

## Business

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# 120 Sears, Kmart stores to close

Sears source: Locations won't be decided till second quarter

By Jaclyn Trop



Falling demand for consumer electronics was blamed for most of the poor holiday sales at Sears and Kmart stores. (Spencer Platt / Getty Images)

Sears Holdings Corp. said Tuesday it will close up to 120 Sears and Kmart stores after disappointing holiday sales, but a source familiar with the plans said it could be months before the company chooses which stores to shutter.

The source, who spoke on the condition of anonymity, said Sears Holdings likely won't decide which stores to close until midway through its second fiscal quarter next year.

The Hoffman Estates, Ill.-based company has about 2,200 Kmart and Sears stores in the U.S. and Canada, with 80 Kmart stores and 67 Sears stores in the Great Lakes State.

"I don't think a list of stores marked for closure exists at this point," the source said. "We're six months from seeing anything."

The company said Tuesday the cuts will make the retailers more nimble as they struggle for market share. Same-store sales plunged 5.2 percent for the eight-week holiday sales period that ended Dec. 26.

Holiday sales at Kmart and domestic Sears stores fell 4.4 percent and 6 percent, respectively. The drop was mostly due to falling demand for consumer electronics, the company said.

"Given our performance and the difficult economic environment, especially for big-ticket items, we intend to implement a series of actions to reduce ongoing expenses, adjust our asset base and accelerate the transformation of our business model," Chief Executive Lou D'Ambrosio said in a statement.

The stock (SHLD) was down more than 27 percent Tuesday.

The company historically kept weaker locations open while working to improve their performance, but will now devote its resources to stronger stores "with the goal of converting their customer experience into a world-class integrated retail experience."

The company said the move will generate \$140 million to \$170 million in cash as it sells inventory and real estate. The retailer expects a noncash charge of about \$1.6 billion to \$1.8 billion due to a valuation allowance and an impairment charge on some goodwill balances for as much as \$600 million.

Kmart and Sears are becoming increasingly irrelevant compared with other big-box retailers such as Wal-Mart Stores Inc., Target Corp. and Costco, who can undercut on price, said Ken Dalto, a retail consultant in Farmington Hills.

The news will scare other retailers who recorded poor holiday sales, Dalto said.

The list of stores closing will be posted at [www.searsmedia.com](http://www.searsmedia.com) when the final decision is made. A Sears Holding Corp. spokesman said he didn't know when the list would be released.

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