PLAINTIFF'S EXHIBIT

MAR-498

SEARS, ROEBUCK AND CO.

NATIONAL HEADQUARTERS

July 22, 1985

Mr. W. C. Burkhead
MAREMONT CORPORATION
250 E. Kehoe Blvd.
Carol Stream, IL 60187

Dear Chuck:

RE: AMENDMENTS TO BASIC BUYING AGREEMENT

Attached are three copies of drafts to the Basic Agreement between Maremont and Sears covering Exhaust, Shocks and Brakes.

Please review and provide us with your comments so that a final draft may be prepared.

Thank you for your assistance.

Very truly yours,

SEARS, ROEBUCK AND CO.

F. Hatcher
Assistant Buyer
Department 628

FH/dr

Att.

cc: D. Levans, D/628
F. Andelbrat, D/628

7/24/85
WCB —

OK
JHS

SEARS TOWER CHICAGO, IL 60684

MAR 007205

RECEIVED
JUL 19 1985

July 18, 1985

D. L. Levans
Department 628

F. H. Hatcher
Department 628

RE: Maremont Amendments

Attached hereto are three revised draft amendments to the Maremont Agreements. Please note that separate amendments have been created for each Maremont Agreement (exhaust, shock systems and brakes).

Also, I have incorporated the recommendations that have been made by all of the individuals responding to the original drafts of the amendments which accompanied my letter of May 30, 1985. Once again, please review the attached amendments and submit your comments.

If you find the amendments acceptable, please obtain Maremont's comments so that I may prepare a final draft for review by Department 702M.

Anthony Boone
Department 766

AB:ms

cc: Esther Loth, D/768A
F. Saczawa, D/700-8
M. T. Zajac, D/628M
F. Andelbrat, D/628

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, 1973, as subsequently amended, Seller agreed to manufacture and sell to Sears, and Sears agreed to purchase from Seller certain of Sears requirements of exhaust system parts purchased through Sears Department 628, all as set forth therein, and;

WHEREAS, the parties wish to further amend the Agreement 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 Agreement is deleted and the following is substituted therefor:

"2.(a)(i) 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 Sears of 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, and as agreed to by Seller, 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.

2.(a)(ii) If there is a significant change in Seller's second period estimated manufacturing costs, either Sears or Seller may request a third "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

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, 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 purchased through Sears Department 628, all as set forth therein, and;

WHEREAS, the parties wish to further amend the Agreement 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 Agreement is deleted and the following is substituted therefor:

"2.(a)(i) 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 Sears of 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, and as agreed to by Seller, 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.

2. (a)(ii) If there is a significant change in Seller's second period estimated manufacturing costs, either Sears or Seller may request a third "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

<u>AMENDMENT AGREEMENT</u>

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"):

<u>WITNESSETH:</u>

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

WHEREAS, the parties wish to further amend the Agreement 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 Agreement is deleted and the following is substituted therefor:

"2.(a)(i) 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 Se[illegible] 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 and as agreed to by Seller, 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.

2.(a)(ii) If there is a significant change in Seller's second period estimated manufacturing costs, either Sears or Seller may request a third "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

ATTEST: NUTURN CORPORATION

________________________ By ________________________

Secretary President

SEARS, ROEBUCK AND CO.

By ________________________

Senior Executive Vice President

Merchandising

PLAINTIFF'S EXHIBIT

MAR-503

AMENDMENT AGREEMENT

AMENDMENT AGREEMENT made as of this 5th day of July, 1979, 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, by said Agreement dated July 1, 1971, as amended by Letter Agreement dated February 20, 1978, (said Agreement, together with the Amendment thereto, hereinafter called "Agreement"), Seller agreed to manufacture and sell to Sears, and Sears agreed to purchase from Seller during the term thereof, seventy-five percent (75%) of Sears requirements of Lined Brake Shoe Sets purchased through Sears Department 628 (hereinafter called "product") and;

WHEREAS, Seller will cause the establishment of a new production facility at Smithville, Tennessee for the manufacture of product for sale to Sears under the Agreement and the parties mutually desire to amend the Agreement as hereinafter provided:

NOW, THEREFORE, the parties agree that effective January 1, 1979, the Agreement is amended as follows:

1. (a) It is recognized that Seller will incur certain expenses, directly or indirectly, which result from the closing of the Paulding and Allied Drive plants and the relocation of certain operations to the Smithville Plant. These expenses include costs resulting from asset abandonment, severance pay, personnel relocation, rental payments and other "phasing out" costs at those facilities.

(b) It is also recognized that the initial training and starting-up costs at the Smithville Plant may cause the manufacturing cost of product to be higher during the early stages of production than after the plant is in full operation and the employees have been trained. Accordingly, the period commencing on January 1, 1978 and ending on December 31, 1980 will be defined as the "Start-up Period".

2. During the Start-up Period, Seller shall establish and maintain a Billing Surplus Account, and shall furnish Sears with monthly statements of its status.

3. Promptly after the end of said Start-up Period, Seller shall determine by audit the actual closing and relocation costs provided for in Paragraph 1(a) above and the actual total manufacturing cost, as defined in Schedule "A" of the Agreement, of all product produced by Seller at the Smithville Plant during said Start-up Period. If the sum of such actual total manufacturing costs at the Smithville Plant shall exceed the total Standard Costs (as hereinafter defined) of direct materials, direct labor and factory overhead of all product produced at the Smithville Plant during the Start-up Period, then such excess, plus the aforementioned Closing and Relocation costs (but in no event more than One Million Five Hundred Twenty-Six Thousand Dollars ($1,526,000) shall be considered as "Starting Costs". Sears share of the Starting Costs shall equal thirty-two and seven hundred sixty-five thousandths percent (32.765%) of Seller's total Starting Costs, but in no event shall it exceed Five Hundred Thousand Dollars ($500,000). Seller will charge to the Billing Surplus account and retain for its own account the Sears share of said actual costs, but in no event more than the aforesaid $500,000.

4. The standard costs of direct material, direct labor and factory overhead applicable to product manufactured during the Start-up Period shall be agreed upon by Seller and Sears in writing in advance of the Start-up Period and shall constitute the "Standard Costs" used in computing Starting Costs, and in computing charges and credits to said Billing Surplus Account.

5. During the Start-up Period there shall be credited to the Billing Surplus Account, the amount by which the sum of Standard Costs, as determined by Section 4 of this Agreement, of direct material, direct labor and factory overhead for any item of product exceeds the actual manufacturing costs of direct material, direct labor and factory overhead (as defined in Schedule "A" of the Agreement and as determined by audit) of such item of product produced at the Smithfield Plant and sold to Sears during the Start-up Period.

6. For the purpose of amortizing its liability to Seller, Sears Department 628 shall add to the net price to be paid to Seller for product sold to Sears, twenty cents ($.20) for each "All In One" selling unit.

Said amounts shall be paid by Sears to Seller beginning on January 1, 1979 and credited to the Billing Surplus Account, and shall continue until such time as the total credits made to the Billing Surplus Account from all sources as herein provided shall equal $500,000 or until December 31, 1981 whichever occurs first.

7. Seller shall also credit to the Billing Surplus Account, within ninety (90) days of the end of each respective contract year, its share and Sears share of any "excess profits" (as defined in Paragraph 5 of the Agreement) accrued during the 1978, 1979, 1980 and 1981 contract years, or until the total credits to the Billing Surplus Account from all sources equals $500,000, whichever occurs first.

8. As soon as possible after December 31, 1981, Seller shall determine by audit, the total credits made to the Billing Surplus Account. Immediately thereafter, Sears shall pay to Seller, in a lump sum, the amount by which Sears share of the total Starting Costs exceeds the total credits to the Billing Surplus Account, or Seller shall pay to Sears, in a lump sum, the amount by which the total credits to the Billing Surplus Account exceeds Sears share of the total Starting Costs, as the case may be.

9. If Seller's total Starting Costs exceed $1,526,000, any such excess shall not be allowed as an element of cost under this Agreement.

FURTHERMORE, the parties recognize that the Agreements dated January 1, 1971, July 1, 1971, and January 1, 1973, as subsequently amended, state that Seller is an Illinois corporation. As Sears and Seller agree that Seller is in fact a Delaware corporation,

NOW THEREFORE, the parties agree that effective as of the dates their respective terms commenced, the Agreements of January 1, 1971, July 1, 1971, and January 1, 1973, as subsequently amended, are amended so that whenever the term "Illinois corporation" appears in reference to Maremont corporation, said term shall be changed to "Delaware corporation".

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective Presidents or Vice Presidents, and attested by their respective Secretaries or Assistant Secretaries, duly authorized thereunto, as of the day and year first above written.

ATTEST: (SEAL)

Secretary

MAREMONT CORPORATION

By

Executive Vice President

ATTEST: (SEAL)

Secretary

SEARS, ROEBUCK AND CO.

By J. T. Moran

Senior Executive Vice President - Merchandising

Approved for Signature by
Department 700-8:

Group Vice President

Approved for Signature by
Department 628:

National Merchandise Manager

D. L. Levan

Buyer

05/30/79

AMENDMENT AGREEMENT

AMENDMENT AGREEMENT made this 7th day of February, 1980, 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 (hereinafter called the "Agreements"), 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 to provide for the establishment, by Seller, of a Sales and Installation Training Department to service the Sears account;

NOW, THEREFORE, the parties agree that effective as of January 1, 1979, the Agreements are amended as follows:

Notwithstanding anything to the contrary in the section entitled "Selling Expenses" in Schedule "A" of each of the respective Agreements, Seller shall maintain a Sales and Installation Training Department consisting of certain "fieldmen", for the purpose of servicing the Sears account. At least 15 days in advance of each production period, Sears and Seller shall agree in writing on the services to be provided, and the promotional items to be distributed to Sears by said fieldmen, as well as the cost of those services and promotional items. Those costs will be included as items of manufacturing cost. However, the services provided by the fieldmen will be subject to a total profit margin of 5%, and the promotional items which are distributed shall be "no-profit" items.

The manufacturing costs of both the aforementioned services and promotional items, as well as the prices paid for them by Sears, shall be subject to "redetermination" in accordance with Paragraph 5 of each of the aforementioned Agreements. Said price and redetermination calculations shall be made separately for each of the three Agreements, in accordance with written procedures agreed upon by the parties, from time to time.

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

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective Presidents or Vice Presidents, and attested by their respective Secretaries or Assistant Secretaries, duly authorized thereunto, as of the day and year first above written.

ATTEST: (SEAL)

Secretary

MAREMONT CORPORATION

By

Vice President

ATTEST: (SEAL)

ASST. Secretary

SEARS, ROEBUCK AND CO.

By

Group Vice President - Department 700-8

MAR 007255

Approved for Signature by
Department 628:

National Merchandise Manager

Buyer

01/15/80

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