PLAINTIFF'S EXHIBIT

MAR-500

W. C. Burkhead J. H. Sherr

June 20, 1985

PROPOSED AMENDMENT TO SEARS CONTRACT

I have no problem with the proposed amendment which changes the contract so that the beginning estimates of quantities and costs and the initial pricing are based on a year's estimate rather than a six month estimate. The second (six month) revision also bases price upon the yearly estimate of costs. As I understand it, this is precisely what the parties have been doing for a number of years.

The last portion of the amendment is new and simply gives the parties a third opportunity to adjust costs and pricing. I assume this is also acceptable.

I note that in the second and third adjustments that Sears has the option of adjusting prices for each item of product provided that the "flowed" revenue is not changed. If this is not acceptable or if Sears should not have the "option" to do this without our agreement the language should be adjusted. Call me if you have any questions.

JHS:ps

June 5, 1985

F. H. Hatcher
Department 628

RE: Maremont Corporation - Amendment to Basic Buy Agreement

Attached hereto is a revised Amendment to the Basic Buy Agreement between Maremont Corporation and Sears. This Amendment replaces the one previously forwarded to your attention on May 30, 1985.

Please review the attached document and submit any comments you may have. Your cooperation is appreciated.

Anthony Boone
Department 766

AB:ms

Enc.

cc: H. G. Kretz, D/700-8
Esther Loth, D/768A
M. T. Zajac, D/628M
D. Levans, D/628

MAR 007231

AMENDMENT AGREEMENT

AMENDMENT AGREEMENT made the ____ day of ____________, 198___, between MAREMONT CORPORATION, a Delaware corporation (hereinafter called "Seller"), and SEARS, ROEBUCK AND CO., a New York corporation (hereinafter called "Sears"):

WITNESSETH:

WHEREAS, by Agreements dated January 1, 1971, July 1, 1971 and January 1, 1973, as subsequently amended, Seller agreed to manufacture and sell to Sears, and Sears agreed to purchase from Seller certain of Sears requirements of shock absorbers, lined brake shoe sets, and exhaust system parts purchased through Sears Department 628, all as set forth therein, and;

WHEREAS, the parties wish to further amend the Agreements in order to change the method by which the "contract price" of product will be computed;

NOW, THEREFORE, the parties agree that effective July 1, 1985, Paragraph 2(a) of the aforementioned Agreements is deleted and the following is substituted therefor:

"2.(a) It is the intent of the parties that product manufactured by Seller for Sears will be scheduled for production semi-annually during the term hereof so as to meet Sears reasonable delivery requirements, and insofar as possible to achieve manufacturing efficiency and economical production. For such purpose, each contract year shall be divided into two semi-annual periods (hereinafter called "periods") beginning, respectively, on the first day of January and July. Sears shall furnish to Seller, at least forty-five (45) days before the beginning of each contract year, a written estimate of Sears requirements of product for such year. Within fifteen (15) days after receipt from Sea- said estimate, Seller shall furnish to Sears a written statement of Sellers estimated capacity for production of product during such contract year, and a written statement of Seller's computation of its estimated "manufacturing cost", as defined in Schedule "A" Hereof, of product to be manufactured for Sears during such year. Such statements of estimated cost shall show as accurately as Seller can determine each element entering into "manufacturing cost" and any differences between the estimated "manufacturing cost" of product and Seller's standard cost hereinafter referred to. Thereafter, and at least fifteen (15) days before the beginning of each, contract year, the estimated "manufacturing cost" to be used in fixing the contract price to be charged for product to be manufactured during such year shall be agreed upon by Seller and Sears, or otherwise established as provided in Paragraph 7 hereof. Sears shall then immediately place with Seller a firm production order for the first period at the contract price determined in accordance with the provisions of Paragraph 3 hereof. In addition, at least forty-five (45) days in advance of the second period of each contract year, Sears shall furnish Seller a written estimate of Sears requirements of product for said period. Within fifteen (15) days thereafter, Seller shall furnish Sears with a written statement of its estimated capacity for production of product during said period, and a written statement of Seller's computation of an updated estimated "manufacturing cost", as defined above, of product to be manufactured during said period. Thereafter, and at least fifteen (15) days before the beginning of said period, the updated estimated manufacturing cost to be used in fixing the contract prices to be paid by Sears for product manufactured during said period shall be agreed upon by Seller and Sears, or otherwise established as provided in Paragraph 7 hereof, and the contract prices shall be calculated as provided in Paragraph 3. At Sears option, said contract prices shall then be adjusted upward or downward, in amounts determined by Sears, for each item of product, provided that the total contract price for all product which the parties estimate will have been manufactured by Seller during the entire contract year shall equal the updated total estimated manufacturing cost for the entire contract year for all items of product, plus the profit margin specified in Paragraph 3. Sears shall then immediately place with Seller a firm production order for said period at the aforementioned contract prices. If there is a change in Seller's estimated manufacturing costs, either Sears or Seller may request a "final" adjustment of the contract prices of product after the start of the second period but prior to October 1 of the contract year. If such a request is made by either party, Sears and Seller shall agree to a "revised" updated estimated manufacturing cost to be used in fixing the adjusted contract prices to be paid by Sears to Seller for product manufactured during the remainder of the second period. Such agreement shall be in writing and at Sears option said contract prices shall then be adjusted upward or downward in amounts determined by Sears following the procedures already set forth in this Paragraph for fixing contract prices for the second period."

The aforementioned Agreements, as herein amended, are fully ratified and affirmed.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment Agreement to be executed by their respective representatives duly authorized thereunto, as of the day and year first above written.

ATTEST: MAREMONT CORPORATION

_____________________________ By _____________________________

Secretary President

SEARS, ROEBUCK AND CO.

By _____________________________

Senior Executive Vice President

Merchandising

Approved for Signature
by Department 700-8:

Group Vice President

Approved for Signature
by Department 628:

National Merchandise Manager

Senior Buyer

Buyer