

SEARS ROEBUCK & CO

Form 10-K/A

February 16, 2005

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-K/A

(Amendment No. 2)

For Annual and Transition Reports pursuant to Sections 13 or 15(d) of the Securities Exchange Act of 1934

- x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934
For the fiscal year ended January 3, 2004
OR
o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Commission file number 1-416

SEARS, ROEBUCK AND CO.

(Exact Name of Registrant as Specified in Its Charter)

New York
(State of Incorporation)

36-1750680
(I.R.S. Employer Identification No.)

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

60179
(Zip Code)

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

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

| Title of each class | Name of Each Exchange on Which Registered |
|---|---|
| Common Shares, par value \$0.75 per share | New York Stock Exchange Chicago Stock Exchange Pacific Stock Exchange |

Securities registered pursuant to Section 12(g) of the Act: None

On January 31, 2004, the Registrant had 222,926,291 common shares outstanding. The aggregate market value (based on the closing price of the Registrant's common share as reported in a summary of composite transactions in *The Wall Street Journal* for stocks listed on the New York Stock Exchange on June 27, 2003) of the Registrant's common shares owned by non-affiliates (which are assumed to be shareholders other than (i) directors and executive officers of the Registrant and (ii) any person known by the Registrant to beneficially own five percent or more of Registrant's common shares), as of June 27, 2003 was approximately \$6.0 billion.

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Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the Registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2).

Yes No

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

Documents Incorporated By Reference

Part III of this Form 10-K incorporates by reference certain information from the Registrant's proxy statement relating to its Annual Meeting of Shareholders to be held on May 13, 2004 (the 2004 Proxy Statement).

Explanatory Note

This Form 10-K/A is being filed to include in Item 9A language inadvertently omitted from that Item in Amendment No. 1 to its Annual Report on Form 10-K.

On February 15, 2005, the Company filed Amendment No. 1 to its Annual Report on Form 10-K to correct an error in the consolidated statements of cash flows related to the classification of cash flows generated in connection with the Company's domestic credit card portfolio which was divested in November 2003. The domestic credit card receivable portfolio consisted primarily of the proprietary Sears Card and Sears Gold MasterCard (MasterCard). Historically, the Company presented the aggregate cash flows generated from both the Sears Card and MasterCard as cash flows from operating activities in the consolidated statements of cash flows. The Company has changed its classification of cash flows from the MasterCard portfolio from operating to investing activities within the consolidated statements of cash flows, as the loans generated were predominately related to activities external to Sears merchandise and services. As such, the Company restated its consolidated statements of cash flows for the fiscal years ended January 3, 2004, December 28, 2002 and December 29, 2001. See Note 18 to the Consolidated Financial Statements in Amendment No. 1. The change does not affect the results of operations, net income, financial condition, or net changes in cash and cash equivalents for any of the periods presented. In addition, the Company revised its discussion within the Analysis of Financial Condition included in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations in Amendment No. 1.

Item 9A. Controls and Procedures

The Company's management, including Alan J. Lacy, Chairman of the Board of Directors, President and Chief Executive Officer (principal executive officer) and Glenn R. Richter, Executive Vice President and Chief Financial Officer (principal financial officer), have evaluated the effectiveness of the Company's disclosure controls and procedures, as such term is defined in Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended, (the Exchange Act). Based upon their evaluation, the principal executive officer and principal financial officer concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures were effective for the purpose of ensuring that the information required to be disclosed in the reports that the Company files or submits under the Exchange Act with the Securities and Exchange Commission (the SEC) (1) is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and (2) is accumulated and communicated to the Company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

As a result of the SEC's review of the Company's Form 10-K for the year ended January 3, 2004, it was determined that the Company should separately reflect the cash flows related to the domestic MasterCard portfolio as investing activities instead of operating activities within the statement of cash flows, as the loans generated from the MasterCard were predominately related to activities external to Sears merchandise and services. After discussions with the SEC, the Company has agreed to restate its financial statements. The restatement is further discussed in Explanatory Note in the forepart of this Form 10-K/A, and in Note 18, Restatement of Statements of Cash Flows in the Notes to the consolidated financial statements contained in Amendment No. 1 to the Company's Annual Report on Form 10-K for the year ended January 3, 2004. In management's opinion, given the nature of the restatement, such restatement did not change its conclusion that the Company's controls and procedures are effective.

In addition, based on that evaluation, no change in the Company's internal control over financial reporting occurred during the fiscal year end January 3, 2004 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 15. Exhibits and Financial Statement Schedules

- (b) An Exhibit Index has been filed as a part of this Report beginning on page E-1 hereof and is incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of Section 13 of the Securities Exchange Act of 1934, as amended (the Exchange Act) the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SEARS, ROEBUCK AND CO.
(Registrant)

*Michael J. Graham

By: Michael J. Graham
Vice President and Controller

February 15, 2005

Pursuant to the requirements of the Exchange Act, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

| <u>Signature</u> | <u>Title</u> | <u>Date</u> |
|-----------------------------|--|---------------------|
| *Alan J. Lacy _____ | Chairman of the Board of Directors, President and Chief Executive Officer |) |
| Alan J. Lacy | |) |
| *Glenn R. Richter _____ | Executive Vice President and Chief Financial Officer (Principal Financial Officer) |) |
| Glenn R. Richter | |) |
| *Michael J. Graham _____ | Vice President and Controller (Principal Accounting Officer) |) |
| Michael J. Graham | |) February 15, 2005 |
| *Hall Adams, Jr. _____ | Director |) |
| Hall Adams, Jr. | |) |
| *William L. Bax _____ | Director |) |
| William L Bax | |) |

| <u>Signature</u> | <u>Title</u> | <u>Date</u> |
|----------------------------------|--------------------------------------|---------------------|
| *Donald J. Carty _____ | Director |) |
| Donald J. Carty | |) |
| | |) |
| | |) |
| *W. James Farrell _____ | Director |) |
| W. James Farrell | |) |
| | |) |
| | |) |
| *Michael A. Miles _____ | Director |) February 15, 2005 |
| Michael A. Miles | |) |
| | |) |
| | |) |
| *Dorothy A. Terrell _____ | Director |) |
| Dorothy A. Terrell | |) |
| | |) |
| | |) |
| *Raul H. Yzaguirre _____ | Director |) |
| Raul H. Yzaguirre | |) |
| | |) |
| *By: <u>/s/Michael J. Graham</u> | Individually and as Attorney-in-fact | |
| Michael J. Graham | | |

EXHIBIT INDEX

Sears, Roebuck and Co. Form 10-K/A
For the Year Ended January 3, 2004

- *31(a) Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- *31(b) Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- *32. Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- * Filed herewith

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