

Hub Distributing, Inc.
Purchase Contract Terms and Instructions
(Referred to below as the "Agreement")

The terms printed and contained in the Agreement, and no others, shall constitute the entire contract between you, the Vendor, and us, the Purchaser. Any demand for additional terms, or any statement made by you attempting to condition acceptance of this order on such demand, shall be of no effect. By accepting a purchase order from Hub Distributing, Inc. for Anchor Blue, Levi's and Dockers Outlet by MOST Stores (each of which is herein called "Purchaser" or "we" or "us" or "our"), you agree to abide by all of the following requirements and to accept all of the terms of the Agreement.

Payment Terms

1. Shipments made in response to a purchase order shall be considered as acceptance of the terms, prices and conditions listed therein.
2. **Payment date will be calculated 45 days from receipt of goods.**
3. No change or substitution in prices, styles, quantities, colors, shipping dates, terms, etc. will be accepted without prior written approval of Purchaser's merchandiser on an authorized revised Purchase Order.
4. Merchandise received after the 25th day of any month will be considered received on the first working day of the following month.

Allowances

1. Purchaser will deduct a 2% discount from all invoices to handle Damage allowances. Purchaser will take action to dispose of customer returned units through some other avenue and will not ship these items back to you for credit, saving both parties the added cost of shipping and handling. This discount is in addition to the normal purchasing terms.

Shipment and Delivery

1. The specific quantity ordered shall be delivered in full and not be changed without the Purchaser's written consent. Purchaser may reject any shipment in excess of the quantity of the applicable purchase order or merchandise not in conformance with samples or standards, which are specified in the purchase order.
2. Purchaser may refuse to accept and may return at Vendor's expense any shipment made before and/or after the shipment dates(s) specified on the purchase order. If Vendor refuses to accept rejected merchandise, the transportation company may, at its discretion, dispose of the merchandise and bill Vendor for the balance of its charge.
3. Purchaser will incur no obligation to pay for merchandise until the Purchaser has inspected and accepted the merchandise as conforming to the purchase

order.

4. Vendor shall be responsible for the delivery of the merchandise to Purchaser's facility unless otherwise specified on the purchase order.

5. All risk of loss shall remain with Vendor until the merchandise has been inspected and accepted by Purchaser.

7. Purchaser may cancel the purchase order at any time prior to acceptance by Vendor, or may postpone delivery of all or any portion of the merchandise by written, telegraphic, or verbal notice to Vendor.

8. Vendor agrees to notify Purchaser immediately if unable to deliver the merchandise as specified

Transportation

1. All merchandise must be shipped in accordance with Purchaser's Vendor Manual, including the Packing and Shipping Guide available at www.anchorblue.com/vendor.

2. Original and one copy of bill of lading must accompany invoices indicating weight and rate of all shipments F.O.B. point of origin.

3. Vendor shall suitably pack, mark, classify and ship all materials in accordance with the requirements of common carriers and Purchaser's Vendor Manual so as to secure lowest transportation costs. No charge shall be made for packing, boxing, shipment or storage unless otherwise specifically stated in the applicable purchase order. Purchaser's purchase order number must be marked plainly on the outside of all cases, packages, etc. Where multiple packages comprise a single shipment, packages shall be consecutively numbered. If multiple orders are shipped on one freight bill, the number of cartons per order and the appropriate purchase order number must be stated on each carton. Each style must be shipped in the full quantity ordered.

4. Packing slips must accompany each shipment and shall be attached to the outside of the lead carton, marked "Packing Slip Attached." Orders arriving at our facility without a Packing slip will be subject to a shipping violation chargeback and or refused. Packing slips must detail the shipment by style, color, and size, and contain the invoice number. Wherever possible only one type and color may be packed within each carton unless other written instructions from Purchaser are given in advance. All cartons must be identified by style, color and size.

Quantities/Merchandise Counts

1. Purchaser's count will be accepted as final and conclusive on all shipments. Quantity of goods or material ordered must not be exceeded without our written authorization.

2. Excess shipments will be returned at Vendor's risk and expense, including transportation both ways and all handling charges, and are subject to cancellation as stated above.

Invoicing

1. If a purchase order requires Vendor to ship merchandise to Purchaser's store, Vendor shall immediately forward the original invoice to Purchaser's main office.
2. A separate invoice must be prepared for merchandise shipped on each purchase order and must reflect the purchase order number. Quantities must be in units, and by style/color. Purchaser will not accept invoices for payment that cover merchandise on more than one purchase order. Such invoices will be returned for rebilling, and discount terms will be applied as of the date of receipt of the corrected invoice.
3. Invoices must be mailed to Purchaser's office at PO Box 5996, Ontario, CA 91761, or such other address as Purchaser may provide to Vendor for billing purposes.

Samples

At Purchaser's request, Vendor shall provide product samples at no additional charge.

Infringement

Purchaser reserves the right to return at Vendor's expense any merchandise and cancel this contract if any claim is made that any merchandise or Purchaser's purchase, use, display, advertising or resale of any merchandise purchased from Vendor infringes any patent, design, trademark, trade dress, copyright, publicity, or other intellectual property or proprietary right (an "Infringement Claim").

Merchantability/Fitness for Use

Vendor warrants that the merchandise shall be merchantable at time of delivery to Purchaser and at time of use by Purchaser's customers and that it shall be fit and safe at such times for the particular purposes for which it is intended to be used by Purchaser and Purchaser's customers.

Compliance with Laws

1. Vendor warrants that all merchandise sold to Purchaser conforms to, and was processed, manufactured, described, labeled, advertised, sold, invoiced, and shipped in compliance with all applicable laws, rules and regulations, including but not limited to the Federal Flammable Fabrics Act, Wool Products Labeling Act, Fur Products Labeling Act, Textile Fiber Products Identification Act, Hazardous Substance Labeling Act, the Consumer Product Safety Commission Act, California's Safe Drinking Water and Toxic Enforcement Act of 1986 (commonly referred to as Proposition 65) and regulations, orders, and rulings of the Federal, State and local governments, and all agencies thereof. Vendor warrants that no merchandise sold to Purchaser contains or was manufactured with chlorofluorocarbons or hydrochlorofluorocarbons.
2. Vendor agrees to execute and affix to its invoice all certificates, which Purchaser may require to evidence Vendor's compliance with the foregoing. Vendor agrees to furnish Purchaser with any continuing guaranty filed with the

Federal Trade Commission or Consumer Product Safety Commission indicating that the product covered by this order are properly labeled in accordance with the particular law and regulations pertaining thereto and have passed all applicable tests. Vendor's failure to provide any documents or warranties that Purchaser requests to verify or its compliance with federal, state or local laws, orders, rules or regulations shall be deemed to be a material breach of the terms and conditions of this agreement. Vendor warrants that it has all required authorizations, licenses and permits to perform its obligations under this Agreement and the purchase orders it accepts.

Jewelry Vendor Requirements

Without in any way limiting Vendor's other warranties regarding compliance with laws, rules, regulations and other legal requirements, Vendor warrants that all merchandise sold to Purchaser shall conform, and was manufactured and processed in compliance with the lead content requirements and standards contained in the Consent Judgment entered in People v. Burlington Coat Factory et. al., Alameda County, California Superior Court, Case No. RG 04-162075, and consolidated cases and with California Health and Safety Code Sections 25214.1 through 25214.4.2.

Fair Labor Standards

Vendor warrants that it shall comply with all applicable laws, including the federal Fair Labor Standards Act ("FLSA") which regulates employment matters including, the payment of wages to its employees and labor conditions at its workspace. Vendor agrees that its invoice will contain a certification that it has complied with the provisions of Sections 6, 7 and 12 of the FLSA and that in the absence of such certification, Purchaser reserves the right to withhold payment of the invoice until receipt of the required certification.

Inspections

Purchaser reserves the right to inspect factories and other facilities used in the production of merchandise covered by this purchase order. Vendor specifically agrees that it will inform the Purchaser of the identity of any subcontractors, which it engages in connection with a purchase order and shall arrange, at Purchaser's request, for the inspection of the subcontractors' factories and other facilities.

Use of Purchaser's Trademarks and Labels

The names on our labels and hangtags are Purchaser's trademarks and are for Purchaser's exclusive use. By accepting an order for merchandise, Vendor agrees to use Purchaser's trademarks and the labels and hang tags with Purchaser's trademarks only on goods sold to Purchaser. If we cancel any order for any reason, Vendor agrees not to sell or otherwise distribute to any other person the merchandise with Purchaser labels or hang tags attached.

Purchaser's Brand Materials

1. Vendor agrees not to make use of designs, drawings, specifications or other information furnished it by Purchaser in connection with a purchase order, and not to disclose any such information to any third party except as required to fulfill its obligations under the purchase order, and then only under similar restrictions against use and disclosure by the third party.
2. Upon completion, cancellation, or termination of this purchase order Vendor shall return to Purchaser all such materials and information including all copies thereof in the possession or control of Vendor and any subcontractors or other third parties engaged by or working on behalf of Vendor.
3. All samples or materials furnished to Vendor by Purchaser shall remain the property of Purchaser. Vendor agrees to keep confidential all non-public information concerning the business of Purchaser acquired by Vendor in connection with its solicitation, acceptance or fulfillment of purchase orders.

Indemnities

Vendor agrees to indemnify and hold Purchaser harmless from and against any and all claims and related liability for loss, damages, judgments, fines, penalties and expenses (including but not limited to reasonable attorney's' fees and the cost of any settlement which Purchaser, or any agent of Purchaser may, in its sole discretion, agree to) arising in any way out of Purchaser's purchase or resale or display, advertising or promotion of merchandise purchased from Vendor or use of such merchandise by any person, including without limitation

- A. claims of a violation or infringement of any patent, design, trademark, trade dress, copyright, publicity or other right of any other party or any claim of such violation or infringement resulting from Purchaser's purchase, use, display, advertising or resale of any of the merchandise.
- B. claims based on death or injury to person(s) or damage to property alleged to result from use of the merchandise and/or
- C. claims of failure of the merchandise to comply with applicable specifications or with the express or implied warranties of a Vendor applicable to the merchandise (or any claim of such a failure) and/or
- D. claims of a violation of any law, statute, ordinance or administrative order, rule or regulation and/or
- E. claims based on allegations that would constitute Vendor's breach of any of the terms, conditions or warranties contained in this Agreement or a specific purchase order and/or
- F. claims by an assignee or transferee of the benefit of a contract with Purchaser.

Vendor also agrees, at Purchaser's option and request, to immediately assume the defense of any claim, allegation, suit, or action covered by the Agreement and to furnish a Surety Bond sufficient to protect Purchaser's interests in any case where Purchaser may deem that adequate insurance coverage does not

exist. Without waiving any of its rights under the Agreement, the Purchaser specifically reserves the right to participate in the handling and defense of, or settlement discussions regarding, any such claim, allegation, suit or action. If any complaint or claim is made or asserted against Purchaser by reason of any of the foregoing, Vendor agrees that in addition to other rights, Purchaser shall have the right forthwith to cancel any undelivered portion of the contract and to return all prior shipments to Vendor for refund.

Changes In Terms

Vendor agrees that these terms are subject to change by Purchaser from time to time to the extent that they govern orders placed after the date of the change and that Vendor shall access and review these terms prior to accepting any order from Purchaser and that shipment of each order shall constitute acceptance of the terms posted on the Purchaser's website as of the date of shipment of the order.

Miscellaneous Provisions

1. All specifications, drawings and data submitted to the Vendor, with a purchase order and all written representations made by the Vendor in respect to the merchandise ordered hereunder, are hereby incorporated and made a part of the purchase order.
2. Purchaser reserves the right to cancel a purchase order at any time in case of fire, flood, storm, earthquake, or any other casualty affecting the facilities of Purchaser.
3. Except as provided in the above Section captioned Changes In Terms, no changes or alterations in the terms of any order will be valid unless made in writing and signed by the person signing the order (and countersigned, if the order is countersigned).
4. Failure of Purchaser to enforce any of its rights hereunder shall not constitute a waiver of such rights or of any other rights hereunder.
5. The rights and remedies herein expressly provided shall be in addition to any other rights and remedies available by law. Purchaser shall have the right at all times to deduct any amount owing at any time from Vendor to Purchaser or any of its affiliated companies from payments made in connection with purchase orders.
6. Vendor shall not assign any purchase order or any interest therein or delegate the performance of any of its obligations without the prior written consent of Purchaser.
7. This Agreement constitutes the full, complete, absolute, and entire contract and understanding between Vendor and Purchaser, superseding any prior oral or written representations, agreements or understandings between Vendor and Purchaser in relation to purchase orders placed with Vendor by Purchaser or the subject matter of this Agreement, and no alleged oral agreement, act, or omission alleged to be inconsistent with, a waiver of, or explanatory of the terms

and conditions hereof shall modify or expand the terms and conditions of the Agreement which is intended by the parties to constitute the entire contract between them. If any term of this Agreement is determined by any court to be unenforceable for any reason, such terms shall be modified so as to comply with law, and as modified, be enforced. Any determination of unenforceability as to any term, or subsequent modification of such term to comply with law, shall not affect the enforceability of the balance of this Agreement.

8. This Agreement and any dispute arising hereunder shall be exclusively governed by the laws of the State of California, United States of America, without reference to any conflicts of laws or other principles that would require application of the law of any other jurisdiction or the United Nations Convention on Contracts for the International Sale of Goods.

9. Purchaser and Vendor agree to bring any lawsuit or other legal proceeding in the federal or state courts in California and not to challenge or object to jurisdiction or venue in such courts. Vendor and Purchaser agree that service of process may be made by personal delivery thereof at or mailing thereof by certified mail, postage prepaid to, the receiving party's business address or in any manner authorized by the rules of the court in which the lawsuit or other proceeding is instituted.