

Edgar Filing: SEARS ROEBUCK ACCEPTANCE CORP - Form 10-Q

SEARS ROEBUCK ACCEPTANCE CORP  
Form 10-Q  
August 12, 2002

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

FORM 10-Q

X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF  
THE SECURITIES EXCHANGE ACT OF 1934  
FOR THE QUARTERLY PERIOD ENDED JUNE 29, 2002

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF  
THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 1-4040

SEARS ROEBUCK ACCEPTANCE CORP.  
(Exact name of registrant as specified in its charter)

Delaware  
(State of Incorporation)

51-0080535  
(I.R.S. Employer Identification No.)

3711 Kennett Pike, Greenville, Delaware  
(Address of principal executive offices)

19807  
(Zip Code)

Registrant's telephone number, including area code: 302/434-3100

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

Yes X No\_\_

As of July 31, 2002 the Registrant had 350,000 shares of capital stock outstanding, all of which were held by Sears, Roebuck and Co.

Registrant meets the conditions set forth in General Instruction H(1)(a) and (b) of Form 10-Q and is therefore filing this Form with a reduced disclosure format.

SEARS ROEBUCK ACCEPTANCE CORP.

INDEX TO QUARTERLY REPORT ON FORM 10-Q

Edgar Filing: SEARS ROEBUCK ACCEPTANCE CORP - Form 10-Q

13 WEEKS AND 26 WEEKS ENDED JUNE 29, 2002

PART I. FINANCIAL INFORMATION:	PAGE NO.
Item 1. Financial Statements	
Statements of Financial Position	
June 29, 2002 (unaudited) and June 30, 2001 (unaudited)	
and December 29, 2001	1
Statements of Income (unaudited)	
13 Weeks and 26 Weeks ended June 29, 2002	
and June 30, 2001	2
Statements of Cash Flows (unaudited)	
26 Weeks ended June 29, 2002	
and June 30, 2001	3
Notes to Financial Statements (unaudited)	4,5
Independent Accountants' Report	6
Item 2. Analysis of Results of Operations	7
PART II. OTHER INFORMATION:	
Item 6. Exhibits and Reports on Form 8-K	8

PART I. FINANCIAL INFORMATION  
ITEM 1. FINANCIAL STATEMENTS

SEARS ROEBUCK ACCEPTANCE CORP.

STATEMENTS OF FINANCIAL POSITION

(unaudited)

(millions, except share data)      -----  
June 29,      June 30,      Dec. 29,

Edgar Filing: SEARS ROEBUCK ACCEPTANCE CORP - Form 10-Q

	2002	2001	2001
	-----	-----	-----
<b>Assets</b>			
Cash and cash equivalents	\$ 579	\$ 163	\$ 599
Notes of Sears	17,746	16,210	16,014
Other assets	61	49	125
	-----	-----	-----
Total assets	\$ 18,386	\$ 16,422	\$ 16,738
<b>Liabilities</b>			
Commercial paper (net of unamortized discount of \$10, \$11 and \$9)	\$ 3,880	\$ 2,892	\$ 3,225
Medium-term notes (net of unamortized discount of \$5, \$7 and \$6)	2,500	3,820	2,762
Discrete underwritten debt (net of unamortized discount of \$60, \$26 and \$29)	8,540	6,374	7,321
Accrued interest and other liabilities	167	165	192
	-----	-----	-----
Total liabilities	15,087	13,251	13,500
<b>Shareholder's Equity</b>			
Common share, par value \$100 per share; 500,000 shares authorized; 350,000 shares issued and outstanding	35	35	35
Capital in excess of par value	1,150	1,150	1,150
Accumulated other comprehensive loss	(3)	-	-
Retained income	2,117	1,986	2,053
	-----	-----	-----
Total shareholder's equity	3,299	3,171	3,238
	-----	-----	-----
Total liabilities and shareholder's equity	\$ 18,386	\$ 16,422	\$ 16,738
	=====	=====	=====

See notes to financial statements.

1

SEARS ROEBUCK ACCEPTANCE CORP.

STATEMENTS OF INCOME

(unaudited)

(millions, except ratios)	13 Weeks Ended		26 Weeks Ended	
	June 29,	June 30,	June 29,	June 30,
	2002	2001	2002	2001
	-----	-----	-----	-----

Edgar Filing: SEARS ROEBUCK ACCEPTANCE CORP - Form 10-Q

Revenues

Earnings on notes of Sears	\$ 240	\$ 274	\$ 474	\$ 574
Earnings on cash equivalents	5	2	8	6
	-----	-----	-----	-----
Total revenues	245	276	482	580
	-----	-----	-----	-----

Expenses

Interest expense and amortization of debt discount/premium	195	220	383	461
Operating expenses	1	-	1	1
	-----	-----	-----	-----
Total expenses	196	220	384	462
	-----	-----	-----	-----
Income before income taxes	49	56	98	118
Income taxes	17	19	34	41
	-----	-----	-----	-----
Net income	\$ 32	\$ 37	\$ 64	\$ 77
	=====	=====	=====	=====
Ratios of earnings to fixed charges	1.25	1.25	1.26	1.26

See notes to financial statements.

2

SEARS ROEBUCK ACCEPTANCE CORP.

STATEMENTS OF CASH FLOWS  
(unaudited)

(millions)	26 Weeks Ended	
	June 29, 2002	June 30, 2001
	-----	-----
Cash flows from operating activities:		
Net income	\$ 64	\$ 77
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and other noncash items	7	5
Decrease(increase)in other assets	80	(4)
(Decrease)increase in other liabilities	(25)	14
	-----	-----
Net cash provided by operating activities	126	92
	-----	-----
Cash flows from investing activities:		
(Increase)decrease in notes of Sears	(1,732)	669
	-----	-----
Net cash (used in)provided by investing activities	(1,732)	669
	-----	-----

## Edgar Filing: SEARS ROEBUCK ACCEPTANCE CORP - Form 10-Q

### Cash flows from financing activities:

Increase(decrease) in commercial paper, primarily 90 days or less	655	(1,042)
Proceeds from issuance of long-term debt	1,832	793
Payments for redemption of long-term debt	(877)	(788)
Issue costs paid to issue debt	(24)	(3)
	-----	-----
Net cash provided by (used in) financing activities	1,586	(1,040)
	-----	-----
Net decrease in cash and cash equivalents	(20)	(279)
Cash and cash equivalents at beginning of period	599	442
	-----	-----
Cash and cash equivalents at end of period	\$ 579	\$ 163
	=====	=====

See notes to financial statements.

3

SEARS ROEBUCK ACCEPTANCE CORP.

NOTES TO FINANCIAL STATEMENTS  
(unaudited)

### 1. Significant Accounting Policies

The unaudited interim financial statements of Sears Roebuck Acceptance Corp. ("SRAC"), a wholly-owned subsidiary of Sears, Roebuck and Co. ("Sears"), reflect all adjustments (consisting only of normal recurring accruals) which are, in the opinion of management, necessary for a fair statement of the results for the interim periods presented.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. The significant accounting policies used in the presentation of these financial statements are consistent with the summary of significant accounting policies set forth in SRAC's Annual Report on Form 10-K for the 52 weeks ended December 29, 2001, and these financial statements should be read in conjunction with the financial statements and notes found therein. The results of operations for the interim periods should not be considered indicative of the results to be expected for the full year.

### 2. Comprehensive Income (Loss) and Accumulated Other Comprehensive Loss

The following table shows the computation of comprehensive income(loss):

	13 Weeks Ended		26 Weeks Ended	
(millions)	June 29, 2002	June 30, 2001	June 29, 2002	June 30, 2001
	-----	-----	-----	-----
Net income	\$ 32	\$ 37	\$ 64	\$ 77
Other comprehensive income(loss)				
Losses on cash flow hedge,				

## Edgar Filing: SEARS ROEBUCK ACCEPTANCE CORP - Form 10-Q

net of tax	(3)	-	(3)	-
Amounts amortized into interest expense from OCI	-	-	-	-
Total other comprehensive loss	(3)	-	(3)	-
	-----	-----	-----	-----
Total comprehensive income	\$ 29	\$ 37	\$ 61	\$ 77
	=====	=====	=====	=====

The following table displays the components of accumulated other comprehensive loss:

(millions)	June 29, 2002	June 30, 2001	Dec. 29, 2001
	-----	-----	-----
Accumulated cash flow hedge loss	\$ (3)	\$ -	\$ -
	-----	-----	-----
Accumulated other comprehensive loss	\$ (3)	\$ -	\$ -
	=====	=====	=====

4

### 3. Back-up Liquidity

SRAC continued to provide support for 100% of its outstanding commercial paper through its investment portfolio and committed credit facilities. SRAC's investment portfolio, which consists of cash and cash equivalents, fluctuated from a low of \$324 million to a high of \$2,291 million in the second quarter of 2002. Credit facilities as of June 29, 2002 were as follows:

Expiration Date	(millions)
-----	-----
April 2003	\$4,360
-----	-----

### 4. Medium-term Notes and Discrete Underwritten Debt

Medium-term notes and discrete underwritten debt are issued with either a floating rate indexed to LIBOR or a fixed rate.

(dollars in millions; terms in years)

#### ISSUANCE

	2002 Volume	Avg. Rate	Avg. Orig. Term	2001 Volume	Avg. Rate	Avg. Orig. Term
	-----	-----	-----	-----	-----	-----
13 Weeks Ended:						
Medium-term notes	\$ -	-%	-	\$ -	-%	-
Discrete debt	\$1,250	7.19%	32.0	\$ -	-%	-
26 Weeks Ended:						
Medium-term notes	\$ 15	4.50%	2.6	\$ -	-%	-
Discrete debt	\$1,850	7.03%	24.9	\$ 800	7.00%	10.0

#### GROSS OUTSTANDING

Edgar Filing: SEARS ROEBUCK ACCEPTANCE CORP - Form 10-Q

	06/29/02	Avg.	Avg.	06/30/01	Avg.	Avg.
	Balance	Coupon	Remain.	Balance	Coupon	Remain.
	-----	-----	-----	-----	-----	-----
Medium-term notes	\$2,505	5.91%	1.4	\$3,827	6.46%	1.5
Discrete debt	\$8,600	6.97%	13.5	\$6,400	6.65%	10.5

MATURITIES

Year	Medium-term notes	Discrete debt
-----	-----	-----
2002	\$ 680	\$ -
2003	1,246	1,250
2004	317	-
2005	36	250
2006	40	550
Thereafter	186	6,550
-----	-----	-----
Total	\$2,505	\$8,600
=====	=====	=====

5

INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Directors and Shareholder of  
Sears Roebuck Acceptance Corp.:

We have reviewed the accompanying statements of financial position of Sears Roebuck Acceptance Corp. (a wholly-owned subsidiary of Sears, Roebuck and Co.) as of June 29, 2002 and June 30, 2001, and the related statements of income for the 13 week and 26 week periods then ended and cash flows for the 26 week periods then ended. These financial statements are the responsibility of Sears Roebuck Acceptance Corp.'s management.

We conducted our reviews in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and of making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to such financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the statement of financial position of Sears Roebuck Acceptance Corp. as of December 29, 2001 and the related statements of income, shareholder's equity and cash flows for the year then ended (not presented herein);

## Edgar Filing: SEARS ROEBUCK ACCEPTANCE CORP - Form 10-Q

and in our report dated January 17, 2002, we expressed an unqualified opinion on those financial statements. In our opinion, the information set forth in the accompanying statement of financial position as of December 29, 2001 is fairly stated, in all material respects, in relation to the statement of financial position from which it has been derived.

/s/ Deloitte & Touche LLP  
-----  
Deloitte & Touche LLP  
Philadelphia, Pennsylvania  
July 9, 2002

6

SEARS ROEBUCK ACCEPTANCE CORP.

### ITEM 2. ANALYSIS OF RESULTS OF OPERATIONS

During the second quarter of 2002, SRAC revenues decreased to \$245 million from \$276 million in the comparable 2001 period. For the first six months of 2002, SRAC's revenues declined to \$482 million from \$580 million for the comparable 2001 period. The decrease in revenue resulted from a reduction in the average rates on earning assets.

SRAC's interest and related expenses decreased 11% to \$195 million from \$220 million and 17% to \$383 million from \$461 million for the second quarter and first half of 2002, respectively, as compared to the comparable 2001 periods. Interest and related expenses decreased during the second quarter and first half of 2002 due to decreases in the cost of funds and average long-term debt levels. SRAC's cost of short-term funds averaged 2.18% in the second quarter and 2.34% in the first six months of 2002 compared to 5.08% and 6.18% for the same periods in 2001. SRAC's cost of long-term funds averaged 6.54% in both the second quarter and first six months of 2002 compared to 6.64% and 6.68% for the same periods in 2001. SRAC's average long-term debt decreased to \$10.4 billion and \$10.1 billion in the second quarter and first six months of 2002, respectively, compared with \$10.5 billion and \$10.6 million for the same periods in 2001. Reductions in interest and related expenses were partially offset during these periods by increases in average short-term debt levels. SRAC's short-term borrowings averaged \$3.7 billion and \$3.6 billion for both the second quarter and first half of 2002, compared to \$3.4 billion for both the respective 2001 periods.

On April 22, 2002, \$875 million of SRAC's credit facilities terminated. During the second quarter of 2002, SRAC increased the aggregate amount of the commitments under the remaining facility resulting in a credit facility of \$4,360 million terminating April 2003.

On May 29, 2002, SRAC issued a \$1 billion 30-year discrete underwritten bond with a 7.00% coupon at a yield of 7.24%. On June 27, 2002 SRAC issued a \$250 million 40-year discrete underwritten bond with a coupon of 7.0%.

SRAC's net income of \$32 million and \$64 million for the second quarter and first half of 2002, respectively, decreased from the comparable 2001 period amounts of \$37 million and \$77 million.

SRAC's ratio of earnings to fixed charges for the second quarter and first half of 2002 was 1.25 and 1.26, respectively compared to 1.25 and 1.26 for the comparable 2001 periods.

7



SEARS ROEBUCK ACCEPTANCE CORP.

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) The exhibits listed in the "Exhibit Index" are filed as part of this report.

(b) Reports on Form 8-K:

Registrant filed Current Reports on Form 8-K dated May 21, 2002 and June 27, 2002 [Items 5 and 7].

SEARS ROEBUCK ACCEPTANCE CORP.

Edgar Filing: SEARS ROEBUCK ACCEPTANCE CORP - Form 10-Q

SIGNATURE

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

SEARS ROEBUCK ACCEPTANCE CORP.  
(Registrant)

By: /s/ George F. Slook  
-----

George F. Slook  
Vice President, Finance  
and Assistant Secretary  
(principal financial  
officer and authorized  
officer of Registrant)

August 12, 2002

9

EXHIBIT INDEX

- 3(a) Certificate of Incorporation of the Registrant, as in effect at November 13, 1987 [Incorporated by reference to Exhibit 28(c) to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1987\*\*].
- 3(b) By-laws of the Registrant, as in effect at October 20, 1999 [Incorporated by reference to Exhibit 3(b) to the Registrant's Quarterly Report on Form 10-Q for the Quarter ended October 2, 1999\*\*]
- 4(a) The Registrant hereby agrees to furnish the Commission, upon request, with each instrument defining the rights of holders of long-term debt of the Registrant with respect to which the total amount of securities authorized does not exceed 10% of the total assets of the Registrant.
- 4(b) Form of 7.00% Note [Incorporated by reference to Exhibit 4

Edgar Filing: SEARS ROEBUCK ACCEPTANCE CORP - Form 10-Q

to the Registrant's Current Report on Form 8-K dated May 21,2002\*\*].

- 4(c) Form of 7% Note [Incorporated by reference to Exhibit 4 to the Registrant's Current Report on Form 8-K dated June 27,2002\*\*].
- 4(d) Indenture dated as of May 15, 1995 between the Registrant and The Chase Manhattan Bank [Incorporated by reference to Exhibit 4(b) to Amendment No. 1 to Registration Statement No. 33-64215\*\*].
- 4(e) Letter Agreement dated April 23, 2002 between Registrant and The Bank of Nova Scotia relating to a \$75 million commitment under the Amended and Restated Credit Agreement dated April 28, 1997.\*
- 4(f) Letter Agreement dated June 26, 2002 between Registrant and Morgan Stanley Bank relating to a \$100 million commitment under the Amended and Restated Credit Agreement dated April 28, 1997.\*
- 12 Calculation of ratios of earnings to fixed charges.\*

-----  
\* Filed herewith.  
\*\* SEC File No. 1-4040.

10

EXHIBIT INDEX

- 15 Acknowledgment of awareness from Deloitte & Touche LLP, dated August 12, 2002 concerning unaudited financial information.\*
- 99(a) Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002(18 U.S.C.1350)\*
- 99(b) Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002(18 U.S.C.1350)\*

-----  
\* Filed herewith.

11

Exhibit 4(e)

SEARS ROEBUCK ACCEPTANCE CORP.  
3711 Kennett Pike  
Greenville, Delaware 19807

Edgar Filing: SEARS ROEBUCK ACCEPTANCE CORP - Form 10-Q

April 23, 2002

The Bank of Nova Scotia  
Suite 2700  
600 Peachtree Street, N.E.  
Atlanta, Georgia 30308

JPMorgan Chase Bank, as Agent  
270 Park Avenue  
47th Floor  
New York, NY 10017  
Attention: Teri Streusand

Ladies and Gentlemen:

Each of Sears Roebuck Acceptance Corp. (the "Borrower") and The Bank of Nova Scotia (the "New Bank") refers to the Amended and Restated Credit Agreement (the "Credit Agreement") dated as of April 28, 1997 and as amended to date among the Borrower, the Banks parties thereto, the Senior Managing Agent, Managing Agents, Co-Arrangers, Co-Agents and Lead Managers referred to therein and JPMorgan Chase Bank (formerly known as Morgan Guaranty Trust Company of New York), as Agent, and to the provisions of Section 2.17 of the Credit Agreement ("Section 2.17") providing for an increase of the aggregate amount of the Commitments at the option of the Borrower. This letter (the "Letter") is being delivered in satisfaction of the requirement in Section 2.17 that the Borrower and the New Bank deliver an instrument in form satisfactory to the Agent with respect to any increase of Commitments thereunder. Capitalized terms used but not defined herein are used as defined in the Credit Agreement.

1. The Borrower hereby designates the New Bank to become a Bank under the Credit Agreement with a Commitment of \$75,000,000 (the "New Commitment Amount") and with a Termination Date of April 22, 2003 (the "New Termination Date"). The New Bank hereby accepts such designation and agrees, upon the effectiveness of this Letter as provided in Section 4 below, to be a Bank in all respects, and to have all of the rights and be obligated to perform the obligations of a Bank, under the Credit Agreements, with a Commitment equal to the New Commitment Amount and a Termination Date initially of the New Termination Date.

2. The Borrower represents and warrants that:

(a) on and as of the date hereof, and after giving effect to the increase in Commitments contemplated by this Letter, (i) no Default has occurred and is continuing and (ii) each of the representations and warranties of the Borrower in the Credit Agreement is true and correct in all material respects;

(b) no Commitment of any Bank shall exceed, as a result of such increase provided by this Letter, 10% of the aggregate amount of the Commitments (after giving effect to such increase); and

Edgar Filing: SEARS ROEBUCK ACCEPTANCE CORP - Form 10-Q

(c) the aggregate amount of all increases in the Commitments pursuant to Section 2.17 since the date of the Credit Agreement does not exceed \$1,250,000,000.

12

3. The New Bank represents to the Borrower and the Agent that it is not a Non-U.S. Bank.

4. This Letter (i) shall be governed by and construed in accordance with the laws of the State of New York, (ii) may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument and (iii) shall become effective as of April 23, 2002, provided that on or prior to such date the Agent shall have received from each of the Borrower and the New Bank and the Agent a counterpart hereof signed by such party or facsimile or other written confirmation (in form satisfactory to the Agent) that such party has signed a counterpart hereof. The execution of a counterpart hereof by the Agent shall constitute the Agent's prior written consent to the designation of the New Bank as a Bank.

Very truly yours,

SEARS ROEBUCK ACCEPTANCE CORP.

By /s/ George F. Slook  
-----

Name: George F. Slook  
Title: Vice President, Finance

THE BANK OF NOVA SCOTIA

By /s/ M.D. Smith  
-----

Name: M.D. Smith  
Title: Agent Operations

Consented to as of the date first written above:

JPMORGAN CHASE BANK, AS AGENT

By /s/ Teri Streusand  
-----

Name: Teri Streusand  
Title: Vice President

SEARS ROEBUCK ACCEPTANCE CORP.  
3711 Kennett Pike  
Greenville, Delaware 19807

June 26, 2002

Morgan Stanley Bank  
1585 Broadway  
2nd Floor  
New York, New York 10036  
Attn: James Morgan  
212-537-1470, phone  
212-537-1867, fax

JPMorgan Chase Bank, as Agent  
270 Park Avenue  
47th Floor  
New York, NY 10017  
Attention: Teri Streusand

Ladies and Gentlemen:

Each of Sears Roebuck Acceptance Corp. (the "Borrower") and Morgan Stanley Bank (the "New Bank") refers to the Amended and Restated Credit Agreement (the "Credit Agreement") dated as of April 28, 1997 among the Borrower, the Banks parties thereto, the Senior Managing Agent, Managing Agents, Co-Arrangers, Co-Agents and Lead Managers referred to therein and JPMorgan Chase Bank (formerly known as Morgan Guaranty Trust Company of New York), as Agent, and to the provisions of Section 2.17 of the Credit Agreement ("Section 2.17") providing for an increase of the aggregate amount of the Commitments at the option of the Borrower. This letter (the "Letter") is being delivered in satisfaction of the requirement in Section 2.17 that the Borrower and the New Bank deliver an instrument in form satisfactory to the Agent with respect to any increase of Commitments thereunder. Capitalized terms used but not defined herein are used as defined in the Credit Agreement.

1. The Borrower hereby designates the New Bank to become a Bank under the Credit Agreement with a Commitment of \$100,000,000 (the "New Commitment Amount") and with a Termination Date of April 22, 2003 (the "New Termination Date"). The New Bank hereby accepts such designation and agrees, upon the effectiveness of this Letter as provided in Section 4 below, to be a Bank in all respects, and to have all of the rights and be obligated to perform the obligations of a Bank, under the Credit Agreements, with a Commitment equal to the New Commitment Amount and a Termination Date initially of the New Termination Date.

2. The Borrower represents and warrants that:

(a) on and as of the date hereof, and after giving effect to the increase in Commitments contemplated by this Letter, (i) no Default has occurred and is continuing and (ii) each of the

Edgar Filing: SEARS ROEBUCK ACCEPTANCE CORP - Form 10-Q

representations and warranties of the Borrower in the Credit Agreement is true and correct in all material respects;

(b) no Commitment of any Bank shall exceed, as a result of such increase provided by this Letter, 10% of the aggregate amount of the Commitments (after giving effect to such increase); and

(c) the aggregate amount of all increases in the Commitments pursuant to Section 2.17 since the date of the Credit Agreement does not exceed \$1,250,000,000.

14

3. The New Bank represents to the Borrower and the Agent that is it not a Non-U.S. Bank.

4. This Letter (i) shall be governed by and construed in accordance with the laws of the State of New York, (ii) may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument and (iii) shall become effective as of June 26, 2002, provided that on or prior to such date the Agent shall have received from each of the Borrower and the New Bank and the Agent a counterpart hereof signed by such party or facsimile or other written confirmation (in form satisfactory to the Agent) that such party has signed a counterpart hereof. The execution of a counterpart hereof by the Agent shall constitute the Agent's prior written consent to the designation of the New Bank as a Bank.

Very truly yours,

SEARS ROEBUCK ACCEPTANCE CORP.

By /s/ Keith E. Trost

-----

Name: Keith E. Trost

Title: President

MORGAN STANLEY BANK

By /s/ Jaap L. Tonckens

-----

Name: Jaap L. Tonckens

Title: Vice President

Consented to as of the date first written above:

JPMORGAN CHASE BANK, AS AGENT

By /s/ Teri Streusand

-----  
 Name: Teri Streusand  
 Title: Vice President

15

Exhibit 12

SEARS ROEBUCK ACCEPTANCE CORP.

CALCULATION OF RATIO OF EARNINGS TO FIXED CHARGES

(millions)	13 Weeks Ended		26 Weeks Ended	
	June 29, 2002	June 30, 2001	June 29, 2002	June 30, 2001
	-----	-----	-----	-----
INCOME BEFORE INCOME TAXES	\$ 49	\$ 56	\$ 98	\$ 118
PLUS FIXED CHARGES:				
Interest	192	219	376	456
Amortization of debt discount/premium	3	1	7	5
Total fixed charges	----- 195	----- 220	----- 383	----- 461
EARNINGS BEFORE INCOME TAXES AND FIXED CHARGES	=====	=====	=====	=====
RATIO OF EARNINGS TO FIXED CHARGES	1.25	1.25	1.26	1.26

16

EXHIBIT 15



Edgar Filing: SEARS ROEBUCK ACCEPTANCE CORP - Form 10-Q

Sears Roebuck Acceptance Corp.  
Greenville, Delaware

We have made a review, in accordance with standards established by the American Institute of Certified Public Accountants, of the unaudited interim financial information of Sears Roebuck Acceptance Corp. for the 13 week and 26 week periods ended June 29, 2002 and June 30, 2001, as indicated in our report dated July 9, 2002; because we did not perform an audit, we expressed no opinion on that information.

We are aware that our report referred to above, which is included in your Quarterly Report on Form 10-Q for the quarter ended June 29, 2002, is incorporated by reference in Registration Statement No.333-92082 on Form S-3.

We are also aware that the aforementioned reports, pursuant to Rule 436(c) under the Securities Act of 1933, is not considered a part of the Registration Statement prepared or certified by an accountant or a report prepared or certified by an accountant within the meaning of Sections 7 and 11 of that Act.

/s/ Deloitte & Touche LLP  
-----  
Deloitte & Touche LLP  
Philadelphia, Pennsylvania  
August 12, 2002

17

Exhibit 99(a)

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350)

The undersigned, Keith E. Trost, President of Sears Roebuck Acceptance Corp.(the "Company"), has executed this certification in connection with the filing with the Securities and Exchange Commission of the Company's Quarterly Report on Form 10-Q for the quarter ended June 29, 2002 (the "Report").

The undersigned hereby certifies that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

Edgar Filing: SEARS ROEBUCK ACCEPTANCE CORP - Form 10-Q

- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

IN WITNESS WHEREOF, the undersigned has executed this certification as of the 12th day of August, 2002.

/s/ Keith E. Trost

-----  
Keith E. Trost

President (chief executive officer)  
August 12, 2002

18

Exhibit 99(b)

CERTIFICATION OF CHIEF FINANCIAL OFFICER

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C.1350)

The undersigned, George F. Slook, Vice President, Finance of Sears Roebuck Acceptance Corp. (the "Company"), has executed this certification in connection with the filing with the Securities and Exchange Commission of the Company's Quarterly Report on Form 10-Q for the quarter ended June 29, 2002 (the "Report").

The undersigned hereby certifies that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all

Edgar Filing: SEARS ROEBUCK ACCEPTANCE CORP - Form 10-Q

material respects, the financial condition and results of operations of the Company.

IN WITNESS WHEREOF, the undersigned has executed this certification as of the 12th day of August, 2002.

/s/ George F. Slook

-----

George F. Slook

Vice President, Finance (chief financial officer)  
August 12, 2002