

March 8, 2002

The Honorable John Engler
Governor of Michigan
3000 US Highway 41 West
Lansing, Michigan 48909

Dear Governor Engler:

In order for Kmart to resolve its financial challenges under Chapter 11 of the U.S. Bankruptcy Code, there are certain measures, which must be taken so Kmart can successfully grow. One critical and necessary step is the closing of unprofitable or under-performing stores. After much deliberation and careful consideration, we must inform you that the State of Michigan will be affected. (*The affected stores in your state and their locations are on the attached list.*)

This decision was not made lightly, and we recognize the impact it will have on our associates, our customers and the communities that you represent. Understanding this, be assured that we have taken great measures to make certain this transition is as smooth as possible. Kmart has contacted the state's Dislocated Worker Rapid Response Unit to work with each individual associate to ease his or her transition. In particular we will be offering the following services to our associates:

- Job placement assistance
- Skill assessment
- Job training information
- Resume development
- Counseling services
- Unemployment insurance

The doors to our selected stores will not close immediately. Within 60 to 90 days after the court approves the list, consumers will see stores begin to close. This closure of stores will permit us to focus our resources and energies on improving our remaining 1,800 Kmart stores.

We want to thank all of our associates for their dedication and outstanding contribution and will make every effort to ease the transition for those associates who are displaced. This measure of closing under-performing stores, although extremely painful and difficult, will help make Kmart stronger, more competitive and profitable. Please refer to our web site at www.bluelight.com, under *Corporate News and Restructuring Information*, for further and most recent details. If you have any questions or concerns, please feel free to call me at 248.463.7216. Additionally, if any constituent issues may arise, I am available for assistance.

Sincerely,



Mary L. Engelman
State Government Relations Specialist

DEPT. OF LABOR & INDUSTRY RELATIONS



K. J.
cc: B. B. B. J.
ADIR

Kmart Corporation
Resource Center
3100 West Big Beaver Road
Troy MI 48064-3163

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MDCD-WORKFORCE DEVELOPMENT

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DEPUTY DIRECTOR'S OFFICE

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Kmart Store Closing Impact The Honorable John Engler Governor of Michigan

The following Kmart store(s) in the State of Michigan have been selected for closure:

Store #3000	3000 US Highway 41 West	Marquette
Store #3069	G 4100 West Pierson Road	Flint
Store #3139	1377 West Center Avenue Road	Essexville
Store #3181	2707 South 11th Street	Niles
Store #3344	3800 28th Street S.E.	Kentwood
Store #3421	1950 Pipestone Road	Benton Harbor
Store #3496	5500 Beckley Road	Battle Creek
Store #3537	43825 West Oaks Drive	Novi
Store #3843	4460 West US 10	Ludington
Store #3950	1320 Broadway Street	Three Rivers
Store #4256	5625 West Saginaw Highway	Lansing
Store #4352	30255 Plymouth Road	Livonia
Store #4393	11100 Telegraph Road	Taylor
Store #7337	1227 M-89	Plainwell
Store #9003	370 East Chicago	Coldwater
Store #9288	1450 North Eaton	Albion
Store #9583	Highway M 26 Copper Country Mall	Houghton
Store #9709	1658 Lansing Road	Charlotte

If you have any questions please contact Mary Engelman, State Government Relations Specialist, at (248) 463-7216. Also, please refer to our web site www.bluelight.com under *Corporate News and Restructuring Information* for further information.