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*Consumer Privacy Ombudsman*

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

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In re	:	
	:	Chapter 11
SEARS HOLDINGS CORPORATION, <i>et al.</i> <sup>1</sup> ,	:	
	:	Case No. 18-23538 (RDD)
	:	
Debtors.	:	(Jointly Administered)
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**REPORT OF THE CONSUMER PRIVACY OMBUDSMAN**  
**(SALE OF SEARS HOME IMPROVEMENT BUSINESS)**

<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are as follows: Sears Holdings Corporation (0798); Kmart Holding Corporation (3116); Kmart Operations LLC (6546); Sears Operations LLC (4331); Sears, Roebuck and Co. (0680); ServiceLive Inc. (6774); A&E Factory Service, LLC (6695); A&E Home Delivery, LLC (0205); A&E Lawn & Garden, LLC (5028); A&E Signature Service, LLC (0204); FBA Holdings Inc. (6537); Innovel Solutions, Inc. (7180); Kmart Corporation (9500); MaxServ, Inc. (7626); Private Brands, Ltd. (4022); Sears Development Co. (6028); Sears Holdings Management Corporation (2148); Sears Home & Business Franchises, Inc. (6742); Sears Home Improvement Products, Inc. (8591); Sears Insurance Services, L.L.C. (7182); Sears Procurement Services, Inc. (2859); Sears Protection Company (1250); Sears Protection Company (PR) Inc. (4861); Sears Roebuck Acceptance Corp. (0535); Sears, Roebuck de Puerto Rico, Inc. (3626); SYW Relay LLC (1870); Wally Labs LLC (None); Big Beaver of Florida Development, LLC (None); California Builder Appliances, Inc. (6327); Florida Builder Appliances, Inc. (9133); KBL Holding Inc. (1295); KLC, Inc. (0839); Kmart of Michigan, Inc. (1696); Kmart of Washington LLC (8898); Kmart Stores of Illinois LLC (8897); Kmart Stores of Texas LLC (8915); MyGofer LLC (5531); Sears Brands Business Unit Corporation (4658); Sears Holdings Publishing Company, LLC. (5554); Sears Protection Company (Florida), L.L.C. (4239); SHC Desert Springs, LLC (None); SOE, Inc. (9616); StarWest, LLC (5379); STI Merchandising, Inc. (0188); Troy Coolidge No. 13, LLC (None); BlueLight.com, Inc. (7034); Sears Brands, L.L.C. (4664); Sears Buying Services, Inc. (6533); Kmart.com LLC (9022); and Sears Brands Management Corporation (5365). The location of the Debtors’ corporate headquarters is 3333 Beverly Road, Hoffman Estates, Illinois 60179.

The Debtors also include SHC Licensed Business LLC (3718), filed as Case No. 18-23616 and SHC Promotions LLC (9626), filed as Case No. 18-23630 (the “Additional Debtors”). The Additional Debtors each filed a motion in their respective chapter 11 cases requesting joint administration with the Debtors for procedural purposes only pursuant to Rule 1015(b) of the Bankruptcy Rules.

TO THE HONORABLE ROBERT D. DRAIN,  
UNITED STATES BANKRUPTCY JUDGE:

Elise S. Frejka, the consumer privacy ombudsman<sup>2</sup> in the above-captioned cases (the “Ombudsman”) files this report (the “Report”) <sup>3</sup> to assist the Bankruptcy Court in its consideration of the facts, circumstances and conditions of the proposed sale (the “Sale”) of personally identifiable information (“PII”) <sup>4</sup> of consumers of the home improvement business (the “SHIP Business”) of Sears Holdings Corporation and its debtor affiliates (collectively, the “Debtors”) to Service.com, Inc. (the “Proposed Buyer”) pursuant to the SHIP Asset Purchase Agreement dated as of November 2, 2018, as may be amended or supplemented (the “Asset Purchase Agreement”).

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<sup>2</sup> See Stipulation and Agreed Order with Respect to Appointment of Consumer Privacy [Dkt. No. 999]; Notice of Appointment of Consumer Privacy Ombudsman [Dkt. No. 1009].

<sup>3</sup> The Ombudsman provided a draft of this Report to counsel for the Debtors and counsel for the Proposed Buyer. Certain comments of the Proposed Buyer have been incorporated herein.

<sup>4</sup> Pursuant to 11 U.S.C. § 101(41A), [t]he term “PII” means—

(A) if provided by an individual to the debtor in connection with obtaining a product or a service from the debtor primarily for personal, family, or household purposes—

- (i) the first name (or initial) and last name of such individual, whether given at birth or time of adoption, or resulting from a lawful change of name;
- (ii) the geographical address or a physical place of residence of such individual;
- (iii) an electronic address (including an e-mail address) of such individual;
- (iv) a telephone number dedicated to contacting such individual at such physical place of residence;
- (v) a social security account number issued to such individual; or
- (vi) the account number of a credit card issued to such individual[.]

11 U.S.C. § 101(41A)

Based upon her review of the relevant facts and circumstances, the Consumer Privacy Ombudsman will recommend to the Bankruptcy Court that PII that was collected from U.S. customers of the SHIP Business (the “Customer Data”) may be sold and transferred to the Proposed Buyer; provided that:

- a. The scope of the Customer Data is limited to consumer files created on or after September 9, 2008. To the extent the Proposed Buyer determines that it wants to acquire customer transaction data from prior to September 9, 2008, such files may be transferred but only to the extent that they are de-identified and anonymized such that no PII is transferred other than a consumer’s zip code.
- b. The Proposed Buyer agrees, with respect to the SHIP Business only and only with for the period on and after January 29, 2017, to (i) adopt the Debtors’ privacy policy (the “Privacy Policy”) that was in effect on the Petition Date or a privacy policy that is at least as protective of consumer privacy; (ii) adhere to all material terms of the Privacy Policy; and (iii) be liable for any violation of the Privacy Policy after the closing of the Sale (the “Closing”).
- c. The Proposed Buyer agrees to notify consumers of the Sale by emailing, to the extent email addresses are available, within sixty (60) days of the Closing, a notice which clearly and conspicuously advises that: (i) the Proposed Buyer is the successful bidder for the SHIP Business; (ii) as a result of the Sale, the Proposed Buyer purchased PII of customers of the Debtors; (iii) the Proposed Buyer will adhere to the Privacy Policy or a privacy policy that is at least as protective of consumer privacy; and (iv) their email addresses and transaction history has been transferred to the Proposed Buyer. The email notification should contain a hyperlink for customers to effectuate any opt-out request.
- d. Except for Customer Data that may be subject to litigation holds, which Customer Data should be retained by the Debtors, or any successor trust, through the conclusion of such litigation and thereafter destroyed, the Debtors should (i) destroy or cause to be destroyed within sixty (60) days of the Closing, in a manner consistent with industry standard data security protections and applicable information security laws and best practices, all Customer Data associated with the SHIP Business.
- e. The Proposed Buyer agrees that prior to making any material change to the Privacy Policy, including any changes to the use or disclosure of PII, the Proposed Buyer will, to the extent required by applicable law: (i) provide consumers with notice of the proposed change; (ii) direct

consumers to the Proposed Buyer's privacy policy; and (iii) provide each consumer with the opportunity to opt-out to the proposed change to the privacy policy with any such modifications only being binding on those consumers who do not opt-out.

- f. The Proposed Buyer agrees to safeguard all PII in a manner consistent with industry standard data security protections and applicable information security laws and best practices.
- g. The Proposed Buyer agrees to destroy all PII for which it determines it has no reasonable business need.

### **Background**

1. Beginning on October 15, 2018 (the "Commencement Date") and continuing thereafter, each of the Debtors commenced with this Bankruptcy Court a voluntary case under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"). The Debtors are authorized to continue to operate their business and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

2. On October 24, 2018, the United States Trustee for Region 2 appointed an official committee of unsecured creditors (the "Creditors' Committee"). No trustee or examiner has been appointed in these chapter 11 cases.

3. The Debtors' chapter 11 cases are being jointly administered for procedural purposes only pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules").

4. On November 3, 2018, the Debtors filed the Motion of Debtors for Entry of an Order (i)(A) Approving Bidding Procedures for Sale of Sears Home Improvement Business, (B) Approving Stalking Horse Bid Protections, (C) Scheduling Auction for and Hearing to Approve Sale of Sears Home Improvement Business, (D) Approving Form and Manner of Notice of Sale, Auction, and Sale Hearing, (E) Approving Assumption and Assignment Procedures, (ii)

Approving the Sale of Sears Home Improvement Business in Accordance with the Stalking Horse Agreement and (iii) Granting Related Relief (the “Sale Motion”) [Dkt. No. 450].

5. The Sale Motion contemplates that the Debtors will sell to the Proposed Buyer, among other things, “all data (including personally identifiable information) to the extent relating to the customers or consumers of the Business and collected in the context of such Persons acting in their capacity as customers or consumers of the Business, including customer lists, customer information and all installation, repair or other servicing history.” See Asset Purchase Agreement at A-5.

6. On November 16, 2018, the Bankruptcy Court entered that certain Order (i)(A) Approving Bidding Procedures for Sale of Sears Home Improvement Business, (B) Approving Stalking Horse Bid Protections, (C) Scheduling Auction for and Hearing to Approve Sale of Sears Home Improvement Business, (D) Approving Form and Manner of Notice of Sale, Auction, and Sale Hearing, (E) Approving Assumption and Assignment Procedures, (ii) Approving the Sale of Sears Home Improvement Business in Accordance with the Stalking Horse Agreement and (iii) Granting Related Relief (the “Bidding Procedures Order”) [Dkt. No. 775].

7. The Debtors did not receive any Qualified Bids (as such term is defined in the Sale Motion) other than the bid of the Proposed Buyer prior to the deadline of December 11, 2018, the auction was cancelled, and the Debtors will seek approval of the Sale to the Proposed Buyer at a hearing before the Bankruptcy Court scheduled for December 18, 2018. See Notice of Cancellation of Auction for the Sale of Sears Home Improvement Business [Dkt. No. 1181].

**Review of the Debtors' Privacy Policies and Practices**

8. In performing her duties, the Ombudsman has relied upon and reviewed, among other things, the following:

- a. The Debtors' Privacy Policy in effect on the Petition Date and all prior privacy policies in effect after September 8, 2008;
- b. Telephone interviews and discussions with counsel for the Debtors and internal representatives of the Debtors, including Laura Clark and Luke Valentino;
- c. The Sale Motion and the Bidding Procedures Order;
- d. The Debtors' privacy practices and collection procedures concerning PII, including the Debtors' database maintenance procedures for PII, and their procedures for the sharing and use of such information;
- e. Research and review of case law, commentaries, and court orders from bankruptcy cases involving the sale of PII;
- f. Applicable United States federal and state privacy laws, regulations, enforcement actions, guidance and industry best practices;
- g. The Asset Purchase Agreement; and
- h. The privacy policy of the Proposed Buyer available at <http://www.service.com/privacy>

**Customer Information Collected by the Debtors and the Debtors' Privacy Policy**

9. The facts in this Report are based solely upon the Ombudsman's information and belief, based upon her discussions with representatives of the Debtors and information provided by the Debtors.

10. The SHIP business, as stated in the Sale Motion, is the leading provider of home improvement services nationwide, with over 2,000 active service professionals and independent service contractors. SHIP services include home improvement services, including flooring, kitchen remodeling, exteriors replacement services for entry doors, siding, roofing, windows, and

garage doors, HVAC systems, and dehumidifier/humidifier and water heater maintenance, and repair services. Sale Motion at ¶ 2. To the extent customers require financing of their home improvement projects, the Debtors facilitate this process by providing access to third party financing options.

11. The Sale Motion contemplates the sale of PII collected from consumers of the SHIP Business. In the aggregate, since 2008, the Debtors have collected PII from approximately 650,000 consumers consisting generally of customer names, physical addresses, email addresses, the specifics of the home improvement project, warranty information,<sup>5</sup> project notes, and, if the project is financed, income and credit information. The Debtors have advised the Ombudsman that all credit and income information is either encrypted or tokenized and purged after 180 days. This consumer information is PII as the Bankruptcy Code defines such term.

12. The Debtors have further advised the Ombudsman that the Customer Data is specific to the SHIP Business and is not included or cross-referenced in the general customer database of the Debtors. To the extent a customer, for example, contracts to remodel a kitchen and requires appliances, the appliance purchase is handled separately from the home improvement project and different business units are involved.

13. The Debtors have a single privacy policy (the “Privacy Policy”) applicable across all business lines. Since September 8, 2008, each iteration of the privacy policy has contained a nearly identical statement that:

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<sup>5</sup> The Debtors have advised the Ombudsman that the longest warranty or service contract offered by the Debtors is 10 years and that a majority of customers purchase an extended warranty or service contract. Transferring the Customer Data from September 8, 2008 to the present will allow the Proposed Buyer to continue to service these customers without interruption and is in the best interests of consumers and consistent with the Debtors’ privacy policy.

Sears Holdings may sell, transfer and/or share PII with third parties in connection with a merger, reorganization, joint venture, assignment, spin-off, transfer or sale or disposition of all or any portion of our business, and in the event of a store closing or bankruptcy.

See Privacy Policy attached hereto as Exhibit A. The Debtors' predecessor privacy policy, effective October 26, 2011 through July 5, 2015, permitted the transfer or sale of PII but contained a requirement that the Debtors notify consumers of any such transaction, but this requirement was not carried forward to the current Privacy Policy that was adopted on July 6, 2015. The pre-2008 privacy policy did not contain this explicit language and the relevance of these older customer files has not been established.

14. The Privacy Policy permits the transfer of PII and related customer files in connection with a sale of assets and the proposed Sale is within the permissible confines of how the Debtor may share or transfer PII. However, the Ombudsman is of the opinion that notice to consumers remains prudent even if the Privacy Policy permits the transfer given the de minimus cost associated with notice.

#### Analysis

15. Section 363(b)(1) of the Bankruptcy Code governs a debtor's ability to "use, sell, or lease" Personally Identifiable Information. Generally, a debtor may not sell or lease Personally Identifiable Information if, at the time of the commencement of a bankruptcy case, the debtor's privacy policy prohibits the transfer of Personally Identifiable Information to unaffiliated entities.<sup>6</sup> Notwithstanding this general prohibition, a sale is permitted, pursuant to section 363(b)(1)(B) of the Bankruptcy Code, if:

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<sup>6</sup> See 11 U.S.C. § 363(b)(1).



after the appointment of a consumer privacy ombudsman, the court approves the sale (i) giving consideration to the facts, circumstances, and conditions of the sale and (ii) finding that no showing was made that the sale would violate applicable nonbankruptcy law.<sup>7</sup>


16. Here, the Privacy Policy does not contain a restriction on the Debtors' ability to sell or transfer PII to a third party. However, the Ombudsman recommends that notice to consumers be provided and that consumers have the opportunity to opt-out of the transfer to the extent that they do not want their PII shared.

**Conclusion**

17. In summary, the Ombudsman believes that the recommendations in this Report strike an appropriate balance between the privacy rights of consumers and practical considerations associated with the sale of the Customer Data of the SHIP Business.

Dated: New York, New York  
December 17, 2018

RESPECTFULLY SUBMITTED,

  
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*Consumer Privacy Ombudsman*

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<sup>7</sup> See 11 U.S.C. § 363(b)(1)(B).

ORDER BY 11:59PM CST ON DECEMBER 16TH TO GET IT BY CHRISTMAS WITH FREE SHIPPING

([https://www.sears.com/en\\_us/dap/holiday-](https://www.sears.com/en_us/dap/holiday-)

[shipping.html](#))



## Policies

## Privacy Policy

### Last Updated July 6, 2015:

#### Terms of Use

([/en\\_us/customer-service/policies/terms-of-use.html](/en_us/customer-service/policies/terms-of-use.html))

This website or mobile application ("Site") is owned and operated by a Sears Holdings Corporation entity or licensee (which does not include Sears Hometown and Outlet Stores, Inc.). At Sears Holdings, we want to ensure that you understand what information we gather about you, how we use it, and the safeguards we have in place designed to protect it. This Privacy Policy applies to information collected through this Site.

#### License Information

([/en\\_us/customer-service/policies/license-information.html](/en_us/customer-service/policies/license-information.html))

**Please note that on April 7, 2014 Sears Holdings completed a spinoff of our subsidiary Lands' End, which maintains its own privacy policy. You may view Lands' End's privacy policy by clicking here:** [http://www.landsend.com/customerservice/legal\\_policies/privacy/](http://www.landsend.com/customerservice/legal_policies/privacy/) ([http://www.landsend.com/customerservice/legal\\_policies/privacy/](http://www.landsend.com/customerservice/legal_policies/privacy/)).

#### Price Match Policy

([/en\\_us/customer-service/policies/price-match-policy.html](/en_us/customer-service/policies/price-match-policy.html))

Sears Holdings may update this Privacy Policy from time to time. Please check this Privacy Policy periodically for changes. If we make any changes, the updated policy will be posted to this Site with a revised "last updated" date. We encourage you to periodically review this page for the latest information on our privacy practices.

Your use of this Site, and any disputes arising from it, are subject to this Privacy Policy as well as our Terms of Use and all of its dispute resolution provisions, including arbitration, class action waiver, limitation on damages and choice of law.

#### Sears Return Policy

([/en\\_us/customer-service/policies/sears-store-returnpolicy.html](/en_us/customer-service/policies/sears-store-returnpolicy.html))

### Get answers and information about:

What Type of Information Do We Collect and How Do We Use It?

What Information Do We Share and with Whom?

Can I Disable Cookies?

How Do We Handle Personally Identifiable Information Collected from Children?

I Am a Minor, How Can I Remove My Posted Content?

#### California Transparency Act

([/en\\_us/customer-service/policies/california-transparencyact.html](/en_us/customer-service/policies/california-transparencyact.html))

What About Links to Other Sites?

Interest-Based Ads - Online Advertisements

#### California Privacy Policy

([/en\\_us/customer-service/policies/california-privacypolicy.html](/en_us/customer-service/policies/california-privacypolicy.html))

Is My Information Secure?

How Can I Access My Information?

Can I "Opt-Out" of Receiving Promotional E-mails?

#### Pricing Policy

([/en\\_us/customer-service/policies/pricing-policy.html](/en_us/customer-service/policies/pricing-policy.html))

Where Is My Information Stored?

How May I Contact You?

#### Privacy Policy

### What Type of Information Do We Collect and How Do We Use It?

#### Payment Methods

([/en\\_us/customer-service/policies/payment-methods.html](/en_us/customer-service/policies/payment-methods.html))

We may collect personally identifiable information ("PII" - for example, your full name, email address, mailing address, telephone number, mobile phone number or credit card number) from you when you voluntarily submit the information to us, such as when you purchase items from us, sign up for one of our services or programs or register with our Site. We may also collect PII from you--either directly or via a third party--in other ways, including, without limitation, if you choose to subscribe to our email program; participate in

#### Interest-Based

<p>Ads (/en_us/customer-service/policies/interest-based-ads.html)</p>	<p>sweepstakes, contests, surveys, and polls; participate in our Personal Shopper program; post content or suggestions on this Site; or use any of this Site's other features that otherwise permit you to provide information or other content.</p>
<p>Secure Transactions (/en_us/customer-service/policies/secure-transactions.html)</p>	<p>We also may collect other information about you, including, without limitation, demographic information (such as number of household members, age, and gender) and information about your purchase preferences directly from you (whether online or offline) or from third parties such as public databases, social media platforms, data append services and others. In addition, we may collect information (such as your interests, hobbies, lifestyle choices, groups with which you are affiliated, products you want, like or own) from you as you use this Site and when you choose to provide this information to us through any interaction with this Site or otherwise.</p>
<p>Nutritional Policy (/en_us/customer-service/policies/nutritional-policy.html)</p>	<p>We may use the information we collect from and about you to: process and fulfill your order, notify you of your order status, prevent fraud and otherwise provide you with customer service; respond to your inquiries and requests; create an account and register you as a registered Site user ("Registered User") and/or Shop Your Way member ("Member"); for marketing purposes and to send you information regarding this Site and other Sears Holdings Sites, as well as about our products, programs or services; provide you with mobile alerts, if you have requested them; customize your experience on this Site and on other Sears Holdings Sites; provide you with relevant offers, products and services; permit you to use this Site's social networking features; or provide you with other services. Please note that message and data fees may apply if you register for mobile alerts. We may also use the PII we collect from and about you for our business purposes, such as data analysis, audits, developing new products and services, enhancing our Sites, improving our services, personalizing your experiences, identifying usage trends and determining the effectiveness of our promotional campaigns.</p>
<p>Recycling (/en_us/customer-service/policies/recycling.html)</p>	<p>We use single sign-on services that allow you to sign into this Site using your third-party social networking login credentials for accounts such as Facebook, Google or Yahoo. This allows you to link your existing social network profile to your Site account. Once connected, you will be able to post content on the third-party website from this Site and interact with your friends from the third-party site(s). Any information or content that you post to the third-party website will be subject to that website's own privacy policy. We may also access and use available information from your third-party social network profile, such as your name, location, profile picture and information, gender, list of friends, friends' profiles or postings, email address, wall postings and news feed.</p>
<p>Sears Holdings Associate (/en_us/customer-service/policies/sears-holdings-associates.html)</p>	<p>We may use your PII to allow you to send messages to a friend through this Site. By using this functionality, you are telling us that you are entitled to use and provide us with your friend's name and email address.</p>
<p>Auctions (/en_us/customer-service/policies/Auctions.html)</p>	<p>Some Site features may make use of your device attributes and settings that will allow our Site to determine your physical location. Such technologies may include IP address mapping, WiFi, GPS signals, cell tower positioning or other technologies. We use this information to enhance and personalize your experience and provide you with offers, products and services that may be of interest to you. For example, this Site may help you find your closest store or send you messages that may be of interest to you based on your current location. Sears Holdings has no control over your device settings, but we do recommend enabling location services on your device so you can take advantage of the location based features and functionality offered by this Site.</p>
<p>Price Match Form (/en_us/customer-service/policies/price-match-form.html)</p>	<p>Non-PII may be collected from you by means of cookies, pixel tags (also called web beacons or clear gifs), local shared objects and other technologies. Cookies are small bits of information that this Site places on your computer. We and our third party service providers use these technologies to identify your IP address, browser type, device characteristics, domain name, referring urls and specific links and web pages through which you click. This data is collected automatically and utilized for data analytics, site operations, fraud prevention and to help us improve this Site and your overall experience. This technology also allows us to recognize you when you return to this Site and to provide you with a customized experience that we feel will be of value to you. We may use and disclose non-PII in any manner for any purpose, except where prohibited under applicable law.</p>
<p>Price Protection Form (/en_us/customer-service/policies/price-protectionform.html)</p>	
<p>Sears Return Policy (/en_us/customer-service/policies/sears-store-returnpolicy-bak.html)</p>	

## More Information

### What Information Do We Share and With Whom?

Store Info  
(<https://www.sears.com/stores.html?adcell=customer-service-contact-local-store>)

We may share your PII with members of the Sears Holdings family of businesses to provide you with products or services that you have requested, to provide you with promotional offers we believe will be of interest to you and for any other purpose described in this Privacy Policy. The Sears Holdings family of businesses includes all Sears Holdings affiliates, as well as other selected third party businesses with which Sears Holdings or its affiliates have a relationship and which have agreed to appropriate restrictions on the disclosure and use of your information. We do not rent or sell your PII to marketers outside the Sears Holdings family of businesses, unless indicated in this Privacy Policy or you otherwise authorize us to do so.

Shipping  
(<https://www.sears.com/customer-service/shipping-delivery-returns/shipping-methods.html>)

Sears Holdings may make third party applications available to you on our Sites and you may choose to authorize us to share your information with the application and its publisher. We require third parties who publish applications on our Sites to give you notice of their own privacy policy, which you should review prior to authorizing the application to access your information.

Product Info  
([https://www.sears.com/en\\_us/dap/sears-protection-agreements.html](https://www.sears.com/en_us/dap/sears-protection-agreements.html))

We may disclose your PII to identify you to anyone to whom you send messages through this Site. You may disclose your own PII on message boards, chat, profile pages, blogs and other social networking features and services to which you are able to post information and materials. Please note that any information you post or disclose through these services may be available to Site visitors and to the general public, depending on the particular service and any privacy settings in place (such as through your profile).

We may disclose your PII to identify you to anyone to whom you send messages through this Site. You may disclose your own PII on message boards, chat, profile pages, blogs and other social networking features and services to which you are able to post information and materials. Please note that any information you post or disclose through these services may be available to Site visitors and to the general public, depending on the particular service and any privacy settings in place (such as through your profile).

We may share your PII with service providers and other third parties that need access to your information to provide operational or other support services, such as payment processors, shipping agents, and product fulfillment vendors. These third parties must agree to appropriate restrictions on the disclosure and use of your information. Unless otherwise disclosed to you, these third parties are prohibited from using your PII for their own marketing purposes.

We may provide information about you, which may include PII, to regulatory authorities and law enforcement officials in accordance with applicable law, when we otherwise believe in good faith that the law requires it or to respond to requests from government authorities. There may be instances when we may use or disclose your PII in order to protect or defend the legal rights, property or operations of Sears Holdings or our employees or agents; to protect the rights, privacy, safety or security of users, members or others; to protect against fraud; and to allow us to pursue available remedies or limit the damages that we may sustain.

Sears Holdings may sell, transfer and/or share PII with third parties in connection with a merger, reorganization, joint venture, assignment, spin-off, transfer or sale or disposition of all or any portion of our business, and in the event of a store closing or bankruptcy.

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## Can I Disable Cookies?

Most web browsers allow you to exercise control over cookie files on your computer by erasing them, blocking them, or notifying you when such a file is stored. Please take a look at your particular browser for instructions on this function.

We may also use Flash Cookies, LSOs and other technologies to, among other things, collect and store information about your use of the Services, fraud prevention and other site operations. If you do not want Flash LSOs stored on your computer, you can adjust the settings of your Flash player to block Flash LSO storage using the tools contained in the Website Storage Settings Panel ([http://www.macromedia.com/support/documentation/en/flashplayer/help/settings\\_manager07.html](http://www.macromedia.com/support/documentation/en/flashplayer/help/settings_manager07.html)). You can also control Flash LSOs by going to the Global Storage Settings Panel ([http://www.macromedia.com/support/documentation/en/flashplayer/help/settings\\_manager03.html](http://www.macromedia.com/support/documentation/en/flashplayer/help/settings_manager03.html)) and following the instructions (which may include instructions that explain, for example, how to delete existing Flash LSOs (referred to "information" on the Macromedia site), how to prevent Flash LSOs from being placed on your computer without your being asked, and (for Flash Player 8 and later) how to block Flash LSOs that are not being delivered by the operator of the page you are on at the time). Please note that setting the Flash Player to restrict or limit acceptance of Flash LSOs may reduce or impede the functionality of some Flash applications, including, potentially, Flash applications used in connection with the Services or our online content.

If you do elect to disable cookies, please note that you may not be able to take full advantage of a personalized experience on this Site and on other Sears Holdings Sites.

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## How Do We Handle Personally Identifiable Information Collected from Children?

This Site is a general audience site and we do not knowingly collect personal information from children under

13 years of age. In the event a Sears Holdings Site or portion thereof is directed to children under 13, the Site will contain a Children's Online Privacy Policy that complies with the Children's Online Privacy Protection Act.

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## I Am a Minor, How Can I Remove My Posted Content?

If you are under 18 and a Registered User or Member, you may ask us to remove content or information that you have posted to the Site. To remove posted content or information on shopyourway.com, please write to support@shopyourway.com (mailto:support@shopyourway.com). To remove posted content or information from any other Site, please write to CAPrivacyRights@Customerservice.sears.com (mailto:CAPrivacyRights@Customerservice.sears.com). Please note that your request does not ensure complete or comprehensive removal of the content or information, as, for example, some of your content may have been reposted by another user.

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## What About Links to Other Sites?

This Site may contain links to other websites or applications that are not owned and operated by Sears Holdings. In addition, some of our Sites feature content drawn directly from third party websites using a technique known as i-framing or simply "framing." These frames allow you to view and interact directly with the third party website from within our Site. Sears Holdings is not responsible for the privacy practices of non-affiliated websites or applications, including, without limitation, those that are linked to or framed on this Site. You should read the privacy statements of each and every website and application that collects PII.

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## Interest-Based Ads - Online Advertisements

This Site may display ads from other companies. We also partner with third-party service providers to serve ads on our behalf on other non-affiliated third party sites or apps. Some of the ads on this Site or on third party sites or apps may be personalized, meaning that they are intended to be relevant to you based on what we or the online advertising network serving the ad know about you or your device's browsing activity. For example, anonymous information collected by our ad networks or other third-party service providers across multiple sites that you visit may enable the ad network to predict your preferences and show you ads that are most likely to be of interest to you. We may share your information with our service providers to permit them to recognize and serve targeted ads to you across the different devices you use. Before we share your information, we transform, or "hash", it so that it is not in personally identifiable form.

If you do not wish to receive personalized advertising from us on other mobile or desktop sites, please visit the Network Advertising Initiative Opt-Out page ([http://www.networkadvertising.org/managing/opt\\_out.asp](http://www.networkadvertising.org/managing/opt_out.asp)). You may download the AppChoices app at [www.aboutads.info/appchoices](http://www.aboutads.info/appchoices) (<http://www.aboutads.info/appchoices>) to opt out of personalized in-app advertising.

The Network Advertising Initiative offers useful information about internet advertising companies, including information about how to opt-out of interest-based advertising by their members. See <http://www.networkadvertising.org> (<http://www.networkadvertising.org/>) for general information about the NAI and [http://www.networkadvertising.org/managing/opt\\_out.asp](http://www.networkadvertising.org/managing/opt_out.asp) ([http://www.networkadvertising.org/managing/opt\\_out.asp](http://www.networkadvertising.org/managing/opt_out.asp)) for the opt-out page. You may also visit <http://www.aboutads.info/consumers/> (<http://www.aboutads.info/consumers/>) to learn about online behavioral advertising and how to opt-out from online or in-app behavioral ads served by some or all participating companies.

To learn more about interest based advertising and to manage your preferences for Sears and Kmart branded online ads, please visit the Sears Online Advertising Preference Center (<http://preferences-mgr.truste.com/?pid=sears01&aid=sears01&type=sears>) or the Kmart Online Advertising Preference Center (<http://preferences-mgr.truste.com/?pid=sears01&aid=sears01&type=kmart>).

These opt-out mechanisms rely on cookies to remember your choices with respect to ad-serving on websites. If you delete your cookies, use another computer or device, or change browsers, you will need to repeat this process. In addition, opting out of interest-based ads will not opt you out of all ads, but rather only those ads that are personalized to your interests based on activities observed on our Site and/or web sites or mobile apps not owned and operated by Sears Holdings.

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## Is My Information Secure?

We maintain reasonable and appropriate physical, electronic and procedural safeguards to protect your PII. While we work very hard to protect your privacy, no method of security is 100% effective, and we cannot be responsible for the actions of those who may gain unauthorized access to your PII. Sears Holdings makes no warranties, express, implied or otherwise, as to the ultimate effectiveness of its reasonable and appropriate safeguards.

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## How Can I Access My Information?

You can personalize your experience on this Site and other Sears Holdings Sites by becoming a Registered User or Member. By registering, you will be able to tell us what products and services interest you, and whether you wish to receive information about special sales, promotions and other events. Once registered, you can submit, review and maintain your account profile information at any time by accessing your profile from within the particular Site. Your account information is accessible by using a password that you select or by using third-party social networking login credentials for accounts such as Facebook, Google or Yahoo if you choose to enable this feature.

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## Can I "Opt-Out" of Receiving Promotional E-mails?

From time to time, we may send you e-mails with promotional offers and messages. If you would no longer like to receive e-mails with promotional offers and messages from this Site, you can unsubscribe from these e-mails by following the unsubscribe link located at the bottom of each promotional e-mail. Please note that you may still receive transactional or relationship or other non-promotional e-mails (e.g. order confirmations, shipping notices, statements, important information regarding a product you have purchased).

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## Where Is My Information Stored?

Your PII may be stored and processed in any country where we have facilities or in which we engage service providers, and by using our Site, you consent to the transfer of information to countries outside of your country of residence, including the United States, which may have different data protection rules than in your country. This Site is controlled and operated by us from the United States and is not intended to subject us to the laws or jurisdiction of any state, country or territory other than that of the United States.

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## How May I Contact You?

If you have any questions about this Privacy Policy, please contact us at [PrivacyOffice@searshc.com](mailto:PrivacyOffice@searshc.com) (mailto:PrivacyOffice@searshc.com). Because email communications are not always secure, please do not include credit card or other financial information, health or prescription-related information or other sensitive information in your email to us. If you prefer to contact us via US Mail, please address your inquiry to

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