



Citibank USA, N.A.  
Office of the General Counsel

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### Assignment of Accounts

Citibank USA, N.A. ("Seller"), for value received, to the extent permitted by applicable law, and subject to the terms of that certain Purchase and Sale Agreement entered into as of July 11, 2003 (the "Agreement"), by and between Sears, Roebuck and Co., Sears National Bank, SRFG, Inc., SMTB, Inc., SVFT, Inc., SLRR, Inc. and Sears Financial Holding Corporation (collectively, "Originator") and Sherman Originator LLC ("Buyer"), then subsequently assumed by Seller pursuant to that letter dated October 30, 2003, transfers, sells, assigns, conveys, grants and delivers to Buyer, who simultaneously transfers, sells, assigns, conveys, grants and delivers to Sherman Acquisition Limited Partnership ("Subsequent Buyer") all rights, title and interest in and to the Chapter 13 Accounts which are described on the Disk furnished by Seller to Buyer in connection herewith; (ii) all payments on and proceeds of such accounts (each, an "Account") after the close of business on December 10, 2003 and (iii) all claims arising out of or relating to each Account.

The Accounts include accounts which were previously owned by Sears, Roebuck and Co., Sears National Bank, SRFG, Inc., SMTB, Inc., SVFT, Inc. and SLRR, Inc..

Seller hereby stipulates that Subsequent Buyer may be substituted for Seller as the valid owner of the Accounts and hereby irrevocably waives any and all notice, and hearing requirements imposed by or right to object under Bankruptcy Rule 3001(e)(2) or otherwise.

Each of the obligations of Seller required to be performed by Seller on or prior to the date hereof pursuant to the terms of the Agreement has been duly performed; and all representations and warranties of Seller made under such Agreement are true and correct as of the date hereof.

Dated: 12-30-03

Citibank USA, N.A.

By: Jeffrey D. Gennert

JEFFREY D. GENNERT  
Vice President and  
Associate General Counsel  
Citibank USA, N.A.  
Sioux Falls, SD 57117  
(605) 331-1713



Citibank USA, N.A.  
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Sioux Falls, SD 57117-6000

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Citibank USA, N.A. ("Seller"), for value received, to the extent permitted by applicable law, and subject to the terms of that certain Purchase and Sale Agreement entered into as of July 11, 2003, (the "Agreement"), by and between Sears, Roebuck and Co., Sears National Bank, SRFG, Inc., SMTB, Inc., SVFT, Inc., SLRR, Inc. and Sears Financial Holding Corporation (collectively, "Originator") and Sherman Originator LLC ("Buyer"), then subsequently assumed by Seller pursuant to that letter dated October 30, 2003, transfers, sells, assigns, conveys, grants and delivers to Buyer, who simultaneously transfers, sells, assigns, conveys, grants and delivers to Sherman Acquisition Limited Partnership ("Subsequent Buyer") all rights, title and interest in and to the Chapter 13 Accounts which are described on the Disk furnished by Seller to Buyer in connection herewith; (ii) all payments on and proceeds of such accounts (each, an "Account") after the close of business on January 12, 2004, and (iii) all claims arising out of or relating to each Account.

The Accounts include accounts which were previously owned by Sears, Roebuck and Co., Sears National Bank, SRFG, Inc., SMTB, Inc., SVFT, Inc. and SLRR, Inc.

Seller hereby stipulates that Subsequent Buyer may be substituted for Seller as the valid owner of the Accounts and hereby irrevocably waives any and all notice, and hearing requirements imposed by or right to object under Bankruptcy Rule 3001(e)(2) or otherwise.

Each of the obligations of Seller required to be performed by Seller on or prior to the date hereof pursuant to the terms of the Agreement has been duly performed; and all representations and warranties of Seller made under such Agreement are true and correct as of the date hereof.

Dated: 01/14/04

Citibank USA, National Association

By: 

JEFFREY D. GEDNALSKE  
Vice President and  
Associate General Counsel  
Citibank (South Dakota), N.A.  
(605)331-1713



Citibank USA, N.A.  
P.O. Box 6000  
Sioux Falls, SD 57117-6000

### Assignment of Accounts

Citibank USA, N.A. ("Seller"), for value received, to the extent permitted by applicable law, and subject to the terms of that certain Purchase and Sale Agreement entered into as of July 11, 2003, (the "Agreement"), by and between Sears, Roebuck and Co., Sears National Bank, SRFG, Inc., SMTB, Inc., SVFT, Inc., SLRR, Inc. and Sears Financial Holding Corporation (collectively, "Originator") and Sherman Originator LLC ("Buyer"), then subsequently assumed by Seller pursuant to that letter dated October 30, 2003, transfers, sells, assigns, conveys, grants and delivers to Buyer, who simultaneously transfers, sells, assigns, conveys, grants and delivers to Sherman Acquisition Limited Partnership ("Subsequent Buyer") all rights, title and interest in and to the Chapter 13 Accounts which are described on the Disk furnished by Seller to Buyer in connection herewith; (ii) all payments on and proceeds of such accounts (each, an "Account") after the close of business on February 10, 2004, and (iii) all claims arising out of or relating to each Account.

The Accounts include accounts which were previously owned by Sears, Roebuck and Co., Sears National Bank, SRFG, Inc., SMTB, Inc., SVFT, Inc. and SLRR, Inc.

Seller hereby stipulates that Subsequent Buyer may be substituted for Seller as the valid owner of the Accounts and hereby irrevocably waives any and all notice, and hearing requirements imposed by or right to object under Bankruptcy Rule 3001(e)(2) or otherwise.

Each of the obligations of Seller required to be performed by Seller on or prior to the date hereof pursuant to the terms of the Agreement has been duly performed; and all representations and warranties of Seller made under such Agreement are true and correct as of the date hereof.

Dated: 02/10/04

Citibank USA, National Association

By: 

JEFFREY D. GEDNALSKE  
Vice President and  
Associate General Counsel  
Citibank (South Dakota), N.A.  
(605)331-1713

PURCHASE AND SALE AGREEMENT (CHAPTER 13 FORWARD FLOW)  
CHARGED-OFF CHAPTER 13 MASTERCARD CREDIT CARD ACCOUNTS

among

SEARS, ROEBUCK AND CO.,  
SEARS NATIONAL BANK,  
SRFG, INC.,  
SMTB, INC.,  
SVFT, INC.,  
SLRR, INC., and  
Sears Financial Holding Corporation

(as Sellers)

and

SHERMAN ORIGINATOR LLC  
(as Buyer)

Dated as of  
July 11, 2003

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**PURCHASE AND SALE AGREEMENT (CHAPTER 13 FORWARD FLOW)**

This Purchase and Sale Agreement (Chapter 13 Forward Flow) (this "Purchase Agreement") is dated as of July 11, 2003 among Sears, Roebuck and Co. ("Sears"), a New York corporation, Sears National Bank ("SNB"), a national banking association, SRFG, Inc. ("SRFG"), a Delaware corporation, SMTB, Inc. ("SMTB"), a Delaware corporation, SVFT, Inc. ("SVFT"), a Delaware corporation, SLRR, Inc. ("SLRR"), a Delaware corporation, and Sears Financial Holding Corporation ("SFHC"), a Delaware corporation (each a "Seller" and, collectively, the "Sellers"), and Sherman Originator LLC, a Delaware limited liability company (the "Buyer"). Sherman Financial Group LLC is a party to this Agreement for the limited purpose of agreeing to its indemnification obligations under Section 15.

WITNESSETH:

WHEREAS, SNB is engaged in the business of extending open-end credit to consumers under MasterCard accounts and other open-end consumer credit plans;

WHEREAS, SNB transfers the receivables under such accounts to Sears in the ordinary course of its business;

WHEREAS, Sears, in connection with its ongoing securitization program, sells certain of such receivables: to SRFG, certain of which are then transferred to Sears Credit Account Master Trust II; to SMTB, certain of which are then transferred to Sears Credit Account Master Trust B; and to SVFT, certain of which are then transferred to Sears Variable Funding Master Trust;

WHEREAS, Sears, in connection with its ongoing financing of receivables, sells certain of such receivables to SLRR;

WHEREAS, certain of the receivables under such accounts have been transferred to SFHC;

WHEREAS, certain of such accounts are or will be charged off and are or will become subject to Chapter 13 bankruptcy proceedings; and

WHEREAS, the Sellers and the Buyer desire to enter into this Purchase Agreement whereby the Sellers shall sell to the Buyer, and the Buyer shall purchase from the Sellers, according to the terms and conditions hereof, all of the Sellers' rights, title and interest in and to certain of those accounts which are charged off as uncollectible and subject to Chapter 13 bankruptcy proceedings;

NOW, THEREFORE, in consideration of the mutual agreements, representations and warranties hereinafter set forth and for other good and valuable consideration, both

the receipt and legal sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

1. Definitions.

- 1.1 "Accepted Reassigned Account" means a Reassigned Account accepted by the Sellers for reassignment pursuant to Section 9.
- 1.2 "Account" has the meaning provided in Section 2.1(a)(i).
- 1.3 "Account Document" means: (i) any application, agreement, billing statement, notice, or financing statement from the Account Holder with respect to purchases made under an Account, (ii) any correspondence or other document in a Seller's possession which relates to an Account or (iii) any Affidavit of Sale or Affidavit of Lost or Destroyed Documents which relate to an Account.
- 1.4 "Account Holder" means the obligor or obligors on an Account.
- 1.5 "Account Holder's Agreement" means the agreement entered into by and between an Account Holder and SNB with regard to the extension of credit to such Account Holder.
- 1.6 "Account Notices" has the meaning provided in Section 7.2(c).
- 1.7 "Account Receivable" means the right, with respect to an Account, to receive payment for charges incurred by the Account Holder with respect to such Account for goods and/or services, including unpaid principal, finance charges and all other fees.
- 1.8 "Affidavit for Legal Filing" means, as to an Account with respect to which the related Chapter 13 Case has been dismissed, a notarized statement provided by the Sellers verifying (i) the Account Holder is not currently serving in the military, (ii) that the Account balance is true and correct, and (iii) that the Account Holder referenced is true and correct.
- 1.9 "Affidavit of Lost and/or Destroyed Documents" means, as to an Account with respect to which the related Chapter 13 Case has been dismissed, a notarized statement provided by the Sellers stating that the Account Document related to such Account has been lost or destroyed.
- 1.10 "Affidavit of Sale" means, as to an Account with respect to which the related Chapter 13 Case has been dismissed, a notarized statement provided by the Sellers verifying (i) the Account Holder's name, the

Account balance, (iii) the fact that such Account was sold to the purchaser thereof, (iv) the fact that such purchaser owns such Account and has complete authority to settle, adjust, compromise and satisfy the Account and the debt owing on such Account, and (v) the fact that none of the Sellers or any of the Master Trusts has any further interest in the debt owing on such Account for any purpose.

- 1.11 “Allowed Proof of Claim” means a Proof of Claim filed in accordance with the requirements of the Bankruptcy Code and which is allowed in the applicable Chapter 13 Case.
- 1.12 “Appendix” means any of the appendices attached to this Purchase Agreement, each of which is made a part hereof as though fully set forth herein.
- 1.13 “Applicable Laws” has the meaning provided in Section 7.5.
- 1.14 “Bankruptcy Code” means the United States Bankruptcy Code (11 U.S.C. § 101 et seq.).
- 1.15 “Business Day” means a day that each of the Buyer and Sellers are open for business.
- 1.16 “Buyer’s Loss” has the meaning provided in Section 15.1.
- 1.17 “Change of Control” means:
  - (a) with respect to Sears:
    - (i) the consolidation or merger with or into, or conveyance, transfer or lease of all or substantially all of the assets of Sears (which term shall include, without limitation, its capital stock) to, any entity (other than an entity related to Sears prior to such transaction by an 80% equity interest, directly or indirectly), or
    - (ii) the consolidation or merger with or into, or conveyance, transfer, sale or lease of the Sears Credit Business to any entity, or the sale to any entity of substantially all the accounts and accounts receivable arising thereunder owned by the Sellers (including the Accounts and Accounts Receivable subject to this Purchase Agreement); and
  - (b) with respect to the Buyer:

- (i) the consolidation or merger with or into, or conveyance, transfer or lease of all or substantially all of the assets of the Buyer or its affiliates (which term shall include, without limitation, its capital stock) to, any entity (other than an entity related to the Buyer prior to such transaction by an 80% equity interest, directly or indirectly), or
  - (ii) the consolidation or merger with or into, or conveyance, transfer, sale or lease of any division, department or sub-entity of the Buyer or its affiliates that will handle and/or manage the Accounts transferred under this Purchase Agreement to, any entity (other than an entity related to the Buyer prior to such transaction by an 80% equity interest, directly or indirectly).
- 1.18 “Change of Control Notice” has the meaning provided in Section 13.
- 1.19 “Change of Control Repurchase Date” has the meaning provided in Section 13.
- 1.20 “Chapter 13 Account” means a charged-off MasterCard account with respect to which (i) the Account Holder has filed a Chapter 13 Case under the Bankruptcy Code, and (ii) the Sellers have filed a Proof of Claim, that falls within the Chapter 13 Account Type set forth on Appendix I.
- 1.21 “Chapter 13 Account Type” means the Chapter 13 Account Type set forth under “Chapter 13 Account Type and Purchase Price Percentage” on Appendix I.
- 1.22 “Chapter 13 Case” means a case filed under Chapter 13 of the Bankruptcy Code.
- 1.23 “Claim” has the meaning provided in Section 15.1.
- 1.24 “Claim Verification Date” means, with respect to an Account, the 120<sup>th</sup> day after the applicable Closing Date.
- 1.25 “Closing Date” means, with respect to a given month during the Transfer Period, a Business Day, as set forth in the applicable Monthly Supplement, not later than three (3) Business Days after the Delivery Date.
- 1.26 “Commencement Date” has the meaning provided in any Extension Notice executed by the Parties.



- 1.27 “Communications” has the meaning provided in Section 18.1.
- 1.28 “Computer File” means, with respect to a Monthly Supplement, information on files or other electronic media relating to the Accounts to be sold pursuant to such Monthly Supplement setting forth, for each such Account: (a) the Cut-off Date Amount, and (b) the information described in Exhibit A, to the extent such information is available.
- 1.29 “Credit Bureaus” has the meaning provided in Section 17.
- 1.30 “Cut-off Date” means, with respect to any Monthly Supplement and all Accounts subject thereto, the date on which the Sellers create the Computer File for such Monthly Supplement and such Accounts, which shall not be later than 10 Business Days after the end of each calendar month.
- 1.31 “Cut-off Date Amount” means, with respect to any Preliminary Account, the outstanding balance thereof (including unpaid principal, finance charges and fees, but excluding any interest, charges or fees accrued after the Account Holder on such Preliminary Account filed for bankruptcy) as of the applicable Cut-off Date, as shown on the records of the Sellers.
- 1.32 “Delivery Date” means, with respect to a given month during the Transfer Period, the date on which the Sellers send the Computer File to the Buyer.
- 1.33 “Eligibility Requirements” means the requirements as set forth in Section 9.2.
- 1.34 “Excluded Account” means an account that falls within any of the Excluded Account Types set forth under the heading “Excluded Account Types” on Appendix I.
- 1.35 “Excluded Account Type” means any of the Excluded Account Types set forth under the heading “Excluded Account Types” on Appendix I.
- 1.36 “Exhibit” means any of the exhibits attached to this Purchase Agreement, each of which is made a part hereof as though fully set forth herein.
- 1.37 “Extension” means a thirty-day extension of the Transfer Period pursuant to an Extension Notice executed by each of the Parties.
- 1.38 “Extension Notice” has the meaning provided in Section 12.2.
- 1.39 “FDIA” has the meaning provided in Section 5.16.

- 1.40 “Free Period” has the meaning provided in Section 7.2(a).
- 1.41 “Good Standing Certificate” means (a) with respect to the Buyer, Sears, SRFG, SMTB, SVFT, SLRR or SFHC, a certificate of good standing from the Secretary of State of the applicable state of incorporation or formation, and (b) with respect to SNB, a Certificate of Existence from the Comptroller of the Currency.
- 1.42 “Indemnified Party” means a Party entitled to indemnification by another Party as contemplated in Sections 15.1 and 15.2.
- 1.43 “Initial Transfer Period” means the time period beginning on July 2, 2003 and ending on and including December 31, 2003, unless the Initial Transfer Period is terminated earlier than such date pursuant to Section 12 or Section 13.
- 1.44 “Lien” means any pledge, hypothecation, encumbrance, lien or other security interest, including, without limitation, any interest arising out of a conditional sale or other title retention agreement or any financing lease having substantially the same economic effect as any of the foregoing.
- 1.45 “Loss” means a Buyer’s Loss or a Seller’s Loss.
- 1.46 “Master Trust Agreements” means, collectively, the Master Trust B Agreement, the Master Trust II Agreement and the Variable Funding Trust Agreement, and “Master Trust Agreement” means any one of the Master Trust Agreements.
- 1.47 “Master Trust B” means Sears Credit Account Master Trust B.
- 1.48 “Master Trust B Agreement” has the meaning provided in Section 2.1(a)(iv).
- 1.49 “Master Trust II” means Sears Credit Account Master Trust II.
- 1.50 “Master Trust II Agreement” has the meaning provided in Section 2.1(a)(iii).
- 1.51 “Master Trusts” means, collectively, Master Trust B, Master Trust II and the Variable Funding Trust, and “Master Trust” means any one of the Master Trusts.
- 1.52 “Monthly Supplement” means each monthly supplement supplied by the Sellers to the Buyer, substantially in the form of Exhibit C.

- 1.53 “Officer’s Certificate” means, with respect to a Party, a certificate from an officer of such Party certifying that (a) each of the obligations required to be performed by such Party on or prior to the applicable Closing Date pursuant to the terms of this Purchase Agreement has been duly performed, and (b) all representations and warranties of such Party made under this Purchase Agreement are true and correct as of such Closing Date.
- 1.54 “Original Claim Balance” means the balance of an Account on the date of the filing of a Proof of Claim by any Seller.
- 1.55 “Party” or “Parties” refers to the Buyer and Sellers, or either of them, as the context requires, regardless of whether used in the singular or plural.
- 1.56 “Preliminary Account” means a Chapter 13 Account (including any Account Receivables arising thereunder) that, as of the Cut-off Date, meets all of the Eligibility Requirements.
- 1.57 “Presentment Amount” has the meaning provided in Section 15.4.
- 1.58 “Proof of Claim” means the written statement setting forth a creditor’s claim, as contemplated under Rule 3001(a) of the Federal Rules of Bankruptcy Procedure.
- 1.59 “Purchase Agreement” means this Purchase and Sale Agreement (Chapter 13 Forward Flow) including all Exhibits and Appendices hereto.
- 1.60 “Purchase Price” means, with respect to a Monthly Supplement, an amount equal to the Purchase Price Percentage multiplied by the aggregate Cut-off Date Amount of the Accounts transferred pursuant to such Monthly Supplement.
- 1.61 “Purchase Price Percentage” means, with respect to the Chapter 13 Account Type, the purchase price percentage set forth on Appendix I for such Chapter 13 Account Type.
- 1.62 “RFD Code” means, with respect to an Account, the “Reason for Delinquency Code” assigned by the Sellers to such Account, as set forth on Appendix I.
- 1.63 “Reassigned Account” has the meaning provided in Section 9.1.
- 1.64 “Reassignment Closing Date” has the meaning provided in Section 9.4.

- 1.65 “Reassignment Request” has the meaning provided in Section 9.3.
- 1.66 “Reduced Account” has the meaning provided in Section 9.2(e)(ii).
- 1.67 “Repurchase Closing Date” has the meaning provided in Section 10.2.
- 1.68 “Repurchase Price” means, with respect to an Account, (i) an amount equal to the Purchase Price Percentage multiplied by the Cut-off Date Amount, less (ii) any net amounts collected by, or forwarded to, the Buyer after the Cut-off Date.
- 1.69 “Repurchased Account” has the meaning provided in Section 10.2.
- 1.70 “Sears Credit Business” means the department of Sears that currently handles and/or manages credit accounts and the receivables arising thereunder (including the Accounts and the Accounts Receivable subject to this Purchase Agreement).
- 1.71 “Secretary’s Certificate” means, with respect to a Party, a certificate from the secretary, an assistant secretary or other appropriate officer of such Party, certifying the incumbency of the person signing this Purchase Agreement on behalf of such Party as an officer thereof, the authority of such person to execute this Purchase Agreement and the authenticity of the supporting document(s) attached to the Secretary’s Certificate.
- 1.72 “Seller’s Loss” has the meaning provided in Section 15.2.
- 1.73 “Sherman Charged-off Account Bulk Sale Agreement” means the Purchase and Sale Agreement (Bulk Sale) relating to charged-off credit card accounts among Sears, SNB, SRFG, SMTB, SVFT, SLRR and the Buyer, dated as of June 24, 2003.
- 1.74 “Sherman Charged-off Account Forward Flow Agreement” means the Purchase and Sale Agreement (Forward Flow) relating to charged-off credit card accounts among the Sellers and the Buyer, dated as of June 24, 2003.
- 1.75 “Sherman Purchase Agreements” means, collectively, (i) this Purchase Agreement, (ii) the Purchase and Sale Agreement (Chapter 13 Bulk Sale) relating to accounts with respect to which the Account Holders have filed Chapter 13 Cases, among the Sellers and the Buyer, dated as of the date hereof, (iii) the Sherman Charged-off Account Forward Flow Agreement, (iv) the Sherman Charged-off Account Bulk Sale Agreement, (v) the

Purchase and Sale Agreement (Non-Chapter 13 FDR Conversion Charge-Off Accounts Bulk Sale) relating to accounts converted from the FDR processing system, among Sears, SNB, SFHC and the Buyer, dated as of the date hereof, and (vi) any subsequent Purchase and Sale Agreements entered into by Sears, Sears, Roebuck de Puerto Rico, Inc. and the Buyer or its affiliates with respect to accounts owned by Sears, Roebuck de Puerto Rico, Inc.

- 1.76 “SLRR Agreements” has the meaning provided in Section 2.1(a)(vi).
- 1.77 “Sunset Clauses” has the meaning provided in Section 15.6.
- 1.78 “Termination Notice” has the meaning provided in Section 13.1.
- 1.79 “Tested Account Group” has the meaning provided in Section 9.4(a).
- 1.80 “Transfer Period” means (i) the Initial Transfer Period, and (ii) each Extension of the Initial Transfer Period.
- 1.81 “Trustee” means the trustee in a Chapter 13 Case.
- 1.82 “UCC” means, with respect to a particular state, the Uniform Commercial Code as in effect in such state, as amended from time to time.
- 1.83 “UCC Financing Statement” means a UCC financing statement to be filed with (i) the Secretary of State of the State of New York with respect to the Accounts or portions thereof owned by Sears, (ii) the Secretary of State of the State of Arizona with respect to the Accounts or portions thereof owned by SNB, and (iii) the Secretary of State of the State of Delaware with respect to the receivables under the Accounts owned by SRFG, SMTB, SVFT, SLRR or SFHC, in each case including the information attached as Exhibit D.
- 1.84 “Unverified Account” has the meaning provided in Section 3.1.
- 1.85 “Variable Funding Trust” means the Sears Variable Funding Master Trust.
- 1.86 “Variable Funding Trust Agreement” has the meaning provided in Section 2.1(a)(v).
- 2. Purchase and Sale of Accounts; Reassignment.
  - 2.1 (a) Forward Sale of Accounts—General.

- (i) Purchase and Sale of Accounts. On each Closing Date during the Transfer Period, subject to the terms hereof, the Sellers hereby agree to sell, assign and transfer to the Buyer all right, title and interest in those Preliminary Accounts selected by the Sellers to be sold on such Closing Date. An "Account" is a Preliminary Account that is selected, pursuant to paragraph (ii) below, by the Sellers to be sold on a given Closing Date. The Buyer hereby agrees to accept such sales, assignments and transfers of Accounts. Each such sale, transfer and assignment of Accounts shall take place on the Closing Date specified in the applicable Monthly Supplement.
- (ii) Selection of Accounts by Sellers. Prior to each Closing Date, the Sellers will: (A) identify which of the Chapter 13 Accounts are Preliminary Accounts, and (B) subject to (iii) – (vi) below, select, on a random basis, which of those Preliminary Accounts are Accounts to be sold to the Buyer on such Closing Date. Each month, the Sellers may select a percentage, between 80% and 100%, of the Preliminary Accounts as Accounts to be sold on the Closing Date for such month.
- (iii) Preliminary Accounts not to be sold: Master Trust II. The Accounts shall not include, and the Buyer shall not have any interest in, any accounts relating to receivables transferred by SRFG to Master Trust II pursuant to that certain Pooling and Servicing Agreement, dated as of July 31, 1994, as amended (the "Master Trust II Agreement"), among Sears, SRFG and The Bank of New York as successor to Bank One, National Association, as Trustee, except for any consumer credit account that constitutes a "Charged-Off Account" (as such term is defined in the Master Trust II Agreement) (i) the receivables under which have been sold by SRFG to the Buyer pursuant to this Purchase Agreement and (ii) as to which no election has been made to keep such "Charged-Off Account" in Master Trust II pursuant to Section 4.04(c) of the Master Trust II Agreement.
- (iv) Preliminary Accounts not to be sold: Master Trust B. The Accounts shall not include, and the Buyer shall not have

any interest in, any accounts relating to receivables transferred by SMTB to Master Trust B pursuant to that certain Pooling and Servicing Agreement, dated as of December 14, 2001, as may be amended from time to time (the "Master Trust B Agreement"), among Sears, SMTB and The Bank of New York, as Trustee, except for any consumer credit account that constitutes a "Charged-Off Account" (as such term is defined in the Master Trust B Agreement) (i) the receivables under which have been sold by SMTB to the Buyer pursuant to this Purchase Agreement and (ii) as to which no election has been made to keep such "Charged-Off Account" in Master Trust B pursuant to Section 4.04(c) of the Master Trust B Agreement.

- (v) Preliminary Accounts not to be sold: Variable Funding Trust. The Accounts shall not include, and the Buyer shall not have any interest in, any accounts relating to receivables transferred by SVFT to Variable Funding Trust pursuant to that certain Pooling and Servicing Agreement, dated as of October 25, 2002, as may be amended from time to time (the "Variable Funding Master Trust Agreement"), among Sears, SVFT and The Bank of New York, as Trustee, except for any consumer credit account that constitutes a "Charged-Off Account" (as such term is defined in the Variable Funding Master Trust Agreement) (i) the receivables under which have been sold by SVFT to the Buyer pursuant to this Purchase Agreement and (ii) as to which no election has been made to keep such "Charged-Off Account" in Variable Funding Trust pursuant to Section 4.04(c) of the Variable Funding Master Trust Agreement.
- (vi) Preliminary Accounts not to be Sold: SLRR. The Accounts shall not include, and the Buyer shall not have any interest in, any accounts relating to receivables transferred by Sears to SLRR pursuant to that certain Purchase Agreement, dated as of March 25, 2002 and that certain Contribution Agreement, dated as of March 25, 2002, as may be amended from time to time (the "SLRR Agreements"), between Sears and SLRR, except for any consumer credit account that constitutes a "Charged-Off Account" (as such

term is defined in the SLRR Agreements) the receivables under which have been sold by SLRR to the Buyer pursuant to this Purchase Agreement.

(b) Computer File. The Sellers shall create the preliminary Computer File each month on such month's Cut-off Date. The Sellers will deliver the Computer File to the Buyer on the Delivery Date chosen by the Sellers for such month. After initially creating the Computer File, but prior to the Closing Date in such month, the Sellers may modify the Computer File to eliminate accounts that do not meet the Eligibility Requirements as of the Cut-Off Date, and the final Computer File as so modified shall determine the Accounts that will be offered for sale pursuant to such Monthly Supplement.

(c) Closing Date Requirements. On the first Closing Date, (X) each Seller will deliver to the Buyer (i) a Good Standing Certificate, (ii) an Officer's Certificate, (iii) evidence of its authority, in the form of a Secretary's Certificate, to enter into this Purchase Agreement and to execute any assignment, and (iv) an executed Power of Attorney, substantially in the form set forth for such Seller in Exhibit E; and (Y) Sears will deliver to the Buyer an opinion of counsel of Sears with respect to certain corporate matters and UCC filing requirements. On the first Closing Date, the Buyer will deliver to each Seller: (i) a Good Standing Certificate, (ii) an Officer's Certificate, and (iii) evidence of its authority, in the form of a Secretary's Certificate, to enter into this Purchase Agreement.

On the first Closing Date and each Closing Date thereafter, the Sellers will deliver to the Buyer: (i) the Monthly Supplement for the Accounts being sold on such Closing Date and (ii) an assignment to the Buyer substantially in the form of Exhibit F; and the Buyer will pay the Purchase Price to the Sellers by wire transfer in immediately available federal funds to the following account:

Sears, Roebuck and Co. (receiving on its own behalf and as Agent  
for SNB, SRFG, SMTB, SVFT, SLRR and SFHC)  
c/o Bank One Chicago  
ABA Number: 071000013  
Account Name: Sears, Roebuck and Co.  
Account No.: 03-00225  
Reference: BK13 FF

(d) Change in Bankruptcy Law. Without prejudicing any Party's rights



with respect to previously transferred Accounts, each Party may give the other Party(ies) 15 days prior notice of an early Transfer Period termination date, if such Party's expectations with respect to this Purchase Agreement are materially altered by the enactment, or promulgation, of rules and/or regulations under, or modifications to, the Bankruptcy Code; provided, however, that the Parties may mutually agree to appropriate amendment(s) to this Purchase Agreement prior to the effective date of any notice given under this Section 2.1(d) and upon the execution of such amendment(s), any notice of an early Transfer Period termination date will be of no further force and effect.

- 2.2 True Sale; Written Representation and Warranties. The sale and transfer provided for herein or in any Monthly Supplement is expressly made without recourse and without representation or warranty, express or implied, of any kind or character including, but not limited to, any representations or warranties pertaining to the quality or fitness of any of the Accounts, the collectibility of any Account or the accuracy or sufficiency of information furnished to any Party pursuant to this Purchase Agreement, other than those express representations, warranties and provisions of this Purchase Agreement.
- 2.3 Taxes. None of the Parties is aware of any state or federal sales, transfer or similar taxes that would be applicable to it in connection with the purchase and sale of Accounts pursuant to this Purchase Agreement and the related Monthly Supplements.
- 2.4 Post-Closing Date Sale. If the law of any governing jurisdiction requires the Buyer or the Sellers to take any action prior to the sale of any Account, such Account will not be deemed to be sold to the Buyer until such action is taken. The Parties will take any such action that they may take without unreasonable effort or expense to permit the transfer of such Account from the Sellers to the Buyer. After any such action is taken, such Account will be deemed sold by the Sellers to the Buyer effective as of the applicable Closing Date, and the Parties will have the same rights and obligations as they would have had if such Account had been sold on such Closing Date. To the knowledge of the Sellers, no such actions are required in order for the Accounts to be deemed sold.
- 2.5 Joint and Several Liability. Sears will be jointly and severally liable for any obligation of Sears, SNB, SRFG, SMTB, SVFT, SLRR or SFHC under this Purchase Agreement. Any claim for monetary damages by the Buyer against any of the Sellers pursuant to this Purchase Agreement will be brought only against Sears.

- 2.6 Schedule. The Sellers and the Buyer will maintain a schedule on computer files, records, or a printout of all Accounts sold under this Purchase Agreement and the related Monthly Supplements. The schedule will be revised whenever an Account previously sold to the Buyer is reassigned to the Sellers in accordance with this Purchase Agreement.
- 2.7 Reassignment and Repurchase. On each Reassignment Closing Date and each Repurchase Closing Date, the Buyer will sell, and the Sellers will purchase, without recourse, all right, title and interest in the Accepted Reassigned Accounts and/or Repurchased Accounts reassigned and/or sold to the Sellers on such date. Such Accounts shall be free and clear of all Liens created or granted by the Buyer. On each such date:
- (a) the Buyer will deliver to the Sellers a reassignment substantially in the form of Exhibit G, and any other documents required to be delivered by the Buyer on such date pursuant to Sections 9, 10, 12 and 14 in connection with the reassignment and repurchase of Accounts, and
  - (b) the Sellers will pay to the Buyer the Repurchase Price for such Accepted Reassigned Accounts and/or Repurchased Accounts in immediately available federal funds to an account specified by the Buyer on or prior to such date.
3. Verification and Transfer of Proof of Claims.
- 3.1 Claim Verification/Eligibility Requirements. The Buyer will use commercially reasonable efforts to determine, on or prior to the applicable Claim Verification Date, whether an Account meets the Eligibility Requirements. On each Claim Verification Date, the Buyer will provide to the Sellers, with respect to Accounts sold on the Closing Date related to such Claim Verification Date, a report listing each Account with respect to which the Buyer has found any information indicating that the Account does not meet the Eligibility Requirements. In the event an Account cannot be "verified" - i.e., the Buyer is unable to confirm the status of the Proof of Claim in a pending Chapter 13 Case relating to an Account on the Claim Verification Date (such an Account, an "Unverified Account"), the Buyer will provide to the Sellers notice of such Unverified Account and the Sellers will cooperate with the Buyer in (a) locating such additional data or current Account information as may be necessary to identify such claim properly for purposes of verification by the applicable Trustee or bankruptcy court, or (b) reconciling such disputed Account and amounts between the Trustee or the bankruptcy court and the Sellers.

- 3.2 Unverified Claims. If, prior to the 30<sup>th</sup> day after the Claim Verification Date, an Allowed Proof of Claim cannot be verified, the Buyer and the Sellers having made commercially reasonable efforts to verify such claim, the Seller will accept (subject to the next sentence) such Unverified Account for reassignment in accordance with the terms and conditions set forth in Sections 9 and 2.7. In connection with the foregoing, and as a condition to the Sellers' obligation to accept an Account for reassignment under this Section 3, the Buyer shall use commercially reasonable efforts to investigate, verify and transfer the Proof of Claim represented by each Account sold under the applicable Monthly Supplement.
- 3.3 Transfer of Proof of Claims. With respect to any Account sold to the Buyer, the Buyer or its agent shall, at its expense, within 30 days after the applicable Closing Date, file a notice of transfer of Proof of Claim with the applicable bankruptcy court, and shall otherwise comply with the Applicable Laws, including but not limited to all notice requirements under the Bankruptcy Code. The Sellers shall have no obligation to investigate or independently verify the notification of transfer of Proofs of Claim required to be made by the Buyer pursuant to the terms of this Section 3.3. Except as otherwise set forth herein and subject to the Applicable Laws, the Parties acknowledge that the Sellers have no responsibility to notify the applicable bankruptcy court of transfers of Proofs of Claim after the applicable Closing Date.
- 3.4 With respect to any Account sold to the Buyer, the Buyer or its agent shall file a notice of transfer of Proof of Claim with the applicable bankruptcy court, and shall otherwise comply with all notice requirements under the Bankruptcy Code. The Buyer shall deliver to the Sellers, at the end of each calendar month, a report indicating those Accounts for which it has filed a notice of transfer of Proof of Claim in order to be substituted as the creditor of record with the applicable bankruptcy court. The Sellers shall have no obligation to investigate or independently verify the notification of the transfer of claims required to be made by the Buyer pursuant to the terms of this Section 3.3.
4. Conditions Precedent to Purchase or Sale of Accounts. The Sellers' obligation to sell and the Buyer's obligation to purchase any Accounts on any Closing Date will be subject to the following conditions with respect to the other Party:
- 4.1. Representations and Warranties. The representations and warranties of the other Party contained in this Purchase Agreement will be true and correct as of such Closing Date.

- 4.2. Compliance with Covenants and Agreements. The other Party will have complied in all material respects with any obligation required by this Purchase Agreement to be performed by it on or before such Closing Date.
5. Representations and Warranties of the Sellers. Except as to Section 5.14, as of the date of any Monthly Supplement and the applicable Closing Date, each Seller other than Sears represents and warrants only as to itself and the Accounts sold by such Seller on such Closing Date, and Sears represents and warrants as to itself and all of the Accounts sold on such Closing Date, that:
- 5.1 Due Organization and Authorization. The execution, delivery and performance of this Purchase Agreement by that Seller have been duly authorized by all necessary and required corporate action, do not require any approval or consent of any governmental agency or authority, do not conflict with any provision of its Charter, Articles or Certificate of Incorporation, By-Laws or other charter documents, and do not conflict with or result in a breach which would constitute a material default under, any agreement binding upon or applicable to it or such of its property which is material to it, or any law or governmental regulation or court decree applicable to it or such material property if violation of such law, regulation or decree may adversely affect such Seller, and this Purchase Agreement is the valid, binding and enforceable obligation of such Seller, except as the same may be limited by bankruptcy, receivership, insolvency, reorganization or similar laws now or hereafter in effect relating to creditors' rights generally or general principles of equity (whether considered in a proceeding at law or equity) and the discretion of the court before which any proceeding therefor may be brought.
- 5.2 Approvals and Notices. Except for (a) the filings of any documents related to the transfers of Proofs of Claim by the Buyer with the cooperation of the Sellers, (b) the UCC Financing Statements, and (c) any obligation to send notice to the Account Holders whose Chapter 13 Cases have been dismissed regarding the change in ownership of the Accounts as may be required under Applicable Law, no notice need be given to any Account Holder, and no notice or filing need be made with, or approval obtained from, any governmental authority having jurisdiction over any Seller in connection with the transactions contemplated by this Purchase Agreement. Each of the Sellers has all licenses and permits required for it to undertake its required activities with respect to the Accounts (*i.e.*, to service and/or own the Accounts, as the case may be).
- 5.3 UCC Information. For purposes of filing a UCC Financing Statement, Sears is "located", as such term is defined in Section 9-307 of the UCC, in

the State of New York, the state designated with the Office of the Comptroller of the Currency of SNB, and the state in which it is "located", as such term is defined in Section 9-307 of the UCC, is Arizona and SRFG, SMTB, SVFT, SLRR and SFHC are each "located", as such term is defined in Section 9-307 of the UCC, in the State of Delaware.

- 5.4 Accounts. Each such Account is an "account" as such term is defined in Section 9-102 of the UCC, and no such Account is evidenced by an "instrument," as such term is defined in Section 9-102 of the UCC. No such Account is secured by a judgment, mortgage or other lien on a residence or real property. To the knowledge of such Seller, none of such Accounts has a balance that was reaffirmed in a manner inconsistent with Applicable Law.
- 5.5 Material Actions. There are and have been no actions, suits or proceedings against such Seller that would materially adversely affect such Seller's rights or abilities to perform its obligations under this Purchase Agreement.
- 5.6 Ownership of Accounts and Related Accounts Receivable. Each of Sears, SRFG, SMTB, SVFT, SLRR and/or SFHC own only the Accounts Receivable arising under the Accounts, and none of Sears, SRFG, SMTB, SVFT, SLRR or SFHC own any Account in whole. All other rights with respect to the Accounts are owned by SNB. Except for Sears and SNB, and, with respect to the Accounts Receivable, the Master Trusts, SRFG, SMTB, SVFT, SLRR and SFHC, there are no prior holders of any Account.
- 5.7 No Liability of the Buyer to Brokers or Finders. The Buyer shall not be responsible for any fee or commission payable to any investment banker, broker or finder that has acted on behalf of any Seller in connection with the transactions contemplated by this Purchase Agreement.
- 5.8 Computer Files. Each such Account is in all material respects as described on the Computer File created by the Sellers with respect to such Monthly Supplement.
- 5.9 Compliance. Each such Account has been solicited, originated, created, maintained and serviced in compliance in all material respects with all Applicable Laws.
- 5.10 Title to Accounts. The Sellers, collectively, have good and marketable title to all such Accounts, free and clear of all Liens except for the interests

of any of the Sellers. Upon the closing of the sale of such Accounts to the Buyer, such Accounts shall be free and clear of all Liens.

- 5.11 Master Trust Accounts. None of such Accounts is an account described in Section 2.1(a)(iii)-(vi).
- 5.12 Payable in United States Dollars. All of the Accounts Receivable under such Accounts are payable in United States dollars only.
- 5.13 Billing Addresses. To the knowledge of the Sellers, no Account Holder on any of such Accounts had a billing address outside the United States or Puerto Rico when such Account was originated.
- 5.14 Master Trusts. Sears represents and warrants that, as of the date hereof, none of the Master Trusts has ever elected to keep a "Charged-Off Account" (as such term is defined in the Master Trust Agreements) in such Master Trust.
- 5.15 Accounts not Previously Settled. None of such Accounts have been previously settled.
- 5.16 Purchase of Related Accounts Receivable from SNB. The transfer of Accounts Receivable by SNB to Sears was made in a transaction that cannot be disaffirmed or repudiated by the Federal Deposit Insurance Corporation pursuant to Section 11(e) of the Federal Deposit Insurance Act ("FDIA") or invalidated pursuant to Section 13(e) of the FDIA.
- 5.17 Expenses. All expenses incurred by the agents of the Sellers prior to the Cut-off Date have been or will be paid by the Sellers.

Except as provided in this Section 5 or elsewhere in this Purchase Agreement, the Sellers make no representations and warranties, express or implied, with respect to the Accounts or the sale thereof to the Buyer.

- 6. The Buyer's Representations and Warranties. As of the date of any Monthly Supplement and the applicable Closing Date, the Buyer represents and warrants that:

- 6.1 Due Organization and Authorization. The execution, delivery and performance of this Purchase Agreement by the Buyer have been duly authorized by all necessary and required corporate action, do not require any approval or consent of any governmental agency or authority, do not conflict with any material provision of its Charter, Articles or Certificate

of Incorporation, By-Laws or other charter documents, and do not conflict with or result in a breach which would constitute a material default under any agreement binding upon or applicable to it or such of its property which is material to it, or any law or governmental regulation or court decree applicable to it or such of its material property if violation of such law, regulation or decree may adversely affect the Buyer, and this Purchase Agreement is the valid, binding and enforceable obligation of the Buyer, except as the same may be limited by bankruptcy, receivership, insolvency, reorganization or similar laws now or hereafter in effect relating to creditors' rights generally or general principles of equity (whether considered in a proceeding at law or equity) and the discretion of the court before which any proceeding therefor may be brought.

- 6.2 Approvals and Notices. Except for (a) the filings of any documents related to the transfers of Proofs of Claim by the Buyer with the cooperation of the Sellers, (b) the UCC Financing Statements, and (c) the delivery of any notice to any Account Holder whose Chapter 13 Case has been dismissed regarding the change in ownership of the Account as may be required under Applicable Law, no notice need be made to any Account Holder, and no notice or filing need be made with, or approval obtained from, any governmental authority having jurisdiction over the Buyer in connection with the transactions contemplated by this Purchase Agreement, or in connection with the Buyer's or its affiliates' contemplated collection activities with respect to the Accounts.
- 6.3 Sophisticated and Knowledgeable Buyer. The Buyer is knowledgeable, sophisticated and experienced in making, and is qualified to make, decisions such as the decision involved in the purchase of the Accounts subject to the Monthly Supplement; the Buyer has made its own review of such Accounts; and the Buyer understands the terms and conditions of the sale of such Accounts and is able to bear the economic risk of the purchase of such Accounts. In connection with the execution of this Purchase Agreement and the purchase of the Accounts sold hereby, the Buyer has made such independent investigation as it deems to be warranted as to the nature, collectibility and value of the Accounts subject to such Monthly Supplement and all other facts it deems material to the purchase of the Accounts, and it will enter into this Purchase Agreement on the basis of that investigation, the provisions of this Purchase Agreement and its own judgment.
- 6.4 No Liability of the Sellers to Brokers or Finders. None of the Sellers shall be responsible for any fee or commission payable to any investment

banker, broker or finder that has acted on behalf of the Buyer in connection with the transactions contemplated by this Purchase Agreement.

- 6.5 No Distribution. The Buyer is acquiring the Accounts subject to the Monthly Supplement for its own account and not with a view to, or for sale in connection with, any distribution thereof in any manner that would violate the Securities Act of 1933, as amended, or any applicable state securities laws, or that would cause the purchase and sale hereunder not to be in compliance with such Act.
- 6.6 Material Actions. There are and have been no material actions, suits or proceedings against the Buyer that would adversely affect the Buyer's right or ability to perform its obligations under this Purchase Agreement.
- 6.7 Economic Risk. The transactions contemplated by this Purchase Agreement do not involve, nor are they intended in any way to constitute the sale of a "security" or "securities" within the meaning of any applicable securities laws, and none of the representations, warranties or agreements of the Buyer shall create any inference that the transactions involve any "security" or "securities." The Buyer acknowledges, understands and agrees that the acquisition of the Accounts involves a high degree of risk and is suitable only for persons or entities of substantial financial means that have no need for liquidity and that can hold the Accounts indefinitely or bear the partial or entire loss of the value thereof.

Except as provided in this Section 6 or elsewhere in this Purchase Agreement, the Buyer makes no representations and warranties, express or implied, with respect to the purchase of the Accounts.

7. Conduct of Business after each Closing Date.

- 7.1 Notices to Account Holders Whose Chapter 13 Cases are Dismissed. If, with respect to an Account sold to the Buyer hereunder, the Account Holder's Chapter 13 Case is dismissed, then within 60 days after such dismissal, or sooner if required by the Applicable Laws, the Buyer or its agents will send to such Account Holder a notice of transfer of such Account to the Buyer or the Buyer's affiliate, as applicable.

7.2 Account Documents.

- (a) With respect to the Accounts sold to the Buyer pursuant hereto, to the extent the relevant Account Documents are in the Sellers'



possession or control, and are reasonably available, and subject to the provisions of this Section 7.2, the Sellers shall provide Account Documents until such time as the earlier of (A) 9 months after the applicable Closing Date or (B) the provision of Account Documents with respect to an aggregate of 2% of the Accounts sold hereunder (such period of time or provision of the aggregate percentage of Account Documents, as applicable, the "Free Period"). The Sellers shall, however, provide Account Documents thereafter on a commercially reasonable basis only, according to the fee structure reflected in Exhibit I. Subject to Section 7.2(c), the Buyer shall submit any Account Document requests after the end of the Free Period no more frequently than monthly. Any such requests shall be made in the form of Exhibit H.

Provided the Buyer or its agent makes a written request in accordance with the paragraph above, the Sellers will exercise commercially reasonable efforts to provide the Buyer or its agent, as applicable, within 45 days of such written request, with one application, one Affidavit of Sale, or one Affidavit of Lost and/or Destroyed Documents, as applicable, per each such Account, and if a search for Account Documents is conducted at the Buyer's request, the Buyer will be obligated to pay the applicable fees, regardless of whether or not any requested document is found.

- (b) The Sellers will maintain the Account Documents for the same period and in the same form that the Sellers maintain similar documents for similar accounts owned by the Sellers from time to time.
- (c) The Sellers will use commercially reasonable efforts to comply with the Buyer's request for Account Documents received by the Sellers until the date that is two years after the Closing Date with respect to any Account transferred to the Buyer on such Closing Date; thereafter, the Sellers shall be under no obligation to comply with the Buyer's requests.
- (d) The Buyer will pay the Sellers monthly upon the Sellers' submitting an invoice to the Buyer.
- (e) The failure of the Sellers to locate any Account Document will not be a breach of the Purchase Agreement and the Sellers will have no liability whatsoever for failure to locate any document except as provided herein.

- (f) Except as expressly set forth in this Purchase Agreement, the Sellers make no representation or warranty with respect to information contained in any Account Document.

### 7.3 Proceeds and Remittances.

- (a) The Buyer agrees to maintain, for each Account sold to it pursuant to this Purchase Agreement or any Monthly Supplement (including any Accepted Reassigned Accounts and Repurchased Accounts), detailed and complete records, files and information concerning and documenting the receipt of proceeds and remittances for the period from and including the Cut-off Date through and including the fifth anniversary of the Closing Date.
- (b) The Sellers will be entitled to all proceeds collected or received prior to the applicable Cut-off Date with respect to those Accounts sold pursuant to any Monthly Supplement. The Buyer will be entitled to all proceeds collected or received on and after the applicable Cut-off Date with respect to those Accounts sold pursuant to any Monthly Supplement.
- (c) With respect to each Account sold to the Buyer, the Sellers will (i) deliver to the Buyer any communication with respect thereto received by the Seller after the applicable Cut-off Date ("Account Notices") within ten Business Days of receipt, and (ii) deliver to the Buyer by wire transfer (or in a commercially reasonable manner as the Parties may agree) any proceeds of such Accounts within seven calendar days of the later of receipt or the applicable Closing Date, accompanied by detail (simultaneously or as soon as available) with respect to the proceeds.
- (d) On a monthly basis, the Buyer shall submit to the Sellers by check a transaction fee of five dollars (\$5.00) per payment processed for any Account with respect to which the Sellers have received or collected proceeds one year or more after the applicable Cut-off Date.
- (e) Any Account Notices or proceeds received by the Sellers pursuant to this Section 7.3 will be deemed to be held in custody by the Sellers for the Buyer until delivered to the Buyer.

### 7.4 Collection of Accounts. The Buyer represents, warrants and acknowledges that, as of and after each Closing Date, it, and not any of the

Sellers, is solely responsible for any and all actions taken by it, its agents and affiliates to collect amounts owing with respect to Accounts transferred on such Closing Date. The Buyer, its agents and affiliates will at all times comply with all applicable state and federal laws, regulations, rules, orders, and judgments including, without limitation, the Bankruptcy Code, the Consumer Credit Protection Act, the Fair Credit Reporting Act and the Fair Debt Collection Practices Act, federal laws pertaining to the privacy of information relating to Account Holders, and similar state laws (collectively, the "Applicable Laws"). After the statute of limitations has expired for bringing a collection action on any Account, none of the Buyer, such agents or such affiliates will falsely represent that a lawsuit will be filed if the Account Holder does not pay. The Buyer shall, or shall cause its agents or affiliates to, use commercially reasonable efforts, consistent with the Applicable Laws, to cause all payments made on the Accounts more than three months after the applicable Closing Date to be made directly to the Buyer or such agent or affiliate.

- 7.5 The Sellers as Witnesses. If the Buyer files any legal action to collect on an Account and requests or subpoenas an officer, employee, or representative of any Seller to appear at a trial, hearing, or deposition to testify about the Account, or with respect to any legal proceedings with respect to the Account, the Buyer will pay such Seller for the officer's, employee's, or representative's time in traveling to, attending and testifying at the trial, hearing, or deposition, whether or not such person is called as a witness, at the hourly rate of such officer, employee or representative (which hourly rate shall be calculated, if applicable, by dividing the weekly salary of such individual by 40), and shall give such representative of any Seller no less than 10 days' notice of such appearance. The Buyer will also reimburse such Seller for the officer's, employee's, or representative's reasonable out-of-pocket, travel-related expenses.
- 7.6 Litigation. The Buyer acknowledges that the Sellers have an ongoing interest in the outcome of litigation concerning the Accounts because adverse decisions could affect the Sellers' businesses. Accordingly, 90 days after each Closing Date, the Buyer shall provide Sears with a report, substantially in the form of Exhibit J, summarizing objections to Proofs of Claim for any Accounts transferred to the Buyer on such Closing Date which objections are received by the Buyer during such time period. The Buyer shall also provide Sears with (a) a report, substantially in the form of Exhibit K, summarizing all adversary proceedings commenced by an Account Holder, the Trustee or other entity, naming any Party as a

defendant, involving any Account transferred to the Buyer on each Closing Date, every 15 days starting 15 days after each such Closing Date and (b) copies (promptly after the Buyer's receipt thereof) of all such adversary proceedings. The Buyer's obligations pursuant to (a) and (b) shall survive any termination of this Purchase Agreement. The reports in the form of Exhibit J and Exhibit K may be provided to Sears via electronic mail.

- 7.7 No Petition. The Buyer hereby covenants and agrees that, prior to the date which is one year and one day after the termination of all rights and obligations of all parties to (a) the SLRR Agreements or (b) the Master Trust Agreement creating the last to terminate of the Master Trusts, it will not institute against, or join with any other person in instituting against, any of the Master Trusts, SRFG, SMTB, SVFT or SLRR any bankruptcy, reorganization, arrangement, receivership, insolvency, or liquidation proceedings, or other similar proceedings under any federal, state or similar law.
- 7.8 Insurance. The Buyer shall maintain in effect, at all times while it is conducting collection activities with respect to any Accounts it purchases hereunder, errors and omissions and comprehensive general liability insurance in amounts not less than One Million Dollars (\$1,000,000) per occurrence and Three Million Dollars (\$3,000,000) annual aggregate for all claims against all losses, claims, demands, proceedings, damages, costs, charges and expenses for injuries or damages arising out of or in connection with the Buyer's activities with respect to any such Accounts.
- 7.9 Charge-Off Policies. The Sellers shall not make any material alterations to their collection or charge-off policies as such policies were in effect on the date hereof.
- 7.10 Master Trust Actions. The Sellers covenant to provide prompt written notice to the Buyer in the event any Master Trust elects to retain Charged-Off Accounts (as such term is defined in the Master Trust Agreements).
8. Use of SNB's and Sears' Names. The Buyer may reference the names of SNB and Sears, and not the names of the other Sellers, and then solely for purposes of (a) identifying an Account (i) in collection communications with respect to a specific Account or Account Holder, (ii) as required by law, and (iii) in litigation or in a bankruptcy proceeding with respect to an Account, and (b) describing the transactions contemplated by this Purchase Agreement in connection with the sale or transfer of an Account or any interest in an Account in accordance with Section 11.1. In taking any such action, the Buyer will not represent that the Buyer is doing so on behalf of the Sellers, and will make clear that the Sellers no longer

own such Account. The Buyer may not bring any action or proceeding on behalf of or in the name of the Sellers or any Seller. The Buyer shall not be entitled to use the logo or service marks of the Sellers. The Buyer is not acquiring any rights to the name of any Seller. None of the Buyer, its permitted successors or assigns, or anyone acting on behalf of the Buyer, will expressly or impliedly represent at any time that such person is employed by or represents the Sellers or any Seller or that such person has any authority to act for or on behalf of the Sellers or any Seller. The Buyer agrees to impose the obligations of this Section 8 upon anyone who acts on behalf of the Buyer and upon any permitted purchasers or assigns of the Buyer. Any use of the name of Sears or SNB other than as authorized in this Section 8 will require the prior written consent of that Seller. The Buyer and the Sellers agree that monetary damages would not be an adequate remedy for breaches of this Section 8, and therefore agree that, in addition to all other remedies, the Sellers will be entitled to specific performance and injunctive or other equitable relief as a remedy for any breach of this Section 8 by the Buyer.

9. Reassigned Accounts.

9.1 Sellers' Conditional Obligation to Accept Reassignment of Accounts.

Subject to the provisions of this Section 9 and Section 3, the Buyer, at its election, may request to reassign any Account to the Sellers (each, a "Reassigned Account") with respect to which any one of the Eligibility Requirements is not met; provided, however, that (i) the Buyer may request reassignment of any such Account only on or prior to the applicable Claim Verification Date, and (ii) the Buyer may only request reassignment once with respect to all the Accounts sold pursuant to a given Monthly Supplement.

9.2 Eligibility Requirements. The Parties agree that, with respect to any Account subject to a particular Monthly Supplement, the Eligibility Requirements are as follows:

- (a) Marketable Title. As of the applicable Closing Date, the Sellers collectively have good and marketable title to such Account, free and clear of all Liens except for the interests of any of the Sellers. Upon the sale of such Account to the Buyer, such Account shall be free and clear of all Liens.
- (b) Performance. As of the applicable Closing Date, each Seller will have performed, in all material respects, all of its obligations (as set forth in the Account Holder's Agreement governing such Account) with respect to such Account. After such Closing Date, the Seller of such Account will not be required to make any future

advances or perform any other material obligation pursuant to such Account Holder's Agreement where the failure to so perform would constitute a defense to payment.

- (c) Compliance. As of the applicable Closing Date, the Sellers and their agents will have complied in all material respects with all laws applicable to such Account.
- (d) Litigation. Other than the pending Chapter 13 Case, there is no action, suit or proceeding against any Seller with respect to such Account based upon a condition existing on or before the applicable Closing Date.
- (e) Chapter 13 Case. With respect to any Account:
  - (i) as of the applicable Cut-off Date, the Account Holder is not deceased and has not been granted a discharge with respect to the Chapter 13 Case,
  - (ii) as of the applicable Claim Verification Date, the Proof of Claim is an Allowed Proof of Claim in an amount at least equal to the Cut-off Date Amount which is scheduled to be paid out in an amount greater than zero; provided, however, that with respect to partial reductions of Proofs of Claim, such Accounts shall be deemed "Reduced Accounts" in the event the Account balances (in the aggregate) based on Allowed Proofs of Claim as delivered to the Buyer are materially inconsistent (defined for this purpose as a 2% or greater discrepancy) with the aggregate Cut-off Date Amounts set forth in the applicable Monthly Supplement, and
  - (iii) as of the applicable Cut-off Date, the Chapter 13 Case has not been dismissed, completed, converted or closed.
- (f) Accuracy of Chapter 13 Account Type. The Chapter 13 Account Type with respect to such Account is accurate in all material respects.
- (g) Not an Excluded Account. Such Account is not an Excluded Account.

- 9.3 The Buyer's Obligations in Requesting Reassignment. Any request for reassignment made by the Buyer shall include detailed information regarding the basis for such request, including, if relevant to such basis: (a) the court and case number and (b) any other documentation that is necessary to demonstrate to the Sellers' reasonable satisfaction that the Account does not satisfy the Eligibility Requirements. All such detailed information shall be provided in ASCII flat file electronic format, unless not available in such format (the Buyer's request for reassignment including such detailed information, the "Reassignment Request").
- 9.4 Sellers' Rights and Obligations with Respect to Reassigned Accounts and Reduced Accounts. Prior to the 45<sup>th</sup> day after their receipt of the Reassignment Request, the Sellers will, subject to Sections 9.4(a) and (b): (i) accept for reassignment and pay the Repurchase Price for each Reassigned Account and, (ii) for each Reduced Account, pay to Buyer an amount equal to the Purchase Price Percentage multiplied by the amount of the difference between the Cut-off Date Amount and the amount of the Allowed Proof of Claim; provided, however, that the Sellers shall have the following rights and obligations with respect to each Reassigned Account:
- (a) to determine, upon due investigation (but prior to the 45<sup>th</sup> day after the Reassignment Request), that such Reassigned Account satisfies all of the Eligibility Requirements (all Reassigned Accounts so investigated, the "Tested Account Group"), in which case the Sellers may decline reassignment of such Account, and
  - (b) to receive from the Buyer \$35.00 for each Reassigned Account in the Tested Account Group that was properly declined by the Sellers for reassignment pursuant to Section 9.4(a), except for Reassigned Accounts that are Unverified Accounts.

The "Reassignment Closing Date" is, with respect to an Accepted Reassigned Account, the date on which the Repurchase Price is paid to the Buyer.

- 9.5 The Buyer's Obligations upon Request for Reassignment.
- (a) Communications. The Buyer shall deliver, or cause to be delivered, to the Sellers any communication it or its agents receives with respect to Accepted Reassigned Accounts within 10 Business Days after the later of receipt or the Reassignment Closing Date.
  - (b) Proceeds. From and after the Reassignment Closing Date, the

Buyer will, or will cause its agents to, deliver to the Sellers by wire transfer within fifteen days of receipt any proceeds of such Accepted Reassigned Accounts it or its agents collects on or after the Reassignment Closing Date. Any such proceeds, as well as correspondence described in Section 9.5(a), received by the Buyer or its agents after the Reassignment Closing Date will be deemed to be held in custody by the Buyer for the Sellers until delivered to the Sellers at the time and in the manner set forth herein.

- (c) Service. The Buyer or its servicing agent agrees to continue to service each Reassigned Account: (i) with respect to Accepted Reassigned Accounts, through the later to occur of (A) the applicable Reassignment Closing Date, and (B) the 45th day following the date of the Reassignment Request, and (ii) with respect to those Accounts declined by the Sellers for reassignment, for as long as the Buyer continues to own any interest in such Accounts.

- (d) The Buyer will comply with the requirements of Section 2.7.

10. The Sellers' Right to Repurchase Accounts.

- 10.1 Conditions for Repurchase. At any time, any Seller in its sole and unreviewable discretion may, but will not be required to, repurchase from the Buyer any Account if:
  - (a) on or prior to the applicable Closing Date, there is a pending or threatened suit, action, arbitration or other legal proceeding or investigation other than a Chapter 13 Case relating to such Account to which Seller is or becomes a party, or
  - (b) a Seller reasonably determines that the repurchase of the Account is reasonably necessary or advisable to prevent harm to such Seller's public image or to prevent such Seller from incurring legal liability; provided, however, that the Sellers may, in the aggregate, repurchase no more than one percent (1%) of the total volume of Accounts sold pursuant to all the Monthly Supplements executed hereunder pursuant to this Section 10.1(b).
- 10.2 Conduct after Repurchase. Within one month of the date of repurchase by the Seller, such Seller will pay to the Buyer the Repurchase Price for such Account pursuant to Section 2.7. (The date on which the Repurchase Price is paid to the Buyer is the "Repurchase Closing Date", and a "Repurchased



Account” is an Account the Sellers repurchase from the Buyer pursuant to this Section 10.) The Buyer will be entitled to retain any proceeds from Repurchased Accounts it receives after the applicable Cut-off Date until the Repurchase Closing Date. The Sellers will be entitled to all proceeds from Repurchased Accounts on and after the Repurchase Closing Date. From and after the Repurchase Closing Date, the Buyer will deliver to the Sellers by wire transfer any proceeds of such Repurchased Accounts within fifteen days after the later of the Repurchase Closing Date or receipt thereof. The Buyer shall also deliver to the Sellers, within ten Business Days after the later of receipt thereof or the Repurchase Closing Date, any communication it receives with respect to such Repurchased Accounts. Any such proceeds and documents received by the Buyer after the Repurchase Closing Date will be deemed to be held in custody by the Buyer for the Sellers until delivered to the Sellers in the time and in the manner set forth herein.

A Seller shall have no obligation to act under this Section 10, and none of any Seller's other rights under this Purchase Agreement shall be limited in any way by such Seller's decision to repurchase or not to repurchase any Account under this Section 10 or by such Seller's failure to act hereunder. The reassignment and repurchase provisions of Sections 9 and 10 are not intended by the Parties to constitute recourse obligations of the Sellers.

11. Buyer's Right of Resale.

11.1 Subsequent Transfers.

- (a) Subject to clause (b) below, neither the Buyer nor any subsequent transferee of the Accounts may sell or otherwise transfer ownership of the Accounts without the Sellers' advance written consent, which shall not be unreasonably withheld. In the event that the Sellers consent to such proposed sale or transfer, (a) the transferee shall enter into an agreement substantially in the form of Exhibit L or as the Sellers may otherwise agree, (b) the Buyer shall assign to such transferee all of the Buyer's obligations under this Purchase Agreement, and (c) such transferee shall accept the assignment in writing. The Sellers shall not be obligated in any way to a third party who purports to have acquired any of the Accounts. Any transfer of Accounts without concurrent assignment of the Buyer's obligations under this Purchase Agreement shall be void. No transfer of any Account by the Buyer to a third party will relieve the Buyer of any of its obligations or liabilities under this Purchase Agreement. Any requests for Account Documents by any

transferee will be made through the Buyer to the Sellers in writing and will be paid for by the Buyer (unless such obligation is specifically assumed by a transferee in writing) pursuant to Section 7.2.

- (b) Notwithstanding anything to the contrary contained in clause (a) above, the Buyer or any permitted transferee of the Accounts may sell or otherwise transfer, pledge or otherwise encumber some or all of the Accounts and assign, encumber, transfer or convey its rights under this Purchase Agreement without the prior written consent of the Sellers, but with advance written notice to the Sellers, and without requiring the transferee or pledgee of the Accounts to assume the Buyer's obligations under this Purchase Agreement with respect to the Accounts, solely for the purpose of securing financing of the Accounts. In such event, the Sellers will remain liable to the Buyer for their obligations under this Purchase Agreement and the Buyer will remain liable to the Sellers under this Purchase Agreement. Any further transfers by such a permitted transferee shall be subject to the restrictions contained in clause (a) above, except for transfers in connection with financing transactions permitted by this clause (b) and transfers by a financing counterparty of Buyer or a permitted transferee in the exercise of such financing counterparty's rights as a lender (whether such financing is structured as a loan or a sale).

- 11.2 Subcontractors and Affiliates. The Parties expressly agree that the performance of services on behalf of the Buyer in connection with the Accounts by its affiliates, agents, subsidiaries, representatives or subcontractors will not be deemed to be a sale or transfer subject to Section 11.1 unless legal title to the Accounts will be transferred from the Buyer to such person or entity. Each Party is obligated for compliance with the terms and conditions of this Purchase Agreement with respect to actions or omissions of its affiliates, subsidiaries, agents, representatives and subcontractors.
- 11.3 Violations. If any Seller informs the Buyer that Seller has information that the Buyer, anyone acting on behalf of the Buyer or any permitted transferee under Section 11.1, has violated or is violating any provision of this Purchase Agreement or any Applicable Law in connection with endeavoring to collect any Account or in any other action contemplated by this Purchase Agreement or in connection therewith, the Buyer will

promptly take all actions that are reasonably necessary to end such violation.

12. Changes of Control.

12.1 Sears Change of Control. In the event that, during the Initial Transfer Period or any subsequent Transfer Period, there occurs a Change of Control with respect to Sears, then Sears shall give the Buyer written notice ("Change of Control Notice") promptly upon Sears' issuance of a press release announcing the closing of such transaction. Such Change of Control Notice from Sears may, at the option of Sears, provide that this Purchase Agreement, including the obligations of the Parties pursuant to Section 2.1(a), shall automatically terminate, without further action by any Party, immediately as of the closing of such Change of Control transaction.

12.2 Buyer Change of Control. In the event that, during the Initial Transfer Period or any subsequent Transfer Period, there occurs a Change of Control with respect to the Buyer, then:

- (a) The Buyer shall give the Sellers a Change of Control Notice promptly upon the earlier of (i) the date of the public announcement of such transaction or (ii) the date the Buyer enters into a definitive agreement with respect to such transaction; and
- (b) The Sellers may elect to repurchase not less than all of the Accounts sold to the Buyer pursuant to this Purchase Agreement. If the Sellers so elect, then:
  - (i) the Sellers shall request reassignment of the Accounts sold hereunder within 45 days after receipt of the Buyer's Change of Control Notice (the date of repurchase, the "Change of Control Repurchase Date"),
  - (ii) the Sellers shall pay to the Buyer the Purchase Price Percentage multiplied by the aggregate outstanding principal balance of each Account (as shown in a report prepared by the Buyer setting forth, for each Account, the initial outstanding principal balance, all subsequent transactions and the current outstanding balance) as of the Change of Control Repurchase Date, and

- (iii) the Buyer shall retain all distributions received up to the Change of Control Repurchase Date; and
  - (c) If the Sellers do not elect to repurchase Accounts pursuant to subsection (b) above, the Sellers shall have the right to cause an early termination of the then-current Transfer Period, at any time after their receipt of the Buyer's Change of Control Notice, by providing 15 days' written notice of such early termination to the Buyer.
- 13. Early Termination of Initial Transfer Period; Extensions of Transfer Period; Effect of Termination.
  - 13.1 Early Termination of Initial Transfer Period. In addition to the rights provided to the Parties with respect to a Change of Control pursuant to Section 12, any Party may cause an early termination of the Initial Transfer Period by providing a Termination Notice to the other Parties. A "Termination Notice" is a written notice, executed by a Party, that the Initial Transfer Period shall terminate thirty days after the date of such Termination Notice. A Termination Notice may only be given during the Initial Transfer Period.
  - 13.2 Extensions of the Transfer Period. The Parties may, by executing an "Extension Notice" substantially in the form of Exhibit B, extend the then-current Transfer Period by thirty days. An Extension commences the day following the termination date of the then-current Transfer Period, and terminates thirty days thereafter. The Parties may continue to extend the Transfer Period by executing further Extension Notices.
  - 13.3 Buyer's Termination after Receipt of Notice Pursuant to Section 7.11. In addition to the other rights provided the Buyer pursuant to this Section 13, the Buyer may, during the Initial Transfer Period or any subsequent Transfer Period, upon receipt of notice from the Sellers pursuant to Section 7.11, elect to terminate this Purchase Agreement by providing the Sellers with three Business Days' written notice of such termination.
  - 13.4 Effect of Termination of Transfer Period. Upon the termination of the Transfer Period, the Buyer shall retain its reassignment rights pursuant to Section 9 with respect to Accounts purchased by it prior to the end of such Transfer Period.

14. UCC and Other Filings.

- 14.1 UCC Filings against the Sellers. Upon the sale of Accounts to the Buyer from the Sellers on the first Closing Date and promptly at any time thereafter, the Sellers consent to the Buyer's filing, at its own expense, in each appropriate office, any UCC financing statement containing the information required by Exhibit D, and any amendments or continuation or termination statements thereto, necessary to perfect the sale of the Accounts by the Sellers to the Buyer. On and after the first Closing Date, each Seller will promptly give the Buyer written notice of any changes in its name, form of business organization or jurisdiction of organization.
- 14.2 UCC Filings against the Buyer. Upon any Reassignment Closing Date or Repurchase Closing Date, and at any time thereafter, the Buyer consents to the Sellers' filing, at their own expense, in each appropriate office, any UCC financing statement and any amendments or continuation or termination statements thereto necessary to perfect the reassignment and/or repurchase of such Accounts by the Buyer to the Sellers.

15. Indemnity.

- 15.1 Indemnification by Sears. Except as otherwise provided in Section 8 and subject to Sections 15.4, 15.5 and 15.6, Sears will indemnify and hold the Buyer, its affiliates and agents harmless from and against any loss, claim, liability, damage, cost and expense, including reasonable fees and disbursements of counsel, in all cases net of (a) any recoveries received pursuant to Section 9.2, (b) any insurance proceeds received or available, and (c) any tax benefits received or available (collectively, "Buyer's Loss") that is based upon or arises out of any breach by a Seller of any representation, warranty, obligation or agreement applicable to any Seller contained in this Purchase Agreement or in any document delivered in connection herewith; provided, however, that (i) the Buyer, its affiliate or agent notifies Sears promptly of any such breach, (ii) the Buyer, its affiliate or agent promptly provides Sears with all relevant information relating to the breach, (iii) the Buyer, its affiliate or agent cooperates reasonably with Sears to mitigate the Buyer's Loss, (iv) such Buyer's Loss is not attributable to any negligent or intentional act or omission by the Buyer or its affiliates or any of their employees or agents, and (v) the total dollar amount paid by Sears under this Section 15 and under the indemnification provisions of the other Sherman Purchase Agreements, in the aggregate, shall in no event exceed \$150,000,000. The Eligibility Requirements shall not be deemed representations, warranties, obligations or agreements of the Sellers for purposes of this indemnification

provision; provided, however, that any Buyer's Loss resulting from a third party claim against the Buyer based on a Seller's breach of an Eligibility Requirement shall be eligible for indemnification hereunder with respect to such third party claim. The Sellers shall reimburse the Buyer, its affiliates or agents immediately for any legal or other expenses reasonably incurred by the Buyer in connection with investigating, preparing to defend or defending any actual or threatened lawsuits, claims, actions or other proceedings (collectively, "Claims") arising in any matter out of or in connection with any such aforementioned claim or breach by the Sellers hereunder. At its option, Sears shall have the right to assume the defense, in a manner and with counsel reasonably acceptable to the Buyer, of any such Claims and to directly pay for any such Buyer's Loss.

- 15.2 Indemnification by the Buyer. Subject to Sections 15.4, 15.5 and 15.6, the Buyer will indemnify and hold each Seller and such Seller's affiliates and agents harmless from and against any loss, claim, liability, damage, cost and expense, including reasonable fees and disbursements of counsel, in all cases net of (a) any insurance proceeds received or available and (b) any tax benefits received or available (collectively, "Seller's Loss") that is based upon or arises out of any breach by the Buyer of any representation, warranty, obligation or agreement contained in this Purchase Agreement or in any document delivered in connection herewith, or any Claim by any Account Holder regarding assignment, subsequent enforcement, servicing or administration of the Accounts by the Buyer or its agents or affiliates; provided, however, that (i) such Seller or Seller's affiliate or agent notifies the Buyer promptly of any such breach or Claim, (ii) such Seller, affiliate or agent promptly provides all relevant information related to such breach or Claim, (iii) such Seller, affiliate or agent cooperates reasonably with the Buyer to mitigate such Seller's Loss, and (iv) such Seller's Loss is not attributable to any negligent or intentional act or omission by such Seller or its affiliates or any of their employees or agents. The Buyer shall reimburse the Sellers, and their affiliates and agents immediately for any legal or other expenses reasonably incurred by them in connection with investigation, preparing to defend or defending any Claims arising in any manner out of or in connection with any such aforementioned Claim or breach by the Buyer hereunder. At its option, the Buyer will have the right to assume the defense, in a manner and with counsel reasonably acceptable to the Sellers, of any such Claims and to directly pay for any such Seller's Loss. The Buyer may not settle any Claim for which it has assumed the defense without the prior written consent of the Sellers, which consent will not be unreasonably withheld, except that the Sellers' consent is not required where (i) such settlement requires the payment of

money only, (ii) such settlement requires an unconditional release of all liability of Sears or its affiliates with respect to the Claim, and (iii) such settlement does not contain a finding or admission of any violation of law by Sears or its affiliates or any violation of the rights of any person by Sears or its affiliates. The Buyer's liability to indemnify a Seller hereunder with respect to a Claim shall not exceed the amount of any settlement of such Claim to which such Seller unreasonably withholds its consent. In the event of a dispute between the Buyer and such Seller over whether the Seller has acted "unreasonably" in withholding its consent to a settlement, the Buyer's obligations hereunder shall continue. However, the Buyer may submit such dispute to arbitration administered by the American Arbitration Association under its Commercial Arbitration Rules by a panel of three arbitrators, who shall give a reasoned opinion setting out the arbitration award. Judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.

- 15.3 Notice. Each Party will promptly notify each other Party of its receipt of notice of any Claim relating to or arising out of the subject matter of this Purchase Agreement or relating to any Account. Failure to give such notice to an indemnifying Party will not affect any indemnification hereunder except to the extent that such failure adversely affected the indemnifying Party.
- 15.4 Presentment Amount. No claim for indemnification will be paid to an Indemnified Party unless the aggregate amount of indemnifiable claims against which the Indemnified Party is entitled to be indemnified under the Sherman Purchase Agreements, in the aggregate, exceeds \$200,000 (the "Presentment Amount"), in which case the Indemnified Party shall be entitled (subject, in the case of the Buyer, to Section 15.1(v)) to indemnification for the entire amount of such indemnifiable claims (including the Presentment Amount).
- 15.5 Sole Remedies. Except as otherwise provided in Section 9, the provisions of this Section 15 constitute the sole and exclusive remedy of the Buyer with respect to the matters enumerated herein. No party hereto shall be liable to the other party for special, indirect or consequential damages; provided, however, that each Party shall (subject, in the case of the Buyer, to Section 15.1(v)) indemnify the other Party (or Parties, in the case of the Buyer) for any Loss arising from a third party claim that meet the standards for indemnification set forth in this Section 15 regardless of the characterization of such Loss by such third party as special, indirect, or consequential.

- 15.6 Survival of Indemnification Provisions. The provisions of this Section 15 shall survive any termination of this Purchase Agreement; provided, however, that (a) Sears' indemnification obligations shall terminate 180 days after the Closing Date with respect to any Buyer's Loss that is (i) based upon the Seller's breach of Section 5.8, 5.11, 5.12, 5.13 or 5.15 (collectively, the "Sunset Clauses") and (ii) does not result from a third-party Claim; and (b) Sears' indemnification obligations with respect to the Sunset Clauses shall not terminate if such Buyer's Loss is the result of a third-party Claim.
- 15.7 Ultimate Parent. It is the Parties' intent that the Buyer's indemnification obligations be the responsibility of its ultimate parent company in the event that the Buyer's obligations are not paid when due under the terms of this Purchase Agreement. Accordingly, Sherman Financial Group LLC, as well as its successors and assigns and any other entity that subsequently becomes the ultimate parent company of the Buyer shall be responsible for paying the indemnification obligations of the Buyer hereunder if not paid.
16. Confidentiality. This Purchase Agreement, the consideration paid for the Accounts, and the terms of the transactions contemplated hereby will remain confidential and will not be disclosed by a Party to any person or entity not a Party hereto, other than its affiliates or subsidiaries, without the prior written consent of the other Party, which consent shall not be unreasonably withheld, except to the extent such disclosure:
- (a) is required to be made under any applicable court order, law or regulation,
  - (b) is required to be made to (i) any tax, banking or other regulatory authority or legal or financial advisor of any Party, (ii) any of such Party's affiliates or subsidiaries, (iii) a prospective financing counterparty of the Buyer or any of the Buyer's affiliates or subsidiaries in connection with the transactions contemplated hereunder, or (iv) any rating agency; provided, however, that with respect to (ii) and (iii), any such affiliate, subsidiary or prospective financing counterparty has executed a customary confidentiality agreement with respect the proposed transaction and the information described in this Section 16,
  - (c) is made in connection with the sale or other transfer of Accounts as allowed by Section 11 by the Buyer or its successors or assigns, provided that the proposed transferee has executed a customary confidentiality agreement with respect to the proposed transaction



and the information described in this Section 16, or

- (d) is made in connection with the sale, merger or other conveyance of the Sears Credit Business or similar transaction entered into by Sears, provided that the person or entity to which Sears makes such disclosure has executed a customary confidentiality agreement with respect to the information described in this Purchase Agreement, and provided further that Sears shall cooperate with such person or entity to enforce such confidentiality agreement.

In addition, the Buyer or the Sellers, as applicable, will not be required to maintain the confidentiality of information relating to the Accounts or the transactions contemplated hereby if such information: (a) becomes generally available to the public other than as a result of a disclosure by the Buyer or the Sellers, as applicable, or any agent of the Buyer or the Sellers, as applicable, or (b) was available to the Buyer or the Sellers, as applicable, on a non-confidential basis prior to the disclosure of such information to the Buyer or the Sellers, as applicable, pursuant to this Purchase Agreement, provided that the source of such information was not known by the Buyer or the Sellers, as applicable, or any agent of the Buyer or the Sellers, as applicable, after reasonable investigation, to be bound by a confidentiality agreement with, or other contractual, legal or fiduciary obligation of confidentiality to, the Sellers or the Buyer as applicable, with respect to such information.

The Buyer agrees to safeguard and hold confidential from disclosure to third parties or persons all information related to customers of the Sellers, Accounts and Account numbers (including accounts reassigned to or repurchased by the Sellers), social security numbers and payment information without the express and prior written consent of the Sellers except to the extent that such disclosure is subject to the exceptions listed above in this provision. The Buyer shall not sell, rent or permit third parties to use a list of customers of the Sellers, including without limitation a list of Account Holders of the Accounts (including accounts reassigned to or repurchased by the Sellers), for any reason whatsoever without the express prior written consent of the Sellers, nor will the Buyer use such list or information for any purpose other than as necessary to perform its obligations under this Purchase Agreement, collect the Accounts and obtain the benefits of the sale of the Accounts to the Buyer hereunder.

The Buyer and the Sellers agree that monetary damages would not be an adequate remedy for breaches of this Section 16 and therefore agree that in addition to all other remedies, the non-breaching Party will be entitled to specific performance and injunctive or other equitable relief as a remedy for any breach of this Section 16.

17. Credit Bureau Reporting. In furnishing Account information to each of Equifax, Trans Union and Experian (collectively, the "Credit Bureaus") after the Closing Date for the sale of an Account to the Buyer, the Sellers shall comply with the Fair Credit Reporting Act, as amended from time to time. Without limiting the foregoing, after furnishing the Account information, the Sellers will not update or modify their reporting if any Account is subsequently paid off or settled. The Buyer will not have access to and will not update or modify the information furnished by Sellers regarding the Accounts and will not imply or state to any Account Holder that the Sellers' Credit Bureau information will be updated or modified.
18. Miscellaneous Terms.
- 18.1 Notices. All notices, demands and other communications between the Parties in connection herewith ("Communications") shall be in writing and shall be delivered personally or sent by facsimile, other electronic means or nationally recognized overnight courier service addressed to the Party to whom such notice or other communication is to be given or made at such Party's address or facsimile number as set forth below, or to such other address, addressee or facsimile number as such Party may designate in writing to the other Party from time to time in accordance with the provisions hereof; provided that any such notice of changed information shall be effective upon actual receipt of written notice thereof. Any Communications shall be deemed given: (a) when personally delivered on a Business Day, (b) if sent by facsimile, on the Business Day upon which the transmission is complete as conclusively evidenced by a confirmation report, followed reasonably promptly by a copy delivered by any other means provided for herein, or (c) on the Business Day they are delivered by overnight courier (provided that, any Communications delivered on a day other than a Business Day shall be deemed given on the next succeeding Business Day).

To the Buyer:

Sherman Originator LLC  
335 Madison Avenue, 19<sup>th</sup> Floor  
New York, New York 10017  
Telephone: 212-922-1616  
Telecopy: 212-661-1316  
Attention: Benjamin Navarro

To Sears:

Sears, Roebuck and Co.  
3333 Beyerly Road  
Hoffman Estates, Illinois 60179  
Telephone: 847-286-2500  
Telecopy: 847-286-2471  
Attention: Associate General Counsel, Corporate and Securities

To SNB:

Sears National Bank  
2626 South Hardy Drive  
Tempe, Arizona 85282  
Telephone: 480-804-5605  
Telecopy: 480-804-5660  
Attention: President

To SRFG:

SRFG, Inc.  
3711 Kennett Pike  
Greenville, Delaware 19807  
Telephone: 302-434-3176  
Telecopy: 302-434-3150  
Attention: President

To SMTB:

SMTB, Inc.  
3711 Kennett Pike  
Greenville, Delaware 19807  
Telephone: 302-434-3196  
Telecopy: 302-434-3150  
Attention: President

To SVFT:

SVFT, Inc.  
3711 Kennett Pike  
Greenville, Delaware 19807  
Telephone: 302-434-3115  
Telecopy: 302-434-3150  
Attention: President

To SLRR:

SLRR, Inc.  
3711 Kennett Pike  
Greenville, Delaware 19807  
Telephone: 302-434-3115  
Telecopy: 302-434-3150  
Attention: President

To SFHC:

Sears Financial Holding Corporation  
3711 Kennett Pike  
Greenville, Delaware 19807  
Telephone: 302-434-3142  
Telecopy: 302-434-3156  
Attention: President

with copies of notices to any Seller to:

Sears National Bank  
3333 Beverly Road  
Hoffman Estates, Illinois 60179  
Attention: Corporate Secretary

Sears, Roebuck and Co.  
7100 Westown Parkway  
Des Moines, Iowa 50266  
Telephone: 515-440-5200  
Telecopy: 515-440-5209  
Attention: Director of Bankruptcy

And

Dan Olson  
Sears, Roebuck and Co.  
3333 Beverly Road, A4-133A  
Hoffman Estates, Illinois 60179

- 18.2 Expenses. Except as otherwise expressly provided in this Purchase Agreement, the Buyer and the Sellers will each bear its or their own out-of-pocket expenses, including fees and disbursements of their attorneys and any other agents or representatives, in connection with the transactions

contemplated hereby, except that: (a) the Sellers will pay any taxes, transfer and other fees imposed by any federal, state or local government in connection with the purchase transactions hereunder, (b) the Buyer will pay any fees including, without limitation, for the transfer of Proofs of Claims, with respect to any transfer of Accounts from the Sellers to the Buyer, (c) the Sellers will pay any fees including, without limitation, for the transfer of Proofs of Claims, with respect to any transfer of Accounts from the Buyer to the Sellers, and (d) the prevailing Party in any action between the Buyer and the Sellers arising out of or in connection with this Purchase Agreement shall be entitled to the recovery of reasonable costs and attorneys' fees.

18.3 Successors and Assigns. This Purchase Agreement will bind and inure to the benefit of the Buyer and the Sellers and their respective and permitted successors and assigns, except as set forth in Section 11. However, no Party will assign this Purchase Agreement or any of its rights under or in this Purchase Agreement without the prior written consent of the other Parties, which shall not be unreasonably withheld, except as otherwise provided in Section 11. Withholding consent to assignment shall be deemed "unreasonable" if the assignee has a higher long-term unsecured debt rating than the assigning Party.

18.4 Entire Agreement. This Purchase Agreement embodies the entire agreement and understanding between the Parties and supersedes all prior agreements and understandings relating to the subject matter of this Purchase Agreement.

18.5 Amendment. Neither this Purchase Agreement nor any of its provisions may be changed, waived, discharged or terminated orally. Any change, waiver, discharge or termination may be effected only by a writing signed by the Party against whom enforcement is sought.

18.6 Governing Law as to Purchase Agreement and Account Holders' Agreements; Severability. THE TERMS OF THIS PURCHASE AGREEMENT WITH REGARD TO A PARTY'S OBLIGATIONS TO THE OTHER PARTIES WILL BE GOVERNED BY NEW YORK LAW WITHOUT REGARD TO ITS CONFLICT OF LAW PROVISIONS. If any one or more of the provisions of this Purchase Agreement, for any reason, is held to be invalid, illegal or unenforceable, the invalidity, illegality or unenforceability will not affect any other provision of this Purchase Agreement, and this Purchase Agreement will be construed without the invalid, illegal or unenforceable provision. The Parties

acknowledge and agree that the Account Holders' Agreements are governed by federal law and Arizona law.

- 18.7 Waivers, etc. No waiver of any single breach or default will be deemed a waiver of any other breach or default of this Purchase Agreement. All rights and remedies, either under this Purchase Agreement or by law or otherwise afforded to a Party, will be cumulative and not alternative.
- 18.8 Headings. Section headings are for reference only, and will not affect the interpretation or meaning of any provision of this Purchase Agreement.
- 18.9 Counterparts. This Purchase Agreement may be signed in two or more counterparts, each of which will be deemed an original and will constitute one and the same Purchase Agreement. The Parties acknowledge that delivery of executed copies of this Purchase Agreement may be effected by facsimile or other comparable means.
- 18.10 Survival. All covenants, representations and agreements in this Purchase Agreement including, without limitation, all covenants, representations and agreements with respect to the Accounts, conduct of business after each Closing Date, use of the Parties' names, indemnity and confidentiality will survive each Closing Date and any termination of this Purchase Agreement.
- 18.11 Further Assurances. From and after the Closing Date, each Party will take such action as another Party may reasonably request to carry out the purposes of this Purchase Agreement, including, without limitation: (a) promptly executing any transfer of a Proof of a Claim and waiver of notice and opportunity to object to such transfer, (b) cooperating with respect to the substitution of the Buyer for the Seller in a Chapter 13 Case, (c) auditing any Party upon reasonable notice during normal business hours to determine that Party's compliance with the representations, warranties and covenants in this Purchase Agreement, and (d) facilitating the reassignment or repurchase of Accounts by the Sellers pursuant to the terms hereof. Any audit will be at the expense of the Party requesting the audit unless the audit confirms that the Party being audited has materially failed to perform any of its obligations hereunder, in which case the audit will be at the expense of the Party being audited.
- 18.12 No Joint Venture / No Agency. This Purchase Agreement will not be construed to create between the Buyer and the Sellers the relationship of principal and agent, joint venturers, co-partners or any similar relationship, the existence of which is hereby expressly denied by the Buyer and the

Sellers. This Purchase Agreement is solely for the purchase and sale of the Accounts.

- 18.13 Timing. A dismissal, conversion or other action in a Chapter 13 Case will be deemed to occur on the date such action is ordered by the applicable bankruptcy court, and not on the date such order is entered.

IN WITNESS WHEREOF, the Parties have executed this Purchase Agreement by their duly authorized officers as of the date first shown above.

BUYER:

SHERMAN ORIGINATOR LLC

By: \_\_\_\_\_  
Name:  
Title:

SELLERS:

SEARS, ROEBUCK AND CO.

By: \_\_\_\_\_  
Name:  
Title:

SEARS NATIONAL BANK

By: \_\_\_\_\_  
Name:  
Title:

SRFG, INC.

By: \_\_\_\_\_  
Name:  
Title:

SMTB, INC.

By: \_\_\_\_\_  
Name:  
Title:

SVFT, INC.

By: \_\_\_\_\_  
Name:  
Title:

SLRR, INC.

By: \_\_\_\_\_  
Name:  
Title:



SEARS FINANCIAL HOLDING  
CORPORATION

By: \_\_\_\_\_  
Name:  
Title:

Sherman Financial Group LLC is a party to this Agreement for the limited purpose of agreeing to its indemnification obligations under Section 15.

SHERMAN FINANCIAL GROUP LLC

By: \_\_\_\_\_  
Name:  
Title:

**APPENDIX I**

**INCLUDED ACCOUNTS AND EXCLUDED ACCOUNTS**

**A. CHAPTER 13 ACCOUNT TYPE AND PURCHASE PRICE  
PERCENTAGE**

<b>Chapter 13 Account Type</b>	<b>Purchase Price Percentage</b>	<b>Description of Chapter 13 Account Type</b>
RFD = BK13	13.50%	All charged-off Chapter 13 MasterCard (including The Great Indoors MasterCard) Accounts

**B. EXCLUDED ACCOUNT TYPES**

<b><u>Account Type</u></b>	<b><u>RFD Code</u></b>
Bk 13 accounts with balances below \$50.00	No specific RFD Code for balances under \$50 (RFD = BK13; balance < \$50)
Bk 13 accounts with a previous judgment	RFD3 = JDGMNT
Bk 13 accounts that have been finalized	RFD2 = FINAL
Bk 13 accounts with post-petition debt	RFD3 = PPDEBT
Bk 13 accounts on which Sears is pursuing legal action	RFD2 = BKLEG

**EXHIBIT A**  
**FILE CONVERSION**

**Fields<sup>1</sup>**

Account Number  
Bankruptcy Case Number  
Petition Date  
Court District  
Trustee (if available)  
Meeting of Creditors Date  
Deadline to File Date  
Directive 1  
Directive 2  
Charge-off Reason Code 3 (RFD 3)  
Charge-off Reason Code 2 (RFD 2)  
Charge-off Reason Code 1 (RFD 1)  
Type of Product  
Account Name  
Account Social Security Number  
Joint Account Holder Name  
Joint Account Holder Social Security Number  
Address #1  
Address #2  
City  
State  
Zip code (+4 if available)  
Home Telephone Number  
Alternate Telephone Number  
Open Date  
Charge-off Date  
High Credit  
Charge-off Balance  
Current Balance (Cut-off Date Amount)  
Last Payment Amount  
Last Payment Date  
Date of Original Delinquency  
Total Payments 01 Billings Ago  
Total Payments 02 Billings Ago  
Total Payments 03 Billings Ago

---

<sup>1</sup> The Sellers will only be required to supply information in each of the Fields to the extent such information is available to them and in their possession on the Cut-off Date.

Total Payments 04 Billings Ago  
Total Payments 05 Billings Ago  
Total Payments 06 Billings Ago  
Total Payments 07 Billings Ago  
Total Payments 08 Billings Ago  
Total Payments 09 Billings Ago  
Total Payments 10 Billings Ago  
Total Payments 11 Billings Ago  
Total Payments 12 Billings Ago

**EXHIBIT B**

**EXTENSION NOTICE**

Commencement Date : \_\_\_\_\_

Termination Date: Commencement Date + 30 days = \_\_\_\_\_

This Extension Notice, pursuant to the Purchase and Sale Agreement (Chapter 13 Forward Flow) dated as of July 11, 2003 (the "Agreement"), by and among Sears, Roebuck and Co., Sears National Bank, SRFG, Inc., SMTB, Inc., SVFT, Inc., SLRR, Inc. and Sears Financial Holding Corporation (collectively, the "Sellers") and Sherman Originator LLC (the "Buyer"), serves to create an Extension to the Transfer Period.

The Sellers and the Buyer hereby extend the Transfer Period from the Commencement Date set forth above [1/1/04 or day after Termination Date of last Extension Period] to the Termination Date set forth above [30 days after Commencement Date]. Defined terms used and not defined herein shall have the meanings set forth in the Agreement.

BUYER:

SHERMAN ORIGINATOR LLC

By: \_\_\_\_\_  
Name:  
Title:

SELLERS:

SEARS, ROEBUCK AND CO.

By: \_\_\_\_\_  
Name:  
Title:

SEARS NATIONAL BANK

By: \_\_\_\_\_  
Name:  
Title:

SRFG, INC.

By: \_\_\_\_\_  
Name:  
Title:

SMTB, INC.

By: \_\_\_\_\_  
Name:  
Title:

SVFT, INC.

By: \_\_\_\_\_

Name:

Title:

SLRR, INC.

By: \_\_\_\_\_

Name:

Title:

Sears Financial Holding Corporation

By: \_\_\_\_\_

Name:

Title:

## EXHIBIT C

### FORM OF MONTHLY SUPPLEMENT

Date: \_\_\_\_\_

This Monthly Supplement, which supplements the Purchase and Sale Agreement (Chapter 13 Forward Flow) dated as of July 11, 2003 (the "Agreement"), among Sears, Roebuck and Co., Sears National Bank, SRFG, Inc., SMTB, Inc., SVFT, Inc., SLRR, Inc. and Sears Financial Holding Corporation (collectively, the "Sellers") and Sherman Originator LLC (the "Buyer"), is provided by the Sellers as required by Section 2.1(c) of the Agreement with respect to the sale this week of certain accounts identified in the final extract created by Sellers this month.

With respect to these Accounts, the terms below will have the following meanings:

Closing Date: [ ]

10% of Volume: [ ]

Cut-off Date: [ ]

Purchase Price for Forward Flow Inventory:

Chapter 13 Account Type

Purchase Price Percentage:

Purchase Price:

Document Retrieval Commencement Date:

Document Retrieval Termination Date:

Claim Verification Date:



## EXHIBIT D

### INFORMATION IN FINANCING STATEMENT

The following information will be included in any UCC financing statements filed pursuant to the Uniform Commercial Code.

1. Sellers:

Sears, Roebuck and Co.  
3333 Beverly Road  
Hoffman Estates, Illinois 60179  
Telephone: 847-286-2500  
Telecopy: 847-286-2471  
Attention: Associate General Counsel, Corporate and Securities

Sears National Bank  
2626 South Hardy Drive  
Tempe, Arizona 85282  
Telephone: 480-804-5605  
Telecopy: 480-804-5660  
Attention: President

SRFG, Inc.  
3711 Kennett Pike  
Greenville, Delaware 19807  
Telephone: 302-434-3176  
Telecopy: 302-434-3150  
Attention: President

SMTB, Inc.  
3711 Kennett Pike  
Greenville, Delaware 19807  
Telephone: 302-434-3196  
Telecopy: 302-434-3150  
Attention: President

SVFT, Inc.  
3711 Kennett Pike  
Greenville, Delaware 19807  
Telephone: 302-434-3115  
Telecopy: 302-434-3150  
Attention: President

SLRR, Inc.  
3711 Kennett Pike

Greenville, Delaware 19807  
Telephone: 302-434-3115  
Telecopy: 302-434-3150  
Attention: President

Sears Financial Holding Corporation  
3711 Kennett Pike  
Greenville, Delaware 19807  
Telephone: 302-434-3142  
Telecopy: 302-434-3156  
Attention: President

2. Buyer (Secured Party):

Sherman Originator LLC  
335 Madison Avenue, 19<sup>th</sup> Floor  
New York, New York 10017  
Telephone: 212-922-1616  
Telecopy: 212-661-1316  
Attention: Benjamin Navarro

3. Property Sold: Certain charged-off MasterCard consumer credit accounts (including any receivables arising thereunder) with respect to which the related Account Holders have filed a case under Chapter 13 of the United States Bankruptcy Code, that have been sold by the Sellers to the Buyer pursuant to that certain Purchase and Sale Agreement (Chapter 13 Forward Flow) dated as of July 11, 2003 (the "Purchase Agreement") among the Sellers and the Buyer (the "Accounts"). A description of the Accounts can be examined by interested parties, at no cost to them, during normal business hours at the Buyer's office.

The above Accounts do not include, and the Buyer agrees that it does not and shall not have any interest in, any accounts relating to receivables transferred by SRFG, Inc. ("SRFG") to the Sears Credit Account Master Trust II ("Master Trust II") pursuant to that certain Pooling and Servicing Agreement, dated as of July 31, 1994, as amended (the "Master Trust II Agreement"), among Sears, Roebuck and Co., SRFG and The Bank of New York as successor to Bank One, National Association, as Trustee, except for any consumer credit account that constitutes a "Charged-Off Account" (as such term is defined in the Master Trust II Agreement) (i) the receivables under which have been sold by SRFG to the Buyer pursuant to the Purchase Agreement and (ii) as to which no election has been made to keep such "Charged-Off Account" in Master Trust II pursuant to Section 4.04(c) of the Master Trust II Agreement.

The above Accounts do not include, and the Buyer agrees that it does not and shall not have any interest in, any accounts relating to receivables transferred by SMTB, Inc. ("SMTB") to Sears Credit Account Master Trust B ("Master Trust B") pursuant to that certain Pooling and Servicing Agreement, dated as of December 14, 2001, as may be amended from time to time (the "Master Trust B Agreement"), among Sears, SMTB and The Bank of New York, as Trustee, except for any consumer credit account that constitutes a "Charged-Off Account" (as such term is defined in the Master Trust B Agreement) (i) the receivables under which have been sold by SMTB to the Buyer pursuant to the Purchase Agreement and (ii) as to which no election has been made to keep such "Charged-Off Account" in Master Trust B pursuant to Section 4.04(c) of the Master Trust B Agreement.

The above Accounts do not include, and the Buyer agrees that it does not and shall not have any interest in, any accounts relating to receivables transferred by SVFT, Inc. ("SVFT") to Sears Variable Funding Master Trust pursuant to that certain Pooling and Servicing Agreement, dated as of October 25, 2002, as may be amended from time to time (the "Variable Funding Master Trust Agreement"), among Sears, SVFT and The Bank of New York, as Trustee, except for any consumer credit account that constitutes a "Charged-Off Account" (as such term is defined in the Variable Funding Master Trust Agreement) (i) the receivables under which have been sold by SVFT to the Buyer pursuant to the Purchase Agreement and (ii) as to which no election has been made to keep such "Charged-Off Account" in Sears Variable Funding Master Trust pursuant to Section 4.04(c) of the Variable Funding Master Trust Agreement.

The above Accounts do not include, and the Buyer agrees that it does not and shall not have any interest in, any accounts relating to receivables transferred by Sears to SLRR, Inc. ("SLRR") pursuant to that certain Purchase Agreement, dated as of March 25, 2002 and that certain Contribution Agreement, dated as of March 25, 2002, as may be amended from time to time (together, the "SLRR Agreements"), between Sears and SLRR, except for any consumer credit account that constitutes a "Charged-Off Account" (as such term is defined in the SLRR Agreements) the receivables under which have been sold by SLRR to the Buyer pursuant to this Purchase Agreement.

4. This filing is to evidence a sale of accounts only and does not reflect a debt or lien.

EXHIBIT E

FORMS OF POWER OF ATTORNEY

I. Sears National Bank

KNOW ALL MEN BY THESE PRESENTS, that Sears National Bank ("SNB"), a national banking association, organized and existing under the laws of the State of Arizona, United States of America, and having a principal office at 2626 South Hardy Drive, Tempe, Arizona 85282, does hereby constitute and appoint \_\_\_\_\_, [TITLE], of Sears, Roebuck and Co., to sign on behalf of SNB all documents relating to each Monthly Supplement and Bill of Sale and Assignment during the term of and in connection with the Purchase and Sale Agreement (Chapter 13 Forward Flow), dated as of July 11, 2003, among Sears, Roebuck and Co., SNB, SRFG, Inc., SMTB, Inc., SVFT, Inc., SLRR, Inc., Sears Financial Holding Corporation and Sherman Originator LLC, and grants unto its said attorney full power and authority to do and perform every act and thing requisite or proper to be done in carrying out the above, including the delegation of this power to others, SNB hereby ratifying and confirming all that the said attorney shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, SNB has hereunto caused its corporate name to be signed by its President, all being done in the City of Tempe, State of Arizona, U.S.A. on this \_\_\_\_ day of \_\_\_\_\_, 2003.

SEARS NATIONAL BANK

By: \_\_\_\_\_  
Roger G. Schwierjohn  
President

2. SRFG, Inc.

KNOW ALL MEN BY THESE PRESENTS, that SRFG, Inc. ("SRFG"), a Delaware corporation, and having a principal office at 3711 Kennett Pike, Greenville, Delaware 19807, does hereby constitute and appoint \_\_\_\_\_, [TITLE], of Sears, Roebuck and Co., to sign on behalf of SRFG all documents relating to each Monthly Supplement and Bill of Sale and Assignment during the term of and in connection with the Purchase and Sale Agreement (Chapter 13 Forward Flow), dated as of July 11, 2003, among Sears, Roebuck and Co., Sears National Bank, SRFG, SMTB, Inc., SVFT, Inc., SLRR, Inc., Sears Financial Holding Corporation and Sherman Originator LLC, and grants unto its said attorney full power and authority to do and perform every act and thing requisite or proper to be done in carrying out the above, including the delegation of this power to others, SRFG hereby ratifying and confirming all that the said attorney shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, SRFG has hereunto caused its corporate name to be signed by its President, all being done in the City of Greenville, State of Delaware, U.S.A. on this \_\_\_\_ day of \_\_\_\_\_, 2003.

SRFG, INC.

By: \_\_\_\_\_  
George F. Slook  
President

3. SMTB, Inc.

KNOW ALL MEN BY THESE PRESENTS, that SMTB, Inc. ("SMTB"), a Delaware corporation, and having a principal office at 3711 Kennett Pike, Greenville, Delaware 19807, does hereby constitute and appoint \_\_\_\_\_, [TITLE], of Sears, Roebuck and Co., to sign on behalf of SMTB all documents relating to each Monthly Supplement and Bill of Sale and Assignment during the term of and in connection with the Purchase and Sale Agreement (Chapter 13 Forward Flow), dated as of July 11, 2003, among Sears, Roebuck and Co., Sears National Bank, SRFG, Inc., SMTB, SVFT, Inc., SLRR, Inc., Sears Financial Holding Corporation and Sherman Originator LLC, and grants unto its said attorney full power and authority to do and perform every act and thing requisite or proper to be done in carrying out the above, including the delegation of this power to others, SMTB hereby ratifying and confirming all that the said attorney shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, SMTB has hereunto caused its corporate name to be signed by its President, all being done in the City of Greenville, State of Delaware, U.S.A. on this \_\_\_\_ day of \_\_\_\_\_, 2003.

SMTB, INC.

By: \_\_\_\_\_  
George F. Slook  
President

4. SVFT, Inc.

KNOW ALL MEN BY THESE PRESENTS, that SVFT, Inc. ("SVFT"), a Delaware corporation, and having a principal office at 3711 Kennett Pike, Greenville, Delaware 19807, does hereby constitute and appoint \_\_\_\_\_, [TITLE], of Sears, Roebuck and Co., to sign on behalf of SVFT all documents relating to each Monthly Supplement and Bill of Sale and Assignment during the term of and in connection with the Purchase and Sale Agreement (Chapter 13 Forward Flow), dated as of July 11, 2003, among Sears, Roebuck and Co., Sears National Bank, SRFG, Inc., SMTB, Inc., SVFT, SLRR, Inc., Sears Financial Holding Corporation and Sherman Originator LLC, and grants unto its said attorney full power and authority to do and perform every act and thing requisite or proper to be done in carrying out the above, including the delegation of this power to others, SVFT hereby ratifying and confirming all that the said attorney shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, SVFT has hereunto caused its corporate name to be signed by its President, all being done in the City of Greenville, State of Delaware, U.S.A. on this \_\_\_\_ day of \_\_\_\_\_, 2003.

SVFT, INC.

By: \_\_\_\_\_  
George F. Slook  
President

5. SLRR, Inc.

KNOW ALL MEN BY THESE PRESENTS, that SLRR, Inc. ("SLRR"), a Delaware corporation, and having a principal office at 3711 Kennett Pike, Greenville, Delaware 19807, does hereby constitute and appoint \_\_\_\_\_, [TITLE], of Sears, Roebuck and Co., to sign on behalf of SLRR all documents relating to each Monthly Supplement and Bill of Sale and Assignment during the term of and in connection with the Purchase and Sale Agreement (Chapter 13 Forward Flow), dated as of July 11, 2003, among Sears, Roebuck and Co., Sears National Bank, SRFG, Inc., SMTB, Inc., SVFT, Inc., SLRR, Sears Financial Holding Corporation and Sherman Originator LLC, and grants unto its said attorney full power and authority to do and perform every act and thing requisite or proper to be done in carrying out the above, including the delegation of this power to others, SLRR hereby ratifying and confirming all that the said attorney shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, SLRR has hereunto caused its corporate name to be signed by its President, all being done in the City of Greenville, State of Delaware, U.S.A. on this \_\_\_\_ day of \_\_\_\_\_, 2003.

SLRR, INC.

By: \_\_\_\_\_  
Keith E. Trost  
President



5. Sears Financial Holding Corporation

KNOW ALL MEN BY THESE PRESENTS, that Sears Financial Holding Corporation ("SFHC"), a Delaware corporation, and having a principal office at 3711 Kennett Pike, Greenville, Delaware 19807, does hereby constitute and appoint \_\_\_\_\_, [TITLE], of Sears, Roebuck and Co., to sign on behalf of SFHC all documents relating to each Monthly Supplement and Bill of Sale and Assignment during the term of and in connection with the Purchase and Sale Agreement (Chapter 13 Forward Flow), dated as of July 11, 2003, among Sears, Roebuck and Co., Sears National Bank, SRFG, Inc., SMTB, Inc., SVFT, Inc., SLRR, Inc., SFHC and Sherman Originator LLC, and grants unto its said attorney full power and authority to do and perform every act and thing requisite or proper to be done in carrying out the above, including the delegation of this power to others, SFHC hereby ratifying and confirming all that the said attorney shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, SFHC has hereunto caused its corporate name to be signed by its President, all being done in the City of Greenville, State of Delaware, U.S.A. on this \_\_\_\_ day of \_\_\_\_\_, 2003.

Sears Financial Holding Corporation

By: \_\_\_\_\_

President

## EXHIBIT F

### [SELLER'S LETTERHEAD]

#### BILL OF SALE AND ASSIGNMENT

This \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, Sears, Roebuck and Co. ("Sears"), Sears National Bank ("SNB"), SRFG, Inc. ("SRFG"), SMTB, Inc. ("SMTB"), SVFT, Inc. ("SVFT"), SLRR, Inc. ("SLRR") and Sears Financial Holding Corporation ("SFHC") (each a "Seller" and collectively, the "Sellers"), for value received, without recourse and without representations or warranties of any type, kind, character or nature, express or implied, except as provided in the Purchase and Sale Agreement (Chapter 13 Forward Flow) dated as of July 11, 2003, to the extent permitted by applicable law, transfer, sell, assign, set-over, quitclaim, convey, grant and deliver to Sherman Originator LLC (the "Buyer"), all right, title and interest in and to (i) each of the Sellers' open-end MasterCard accounts (including any receivables arising thereunder) which are owned by the Seller and charged off as uncollectible as a result of the debtor of the account filing a proceeding under Chapter 13 of the United States Bankruptcy Code and which are described on computer files furnished by the Sellers to the Buyer in connection herewith (the "Accounts"), together with the right to collect all principal, interest or other proceeds of any kind with respect to the Accounts remaining due and owing as of the date hereof and (ii) all proceeds derived from the conversion of any of the Accounts into cash or other liquidated property of such Accounts after the close of business on August \_\_, 2003.

The above Accounts do not include, and the Buyer shall not have any interest in, any accounts relating to receivables transferred by SRFG to the Sears Credit Account Master Trust II ("Master Trust II") pursuant to that certain Pooling and Servicing Agreement, dated as of July 31, 1994, as amended (the "Master Trust II Agreement"), among Sears, SRFG and The Bank of New York as successor to Bank One, National Association, as Trustee, except for any consumer credit account that constitutes a "Charged-Off Account" (as such term is defined in the Master Trust II Agreement) (i) the receivables under which have been sold by SRFG to the Buyer pursuant to the Purchase Agreement and (ii) as to which no election has been made to keep such "Charged-Off Account" in Master Trust II pursuant to Section 4.04(c) of the Master Trust II Agreement.

The above Accounts do not include, and the Buyer agrees that it does not and shall not have any interest in, any accounts relating to receivables transferred by SMTB to Sears Credit Account Master Trust B ("Master Trust B") pursuant to that certain Pooling and Servicing Agreement, dated as of December 14, 2001, as may be amended from time to time (the "Master Trust B Agreement"), among Sears, SMTB and The Bank of New York, as Trustee, except for any consumer credit account that constitutes a "Charged-Off Account" (as such term is defined in the Master Trust B Agreement) (i) the receivables under which have been sold by SMTB to the Buyer pursuant to the Purchase Agreement and (ii) as to which no election has been made to keep such "Charged-Off Account" in Master Trust B pursuant to Section 4.04(c) of the Master Trust B Agreement.

The above Accounts do not include, and the Buyer agrees that it does not and shall not have any interest in, any accounts relating to receivables transferred by SVFT to Sears Variable Funding Master Trust pursuant to that certain Pooling and Servicing Agreement, dated as of October 25, 2002, as may be amended from time to time (the "Variable Funding Master Trust Agreement"), among Sears, SVFT and The Bank of New York, as Trustee, except for any consumer credit account that constitutes a "Charged-Off Account" (as such term is defined in the Variable Funding Master Trust Agreement) (i) the receivables under which have been sold by SVFT to the Buyer pursuant to the Purchase Agreement and (ii) as to which no election has been made to keep such "Charged-Off Account" in Sears Variable Funding Master Trust pursuant to Section 4.04(c) of the Variable Funding Master Trust Agreement.

The above Accounts do not include, and the Buyer agrees that it does not and shall not have any interest in, any accounts relating to receivables transferred by Sears to SLRR, Inc. pursuant to that certain Purchase Agreement, dated as of March 25, 2002 and that certain Contribution Agreement, dated as of March 25, 2002, as may be amended from time to time (together, the "SLRR Agreements"), between Sears and SLRR, except for any consumer credit account that constitutes a "Charged-Off Account" (as such term is defined in the SLRR Agreements) the receivables under which have been sold by SLRR to the Buyer pursuant to the Purchase Agreement.

Pursuant to the foregoing assignment, the Sellers stipulate that the Buyer may be substituted for any Seller as the valid owner of the Accounts and hereby waives any notice or hearing requirements imposed by Bankruptcy Rule 3001(e)(2) or otherwise.

SEARS, ROEBUCK AND CO.

By: \_\_\_\_\_

Name:

Title:

SEARS NATIONAL BANK

By: \_\_\_\_\_

Name:

Title:

SRFG, INC.

By: \_\_\_\_\_

Name:

Title:

SMTB, INC.

By: \_\_\_\_\_

Name:

Title:

SVFT, INC.

By: \_\_\_\_\_

Name:

Title:

SLRR, INC.

By: \_\_\_\_\_

Name:

Title:

Sears Financial Holding Corporation

By: \_\_\_\_\_

Name:

Title:

EXHIBIT G

[BUYER'S LETTERHEAD]

**BILL OF SALE AND REASSIGNMENT**

This \_\_\_\_\_, day of \_\_\_\_\_, \_\_\_\_\_, Sherman Originator LLC (the "Original Buyer"), for value received, without recourse and without representations or warranties of any type, kind, character or nature, express or implied, except as mentioned in the Purchase and Sale Agreement (Chapter 13 Forward Flow) dated as of July 11, 2003 (the "Purchase Agreement"), to the extent permitted by applicable law, transfers, sells, assigns, sets-over, quitclaims, conveys, grants and delivers to Sears, Roebuck and Co., Sears National Bank, SRFG, Inc., SMTB, Inc., SVFT, Inc., SLRR, Inc. and Sears Financial Holding Corporation (each an "Original Seller" and collectively, the "Original Sellers"), all right, title and interest in and to (i) each of the Accounts accepted by the Original Sellers for reassignment pursuant to Section 9 or 10 of the Purchase Agreement (including any receivables arising thereunder) which are owned by the Original Buyer and which are described on computer files furnished by the Original Buyer to the Original Sellers in connection herewith (the "Reassigned Accounts"), together with the right to collect all principal, interest or other proceeds of any kind with respect to the Reassigned Accounts remaining due and owing as of the date hereof and (ii) all proceeds derived from the conversion of any of the Reassigned Accounts into cash or other liquidated property of such Accounts after the close of business on the date hereof. Such assets shall be allocated among the Original Sellers as if the sale of such Accounts to the Original Buyer never occurred.

Pursuant to the foregoing reassignment, the Original Buyer stipulates that any Original Seller may be substituted for the Original Buyer as the valid owner of the Reassigned Accounts and hereby waives any notice or hearing requirements imposed by Bankruptcy Rule 3001(e)(2) or otherwise.

BUYER

By:

\_\_\_\_\_  
Name:

Title:

**EXHIBIT H**  
**To Purchase and Sale Agreement (Chapter 13 Forward Flow)**  
**dated as of July 11, 2003**

FAX TO:

From:

**SEARS MEDIA REQUEST FORM**

Return Media to:	Last name		First Name
	Acct #	Balance	Date Requested
	<b>NEED BY:</b>		First Request <input type="checkbox"/> Second Request <input type="checkbox"/>

☐ Sales Slip  
Specific Charge: \_\_\_\_\_

☐ Itemization  

☐ Date Range \_\_\_\_\_ to \_\_\_\_\_

☐ Last Payment

☐ Claim Information

☐ Proof of Claim (with attachments)

☐ Other (i.e. payment history-specific date)  
\_\_\_\_\_

Contact debtor/debtor's attorney at  
(\_\_\_\_)\_\_\_\_-\_\_\_\_\_. We are unable to help  
with the inquiry because it is not related to the  
bankruptcy.

☐ **SPECIAL INSTRUCTIONS:**  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## EXHIBIT I

### ACCOUNT DOCUMENT PAYMENT SCHEDULE

Pursuant to the terms of Section 7.2 of the Purchase and Sale Agreement (Chapter 13 Forward Flow) among Sears, Roebuck and Co., Sears National Bank, SRFG, Inc., SVFT, Inc., SMTB, Inc., SLRR, Inc. and Sears Financial Holding Corporation, as Sellers, and Sherman Originator LLC, as Buyer, dated as of July 11, 2003, the following fees shall apply. For Account Documents not listed herein, the fee will be as agreed upon by the Parties.

#### ITEMIZATION (i.e., Account Statements)

Date of Statement	\$5.00
Second Requests <sup>2</sup>	\$15.00
Print-out Screens, per page	\$5.00
SALES SLIPS	\$10.00
<u>APPLICATION</u>	
All Dates	\$25.00
Second Requests	\$50.00
<u>AFFIDAVIT OF SALE</u>	
All Dates	\$5.00
<u>AFFIDAVIT OF LOST AND/OR DESTROYED DOCUMENTS</u>	
All Dates	\$5.00
<u>PROCEEDS AND REMITTANCES PAYMENT PROCESSING</u>	\$5.00 per payment processed by Sears, Roebuck and Co., its successors and assigns or any of its affiliates
<u>AFFIDAVIT FOR LEGAL FILING</u>	\$5.00

<sup>2</sup> "Second Requests" refer to (1) a request for an Account Document that was previously provided or (2) a request for a more extensive search after primary procedures have failed to locate a document.

TO PURCHASE AND SALE AGREEMENT (CHAPTER 13 FORWARD FLOW) DATED AS OF JULY 11, 2003

[illegible]

- J



## SCHEDULE A TO FORM OF OBJECTION SUMMARY

### OBJECTION CODES\*

- D1: Duplicate claims were filed.
- D2: Duplicate claims were filed: one by [Buyer's attorney] and one by Client/Outside Agency.
- D3: Duplicate claims were filed: later filed claim amends originally filed claim.
- D4: Duplicate claims not filed: separate accounts.
- D5: Duplicate claims not filed: docketed twice by Court.
- D6: Duplicate claims were filed: chapter conversion.
- D7: Duplicate claims were filed: duplicate referrals.
- D8: Duplicate claims were filed: Proof of Claim resent per SSD audit of no record of Proof of Claim on file / Original Proof of Claim returned.
- D9: Duplicate claims were filed: Proof of Claim re-sent due to incorrect bankruptcy information.
  
- L: Proof of Claim filed late.
- L#: Proof of Claim not filed late.
  
- M1: Disputes liability.
- M2: Disputes amount owed.
- M3: Debtor's Counsel / Trustee / Court requests copy of Proof of Claim.
- M4: Debt not scheduled / provided for by plan.
- M5: Trustee / Debtor's Counsel alleges no Proof of Claim was filed: Proof of Claim was filed.
- M6: Statute of Limitations.
- M7: Debt incurred fraudulently.
- M8: Debtor's Counsel / Trustee filed Proof of Claim on behalf of Client.
- M9: Alleges account was paid in full.
- M10: Debt discharged in previous chapter.
- M11: Trustee alleges no Proof of Claim has been filed: no Proof of Claim has been filed.
- M12: Preference objection.
- M13: Assignment of Claim / Proof of Claim defective.
  
- DOC: Documentation.
- A/S: Amends or supercedes.

\*(subject to periodic clarification).

**EXHIBIT K**

**To Purchase and Sale Agreement (Chapter 13 Forward Flow)**

**dated as of July 11, 2003**

**SUMMARY OF ADVERSARY PROCEEDINGS**

Account Holder's Name

Account Number

Case Number

## EXHIBIT L

### ASSIGNEE LETTER

Ladies and Gentlemen:

The undersigned (the "Assignee") is purchasing certain accounts listed on Annex A hereto (the "Purchased Accounts") from Sherman Originator LLC ("Assignor"). The Purchased Accounts were sold to Assignor by Sears, Roebuck and Co., Sears National Bank, SRFG, Inc., SMTB, Inc., SVFT, Inc., SLRR, Inc. and Sears Financial Holding Corporation (collectively, "Sears") pursuant to a Purchase and Sale Agreement (Chapter 13 Forward Flow) dated as of July 11, 2003 (the "Purchase Agreement"). The Assignee has received and reviewed the Purchase Agreement.

As a condition precedent to the sale of the Purchased Accounts by Assignor and for the benefit of Sears, the Assignee understands and agrees with respect to the Purchased Accounts as follows:

1. As of the date of transfer of the Purchased Accounts from Assignor to the Assignee, the Assignee will assume all of the obligations of Assignor as the Buyer under the Purchase Agreement with respect to the Purchased Accounts.
2. As of the date of transfer of the Purchased Account from Assignor to the Assignee, the representations and warranties in Section 6 of the Purchase Agreement are confirmed with respect to the Assignee.

The foregoing is the entire understanding of Sears and the Assignee with respect to the Purchased Accounts, is binding upon the Assignee, its successors and assigns, may not be amended except in a writing signed by Sears and will be governed by New York law. This letter is separate and apart from any agreement between Sears and Assignor or the Assignee and Assignor.

Very truly yours,

[NAME OF ASSIGNEE]

IN WITNESS WHEREOF, the Parties have executed this Purchase Agreement by their duly authorized officers as of the date first shown above.

BUYER:

SHERMAN ORIGINATOR LLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

SELLERS:

SEARS, ROEBUCK AND CO.

By:                      x  
Name:                       
Title:                     

SEARS NATIONAL BANK

By:                      x  
Name:                       
Title:                     

SRFG, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

SMTB, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

SVFT, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

SLRR, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

IN WITNESS WHEREOF, the Parties have executed this Purchase Agreement by their duly authorized officers as of the date first shown above.

BUYER:

SHERMAN ORIGINATOR LLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

SELLERS:

SEARS, ROEBUCK AND CO.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

SEARS NATIONAL BANK

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

SRFG, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

SMTB, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

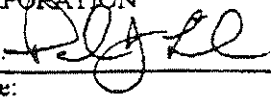
SVFT, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

SLRR, INC.

By: \_\_\_\_\_  
Name: Keith E. Trost  
Title: President and Chief Executive Officer

SEARS FINANCIAL HOLDING  
CORPORATION

By:  x  
Name:  
Title:

Jul-11-2003 03:36pm From-

T-090 P.002/007 F-932

Jul-11-2003 03:03pm From-

1-USA P.003/006 F-943

IN WITNESS WHEREOF, the Parties have executed this Purchase Agreement by their duly authorized officers as of the date first shown above.

BUYER:

SHERMAN ORIGINATOR LLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

SELLERS:

SEARS, ROEBUCK AND CO.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

SEARS NATIONAL BANK

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

SENG, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

SMITH, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

SVFT, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

HLRR, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

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For RWL - Received 07/11/2003 14:29 in 02:40 on line [4] for RWL \* Pg 3/7

Jul-11-2003 03:36pm From-

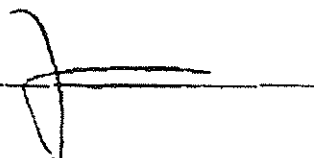
T-090 P.003/007 F-932  
T-090 P.006/006 T-V29

Jul-11-2003 03:36pm From-

Sherman Financial Group LLC is a party to this Agreement for the limited purpose of agreeing to its indemnification obligations under Section 15.

SHERMAN FINANCIAL GROUP LLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

A handwritten signature in black ink, consisting of a large, stylized 'S' followed by a horizontal line.





Dennis Grummer  
Vice President Compliance  
And Quality Management

Sears, Roebuck and Co.  
3333 Beverly Road  
Hoffman Estates, Illinois 60179

October 30, 2003

**VIA CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

Sherman Originator LLC  
335 Madison Avenue, 19<sup>th</sup> Floor  
New York, New York 10017  
Attention: Benjamin Navarro

Re: Purchase and Sale Agreement (Bulk Sale) and Purchase and Sale Agreement (Forward Flow) dated June 24, 2003, by and between Sherman Financial Group LLC ("Sherman") and Sears, Roebuck and Co., Sears National Bank, SRFG, Inc., SMTB, Inc., SVFT, Inc. and SLRR, Inc.;

First Amendment dated as of October 10, 2003 to the Purchase and Sale Agreement (Bulk Sale) dated June 24, 2003, by and between Sherman Financial Group LLC ("Sherman") and Sears, Roebuck and Co., Sears National Bank, SRFG, Inc., SMTB, Inc., SVFT, Inc. and SLRR, Inc.;

Purchase and Sale Agreement (Forward Flow) dated June 24, 2003, by and between Sherman Financial Group LLC and Sears, Roebuck and Co., Sears National Bank, SRFG, Inc., SMTB, Inc., SVFT, Inc. and SLRR, Inc. ("Forward Flow Agreement");

Amendment No. 1 dated as of July 8, 2003 to the Purchase and Sale Agreement (Forward Flow) dated June 24, 2003, by and between Sherman Financial Group LLC and Sears, Roebuck and Co., Sears National Bank, SRFG, Inc., SMTB, Inc., SVFT, Inc. and SLRR, Inc.;

Amendment No. 2 dated as of September 29, 2003 to the Purchase and Sale Agreement (Forward Flow) dated June 24, 2003, by and between Sherman Financial Group LLC and Sears, Roebuck and Co., Sears National Bank, SRFG, Inc., SMTB, Inc., SVFT, Inc. and SLRR, Inc.;

Purchase and Sale Agreement (Chapter 13 Bulk Sale) and Purchase and Sale Agreement (Chapter 13 Forward Flow) dated July 11, 2003 among Sears, Roebuck and Co., Sears National Bank, SRFG, Inc., SMTB, Inc., SVFT, Inc., SLRR, Inc. and Sears Financial Holding Corporation and Sherman Originator LLC;

Purchase and Sale Agreement (Chapter 13 Forward Flow) dated July 11, 2003 among Sears, Roebuck and Co., Sears National Bank, SRFG, Inc., SMTB, Inc., SVFT, Inc., SLRR, Inc. and Sears Financial Holding Corporation and Sherman Originator LLC ("Chapter 13 Forward Flow Agreement"); and

Purchase and Sale Agreement (Non-Chapter 13 FDR Conversion Charge-Off Accounts Bulk Sale) dated July 11, 2002 among Sears, Roebuck and Co., Sears National Bank and Sears Financial Holding Corporation and Sherman Originator LLC.

Dear Mr. Navarro:

Sears has entered into an agreement with Citicorp pursuant to which Citicorp or its permitted assigns will acquire all of the capital stock of Sears Life Insurance Company and all rights, title and interests of Sears, Roebuck and Co. and certain of its subsidiaries (the "Sellers"), in the assets used primarily in the credit card and financial products businesses of Sellers, subject to certain assumed liabilities. The contemplated sale is expected to become effective in the near future.

The purpose of this letter is to notify you of the sale and the contemplated transfer of the agreements listed above (collectively, the "Agreements"), and to seek your consent to the contemplated transfer of the Agreements and assignment of all of the rights, liabilities and obligations thereunder from Sears and its affiliates to Citibank USA, N.A., to be effective upon the consummation of the sale. Notwithstanding the foregoing, Sears and its affiliates shall retain the rights under each of the Forward Flow Agreement, as amended, and the Chapter 13 Forward Flow Agreement to effect future sales of accounts for which receivables have been charged off on or before November 2, 2003. The parties to this consent agree to execute any documents required to effectuate the intent of the foregoing sentences. Please indicate your receipt of this notice and your consent to the transfer of the Agreements, assignment of rights and assumption of obligations thereunder by signing this letter in the space indicated below. In addition, by signing below you consent to the waiver of any and all mandated notice provisions or minimum notice period requirements contained in the Agreements with regard to the sale.

Page Two

Your prompt response to this request is appreciated. Please fax a signed copy of the letter to Greg Stevens at 847-286-7108 and return the signed original letter in the enclosed self-addressed, stamped envelope at your earliest convenience. Please call Greg Stevens, of Sears at 847-286-8459, if you have any questions. Sears will inform you when the sale has closed.

Very truly yours,



Dennis Grummer

cc: Greg Stevens  
Leanne Murphy

ACKNOWLEDGED:  
CITIBANK USA, N.A.

ACKNOWLEDGED:  
SHERMAN ORIGINATOR LLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## FIRST AMENDMENT TO PURCHASE AND SALE AGREEMENT

This amendment (the "First Amendment") is made this 1st day of January, 2004, by and between Citibank USA, National Association, a national banking corporation organized under the laws of the United States ("Bank") and Sherman Originator LLC ("Buyer"), a limited liability company organized under the laws of Delaware.

### RECITALS

- A. Bank assumed, as of October 30, 2003, that certain Purchase and Sale Agreement (the Agreement) executed by and between Buyer and Sears, Roebuck and Co., Sears National Bank, SRFG, Inc., SMTB, Inc., SVFT, Inc., SLRR, Inc. and Sears Financial Holding Corporation (collectively, "Originator") dated July 11, 2003, for the purchase and sale of MasterCard Accounts subject to a Chapter 13 Proceeding on a monthly flow basis.
- B. Bank and Buyer desire to amend the Agreement to provide for the monthly sale of additional Accounts, which shall be from the Sears retail card portfolio, commencing in January 2004.

NOW, THEREFORE, in consideration of the premises and the covenants hereinafter set forth and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Bank and Buyer hereby agree as follows:

All capitalized terms not defined herein shall have the meaning set forth in the Agreement.

### COVENANTS, TERMS & CONDITIONS

1. The definition of "Chapter 13 Account" shall be deleted in its entirety and substituted with:

"Chapter 13 Account" means a charged-off Sears branded MasterCard or Sears retail account issued by Bank with respect to which (i) the Account Holder has filed a Chapter 13 Case under the Bankruptcy Code, and (ii) the Sellers have filed a Proof of Claim, that falls within the Chapter 13 Account Type set forth on Appendix I.

2. Appendix I Section A shall be deleted in its entirety and substituted with:

Chapter 13 Account Type	Purchase Price %	Description of Chapter 13 Account Type
RFD1 = BK13	13.50%	All Charged-off Chapter 13 Sears branded Master Card (including The Great Indoors Mastercard) Accounts, and all Charged-off Chapter 13 Sears retail card Accounts issued by Bank.

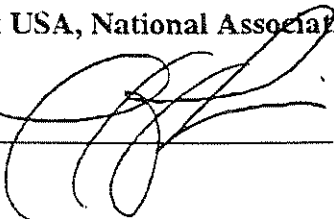
### OTHER TERMS

Except as expressly supplemented by other amendments, all of the representations, warranties, terms covenants and conditions of the Agreement and all related documents shall remain in full force and effect in accordance with their respective terms.

IN WITNESS WHEREOF, the parties have executed this First Amendment by their duly authorized officers as of the date first shown above.

**BANK:****Citibank USA, National Association**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



SCOTT CHRISTENSEN, VP  
GEID #0000180984  
Financial Control  
CUSA MC 1162  
(605) 331-1935

**BUYER:****Sherman Originator LLC**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

