shares for stocks quoted on the NASDAQ Global Select Market) of the Registrant's common shares owned by non-affiliates (which are assumed, solely for the purpose of this calculation, to be

**SEARS HOLDINGS CORPORATION**  
**Consolidated Statements of Income**

*millions, except per share data*  
**REVENUES**

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Merchandise sales and services	\$43,326	\$44,043	\$46,770
<b>COSTS AND EXPENSES</b>			
Cost of sales, buying and occupancy	31,448	31,824	34,118
Selling and administrative	10,571	10,654	11,060
Depreciation and amortization	900	926	981
Impairment charges	—	—	360
Gain on sales of assets	<u>(67)</u>	<u>(74)</u>	<u>(51)</u>
Total costs and expenses	<u>42,852</u>	<u>43,330</u>	<u>46,468</u>
Operating income	474	713	302
Interest expense	(310)	(265)	(272)
Interest and investment income	36	33	46
Other income (loss)	<u>(14)</u>	<u>(61)</u>	<u>108</u>
Income before income taxes	186	420	184
Income taxes	<u>(36)</u>	<u>(123)</u>	<u>(85)</u>
Net income	150	297	99
Income attributable to noncontrolling interests	<u>(17)</u>	<u>(62)</u>	<u>(46)</u>
<b>NET INCOME ATTRIBUTABLE TO HOLDINGS' SHAREHOLDERS</b>	<u>\$ 133</u>	<u>\$ 235</u>	<u>\$ 53</u>
<b>EARNINGS PER COMMON SHARE ATTRIBUTABLE TO HOLDINGS' SHAREHOLDERS</b>			
Basic earnings per share	\$ 1.19	\$ 1.99	\$ 0.42
Diluted earnings per share	\$ 1.19	\$ 1.99	\$ 0.42
Basic weighted average common shares outstanding	111.5	117.8	127.0
Diluted weighted average common shares outstanding	111.7	117.9	127.0

See accompanying Notes to Consolidated Financial Statements.

**SEARS HOLDINGS CORPORATION**  
**Consolidated Balance Sheets**

<i>millions, except per share data</i>	<u>January 29, 2011</u>	<u>January 30, 2010</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 1,375	\$ 1,689
Restricted cash	15	11
Accounts receivable	683	652
Merchandise inventories	9,123	8,705
Prepaid expenses and other current assets	312	351
Deferred income taxes	27	30
Total current assets	<u>11,535</u>	<u>11,438</u>
Property and equipment		
Land	2,055	2,059
Buildings and improvements	6,343	6,193
Furniture, fixtures and equipment	2,918	2,766
Capital leases	399	374
Gross property and equipment	11,715	11,392
Less accumulated depreciation	<u>(4,350)</u>	<u>(3,683)</u>
Total property and equipment, net	7,365	7,709
Goodwill	1,392	1,392
Trade names and other intangible assets	3,139	3,208
Other assets	837	1,061
<b>TOTAL ASSETS</b>	<u>\$ 24,268</u>	<u>\$ 24,808</u>
<b>LIABILITIES</b>		
Current liabilities		
Short-term borrowings	\$ 360	\$ 325
Current portion of long-term debt and capitalized lease obligations	509	482
Merchandise payables	3,101	3,335
Other current liabilities	3,115	3,098
Unearned revenues	976	1,012
Other taxes	557	534
Total current liabilities	<u>8,618</u>	<u>8,786</u>
Long-term debt and capitalized lease obligations	2,663	1,698
Pension and postretirement benefits	2,151	2,271
Other long-term liabilities	2,222	2,618
Total Liabilities	<u>15,654</u>	<u>15,373</u>
<b>EQUITY</b>		
Sears Holdings Corporation equity		
Preferred stock, 20 shares authorized; no shares outstanding	—	—
Common stock \$0.01 par value; 500 shares authorized; 109 and 115 shares outstanding, respectively	1	1
Treasury stock – at cost	(5,826)	(5,446)
Capital in excess of par value	10,185	10,465
Retained earnings	4,930	4,797
Accumulated other comprehensive loss	<u>(779)</u>	<u>(721)</u>
Total Sears Holdings Corporation equity	8,511	9,096
Noncontrolling interest	103	339
Total Equity	<u>8,614</u>	<u>9,435</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<u>\$ 24,268</u>	<u>\$ 24,808</u>

See accompanying Notes to Consolidated Financial Statements.

**SEARS HOLDINGS CORPORATION**  
**Consolidated Statements of Cash Flows**

<i>millions</i>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income	\$ 150	\$ 297	\$ 99
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	900	926	981
Impairment charges	—	—	360
Gain on sales of assets	(67)	(74)	(51)
Pension and post-retirement plan contributions	(316)	(209)	(286)
Settlement of Canadian dollar hedges	(3)	—	(64)
Change in operating assets and liabilities (net of acquisitions and dispositions):			
Deferred income taxes	(20)	90	(385)
Merchandise inventories	(366)	188	1,003
Merchandise payables	(264)	272	(389)
Income and other taxes	(35)	101	(173)
Mark-to-market asset on Sears Canada U.S. dollar collar contracts	7	65	(74)
Other operating assets	4	48	207
Other operating liabilities	140	(197)	(236)
Net cash provided by operating activities	<u>130</u>	<u>1,507</u>	<u>992</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisitions of businesses, net of cash acquired	—	—	(37)
Proceeds from sales of property and investments	35	23	86
Net decrease (increase) in investments and restricted cash	—	166	(189)
Purchases of property and equipment	(441)	(361)	(497)
Net cash used in investing activities	<u>(406)</u>	<u>(172)</u>	<u>(637)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Stock issued under executive compensation plans	—	13	—
Proceeds from debt issuances	1,452	—	17
Repayments of long-term debt	(486)	(335)	(262)
Increase (decrease) in short-term borrowings, primarily 90 days or less	35	(117)	280
Debt issuance costs	(30)	(81)	—
Purchase of Sears Canada shares	(603)	(7)	—
Sears Canada dividends paid to minority shareholders	(69)	—	—
Purchase of treasury stock	(394)	(424)	(678)
Net cash used in financing activities	<u>(95)</u>	<u>(951)</u>	<u>(643)</u>
Effect of exchange rate changes on cash and cash equivalents	57	132	(161)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>(314)</u>	<u>516</u>	<u>(449)</u>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>1,689</u>	<u>1,173</u>	<u>1,622</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$1,375</u>	<u>\$1,689</u>	<u>\$1,173</u>
<b>SUPPLEMENTAL DISCLOSURE ABOUT NON-CASH INVESTING AND FINANCING ACTIVITIES:</b>			
Bankruptcy related settlements resulting in the receipt of treasury stock	\$ —	\$ —	\$ 12
Capital lease obligation incurred	17	7	12
<b>Supplemental Cash Flow Data:</b>			
Income taxes paid (refunds received)	59	(70)	107
Cash interest paid	180	185	207

See accompanying Notes to Consolidated Financial Statements.

**SEARS HOLDINGS CORPORATION**  
**Consolidated Statements of Equity**

<i>dollars and shares in millions</i>	Equity Attributable to Holdings' Shareholders							<b>Total</b>
	Number of Shares	Common Stock	Treasury Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	
Balance at February 2, 2008	132	\$ 1	\$ (4,331)	\$ 10,419	\$ 4,509	\$ 69	\$ 313	\$10,980
Comprehensive income (loss)								
Net income	—	—	—	—	53	—	46	99
Pension and postretirement adjustments, net of tax	—	—	—	—	—	(604)	59	(545)
Cumulative translation adjustment, net of tax	—	—	—	—	—	(77)	(95)	(172)
Total Comprehensive Loss								(618)
Stock awards	—	—	2	(8)	—	—	—	(6)
Pre-petition tax settlements	—	—	—	23	—	—	—	23
Bankruptcy related settlement agreements	—	—	(12)	7	—	—	—	(5)
Shares repurchased	(10)	—	(678)	—	—	—	—	(678)
Associate stock purchase	—	—	7	—	—	—	—	7
Other	—	—	—	—	—	—	(4)	(4)
Balance at January 31, 2009	122	1	(5,012)	10,441	4,562	(612)	319	9,699
Comprehensive income								
Net income	—	—	—	—	235	—	62	297
Pension and postretirement adjustments, net of tax	—	—	—	—	—	(197)	(62)	(259)
Deferred gain on derivative, net of tax	—	—	—	—	—	6	—	6
Cumulative translation adjustment, net of tax	—	—	—	—	—	82	28	110
Total Comprehensive Income								154
Proceeds from exercise of stock options	—	—	16	(3)	—	—	—	13
Stock awards	—	—	(32)	29	—	—	—	(3)
Purchase of Sears Canada shares	—	—	—	(2)	—	—	(5)	(7)
Shares repurchased	(7)	—	(424)	—	—	—	—	(424)
Associate stock purchase	—	—	6	—	—	—	—	6
Other	—	—	—	—	—	—	(3)	(3)
Balance at January 30, 2010	115	1	(5,446)	10,465	4,797	(721)	339	9,435
Comprehensive income								
Net income	—	—	—	—	133	—	17	150
Pension and postretirement adjustments, net of tax	—	—	—	—	—	(41)	29	(12)
Deferred gain on derivative, net of tax	—	—	—	—	—	(9)	—	(9)
Cumulative translation adjustment, net of tax	—	—	—	—	—	68	25	93
Total Comprehensive Income								222
Proceeds from exercise of stock options	—	—	—	—	—	—	—	—
Stock awards	—	—	10	(11)	—	—	—	(1)
Purchase of Sears Canada shares	—	—	—	(269)	—	(76)	(236)	(581)
Sears Canada dividend paid to minority shareholders	—	—	—	—	—	—	(69)	(69)
Shares repurchased	(6)	—	(394)	—	—	—	—	(394)
Associate stock purchase	—	—	4	—	—	—	—	4
Other	—	—	—	—	—	—	(2)	(2)
Balance at January 29, 2011	109	1	(5,826)	10,185	4,930	(779)	103	8,614

See accompanying Notes to Consolidated Financial Statements.