

*FILE ORIGINAL FOR CHAPTERS 7 and 11, IN DUPLICATE FOR CHAPTER 13, FOR DATE-STAMPED COPY, SEE #9 BELOW

United States Bankruptcy Court		<input type="checkbox"/> CH 7 <input type="checkbox"/> CH 13 <input checked="" type="checkbox"/> CH 11
Northern District of Illinois, Eastern Division		PLEASE CHECK CHAPTER
Name of Debtor Kmart Corporation		Case Number 02 B 2474
PROOF OF CLAIM		
NOTE: This form should not be used to make a claim for an administrative expense arising after the commencement of the case. A "request" for payment of an administrative expense may be filed pursuant to 11 U.S. C. § 503		File Claim Form With:
Name of Creditor (The person or other entity to whom the debtor owes money or property) Emma Joyce Horan and Amanda Rollins Ahmad	<input type="checkbox"/> Check box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars.	United States Bankruptcy Court P. O. Box A3613 Chicago, Illinois 60690-3612
Name and Address Where Notices Should be Sent The Rodgers Law Firm 6125 Airport Freeway, Ste. 211 Fort Worth, TX 76117 Telephone No. 817-831-8300	<input checked="" type="checkbox"/> Check box if you have never received any notices from the bankruptcy court in this case.	Creditor # _____
	<input type="checkbox"/> Check box if the address differs from the address on the envelope sent to you by the court.	THIS SPACE IS FOR COURT USE ONLY
Account or other number by which creditor identifies debtor: 236-174659-98, Horan v. Kmart	Check here if this claim <input type="checkbox"/> amends <input type="checkbox"/> replaces a previously filed claim dated: _____	
1. BASIS FOR CLAIM		
<input type="checkbox"/> Goods sold	<input type="checkbox"/> Services performed	<input type="checkbox"/> Wages, salaries, and compensation (Fill out below)
<input type="checkbox"/> Money loaned	<input type="checkbox"/> Personal injury/wrongful death	Your social security number _____
<input type="checkbox"/> Taxes	<input checked="" type="checkbox"/> Other <u>bodily injury claim</u>	Unpaid compensation for services performed
<input type="checkbox"/> Retiree benefits as defined in 11 U.S. C. § 1114 (a)		from _____ to _____ (date) (date)
2. DATE DEBT WAS INCURRED: <u>May 4, 2001</u>		3. IF COURT JUDGMENT, DATE OBTAINED:
4. Total Amount of Claim at Time Case Filed: <u>\$ 75,000.00</u>		
If all or part of your claim is secured or entitled to priority, also complete Item 5 or 6 below.		
<input type="checkbox"/> Check this box if claim includes interest or other charges in addition to the principal amount of the claim. Attach itemized statement of all interest or additional charges.		
5. Secured claim		6. Unsecured Priority Claim
<input type="checkbox"/> Check this box if your claim is secured by collateral (including a right of setoff).		<input type="checkbox"/> Check this box if you have an unsecured priority claim
Brief Description of Collateral:		Amount entitled to priority \$ _____
<input type="checkbox"/> Real Estate		Specify the priority of the claim:
<input type="checkbox"/> Motor Vehicle		<input type="checkbox"/> Wages, salaries, or commissions (up to \$4,300), *earned within 90 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier-11 U.S.C. § 507(a)(3)
<input type="checkbox"/> Other _____		<input type="checkbox"/> Contributions to an employee benefit plan-11 U.S.C. § 507(a)(4)
Value of collateral: \$ _____		<input type="checkbox"/> Up to \$1,950* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use - 11 U.S.C. § 507(a)(6)
Amount of arrearage and other charges at time case filed included in secured claim above, if any: \$ _____		<input type="checkbox"/> Alimony, maintenance, or support owed to a spouse, former spouse, or child -11 U.S.C. § 507(a)(7)
		<input type="checkbox"/> Taxes or penalties owed to governmental units 11 U.S.C. § 507(a)(8)
		<input type="checkbox"/> Other—Specify applicable paragraph of 11 U.S.C. § 507(a) _____
		*Amounts are subject to adjustment on 4/1/98 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.
7. CREDITS: The amount of all payments on this claim has been credited and deducted for the purpose of making this proof of claim.		
8. SUPPORTING DOCUMENTS: Attach copies of supporting documents, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, court judgments, mortgages, security agreements, and evidence of perfection of lien. DO NOT SEND ORIGINAL DOCUMENTS. If the documents are not available, explain. If the documents are voluminous, attach a summary. ANY ATTACHMENT MUST BE 8-1/2" BY 11"		
9. DATE-STAMPED COPY: To receive an acknowledgment of the filing of your claim, enclose a stamped, self-addressed envelope and an additional copy of this proof of claim.		
Date: <u>3/10/02</u>	Sign and print the name and title, if any, of the creditor or other person authorized to file this claim (attach copy of power of attorney, if any) <u>Emma Joyce Horan, Amanda Rollins</u>	
THIS SPACE IS FOR COURT USE ONLY UNITED STATES BANKRUPTCY COURT NORTHERN DISTRICT OF ILLINOIS MAR 25 2002 KENNETH S. GARDNER, CLERK MAILROOM = KE KP 932 3/25/02		
Penalty for presenting fraudulent claim: Fine of up to \$500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 3571.		

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OF COUNSEL

May 3, 2001

RULE 11 AGREEMENT

Mr. Clifford B. Rodgers
The Rodgers Law Firm
6125 Airport Freeway, Suite 211
Fort Worth, Texas 76117-5358

Via Facsimile (817) 831-1999

Re: Cause No. 236-174659-98; *Emma Joyce Horan, et al vs. Kmart Corporation, et al*;
In the 236th Judicial District Court of Tarrant County
Daw File No. 102-206

Dear Mr. Rodgers.

This letter shall confirm that your clients, Emma Joyce Horan and Amanda Rollins Ahmad, have agreed to settle all claims against my client, Kmart Corporation, for the total amount of \$75,000.00. This settlement is contingent on, and funds will not be disbursed until, you have provided me with the written notice received from Medicare on the dollar amount of the Medicare lien, if any, that pertains to Emma Horan. Upon confirmation of this information, we will fund the settlement with two checks that will be sent to you, one in the amount of any Medicare lien with the payees being your clients, Medicare, and you; and the second in the amount of the remaining settlement funds with the payees being your clients and you.

It is also my understanding that you will contact the Court regarding our recent settlement agreement so that we can be removed from the trial docket on June 4, 2001.

If this comports with your understanding, please sign in the space provided below and return to the above Houston office. If this does not accurately reflect our agreement, please contact me immediately. If you have any questions concerning this matter, please do not hesitate to contact me.

Very truly yours,

Zooey Wharton
Zooey Wharton/
Kyle D. Giacco

By

Clifford B. Rodgers 5-4-01
Clifford B. Rodgers, Attorney for Plaintiffs

CONTRACT OF EMPLOYMENT OF ATTORNEY

This contract sets forth the terms of our relationship and our agreements as lawyer and client.

You, EMMA J. HORAN, AMANDA D. ROLLINS, are to be represented by me, CLIFFORD B. RODGERS, for all personal injury claims you may have arising from an event which occurred on or about February 21, 1997, in Tarrant County, Texas, and involved EMMA J. HORAN, AMANDA D. ROLLINS and K MART CORPORATION, other than those noted in the following sentence. The following claims require a separate contract: property damage; on-the-job injury covered by a policy of Texas Worker's Compensation Insurance other than third party claims; and all federal law claims, including those brought under the Social Security Act, Federal Workers' Compensation Act, Equal Employment Opportunities Act, Employee Retirement Income Security Act, Federal Tort Claims Act, and the Americans With Disabilities Act.

This representation includes all legal capacities you now have or may later acquire relating to the event stated above, including as an individual; as a minor's natural parent, guardian, managing conservator and/or next friend; and as personal representative of an estate of a decedent.

I have the exclusive right to exercise my professional discretion and to utilize the tactics I deem advisable on your behalf, including but not limited to the manner and timing of investigating all claims; the advisability of, when and where to file suit; and whether or not I wish to pursue any appeal on your behalf. I will file no lawsuit on your behalf unless you and I both agree suit is appropriate based upon what we then know about the status of your claim. I may engage other lawyers to work on this matter with me at no increase in total legal fees to you if in my judgment that is desirable.

Because the law imposes certain critical deadlines upon the prosecution of any claim, you will keep me informed at all times of your current home and work addresses and telephone numbers so that you may be reached quickly if needed.

One of my most important obligations is to advise you whether or not to accept a particular settlement offer; and one of your most important obligations is not to unreasonably withhold your consent to a settlement offer. I will notify you of any offer of settlement received by me, and you will notify me of any offer of settlement received by you. You will not settle your claim without seeking my advice and approval. I will not settle your claim without your approval unless you fail to promptly keep my office informed of your current home and work addresses and telephone numbers. As a basis to determine the reasonableness of any settlement offer, we will refer to the "P.I. Settlements" and "Verdicts" case summaries published monthly by North Texas Reports for Tarrant County and Dallas County personal injury lawsuits involving cases similar to yours.

I will incur expenses as I represent you, including, by way of example, expenses for medical records, investigation, witness statements, filing and service of process for any lawsuit, court reporters, travel, structured settlement specialists, and expert witnesses. You authorize me to incur

on your behalf the expenses and costs for any purposes I deem reasonable and necessary to properly handle your claim(s).

If at the conclusion of this matter nothing is recovered on your behalf, you will not reimburse me for the expenses and costs I have incurred and you will owe me no legal fees. However, you will remain liable for all medical expenses; for any sums I may have advanced directly to you; and, if this matter is tried, the costs of court, if any, that may be taxed against you by the judge if we lose at trial.

In the event of any recovery, by settlement, judgment, or otherwise, paid now or in the future, you hereby assign to me as payment for my legal services the following percentages of the gross amounts recovered, if any, on your claims:

- 33-1/3 percent if settled prior to filing suit;
- 40 percent if settled after suit is filed and before jury voir dire is begun;
- 45 percent if settled after jury selection or if a verdict is reached; and
- 50 percent if the case is appealed.

The gross amounts recovered on your claims subject to the foregoing fees include any compensatory damages, punitive or exemplary damages, statutory trebling or other increases in damages, actual attorney's fee awards, conditional attorney's fee awards, prejudgment interest and postjudgment interest. If the fee allowed on any claim is set by statute, rule or judicial order, you hereby assign to me the maximum obtainable by such means.

If any recovery is made on your behalf, you will reimburse me, from your share of the recovery, for all sums advanced to you or on your behalf and for all costs and expenses incurred. All such costs, expenses and advances are to be deducted after the contingency fee stated above is calculated.

If settlement of this case is made by a structured settlement, legal fees in the percentages stated above will be calculated on the basis of the present cost of the settlement. I may take my fee either in cash or in structured payments.

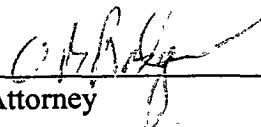
You grant to me power of attorney with full authority to sign all legal instruments, pleadings, authorizations, papers and drafts as shall be necessary to conclude settlement and/or reduce to possession any and all monies or benefits due to you under the claim and I may exercise such authority as fully as you could do in person.

If there is a recovery, each check from each responsible party will be deposited into my trust account. I will provide you with a written statement showing the amount of the gross recovery, if any, and itemizing the deductions taken for my fees, costs, and expenses, subrogation liens, and reimbursable medical care. A check, drawn upon my trust account, for your share of any recovery will be provided to you once the funds are collected at my bank. There is a normal delay of up to ten days between the date of deposit of the check into my trust account and the date such check is "collected funds" in my trust account.

You have the right to terminate my representation if I fail to honor this agreement. In that event I will return your file and cooperate with subsequent counsel who assumes responsibility for your case. You will promptly notify me of the name, address and telephone number of successor counsel as soon as you have employed such counsel. You will also promptly notify me if a recovery is had on this matter. If your termination of my representation is without good cause, I have the right to assert a claim for all legal fees, advances, costs and expenses due me under this agreement.

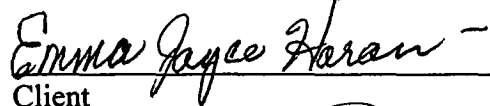
I reserve the right to release myself from this contract and to withdraw from representing you if, following investigation or legal research, it reasonably appears to me that continued pursuit of the claim would not result in a sustainable claim and/or collectable judgment; or if you should engage in conduct that renders it unreasonably difficult for me to represent you effectively. Should it become necessary for me to withdraw, you agree to reimburse me, out of any later recovery on your claim made by you and/or any successor attorney, for all expenses, advances and costs I have incurred or am obligated to pay on your behalf, and you hereby grant an assignment of your claim(s) to me and a lien on your claim(s) to me for that amount.

I agree to act as your lawyer in this matter but not in other matters without an additional contract. I have no obligation to advise you and will not advise you about the taxability of money received from this claim or about deductibility of expenses paid by you in connection with this claim. You assume the obligation of obtaining tax advice from other attorneys.



Attorney Date

Agreed and Accepted:



Client Date



Client Date 2-26-97

Client Date

Client Date

Notice To Clients

The State Bar of Texas investigates and prosecutes professional misconduct committed by Texas attorneys. Although not every complaint against or dispute with a lawyer involves professional misconduct, the State Bar Office of General Counsel will provide you with information about how to file a complaint. For more information, please call toll free 1-800-932-1900.