

SEARS HOLDINGS CORP
Form SC 13D/A
February 25, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

SCHEDULE 13D
Under The Securities Exchange Act of 1934
(Amendment No. 5)*

Sears Holdings Corporation
(Name of Issuer)
Common Shares, \$.01 par value
(Title of Class of Securities)

812350106
(CUSIP Number)

Bruce R. Berkowitz
c/o Fairholme Capital Management, L.L.C.
4400 Biscayne Boulevard, 9th Floor
Miami, FL 33137
(305) 358-3000
(Name, Address and Telephone Number of Person Authorized to Receive
Notices and Communications)

February 24, 2016
(Date of Event Which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of ss.240.13D-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box [X].

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Rule 13d-7 for other parties to whom copies are to be sent.

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would

alter disclosures
provided in a
prior cover page.

The information
required on the
remainder of this
cover page shall
not be deemed to
be "filed" for the
purpose of
Section 18 of the
Securities
Exchange Act of
1934 ("Act") or
otherwise subject
to the liabilities
of that section of
the Act but shall
be subject to all
other provisions
of the Act
(however, see the
Notes).

CUSIP No. 812350106

1. NAME OF REPORTING PERSONS

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

Fairholme Capital Management, L.L.C.

CHECK THE
APPROPRIATE

2. BOX IF A
MEMBER OF A
GROUP*

- (a) ☐
(b) ☒

3. SEC USE ONLY

4. SOURCE OF FUNDS*

AF

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d)
OR 2(e) ☐

6. CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF
SHARES
BENEFICIALLY
OWNED BY
EACH
REPORTING
PERSON WITH

7. SOLE VOTING POWER

0

8. SHARED VOTING POWER

21,654,073

9. SOLE
DISPOSITIVE

POWER

0

10. SHARED DISPOSITIVE POWER ☐

27,184,648

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

27,184,648

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

25.5%

14. TYPE OF REPORTING PERSON*

IA

CUSIP No. 812350106

1. NAME OF REPORTING PERSONS

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

Bruce R. Berkowitz

CHECK THE
APPROPRIATE

2. BOX IF A
MEMBER OF A
GROUP*

- (a) ☐
(b) ☒

3. SEC USE ONLY

4. SOURCE OF FUNDS*

AF

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d)
OR 2(e) ☐

6. CITIZENSHIP OR PLACE OF ORGANIZATION

United States of America

NUMBER OF
SHARES
BENEFICIALLY
OWNED BY
EACH
REPORTING
PERSON WITH

7. SOLE VOTING POWER

913,000

8. SHARED VOTING POWER

21,654,073

SOLE

9. DISPOSITIVE
POWER

913,000

10. SHARED DISPOSITIVE POWER ☐

27,184,648

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

28,097,648

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

26.3%

14. TYPE OF REPORTING PERSON*

IN, HC

CUSIP No. 812350106

1. NAME OF REPORTING PERSONS

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

Fairholme Funds, Inc.

CHECK THE
APPROPRIATE

2. BOX IF A
MEMBER OF A
GROUP*

- (a) ☐
(b) ☒

3. SEC USE ONLY

4. SOURCE OF FUNDS*

WC

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d)
OR 2(e) ☐

6. CITIZENSHIP OR PLACE OF ORGANIZATION

Maryland

NUMBER OF
SHARES
BENEFICIALLY
OWNED BY
EACH
REPORTING
PERSON WITH

7. SOLE VOTING POWER

0

8. SHARED VOTING POWER

16,291,673

SOLE
9. DISPOSITIVE
POWER

0

10. SHARED DISPOSITIVE POWER ☐

16,291,673

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

16,291,673

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

15.3%

14. TYPE OF REPORTING PERSON*

IV

CUSIP No. 812350106

Item 1. Security and Issuer.

No material changes from the Schedule 13D filed by Fairholme Capital Management, L.L.C., a Delaware limited liability company ("Fairholme"), Fairholme Funds, Inc. (the "Fund"), a Maryland investment company, and Mr. Bruce R. Berkowitz, a United States citizen (collectively with Fairholme and the Fund, the "Reporting Persons") on December 17, 2015.

Identity and Background.

(a-c, f) This Schedule 13D/A is being filed jointly by the Reporting Persons. The principal business address of the Reporting Persons is 4400 Biscayne Boulevard, 9th Floor, Miami, Florida 33137.

Item 2. Mr. Berkowitz controls the sole member of Fairholme, an investment management firm that serves as the general partner, managing member and investment adviser to several investment funds, both public and private, including the Fund and separately managed accounts (collectively, the "Fairholme Funds").

(d) Mr. Berkowitz has not, during the last five years, been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

(e) None of the Reporting Persons has, during the last five years, been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, Federal or state securities laws or finding any violation with respect to such laws.

Item 3. Source and Amount of Funds or Other Consideration.

No borrowed funds were used to purchase the Shares, other than any borrowed funds used for working capital purposes in the ordinary course of business.

Item 4. Purpose of Transaction.

The Reporting Persons have acquired their Shares of the Issuer for investment. The Reporting Persons evaluate their investment in the Shares on a continual basis.

The Reporting Persons reserve the right to be in contact with members of the Issuer's management, the members of the Issuer's Board of Directors, other significant shareholders and others regarding alternatives that the Issuer could employ to increase shareholder value. In addition, the Reporting Persons will be in contact with members of the Issuer's management, the members of the Issuer's Board of Directors, other significant shareholders and others regarding the Reporting Persons' views on the long-term prospects of the Issuer. The contact may include proposing or considering any of the actions enumerated in Item 4 of the instructions to Schedule 13D.

Mr. Berkowitz, the control person of the sole member of Fairholme, has accepted an invitation from the Issuer to join the Issuer's Board of Directors effective February 24, 2016.

The Reporting Persons reserve the right to effect transactions that would change the number of shares they may be deemed to beneficially own.

Item 5. Interest in Securities of the Issuer.

(a-e) As of the date hereof, Fairholme may be deemed to be the beneficial owner of 27,184,648 Shares (25.5%) of the Issuer, based upon the 106,689,188 Shares outstanding as of November 27, 2015, according to the Issuer. Fairholme has the sole power to vote or direct the vote of 0 Shares, Fairholme has the shared power to vote or direct the vote of 21,654,073 Shares, Fairholme has the sole power to dispose or direct the disposition of 0 Shares and Fairholme has the shared power to dispose or direct the disposition of 27,184,648 Shares to which this filing relates.

The Fund may be deemed to be the beneficial owner of 16,291,673 Shares (15.3%) of the Issuer, based upon the 106,689,188 Shares outstanding as of November 27, 2015, according to the Issuer. The Fund has the sole power to vote or direct the vote of 0 Shares, the Fund has the shared power to vote or direct the vote of 16,291,673 Shares, the Fund has the sole power to dispose or direct the disposition of 0 Shares and the Fund has the shared power to dispose or direct the disposition of 16,291,673 Shares to which this filing relates. Of the 16,291,673 Shares deemed to be beneficially owned by the Fund, 14,497,773 are owned by The Fairholme Fund and 1,793,900 are owned by The Fairholme Allocation Fund, each a series of the Fund.

Mr. Berkowitz may be deemed to be the beneficial owner of 28,097,648 Shares (26.3%) of the Issuer, based upon the 106,689,188 Shares outstanding as of November 27, 2015, according to the Issuer. Mr. Berkowitz has the sole power to vote or direct the vote of 913,000 Shares, Mr. Berkowitz has the shared power to vote or direct the vote of 21,654,073 Shares, Mr. Berkowitz has the sole power to dispose or direct the disposition of 913,000 Shares and Mr. Berkowitz has the shared power to dispose or direct the disposition of 27,184,648 Shares to which this filing relates. The trading dates, number of Shares purchased or sold and the price per share for all transactions in the Shares during the last 60 days by the Reporting Persons are set forth in Exhibit 99.2 and were effected in the open market.

The Reporting Persons specifically disclaim beneficial ownership in the Shares reported herein except to the extent of their pecuniary interest therein.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer.

Not applicable.

Item 7. Material to be Filed as Exhibits.

Exhibit 99.1 Joint Filing Statement

Exhibit 99.2^A description of the transactions in Shares that were effected by the Reporting Persons during the last 60 days.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

February 25, 2016

(Date)

Fairholme Capital Management, L.L.C.

By: /s/ Paul Thomson
Chief Compliance Officer

Bruce R. Berkowitz

By: /s/ Paul Thomson
(Attorney-in-fact)

Fairholme Funds, Inc.

By: /s/ Paul Thomson
Chief Compliance Officer
Fairholme Capital Management, L.L.C.

Attention: Intentional misstatements or omissions of fact constitute Federal criminal violations (see 18 U.S.C. 1001).

LIMITED POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned constitutes and appoints Paul R. Thomson, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his capacity as the controlling person of the sole member of Fairholme Capital Management, LLC, for the sole purpose of signing on his behalf any and all Regulatory Filings under the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940 and any amendments and supplements thereto, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to accomplish the above, as fully as to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, and may lawfully do or cause to be done by virtue hereof. This Power of Attorney shall continue effective until revoked by me at any time.

Dated this 25th day of February, 2016.

Fairholme Capital Management, LLC

By: Fairholme Holdings, LLC, Sole Member

By: /s/ Bruce R. Berkowitz

Bruce R. Berkowitz, Controlling Person

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