



## SUMMARY NOTICE

### Statement of Plaintiff Recovery

Pursuant to the settlement described herein, upon the Court's approval of the settlement, Sears will cause a payment equal to Fifteen Million, Five-Hundred Thousand Dollars (\$15,500,000) in cash (the "Settlement Amount") to be made into escrow for the benefit of the Settlement Class. Plaintiffs estimate that there was approximately par value \$3,083,000,000 worth of SRAC Securities purchased and/or otherwise acquired during the Class Period which may have been damaged. Plaintiffs estimate that the average recovery per \$1,000 of par value is \$5.00 before deduction of costs of notice and administration and Court-awarded attorneys' fees and expenses.

A Class Member's actual recovery will be a proportion of the Net Settlement Fund determined by that Class Member's Recognized Claim as compared to the total Recognized Claims of all Class Members who submit acceptable Proofs of Claim. Depending on the number of claims submitted, when during the Class Period a Class Member purchased shares of SRAC Securities, the purchase price paid, and whether those securities were held at the end of the Class Period or sold during the Class Period, and, if sold, when they were sold and the amount received, an individual Class Member may receive more or less than this average amount. See the Plan of Allocation on pages 8-12 for more information on your Recognized Claim.

### Statement of Potential Outcome of Case

The parties disagree on both liability and damages and do not agree on the average amount of damages per \$1,000 of par value that would be recoverable if Plaintiffs were to have prevailed at trial on each claim alleged. Plaintiffs estimated that if they were able to prove liability and the fact finder found most favorably for Plaintiffs and the Settlement Class, the potential damage award could be as high as approximately \$48.00 per \$1,000 of par value. The Defendants deny that they are liable to Plaintiffs or the Settlement Class, deny that Plaintiffs or the Settlement Class have suffered any damages, and deny Plaintiffs' estimate of damages.

### Statement of Attorneys' Fees and Costs Sought

Lead Plaintiffs' Counsel have litigated this Action on a contingent basis, and have expended considerable time and effort in the prosecution of this litigation and advanced the expenses of the litigation, in the expectation that if they were successful in obtaining a recovery for the Settlement Class they would be paid from such recovery. In this type of litigation it is customary for counsel to be awarded a percentage of the common fund recovery as their attorneys' fees.

Lead Plaintiffs' Counsel will file a motion with the Court, seeking an award of attorneys' fees and reimbursement of expenses to be payable from the Settlement Amount. The attorneys' fees sought shall not exceed 24% of the value of the Settlement Amount after reimbursement of expenses incurred in connection with the prosecution of this Action. Lead Plaintiffs' Counsel intend to seek reimbursement of expenses in the approximate amount of \$453,750.00. The requested fee award is consistent with the fee schedule arrangements set forth in the retention agreements between Lead Plaintiffs' Counsel and Lead Plaintiffs, Thomas G. Ong for Thomas G. Ong IRA and Thomas G. Ong, and Named Plaintiff State Universities Retirement System (of Illinois), which is a sophisticated investor and litigant (collectively, the "Class Representatives"). The requested fees and expenses would amount to an average of \$1.35 per \$1,000 of par value.

### Further Information

Further information regarding the Action and this Notice may be obtained by contacting Lead Plaintiffs' Counsel: Carol V. Gilden, Cohen Milstein Hausfeld & Toll, P.L.L.C., 190 South LaSalle Street, Suite 1705, Chicago, IL 60603, Telephone (312) 357-0370, or Robert M. Roseman, Spector, Roseman & Kodroff, P.C., 1818 Market Street, 25th Floor, Philadelphia, PA 19103, Telephone (215) 496-0300.

### Reasons for the Settlement

The principal reason for the settlement is the benefit to be provided to the Settlement Class now. This benefit must be compared to the risk that no recovery might be achieved after a contested trial and likely appeals, possibly years into the future. For the Defendants, who deny all allegations of wrongdoing or liability whatsoever, the principal reason for the settlement is to eliminate the expense, risks, and uncertain outcome of the litigation. See also discussion at "Why Is There a Settlement" at pages 1-2 below.

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## BASIC INFORMATION

### 1. Why did I get this notice package?

During the period between October 24, 2001 and October 17, 2002, inclusive, you or someone in your family may have purchased and/or otherwise acquired securities issued by SRAC (“SRAC Securities”).

The Court directed that this Notice be sent to Class Members because they have a right to know about a proposed settlement of a class action lawsuit, and about all of their options, before the Court decides whether to approve the settlement. If the Court approves the settlement, and after objections and appeals are resolved, an administrator approved by the Court will make the payments that the settlement allows.

This package explains the lawsuit, the settlement, Class Members’ legal rights, what benefits are available, who is eligible for them, and how to get them.

The Court in charge of the case is the United States District Court for the Northern District of Illinois, Eastern Division, and the case is known as *Thomas G. Ong, et al. v. Sears, Roebuck and Co., et al.*, No. 03 C 04142. This case is assigned to United States District Judge Rebecca R. Pallmeyer. The people who sued are called “Plaintiffs,” and the companies and the officers and directors they sued — Sears, SRAC, Alan Lacy, Paul J. Liska, Glenn R. Richter, Kevin T. Keleghan, K.R. Vishwanath, Keith E. Trost, George F. Slook, Larry R. Raymond, and Thomas E. Bergmann (the “Individual Defendants”, and together with Sears and SRAC, the “Sears Defendants”), Credit Suisse Securities (USA) LLC, Goldman, Sachs & Co., Merrill Lynch & Co., Inc. (the “Underwriter Defendants”), and the previously dismissed defendants Morgan Stanley & Co. Incorporated, Bear, Stearns & Co., Inc., and Lehman Brothers Inc. (the “Dismissed Underwriters,” and together with the Underwriter Defendants, the “Underwriters”) — are referred to herein as the “Defendants.”

### 2. What is this lawsuit about?

The Third Amended Class Action Complaint for Violations of Federal Securities Laws dated October 28, 2005 (the “Complaint”) filed in the Action generally alleges, among other things, that the Sears Defendants issued materially false and misleading press releases and other statements regarding Sears’ credit card operations during the Class Period — October 24, 2001 through and including October 17, 2002 — in an effort to make those operations appear more stable and profitable than they actually were.

The Action is based on Plaintiffs’ allegations that, as a wholly-owned subsidiary of Sears that depends almost entirely on Sears for its earnings, the market value and yield of SRAC Securities were directly related to Sears’ finances, financial condition, and present and future operations.

The allegations of the Complaint focus on Sears’ credit card operation, which (until Sears sold its credit card operations in 2003) managed one of the largest credit card businesses in the United States, and which had issued billions of dollars’ worth of credit to holders of Sears’ traditional private-label store credit card and to holders of Sears’ more recently introduced general purpose credit card.

More specifically, the Complaint alleges that, during the Class Period, the Sears Defendants concealed material adverse information concerning the financial condition, performance and prospects of Sears’ credit card operations, and that the Sears Defendants issued a series of falsely positive statements in which, *inter alia*, they allegedly: (i) misrepresented the performance and quality of Sears’ credit card operations and concealed the deteriorating condition of those operations; (ii) misled the investing public into believing that the delinquency and charge-off rates of Sears’ credit card products were comparable to, or better than, those of other leading credit card issuers; and (iii) failed to disclose that Sears’ reserves for bad credit card debt were materially inadequate. The Complaint alleges that these purported material misrepresentations and omissions caused Sears’ and SRAC’s public statements issued during the Class Period to be materially false and misleading, in violation of the federal securities laws.

The Complaint further alleges that the Class Representatives and other Class Members purchased SRAC Securities during the Class Period at prices artificially inflated as a result of the Defendants’ dissemination of materially false and misleading statements regarding Sears, allegedly in violation of Sections 11, 12(a)(2) and 15 of the Securities Act of 1933, Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, and Rule 10b-5 promulgated thereunder.

The Defendants deny all allegations of misconduct contained in the Complaint, and deny having engaged in any wrongdoing whatsoever. The Defendants maintain that the allegedly false and misleading statements were truthful and not misleading, and that all material facts were disclosed. In addition, the Defendants have asserted numerous affirmative defenses.

### 3. Why is this a class action?

In a class action, one or more persons or entities called class representatives sue on behalf of people who, the Court determines, are similarly situated. In this case the class representatives are Thomas G. Ong, on behalf of himself and his IRA, and the State Universities Retirement System (of Illinois). Bringing a case, such as this one, as a class action allows adjudication of many similar claims of persons and entities that might be economically too small to bring in individual actions. One court resolves the issues for all Class Members, except for those who exclude themselves from the Settlement Class.

### 4. Why is there a settlement?

Sears, SRAC, the Individual Defendants, and the Underwriters have vigorously denied that any member of the Class suffered any damages attributable to any Defendant. Defendants have produced to Lead Plaintiffs millions of pages of documents. In addition to reviewing and analyzing these documents, Lead Counsel also obtained and reviewed documents from numerous third parties, and produced documents and

responded to defendants' discovery requests. Lead Counsel also took, attended, defended and/or reviewed numerous depositions, including those of parties to the action. Lead Plaintiffs' Counsel also retained experts with respect to loss causation, market efficiency and damages. Both sides engaged in extensive expert discovery on market efficiency. Based on their consideration of the evidence, Plaintiffs and Lead Plaintiffs' Counsel determined that the best interests of the Class would be served by a negotiated settlement that took into account the risks of litigation. Following mediation supervised by a retired federal district court judge, and, thereafter, settlement discussions directly between the parties, in October 2007, Named Plaintiffs and Lead Plaintiffs' Counsel reached an agreement with Defendants and Defendants' Counsel on the terms of the settlement discussed in this Notice, subject to Court approval.

By agreeing to a settlement, both sides avoid the inherent risks and significant additional costs of a trial and any appeals, and Class Members who suffered losses on their transactions in SRAC Securities during the Class Period will get compensation. Named Plaintiffs and Lead Plaintiffs' Counsel believe, after weighing the risks and uncertain outcome of further litigation against the benefits of the proposed \$15.5 million settlement, that the proposed settlement represents a significant recovery for the Settlement Class and is in the best interests of all Class Members.

## WHO IS IN THE SETTLEMENT

To see if you will get money from this settlement, you first have to determine if you are a Class Member.

### 5. How do I know if I am part of the settlement?

The Court decided that everyone who fits the following description is a Class Member: *all persons and entities who, between October 24, 2001 and October 17, 2002, inclusive, purchased and/or otherwise acquired SRAC Securities, including without limitation, all persons and entities who purchased and/or otherwise acquired SRAC Securities in a registered public offering or purchased SRAC Securities pursuant to and/or traceable to a prospectus or registration statement.*

### 6. Are there exceptions to being included?

Excluded from the Settlement Class are Defendants, the officers and directors of SRAC, Sears and the Underwriters, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which Defendants have or had a controlling interest. An Underwriter's interest in an entity shall not be deemed controlling if the Underwriter does not own a majority interest in the entity, provided that the entity was not part of the underwriting syndicate. Also excluded from the Settlement Class are all persons and entities who timely and effectively request exclusion as set forth in this Notice.

If one of your mutual funds purchased and/or otherwise acquired SRAC Securities during the Class Period, that alone does not make you a Class Member. You are a Class Member only if you directly purchased and/or otherwise acquired SRAC Securities during the Class Period. Check your investment records or contact your broker to see if you purchased SRAC Securities during the Class Period.

If you **sold** SRAC Securities during the Class Period, that alone does not make you a Class Member. You are a Class Member only if you **purchased** and/or otherwise acquired your SRAC Securities during the Class Period.

### 7. What if I am still not sure if I am included?

If you are still not sure whether you are included, you can ask for free help. You can call 866-591-7266 or visit [www.searsroebuckacceptancecorpbondsettlement.com](http://www.searsroebuckacceptancecorpbondsettlement.com) for more information. Or you can fill out and return the Proof of Claim form described on page 3, in question 10, to see if you qualify. You may also wish to contact your own attorney.

## THE SETTLEMENT BENEFITS — WHAT YOU GET

### 8. What does the settlement provide?

In exchange for the settlement and dismissal of the Action, Defendants agreed that within seven (7) business days of entry by the Court of an order granting preliminary approval of the settlement, Sears will cause the Settlement Amount (a payment equal to Fifteen Million, Five-Hundred Thousand Dollars (\$15,500,000) in cash) to be paid into escrow for the benefit of the Settlement Class. The Settlement Amount, after deducting costs of notice and Settlement administration, and attorneys' fees and expenses approved by the Court, will be divided among Class Members who send in a valid Proof of Claim form.

### 9. How much will my payment be?

Your share of the fund will depend on the total Recognized Claims represented by the valid Proof of Claim forms that Class Members send in, the type of SRAC Security(ies) you purchased and/or otherwise acquired, how many SRAC Securities you purchased and/or otherwise acquired, how much you paid for them, and when you bought and whether or when you sold them, and if so for how much you sold them.

You can calculate your Recognized Claim in accordance with the formula shown below in the Plan of Allocation. It is unlikely that you will get a payment for all of your Recognized Claim. After all Class Members have sent in their Proof of Claim forms, the payment you get will be a part of the Net Settlement Fund equal to your Recognized Claim divided by the total of everyone's Recognized Claims. See the Plan of Allocation on pages 8-12 for more information on your Recognized Claim.

## HOW YOU GET A PAYMENT — SUBMITTING A PROOF OF CLAIM FORM

### 10. How can I get a payment?

To qualify for a payment, you must send in a Proof of Claim form. A Proof of Claim form is being circulated with this Notice. You may also get a Proof of Claim form on the Internet at [www.searsroebuckacceptancecorpbondsettlement.com](http://www.searsroebuckacceptancecorpbondsettlement.com). Read the instructions carefully, fill out the Proof of Claim form, include all the documents the form asks for, sign it, and mail it postmarked no later than **July 8, 2008**.

### 11. When would I get my payment?

The Court will hold a hearing on **May 1, 2008**, to decide whether to approve the settlement. If the Court approves the settlement, there may then be appeals. It is always uncertain whether these appeals can be resolved, and resolving them can take time, perhaps more than a year. It also takes time for all the Proofs of Claim to be processed. Please be patient.

### 12. What am I giving up to get a payment?

Upon the “Effective Date” (as defined below), you, on behalf of yourself, your heirs, agents, executors, administrators, trustees, beneficiaries, predecessors, successors and assigns, will release all “Settled Claims” (as defined below) against the “Released Persons” (as defined below). In addition, the Order and Final Judgment shall provide that all Class Members covenant not to sue any of the Released Parties directly, indirectly, or derivatively with respect to any of the Settled Claims.

The “Effective Date” means the date when an Order entered by the Court approving the settlement becomes final and not subject to appeal.

“Settled Claims” means any and all claims, debts, demands, rights or causes of action or liabilities whatsoever (including, but not limited to, any claims for damages, interest, attorneys’ fees, expert or consulting fees, and any other costs, expenses, amounts, or liability whatsoever), whether based on federal, state, local, statutory or common law or any other law, rule or regulation, whether fixed or contingent, accrued or unaccrued, liquidated or unliquidated, at law or in equity, matured or unmatured, whether direct, derivative, individual, class or any other description, including both known claims and “Unknown Claims” (as defined below) (i) that have been asserted in the Action against any of the Released Persons, or (ii) that could have been asserted in the Action or in any forum by the Class Members or any of them, or by their heirs, agents, executors, administrators, trustees, beneficiaries, predecessors, successors or assigns, against any of the Released Parties, which arise out of or are related to any of the allegations, transactions, facts, matters or occurrences, representations or omissions, including any public statement by any Defendant during the Class Period, involved, set forth, or referred to in the Third Amended Complaint.

“Unknown Claims” means any and all Settled Claims which Named Plaintiffs or any Class Member does not know or suspect to exist in his, her or its favor at the time of the release of the Released Parties and any Settled Defendants’ Claims which any Defendant does not know or suspect to exist in his, her or its favor, which if known by him, her or it might have affected his, her or its decision(s) with respect to the Settlement. With respect to any and all Settled Claims and Settled Defendants’ Claims, upon the Effective Date, the Named Plaintiffs and the Defendants shall expressly waive, and each Class Member shall be deemed to have waived, and by operation of the Order and Final Judgment shall have expressly waived, any and all provisions, rights and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable, or equivalent to Cal. Civ. Code § 1542, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

Named Plaintiffs and Defendants acknowledge, and Class Members by operation of law shall be deemed to have acknowledged, that the inclusion of “Unknown Claims” in the definition of “Settled Claims” and “Settled Defendants’ Claims” was separately bargained for and was a key element of the settlement.

“Released Persons” means any and all of the Defendants, their past or present subsidiaries, parents, affiliates, successors and predecessors, and the officers, directors, managing directors, partners, members, principals, agents, employees, attorneys, auditors, accountants, insurers and reinsurers, legal representatives, heirs, executors, administrators, successors in interest or assigns of any of the foregoing.

In addition, the Order and Final Judgment shall provide that all Class Members covenant not to sue any of the Released Persons directly, indirectly, or derivatively with respect to any of the Settled Claims.

### 13. Can I exclude myself from the Class?

Yes. If you wish to exclude yourself from the Settlement Class, you must make a request in writing. In order to be valid, each request must set forth the name and address of the person or entity requesting exclusion, must state that such person or entity requests exclusion from the Settlement Class in *Thomas G. Ong, et al. v. Sears, Roebuck and Co., et al.*, No. 03 C 04142, must state the number and type of SRAC Securities purchased and/or otherwise acquired by such person or entity during the Class Period, and must be signed by such person or entity (“Request for Exclusion”). Requests for Exclusion must be mailed to the Claims Administrator at the following address:

Ong v. Sears Roebuck and Co. Securities Settlement  
c/o Complete Claim Solutions, LLC  
P.O. Box 24793  
West Palm Beach, FL 33416

To be effective, your Request for Exclusion must be postmarked no later than **April 14, 2008**. Do not request exclusion if you wish to participate in the settlement of this action as a Class Member.

14. If I exclude myself, can I get money from the proposed settlement?

No. If you exclude yourself, you cannot get money from the proposed settlement.

### THE LAWYERS REPRESENTING YOU

15. Do I have a lawyer in this case?

The Court has appointed the law firms of Cohen Milstein Hausfeld & Toll, P.L.L.C. and Spector, Roseman & Kodroff, P.C. to represent you and the other Settlement Class members. As used in this Notice, these lawyers are called Lead Plaintiffs' Counsel. You will not be separately charged for these lawyers. The Court will determine the amount of Lead Plaintiffs' Counsel's fees and expenses, which will be paid from the Gross Settlement Fund. If you want to be represented by your own lawyer, you may hire one at your own expense.

16. How will the lawyers be paid?

Lead Plaintiffs' Counsel will file a motion with the Court for an award of attorneys' fees from the Gross Settlement Fund in an amount not to exceed 24% of the amount of the Gross Settlement Fund as reduced by litigation expenses and as increased by interest. Lead Plaintiffs' Counsel also intend to move the Court to award them reimbursement of their litigation expenses in the approximate amount of \$453,750.00. The requested fee award is consistent with the fee schedule arrangements set forth in the retention agreements negotiated by the Named Plaintiffs, Thomas G. Ong, his IRA, and the State Universities Retirement System (of Illinois). The motion will be heard at the Settlement Fairness Hearing. Lead Plaintiffs' Counsel, without further notice to the Settlement Class, may subsequently apply to the Court for fees and expenses incurred in connection with administering and distributing the settlement proceeds to the members of the Class and any proceedings subsequent to the Settlement Fairness Hearing. **Class Members are not personally liable for any such fees or expenses.**

### OBJECTING TO THE SETTLEMENT

You can tell the Court that you do not agree with the Settlement or some part of it.

17. How do I tell the Court that I do not like the proposed settlement?

If you are a Class Member you can object to the settlement or any of its terms, the proposed Plan of Allocation, and/or the application by Lead Plaintiffs' Counsel for an award of fees and expenses. You may write to the Court setting out your objection. You may give reasons why you think the Court should not approve any or all of the settlement terms or arrangements. The Court will consider your views if you file a proper objection within the deadline identified, and according to the following procedures.

To object, you must send a signed letter stating that you object to the proposed settlement in *Thomas G. Ong, et al. v. Sears, Roebuck and Co., et al.*, No. 03 C 04142. Be sure to include your name, address, telephone number, and your signature, identify the date(s), price(s), and quantity of all purchases (and/or other acquisitions) and sales of SRAC Securities that you made during the Class Period, and state the reasons why you object to the settlement. Your objection must be filed with the Court, and must also be sent to all the following counsel on or before **April 14, 2008** at the addresses shown below:

COURT:	LEAD PLAINTIFFS' COUNSEL:	
Clerk of the Court United States District Court for the Northern District of Illinois, Eastern Division Everett McKinley Dirksen Building Room 2044, 219 South Dearborn Street Chicago, Illinois 60604	Carol V. Gilden, Esq. Cohen Milstein Hausfeld & Toll, P.L.L.C. 190 South LaSalle Street, Suite 1705 Chicago, Illinois 60603	Robert M. Roseman, Esq. Spector, Roseman & Kodroff, P.C. 1818 Market Street, 25th Floor Philadelphia, Pennsylvania 19103
DEFENDANTS' COUNSEL:		
Christopher Q. King, Esq. Sonnenschein Nath & Rosenthal LLP 8000 Sears Tower, 233 South Wacker Drive Chicago, Illinois 60606 <b>Counsel for Defendants Sears, Roebuck and Co., Sears Roebuck Acceptance Corp., Alan Lacy, Paul J. Liska, Glenn R. Richter, Keith E. Trost, George F. Slook, Larry R. Raymond and Thomas E. Bergmann</b>	Walter C. Carlson, Esq. Sidley Austin LLP One South Dearborn Street Chicago, Illinois 60603 <b>Counsel for Defendants Kevin Keleghan and K. R. Vishwanath</b>	Robert Y. Sperling, Esq. Winston & Strawn LLP 35 West Wacker Drive Chicago, Illinois 60601 <b>Counsel for the Underwriters</b>

You do not need to go to the Settlement Fairness Hearing to have your written objection considered by the Court. At the Settlement Fairness Hearing, any Class Member who (1) has not previously submitted a request for exclusion from the Settlement Class and (2) has complied with the procedures set out in this response and in the response to question 20 below for filing with the Court and providing to the counsel for Plaintiffs and Defendants a statement of an intention to appear at the Settlement Fairness Hearing may also appear and be heard, to the extent allowed by the Court, to state any objection to the settlement, the Plan of Allocation or Lead Plaintiffs' Counsel's motion for an award of attorneys' fees and reimbursement of expenses. Any such objector may appear in person or arrange, at that objector's expense, for a lawyer to represent the objector at the Hearing.

### THE COURT'S SETTLEMENT FAIRNESS HEARING

The Court will hold a hearing to decide whether to approve the proposed settlement. You may attend and you may ask to speak, but you do not have to.

#### 18. When and where will the Court decide whether to approve the proposed settlement?

The Court will hold a Settlement Fairness Hearing at **10:00 a.m. on the 1<sup>st</sup> day of May, 2008**, at the United States District Court for the Northern District of Illinois, Eastern Division, Everett McKinley Dirksen Building, Courtroom 2119, 219 South Dearborn Street, Chicago, Illinois 60604. At this hearing the Court will consider whether the settlement is fair, reasonable and adequate. At the Settlement Fairness Hearing, the Court also will consider the proposed Plan of Allocation for the distribution of the proceeds of the settlement and the application of Lead Plaintiffs' Counsel for attorneys' fees and reimbursement of expenses. The Court will take into consideration any written objections filed in accordance with the instructions in the response to question 17. The Court also may listen to people who have properly indicated, within the deadline identified above, an intention to speak at the hearing; but decisions regarding the conduct of the hearing will be made by the Court. See question 20 for more information about speaking at the hearing. The Court may also decide how much to pay to Lead Plaintiffs' Counsel. After the hearing, the Court will decide whether to approve the settlement. We do not know how long these decisions will take.

You should be aware that the Court may change the date and time of the Settlement Fairness Hearing. Thus, if you want to come to the hearing, you should check with Lead Plaintiffs' Counsel before coming to be sure that the date and/or time has not changed.

#### 19. Do I have to come to the hearing?

No. Lead Plaintiffs' Counsel will answer questions the Court may have. But, you are welcome to come at your own expense. If you send an objection, you do not have to come to Court to talk about it. As long as you filed your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but it is not necessary. Class Members do not need to appear at the hearing or take any other action to indicate their approval.

#### 20. May I speak at the hearing?

If you object to the settlement, you may ask the Court for permission to speak at the Settlement Fairness Hearing. To do so, you must include with your objection (see response to question 17 above) a statement stating that it is your "Notice of Intention to Appear in *Thomas G. Ong, et al. v. Sears, Roebuck and Co., et al.*, No. 03 C 04142." Persons who intend to object to the settlement, the Plan of Allocation, and/or Lead Plaintiffs' Counsel's application for an award of attorneys' fees and expenses and desire to present evidence at the Settlement Fairness Hearing must include in their written objections the identity of any witnesses they may call to testify and exhibits they intend to introduce into evidence at the Settlement Fairness Hearing. You cannot speak at the hearing if you excluded yourself from the Settlement Class or if you have not provided written notice of your intention to speak at the Settlement Fairness Hearing by the deadline identified, and in accordance with the procedures described in this response and the response to question 17 above.

### IF YOU DO NOTHING

#### 21. What happens if I do nothing at all?

If you do nothing, you will get no money from this settlement. To share in the Net Settlement Fund you must submit a Proof of Claim form (see question 10).

The Order and Final Judgment approving the settlement will dismiss the Action and settle all Class Members' Settled Claims as against all Released Parties. Whether or not they submit a Proof of Claim form, all Class Members will be barred and enjoined from starting a lawsuit or continuing with a lawsuit against Defendants or the Released Parties that are based on the Settled Claims in this case.

### GETTING MORE INFORMATION

#### 22. Are there more details about the proposed settlement?

This Notice summarizes the proposed settlement. More details are in a Stipulation and Agreement of Settlement dated February 20, 2008 (the "Stipulation"). You can get a copy of the Stipulation by visiting [www.searsroebuckacceptancecorpbondsettlement.com](http://www.searsroebuckacceptancecorpbondsettlement.com).

You also can call the Claims Administrator at 866-591-7266 toll free; write to Ong v. Sears Roebuck and Co. Securities Settlement, c/o Complete Claim Solutions, LLC, P.O. Box 24793, West Palm Beach, FL 33416; or visit the website at [www.searsroebuckacceptancecorpbondsettlement.com](http://www.searsroebuckacceptancecorpbondsettlement.com), where you will find answers to common questions about the settlement, a Proof of Claim form, plus other information to help you determine whether you are a Class Member and whether you are eligible for a payment.

23. How do I get more information?

For even more detailed information concerning the matters involved in this Action, reference is made to the pleadings, to the Stipulation, to the Orders entered by the Court and to the other papers filed in the Action, which may be inspected at the Office of the Clerk of the United States District Court for the Northern District of Illinois, Eastern Division, Everett McKinley Dirksen Building, Room 2044, 219 South Dearborn Street, Chicago, Illinois 60604, during regular business hours.

**SPECIAL NOTICE TO SECURITIES BROKERS AND OTHER NOMINEES**

If you purchased the securities of Sears Roebuck Acceptance Corp. between October 24, 2001 and October 17, 2002, inclusive, for the beneficial interest of a person or organization other than yourself, the Court has directed that, **WITHIN TEN (10) BUSINESS DAYS OF YOUR RECEIPT OF THIS NOTICE**, you either (a) provide to the Claims Administrator the name and last known address of each person or organization for whom or which you purchased SRAC Securities during such time period or (b) request additional copies of this Settlement Notice and the Proof of Claim form, which will be provided to you free of charge, and within fifteen (15) days mail the Settlement Notice and Proof of Claim form directly to the beneficial owners of those SRAC Securities. You are entitled to reimbursement from the Settlement Fund of your reasonable expenses actually incurred in connection with the foregoing, including reimbursement of postage expense and the cost of ascertaining the names and addresses of beneficial owners. Those expenses will be paid upon request and submission of appropriate supporting documentation. All communications concerning the foregoing should be addressed to the Claims Administrator:

Ong v. Sears Roebuck and Co. Securities Settlement  
c/o Complete Claim Solutions, LLC  
P.O. Box 24793  
West Palm Beach, FL 33416

Dated: Chicago, Illinois  
February 26, 2008

By Order of the Court  
UNITED STATES DISTRICT COURT NORTHERN DISTRICT OF ILLINOIS

## PLAN OF ALLOCATION

## PLAN OF ALLOCATION OF NET SETTLEMENT FUND AMONG CLASS MEMBERS

The \$15,500,000 Cash Settlement Amount and any interest earned thereon shall be the Gross Settlement Fund. The Gross Settlement Fund, less all taxes and court approved attorneys' fees and expenses, Notice costs and claims administration costs, shall constitute the "Net Settlement Fund". The Net Settlement Fund shall be distributed to members of the Settlement Class who submit acceptable Proofs of Claim ("Authorized Claimants").

The Claims Administrator shall determine each Authorized Claimant's pro rata share of the Net Settlement Fund based upon each Authorized Claimant's Recognized Claim. The Recognized Claim formula is not intended to be an estimate of the amount of what a Class Member might have been able to recover after a trial; nor is it an estimate of the amount that will be paid to Authorized Claimants pursuant to the settlement. The Recognized Claim formula is the basis upon which the Net Settlement Fund will be proportionately allocated to the Authorized Claimants.

### Description of the Securities

The total amount of Sears Roebuck Acceptance Corp. ("SRAC") Senior and related regular notes outstanding at the end of the Class Period and involved in the settlement of this litigation was \$7.85 billion in face value issued in \$1,000 increments, of which an estimated \$2.67 billion in face value turned over and are potentially damaged during the Class Period. Two issues of Senior and regular Notes with face values of \$600 million (CUSIP 812404BJ9) and \$1 billion (CUSIP 812404BK6), respectively, were offered by SRAC during the Class Period and, thus, are also eligible for Section 11 damages. The total amount of SRAC Redeemable Notes (listed as preferred) issued in \$25 increments outstanding at the end of the Class Period was \$750 million in face value, of which an estimated \$269 million in face value turned over during the Class Period and are potentially damaged. A total of \$250 million in SRAC Redeemable Notes (CUSIP 812404408 002) were offered during the Class Period and, thus, also eligible for Section 11 damages. The total amount of SRAC Medium Term Notes outstanding after December 31, 2002 was approximately \$1.1 billion in face value issued in \$1,000 increments, of which only an estimated \$144 million in face value turned over and was potentially damaged during the Class Period.

Plaintiffs have employed an expert to analyze the trading of the bonds and their prices, and to determine the proportion of the decline in price potentially attributable to the allegations in the Complaint in this case. That expert has determined that, generally, the trading prices of SRAC securities would have increased over time during and after the Class Period in the absence of the alleged facts in the Complaint. Only SRAC securities purchased on or after October 24, 2001 and on or before October 17, 2002 and held or sold after October 6, 2002 will be eligible to file claims for damages.

Purchase and sale dates must be reported as the trade dates and not the settlement dates. Those securities eligible for both Section 11 and Rule 10b-5 damages shall be entitled to credit for both claims of damages under this Plan of Allocation. For multiple purchases and sales of the same security, purchases and sales shall be matched using the first-in-first-out method (FIFO).

### Section 11 Damages

Damages for Section 11 purposes shall be available for three SRAC securities issued during the Class Period: SRAC 6.7% Senior Notes issued on March 25, 2002 and scheduled to mature on April 15, 2012 in the face amount of \$600 million (CUSIP 812404BJ9); SRAC 7.0% Notes issued on May 29, 2002 and scheduled to mature on June 1, 2032 in the face amount of \$1 billion (CUSIP 812404BK6); and SRAC 7.0% redeemable Notes issued on June 27, 2002 and scheduled to mature on July 15, 2042 in the face amount of \$250 million (CUSIP 812404408). In order to be eligible for a claim of damages, the securities must have been purchased on or before October 17, 2002 and sold after October 7, 2002 but before August 31, 2003.

For CUSIP 812404BJ9, only securities purchased during the Class Period, sold at a loss (excluding fees, commissions and accrued interest), and sold for less than 99.302% of stated face value (excluding fees, commissions and accrued interest) after October 6, 2002 but prior to May 1, 2003 will be entitled to claims for damages. Damages for such securities will be measured by the lesser of either the purchase price or the offering price of 99.302% (as stated per \$100 of face value) of the face value amount purchased minus the selling price.

For CUSIP 812404BK6, only securities purchased during the Class Period, sold at a loss (excluding fees, commissions and accrued interest), and sold for less than 97.101% of stated face value (excluding fees, commissions and accrued interest) after October 6, 2002 but prior to May 1, 2003 will be entitled to claims for damages. Damages for such securities will be measured by the lesser of either the purchase price or the offering price of 97.101% (as stated per \$100 of face value) of the face value amount purchased minus the selling price.

For CUSIP 812404408, only securities purchased during the Class Period, sold at a loss (excluding fees, commissions and accrued interest), and sold for less than \$25 per unit (excluding fees, commissions and accrued interest) after October 6, 2002 but prior to August 31, 2003 will be entitled to claims for damages. Damages for such securities will be measured by the lesser of either the purchase price or the offering price of \$25 per unit minus the selling price.

### Rule 10b-5 Damage Claims

The following proposed plan of allocation is applied to all claims for Rule 10b-5 damages for SRAC securities purchased on or after October 24, 2001 and on or before October 6, 2002.

- (i) For each security purchased on or before October 6, 2002 and sold on or before October 6, 2002, there shall be no claim for damages.
- (ii) For each security purchased on or before October 6, 2002 and sold on or before October 16, 2002, the claim for damages shall be the lesser of: (a) the purchase price (excluding all fees, commissions and accrued interest) minus the sale price (excluding all fees, commissions and accrued interest); (b) the applicable percentage loss times the purchase price given the security as set forth in Table 1 (appearing at the end of this Notice) times the loss adjustment percentage based on the date of sale as set forth in Table 2.
- (iii) For each security purchased on or before October 6, 2002 and sold after October 16, 2002 but on or before January 15, 2003, the claim for damages shall be the lesser of: (a) the purchase price (excluding all fees, commissions and accrued interest) minus the sale price (excluding all fees, commissions and accrued interest); (b) the applicable percentage loss times the purchase price given the security and the sale date as set forth in Table 1.
- (iv) For each security purchased on or before October 6, 2002 and sold after January 15, 2003, the claim for damages shall be the applicable percentage loss times the purchase price given the security as set forth in Table 1.

The following proposed plan of allocation is applied to all claims for Rule 10b-5 damages for SRAC securities purchased on or after October 7, 2002 and on or before October 16, 2002.

- (i) For each security purchased and sold on the same day, there shall be no claim for damages.
- (ii) For each security purchased on or after October 7, 2002 and sold on or before October 16, 2002, the claim for damages shall be the lesser of: (a) the purchase price (excluding all fees, commissions and accrued interest) minus the sale price (excluding all fees, commissions and accrued interest); (b) the applicable percentage loss times the purchase price given the security as set forth in Table 1 times the loss adjustment percentage based on the date of sale as set forth in Table 2 times the loss adjustment percentage based on the date of purchase as set forth in Table 3.
- (iii) For each security purchased on or after October 7, 2002 and sold on or before January 15, 2003, the claim for damages shall be the lesser of: (a) the purchase price (excluding all fees, commissions and accrued interest) minus the sale price (excluding all fees, commissions and accrued interest); (b) the applicable percentage loss times the purchase price given the security and the sale date as set forth in Table 1 times the loss adjustment factor percentage for the applicable purchase date as set forth in Table 3.
- (iv) For each security purchased on or before October 7, 2002 and sold after January 15, 2003, the claim for damages shall be the applicable percentage loss times the purchase price given the security as set forth in Table 1 times the loss adjustment factor percentage for the applicable purchase date as set forth in Table 3.

Plaintiffs, Defendants, their respective counsel, and all other Released Parties shall have no responsibility for or liability whatsoever for the investment or distribution of the Settlement Fund, the Net Settlement Fund, the Plan of Allocation or the determination, administration, calculation, or payment of any Proof of Claim or non-performance of the Claims Administrator, the payment or withholding of taxes owed by the Settlement Fund or any losses incurred in connection therewith.

Defendants bear no responsibility for and take no position on the Plan of Allocation set forth above or any of its premises.

**TABLE 1**  
**Eligible Percentage Losses for Rule 10b-5 Claims**

CUSIP	Description	Issue Date	Coupon	Mat. Date	Units Issued	Unit Size	Eligible Loss Percentage	
812404BC4	NOTE	3/20/1998	6.00%	3/20/2003	1,000,000	\$ 1,000	0.26%	0.26%
812404AH4	NOTE	8/9/1996	6.90%	8/1/2003	250,000	\$ 1,000	0.33%	0.33%
812404AF8	NOTE	9/12/1995	6.75%	9/15/2005	250,000	\$ 1,000	0.70%	0.70%
812404AG6	NOTE	1/23/1996	6.12%	1/15/2006	250,000	\$ 1,000	0.76%	0.76%
812404AT8	NOTE	11/25/1996	6.70%	11/15/2006	300,000	\$ 1,000	0.90%	0.90%
812404AV3	SEARS ROEBUCK ACCEP NOTE	7/1/1997	7.00%	6/15/2007	500,000	\$ 1,000	1.00%	1.00%
812404AW1	NOTE	9/23/1997	6.70%	9/18/2007	150,000	\$ 1,000	1.05%	1.05%
812404BF7	NOTE	5/6/1999	6.25%	5/1/2009	750,000	\$ 1,000	1.33%	1.33%
812404BG5	SEARS ROEBUCK ACCEP NOTE	1/26/2001	7.00%	2/1/2011	1,000,000	\$ 1,000	1.64%	1.64%
812404BH3	NOTE	8/15/2001	6.75%	8/15/2011	750,000	\$ 1,000	1.63%	1.63%
812404BJ9	SR NOTE	3/25/2002	6.70%	4/15/2012	600,000	\$ 1,000	4.09%	4.09%
812404AY7	DEB DTS	10/8/1997	6.88%	10/15/2017	300,000	\$ 1,000	2.08%	2.08%
812404AX9	DEB	9/30/1997	7.50%	10/15/2027	250,000	\$ 1,000	2.02%	2.02%
812404AZ4	DEB	1/13/1998	6.75%	1/15/2028	200,000	\$ 1,000	2.30%	2.30%
812404BE0	SR NOTE	11/24/1998	6.50%	12/1/2028	300,000	\$ 1,000	2.40%	2.40%
812404BK6	SEARS ROEBUCK ACCEP NOTE	5/29/2002	7.00%	6/1/2032	<u>1,000,000</u>	\$ 1,000	6.58%	6.58%
SUBTOTAL-NOTES					7,850,000			
812404200 002	SEARS ROEBUCK ACCEP (57)% TYPE PRFD - SR NOTE	3/3/1998	7.00%	3/1/2038	10,000,000	\$ 25	2.31%	2.31%
812404309 002	SEARS ROEBUCK ACCEP (57)% TYPE PRFD - SR NOTE	10/23/1998	6.95%	10/23/2038	10,000,000	\$ 25	2.10%	2.10%
812404408 002	SEARS ROEBUCK ACCEP (57)% TYPE PRFD	6/27/2002	7.00%	7/15/2042	<u>10,000,000</u>	\$ 25	2.21%	2.21%
SUBTOTAL-PREFERRED					30,000,000			

CUSIP	Description	Issue Date	Coupon	Mat. Date	Units Issued	Unit Size	Eligible Loss Percentage	
81240QKS0	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00233 VAR	2/18/1998	6.05%	2/18/2003	25,000	\$ 1,000	0.20%	0.20%
81240QKU5	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00235 VAR	2/18/1998	6.03%	2/18/2003	29,250	\$ 1,000	0.20%	0.20%
81240QGW6	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00165	2/20/1997	6.54%	2/20/2003	100,000	\$ 1,000	0.20%	0.20%
81240QKX9	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00238 VAR	2/20/1998	6.02%	2/20/2003	10,000	\$ 1,000	0.20%	0.20%
81240QLA8	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00241 VAR	3/3/1998	5.85%	3/3/2003	5,000	\$ 1,000	0.20%	0.20%
81240QGY2	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00167	4/18/1997	7.26%	4/21/2003	81,900	\$ 1,000	0.22%	0.22%
81240QHA3	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00169	4/18/1997	7.24%	4/21/2003	5,000	\$ 1,000	0.22%	0.22%
81240QHB1	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00170	5/2/1997	7.14%	5/2/2003	35,000	\$ 1,000	0.23%	0.23%
81240QHC9	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00171	5/2/1997	7.13%	5/2/2003	26,750	\$ 1,000	0.23%	0.23%
81240QHGO	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00175	6/4/1997	7.03%	6/4/2003	24,000	\$ 1,000	0.24%	0.24%
81240QHJ4	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00177	6/4/1997	7.02%	6/4/2003	5,000	\$ 1,000	0.24%	0.24%
81240QHM7	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00180	6/4/1997	7.01%	6/4/2003	10,000	\$ 1,000	0.24%	0.24%
81240QHX3	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00190	6/25/1997	6.76%	6/25/2003	38,000	\$ 1,000	0.25%	0.25%

CUSIP	Description	Issue Date	Coupon	Mat. Date	Units Issued	Unit Size	Eligible Loss Percentage	
81240QHY1	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00191	6/25/1997	6.77%	6/25/2003	1,000	\$ 1,000	0.25%	0.25%
81240QEM0	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00108	6/28/1996	7.13%	6/30/2003	5,000	\$ 1,000	0.25%	0.25%
81240QEQ1	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00111	7/10/1996	7.09%	7/10/2003	5,000	\$ 1,000	0.25%	0.25%
81240QEQ0	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00116	7/10/1996	7.09%	7/22/2003	5,000	\$ 1,000	0.26%	0.26%
81240QEX6	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00118	8/1/1996	7.03%	8/1/2003	5,000	\$ 1,000	0.26%	0.26%
81240QEZ1	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00120	8/12/1996	7.00%	8/12/2003	5,000	\$ 1,000	0.27%	0.27%
81240QEJ3	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00197	9/10/1997	6.70%	9/10/2003	8,000	\$ 1,000	0.28%	0.28%
81240QJF0	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00198	9/17/1997	6.71%	9/17/2003	20,000	\$ 1,000	0.28%	0.28%
81240QJG8	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00199	9/17/1997	6.70%	9/17/2003	40,000	\$ 1,000	0.28%	0.28%
81240QJH6	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00200	9/17/1997	6.72%	9/17/2003	27,500	\$ 1,000	0.28%	0.28%
81240QJJ2	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00201	9/19/1997	6.60%	9/19/2003	1,250	\$ 1,000	0.28%	0.28%
81240QFK3	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00130	9/20/1996	7.04%	9/22/2003	7,750	\$ 1,000	0.28%	0.28%
81240QFZ0	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00144	10/1/1996	6.99%	10/3/2003	10,000	\$ 1,000	0.29%	0.29%
81240QGN6	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00157	11/14/1996	6.70%	11/4/2003	2,250	\$ 1,000	0.30%	0.30%
81240QG09	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00160	11/5/1996	6.72%	11/5/2003	35,000	\$ 1,000	0.30%	0.30%
81240QGR7	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00160	11/5/1996	6.71%	11/5/2003	27,000	\$ 1,000	0.30%	0.30%
81240QGT3	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00162	11/20/1996	6.56%	11/20/2003	155,000	\$ 1,000	0.30%	0.30%
81240QGU0	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00163	11/20/1996	6.58%	11/20/2003	2,000	\$ 1,000	0.30%	0.30%
81240QKT8	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00234 VAR	2/18/1998	6.06%	2/18/2004	2,600	\$ 1,000	0.34%	0.34%
81240QKY7	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00239 VAR	2/23/1998	6.10%	2/24/2004	20,200	\$ 1,000	0.34%	0.34%
81240QKZ4	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00240 VAR	2/23/1998	6.12%	2/24/2004	20,000	\$ 1,000	0.34%	0.34%
81240QHF2	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00174	6/4/1997	7.12%	6/4/2004	5,000	\$ 1,000	0.38%	0.38%
81240QHK1	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00178	6/4/1997	7.10%	6/4/2004	6,500	\$ 1,000	0.38%	0.38%
81240QHP0	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00182	6/17/1997	6.93%	6/17/2004	18,000	\$ 1,000	0.38%	0.38%
81240QHR6	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00184	6/17/1997	6.95%	6/17/2004	26,000	\$ 1,000	0.38%	0.38%
81240QHS4	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00185	6/17/1997	6.92%	6/17/2004	50,000	\$ 1,000	0.38%	0.38%
81240QHV7	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00188	6/25/1997	6.85%	6/24/2004	13,700	\$ 1,000	0.39%	0.39%
81240QHW5	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00189	6/25/1997	6.86%	6/24/2004	1,000	\$ 1,000	0.39%	0.39%
81240QJK9	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00202	9/22/1997	6.60%	9/22/2004	3,500	\$ 1,000	0.42%	0.42%
81240QJM5	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00204	10/17/1997	6.27%	10/18/2004	5,000	\$ 1,000	0.43%	0.43%
81240QJX1	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00214	11/20/1997	6.38%	11/22/2004	5,000	\$ 1,000	0.44%	0.44%
81240QKF8	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00222	11/25/1997	6.53%	11/29/2004	12,000	\$ 1,000	0.45%	0.45%
81240QKC5	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00219	12/5/1997	6.30%	12/6/2004	5,000	\$ 1,000	0.45%	0.45%
81240QKM3	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00228	1/15/1998	6.00%	1/18/2005	5,000	\$ 1,000	0.47%	0.47%
81240QKP6	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00230	2/6/1998	6.00%	2/7/2005	5,000	\$ 1,000	0.47%	0.47%
81240QKQ4	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00231 VAR	2/25/1998	6.10%	2/25/2005	5,000	\$ 1,000	0.48%	0.48%
81240QBW1	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00045	11/8/1995	6.13%	11/15/2005	575	\$ 1,000	0.58%	0.58%
81240QBX9	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00046	11/13/1995	6.15%	11/15/2005	4,402	\$ 1,000	0.58%	0.58%
81240QGC0	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00147	10/10/1996	7.06%	10/10/2006	5,000	\$ 1,000	0.71%	0.71%

CUSIP	Description	Issue Date	Coupon	Mat. Date	Units Issued	Unit Size	Eligible Loss Percentage	
81240QHD7	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00172	5/9/1997	7.20%	5/9/2007	5,000	\$ 1,000	0.79%	0.79%
81240QHE5	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00173	5/21/1997	7.15%	5/21/2007	5,000	\$ 1,000	0.79%	0.79%
81240QJD5	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00196	8/12/1997	6.47%	8/13/2007	5,000	\$ 1,000	0.82%	0.82%
81240QJN3	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00205	11/3/1997	6.60%	11/5/2007	5,000	\$ 1,000	0.86%	0.86%
81240QKJ0	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00225	2/5/1997	6.56%	12/5/2007	11,000	\$ 1,000	0.87%	0.87%
81240QKK7	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00226	12/15/1997	6.34%	12/18/2007	5,000	\$ 1,000	0.87%	0.87%
81240QLB6	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00242	3/18/1998	6.30%	3/18/2008	5,000	\$ 1,000	0.91%	0.91%
81240QLD2	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00244	4/8/1998	6.28%	4/8/2008	5,000	\$ 1,000	0.92%	0.92%
81240QLF7	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00246	5/1/1998	6.24%	5/1/2008	5,000	\$ 1,000	0.92%	0.92%
81240QLM2	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00252	7/14/1998	6.17%	7/14/2008	5,000	\$ 1,000	0.95%	0.95%
81240QLN0	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00253	7/15/1998	6.20%	7/15/2008	5,000	\$ 1,000	0.95%	0.95%
81240QLP5	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00254	7/21/1998	6.10%	7/21/2008	5,000	\$ 1,000	0.96%	0.96%
81240QLT7	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00258	9/10/1998	6.10%	9/10/2008	5,000	\$ 1,000	0.98%	0.98%
81240QLU4	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00259	11/20/1998	6.00%	11/20/2008	5,000	\$ 1,000	1.00%	1.00%
81240QLV2	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00260	11/24/1998	6.00%	11/24/2008	5,000	\$ 1,000	1.00%	1.00%
81240QLY6	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00263	1/20/1999	5.75%	1/20/2009	5,000	\$ 1,000	1.03%	1.03%
81240QLZ3	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00264	2/12/1999	5.70%	2/12/2009	5,000	\$ 1,000	1.03%	1.03%
81240QMA7	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00265	3/5/1999	5.88%	3/5/2009	5,000	\$ 1,000	1.04%	1.04%
81240QMC3	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00267	3/30/1999	6.05%	3/30/2009	5,000	\$ 1,000	1.05%	1.05%
81240QMD1	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00268	4/15/1999	6.00%	4/15/2009	5,000	\$ 1,000	1.06%	1.06%
81240QLE0	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00245	4/17/1998	6.49%	4/17/2009	15,000	\$ 1,000	1.06%	1.06%
81240QLQ3	MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00255	8/7/1998	6.20%	8/9/2010	5,000	\$ 1,000	1.24%	1.24%
SUBTOTAL-MEDIUM TERM NTS MATURING AFTER 2/17/2003					1,101,127			

**Table 2**

**Loss Adjustment Factor Percentage Based on Date of Sale**

Date of Sale	Loss Adjustment Percentage
Before 10/07/02	0.0%
10/07/02	33.3%
10/08/02	50.0%
10/09/02	50.0%
10/10/02	66.6%
10/11/02	66.6%
10/14/02	66.6%
10/15/02	66.6%
10/16/02	66.6%
On or after 10/17/2002	100.0%

**Table 3**

**Loss Adjustment Factor Percentage Based on Date of Purchase**

Date of Purchase	Loss Adjustment Percentage
Before 10/07/02	100.0%
10/07/02	66.7%
10/08/02	50.0%
10/09/02	50.0%
10/10/02	33.4%
10/11/02	33.4%
10/14/02	33.4%
10/15/02	33.4%
10/16/02	33.4%
On or after 10/17/2002	0.0%