

EXHIBIT B

From: Dan Brown
To: Kaleta, Stephanie
CC: Dan Brown Jr
Sent: 2/9/2012 4:01:58 PM
Subject: RE:
Attachments: Bionic Wrench Pricing 2-9-12.pdf

Stephanie,

Attached is the updated pricing for 2012 based on our previous discussions and where things currently are based on our recent discussions and emails.

Based on Peters request we can meet these ship dates as follows if we receive the order within the next week:

Assortments on 4-12-12

16,002 - 8" Bionic Wrenches and 9,000 6" Bionic Wrenches on 4-26-12

15,000 - 8" Bionic Wrenches and 8,000 - 6" Bionic Wrenches on 5-3-12

Total 31,000 8" Bionic Wrenches & 17,000 6" Bionic Wrenches for the Fathers Day DRTV

I know that this pricing is not what you want, but I do not know what else to do if we cannot leverage the unit volumes and lead time cost savings with our suppliers. I have not sent this to Peter as of yet because I wanted you to be able to review it, although he is expecting a response from us.

Please feel free to contact me at anytime,

Dan

630.291.4785 cell
708.923.1040 office

From: Kaleta, Stephanie [mailto:Stephanie.Kaleta@searshc.com]
Sent: Wed 2/8/2012 10:05 PM
To: Dan Brown; Cromer, Stephanie
Cc: Dan Brown Jr; pete-hannon@gdhwd.com; Ellen Spratt
Subject: RE:

Dan, I look forward to a strategic partnership as well and intend to grow our business together in 2012. Our father's day receipt forecast sent to you last week demonstrates the significant growth we are forecasting to achieve not only on 16521, but on the 6" as well. Per your request today for more advanced notice of orders, you will be receiving PO's for those father's day quantities shortly. I agree we need to and will document our agreement on terms once finalized. In addition to the \$11.30 bill cost, the unit scan is a cost component that wasn't resolved during today's conversation. Our proposal to forego the outstanding collection of the VIR and unit scan for 2011 was also in hopes of some willingness on your side to partner and improve upon the current \$1.50 per unit co-op proposal. Please advise any additional flexibility on your end there. I'd like to be able to resolve that outstanding issue from our meeting today as well so that we can begin preparing a comprehensive supply agreement for 2012. It will

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and Apex Tool Group
Case No. 12-cv-09033

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incorporate all needed points on both sides, including those mentioned below, so we may move forward. Thanks,

Stephanie Kaleta
Buyer, Sears Holdings
General Purpose Hand Tools
Screwdrivers
3333 Beverly Rd C3-239A
Hoffman Estates, IL 60179
847.286.2711

-----Original Message-----

From: Dan Brown [mailto:dpbrown@loggerheadtools.com]
Sent: Wednesday, February 08, 2012 7:26 PM
To: Kaleta, Stephanie; Cromer, Stephanie
Cc: Dan Brown Jr; pete-hannon@gdhw.com; Ellen Spratt
Subject:

Stephanie,

Thank you for taking the time to meet with us today. I have prepared this email to document the understanding agreed to today between LoggerHead Tools and Sears regarding the price of the 8" Bionic Wrench for 2012.

As you have proposed, LoggerHead agrees to offset the price increase for 2012 by capping the remaining 2011 Advertising Co-Op and VIR allowances. In addition, we want to confirm that Sears intends to both purchase at least 300,000 units of SKU#16521 in 2012 and to run DRTV during both Father's Day and Christmas to support the forecasted sales of these units.

In consideration for these conditions, LoggerHead agrees to maintain the 2011 8" Bionic Wrench unit pricing for 2012 of \$ 11.30 per unit, based on our agreement today that the LoggerHead subsidy/VIR to Sears for the 2011 contract(ending on Jan. 31st 2012) has been fully collected and capped as of today (2/8/11).

Because of the confusion we experienced over the similar situation last year, we want to confirm that this agreement effectively puts a cap on the subsidy/support to Sears for any units sold during the 2011 effective contract, and this agreement will supersede any future audit that is performed on the 2011 contract.

For mutual documentation of this agreement and to avoid any possible confusion, we would ask Sears to provide a written confirmation stating that LoggerHead Tools is not responsible for any additional subsidy or VIR subsidy for units sold between Feb 1st 2011 and Jan. 31st 2012 (the past contract year), beyond what has already been collected by Sears as of 2/8/11.

Please confirm that this is the agreement we discussed. We look forward to a continued strategic partnership with Sears and we appreciate your business.

Best Regards,

Dan Brown
President
LoggerHead Tools LLC

This message, including any attachments, is the property of Sears Holdings Corporation and/or one of its subsidiaries. It is confidential and may contain proprietary or legally privileged information. If you are not the intended recipient, please delete it without reading the contents. Thank you.



Stephanie,

February 9, 2012

Thank you for your prompt response, regrettably we seem to have run out of time in our efforts to work together on finding a way to avoid the price increases that we have been discussing with Amanda and yourself. Under the circumstances, with the pending order for Fathers Day DRTV on the way, we need to restate the pricing for 2012 (beginning Feb. 1st 2011) that is reflected by the reality of what LoggerHead must account for as we thoroughly discussed yesterday.

I was hoping that our flexibility to maintain the 2011 8" Bionic Wrench pricing based on our ongoing discussions and outlined in my previous email to you would have avoided the necessity of raising the prices, but your reply email does not confirm the proposed pricing modification agreement. In fact, the email further links other issues that were not discussed to what I thought was an understanding that would have allowed us to move forward with the Fathers Day purchases without a price increase.

I want to be clear that it has been our lack of ability to commit to our suppliers the unit volumes, material and component purchases, with sufficient lead time to allow us to secure the best possible material and component costs that has forced us to raise our prices. As we discussed in the past LoggerHead has absorbed these additional costs previously in our effort to prove this program would work for Sears.

Sears 2012 Pricing Summary for the 6 & 8 inch Bionic Wrenches:

8" Bionic Wrench[®] Retail MAP \$ 19.99 ea. Cost \$ 11.84 ea.

- Advertising Co-Op for TV \$1.50 per unit purchased for the TV promotion
- Advertising Co-Op for Print Promotions \$ 1.00 per unit sold during the Ad placement week

6" Bionic Wrench[®] Retail MAP \$ 17.99 ea. Cost \$ 10.48 ea.

- Advertising Co-Op for TV \$1.00 per unit purchased for the TV promotion
- Advertising Co-Op for Print Promotions \$ 0.75 per unit sold during the Ad placement week

Co-Op Advertising Conditions:

- Proof of media purchase and placement for the LoggerHead Ads, (media purchase at cost)
- TV Co-Op Subsidy is limited to units that are forecasted 120 days prior to shipping dates, and conditional on LoggerHead receiving the P.O.'s 90 days prior to the shipping dates.
- Coordination for subsidy is required, and only one subsidy allowed per promotional unit sold
- Current Pricing & Subsidies are based on Sears purchasing, and LoggerHead shipping to Sears, 300,000 - 8" Bionic Wrenches from Feb. 1st 2012 through Jan. 31st 2013.

Standard Conditions:

- FOB Cabot, PA
- Payment Terms Net 60 days (current terms)
- Current Defective Program

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