

FOR IMMEDIATE RELEASE



Loyalty Exchange Partners, LLC Established to Build on Kmart School Spirit Success

Alex DeMeo & Partners Launch Affinity Marketing Company Loyalty eXchange Partners and its schoolPAX® brand.

September 2005— New York, New York—Alex DeMeo has joined forces with Harry Feingold, Neal Zamil, John Loeffler, Rusty Lugli and Frank Johnston to form Loyalty eXchange Partners, LLC (LXP).

Strategic marketing specialist Alex DeMeo has always aspired to create a company that gives back to the community. Following the success of his experience with Kmart's School Spirit Program (see press release below) DeMeo has founded Loyalty eXchange Partners, LLC.

Loyalty eXchange Partners is an affinity marketing company that uses innovative technology to establish efficient customer/brand relationship marketing. Along with LXP, DeMeo has established its school loyalty marketing brand, schoolPAX®, as the principal name in trusted source marketing.

schoolPAX® turns routine shopping at its retail partners into free, everyday fundraising for thousands of participating pre-K through 12th Grade schools.

LXP and schoolPAX® accomplish this by not only helping schools across the nation raise sorely needed funds, but also provide marketers with the unique opportunity to engage in one-on-one messaging with the parents of school age students.

As DeMeo states, "To maintain the motto 'good will makes good business' has always been a priority in my life. LXP creates an exchange between retailers' and what their consumers care about most... In the case of schoolPAX®, their children's education and future."

Through LXP's combination of propriety technology applied to a business plan, retail partners are able to build sales, strengthen customer loyalty and database intelligence, and enhance their brand image by supporting education in their consumer's communities.

In return, these partners provide LXP's enrolled schools with a portion of each purchase made by family and community members. There is no cost to schools participating in schoolPAX®, rather LXP receives funding from its contracted retail partners. Furthermore, funds raised through schoolPAX® are completely discretionary and can be used by schools to compliment or enhance existing fundraising programs.

Alex DeMeo is internationally recognized as a leader of the interactive and strategic marketing industries with over 25 years of consumer interactive and strategic marketing experience. He has applied this knowledge into a program that benefits schools and their communities, as well as the retailers where these communities shop.

www.loyaltyxp.com

Community Appeal. Mass Impact.

www.schoolpax.org

Kmart School Spirit Press Release

The Kmart School Spirit program, a significant new national fundraising program for K-12 schools, also was announced today as the first new initiative under the "Leaders in Learning" umbrella. Customers need only to enroll in the program, specify the school to receive donations, and use a special School Spirit card when shopping at Kmart. With each purchase at any Kmart store, the company will donate a portion* of all eligible** purchases to the customer's school of choice.

Through the School Spirit program, Kmart will donate a minimum of \$10 million to schools throughout the United States, Puerto Rico, the U.S. Virgin Islands and Guam in the 2001-02 school year.

"As public funding for education has decreased, schools are looking for new ways to raise money just to keep the basic programs going," said Conaway. "Kmart is proud to do its part to further the education of our children, and to give back to the communities where our customers and employees live and work."

Kmart's School Spirit program provides greater flexibility to raise more dollars for schools since customers can pay for their purchases by cash, check or credit card. Additionally, customers shopping at any Kmart store can designate a Kmart School Spirit donation to an out-of-town school, making it possible for relatives and friends living elsewhere to raise money for a specific school in another location. Another unique aspect of School Spirit is the fact that Kmart shoppers with children in multiple schools can enroll for multiple cards and direct donations to the corresponding schools.

"This program can easily result in significant extra funding for each school," said Conaway. "It is designed to be hassle-free for parents, students and schools, making participation easy for everyone. The more a School Spirit card is used, the more money a school earns."

Participating schools will receive checks from Kmart twice a year, beginning in the spring of 2002. Beginning July 28, customers can enroll and immediately receive cards for the School Spirit program at the Customer Service Desk of Kmart's more than 2,100 stores or enroll online at www.bluelight.com and School Spirit cards will be mailed directly to the customer. To let educators know about the School Spirit program, Kmart has sent enrollment materials to hundreds of thousands of school principals in the U.S., Puerto Rico, the U.S. Virgin Islands, and Guam. Additionally, PTA presidents throughout the nation will be notified and asked to encourage their schools to participate.

A direct mail piece containing a School Spirit enrollment form will be distributed July 28 and a July 29 national advertising circular will promote the program.

"School Spirit, along with the entire "Leaders in Learning" initiative, will be a winning proposition for schools, communities, customers and, most importantly, children," Conaway said. "And, in conjunction with the peak back-to-school shopping period, Kmart will double our donation amount on all eligible purchases made between July 28 and September 1."

Kmart Corporation is a near-\$40 billion company that serves America with more than 2,100 Kmart and Kmart Supercenter retail outlets. Kmart donates \$35 million each year to support its hometowns and local nonprofit organizations. Kmart associates also provide their most valuable resource - time - every day in their local communities. In addition to serving all 50 states, Kmart operations extend to the Caribbean Islands and Asia Pacific. More information about Kmart is available on the World Wide Web at www.bluelight.com under the "About Kmart" section.

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