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Sears to Close 100 to 120 Kmart, Sears Stores

By: *Annemarie Fertoli*

Sears Holdings Corp. plans to close between 100 and 120 Sears and Kmart stores after poor sales during the holidays, the most crucial time of year for retailers.

The closings are the latest and most visible in a long series of moves to try to fix a retailer that has struggled with falling sales and shabby stores.

In an internal memo Tuesday to employees, CEO and President Lou D'Ambrosio said that the retailer had not "generated the results we were seeking during the holiday."

Sears Holdings Corp. said it has yet to determine which stores will close but said it will post when a final list is compiled. Sears would not discuss how many, if any, jobs would be cut.

Joe Feldman, senior retail analyst at the Telsey Advisory Group, says it's not a "beginning of the end" situation. "I don't think that they're in jeopardy of getting close to a bankruptcy, or going out of business anytime soon. I do think that there's, you know, an opportunity to right-size the store base and that should help," he said.

The company has more than 4,000 stores in the U.S. and Canada. The company's revenue at stores open at least a year fell 5.2 percent to date for the quarter at both Sears and Kmart, the company said Tuesday. That includes the critical holiday shopping period.

Sears Holdings said the declining sales, ongoing pressure on profit margins and rising expenses pulled its adjusted earnings lower. The company predicts fourth-quarter adjusted earnings will be less than half the \$933 million it reported for the same quarter last year.

Sears Holdings also anticipates a non-cash charge of \$1.6 billion to \$1.8 billion in the quarter to write off the value of carried-over tax deductions it now doesn't expect to be profitable enough to use.

Sears said it will no longer prop up "marginally performing" stores in hopes of improving their performance and will now concentrate on cash-generating stores.

"These actions will better enable us to focus our investments on serving our customers," D'Ambrosio said.