

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

In re:)
) Case No. 02-02474
KMART CORPORATION, et al.,) (Jointly Administered)
) Chapter 11
) Hon. Susan Pierson Sonderby
Reorganized Debtors.)

**AMENDED ORDER DISALLOWING AND EXPUNGING OR
OTHERWISE REDUCING OR RECLASSIFYING CERTAIN CLAIMS
SET FORTH IN THE NINETEENTH OMNIBUS OBJECTION
(CERTAIN CLAIMS)**

Upon the objection (the "Objection") under 11 U.S.C. §§ 102, 105, and 502 and Fed. R. Bankr. P. 3007 dated February 2, 2004 (the "Motion"), by Kmart Corporation and certain of its subsidiaries and affiliates, former debtors and debtors-in-possession in the above-captioned cases (collectively, "Kmart"); it appearing to the Court that (i) it has jurisdiction over the matters raised in the Motion pursuant to 28 U.S.C. §§ 157 and 1334; (ii) this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); (iii) the relief requested in the Motion is in the best interests of Kmart, their estates and their creditors; (iv) proper and adequate notice of the Motion and the hearing thereon has been given and that no other or further notice is necessary; and (v) upon the record herein after due deliberation thereon, it is hereby

ORDERED that the relief should be granted as set forth below,

1. Pursuant to 11 U.S.C. §§ 102, 105, and 502 and Fed. R. Bankr. P. 3007, except as otherwise provided herein, each claim listed on Amended Exhibits A and B in the row beginning "Claim to Be Disallowed" is disallowed and expunged in its entirety.

2. Pursuant to 11 U.S.C. §§ 102, 105, and 502 and Fed. R. Bankr. P. 3007, except as otherwise provided herein, each Claim listed on Amended Exhibits C, D, E, G, H, I, J, K, N, O, P, Q, S, and T is disallowed and expunged in its entirety

3. Pursuant to 11 U.S.C. §§ 102, 105, and 502 and Fed. R. Bankr. P. 3007, except as otherwise provided herein, each claim listed on Amended Exhibit L is reclassified as a Class 11 claim.

4. Pursuant to 11 U.S.C. §§ 102, 105, and 502 and Fed. R. Bankr. P. 3007, except as otherwise provided herein, each claim listed on Amended Exhibit M in the row beginning "Claim to Be Reclassified" is reclassified and/or reduced or set, as appropriate, in accordance with the corresponding row titled "Reclassified To."

5. Pursuant to 11 U.S.C. §§ 102, 105, and 502 and Fed. R. Bankr. P. 3007, except as otherwise provided herein, each claim listed on Amended Exhibit R is reduced to an amount to be determined by this Court after evidentiary hearing at a date and time to be determined.

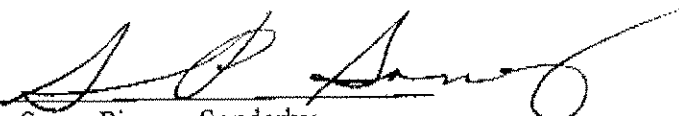
6. With respect to each claim listed on Amended Exhibits A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, and T as "Continued," consideration of the Motion with respect to such claim shall be continued until April 27, 2004.

7. This Order is without prejudice to Kmart's right to object to any other claims in these Chapter 11 cases or to further object to claims objected to herein.

8. This Court shall retain jurisdiction over Kmart and the Claimants whose Claims are subject to the Objection with respect to any matters related to or arising from implementation of this Order.

9. This Court's Order Under 11 U.S.C. §§ 102, 105, and 502 and Fed. R. Bankr. P. 3007 Disallowing and Expunging or Otherwise Reducing or Reclassifying Certain Claims Set Forth in the Nineteenth Omnibus Objection (Certain Claims) (Docket No. 23514) is hereby vacated.

Dated: Chicago, Illinois
April 12, 2004



Honorable Susan Pierson Sonderby
~~CLERK~~ UNITED STATES BANKRUPTCY JUDGE

**Amended Exhibit - M
Proposed Settlement Claims**

	Claim #	Name and Address of Claimant	Ordered	Secured	Administrative	Priority	Unsecured	Total
Claim To Be Reclassified	18707	CITY OF WATERBORO P.O. DRAWER 109 WATERBORO, SC 29488	Ordered	\$0.00	\$0.00	\$499.97	\$0.00	\$499.97
Reclassified To				\$0.00	\$0.00	\$500.00	\$0.00	\$500.00
Claim To Be Reclassified	33235	CITY OF WAUSAU LICENSE APPLICATION 407 GRANT STREET WAUSAU, WI 54401	Ordered	\$0.00	\$0.00	\$0.00	\$19,646.80	\$19,646.80
Reclassified To				\$0.00	\$0.00	\$13,752.76	\$0.00	\$13,752.76
Claim To Be Reclassified	8797	CITY OF WAUWATOSA TREASURER 7725 W. NORTH AVE. WAUWATOSA, WI 53213	Ordered	\$0.00	\$0.00	\$178,149.81	\$0.00	\$178,149.81
Reclassified To				\$0.00	\$0.00	\$15,406.34	\$0.00	\$15,406.34
Claim To Be Reclassified	11598	CITY OF WAYNESBORO COMMISSIONER OF REVENUE P.O. BOX 1028 WAYNESBORO, VA 22980	Ordered	\$0.00	\$0.00	\$60.31	\$0.00	\$60.31
Reclassified To				\$0.00	\$0.00	\$22.00	\$0.00	\$22.00
Claim To Be Reclassified	17298	CITY OF WEST BRANCH TREASURER 121 N. 4TH ST. WEST BRANCH, MI 48661	Ordered	\$9,550.33	\$0.00	\$0.00	\$0.00	\$9,550.33
Reclassified To				\$0.00	\$0.00	\$6,492.39	\$0.00	\$6,492.39
Claim To Be Reclassified	4107	CITY TREASURER CITY HALL, RM 103 200 E WELLS ST MILWAUKEE, WI 53202	Ordered	\$0.00	\$0.00	\$44,722.15	\$0.00	\$44,722.15
Reclassified To				\$0.00	\$0.00	\$31,305.51	\$0.00	\$31,305.51
Claim To Be Reclassified	13299	CLARKLIFT MATERIAL HANDLING INC 4010 L-475 INDUSTRIAL BLVD MACON, GA 31210	Ordered	\$0.00	\$0.00	\$0.00	\$3,434.21	\$3,434.21
Reclassified To				\$0.00	\$0.00	\$0.00	\$298.23	\$298.23
Claim To Be Reclassified	6408	CLARKLIFT OF ALABAMA INC P.O. BOX 10527 BIRMINGHAM, AL 35202	Ordered	\$0.00	\$0.00	\$0.00	\$1,015.99	\$1,015.99
Reclassified To				\$0.00	\$0.00	\$0.00	\$1,015.99	\$1,015.99
Claim To Be Reclassified	8544	CLARKSVILLE, CITY OF DEPT. OF FINANCE & REVENUE P.O. BOX 928 CLARKSVILLE, TN 37041	Ordered	\$0.00	\$0.00	\$63,484.86	\$0.00	\$63,484.86
Reclassified To				\$0.00	\$0.00	\$4,333.00	\$0.00	\$4,333.00
Claim To Be Reclassified	28284	CLEAN SWEEP PARKING LOT MAINT P.O. BOX 15031 SARASOTA, FL 34277	Ordered	\$0.00	\$0.00	\$0.00	\$4,841.00	\$4,841.00
Reclassified To				\$0.00	\$0.00	\$0.00	\$278.29	\$278.29

AGREEMENT

This Agreement, entered into as of the date indicated below, by and between City of Milwaukee, Wisconsin Treasurer ("Claimant") and Kmart Corporation, ("Kmart") is as follows:

WHEREAS, on January 22, 2002 ("Petition Date"), Kmart and certain of its subsidiaries and affiliates (collectively "Debtors") filed a voluntary petition in the United States Bankruptcy Court for the Northern District of Illinois (Eastern Division) (the "Bankruptcy Court") for reorganization relief under Chapter 11 of Title 11 of the United States Code, 11 U.S.C. Sections 101, et seq., as amended (the "Bankruptcy Code"). Since that time Kmart has remained in possession of its property and has continued to operate its business pursuant to Sections 1107 and 1108 of the Bankruptcy Code, eventually emerging from bankruptcy pursuant to a confirmed Plan of Reorganization which became effective May 6, 2003;

WHEREAS, Claimant filed Proof of Claim #4107 ("Claim") in the Debtor's chapter 11 cases (Case No. 02-B02474) for certain property taxes in the amount of \$44,722.15; and

WHEREAS, Debtors and Claimant desire to liquidate and resolve Debtors' liability to Claimant:

NOW, THEREFORE, in consideration of the mutual agreements set forth herein, the parties hereto agree as follows:

Debtors and Claimant agree to allowance by Debtors of a non-contingent, undisputed, liquidated amount of \$31,305.51 (the "Claim Amount"), to be paid in final satisfaction of the Claim and Debtors' pre-petition liability of any kind to Claimant generally. Kmart and Claimant further agree that this amount shall be remitted by Kmart in full settlement of Debtors' pre-petition indebtedness to Claimant by not later than the 60th day after Claimant delivers to Kmart a fully executed and notarized copy of this agreement, which delivery shall constitute conclusive evidence of authority to enter into this settlement on behalf of Claimant.

In exchange for payment of the Claim Amount pursuant to this Agreement, Claimant will promptly withdraw any proofs of claim with respect to the Debtors filed with the Bankruptcy Court, including, but not limited to, the Claim. Claimant and Debtors agree that payment of the Claim Amount constitutes full and final payment of all pre-petition liabilities of Debtors to Claimant, whether previously claimed or not.

Claimant further agrees that its sole remedy for such liabilities is payment of the Claim Amount pursuant to this Agreement. Claimant agrees to promptly update its records following receipt of payment of the Claim Amount to confirm application of the Claim Amount, in full, to Debtors' pre-petition obligations, and that pursuant to this Agreement, those obligations are, by this compromise and settlement, deemed paid in full, whether or not formally claimed.

Nothing in this Agreement is intended, nor shall be construed, as superceding the claims reconciliation process except to the extent of the Claim. Furthermore, nothing in this Agreement is intended, nor shall be construed, as acknowledging that Claimant has satisfactorily filed the Claim or any other claims.

It is specifically understood and agreed that this Agreement does not constitute, and shall not be construed as, any admission of liability or fault whatsoever.

Claimant represents that it is not an "insider" of Kmart, as that term is defined in 11 U.S.C. § 101(31).

The Bankruptcy Court shall retain exclusive jurisdiction to hear any matters or disputes arising from or relating to this Agreement.

Each party represents that they understand and fully agree to each and every provision hereof.

AGREED this _____ day of August, 2005:

Claimant(s):

Notary Public:

(Signature)

Subscribed and sworn to before me this ____
day of _____, 2005

(Name)

Address (For Payment)

City, State & Zip

Kmart:

Notary Public:

By: _____

Subscribed and sworn to before me this ____
day of _____, 2005

Name: _____

Title: _____