

**FIRST AMENDMENT
TO THE MICHIGAN ECONOMIC GROWTH AUTHORITY (MEGA)
TAX CREDIT AGREEMENT BETWEEN THE MEGA
AND KMART CORPORATION**

The First Amendment to the MEGA Tax Credit Agreement (the Agreement) by and between Kmart Corporation (the Company), a Michigan Corporation, and the MEGA is dated as of June 15, 1999.

This First Amendment is based upon the following recitals which are incorporated into it and made part of it:

RECITALS

A. By Resolution 1998-007, the MEGA awarded a MEGA Tax Credit to Kmart Corporation.

B. The MEGA and the Company entered into a Tax Credit Agreement effective June 18, 1998.

C. Pursuant to the terms of the Agreement, the Company was authorized a Tax Credit for 20 consecutive years, beginning with the Company's tax year ending January 31, 2001.

D. The Company has accelerated its hiring of data processing employees and desires to begin the credit for the tax year ending January ²⁶31, 2000. *Jhm*

E. The MEGA is amenable to such a change and believes it to be consistent with the purposes of Public Act 23 and 24 of 1995.


F. The Company and the MEGA wish to amend the Agreement to authorize the Tax Credit for 20 consecutive tax years, beginning with the tax year ending January ²⁶~~31~~, 2000. Jlm

NOW, THEREFORE, the parties agree as follows:


1. Section 3.1(a) of the Agreement is amended by striking "2001" and inserting in its place "2000."
2. The attached Schedule A of the Agreement, which changes the tax years in which the Tax Credit is authorized, is substituted for the original Schedule A.
3. The Agreement as herein amended is ratified and confirmed and shall remain in full force and effect.

Accepted this 15th day of June, 1999, on behalf of the:

Michigan Economic Growth Authority

By 
Doug Rothwell
Chairperson

Kmart Corporation

By 
James L. Mispelon
Its: Vice President Taxes

Kmart Corporation
Schedule A: Minimum Employment and Wage Levels
to Qualify for the MEGA Tax Credits

<u>Year of Credit</u>	<u>Tax Year Ending January 31</u>	<u>Minimum # of Qualified New Jobs</u>	<u>Minimum Average Weekly Wage</u>	<u>Minimum Base Employment Level To be maintained</u>
1	2000 ✓	75	\$855	3,637
2	2001 ✓	75	855	3,637
3	2002	75	855	3,637
4	2003	75	855	3,637
5	2004	75	855	3,637
6	2005	75	855	3,637
7	2006	75	855	3,637
8	2007	75	855	3,637
9	2008	75	855	3,637
10	2009	75	855	3,637
11	2010	75	855	3,637
12	2011	75	855	3,637
13	2012	75	855	3,637
14	2013	75	855	3,637
15	2014	75	855	3,637
16	2015	75	855	3,637
17	2016	75	855	3,637
18	2017	75	855	3,637
19	2018	75	855	3,637
20	2019	75	855	3,637