

LEGG MASON CAPITAL MANAGEMENT INC  
Form SC 13G/A  
February 15, 2007

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SCHEDULE 13G  
Rule 13d-102

Under the Securities Exchange Act of 1934  
(Amendment No. 1)\*

Sears Holdings Corporation

-----  
(Name of Issuer)

Common Stock

-----  
(Title of Class of Securities)

812350106

-----  
(CUSIP Number)

12/31/2006

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(Date of Event which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which  
this Schedule is filed:

- Rule 13d-1 (b)
- Rule 13d-1 (c)
- Rule 13d-1 (d)

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\* The remainder of this cover page shall be filled out for a reporting  
person's initial filing on this form with respect to the subject class of  
securities, and for any subsequent amendment containing information which  
would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be  
deemed to be "filed" for the purpose of Section 18 of the Securities Exchange  
Act of 1934 ("Act") or otherwise subject to the liabilities of that section of  
the Act but shall be subject to all other provisions of the Act (however, see  
the Notes).

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CUSIP No. 812350106

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(1) Names and I.R.S. Identification Nos.(entities only) of reporting persons.

Legg Mason Capital Management, Inc.  
52-1268629

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(2) Check the appropriate box if a member of a group (see instructions) (a)   
(b)

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(3) SEC use only.

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(4) Citizenship or place of organization.

Maryland

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Number of shares beneficially owned by each reporting person with:

(5) Sole voting power:

-0-

(6) Shared voting power:

12,408,483

(7) Sole dispositive power:

-0-

(8) Shared dispositive power:

12,408,483

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(9) Aggregate amount beneficially owned by each reporting person.

12,408,483

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(10) Check if the aggregate amount in Row (9) excludes certain shares  (see instructions).

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(11) Percent of class represented by amount in Row 9.

8.06%

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(12) Type of reporting person (see instructions).

CO IA

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Item 1(a). Name of Issuer:

Sears Holdings Corporation

Item 1(b). Address of Issuer's Principal Executive Offices:

3333 Beverly Road  
Hoffman Estates, IL 60179

Item 2(a). Name of Person Filing:

Legg Mason Capital Management, Inc.

Item 2(b). Address or Principal Business Office or, If None, Residence:

100 Light Street  
Baltimore, MD 21202

Item 2(c). Citizenship:

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Maryland

Item 2(d). Title of Class of Securities:

Common Stock

Item 2(e). CUSIP No.:

812350106

Item 3. If This Statement is Filed Pursuant to Rule 13d-1(b), or 13d-2(b) or (c), Check Whether the Person Filing is a:

- (a)  Broker or dealer registered under section 15 of the Act (15 U.S.C. 78o).
- (b)  Bank as defined in section 3(a)(6) of the Act (15 U.S.C. 78c).
- (c)  Insurance company as defined in section 3(a)(19) of the Act (15 U.S.C. 78c).
- (d)  Investment company registered under section 8 of the Investment Company Act of 1940 (15 U.S.C 80a-8).
- (e)  An investment adviser in accordance with ss. 240.13d-1(b)(1)(ii)(E);
- (f)  An employee benefit plan or endowment fund in accordance with ss.240.13d-1(b)(1)(ii)(F);
- (g)  A parent holding company or control person in accordance with ss.240.13d-1(b)(1)(ii)(G);
- (h)  A savings associations as defined in Section 3(b) of the Federal Deposit Insurance Act (12 U.S.C. 1813);
- (i)  A church plan that is excluded from the definition of an investment company under section 3(c)(14) of the Investment Company Act of 1940 (15 U.S.C. 80a-3);
- (j)  Group, in accordance with ss. 240.13d-1(b)(1)(ii)(J).

If this statement is filed pursuant to Rule 13d-1(c), check this box.

Item 4. Ownership

- (a) Amount beneficially owned:  
12,408,483
- (b) Percent of class:  
8.06%
- (c) Number of shares as to which such person has:
  - (i) Sole power to direct the vote  
-0-
  - (ii) Shared power to direct the vote  
12,408,483

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(iii) Sole power to dispose or direct the disposition of  
-0-

(iv) Shared power to dispose or direct the disposition of  
12,408,483

Item 5. Ownership of 5 Percent or Less of a Class.

If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more than 5 percent of the class of securities, check the following

Item 6. Ownership of More than 5 Percent on Behalf of Another Person.

Various accounts managed by the investment adviser have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of shares of the issuer. No such account owns more than 5% of the shares outstanding.

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on by the Parent Holding Company or Control Person.

n/a

Item 8. Identification and Classification of Members of the Group.

n/a

Item 9. Notice of Dissolution of Group.

n/a

Item 10. Certifications

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were acquired and are held in the ordinary course of business and were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

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After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Legg Mason Capital Management, Inc.

Date: 02/15/2007

/s/ Andrew J. Bowden

Name: Andrew J. Bowden

Title: Senior Vice President

The original statement shall be signed by each person on whose behalf the statement is filed or his authorized representative. If the statement is signed

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on behalf of a person by his authorized representative other than an executive officer or general partner of the filing person, evidence of the representative's authority to sign on behalf of such person shall be filed with the statement, Provided, however, That a power of attorney for this purpose which is already on file with the Commission may be incorporated by reference. The name and any title of each person who signs the statement shall be typed or printed beneath his signature.

ATTENTION: Intentional misstatements or omissions of fact constitute Federal criminal violations (see 18 U.S.C. 1001). (Secs. 3(b), 13(d)(1), 13(d)(2), 13(d)(5), 13(d)(6), 13(g)(1), 13(g)(2), 13(g)(5), 23, 48 Stat. 882, 894, 901; sec. 203(a), 49 Stat. 704; sec. 8, 49 Stat. 1379; sec. 10, 78 Stat. 88a; sec. 2, 82 Stat. 454; secs. 1, 2, 84 Stat. 1497; secs. 3, 10, 18, 89 Stat. 97, 119, 155; secs. 202, 203, 91 Stat. 1494, 1498, 1499; (15 U.S.C. 78c(b), 78m(d)(1), 78m(d)(2), 78m(d)(5), 78m(d)(6), 78m(g)(1), 78m(g)(2), 78m(g)(5), 78w)) [43 FR 18499, Apr. 28, 1978, as amended at 43 FR 55756, Nov. 29, 1978; 44 FR 2148, Jan. 9, 1979; 44 FR 11751, Mar. 2, 1979; 61 FR 49959, Sept. 24, 1996; 62 FR 35340, July 1, 1997; 63 FR 2867, Jan. 16, 1998; 63 FR 15287, Mar. 31, 1998]

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