Sears to Standardize on IBM's Most Advanced Retail Point-of-Sale Technology

New Systems Allow Sears to Speed Checkout and Enhance Customer Service in its Full-Line Stores Nationwide

RALEIGH, N.C. -- Jan. 12, 2004 -- Sears Roebuck and Co. is updating its existing point-of-sale systems with IBM's most advanced, retail-hardened point-of-sale systems, allowing Sears to speed checkout and enhance customer service in its full-line stores nationwide, IBM announced today.

Sears will be installing new IBM SurePOS 740 systems, IBM 4610 receipt printers and IBM flat panel touch displays throughout its retail stores in the U.S., with the first wave being installed during the first half of 2004. The entire rollout is expected to be completed by June 30, 2005. Financial terms were not released.

"This is an important part of Sears' commitment to enhancing customer service, speeding checkout and adding new services that give Sears' customers a seamless shopping experience whether they are shopping in the store or online at sears.com," said Michael Buxton, Sears vice president - Retail Operations. "By partnering with IBM, Sears will have a more reliable system from a proven retail technology leader. The new systems give us the ability to run our existing software as well as a powerful platform for adding new software applications."

The speed and increased power of this new technology will allow Sears to help their customers complete the checkout process significantly faster than today. The Internet capabilities of the SurePOS 740 also will help Sears' sales associates better link transactions in the future from the stores, the Web, and host Enterprise applications, such as customer history. In addition, the new IBM system will give Sears a sleek unit that can fit into existing wrap stands or can be distributed easily in their new formats, such as Sears Grand. The IBM flat panel touch display also will allow Sears associates and customers to more easily view transaction details to ensure accuracy.

"Sears has been well known for more than a century for providing outstanding customer service. Like many of the world's leading retailers, they are leveraging advanced, on-demand technology to enhance both their business operations and their customer service," said Tom Peterson, general manager, IBM Retail Store Solutions. "It's important that these retailers have the investment protection of a POS system that can give retailers the flexibility of combining their existing POS peripherals and software with an advanced new system that features powerful processors, increased memory, greater storage capacity and enhanced network connectivity."

Sears chose IBM's SurePOS 740 system, which is used by many large retailers worldwide, over a PC cash drawer solution that would have combined different PC components and peripherals. In addition, Sears has contracted with IBM to provide integration and installation services.

The SurePOS 740, along with the new IBM SurePOS 720 and 780, represent the convergence of two of the most widely used retail POS systems in the world -- the IBM 4694 and the newer IBM SurePOS family. Many of the world's largest retailers use one or the other of these POS technologies, as the backbone of their stores' checkout system, and IBM is widely acknowledged as the No. 1 provider of

POS systems worldwide.

About Sears
Sears, Roebuck and Co. is a leading broadline retailer providing merchandise and related services. With revenues in 2002 of $41.4 billion, the company offers its wide range of home merchandise, apparel and automotive products and services through more than 2,700 Sears-branded and affiliated stores in the U.S. and Canada, including approximately 1,000 full-line stores and 1,600 specialty stores. Sears also offers a variety of merchandise and services through sears.com, landsend.com, and specialty catalogs. Sears is the only retailer where consumers can find each of the Kenmore, Craftsman, DieHard and Lands' End brands together -- among the most trusted and preferred brands in the U.S. The company is the largest provider of product repair services with more than 14 million services calls made annually.

About IBM
IBM, the world's largest information technology company, is the leader in providing the Retail Industry with a full range of e-business solutions, including: point-of-sale systems, automated self-checkout systems, other hardware and software technology, consulting focused on business transformation, IT strategy and planning, store operations improvement, and supply chain optimization, and with services, such as outsourcing, managed operations, systems integration, and application development and design. IBM has a list of retail customers in 100 countries worldwide that reads like a "Who's Who" of retailing. For more information on IBM Retail Solutions, please visit www.ibm.com/industries/retail/store