Owner warns survival of Kmart doubtful

By Carlos Tejada, New York Times

The corporate owner of Sears and Kmart said there was "substantial doubt" that it could continue operating as brick-and-mortar stores continue to face challenges in an e-commerce world.

In a filing with the Securities and Exchange Commission, the corporate owner, Sears Holdings Corporation, cited its efforts to cut costs, sell property, tap new funding sources and make other moves to stanch the flow of red ink. Still, it reported a $2.2 billion loss for last year and said it had to use money from its investments and financing activities to fund operations.

The disclosure is a setback for the company and for Edward S. Lampert, the hedge fund manager who engineered the combination of the two legends of American retail 13 years ago. Lampert has shut down stores, reshuffled the company's organization and pushed to have a greater online presence. Still, Sears Holdings has lost more than $5 billion over the last three years as sales have declined.

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