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FOR IMMEDIATE RELEASE

Kmart issues Back-to-School Commercial Challenge on YouTube *Teen 'Fashionistas' Enter by Posting Videos on Unique Kmart Brand Channel on YouTube*

Hoffman Estates, Ill. (July 28, 2008) – Adding an interactive dimension to its sponsorship of the summer's highly anticipated reality show, ABC's *High School Musical: Get in the Picture*, hosted by Nick Lachey, Kmart is running an online contest on YouTube that encourages 'junior fashionistas' at home to get involved.

Teens ages 13 and up can enter the *Show Your Back to School Style: Get in the Commercial* contest on the official Kmart channel on YouTube from July 18 to August 17. Visitors to the site can record and upload a :30- to :60-second commercial of themselves and up to four friends demonstrating how Kmart works with their unique back-to-school (BTS) style and personality. The commercials can be viewed, shared, commented upon and ultimately voted upon at the site: www.kmart.com/youtube.

A panel of judges will select the top 20 videos, which will then be featured on YouTube for users to vote on from August 26 to Sept. 1. The top vote-getting commercial will be professionally produced and aired on national television. Additional prizes for the winner include a weekend trip to New York City, \$1,000 in Kmart gift cards, and a Flip Video Ultra.

The family-oriented show gives one talented newcomer the opportunity to become a part of "High School Musical" history. The winner will literally "get in the picture" when that person stars in a music video shown in the end credits of the feature film, Disney's *High School Musical 3: Senior Year*, opening this fall. In addition, the winner will also receive an exclusive talent hold agreement with ABC and a recording contract for two digital singles with Walt Disney Records, one of which will be a version of the song from the music video.

The campaign is supported via interactive advertising and in-store point of sale material. iCrossing, Kmart's search agency of record, has developed an integrated search and contextual advertising campaign to increase visibility of the Kmart brand channel on YouTube.com and drive participation in the contest. iCrossing built a comprehensive keyword list and selective ad copy reflects the lexicon of the teen demographic, aimed at shifting the perception of Kmart among teens and encouraging them to consider Kmart for their back-to-school apparel and supply needs. The campaign is optimized on iCrossing's proprietary bid management and campaign analytics platforms.

"The Kmart back-to-school message is all about confidence, and we feel that running this contest on YouTube offers a relevant vehicle for teens to express themselves confidently," said Andrew Stein, interim chief marketing officer, Kmart. "The contest also offers us an opportunity to work with Google and YouTube to reach and engage teenagers with the modern, hip, fun Kmart brand that may surprise them."

About Kmart

Kmart, a wholly owned subsidiary of Sears Holdings Corporation (NASDAQ: SHLD), is a mass merchandising company that offers customers quality products through a portfolio of exclusive brands

that include Jaclyn Smith, Joe Boxer, Martha Stewart Everyday and Route 66. For more information visit the company's website at www.kmart.com or the Sears Holdings Corporation website at www.searsholdings.com.

Teen Challenge Contest Rules

NO PURCHASE NECESSARY. Contest begins on July 18, 2008 at 12:00:01 AM (ET) and ends on August 17, 2008 at 11:59:59 PM (ET). Open to legal residents of the 50 United States and District of Columbia and Guam, 13 years or older and registered users of youtube.com at the time of entry. Void where prohibited. Visit www.kmart.com/youtube for Official Rules.

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